

18th American
Regional Meeting

Lima, Peru

13-16 October 2014

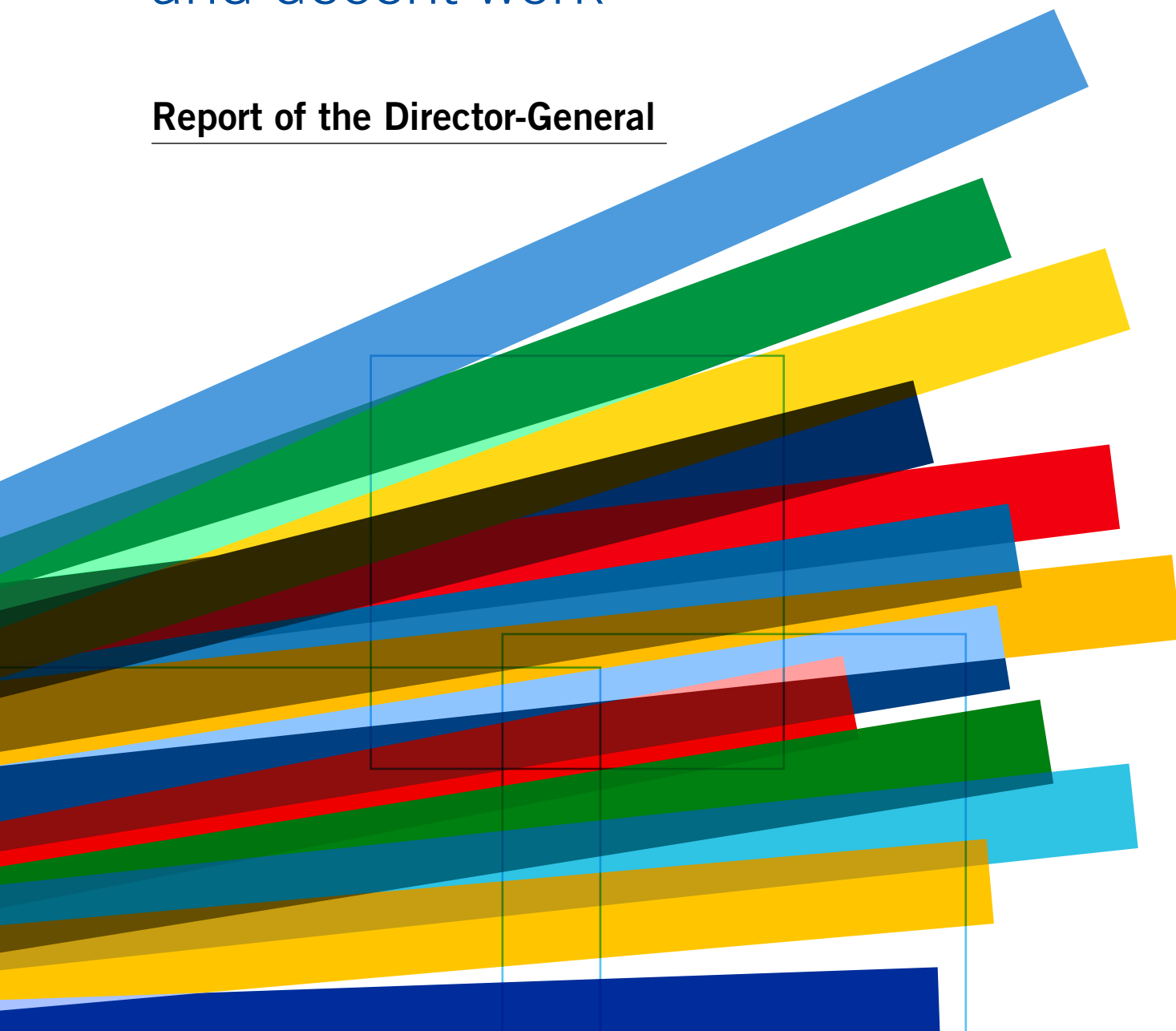


International
Labour
Organization

Twenty-first century challenges for the Americas:

full and productive employment
and decent work

Report of the Director-General



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ABBREVIATIONS

ACT/EMP	Bureau for Employers' Activities (ILO)
ACTRAV	Bureau for Workers' Activities (ILO)
CARICOM	Caribbean Community
CINTERFOR	Inter-American Centre for Knowledge Development in Vocational Training (ILO)
CSA-TUCA	Confederación Sindical de Trabajadores y Trabajadoras de las Américas / Trade Union Confederation of the Americas
ECLAC	Economic Commission for Latin America and the Caribbean (UN)
FAO	Food and Agriculture Organization of the United Nations
FORLAC	Programme for the Promotion of Formalization in Latin America and the Caribbean (ILO)
GDP	Gross Domestic Product
IDB	Inter-American Development Bank
ICT	Information and communication technologies
ILO	International Labour Organization/International Labour Office
IMF	International Monetary Fund
IOE	International Organisation of Employers
MSMEs	Micro, small and medium-sized enterprises
OECD	Organisation for Economic Co-operation and Development
PAHO	Pan American Health Organization
PISA	Programme for International Student Assessment (OECD)
PSI	Public Services International
SCORE	Sustaining Competitive and Responsible Enterprises (ILO)
SEBRAE	Serviço Brasileiro de Apoio às Micro e Pequenas Empresas (Brazilian Micro and Small Business Support Service)
SENA	Servicio Nacional de Aprendizaje (National Learning Service of Colombia)
SENAI	Serviço Nacional de Aprendizagem Industrial (National Service for Industrial Learning of Brazil)
SIALC	Labour Information and Analysis System for Latin America and the Caribbean (ILO)
SIMAPRO	Integrated System for Measurement and Improvement of Productivity (ILO)
SMEs	Small and medium-sized enterprises
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
VAT	Value-added tax
WHO	World Health Organization

PART 1

Twenty-first century challenges for the Americas: full and productive employment and decent work

1.1. Introduction

1. At this first American Regional Meeting for me as ILO Director-General, it is my pleasure to present a report which recognizes the great importance of the Americas region for the Organization, highlights recent progress and draws attention to some areas of concern regarding the capacity of economic growth to create greater social inclusion and quality jobs on the American continent.

2. Have the economic models that have been tried and tested in the last 15 years, resulting in moderate but sustained growth, reached their limits? What are the chief obstacles to the creation of greater social inclusion and quality jobs faced by the region's countries? What are the alternatives and what role should the ILO play in the promotion of substantive and sustainable change? These are the three main questions raised in this paper with the aim of stimulating an open debate and generating ideas to guide the ILO's action in the immediate future.

3. We know that the Americas are a heterogeneous region, where some of the most advanced economies exist alongside emerging economies, a large bloc of middle-income countries and others which are still among the poorest in global terms. Nevertheless, despite their differences, all the countries have accepted and are actively promoting the principles of the Decent Work Agenda, which has been incorporated in discourse and action in the Americas as in no other part of the world. This is reflected in general support for the ILO's work from governments, workers' organizations and employers' organizations, support which is reaffirmed in the form of recognition of its contributions and in constructive criticism which helps both the Organization and the Office to grow.

4. The 2014 American Regional Meeting is taking place at a time of global uncertainty. The slow recovery of the world economy, which has been uneven and volatile, is still not having a visibly positive impact on employment or on the welfare of the majority of the population. The countries of the Americas are no strangers to this situation, which has resulted in greater inequality in the United States and Canada and a slowdown in recent positive trends in emerging and developing countries. In Latin America and the Caribbean, the significant progress made in the last decade in reducing poverty, including extreme poverty, and unemployment might be reaching its limit, determined by both the international context and the characteristics of the region's economies.

5. The progress made in recent years by the countries of Latin America and the Caribbean should be recognized and celebrated, as should the recent positive trend in the performance of the labour market in the United States and Canada. At the same time, vigilance is called for regarding the signs of a change in the economic cycle which is having diverse effects on the Americas, with a clear tendency towards a slowdown in the case of Latin America and the Caribbean, and also as regards the persistence of certain major problems affecting the development of the continent.

Inequality and the informal economy

6. One of the persistent problems in the region is income inequality and unequal access to goods, services and opportunities. This is a challenge that needs to be tackled as an immediate priority to ensure fairer and more socially sustainable globalization, in line with the ILO Declaration on Social Justice for a Fair Globalization, adopted in 2008.

7. Inequality has been a distinctive feature of the economies and societies of Latin America and the Caribbean for many decades. In the region significant gaps persist in access to health, quality education, formal employment and social protection. Inequality is also starting to be a concern in the countries of North America.¹ Reducing inequality fosters the common welfare and democratic governability.

8. In Latin America and the Caribbean inequality and the informal economy are two manifestations of the same reality, namely low productivity, which stems from the asymmetries in the region's productive structure and has a direct impact on the labour market. This reality is visible in the form of the unregistered small enterprise which barely produces enough to survive and whose workers have no social security and a low level of income, sometimes earning less than the minimum wage. It is reflected in the children who are obliged to work whenever workers in this category fall ill or are dismissed. It can be seen in the countryside, in the small agricultural undertakings which cannot find either the necessary services to develop or markets for their products. It is seen in the faces of the itinerant food vendors working on their own account, of the young people who can only find precarious employment, the employers unable to unravel the bureaucratic tangle to establish their own enterprises, the domestic workers who have no rest day, the informal taxi drivers who are qualified engineers, the undocumented immigrants who lack any kind of protection, and the informally subcontracted workers who possess no rights.

9. Clearly, the region also boasts success in large and small urban and rural ventures, with public or private capital, which meet internationally competitive levels and standards of production. In general these cases have no connection with the situation in the less productive sectors. In fact, the lack of linkage between the most productive sectors of the economy, which are technologically advanced and the source of few jobs, and the least productive, where most employment is concentrated, is one of the main causes of inequality and the persistence of informal employment in Latin America and the Caribbean.

10. Chapter 1.2 of this Report gives a detailed explanation of recent economic developments with a special focus on the situation in Latin America and the Caribbean, highlighting how moderate but sustained growth, especially based on primary exports, has generated resources for combating poverty but has proved insufficient for reducing inequality or formalizing employment to the same extent. The social inclusion created by the policies that have enabled growth is therefore vulnerable. Available data show that new middle-income groups have emerged as a result of poverty reduction, social policies and the moderate increase in formal employment. However, many of them are still on the fringes of informality or have a foot in both the formal and informal worlds and are extremely vulnerable to any incidents or changes in personal, family or community circumstances. At the macro level, the drop in wages and remuneration as a percentage of GDP is a source of concern, since it endangers the social and economic sustainability of growth in affecting the distributive function of the labour market.

11. This ambivalence, the unstable coexistence of formality and informality, not only affects the quality of life of families living in this ambiguous and fragile situation, especially those who are permanently in informal employment, but also has an impact on growth itself

1. In the United States, inequality in the distribution of market income, measured by the Gini coefficient, increased by two percentage points between 2008 and 2012, while inequality in disposable income rose by one percentage point. OECD (2014).

because of the economic distortions that it creates. The most successful experiences of dealing with this situation have been those where the transition to formality has been promoted by an integrated set of policies tackling multiple dimensions of the problem, including the coherence of macroeconomic policies, the productivity of small enterprises, the situation of self-employed workers, the specific features of domestic work, registration and public scrutiny, and compliance with labour standards.

The transition to formality as a development strategy

12. Chapter 1.3 of the report sets out the challenges faced by the countries of Latin America and the Caribbean with regard to increasing the pace of formalization, taking special account of uneven productive structures and labour market policies and institutions in the region. The core argument is that an effective and stable formalization process will make it possible to achieve long-term goals of greater inclusion, equality and sustainability because it is a key ingredient of development policy. The issue of creating decent jobs –that is to say, productive and formal jobs with rights and social protection– lies at the heart of this proposal.

13. In the economic landscape, this would involve diversifying the structure of production and eliminating problems of access to technology, human capital formation and the global markets, in order to improve competitiveness, create value chains and overcome dependency on exports of primary commodities, thereby strengthening the real economy vis-à-vis the speculation-oriented financial economy. In the business sphere, one of the challenges is to improve the institutional, political and legal environment for promoting sustainable enterprises that create formal, quality jobs with full respect for fundamental rights at work. This entails designing appropriate regulatory frameworks and improving infrastructure and access to funding, in accordance with the situation in each country. The situation of micro-, small and medium-sized enterprises, where most jobs are concentrated in conditions of low productivity, informality and limited social protection, calls for special attention. These enterprises must be boosted to give them access to supply chains that actively help to integrate them in the new dynamics that need to be developed in the region. All these actions are mutually reinforcing and complementary.

14. Economic growth and productive development are prerequisites for increasing the pace of formalization but are insufficient in themselves. Targeted labour market policies and the strengthening of key institutions are needed.

15. In recent years the region's countries have pursued numerous formalization initiatives, in terms of legislation and the application thereof, the formulation of incentives and the strengthening of institutions. These initiatives include the adoption of specific standards, simplification of procedures, tax incentives, training and other policies, which are valuable in themselves but would be more powerful if special attention was also given to the structure of production and the features thereof that give rise to informality. This would entail collaboration from various actors to ensure coherence and complementarity in accordance with each country's needs.

16. In Latin America and the Caribbean informality has many facets. One of them, as emphasized in this chapter, is the millions of young people who start their working lives in informal jobs. Tackling this problem is a priority, since policies that focus on formal initial employment will certainly have a bigger and more lasting impact.

Effective social dialogue as the basis of a development strategy with decent work

17. Chapter 1.4 underlines the need for strengthening effective social dialogue in the region.

18. It is unquestionable that the active participation of strong and representative workers' and employers' organizations in the discussion and implementation of a development strategy

is essential for achieving lasting results. However, there are grounds for concern regarding the depth and effectiveness of social dialogue in the region. Even though the crisis brought the social partners and governments closer together in many countries in the search for consensus on counter-cyclical policies, conflict is more prevalent than agreement at present. Confidence is in short supply. Institutions for dialogue that function effectively and regularly as consultative or advisory bodies are few and far between. Acts of violence against trade union and business leaders and obstacles to the exercise of freedom of association and the right to collective bargaining persist with regrettable frequency in the region's countries. All this affects the legitimacy and sustainability of policies, with negative consequences for democratic governance.

19. Equality with productivity, formalization and social dialogue are the three elements proposed in this Report for driving a style of development that is more inclusive and able to create productive and decent work. The ILO's commitment in the Americas is apparent in its determination to contribute to the agendas for action emerging in many countries aimed at achieving growth with greater equality, better social protection, more and better jobs and more inclusive societies.

20. The promotion of decent work has been and continues to be the way to achieve these goals, as was indicated at the XVIII Inter-American Conference of Ministers of Labour (Medellín, October 2013). Of course this is also a recurrent theme for the ILO constituents. In 2006, at the 16th American Regional Meeting in Brasilia, the Report *Decent work in the Americas: An agenda for the Hemisphere, 2006-15* was under discussion. The Report was adopted as a programme for the promotion of decent work, the progress of which was reviewed at the 17th American Regional Meeting (Santiago, 2010). The conclusions of this meeting emphasized the priority of promoting freedom of association, collective bargaining, sustainable enterprises and labour administration, in the context of social dialogue. **Part 2** of the present Report includes an overview of the ILO's recent performance in these spheres of action.

21. In order to give substantive and relevant support to the constituents, the international system, and especially the ILO, also needs to have the necessary capacity to support the processes of change in the economies and labour markets. The ILO headquarters reform and the review of field operations point in the same direction, with the purpose of making the Organization more flexible and efficient and bringing it closer to the constituents.

22. The region has laid foundations that give grounds for optimism concerning the future of the Americas beyond the uncertainty caused by the current economic situation. It is in the hands of the countries themselves and the actors at the national level to find the way to attain this shared objective, and along the way they will always have the effective and respectful support of the ILO.

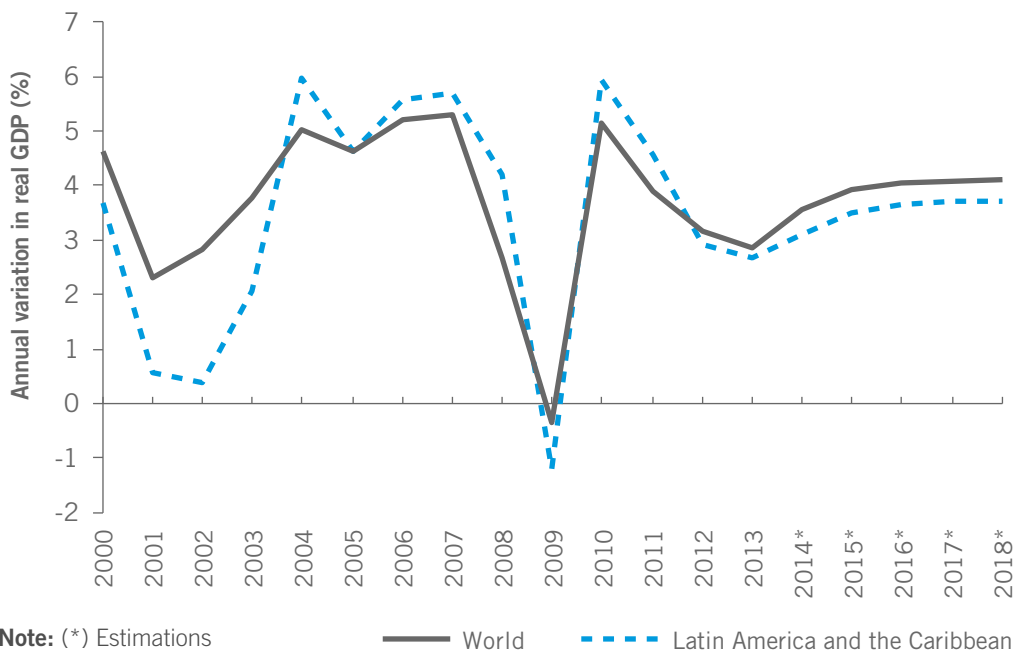
1.2. Economic growth and changes in the world of work

The first decade of the twenty-first century will be remembered as a period of significant growth which resulted in substantive social, economic and labour progress in the countries of Latin America and the Caribbean. The challenge now is to make this progress sustainable: the region has reduced poverty, but inequality has only decreased slightly and at least 130 million people are working in conditions of informality.

23. In the twenty-first century, the Americas went through three major stages in terms of economic growth. The first (expansion) stage began after the recession in the developed countries and the crisis in Argentina in 2001 and 2002 and lasted until the international crisis of 2008. From

2004 to 2008, average GDP growth in the United States and Canada was 2.8 per cent, while in Latin America and the Caribbean it was 4.8 per cent (Figure 1), higher than the regional average in recent decades, namely 3 per cent. The second phase began in 2008 and its most notable effects were seen in 2009, when the GDP of the United States decreased by 2.8 per cent, the GDP of Canada also fell by 2.8 per cent and that of Latin America and the Caribbean dropped by 1.2 per cent, while the global decrease was 0.4 per cent. The third phase can be described as the recovery phase with a trend towards a slowdown. In 2010 the United States recorded GDP growth of 2.4 per cent, for Canada it was 3.2 per cent and for Latin America and the Caribbean 6 per cent, while in 2011 these figures dropped to 1.8 per cent, 2.5 per cent and 4.6 per cent, respectively. Since then the average annual growth rate of the countries of the Americas has been below 3 per cent, barring a few exceptions.

Figure 1. Latin America and the Caribbean and World: Annual percentage variation in GDP



24. The current question under discussion is what can happen from 2014 onwards. It is expected –while bearing in mind the risky nature of forecasts in such a volatile environment– that the United States will improve its current trend and record growth of around 2.8 per cent (IMF). However, the global economy growth rate is expected to exceed that of Latin America and the Caribbean between 2014 and 2018 (3.7 per cent compared with 3.3 per cent, as an annual average). In fact, it is estimated that in the 2014-18 period the region will grow by an annual average of two percentage points less than in the 2004-08 expansion phase.

Latin America and the Caribbean: growth with social/ labour improvements and pending challenges

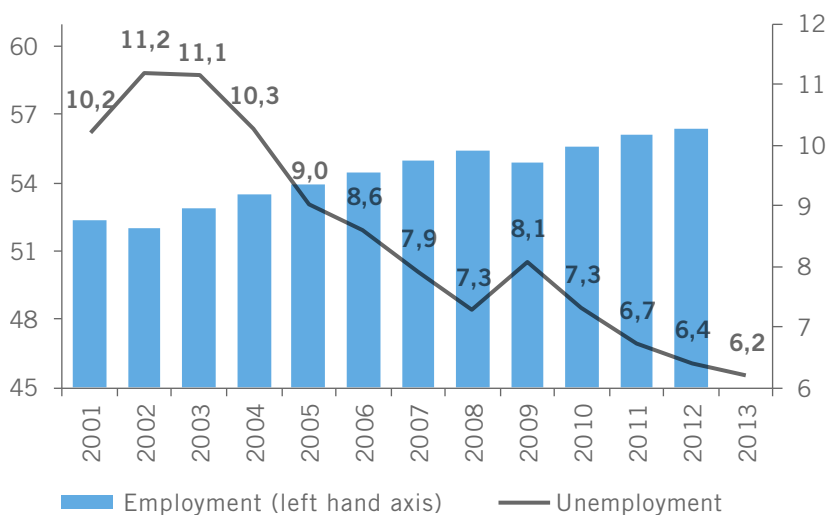
25. In the first few years of the twenty-first century, Latin America and the Caribbean enjoyed good prices for basic commodities and abundant financing. The effects of this period of growth and of the economic and social policies implemented by the governments of the region were notable.

26. One significant statistic is that household poverty was reduced from 43.8 per cent in 2002 to 29.6 per cent in 2011 and 27.9 per cent in 2013 (see Figure A1, Appendix). In addition,

after the growth of the 1990s, the inequality in personal income decreased in the first decade of the twenty-first century.

27. In the labour market, the ILO reported that employment rates increased from 52 per cent in 2002 to 56 per cent in 2012, while unemployment rates fell to an all-time low, from 11.1 per cent in 2002 to 6.2 per cent in 2013 (Figure 2). Even so, total urban unemployment comprised some 14.8 million women and men who were unable to find work.

Figure 2. Latin America and the Caribbean: employment and unemployment rates (%)



Source: ILO (2013a).

28. Almost half the urban unemployed are young people and the youth unemployment rate is more than double the total unemployment rate. This amounts to some 6.6 million unemployed young people in the urban areas of the region. In addition, six out of ten young workers have informal jobs and 21.8 million young people neither study nor work. The global youth employment crisis affects millions of people who run the risk of falling into poverty, if they have not already done so.

29. The situation of women in the labour markets has shown improvements in recent decades, such as an increase in the labour force participation rate, which reached 50 per cent in 2013, even though there are still major gender equality challenges. The unemployment rate for women in Latin America and the Caribbean is still 1.35 times the rate for men. Young women account for 70 per cent of the youth population which neither studies nor works (some 15 million).

30. Real average wages in the region grew by 1.8 per cent annually between 2006 and 2011, more than in the developed economies and more than the global average, if China is omitted. However, a slowdown in wage growth has been observed since 2013. A similar trend was visible in minimum wages, which grew by 2.6 per cent in 2013 compared with 6.9 per cent in 2012. The slowdown in wage growth is both a result and a cause of the loss of economic momentum in the region.

31. Social security coverage also expanded. Between 2000 and 2012, coverage provided by health systems increased from 51.6 to 59.8 per cent of employed persons and coverage provided by pension schemes went up from 51.3 to 60.5 per cent. However, the proportion of the employed population without any form of protection remains very high: at least three out of ten workers have no health or pension coverage.

32. Informal employment decreased from more than 52 per cent in 2005 to 47.7 per cent in 2011, a figure that was maintained in 2012. The rate of growth in formal employment has been less than for economic growth and poverty reduction; this means that many people who were no longer defined as poor in the past decade have informal jobs.

33. Various countries have seen the emergence of new middle-income groups with economic, social and cultural expectations that are often only partially satisfied. In many cases, these new population groups are in a highly precarious situation, as they often still work informally. In the event of a drop in growth or change in policy, these people may well regress socially and economically and even return to situations of poverty. This new middle class is not a consolidated social category, being subject to the vagaries of the region's economy.

The global crisis: effects and lessons learned

34. In 2008, the major international crisis developed out of a housing bubble in the United States which then became a global financial crisis when the Lehman Brothers investment bank declared bankruptcy. Immediately afterwards, the financial crisis turned into an economic crisis.

- At the global level 32.2 million jobs were lost (Figure A2, Appendix).
- In the United States, the growth in GDP in 2009 was accompanied by a rise in unemployment, which reached almost 10 per cent in October of that year (Figure A3, Appendix). In Canada, unemployment rose from 6.1 per cent in 2008 to 8.3 per cent in 2009.
- The Eurozone also experienced the onset of an economic crisis, which subsequently developed into the debt crisis. Unemployment stood at 9.6 per cent in 2009 and reached a peak of 12.3 per cent in 2013.
- China was also affected by the crisis but the stimulus package that was adopted enabled the country to make up rapidly for the inadequacy in external demand.

35. Latin America and the Caribbean were not left unscathed by the international crisis. The mechanisms of transmission were: (a) trade channels, since the United States, the European Union and China are the region's principal partners; (b) reductions in the prices of commodities, particularly copper and petroleum; and (c) capital flows which also shrank because of investors' need for greater security. Certain data show the magnitude of the impact in Latin America and the Caribbean:

- Regional GDP fell by 1.22 per cent from 2008 to 2009;
- Investment as a percentage of GDP dropped from 23.7 per cent to 20.6 per cent in 2009 (IMF, 2013);
- Unemployment rose from 7.3 per cent in 2008 to 8.1 per cent in 2009 and the employment rate fell by 0.5 per cent.

36. The impact of the crisis on the labour markets of the region was not as strong as feared, owing to the implementation of employment-friendly public policies (ILO and ECLAC, 2010). The economy also made a significant recovery in 2010, even though a subsequent slowdown was an observable trend.

37. During this crisis, it was noteworthy that many Latin American and Caribbean countries did not turn to adjustment remedies that had a recessionary effect on economic growth, employment and labour rights, as had occurred in previous crises. On the contrary, consensus prevailed to promote counter-cyclical policies to stimulate growth and investment, which were possible in the region because of the macroeconomic stability that had been achieved, the relatively stable growth of those years and the fiscal space available. Labour market measures included the following:

- Public investment policies, emergency job schemes, internal consumption to replace exports, and work sharing with subsidies.
- Automatic stabilizers: unemployment insurance, automatic activation of emergency employment programmes.
- Extension of social protection: conditional and non-conditional transfer programmes, extension of non-contributory pensions.
- Active minimum wage policy.

38. Accordingly, one lesson to be drawn from the crisis is that well-designed labour market policies can perform a key counter-cyclical role, since they not only stimulate the economy but also protect employment and income at the same time. It is a challenge for countries to ensure that these measures are consolidated and institutionalized as stable labour market policies and do not merely remain as ad hoc anti-crisis strategies.

— The external context and the region's economies

39. Most future scenarios indicate that a slow global recovery is expected:

- In 2013 GDP growth in the United States was 1.6 per cent while projected growth for 2014 is 2.8 per cent, according to the IMF *World Economic Outlook April 2014*. The economy of the United States has been expanding at a faster rate and the moderate increase in employment in the country should strengthen consumption prospects, while good business results and more favourable financial conditions should have a positive impact on investment. This good performance will have a positive effect on the situation in Canada, which is expected to record growth of 2.3 per cent in 2014 and 2.4 per cent in 2015.
- In the following years the trend towards moving out of the recession in Europe is expected to strengthen.
- China might stabilize at a lower level of growth. Its economic growth decreased to 7.7 per cent in 2013, one of the lowest rates since 1991 (Figure A4, Appendix). In addition, a major risk factor stems from the adjustment in investment in China, which may mean fewer policies for stimulating growth than in the recent past.
- A slowdown in the emerging economies is also expected. Even though the emerging and developing countries certainly present a more positive situation in terms of employment, the contagion effect from the advanced economies has caused employment growth to slow down in most countries and regions (ILO, 2013b).

40. What will be the impact in Latin America and the Caribbean? It is difficult to make predictions in the current uncertain times but some trends appear to have a firm basis:

- During the 2014–18 period, annual growth in the region is due to be nearly 2 percentage points less than in the 2004–08 period (Figure A5, Appendix). This is a relevant statistic to be taken into account: if this situation occurs, total unemployment (urban and rural) in the region is likely to exceed 20 million in 2015 (ILO, 2013c).
- Evidently, the global situation is not homogeneous and nor is the effect that it will have on the region. In particular, even in a period of lower prices for basic commodities, it is likely that the recovery in the United States will be more favourable to Mexico and the Central American and Caribbean countries on account of their economic ties. In some of these countries, there is also a visible trend towards more investment in mining and energy production.
- The changing situation regarding remittances –a relevant issue in Mexico, Central America and the Caribbean, and also in southern cone countries such as Peru and Colombia– is also determined by external factors, since it depends on the economic and labour situation prevailing in receiving countries for migration. Since 2009 the growth

rate for this indicator has slowed down, even becoming a negative value in the Caribbean countries and Mexico in 2012.

41. The reduced momentum expected in the region is also due to a curb on, and a certain reversal of, the prices of basic export commodities, a process that began in 2012 and is expected to continue in 2014 (ILO, 2013a). More than one third of the growth of per capita gross national disposable income in the 2003-11 period was due to improved terms of trade in particular for South American countries (ECLAC, 2013a). Efforts are urgently needed to achieve a sustainable increase in the rate of productive investment, which is still low by international standards. Apart from this, the region's financial markets also show a high degree of volatility.

42. Attention should also be given to the impact of the slowdown in growth on the labour markets and economies of Latin America and the Caribbean. Economic growth is key to improving the quantity and quality of jobs but is not sufficient in itself, especially in periods such as the present where there is a loss of momentum. What we are learning from the past decade is that public policies, at both macroeconomic and microeconomic levels, can make the difference.

Long-term trends

43. In addition to the above, the region is undergoing a transformation. Certain long-term trends will strengthen in the future, with significant effects on the labour market.

44. On the one hand, Latin America and the Caribbean continue to be in a favourable situation. This is because the dependency ratio –the number of dependants for each breadwinner– has improved. The number of breadwinners is expected to increase until 2025, after which the trend will begin to reverse (Figure A6, Appendix).

45. Linked to this is the subject of migration. International migration is a growing phenomenon in Latin America and the Caribbean. In recent years, the volume of migrants –taking only principal destinations into consideration– has risen from some 2 million to more than 21.5 million.² More than 90 per cent of migrants move for labour-related reasons. The number of migrants will continue to increase in the next few decades but it is possible that the composition of migration flows will change. Even though the trend in recent decades has been towards emigration and a negative migration balance, projections indicate that this will stabilize in the coming decades and by mid-century the current negative migration balance is even expected to decrease (Figure A7, Appendix). The fact that the intra-regional migration flow is constantly increasing should also be taken into account.

46. Another trend having a major impact on the labour market is access to information technologies. In 2000 there were 13 mobile phones per 100 population; in 2012 there were already more mobile phones than inhabitants, even though growth in coverage has been uneven among countries and, above all, among geographical areas within countries. Internet access has also increased, albeit at a slower pace. In 2000, a total of 4 per cent of the population used the Internet; in 2012 the figure was 43 per cent. If the trend continues, more than 70 per cent will have access to the Internet by the end of the decade (Figure A8, Appendix). This will have significant implications for the way in which the labour markets function, increasing labour productivity by enabling faster work performance and information-sharing (ECLAC, 2010).

Limitations on current growth in Latin America and the Caribbean

47. The growth observed in the past decade, which has been positive from all angles, also presents certain limitations which need to be identified to consolidate a process of inclusive development. Despite the progress achieved, the region has not managed to become integrated in

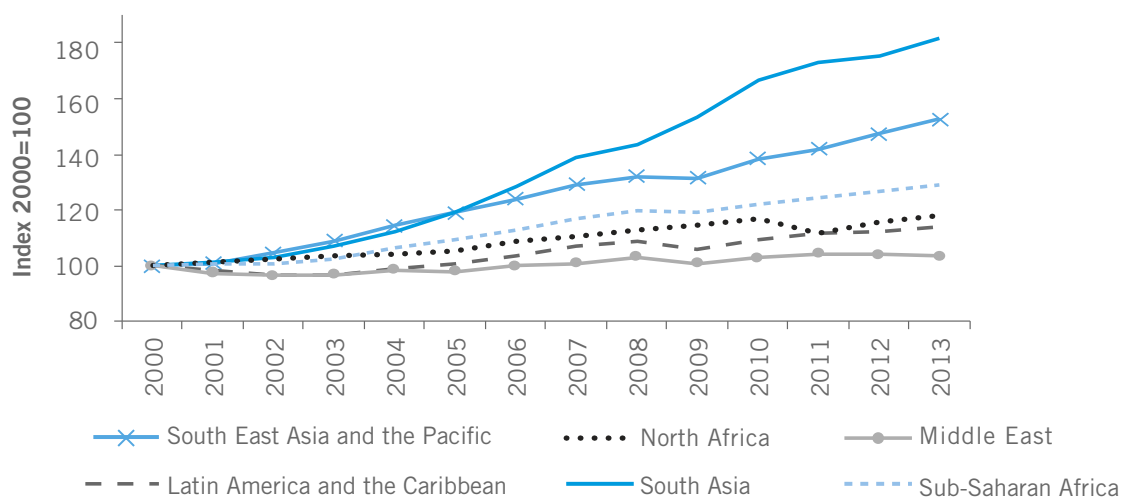
2. Estimates based on World Bank Global Bilateral Migration Database.

the global economy in a more sustained and solid form (Ffrench Davis, 2009). This underlines the importance of strengthening the real economy, facilitating greater diversification in production. It is also necessary to intensify regional integration processes that give rise to larger markets and enable diversification of the productive structure towards sustainable activities which are intensive in the use of knowledge and technologies and create added value and productivity. A more diversified product structure would reduce seasonal and cyclical fluctuations and provide more job opportunities for workers, thereby strengthening the creation of employment, the conditions for formalization and, ultimately, equality. It seems clear that progress must be increasingly geared to having an impact on the productive structure as a whole, seeking to create a new matrix that enables the stated goals to be achieved. If it is only the effects that are addressed, the possibility of formulating a new vision of development is likely to remain unfulfilled.

Low productivity growth

48. During the last few decades, economic growth in Latin America and the Caribbean has been moderate compared with other regions of the world, with an annual average fluctuating around 3 per cent (Ffrench-Davis, 2009), which is insufficient for achieving sustainable goals of social and labour inclusion. It highlights the low growth in productivity: output per worker increased by just 1.5 per cent annually in the first decade of this century (Figure A9, Appendix), a low rate compared with other emerging and developing regions (Figure 3). As a result, output per worker in the region will be overtaken by the global average in 2014 (ILO, 2013d). Governments and social actors would do well to heed this trend. Productivity growth is a necessary condition, albeit not the only one, for achieving sustainable increases in living standards.

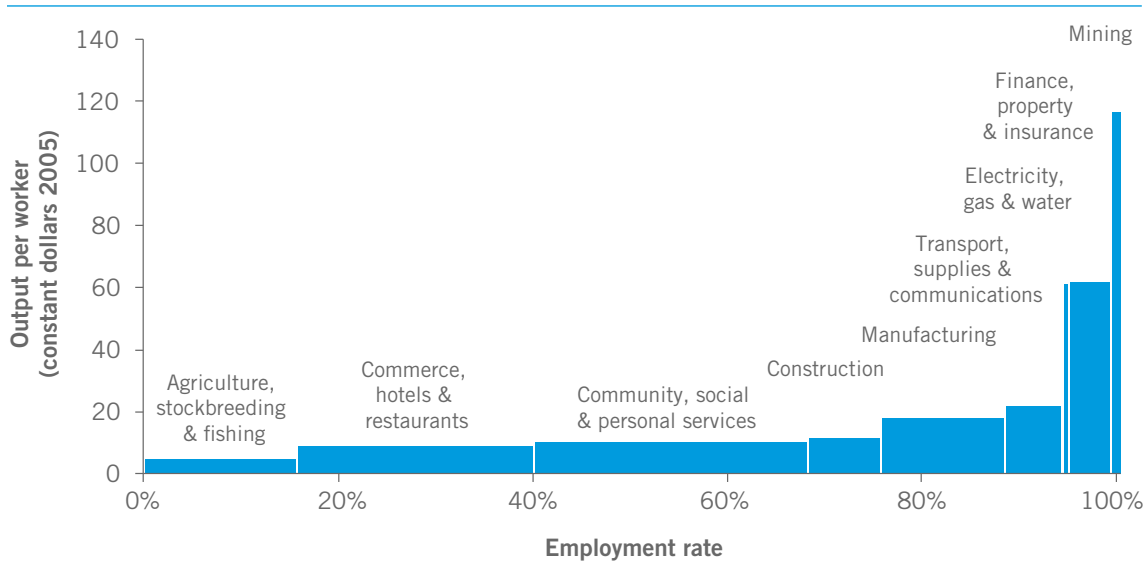
Figure 3. Trends in output per worker in emerging regions



Source: ILO (2013b).

49. Some of the factors associated with low productivity growth in the region are lack of investment and credit, macroeconomic volatility, infrastructure deficits, limited technological innovation, lack of linkage between the education system and the labour market, and inadequate productive development policies. One of the causes that the ILO and other institutions have emphasized is the lack of productive diversification and the poor linkage between economic sectors. For example, Latin America and the Caribbean, compared with the rest of the world, has an export structure that relies heavily on minerals, fuels and agricultural products, with manufacturing contributing only a small share (Figure A10, Appendix). This form of integration in the world is associated with a particular productive structure, with sectors that are highly productive but create few jobs and are poorly linked with the rest (Figure 4).

Figure 4. Latin America and the Caribbean: output per worker and employment rates (2011)



Source: CEPALSTAT (ECLAC Database) & ILO- Labour Analysis and Information System for Latin America and the Caribbean

50. This analysis is consistent with the results of other recent studies. Analysing productivity growth over time, these studies distinguish intra-sectoral productivity growth from productivity growth due to inter-sectoral resource transfers (inter-sectoral growth or growth from structural change). The results of McMillan and Rodrik (2011) (Figure A11, Appendix) are very similar to those of the IDB (2010) and show that, in the 1950-75 period, productivity in the region recorded an annual increase of 3.8 per cent, with the intra-sectoral component 1.8 per cent and the structural change component 2 per cent. In the 1990-2005 period, on the other hand, productivity increased by 1.6 per cent, the intra-sectoral component by 1.8 per cent and the structural change component by -0.2 per cent. These authors observe that, between the two periods, intra-sectoral productivity growth was identical, the fundamental difference being that in the 1990-2005 period the structural change component was negative. They add that this only occurs in economies with pronounced productivity gaps, such as those that exist in the region.

51. Structural change can affect thousands of workers. For that reason it is a process that requires careful handling by the State, taking into consideration the necessary combination of social protection and reskilling policies in the short term, with a view to fostering the positive effects in the long term, when the productivity gain is also transformed into more and better jobs (Salazar Xirinachs, 2013).

— High inequality and informality

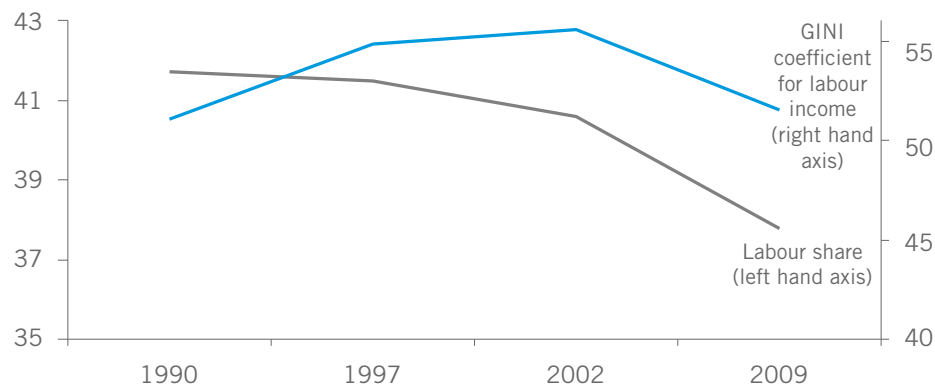
52. In Latin America and the Caribbean, another salient feature apart from high inequality is pronounced and persistent informality.³

53. Despite the fact that various countries in the region have made significant efforts to combat inequality –which decreased in the past decade by comparison with the 1990s– they have not managed to overcome the pattern of growth which results in the region being described as “the most unequal in the world”. Apart from inequality in the distribution of personal income, labour

3. At its 2014 session, ECLAC made a proposal for “compacts for equality”, emphasizing that the labour market is the cornerstone of equality. See ECLAC (2014).

share of GDP (functional distribution) decreased instead of increasing in most of the region's countries (Figure 5).⁴

Figure 5. Latin America and the Caribbean: personal and functional income distribution 1990-2009



Note: The GINI coefficient measures income inequality in labour income (0 indicates complete equality and 100 indicates absolute inequality). Labour share of GDP is the ratio of compensation for each productive input (0 indicates total compensation for capital and 100 total compensation for labour).

Source: ILO (2012a).

54. Sustaining recent social progress in the region requires an improvement in working conditions. This can only happen in a sustainable manner if an impact is achieved on the productive and economic matrix that produces informality, among other things. In the ILO's opinion, most people enter the informal economy not by choice but out of a need to survive and to have access to basic income-generating activities (ILO, 2013e).

55. Informal employment is heterogeneous and diverse. It has a disproportionate impact on certain occupational categories: employees in SMEs, workers in domestic service, self-employed workers and auxiliary workers. Eighty per cent of informal employment in the region is accounted for by self-employed workers, domestic workers and employees in small enterprises of up to ten workers. It is in the informal economy that some of the most intolerable forms of labour exploitation and violations of fundamental principles and rights at work are found, such as child labour and forced labour. Informality also reflects patterns of discrimination on various grounds, including sex, age, race, skin colour and HIV status. In informal employment, women outnumber men and young people outnumber adults, and indigenous populations and those of African extraction are also heavily represented. Nor should it be forgotten that although available statistics largely refer to urban settings, informality also exists in rural areas. The consequences of informality are more acute in the rural setting because of the low profile of the State and the limited development of markets and institutions. Few countries have adopted specific measures for promoting effective observance of labour rights in the rural economy (in particular freedom of association and collective bargaining), creating a relative institutional void that contributes towards rural poverty (ILO, ECLAC and FAO, 2012). The rural sector is heterogeneous per se. On the one hand, modern agriculture forming part of the global economy contributes towards productive diversification and creates paid employment, even though it is sometimes criticized for failure to comply with fundamental rights at work. On the other hand, family-based and subsistence agriculture, which accounts for between 30 and 40 per cent of agricultural GDP in the region (FAO and IDB, 2007), is characterized by small volumes of production, limited productivity and low wages, with no means of expression or representation. It is this second type of agriculture that has the highest incidence of informal employment.

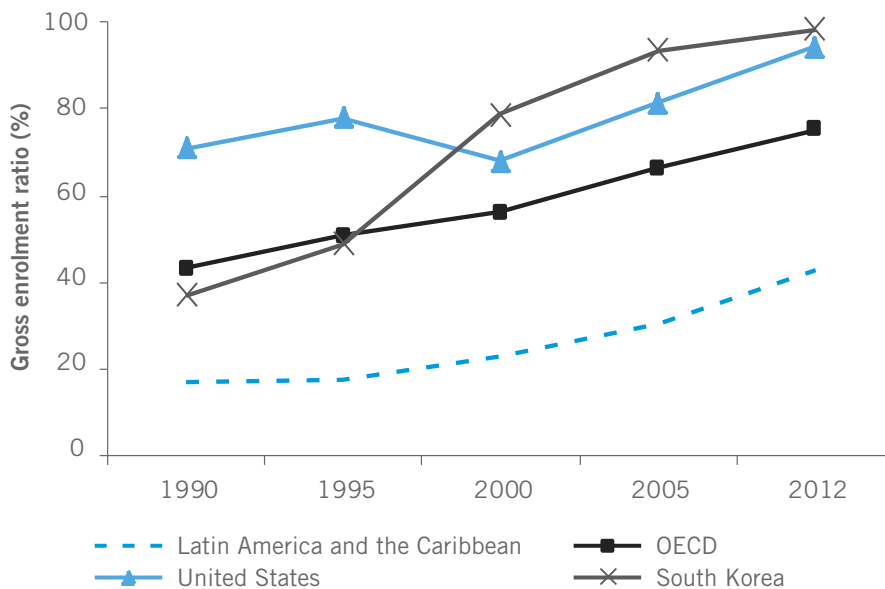
4. For a more detailed discussion of the theme of distribution in the labour market, see ILO (2014b). Some studies link the decrease in labour share to factors such as technological progress, trade globalization, greater influence of financial markets on the real economy, and the decline in workers' trade union membership and bargaining power (Salazar-Xirinachs, 2013).

56. All the above clearly limits key variables for improving the quality of jobs, such as the extension of social protection or the proper application of legislation.

— Limited innovation and workforce skills deficit

57. An economy in which productivity is concentrated in few sectors and does not generate value chains, with a high informality component, creates few incentives for innovation and improving workforce skills. Many Latin American and Caribbean countries are lagging behind in these areas, which jeopardizes the sustainability of their progress. If the competitiveness of nations is considered via the data of the World Economic Forum, for example, it can be seen that Latin America and the Caribbean show enormous gaps in innovation, education and workforce skills (Figure A12, Appendix). Even though the vast majority of countries have institutional machinery and vocational training policies, the economic and social dynamic calls for responses that create a better match between the demand for greater, more sophisticated skills and the available supply. In what may be considered a paradox in Latin America and the Caribbean, the supply of youth labour is significantly greater than in other regions of the world but education and training systems are unable to develop quickly enough the skills that are required in the information and knowledge society. In the region, the enrolment ratio in tertiary education (technical or university) is no more than 40 per cent, which is lower than for other, more advanced regions of the world (Figure 6). There is also a problem with the quality and relevance of education. The region's countries therefore need to pursue the necessary policies to improve access to education (through action to promote both inclusion and funding), its quality (with measures such as teacher training, accreditation and assessment) and the relevance of training to work (through anticipation of the required skills).

Figure 6. Latin America and the Caribbean, OECD, United States and South Korea: gross enrolment ratio in tertiary education



Source: own design based on UNESCO database.

58. The low quality of training also reflects deficits which are carried over from basic education. In this regard, the most recent PISA assessment results⁵ (Table A1, Appendix) show the participating countries of the region in last place for mathematics, reading and science.

5. The OECD Programme for International Student Assessment (PISA) is applied to 15-year-old students in various countries of the region.

59. This is a major problem in the region since it limits the incorporation of changes linked to innovation. Every day new products appear on the markets. Changes in the way work is organized and managed, and the introduction of new technologies (in information and communications, and those directly connected to agriculture and industry), generate great demand for more sophisticated skills and for further development of the abilities that workers need to enter the labour market and progress in it.

60. The effect of technological change is that, while there is a shortage of highly-skilled workers in certain sectors and occupations, it becomes increasingly difficult for workers with fewer skills and those in predominantly manual occupations to find and maintain stable and productive employment. Prompt action is needed; the region and its workers cannot continue to lag behind.

1.3. Our development goals: growth with social inclusion and formalization of labour

Inclusive and sustainable development requires economic growth to be managed in order to generate decent work, in other words productive, quality work that is formalized and socially protected, and which makes it possible to overcome poverty and inequality and open up opportunities for the region to progress.

61. Informal employment is not beneficial. For workers in the informal economy, it signifies lack of recognition or protection through labour legislation and social security, and also the impossibility of organization or representation for asserting rights. It is also detrimental to employers, above all those in the formal sector, because of the unfair competition that occurs at the ends of certain goods and services supply chains. For States, it limits public revenue, their fiscal margin and their capacity for extending social protection schemes or improving the quality of public services.

62. Consequently the promotion of changes to a productive structure whose design does not help with overcoming precarity and the implementation of proactive policies to ensure the effective transition to formality must be a central priority in the Americas and the rest of the world.

63. At the 103rd Session (2014) of the International Labour Conference, a standard-setting discussion was begun, to be completed in 2015, on facilitating transitions from the informal to the formal economy. During the discussion, the constituents unanimously agreed that formalization was the right way to tackle informality and that the member States need to take urgent and appropriate measures to facilitate the transition of workers and economic units from the informal to the formal economy.

64. The conclusions proposed at the Conference cover a wide range of policies and measures which can facilitate the transition to formality and take account of the pronounced heterogeneity and complexity of the informal economy, the multiple factors which cause it to persist and, at times, to expand, and also its highly diverse manifestations, both among countries and at different levels of economic and institutional development. It should be emphasized that this first discussion in 2014 yielded consensus that a standard-setting instrument was needed to guide action on the transition to formality, and that this instrument would take the form of a Recommendation. The discussion identified areas on which further in-depth discussion will be needed at the 2015 session of the Conference. The instrument that is finally adopted will serve as a guide for defining policies in this sphere.

65. At all events, the discussion due to take place at this American Regional Meeting can be an occasion for the exchange of information on progress made by governments, workers and employers in the area of formalization, since Latin America and the Caribbean is one of the regions with great experience in this field, including the fact that some countries have implemented multi-dimensional approaches, something that merits particular emphasis.

66. In fact, there is an abundant range of responses which can be applied depending on the national circumstances. The challenge is to find a balance that is appropriate and favourable for every economic situation. The report discussed at the Conference proposes that decent work strategies for the informal economy should give priority to growth with quality employment, improvements to the regulatory framework, promotion of social dialogue, organization and representation, promoting equality and combating discrimination, support for entrepreneurship, skills development, finance, extension of social protection and local economic development (ILO, 2013e).

67. A review of national experiences conducted in 2013 as part of the ILO Programme for the Promotion of Formalization in Latin America and the Caribbean (FORLAC) has made it possible to analyse what the region's countries are doing (ILO, 2014a). On the one hand, there are actions for boosting economic growth and increasing the capacity of enterprises to comply with existing standards or regulations through improvements in productivity and, on the other hand, measures connected with the labour market and the strengthening of institutions. Special mention should be made of initiatives designed to promote formalization for young people, adopted within the general context of responses to the youth employment crisis.

Economic growth and productive development

68. In order to meet the challenge of overcoming situations that give rise to low productivity, quality employment needs to be made a priority of economic policy. A wide range of objectives and instruments will be needed. In particular, industrial, fiscal, monetary and exchange policies must be coordinated to produce appropriate incentives for investment and the composition thereof (ILO and ECLAC, 2014). In Latin America and the Caribbean, given that the revenue share from basic export commodities is likely to decline in the future, there will be a need to diversify the productive structure and foster new axes of growth that attract investment, even in a context of great international uncertainty. As a priority, it will be necessary to change the way in which growth is achieved so that, at the same time as profits are created in priority enterprises and economic sectors, the percentage of workers in low-productivity sectors is reduced, increasing the integration of production at the national and regional levels.⁶

69. On the other hand, in view of the prospects of weak growth in most of the region's main trading partners, and considering the effects of the slowdown itself, the Latin American and Caribbean countries could drive their development through a coherent strategy of regional economic integration and the promotion of internal sources of growth. Integration should also play a part in improving the quality of trade in the region and vis-à-vis the rest of the world, thereby contributing towards industrial development and diversification of the economic base, which in many countries is still dominated by the exploitation of natural resources. This would be fundamental for gaining new niches in the global economy. The drive towards different forms of regional integration can help to expand the markets which are accessible for the national economies, as well as favouring local specializations and supply chains that strengthen the region's capacity for creating products with greater added value and more potential for placement on the international market.

6. A detailed discussion of this point can be found in Islam and Kucera (2013) and Salazar-Xirinachs, Nübler and Kozul-Wright (2014).

70. Furthermore, progress must be made in consolidating an enabling environment for the development of sustainable enterprises, in order to stimulate capital formation, innovation, employment, formalization and social inclusion. Strengthening an inclusive financial system geared to production financing –above all directed at small enterprises– is key in this context. Priority areas for creating these enabling environments must be identified in each country, according to its conditions and characteristics. The adaptation of legal and institutional regulations and other necessary machinery must be in line with national development processes and form part of social dialogue.

71. At the same time, the countries of the region must continue to drive sustainable economies through incentives that promote “green jobs”. In the efforts to achieve inclusive development, multinational and “multi-Latin” enterprises can and must play a leading role on account of their capacity for encouraging –among other things– compliance with fundamental principles and rights at work and national labour legislation throughout the supply chain. Their capacity for innovation, not only in the technological sphere, can move social responsibility forward with a view to helping to promote equity and equality in the region. It is therefore important to continue to promote the ILO’s Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy in order to maximize the contribution of those enterprises to national development agendas.

72. As regards specific productive development policies, it is necessary to create the conditions in the public sector and within its interaction with private and social actors for achieving stable and programmatic mechanisms that can increase productivity. Chile is one of the few countries in Latin America and the Caribbean that possesses such mechanisms and it has experienced the greatest productivity growth in the last two decades (IDB, 2010). Mexico has an up-to-date online system for measuring labour productivity and wages and also a national skills system (CONOCER), in which standards are constructed with the participation of the social actors and linkage with productivity is based on the definition of skill content. Brazil has institutes that conduct research and monitor the performance of key economic sectors. Feedback to tripartite analytical councils at the national level helps with the orientation of programmes and the appropriation by the social actors of the tools that have been designed.

73. There are also productive development initiatives at the sectoral and territorial level. In the United States, the American Productivity and Quality Center, a non-profit organization founded in 1977, identifies best productive practices in the world and shares this knowledge through a network of enterprises. The centre has undertaken a standard classification of processes that enables enterprises to compare their productivity with others in the sector and identify opportunities for improvement. In Mexico a state procurement mechanism has been developed as an instrument to encourage formalization via which enterprises that wish to submit tenders for public works and services must register their staff with the Social Security Institute.

74. At the microeconomic or enterprise level, mention can be made of initiatives that are oriented towards developing the managerial and technological capacities of SMEs, such as those developed by SENA in Colombia or SENAI and SEBRAE in Brazil. The ILO System for Integrated Measurement and Improvement of Productivity (SIMAPRO) has demonstrated that there are significant opportunities for improving productivity and working conditions in SMEs, with active worker involvement. The impact of the multiple SIMAPRO applications can be summarized not only in terms of improvements to the labour climate, working conditions and costs but also in terms of the creation of formal jobs. Good experiences in other countries have been based on the application of the methodology for the development of sustainable enterprises (SCORE) in SMEs in the metallurgy, automotive parts, textiles, tourism and horticulture sectors (in countries such as India, China, Indonesia, Viet Nam, South Africa, Ghana and, in the Latin American region, Colombia). With the participation of the workers, middle and senior management, and

the application of tailor-made tools to improve processes and working conditions, the potential that exists in SMEs for increasing productivity has been demonstrated, on the basis of targeted knowledge and practical, low-cost plans of action.

Labour market and strengthening of institutions

75. The labour debate is often influenced by the singling out of institutions regulating the labour market as being behind poor economic performance. The view that for jobs to be created less labour regulation is needed fails to recognize the importance of labour market institutions in correcting market flaws and preventing the occurrence of excessive inequality (Polaski, 2013). Labour formalization, decent work, greater labour productivity and effective improvements in income distribution could not be achieved in a scenario of institutional weakness.

76. This reality is recognized in business circles in the region. The 2010 World Bank Enterprise Survey (Figure A13, Appendix) stated that the chief obstacles to business development in Latin America and the Caribbean were access to financing, the practices of the informal economy and a poorly educated workforce, in that order. Labour regulation was ranked tenth out of 15 factors considered by the study.

77. Labour market institutions, understood in the broad sense as including the rules of the game accepted by the political and social actors, such as the legislation and standards in force, play a central role in the formulation, implementation and supervision of these measures.

Labour legislation and its application

78. The countries of Latin America and the Caribbean have a great tradition of legislative development. The ratification rate for ILO Conventions is very high in the region. In general, labour legislation applies to all workers, even though there are some cases –which should be identified and remedied– in which specific groups are excluded, for example workers in the rural sector, auxiliary workers or self-employed workers, categories in which there is a high incidence of informal employment.

79. In many cases a specific diagnosis of gaps in the legislation which takes account of informality will be needed in order to revise and update the legislation on the basis of social dialogue.

80. One sector that requires special consideration is that of domestic workers, who are usually in informal employment and have no protection. Progress in this field has been considerable, since Latin America and the Caribbean is the leading region of the world as regards ratification of the Domestic Workers Convention, 2011 (No. 189), with nine out of the 14 registered ratifications. Several countries have adopted specific legislation and others are discussing draft legislation based on the Convention. It is estimated that the formalization of domestic work and auxiliary work would imply a significant reduction of 16.3 per cent in informal employment in the region.

81. In any case, the regional deficit has more to do with application than the legislation itself. One reason for this situation is the weakness in labour administration, in particular labour inspection. Detecting non-compliance and, in particular, preventing it is complex and requires capacity and resources for effective action.

82. In the experience of Latin America and the Caribbean, modernization and consolidation of labour inspection systems is one of the most common measures for promoting formalization in the context of broader strategies. In Argentina, for example, the National Plan for the Regularization of Labour, under the responsibility of the Ministry of Labour, Employment and Social Security and the Federal Administration of Public Revenue, deals with unregistered work on the basis

of inspections for enforcing labour and social security standards. The Ministry of Labour and Employment Promotion in Peru is formulating a national strategy for promoting formalization with a substantial inspection component, which is due to be adopted and implemented in 2014. Similar discussions are under way in the Dominican Republic.

83. A number of countries have launched processes for the institutional strengthening of labour inspection. This may take the form of increasing the number of inspectors and the technical and technological resources with which they operate. The Ministry of Labour Relations in Ecuador significantly increased the number of inspections by comparison with previous years and the Ecuadorian Social Security Institute consequently recorded an increase in the number of employers, from 140,759 in 2008 to 320,823 in 2011. Consequently, the number of persons affiliated to the general compulsory insurance scheme increased by 81.4 per cent between 2007 and July 2013. In Peru, the *Planilla Electrónica* (electronic register) was established in 2006, an instrument implemented by the Ministry of Labour and Employment Promotion in collaboration with the National Customs and Tax Administration Supervisory Authority, which enables the registration of labour information declared by employers with respect to their economic performance and their workers, service providers, trainees and seconded staff. The register is a useful tool for identifying priority sectors for guiding public policy concerning formalization and inspection. In Argentina, the National Register of Agricultural Workers and Employers was established, under the responsibility of the Ministry of Labour, Employment and Social Security, in which all agricultural employers and workers in the country must be entered.

84. Certain countries have adopted innovatory approaches to promoting the observance of labour standards, contributing to formalization. In Chile there is the programme for replacing fines with training for employers in micro- and small enterprises who have committed infringements. Employers who request it and are admitted to the programme participate in a course on labour legislation instead of paying a fine, with the aim of remedying the lack of knowledge of labour legislation which is identified as one of the reasons for non-compliance. In Colombia, “labour formalization agreements” are signed between one or more employers and the Ministry of Labour which include commitments from the enterprise or public institution to conclude permanent labour contracts with the workers. Honouring this commitment, which is supervised by the labour inspectorate, plays a part in reducing fines for non-compliance with labour legislation and may even result in the suspension of penalties. In Peru and Brazil, if an offence is reported or a fine is imposed for non-compliance with labour obligations, the regulatory framework in force allows the fine to be reduced subject to prompt payment being made to the competent authority. The object of the law is to promote knowledge of the regulations as an essential step for facilitating their observance in workplaces. It should be emphasized that inspection can have a swift impact on formalization but its scope is usually restricted to the formal sector. To have a wider scope, the economic and social causes of informality need to be tackled at the same time, through both economic policy and the establishment of stimuli or incentives for formalization.

— Knowledge of standards and incentives with a view to compliance

85. Non-compliance with standards sometimes stems from a lack of knowledge. In practice, the meaning of the term “formal” is not always clear and neither employers nor workers are familiar with the legislation or procedures. For this reason various countries have devised information and awareness-raising campaigns. One example is the “Colombia engages in formal work” strategy. In Brazil, a system has been established whereby labour inspectors conduct “door-to-door” visits to private houses to provide information on the need to formalize domestic workers, without entering the homes in question. In Uruguay, dissemination of standards recognizing domestic workers’ rights and action by the labour inspectorate has helped to increase the number of social security contributors with a direct impact on labour formalization. The

number of domestic service jobs for which contributions were made to the Social Insurance Bank increased from 38,569 in 2004 to 64,721 in 2012.

86. Another tested strategy for facilitating compliance is the simplification of procedures, especially those connected with the registration of workers or enterprises, and also social security registration. Experiences in this field are numerous and include: in Chile, the “Fast-Track Procedures Act” and the “Your enterprise in one day” programme; in Colombia, the “Anti-Procedures Decree” and Business Support Centres; in Panama, the “Entrepreneurship in Panama” project; in Guatemala, the “Smart window” service and the “Procedure simplification” programme. In Saint Lucia, reforms were carried out in 2010 to boost the registration of small enterprises through fiscal incentives and financial and technical support services, which have a key role to play in formalization. In Uruguay, employer pension contributions were standardized across productive sectors and conditions for access to benefits in traditional programmes were made more flexible. Simplification also applies to mandatory contributions from employers, integrating various payments for each worker into a single system and facilitating contributions by electronic means, as is the case in Colombia (PILA system) or Brazil (eSocial).

87. It is an undeniable fact that formalization entails a series of costs derived from existing regulations which are quickly and easily identified, while the benefits of formalization are more difficult to pinpoint, taking place in the medium-to-long term, and are social in nature and not necessarily individual. It is perhaps for this reason that a number of recent initiatives in Latin America and the Caribbean have aimed to create direct or indirect incentives for increasing the benefits of formalization. According to a recent ILO study, 14 countries in Latin America and the Caribbean have special schemes for the taxation of micro- and small enterprises with a lighter regulatory burden. In Argentina, as a result of the *monotributo*, a simplified tax scheme which includes a fixed monthly social security contribution, the number of contributors increased by nearly 800,000 between 2007 and 2013 (making a total of more than 2.7 million). In Brazil, the *Simples Nacional* system incorporates simplified schemes at the state level and, together with the “system for the individual micro-entrepreneur” (SIMEI), establishes a sliding scale and unified payments for micro- and small enterprises. In 2013, registrations with *Simples Nacional* and SIMEI had reached a total of 8 million. In Uruguay, the MIDES (Ministry of Social Development) *Monotributo Social* scheme and the “minimum value-added tax (VAT)” scheme for small enterprises have been developed, a system which allows contributors to make voluntary social security and pension payments. Since 2006, contributors using the MIDES scheme have increased eightfold, while the number of enterprises using the “minimum VAT” scheme has risen by 6,000.

88. Benefit schemes are geared in many cases to improving the coverage offered by social security, especially for sectors that are difficult to cover through regular systems. In most of the region’s countries, the historical evolution of social security has been based on contributory social insurance schemes. Despite the progress in coverage in recent years, significant gaps in protection persist, especially as regards self-employed, domestic and rural workers. The inclusion of these groups in social insurance is a key component of the formalization of employment and can also reduce the cost of tax-financed benefit systems for socially vulnerable workers. Argentina, Brazil and Colombia, for example, have mechanisms which facilitate the deduction of domestic workers’ social security contributions from income tax. In other cases, incentives have been established for gaining entitlement to social security benefits through simplification or adjustment of conditions for eligibility. Examples of this are the reactivation of credits for people affiliated to the Ecuadorian Social Security Institute and the actions relating to registration with the Mexican Social Security Institute, and also those aimed at promoting the voluntary affiliation of traditionally excluded groups in Mexico. In Uruguay, the health insurance reform in 2008 enabled the gradual integration of retirees, minors and spouses, while the unemployment insurance reform in the same year established benefits for crisis situations and for beneficiaries with secondary employment, as well as establishing equal labour rights for domestic workers.

89. In general, the ILO promotes the formulation of policies for establishing a social protection floor –in accordance with the Social Protection Floors Recommendation, 2012 (No. 202)– with the aim of ensuring income security at the appropriate levels according to national possibilities, facilitating lifelong access to essential goods and services and promoting productive economic activity. If well designed, social protection floors become tools for promoting employability and for reducing informality and precarity at work.

90. One labour market institution that merits special discussion is the minimum wage, since its effects on employment and the formalization of workers is the subject of debate. Economists do not always concur on this issue, though there is agreement that the minimum wage and gradual increases to it are an effective tool for reducing the number of working poor, and also for improving their performance and hence their productivity. Another certainty relates to institutionalism: if minimum wage fixing and the machinery for updating it are established through social dialogue, with consensus-based criteria that take account of purchasing power, economic growth, enterprises' capacity to pay and the needs of workers and their families, it is much less likely that this tool will become an obstacle to formalization. The fact that these institutions are being consolidated in the region, as is the case in Costa Rica and Honduras in Central America, is auspicious. In the same way, social dialogue is also key in ensuring that wage fixing through collective bargaining is appropriate to the needs of enterprises and workers. Special attention should be given to micro-, small and medium-sized enterprises, which may be more heavily affected by the fixing and increase of minimum wages when the wage bill represents a substantial part of their operating costs. Accordingly, it is important that wage policies are accompanied by tax or support measures which generate additional benefits for employers, as mentioned above.

91. In any case, measures to encourage formalization on the basis of benefits for specific groups must consider the duration and pace of the transition to the general system, and the scope of regulation. Discrimination before the law towards a particular group of citizens must be avoided, and labour relations must not be made more precarious by reducing standards. In many cases, these schemes should not be seen as instruments for the collection of revenue but as mechanisms for incorporating into formality a substantial group of workers who engage in informal economic activity.

The youthful face of informality

92. Informality is usually associated with adulthood. Certainly many people end up in informal employment after an experience of formal work, for example because they do not renew qualifications or skills that have become outdated. However, recent ILO data show that informal employment is the means of entry to the labour market for many young people, including those who become part of the formal sector. In the region in 2011, an estimated 55.6 per cent of young workers in the 15-24 age group, namely some 27 million persons, were in informal employment. Approximately one in three young people working in enterprises in the formal sector had informal jobs (ILO, 2014a). In view of this situation, it is essential to consider which specific policies can facilitate decent work for youth, since this group is particularly affected by changes in economic cycles.

Crucial importance of education, training and skills development

93. Education, training and lifelong learning foster a virtuous circle of improved employability, higher productivity, income growth and development. In the region, the enrolment ratio in tertiary education (technical or university) is no more than 40 per cent, which is lower than for other regions of the world. There is also a problem with the quality of education, which is aggravated by the drop-out rate in the early years of the intermediate cycle. The region's countries therefore need to pursue the necessary policies to improve conditions for entering and staying on in education (measures that foster inclusion in the system, such as funding, and reforms that promote

it), and to improve quality (teacher training, accreditation and assessment) and the relevance of training to work (through anticipation of the required skills and updating of the curriculum). As regards vocational training, possible strategies for ensuring that the career paths of young people start on a sound formal basis include the following:

- Recognition of enterprises as places of learning, on the basis of combined work and study which place young people in real employment situations and formal work environments. In Peru, for example, there have been positive experiences of matching training to the needs of industry.
- Experiences of “formalization” in the training of young persons which support initial work experience with mechanisms for entry to employment and remuneration. Many countries in the region have drawn up legislation on internships or placements in enterprises on the basis of vocational training, and have devised programmes for matching training and employment. In some cases, such as in the Dominican Republic, the promotion of entrepreneurship has been included in the curriculum, using ILO tools relating to business start-up and development.
- The development of competency standards for post descriptions and the corresponding performance parameters forms the basis in a number of countries for the formulation of training programmes and is a reference point for the provision of private training which seeks public funding. In this way knowledge relating to training and the quality and relevance of programmes provided has been formalized. Coordination work has recently been done in Chile, with the support of the ILO and the IDB, on a qualifications framework for in-service training aimed at better skills definition and certification.
- Mechanisms for the recognition of previous learning have facilitated entry into training programmes for young persons who had merely acquired experience at work, often in the informal economy. This is the case with certification based on skill standards applied in Mexico, for example, which has subsequently spread to other countries in the region.

94. Another aspect to take into account is that getting young people involved in learning processes is more effective when the latter are more closely related to their day-to-day experiences. Training based on the use of smartphones or simulators with remote content, or spaces such as the “techno-parks” in Colombia and the “innovation centres” and “technological development centres” in Brazil, which stimulate the use of new skills, are more in line with the knowledge society and help to bring young people closer to the world of work and the development of productivity. Increased enrolment and Internet-based programmes at vocational training institutions are evidence of the success of this trend, which has also enabled young people to achieve a better balance between study and work.

95. It is important to note that improving the educational levels of the workforce has a positive impact on reducing informality because this increases productivity. This creates benefits for both enterprises and workers. It is therefore positive to continue and expand the development of vocational training and learning policies close to the world of production which, for example, resolve bottlenecks in medium- and high-skill sectors, where demand from enterprises in the region –especially those that are export-oriented– encounters limitations. Training in more sophisticated skills is possibly one of the major challenges in many countries of Latin America and the Caribbean.

— Labour market policies

96. Labour market policies can facilitate young people’s entry and re-entry into the labour market. When properly targeted, they help the most disadvantaged young people and can produce extensive economic and social benefits. Two obstacles to matching supply and demand in youth labour are the absence of labour market information and the lack of job search skills. These

problems are accentuated for young persons from low-income homes, who generally lack access to social networks which make it easier to find jobs.

97. Employment offices must perform this job placement function and help to offset disadvantages relating to employment opportunities, since they are the principal mechanism for the provision of services and the application of labour market policies. These services usually include the registration of jobseekers, provision of advice and guidance, management of unemployment benefits and inclusion in active labour market programmes. However, the organizational structure, scope, funding and effectiveness of service delivery vary between countries. Experience shows that employment offices should particularly target the groups of young people most in need of assistance –such as women– and tailor the services provided to their specific needs and to the disadvantages that they face in the labour market. Documented experiences such as those of Argentina, Costa Rica, Honduras, Peru and Uruguay provide ample evidence of this. Employment offices should strengthen the link with vocational training policies and other job placement policies with a view to improving the relevance of training for work.

— Youth entrepreneurship and self-employment

98. Entrepreneurship can also be a route to decent work. Some Latin American countries have established “business incubators” for developing new enterprises, which provide a relatively protected environment in which the costs of common services such as communications, secretarial support, administration or marketing can also be shared. Some vocational training institutions have set up such incubators in Colombia (SENA) and Brazil (SENAI). In addition, registration in a technological or industrial estate allows access to applied research services, consultancy and technical and technological assistance, and vocational training services. Incubators are vitally important since enterprises run by young people are prone to a high failure rate owing to the lack of business and technical skills, the impossibility of access to support services and, especially, the difficulties inherent in the development of business cooperation networks.

99. Furthermore, various initiatives have been implemented that seek to create a virtuous circle from elements such as the economy of solidarity, cooperativism and youth entrepreneurship. A good example of this is Brazil’s “National decent work agenda for youth”, which seeks to stimulate and foster entrepreneurship in the solidarity economy, and the joining of forces by groups of young persons through public incubators.

— Legislation and promotion of youth employment

100. International labour standards provide a solid basis for drafting legislation aimed at creating more and better jobs. Enabling regulations for both workers and enterprises are recognized as a key factor influencing the opportunities for young people to obtain decent work.

101. Young workers’ rights are enshrined in national labour law (including provisions on remuneration, recruitment and dismissal procedures, and occupational safety and health), in employment protection legislation (covering, among other things, working time and hours of work, social security and unfair dismissal) and in minimum wage regulations. It is crucial to have appropriate national legislation based on international labour standards and good governance of the labour market, which fosters job creation for young people, including those in temporary employment, and helps them to exercise their rights at work, in particular their fundamental rights.

102. Considering the major difficulties faced by young people, by comparison with other workers, in finding quality employment, there is a need for standards that establish equality of opportunity through the acquisition of experience and increased employability, as a result of training obtained in the enterprise. These standards place the clear objective of youth development –since it aims to find jobs for young people– before business profitability. Accordingly, monitoring

is vitally important, otherwise the proposed objective becomes meaningless. Various initiatives have been implemented in the region that seek to facilitate access to employment for young people, and in some countries the legislation provides for first employment contracts.

1.4. Concluding remarks on social dialogue and the role of the ILO

In Latin America and the Caribbean the deficit in social dialogue and confidence needs to be tackled so that policies on formalization, quality employment and social inclusion have greater legitimacy, impact and sustainability. The ILO will support the constituents in this task.

Tripartite social dialogue with strong partners

103. The discussion on labour market institutions reaffirms the importance of tripartite and bipartite social dialogue with strong, representative workers' and employers' organizations. Accordingly, a major challenge that becomes apparent when analysing the experience of Latin America and the Caribbean is to improve the participation and representativeness of both workers' and employers' organizations so as to strengthen their capacity to influence decision-making.

104. There is also an apparent need to institutionalize a culture of dialogue in the region with a view to helping to reduce conflict. At the same time, a crisis of confidence can be seen, stemming from the lack of mutual recognition, respect and affirmation as legitimate partners, owing to a low level of representativeness of employers' and workers' organizations and the institutional aspect of dialogue still being a work in progress. The level of inter-personal trust is low and the number of labour disputes remains high. According to the Regional Project on Political Analysis and Prospective Scenarios of the United Nations Development Programme (UNDP-PAPEP, 2013), practically half the total number of social disputes in the region in 2009 and 2010 related to labour, wages and economic factors.

105. In order to be effective, dialogue requires representative actors, with technical knowledge of the subjects on the agenda and the political will to engage in the dialogue process and comply with agreements achieved. The representative function in the world of work falls to democratic governments and representative and independent organizations of employers and workers.

106. Effective tripartite social dialogue also requires reaching wider agreement in terms of priorities and coordination and mutual trust between the social actors. The key elements in that process are: (i) improving mechanisms for the exchange of information, so that the Government and the social actors have current, reliable data; (ii) extending policy dialogue to include competent organizations in related fields; (iii) mainstreaming full and productive employment and decent work in economic and social policies; and (iv) ensuring the active participation of the social actors in mechanisms for achieving coherence in policies that contribute to the promotion of decent work and sustainable development in their countries.

107. Strengthening the representativeness of parties that form part of national institutions for social dialogue is one of the pillars on which to construct effective dialogue. The participation of other national institutions through inter-sectoral dialogue, including those responsible for social security, vocational training, education, production and statistics, helps to increase the relevance of dialogue while ensuring access to information, thereby facilitating the definition of the scope of agreements and the machinery for their implementation.

108. The countries of the Americas must promote the institutionalization of tripartite social dialogue bodies at the regional, national, sub-national and sectoral levels. At the same time, in order to increase the effectiveness and observance of agreements on national subjects achieved through dialogue, mechanisms must be established so that the results of social dialogue are incorporated in national policies and strategies. Here there is also a need to involve other institutional actors, such as the ministries responsible for economic affairs, budgetary matters, planning, industry, education and women, which would also make for greater policy coherence. Even though the region has advanced in terms of the formal existence of tripartite social dialogue institutions, in some countries this still features on the list of demands to be met. The existence of sustainable, ongoing spaces for dialogue, where the parties tackle subjects agreed upon for the purposes of an agenda of mutual interest and conclude agreements on a progressive basis, and also the existence of an auditing mechanism that shows the results achieved, contribute towards fostering recognition and confidence among the parties.

109. In addition to national tripartite dialogue, the promotion of bipartite, sectoral and enterprise-level social dialogue, conducted by the actors closest to the matters concerned, makes for a better understanding of needs, knowledge of respective capacities and a shared interest in reaching agreements conducive to a stable labour environment. Successful experiences in sectoral dialogue or at enterprise level have the effect of boosting labour institutionalism and rebuilding trust among the actors.

The role of the ILO

110. This report is an invitation to engage in frank and open debate on the requisite strategies for undertaking the necessary changes in the region. One of the elements underlying the analysis and proposals is the idea of sustainability. How economically sustainable and socially inclusive are the styles of growth adopted in the region, considering the existing bottlenecks in the uneven and unequal structure of the economies and labour markets, which create inequalities, restrict formalization, facilitate informality in its various manifestations and create a mismatch between education systems and the needs of the world of production? In the regional discussions regarding the adoption of the post-2015 development goals, the concept of sustainability was established as a guideline, which presupposes the integration of economic growth, social equity and environmental protection (United Nations, 2013). Particular concern was also expressed with regard to consolidation of progress in the economic, social and labour spheres in various countries of the region.

111. We therefore have an opportunity for change, for conceiving the future of a region that is more integrated and fairer and where, because of its internal momentum, new economic, social, labour, environmental and cultural demands emerge. The world of work is at the base of the structural processes shaping the mode of development that needs to be reformulated to tap the potential of the possibilities for progress now arising in the region. It is the realities of the labour markets and their actors that show most clearly the limits and possibilities of this style of development. It is there that segments featuring high productivity and few jobs, forming an integral part of the global market, co-exist with others that provide work for the vast majority of workers but do not achieve satisfactory levels of productivity. It is in the labour markets that the main sources of the inequalities in distribution and opportunities are to be found. The actors in the labour market –the workers and the employers– must play a leading role in strategies for designing new forms of integrated and equitable development. Without them, as relevant partners in the political, governmental and technical worlds, there is likely to be much less capacity for seizing these current opportunities.

112. Today more than ever, therefore, these actors have a part to play in shaping the changes, contributing to their stability and durability and having the capacity to make them a

reality through strategic consensus among themselves. In this context the ILO acquires special relevance in that it is a prime forum for bringing the actors together from the labour, government and political spheres. It thus assumes a global strategic responsibility, which goes beyond its still relevant technical cooperation responsibilities, for playing a key role in a process where effective social dialogue is essential.

113. In particular, the ILO has the obligation to adapt to the new international and regional context in order to supply quicker and more relevant responses, ensuring the efficiency of its action and maximizing its impact. The idea is that the ILO should act as a unified organization, in a more relevant and effective manner and closer to its constituents. This objective guides the reform launched in 2013 and the review of field operations which is taking place this year.

114. Acting as “one ILO” also makes it necessary to determine where our cooperation is most relevant, considering the changing realities and the specific needs of the constituents in each region and country. This must enable the Office to achieve a critical mass to provide effective, efficient and more impactful support, maximizing team work and multi-disciplinary responses. For this reason the Programme and Budget for 2014-15 includes eight areas of critical importance (ACIs) for the Organization.⁷ This method of programming, focusing on the establishment of a limited set of priorities requiring the involvement of a number of technical departments and specialists from various areas, will also be considered in connection with defining the Organization’s next strategic framework.

115. The analysis of the current situation in Latin America and the Caribbean and the proposals set out in this report are based on one priority area: formalization of the informal economy. In a way, this is the meeting point for the various strategies that need to be linked to provide an integrated response to the question of inequality and the uneven productive linkage in the region referred to in this paper. Formalization entails placing jobs at the heart of inclusive growth, developing skills to enable young persons to find jobs, extending social protection floors, improving the productivity of small enterprises, promoting decent work in the rural economy, strengthening compliance with standards through more effective labour inspection and protecting workers against unacceptable forms of work.

116. On this basis, the ILO launched in June 2013 the “Programme for the Promotion of Formalization in Latin America and the Caribbean” (FORLAC), which seeks to generate relevant, up-to-date knowledge of effective policies, standardization of statistics, recognition of the fundamental role of employers’ and workers’ organizations in this context, with the use of training and direct technical assistance. A key element of the FORLAC strategy, and of ILO technical cooperation in general, is the exchange of experiences and good practices among governments, employers and workers. FORLAC has documented the efforts being made by the Latin American and Caribbean countries to promote the transition to the formal economy. The examples included in Section 1.3 of this paper show commitment and political will. Progress can be made more quickly if, in each country, the various economic and labour market policies are coordinated around social compacts relating to formalization. These compacts must involve the relevant state actors, workers’ organizations and employers’ organizations. The construction and application thereof will only be possible in a context of effective social dialogue, as described above.

117. FORLAC is an example of flagship technical cooperation initiative that the ILO needs to build to enhance its relevance and efficiency. In conjunction with this, there is considerable scope for improving the Office’s performance in a number of areas:

7. The eight areas of critical importance (ACIs) are: (1) promoting more and better jobs for inclusive growth; (2) jobs and skills for youth; (3) creating and extending social protection floors; (4) productivity and working conditions in SMEs; (5) decent work in the rural economy; (6) formalization of the informal economy; (7) strengthening workplace compliance through labour inspection; and (8) protection of workers from unacceptable forms of work.

— With regard to the creation and dissemination of knowledge, we must be capable of establishing effective platforms with relevant, up-to-date information on the key topics on our agenda, such as the youth employment policy database (YouthPol), which contains information on many countries in the Americas. For this, better analysis and further documentation is needed. The reform of the statistics and research departments at the ILO is part of the pursuit of this goal. It should be noted that since 2009 the region has maintained an observatory of the policies applied during and after the crisis, producing information on national initiatives (ILO Notes) and publishing in conjunction with ECLAC the periodic report *The employment situation in Latin America and the Caribbean*. We have also undertaken a number of joint initiatives in the region with international and regional organizations and institutions including ECLAC, FAO, UNDP, WHO/PAHO and UN Women, which have yielded comparative analyses and practical recommendations, and also enabled the Decent Work Agenda to be incorporated in the concerns of other international agencies.

— In the area of technical cooperation, we need to make a special effort to ensure the relevance and impact of our action, in a context of limited international resources. The number of programmes and budgets financed from voluntary donor contributions in the region is shrinking. In addition, these resources are concentrated in specific fields and countries. We therefore need to be able to diversify the origins of cooperation resources and create innovatory instruments for capitalizing on existing opportunities within the Americas, which include some of the world's leading economies as well as a growing group of emerging countries. There is scope for more South-South and Triangular cooperation to facilitate the exchange of experience and knowledge. Many national and even local governments have the capacity to develop programmes with the ILO in their own countries, with a focus on priority areas to which the Organization can add value. One noteworthy development is a “network of sub-national decent work agendas” with action programmes implemented by states, provinces or regions in Latin America, which could be expanded.⁸ There are also private enterprises and organizations that are potential partners in different areas of mutual interest. We must continue exploring these options in order to generate the critical mass of cooperation which is essential for the changes to be significant and durable.

— All the above means that the Office needs to review its way of working, in accordance with the fundamental principle of providing the greatest possible value for constituents with the resources available. The chief asset of this organization is its technical and human capacity; for this reason the reform must promote decisive action to strengthen it. This is the only way that we will be able to give to constituents the services that they are asking for.

118. As is well known, there can be no “one size fits all” approach to the challenges, since every country has different conditions, but it is possible to exchange good experiences and seek joint solutions that enable sustainable development to be fostered throughout the region.

119. These are key themes for the discussions to be held during the American Regional Meeting.

120. This meeting is a golden opportunity for reaffirming the links between the ILO and the American continent. Our mutual cooperation and friendship—which is long-standing—are held together by shared values, endeavours and aspirations. This region, more than anywhere else, has taken the task of decent work to heart. Together we will continue building the future.

8. The network currently comprises the Brazilian states of Bahia, Mato Grosso, São Paulo, Paraná, Federal District, Minas Gerais, Pernambuco, Tocantins and Espírito Santo; the cities of Cuiabá, Curitiba, São Paulo (SP) and the Municipal Consortium of the São Paulo “ABC Region”; the province of Santa Fe (Argentina); the region of Maule (Chile); the department of Maldonado (Uruguay); and the Central department (Paraguay).

PART 2

ILO performance in Latin America and the Caribbean (2010–2014)

2.1. Introduction

121. This part of the report examines the main aspects of the work and performance of the ILO in Latin America and the Caribbean since the 17th American Regional Meeting, held in Santiago, Chile, in 2010. Over this period, the Office has sought to keep its constituents informed on a regular basis through the biennial ILO Programme Implementation Report, which provides an overview of ILO results worldwide, and through the regional report: “The ILO in Latin America and the Caribbean. Progress and Perspectives”, published in June 2012, 2013 and 2014. The responsibility for and commitment to providing information systematically and openly are part of the Office’s policy of transparency and accountability.

122. With a view to gathering and organizing all the information available, the Office has prepared an appendix to this document which includes a detailed description of results, products and activities for each of the 19 global outcomes of the Strategic Policy Framework 2010–2015. The appendix can be consulted electronically on the website of the Regional Meeting.

2.2. The structure and resources of the ILO in Latin America and the Caribbean

123. The structure of the ILO in the region includes a Regional Office in Lima, Peru, and seven country offices in Buenos Aires (Argentina), Brasilia (Brazil), Mexico City (Mexico and Cuba), Santiago (Southern Cone of Latin America), Port of Spain (serving the countries and territories of the English- and Dutch-speaking Caribbean), Lima (Andean countries) and San José, Costa Rica (Central America, Panama, the Dominican Republic and Haiti). In addition, there are four Decent Work Teams in the region –in Santiago, Lima, San José and Port of Spain– made up of specialists who provide direct technical assistance to the Organization’s constituents. One of the unique characteristics of the ILO in Latin America and the Caribbean is the presence of the Inter-American Centre for Knowledge Development in Vocational Training (CINTERFOR), a technical service established in Montevideo, Uruguay, which serves the professional training and human resources development needs in, and also in countries outside, the region.

124. ILO operations in the region are funded from its Regular Budget (RB), Regular Budget Technical Cooperation resources (RBTC), Programme Support Income (PSI), extra-budgetary contributions, which include technical cooperation projects (XBTC) and the Regular Budget Supplementary Account (RBSA). The following table shows the total ILO expenditure in the region in the biennia 2010–2011 and 2012–2013, including the different sources of funding.

Table. Total expenditure by source of funding, in US\$ thousands

	2010-2011	2012-2013	Total
Regular Budget	49,508	57,953	107,461
Regular Budget Technical cooperation	4,120	4,092	8,212
Programme Support Income	2,605	3,091	5,696
Extra-budgetary contributions for technical cooperation	58,689	56,664	115,353
Regular Budget Supplementary Account	3,772	4,441	8,213
Total	118,694	126,241	244,935

125. It is important to note that the ILO's performance is closely linked to the effectiveness of the processes of consultation and dialogue with constituents at each of the planning and implementation stages of the technical cooperation programme. These processes are reflected in national planning carried out each biennium and, sometimes, in tripartite, multi-annual Decent Work Country Programmes (DWCP). In the last few years, the third consecutive DWCP was signed in Argentina (for the period 2012–2015), and this type of programme has been adopted in 17 other countries and territories in the region: Antigua y Barbuda (2010–2015), the Bahamas (2010–2015), Barbados (2012–2015), Belize (2009–2015), Chile (2008–2014), Costa Rica (2012–2015), Dominica (2010–2015), the Dominican Republic (2013–2015), Grenada (2010–2015), Guatemala (2012–2015), Guyana (2012–2015), Honduras (2012–2015), Montserrat (2010–2015), Paraguay (2009–2013), Saint Kitts and Nevis (2010–2015), Saint Lucia (2010–2015), and Saint Vincent and the Grenadines (2010–2015).

126. The ILO's performance also depends on the Office's capacity to join its efforts and resources to those of other organizations with similar objectives, including organizations of the United Nations (UN) system, with which joint programmes and work plans are carried out; and international and inter-American financial institutions. During the period in question, the ILO has participated in 37 joint programmes with UN system agencies; it has led inter-agency working groups on subjects including youth, child labour, indigenous peoples and social protection floors; and it has signed cooperation agreements with the Inter-American Development Bank, the Development Bank of Latin America (CAF), and the Caribbean Development Bank, among other important partners.

127. Lastly, as the financial information indicates, it is essential for the Office to be able to mobilize extra-budgetary resources and contributions, both in the region and in other countries, for technical cooperation. In recent years, there has been an increase in the number and amounts of local funds made available for technical cooperation and South–South cooperation projects, in which Latin-American and Caribbean governments finance activities in their own countries, in other countries in the region, and even in other developing regions. This is a key element in the ILO's strategy to mobilize extra-budgetary resources in Latin America and the Caribbean, which is a region that is primarily made up of middle- and upper middle-income countries.

128. All these factors and, in particular, the capacities of the Office's international and local staff, both in the region and at headquarters, have enabled the provision of effective and efficient assistance to the constituents of Latin America and the Caribbean, which have made significant progress on the Decent Work Agenda, as described in the following sections and in the detailed appendix, available in electronic format.

2.3. Main areas of progress and the ILO's contribution

129. As indicated in the previous section, there are various sources of information concerning the results achieved by countries and constituents to promote decent work in the region, and the contribution of the ILO to those results.⁹ On the basis of this information, the following analysis provides an overview of the ILO's performance, the main areas of progress in the region, and some of the current challenges in relation to the five areas of greatest relevance, highlighted in the conclusions of the 17th American Regional Meeting in Santiago, Chile (paras 8 and 9):

- i) creating new decent and productive work opportunities, in particular through the promotion of enabling environments for sustainable enterprises;
- ii) enhancing respect for freedom of association and collective bargaining;
- iii) promoting the ratification of the Social Security (Minimum Standards) Convention, 1952 (No. 102);
- iv) promoting economic competitiveness, together with social cohesion, and respect for the fundamental rights at work enshrined in the Declaration of 1998; and
- v) strengthening labour market institutions, empowering ministries of labour to meet the new challenges of the world of work.

Decent work and sustainable enterprises

130. The economic situation in Latin America and the Caribbean in recent years and the strategies developed by many countries in the region to place employment at the heart of economic policies –including as strategies against the 2008–2009 crisis– explains the marked improvement in labour market indicators. In 2010 the average annual urban unemployment rate stood at 7.3 per cent, while in 2013 it had fallen to 6.2 per cent. This is evidence of significant momentum in the creation of employment, accompanied by an increase in average remuneration and minimum wages in real terms, which has enhanced the purchasing power of workers. However, the region still faces significant challenges in terms of equality and quality in employment, and informality. In terms of equality, obstacles preventing equal access to the labour market for women persist, as well as various forms of discrimination towards indigenous peoples and people of African descent. Despite recent progress, millions of boys and girls continue in situations of child labour, and a very large number of workers are victims of forced labour. Young people continue to encounter many difficulties in accessing decent work; three in ten workers do not have access to social protection and growth in labour productivity in Latin America and the Caribbean is among the lowest in emerging and developing regions (annual growth of 1.6 per cent over the last decade). Lastly, improvements in declared employment remain limited when compared to growth rates, which explains why 130 million people are still in the informal economy. Giving priority attention to these challenges in the coming years will make a significant contribution to efforts to reduce poverty and inequality in the region.

131. The ILO provided technical assistance, statistical information and analytical services to countries in the region as input into national and sub-national employment policies and Decent Work programmes –for example, the Millennium Development Goal Acceleration Framework for target 1.B in the Dominican Republic and the National Conference on Employment and Decent Work in Brazil. One innovative strategy adopted by some countries in the region in recent years

9. See the ILO Programme Implementation Reports for 2010–2011 and 2012–2013 at <http://www.ilo.org/public/english/bureau/program>. These reports contain a narrative section and tables for each of the outcomes under the Strategic Policy Framework 2010–2015. See also the reports entitled “The ILO in Latin America and the Caribbean. Advances and Perspectives” in 2012, 2013 and 2014, which can be found in the publications section of the ILO website for the Americas (<http://www.ilo.org/americas/publicaciones/lang--es/index.htm>).

has been the promotion, with the support of the ILO, of local or provincial tripartite Decent Work programmes. This type of programme is currently being run in the Brazilian states of Bahia, Minas Gerais, Mato Grosso, Paraná, Pernambuco and Tocantins, in the municipalities of Cuiabá and São Paulo, and in the Greater São Paulo region. Decent Work plans are also being developed in Santa Fe province in Argentina, in the Maldonado department in Uruguay, in the Maule region in Chile, and in the departments of Caquetá, Magdalena and in the city of Medellín in Colombia. The ILO supported reconstruction programmes using decent work, adopted after the earthquakes that devastated Haiti and Chile in 2010, directly and indirectly generating thousands of jobs.

132. The global youth employment crisis is also evident in Latin America and the Caribbean. Youth unemployment is double the regional rate and three times that of adult unemployment, and 60 per cent of jobs for young people are found in the informal economy. The situation is being addressed by the ILO and by regional constituents, as indicated by the many plans and policies specifically aimed at young men and women. Examples of these initiatives include the measures in the “National Welfare Plan 2013–2017” in Ecuador, and in Peru’s national employment policy. In Colombia, youth employment policies are being implemented in the departments of Magdalena and Nariño. Argentina has two specific social programmes, “More and Better Jobs for Youth”, and the support programme for Argentine students, PROGRESAR, which is a money transfer initiative launched in 2014 for young people who are neither studying nor working, are in the informal economy or whose families earn less than the minimum wage, to help them begin or supplement their studies at any educational level. In Brazil, a national decent work agenda for youth was approved through tripartite consensus; Paraguay adopted a youth employment policy in March 2012; in Costa Rica, a specific chapter on this subject was included in the National Development Plan 2011–2014; and Honduras, El Salvador and Nicaragua are also implementing national youth employment programmes.

133. A central aspect of the ILO’s strategy to promote employment policies which integrate the concept of decent work into development strategies has been the generation and dissemination of statistics, knowledge and analyses on success stories and on the situation of the labour market, as an input to debates and decisions. The main ILO products over this period have been the ILO Notes, a series of 56 brief documents which identify, describe and explain national policies and programmes which have an impact on decent work. These were produced between 2009 and 2013 and include a sub-set of notes on work-life balance and on paid domestic work. The ILO has also produced documents regarding the situation of the labour market, including the annual Labour Overview report, which in 2013 celebrated its 20th anniversary; a situation bulletin published in association with the Economic Commission for Latin America and the Caribbean (ECLAC), and a number of national studies, including the Decent Work Country Profile for Brazil, containing disaggregated data for its 27 states. On youth employment, the ILO published a new report containing data updated in 2013, and it launched an online statistical database on the subject, as well as publishing the description of specific policies in the region in the global database on policies for youth employment (YouthPOL).¹⁰

134. There is a link between decent work and sustainable enterprises. This belief has led the ILO to develop a series of instruments to analyse policies that encourage or discourage the creation and the survival of enterprises in the region. These include a regional study on the conditions for sustainable enterprises, carried out in conjunction with the Bureau for Employers’ Activities - ACT/EMP (ILO, 2013h); various national studies on this subject (Chile, Peru, the Dominican Republic and Honduras, the last of which provided the widest survey of formal and informal enterprises in the country); and a database of secondary sources which provides updated

10. All the reports and documents produced by the ILO can be consulted online, in the publications section of the website www.ilo.org/americas. The global database on youth employment policies (YouthPol) is found at <http://www.ilo.org/employment/areas/youth-employment/youth-pol/lang--en/index.htm>. The statistics platform on indicators for the youth employment market in Latin America and the Caribbean is found at http://www.ilo.org/americas/sala-de-prensa/WCMS_235763/lang--en/index.htm.

information on enabling environment indicators for the countries in the region. In Barbados, a complete business environment analysis and policy proposals were finalized in 2012, with the active participation of ILO tripartite constituents and other relevant institutions. ACT/EMP and the International Organization of Employers (IOE) provide technical support to the systematic analyses of the conducive environments for sustainable enterprises, in line with the Conclusions concerning the promotion of sustainable enterprises adopted during the International Labour Conference in June 2007, for example through the database of secondary sources already mentioned. They also provide training and technical assistance to employers' organizations on how to formulate and communicate reform proposals, through a more effective participation in social dialogue processes. The lessons learned from these efforts will help provide better training courses and more effective technical assistance in this area in the future.

135. ILO action also included the promotion of tools and methodologies for enterprises, and in particular, although not exclusively, for micro, small and medium-sized enterprises (MSMEs). Enabling productivity and competitiveness in this sector is essential in a region such as Latin America and the Caribbean, given that out of almost 60 million productive units in the region, only 4 per cent contain six or more workers. The smallest enterprises are mainly found in the sectors with the lowest productivity, such as agriculture, trade or services, which are moreover the sectors which supply seven out of ten jobs in the region.

136. The System for Integrated Measurement and Improvement of Productivity (SIMAPRO) has proven to be a useful tool for promoting various components of the Decent Work Agenda –productivity, wages, social dialogue, health and safety, and professional training– in specific industries in various sectors. Starting with its implementation in Mexican sugar mills, in the last few years SIMAPRO has been rolled out to other sectors, such as the automotive industry, tourism and the agro-industry, and to other countries such as Chile, Cuba, the Dominican Republic, El Salvador and Mexico. This methodology was also applied in the Caribbean and in Jamaica, with the support of national institutes of professional training and CINTERFOR. Through the global Better Work programme, the ILO promotes the creation of supply chains to increase the productivity of small enterprises in the textile industry in Haiti and Nicaragua. Through the use of various tools, including the Sustaining Competitive and Responsible Enterprise programme (SCORE), the ILO contributes to strengthening the competitiveness of small and medium-sized enterprises (SMEs) in the flower and textile sectors in Colombia, the industrial sector in Bolivia, the agricultural export sector in Peru and the banana sector in the Dominican Republic, among others. The ILO also encourages competitiveness and sustainable enterprises at the territorial level, with a focus on local development, promoting a culture of entrepreneurship and an enabling environment for the development of sustainable enterprises. This includes simplifying procedures, establishing support services for SMEs, and creating export consortia. One successful example is the work carried out under an ILO-led project, involving various United Nations agencies, in the Brunca region in Costa Rica, where a public-private council was set up to promote competitiveness and business services. This generated benefits, for example, for 22 enterprises directed by persons of indigenous origin, involving a total of more than a thousand workers, which were able to join value chains.

137. MSMEs face particular difficulties in developing professional skills, due to lack of time and resources to invest in training, among other factors. In 2011, CINTERFOR facilitated the production of the *Guía de capacitación con ITC para MIPYME* [Guide on ICT training for MSMEs], with the participation of various training institutions. In 2012, @vanza, a joint project with the Omar Dengo Foundation of Costa Rica, identified the skills that MSME workers and employers need to improve in areas such as innovation, networking, lifelong learning, results-based management, and social and environmental responsibility. Accordingly, self-teaching materials were produced to develop the project.

138. Although progress is promising, the region continues to face considerable challenges in terms of decent work creation and enterprise sustainability. One of these challenges is low productivity, which directly impacts informality in employment and enterprises, especially among the smallest enterprises. The section on competitiveness and social cohesion below addresses this issue, including some areas of recent progress and the ILO's strategy to promote formalization.

Freedom of association and collective bargaining

139. Freedom of association and collective bargaining are human rights established by international labour standards and the ILO therefore gives permanent and priority attention to these issues. This is all the more important in Latin America and the Caribbean, since the region has 1,676 cases of complaints for violations of freedom of association worldwide registered to the supervisory bodies of the ILO¹¹, and attempts continue to be made against the lives and freedom of officials of workers' and employers' organizations.

140. Between 2010 and 2014, the Office has developed three main lines of action in this regard. The first was awareness raising and training, including support for the Continental Campaign for Freedom of Association, Collective Bargaining and Union Self-reform of the Trade Union Confederation of the Americas (CSA-TUCA). The second aimed to remove, through technical assistance, some of the legislative and institutional barriers preventing the exercise of these rights, with a particular focus on collective bargaining in the public sector. The third was the promotion of social dialogue mechanisms for the resolution of disputes related to violations of freedom of association and the right to collective bargaining.

141. The Office has provided support –in particular through technical assistance, organizing events and producing materials for distribution– for ILO constituents who have launched awareness-raising, information and training campaigns on freedom of association and collective bargaining. One example is the Ministry of Labour and Employment of Peru, which held various public conferences on these topics in 2011, and organized a national and regional training programme for labour inspectors in 2013. The Government of El Salvador ran an information campaign on freedom of association in export processing zones. Trade unions and employers' organizations have also been very closely involved in their dissemination and awareness-raising activities, as demonstrated by the campaigns carried out by trade union confederations in the electricity, mining and transport sectors in Chile (2013); in the banking sector in Trinidad and Tobago (2011); the festival organized in Peru by young trade union members belonging to Public Services International (PSI) and university students (2012), and a similar activity on youth leadership in Barbados (2013); the development of information dissemination programmes on labour rights by unions in El Salvador, the Dominican Republic, Honduras, Guatemala and Nicaragua (2011–2012); the training programme launched by the Jamaica Confederation of Trade Unions (2012) and tripartite agreement on the content of videos to be distributed in Colombia (2013).

142. The Office provided important inputs to trade union work, in particular the ACTRAV database on complaints of violations of freedom of association, QVILIS, the freedom of association and gender equality map for Andean countries produced in 2010 a series of regional and national reports on this subject, the preparation of several guides and the organization of training workshops. A cooperation programme is currently under way, specifically aiming to increase union membership and the scope of collective bargaining with the three trade union confederations in Colombia.

143. In relation to its work with employers' organizations, the ILO produced the document *Normas Internacionales del Trabajo en Materia de Libertad Sindical y Negociación*

11. Figures from the Information System on International Labour Standards, NORMLEX, consulted on 4 August 2014.

Colectiva –Guía de Estudio para el Sector Empresarial [International Labour Standards on Freedom of Association and Collective Bargaining– A Study Guide for Employers] (2010) and organized training workshops in Honduras, Costa Rica, El Salvador, the Dominican Republic and Nicaragua. In the Bolivarian Republic of Venezuela, the employers' organization FEDECAMARAS developed, with ILO support, an action plan for the promotion of freedom of association for enterprises, both at the national and regional level.

144. In recent years, the ILO has provided constant support for the CSA-TUCA campaign on freedom of association, collective bargaining and self-reform, through a technical cooperation project and through one-time contributions from its regular budget, from the offices in the region and from ACTRAV Geneva. The Office provided assistance in relation to several of the main themes of the campaign, such as the informal economy, child labour, women at work, young people, professional training and social security. In particular, it supported efforts on union self-reform, aiming to increase membership among young people in Central America, and to that end a sub-regional forum was created including some 20 organizations and trade union confederations from six countries in the region. In addition, the Office promoted the creation of a regional forum on union self-reform with the active participation of 23 other organizations from South-American countries.

145. Following the adoption of the Domestic Workers Convention, 2011 (No. 189), in June 2011, awareness-raising campaigns placed particular emphasis on unionization and collective bargaining in this sector. The Office supported domestic workers' unions by providing information (ILO, 2012c) and assistance on freedom of association and collective bargaining in Barbados, Brazil –where a diagnosis was carried out and a national plan will be developed–, Bolivia, Colombia, Costa Rica, Guyana, Jamaica, México, Nicaragua, Paraguay, Peru, Saint Lucia and Trinidad and Tobago, among others. The Office promoted the analysis and dissemination of good practices identified in Uruguay on non-discrimination, formalization and collective bargaining.

146. The second line of action concerns overcoming barriers to effective freedom of association and to the right of collective bargaining. These are linked to legislation, institutions and practices, as well as difficulties in establishing effective bipartite and tripartite social dialogue. This was the case, for example, in Chile. In 2013, the ILO coordinated a discussion forum between the Confederation for Production and Commerce and the Single Central Organization of Chilean Workers, where an agreement was reached on joint dialogue and work relating to matters of mutual interest, in particular the promotion of collective bargaining in the country. Note should also be taken of the recent increase in the coverage and the contents of agreements arising from collective bargaining in Argentina, which was one of the priorities established on a tripartite basis in the decent work country programmes for 2008–2011 and 2012–2015. In 2013, a procedure for the protection of union leaders was devised in Colombia, and training was provided for prosecutors and judges in charge of investigating anti-union offences.

147. A central focus in this regard was collective bargaining in the public sector. Assistance from the ILO included an investigation into the current situation in the region (Ledezma, 2011); the publication in Argentina of the document “La negociación colectiva en el sector público” [Collective bargaining in the public sector], training including an online course in 2012, in which 70 public sector union members participated; participation in the Bipartite Andean Forums on Social Dialogue in the Public Sector (Peru, June 2011, and Colombia, August 2012); a national bipartite seminar held in Brazil (May 2013) to support the regulatory process for the Labour Relations (Public Service) Convention, 1978 (No. 151); and the analysis of national legislation in various countries and the generation of recommendations for their revision, all aiming to facilitate dialogue between trade unions and governments. In August 2013, the ILO organized a bipartite regional meeting in Brasilia on collective bargaining in the public service, with the participation of representatives of trade unions and the Governments of Argentina, Brazil, Chile, Colombia,

Ecuador, Guatemala, Honduras, Panamá, Paraguay, Uruguay and the Bolivarian Republic of Venezuela. The meeting agreed to establish a permanent forum for consultation and to promote the improvement of collective bargaining mechanisms and their effectiveness. The event provided the opportunity to present the participants with a dedicated manual drafted by the ILO (ILO, 2011) and the General Survey on Conventions Nos 151 and 154 (ILO, 2013i).

148. Significant results have been achieved, for example, in Saint Lucia, Trinidad and Tobago and Colombia. In Saint Lucia, the ILO helped coordinate a national discussion forum on public wages, which enabled a three-year collective agreement to be signed in 2013 with various trade unions in the sector. In Trinidad and Tobago, the national tripartite dialogue mechanism was reactivated in 2012 to address situations in public enterprises, a task for which the Office was requested to provide technical assistance and information. In Colombia, under the provisions contained in Decree No. 1092 of May 2012, regulating the implementation of Convention No. 151, a unified national list of demands was submitted and negotiated, establishing a wage increase, the allocation of workers' benefits and reforming various standards regulating bargaining in the sector, including Decree No. 1092 itself. This took effect through a new regulation on bargaining in the public sector, Decree No. 160 of 2014, which addresses various demands made by the Colombian trade union movement. In addition, departmental and local bargaining procedures have been initiated and 89 agreements were signed in 2013. This progress still needs to be consolidated through a wider dissemination of the contents of the regulation and through support from the Ministry of Labour, with a view to increasing the number of agreements.

149. In various countries in the region training has also been extended to staff in the judiciary, which led, for example, to a ruling of the Peruvian Constitutional Court of 15 July 2011, taking the recommendations of the Committee on Freedom of Association into account by reinstating an official and revoking a previous ruling by the Supreme Court. In Costa Rica, the Supreme Court recognized the constitutional nature of collective agreements in the public sector, concluding that collective bargaining should be the rule, rather than the exception.

150. The third line of action was the creation of national dialogue mechanisms to settle disputes and conflicts in relation to respect for fundamental labour rights, in particular freedom of association and collective bargaining. In Antigua and Barbuda, Bahamas, Grenada, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines and Trinidad and Tobago, the ILO provided training for officials of the department of labour and for officials in workers' and employers' organizations on dispute resolution techniques, which expedited the resolution of disputes and removed the need to submit cases to the courts. In Colombia, through ILO assistance, the Special Committee for the Handling of Conflicts referred to the ILO (CETCOIT) came to a tripartite agreement on rules of procedure, a guide on the receivability of cases and the selection of a mediator, making it possible to address complaints on violations of freedom of association and the right to collective bargaining, both in the public and private sectors. The ILO is supporting the dissemination and examination of this positive experience in other countries in the region, such as Guatemala and Peru, which have registered a very large number of complaints of violations of these rights.

151. In short, although progress has been made in promoting freedom of association and collective bargaining in the past four years, the main challenges facing countries in Latin America and the Caribbean persist. Positive examples should be shared and discussed in order to identify the best way of overcoming obstacles that continue to prevent the enjoyment of freedom of association, both for workers and for employers, and the full exercise of collective bargaining. This continues to be the main priority which, as part of the promotion of the fundamental principles and rights at work, contributes to strengthening democracy, building social peace and promoting productive and sustainable employment.

Social Security

152. Following the ratification of Convention No. 102, by Brazil (2009), Uruguay (2010) and Honduras (2012), 11 countries in Latin America and the Caribbean have now subscribed to this standard (Argentina approved the Convention in its legislation in 2011, but has yet to submit its ratification to the ILO). This points to the renewed importance accorded to social protection by constituents in the region, given that the last country to previously submit its ratification had been the Bolivarian Republic of Venezuela, in 1982.

153. Protection policies, including income protection, played an important role in Latin America and in some of the countries of the Caribbean as a strategy for dealing with the negative social consequences of the 2008–2009 crisis. This led to an increase in the number of active workers with health and/or pension coverage from 59 per cent in 2008 to 67 per cent in 2012 (ILO, 2013a). However, three out of every ten workers in the region have no form of protection and there are significant differences between countries in terms of protection levels.

154. The universalization of the four basic guarantees of the social protection floor –health care and income security for children, persons in active age and older persons– is a long process, which is directing the social policy of many countries and defines a substantial part of the ILO's support strategy, which seeks both the extension of coverage and the improvement of services.

155. One of the basic requirements for the improvement of social security policies is information on the coverage, effectiveness and cost of protection systems. In the last two biennia, the ILO has contributed to the generation and publication of relevant statistics for Costa Rica, Ecuador, El Salvador, Honduras, Paraguay, Peru, Saint Lucia, Trinidad and Tobago and Uruguay, including data from these countries in the World Social Protection Report. Actuarial valuations were also carried out for various protection schemes in Costa Rica, Dominica, Grenada, Peru, Saint Vincent and the Grenadines and Trinidad and Tobago. In order to contribute to the debate on pensions in Argentina, in 2011 the ILO and ECLAC published the document *Encrucijadas en la seguridad social argentina: reformas, cobertura y desafíos para el sistema de pensiones* [A crossroads for Argentina's social security: reforms, coverage and challenges for the pension system].

156. Various countries have, with ILO support in some cases, implemented protection schemes and programmes in various areas to increase social security coverage. The Universal Child Allowance (AUH) programme in Argentina provides cash payments for children whose parents are unemployed, in the informal economy or earning less than the minimum wage, made conditional on medical checks and attendance at educational institutions. This programme benefits more than 3.5 million children and teenagers. The Government of Argentina considers this and the PROGRESAR programme, described above, to be part of the social protection floor.

157. In Brazil, the programme “Brazil without extreme poverty”, launched in June 2011, promotes income security, access to public education, health and social services, and productive inclusion. Since its launch, the programme has enabled 22 million people to rise out of extreme poverty and has provided training for more than a million workers through the National Programme for Access to Technical Education and Employment (PRONATEC).

158. In Haiti, following the 2010 earthquake, the Government adopted a plan of action for national development including a component to extend the guarantees of the social protection floor, with a particular focus on women and children. The ILO contributed to this plan together with other multilateral organizations, including the Pan-American Health Organization and the World Bank, through technical assistance and the organization of tripartite forums to discuss proposals.

159. In the countries of Central America, the ILO has provided technical input on proposals for the reform of protection schemes, in particular the Special Health System for Domestic Workers in El Salvador, the pension system of the Nicaraguan Social Security Institute and the extension of social protection coverage in the Dominican Republic.

160. In Paraguay, through a programme of South-South cooperation with Brazil, coordinated by the ILO, evaluations and exchanges of experiences have been carried out concerning the establishment of a social protection floor and unemployment benefits.

161. The ILO also made significant contributions to the efforts made by governments and social protection institutions to improve their governance mechanisms and systems, and to train the officials responsible. This was the case of the Peruvian social security body, EsSalud, and the Social Welfare Bank (BPS) in Uruguay. Training was also extended to representatives of workers' and employers' organizations in the region, who have acquired knowledge and tools to improve their understanding of the ILO's two-dimensional strategy for the extension of social security coverage, and the concept of a social protection floor, thereby increasing their capacity to influence national policies.

162. Another central dimension of the ILO's vision on the protection of workers is the promotion of occupational health and safety standards, policies and plans. Awareness-raising campaigns and training programmes (particularly for labour inspectors) carried out by the countries of the Caribbean since 2010–2011, highlight the priority given to the issue in this part of the region. In other countries, significant progress has been achieved, as indicated by the adoption of relevant national policies in Brazil (2011), Argentina (2012) and Peru (2013), and specific legislation in Barbados (2013). In Brazil, the process concluded with the approval of a national plan in 2012. Very significant institutional and political progress has also been achieved, both nationally and in specific sectors, in Chile, Cuba, Guyana, Honduras, Jamaica, Mexico, Panama, Saint Lucia and Trinidad and Tobago. In the Caribbean, almost 1,500 labour inspectors, and worker and employer representatives were given training on occupational health issues between 2012 and 2013. A sub-regional network has been established to guarantee the continuation of this effort with regional and national resources. In addition, specific training was provided in Guyana and Suriname on occupational health in the mining sector, with the development of a manual for enterprises and ministries of labour.

163. The challenges with regard to social protection in Latin America and the Caribbean continue to be of great relevance. There is a clear need to improve available data in order to provide access to up-to-date information on as many countries as possible, including on aspects that are currently difficult to measure, such as payment rates in contributory systems. Complex issues, related to the economy and health-care services, need to be addressed. The concept of a social protection floor and the minimum standards established in Convention No. 102, can act as benchmarks to determine the specific policies needed in each country, in accordance with national circumstances, to advance the universalization of coverage. The ILO will continue to support the efforts of constituents in the region to that end.

Competitiveness, social cohesion and fundamental rights

164. Making the competitiveness of economies compatible with social cohesion is a challenge, not only in Latin America and the Caribbean, but also in other parts of the world. However, the experiences of some countries indicate that these are not mutually exclusive but complementary objectives. Economies can be more competitive in a context of social cohesion, and societies are more cohesive during periods of prosperity. This is one of the key ideas in the Declaration on Social Justice for a Fair Globalization, adopted by the International Labour Conference in 2008 and which states that “the fundamental values of freedom, human dignity,

social justice, security and non-discrimination are essential for sustainable economic and social development and efficiency” (ILO, 2008, page 7).

165. The fundamental principles and rights at work are the backbone of the ILO’s strategy to promote more competitive economies with decent work and social cohesion. The countries of Latin America and the Caribbean have adopted the Decent Work Agenda and have incorporated it into their political programmes, as indicated by the rate of ratification of Conventions, public policies and the activities of workers’ and employers’ organizations. In addition to the above information regarding freedom of association and collective bargaining, the region has achieved progress towards the eradication of child labour, the elimination of forced labour and combating discrimination.

166. With regard to child labour, the most important achievement in recent years has been the integration of the objective of preventing and eradicating child labour in development policies and social programmes, such as the “National Welfare Plan 2013–2017” in Ecuador; the “Grow to Include” strategy and the JUNTOS Programme in Peru (which is running a pilot programme in the region of Huánuco); the formalization strategy for the mining sector in Colombia (which includes a programme for the eradication of child labour in five municipalities); and the Bono 10mil cash transfer programme in Honduras. In Nicaragua, indicators on child labour were included in the National Development Plan 2012–2016 and El Salvador approved, for the period 2012–2014, public investments of more than ten million dollars for the elimination of the worst forms of child labour in the country. In Mexico, the new Government launched a process to expedite the ratification of the Minimum Age Convention, 1973 (No. 138) and approved a list of hazardous jobs in December 2012, as part of the reform of the labour code. In 2012, Argentina incorporated a module on activities for children and adolescents in the Annual Survey of Urban Households, which updated national statistics on child labour. Furthermore, in Argentina, as of April 2013, child labour was established as a criminal offence in the Criminal Code, under Act 26,847, which provides prison sentences of one to four years for “any person who benefits economically from the work of a child” of up to 16 years of age, in the case of conventional work, and up to 18 years of age, in the case of hazardous, dangerous, night-time or unhealthy types of work. Costa Rica, the Dominican Republic, Guatemala, and El Salvador adopted roadmaps for the elimination of the worst forms of child labour and are gradually developing information, follow-up, monitoring and evaluation systems in respect of these road maps. With the support of the ILO, Guyana and Jamaica developed national surveys on child labour, which subsequently led to the adoption of national policies in this regard.

167. Local plans and actions are also being implemented, for example in Argentina, through provincial committees that primarily work in rural areas, and in Brazil, the Plurinational State of Bolivia, Colombia, El Salvador and Uruguay. In Paraguay, Encarnación became the first city in the country to declare itself free of child labour in dumpsites, mirroring the experience of Ecuador in that sector and in slaughterhouses. In both Paraguay and Ecuador, intervention strategies have been approved to prevent and eliminate child labour in indigenous communities. In El Salvador, 15 municipalities developed a strategy to implement municipal child protection policies through awareness-raising activities, and a local child labour monitoring system.

168. The social partners have also been very active. In Argentina, Chile, Ecuador and Panama, enterprise networks have been set up to combat child labour. In Mexico, the agro-industrial sugarcane sector (employers, trade unions and rural workers’ organizations) have adopted a declaration of zero tolerance to child labour and an action plan to achieve that objective. In Colombia, the Ministry of Labour and the chamber of sugarcane enterprises have implemented actions for the prevention and eradication of child labour in the sugarcane production chain. The positive experience of the Association of Sugar Producers of El Salvador (Fundazúcar) in this regard was the subject of a South-South cooperation initiative with Paraguay. In Ecuador,

the National Association of Producers and Exporters of Flowers, EXPOFLORES, carried out monitoring of child labour and registered young workers over the age of 15. The trade union organizations in the Dominican Republic and in Honduras have included the elimination of child labour in the agenda of their regional committees, have organized training activities for their members and have disseminated information to their bases and to the community.

169. These results provide evidence of the priority given to this subject by the constituents in the region, which was confirmed during the III Global Conference on Child Labour, held in Brasilia in October 2013. During this meeting, various governments of countries in the region launched the regional initiative “Latin America and the Caribbean free of Child Labour”, which constitutes a firm commitment to expedite action for the prevention and eradication of this phenomenon, and to make the progress achieved sustainable.

170. This initiative is indeed necessary: the World Report on Child Labour (2013) reaffirms the downward trend in the overall global figure, but in Latin America and the Caribbean this figure has only decreased by 1 per cent since 2008.¹² At this rate, the target of eliminating the worst forms of child labour by 2016 will not be met. It is therefore essential to continue strengthening actions through legislation and implementation mechanisms in relation to the minimum age and the prohibition of child labour; the promotion of education and improving access to relevant and appropriate skills; the establishment of social protection floors; and increasing decent work opportunities for young people over the minimum age for admission to employment, and for their parents, as the key elements of an integrated strategy.

171. In 2012, the ILO submitted updated global and regional figures on forced labour, using an improved estimation method based on the compilation of “reported cases”. According to this source, 1.8 million workers in Latin America and the Caribbean find themselves in this intolerable situation (ILO, 2012d).

172. Recent political and institutional progress includes improvements to the labour inspection system in Paraguay, where training workshops on the obligations arising from the ratification of international Conventions on labour inspection were held in 2013. In June 2013, the II National Plan Against Forced Labour, 2013–2017, was approved in Peru. In Brazil, the Regional Labour and Employment Supervisory Authority of São Paulo set up a group of labour inspectors to work specifically on the textile and garment industry (in which many migrant workers are in situations of precarious or forced labour), to identify unlawful situations of labour exploitation in accordance with a new state law approved in January 2013. This city created the first municipal committee on forced labour within the framework of its municipal decent work agenda, adding to 13 existing state committees. In the State of Matto Grosso, a specific public programme has been developed, with the assistance of the ILO, to help the victims of forced labour, with a training component to facilitate their reintegration into the labour market. In Guatemala, the Ministry of Labour, in coordination with the Ministry of the Interior, strengthened the capacities of national civil police investigators (117) for the detection and identification of indications of possible trafficking in persons for the purpose of forced labour or labour exploitation. In Haiti, with technical and financial support from the Government of Brazil, under the ILO-Brazil Partnership Programme for the Promotion of South-South Cooperation, the national tripartite committee approved a list of types of hazardous work, which includes forced labour.

173. Situations of blatant discrimination at the workplace on account of sex, ethnicity and race persist in the region. Although the participation of women in the labour market in urban areas reached 50 per cent in 2013 (regional average), this figure is still well below the male participation rate, which is over 70 per cent. Moreover, unemployment among women is higher

12. In Latin America and the Caribbean 12.5 million children between the ages of 5 and 17, 8.8 per cent of the total, are in a situation of child labour. Most of them –9.6 million– perform work that is defined as hazardous (ILO, 2013j).

than among men, and there continues to be a significant wage gap (ILO, 2013a). Indigenous peoples and people of African descent suffer from exclusion, which leads to greater poverty, unemployment, informality and marginalization. In this light, governments and constituents have launched various awareness-raising campaigns, developed public policies, and carried out concrete actions in various areas with the support of the ILO.

174. With regard to gender discrimination, the ILO has promoted measures to balance family and work life on the basis of a regional report published in 2009, and in 2013 it produced a report with other UN system agencies to document policies and challenges for female access to the labour market (ECLAC, FAO, UN Women and ILO, 2013). Some recent areas of progress include the consolidation of the Tripartite Commission on Equal Opportunity in Uruguay, the approval of specific legislation in Chile to extend maternity protection and introduce paternity leave, in accordance with the Workers with Family Responsibilities Convention, 1981 (No. 156) and the Maternity Protection Convention, 2000 (No. 183); in 2011, El Salvador approved an act on equality, fairness and the eradication of discrimination against women; and in 2013, Brazil adopted its third National Plan of Policies for Women, which includes a specific chapter on equality in the world of work and economic autonomy. That same year, Brazil adopted an important change in its constitution which increased domestic workers' rights. The National Institute of Apprenticeship of Costa Rica is implementing an action plan on gender equality in professional training. As a closely linked issue, the ILO very actively promoted Convention No. 189, which has led to the submission of nine ratifications by countries in the region –Argentina, the Plurinational State of Bolivia, Colombia, Costa Rica, Ecuador, Guyana, Nicaragua, Paraguay and Uruguay–, out of a total of 14 ratifications.¹³ With regard to discrimination on the basis of race and ethnicity, the Office has continued its work to raise awareness of the scope of the Indigenous and Tribal Peoples Convention, 1989 (No. 169), by supporting concrete measures to make the right to prior consultation effective –for example, in the case of Peru, Bolivia and Brazil– and through training activities for public officials, employers and workers. In Brazil, numerous campaigns, plans and activities have been developed in support of people of African descent and this subject, accordingly, occupies a key position in the ILO's cooperation programme with the country.

175. Since 2012, the ILO has been supporting the Brazilian Government and constituents in their efforts to promote decent work at large sporting events, in particular the 2014 football World Cup and the 2016 Olympic Games. Eight 2014 World Cup host cities signed a pledge to respect fundamental principles and rights at work and they are developing a work programme, with specific actions to combat child labour, forced labour and discrimination.

176. Although guaranteeing the full exercise of fundamental rights is necessary, it is not enough to ensure competitiveness with social cohesion, especially in a region with high levels of inequality in income distribution and access to opportunities, goods and services. Recent studies show that the results achieved in Latin America and the Caribbean in recent years in reducing poverty and inequality are chiefly owing to employment and wage growth.¹⁴

13. Data from NORMLEX, consulted on 4 August 2014.

14. Various studies on the reduction of poverty and inequality in the region indicate that the main explanation for the improvements seen in these regional indicators over the first decade of the twenty-first century is the increase in income from labour and the growth in employment, especially among workers at the lower end of the distribution scale. See N. Lustig; L. López Calva; and E. Ortiz Juárez: Deconstructing the decline in inequality in Latin America; UNDP Regional Bureau for Latin America and the Caribbean (Santiago, 2013), Investigation document ID-01-2013. See also L. Lavinas: "Desafíos de la política social de Brasil: ¿cómo mantener el crecimiento económico con cohesión social?" [Challenges of the social policy of Brazil: how to maintain economic growth with social cohesion]; in *Revista Ciencias Sociales* 135-136; Universidad de Costa Rica, 2012; pps. 199-213. In this article, Lavinas uses information from the Brazilian Institute for Geography and Statistics to indicate that the reduction of poverty in Brazil is firstly due to the growth in employment and the increase in wages; secondly, to the increase in the minimum wage (about 94 per cent between 2001 and 2012); and thirdly, to social programmes.

177. Average real wages have increased in almost all countries for which statistics exist since 2000, although growth has generally remained modest (between 7 and 30 per cent). Growth has been stronger in terms of minimum wages, at an average of 54 per cent for the 17 countries in the region for which statistics are available. Some of these countries (Brazil, Honduras, Nicaragua and Uruguay) have achieved improvements close to or exceeding 100 per cent (ILO, 2013a). This points to the recent momentum generated by the active policies to revise and set the minimum wage (generally on an annual basis). In Costa Rica, for example, in 2012 for the first time the Government used a formula which incorporates variables such as productivity and the consumer price index for the annual adjustment of the minimum wage, on the basis of a tripartite agreement reached in October of the previous year. Something similar happened in Honduras in 2012 and 2013. The ILO has supported these policies through technical and methodological assistance (for example, regarding the link between wages and productivity) and has supported or driven tripartite dialogue forums on wages in Argentina, Brazil, Costa Rica and Honduras, among other countries in the region.

178. The above has direct implications for workers in formal employment, but inequality is mainly a problem related to the informal economy. Formalization is one of the major challenges facing Latin America and the Caribbean in the creation of more and better jobs, and developing sustainable enterprises. In recent years, the region has achieved some progress in terms of declared employment, in countries such as Argentina, Brazil and Ecuador, but it is clear that there is still a long way to go. Accordingly, in June 2013 the ILO launched a regional programme to promote the formalization of the informal economy, FORLAC, which in its first months of operation has generated 10 national studies on recent experiences (Argentina, Brazil, Colombia, the Dominican Republic, Ecuador, Jamaica, Mexico, Paraguay, Peru and Uruguay), a regional analysis on the implementation of simplified tax systems as a formalization strategy, and a review of formalization success stories among SMEs, with an analysis of the cases of Brazil, Chile, Colombia, Costa Rica and Trinidad and Tobago. In addition, technical assistance has been provided in Chile, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica and Uruguay for the adjustment of indicators and measurement tools on informal employment and the informal sector, in line with the guidelines established by the International Conference of Labour Statisticians. A database on informal and precarious labour has also been developed for the countries in the region and a tripartite seminar was held in Argentina on areas of progress and challenges for labour formalization.

179. In 2013 and 2014, the FORLAC programme provided support on national formalization strategies in Colombia and Peru, measures for the formalization of SMEs in the Dominican Republic, training for labour inspectors in Peru and bipartite dialogue on productivity and formalization in small enterprises in the tourism industry in Bahía de Banderas, Mexico. In Argentina, the ILO contributed through training activities for the inspectors on the National Register of Agricultural Workers and Employers, and assistance for the Strategic Productive Plan of the province of Buenos Aires, which includes a support component for the formalization of MSMEs in value chains.

180. Since 2012, the ILO has been running a pioneer project to promote respect for the labour rights of informal workers in Costa Rica, El Salvador and Honduras, promoting their access to social protection and achieving significant results at both the local and regional levels.

181. The priority accorded by constituents in the region to formalization as a strategy for development calls for the ILO to continue making progress in this regard. Accordingly, the Office will work to strengthen FORLAC and its project in Central America, within the global strategy for formalization of the informal economy, set out in the Programme and Budget for 2014–2015.

Labour market institutions

182. As indicated above, one of the central elements of the ILO strategy for action is strengthening labour market institutions, in other words, legislative, standard-setting and practical systems adopted in countries which determine the “rules of the game” which are accepted by the community regarding employment, working conditions and pay. This includes employment policies, collective bargaining, social protection and minimum wage setting, among others. International labour standards define requirements for the performance and operation of these institutions.

183. In order to operate, these institutions require public bodies to administer the work that they carry out in the supervision and regulation of labour relations, to define and manage public policy and to ensure law enforcement. In the current changing world, strengthening labour ministries and departments to enable them to deal with new challenges in the world of work is a clear priority for the ILO and one of the clear demands voiced at the American Regional Meeting in 2010.

184. The ILO has contributed directly to re-establishing the Ministry of Labour of Colombia (2011) and to creating, for the first time in its history, a specific ministerial portfolio in Paraguay, the Ministry of Labour, Employment and Social Security.¹⁵ The ILO participated actively in both processes, providing technical assistance and facilitating dialogue with employers’ and workers’ organizations during their respective discussion and processing in Parliament.

185. The countries in the region have achieved substantive improvements in their employment and labour inspection services. With regard to employment services, the ILO has provided support to strengthen municipal offices in Argentina and to consolidate the network of public employment services, contributing to the decentralization of employment services and improving public access to them. In Ecuador a technological platform was set up to link the national demand and supply of employment, operated by the national employment service, *Red Socio Empleo*, which provides free assistance and focuses on priority groups (young people, migrants, and persons with disabilities). With the support of CINTERFOR, officials from the employment services of countries in Central America and the Dominican Republic have been given training to develop their skills as trainers and labour mediation and career advisers. In Peru technical assistance was provided for the creation of a one-stop employment desk for all labour mediation and guidance services.

186. ILO action to strengthen labour inspection in the region has been intense, including the organization of regional workshops for training and the exchange of experiences. Some areas of recent progress include the implementation of the “Plan for the improvement of labour administration” in Costa Rica, in 2012 and 2013, which modernized the central planning mechanisms of the inspectorate and provided training for inspectors on the electronic case monitoring system. Honduras adopted preventive inspection mechanisms and a tripartite committee to monitor cases before the inspectorate in the region of Choluteca, a system which is being extended to other regions in the country. In Peru, the ILO supports the training programme of the National Labour Monitoring Supervisory Authority, which includes inspection tools for use in the informal economy. In Colombia a national training programme has been developed for all labour inspectors to strengthen their skills in five sectors –mining, ports, flowers, sugar, and palm leaf–, focusing on the identification of disguised forms of employment relationships and the abusive use of collective agreements.

187. In the Dominican Republic, the Ministry of Labour, together with employers and workers, developed a pilot plan to raise awareness on the scope and importance of local labour

15. The new Ministry replaces the Office of the Deputy Minister of Labour and Social Security, a branch of the former Ministry of Justice and Labour created in 1948.

inspection in the tourism sector. In Mexico, the Ministry of Labour and Social Welfare adopted a new general regulation for the inspection and application of sanctions for violations of labour legislation for the inspection service and formulated a training plan, with a view to professionalizing the service and improving working conditions. In Guatemala, targeted inspections were carried out in 2013 and the regulations on inspection were updated. The ILO provided technical assistance to improve inspection skills and information systems for cases of violation of fundamental standards, in particular the violation of freedom of association, child labour, forced or compulsory labour, and discrimination.

188. In recent years, another focus has been the modernization of labour justice. On the basis of the experiences of Chile and Spain, the Office designed an audio-visual training package for judicial operators, focusing on the introduction of oral labour proceedings. Moreover, support was provided for an internship for judges from Costa Rica, El Salvador, Honduras, Nicaragua and Colombia in Chile to analyse the functioning of the hearings system. In Nicaragua, the new Code of Labour Procedure, enacted in May 2013, establishes the use of oral procedures in labour proceedings, the specialization of judges, and it regulates a new, faster form of labour proceeding with the direct intervention of the judge in hearings and in the resolution of the case. In the Caribbean, training activities on International Labour Standards relating to equal opportunities were organized for the judiciary.

189. In the area of human resources development, CINTERFOR, a cooperation initiative between the ILO and countries in the region which grew out of the 7th American Regional Conference (Buenos Aires, 1961), contributes directly by strengthening professional training policies and institutions, supporting mechanisms for effective social dialogue to identify demands and develop programmes. The Centre's platform for the exchange of good practices and tools is a widely consulted and used repository of knowledge and experiences, which has contributed to the development of training materials, and methods to anticipate training needs and to evaluate impact. The standardization of occupational profiles in the construction sectors of Argentina, Brazil and Peru and the review of the training policy of the Caribbean Community (CARICOM), are some examples of results obtained in recent years, in addition to the creation of tools to anticipate demand, design programmes and evaluate their impact, the revision and updating of occupational retraining initiatives, as well as the creation of professional qualification frameworks in many other countries in the region.

190. This section would be incomplete without a reference to the central institution responsible for maintaining harmonious and effective industrial relations in democratic regimes: tripartite social dialogue with representative and strong employers' and workers' organizations.

191. As indicated in the section on freedom of association and collective bargaining, the ILO is continuously working to strengthen the social partners. Training is a central element of this strategic area, for example through the Latin American Institute of Organizational Management (ILGO) and the Caribbean Academy of the Management of Employers' Organizations (CAMEO), or through the information package "Decent Work Cubed" designed for distance-learning courses for trade union leaders, and adapted for national implementation in Argentina. In this country, between 2007 and 2013, the trade union training support programme of the Ministry of Labour signed more than 130 agreements with trade unions, universities and local governments, to establish union training bodies for some 30,000 officials and workers. The Office for the Coordination of Trade Union Training Support was incorporated into the formal structure of the Ministry in 2013.

192. The ILO has supported the union self-reform efforts led by CSA/TUCA and it has promoted measures to strengthen its strategic capacity and the provision of services of employers' organizations, for example to facilitate the inclusion in the workplace of persons with disabilities in accordance with national legislation. It has also worked with employers' and workers'

organizations to increase their capacity to influence specific labour policies and institutions, for example in relation to International Labour Standards, the informal economy, the elimination of child labour, youth employment, Convention No. 169, gender equality, setting a minimum wage, professional training, occupational health and safety and social protection, among others. One example is the encouragement of social partner participation in the Committee of the National Labour Skills Certification System of Chile. The ILO promoted the creation of discussion and debate networks for trade unions and employers, which contribute to providing an in-depth and careful analysis of the situation of labour and employment in the region.

193. Measures to strengthen the social partners also included assistance to promote gender equality. With the support of the ILO, employers' organizations in Nicaragua (Superior Council of Private Enterprise) and Honduras (Honduran Council of Private Enterprise) have set up committees on gender within their advisory bodies. In El Salvador, the National Association of Private Enterprise (ANEP) created a committee on work-life balance and the National Commission for Small and Medium-Sized Enterprises has opened helpdesks to promote female enterprises. Through its Labour Committee, Costa Rica has developed work plans which include specific actions for greater participation of women in employers' organizations. With the support of the ILO and the Organization of American States, various ministries of labour and workers' organizations in the region have carried out gender audits and have implemented work plans to improve gender equality in institutions.

194. Governments, and employers' and workers' organizations have participated in important social dialogue processes, such as the process in Brazil for the First National Conference on Employment and Decent Work held in August 2012, which led to a series of state, local and sectoral meetings involving over 20,000 people. Given its size and complexity, this is probably the largest participative effort to date to establish a national decent work policy. In Argentina, the ILO carried out various activities to contribute to the consolidation of tripartite Sectoral Lifelong Education and Labour Skills Certification Councils and, in 2013, a national network of Social and Economic Councils was created. In the Plurinational State of Bolivia, a tripartite social dialogue process was promoted, enabling the establishment of areas of joint work and tripartite agreements to promote better working conditions for domestic workers. In 2013, a process using technical workshops was launched in Chile by the Single Central Organization of Workers (CUT) and the Confederation of Production and Commerce (CPC), which helped set an agenda of discussion points and possible agreements on labour policies in the run-up to a change of government. In Colombia, the Committee for Consultation on Wage and Labour Policies has been strengthened and the departmental sub-committees provided assistance for decentralized dialogue. In Uruguay, support was given to the National Dialogue on Employment, and in Peru the tripartite National Council for Safety and Health at Work was established in 2012. In Trinidad and Tobago, the Social Dialogue Task Force was established in 2013 to strengthen the national institutionalization of social dialogue. In Panama, a tripartite agreement on dialogue was adopted in 2012 and renewed in 2013. DWCPs are undoubtedly one of the main forums for social dialogue in the countries in this region, both in the formulation process and during their implementation, through the tripartite monitoring committees.

195. At the regional level, note should be taken of the bipartite position paper adopted at the meeting of employers' and workers' organizations of Ibero American countries on youth employment (Madrid, October 2012), to which the Office provided follow-up by organizing an international forum on this subject (Lima, December 2012) and a tripartite seminar (Lima, October 2013). The meetings defined shared objectives which provide guidance for ILO cooperation.

196. Social dialogue and tripartism provide the model on which the ILO must build social justice and harmonious relationships in the workplace. In the Organization's view, this is the best way of guaranteeing social justice and economic progress. As it can be observed in

the examples of results included in this section, social dialogue takes on various forms, with different levels of institutionalization. All these forms are important and have value both in themselves and as a means of reaching decisions that directly affect workers and employers, who are the actors of the real economy. It is evident that, as in other parts of the world, considerable restrictions on dialogue continue to be found in Latin America and the Caribbean, and these need to be addressed immediately. They include obstacles to freedom of association and the right to collective bargaining, referred to above, as well as difficulties in cross-border dialogue arising from production using global supply chains.

In sum, progress should not distract attention from the magnitude of the challenge

197. This brief analysis of the progress on labour issues in the region and of the ILO's contribution over the last four years points to a generally positive performance. However, the scale of the challenges still faced by countries in Latin America and the Caribbean does not allow for complacency. The informal economy, persistently high inequality, discriminatory patterns and pockets of poverty, highlight the need to empower the work of the Organization in the region to promote more and better jobs, providing for the full exercise of rights, in particular freedom of association and collective bargaining. This work is not possible without governments, workers' organizations and employers' organizations with the capacity to influence and take decisions, all of which requires more effective social dialogue.

198. In the present and immediate future, a central strategy to improve the performance and the impact of the ILO's actions requires the definition of a limited number of clear priorities, on which there is consensus between the constituents, to address the main challenges in the world of work and on which the Organization is able to act, adding value to national responses. One of the priorities in Latin America and the Caribbean is the formalization of the informal economy. Moreover, as indicated above, the review and reform of field operations must be used to improve the Organization's performance, recognizing that the Office needs to respond in a rapid, targeted and transparent way, providing inputs of a high technical quality, to meet the increasingly specific and complex needs of constituents.

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WEB PAGES

CELADE – Latin American Demographic Center - ECLAC Population Division

<http://www.eclac.cl/celade/>

CEPALSTAT – ECLAC statistical database

<http://estadisticas.ECLAC.org/>

ECLAC – Economic Commission for Latin America and the Caribbean

<http://www.cepal.org/default.asp?idioma=IN>

IMF – International Monetary Fund. World Economic Outlook Database.

<http://www.imf.org/external/pubs/ft/weo/2013/02/weodata/index.aspx>

ITU – International Telecommunication Union

<http://www.itu.int>

KILM – Key Indicators of the Labour Market (ILO)

<http://www.ilo.org/kilm>

PISA – Programme for International Student Assessment (OECD)

<http://www.oecd.org/pisa/>

SIALC – Labour Analysis and Information System for Latin America and the Caribbean (ILO)

<http://white.ILO.org.pe/estad/laclispub/menu.php>

UNESCO – Institute for Statistics

<http://stats.uis.unesco.org/>

US Bureau of Economic Analysis.

<http://www.bea.gov/>

World Bank – World Development Indicators.

<http://data.worldbank.org/data-catalog/world-development-indicators>

World Bank – Global Bilateral Migration Database

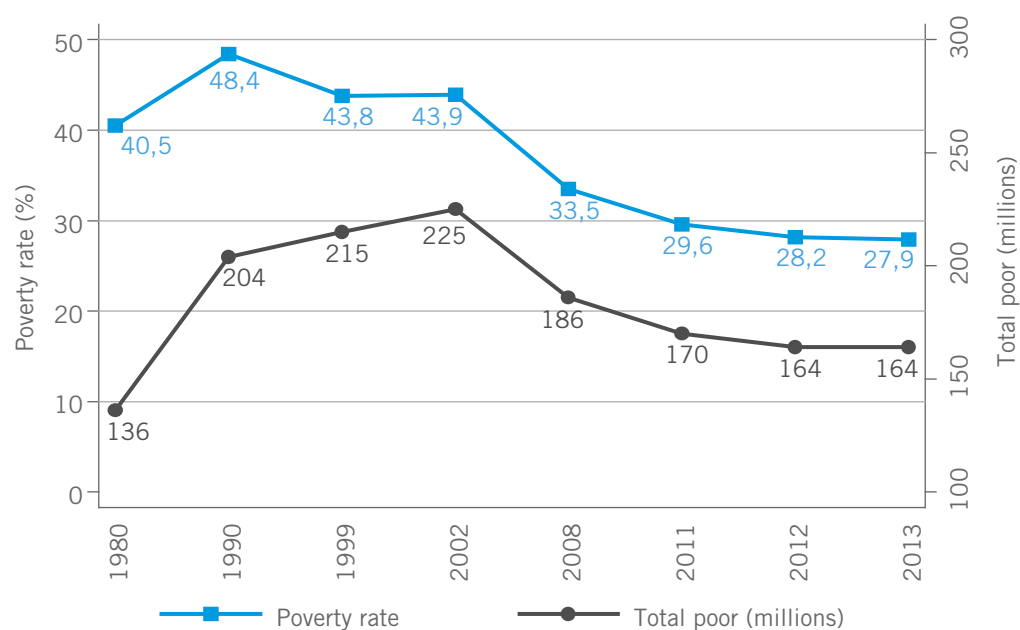
<http://data.worldbank.org/data-catalog/global-bilateral-migration-database>

WEF – World Economic Forum – Reports

<http://www.weforum.org/reports>

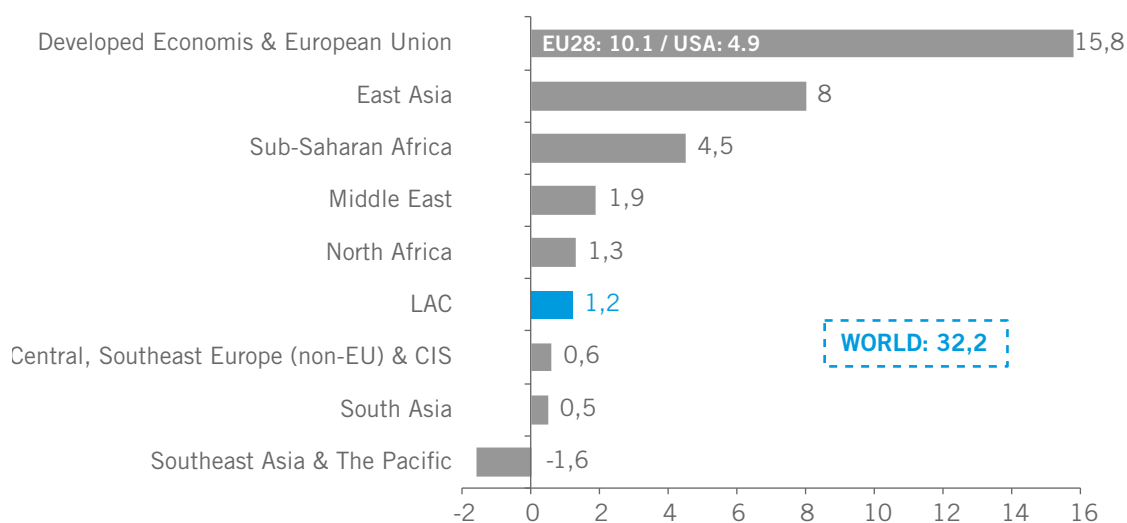
APPENDIX

Figure A1. Latin America and the Caribbean (LAC): poverty (percentages and millions of persons)



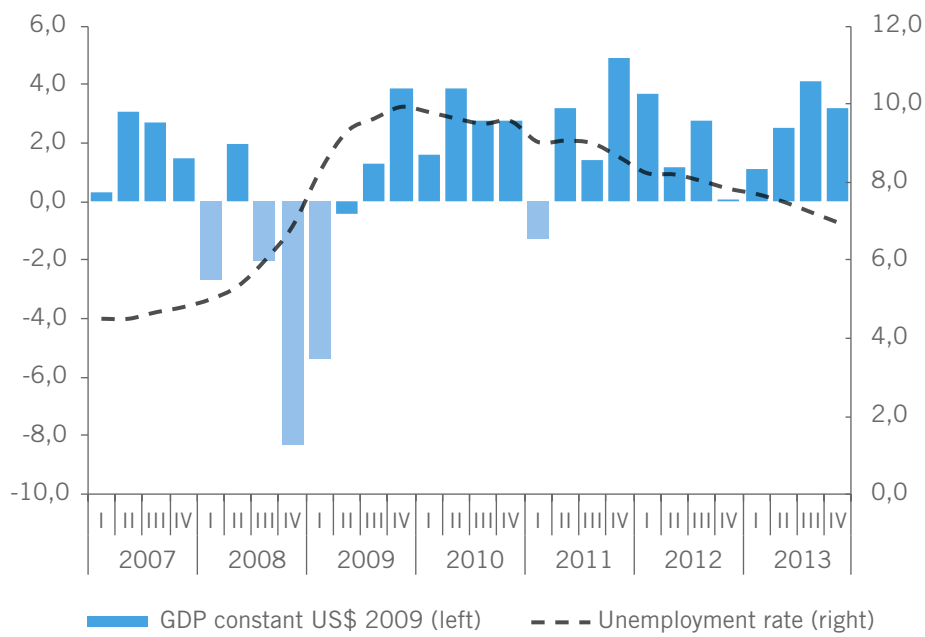
Source: ECLAC (2013b).

Figure A2. World: jobs lost through crisis 2007-13



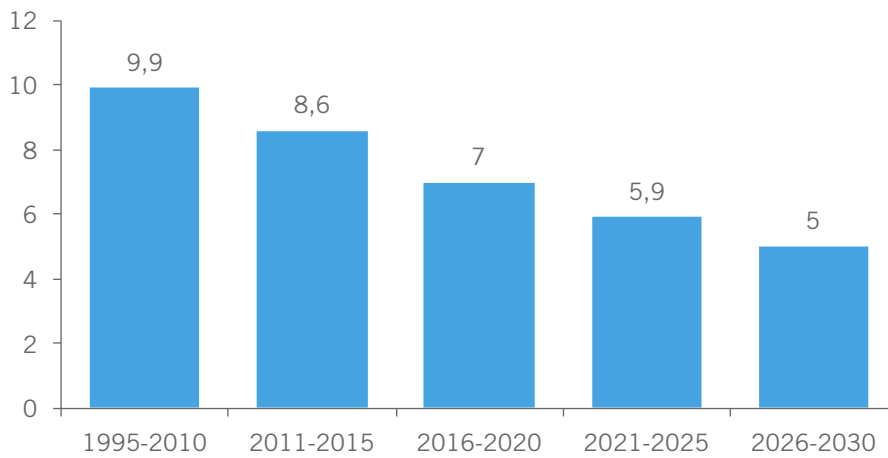
Source: ILO (2013d).

Figure A3. United States: GDP growth and unemployment rate

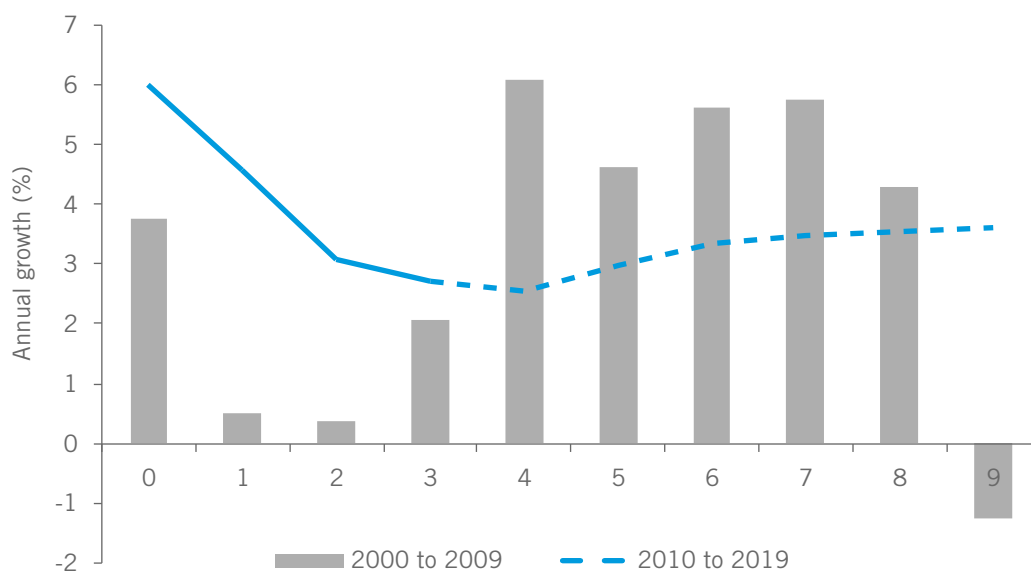


Source: Bureau of Economic Analysis, US Department of Commerce.

Figure A4. China: growth projections until 2030

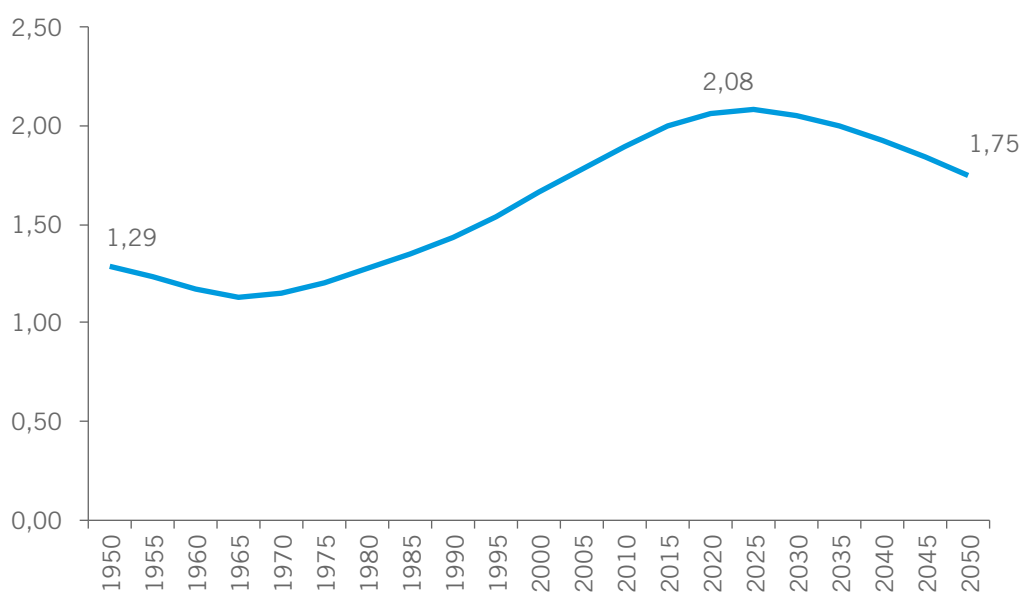


Source: World Bank (2013).

Figure A5. Latin America and the Caribbean: growth trends by decade (2000-19)


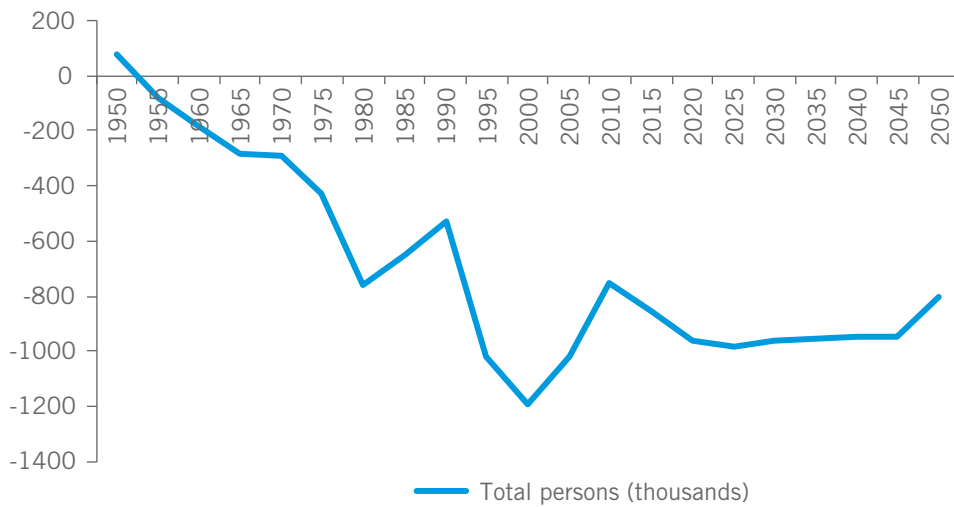
Note: forecasts for 2014-19.

Source: World Economic Outlook database. April 2014.

Figure A6. Latin America and the Caribbean: inverse dependency ratio (1950-2050)


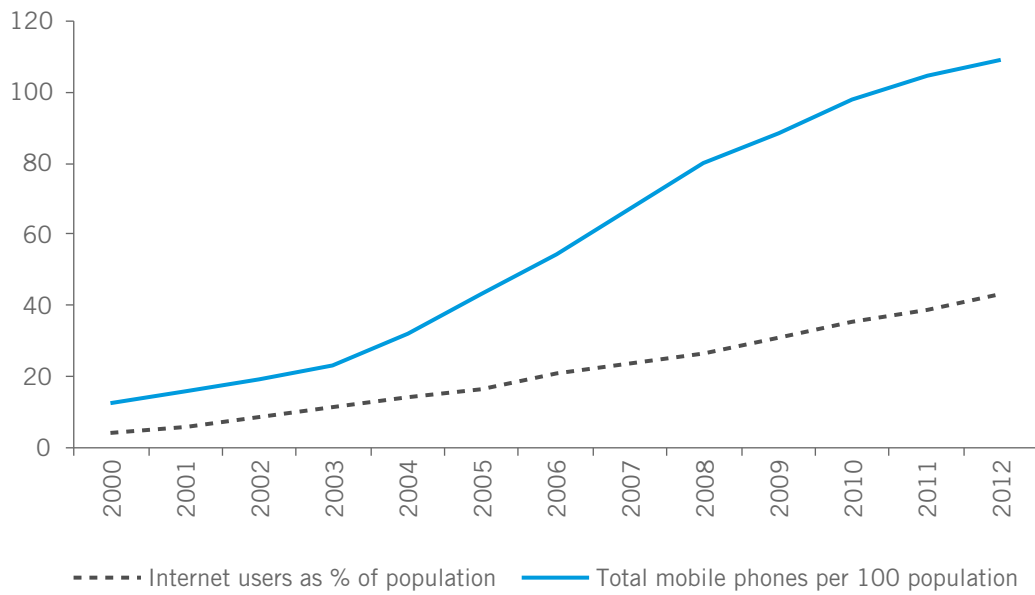
Source: Latin American Demographic Center - CELADE.

Figure A7. Latin America and the Caribbean: net migration balance (1950-2050)

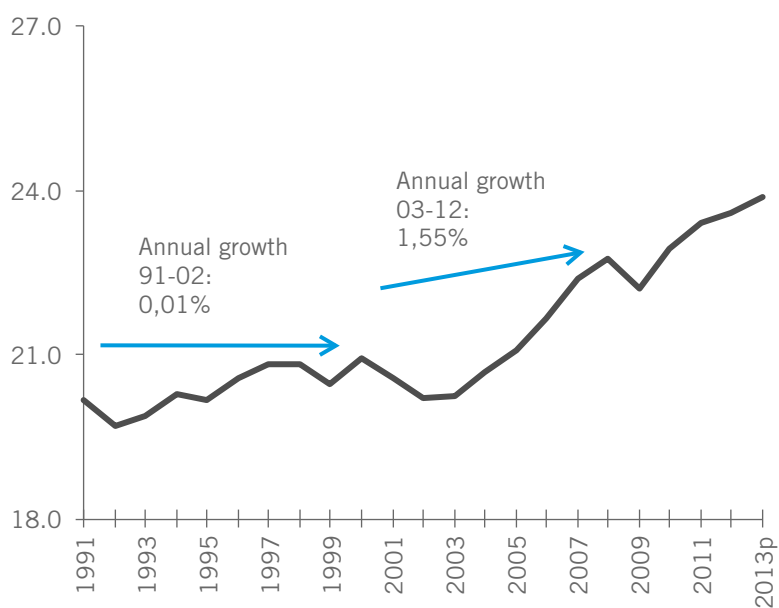


Source: Latin American Demographic Center - CELADE.

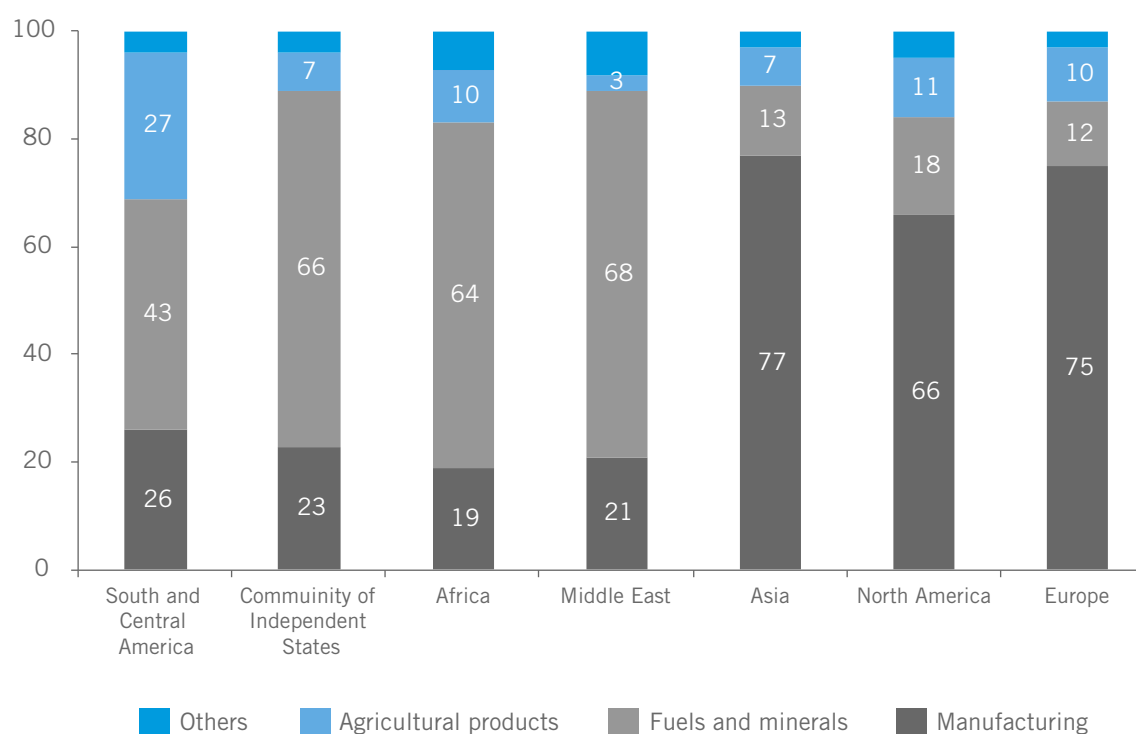
Figure A8. Latin America and the Caribbean: use of information technologies (2000-12)



Source: International Telecommunication Union.

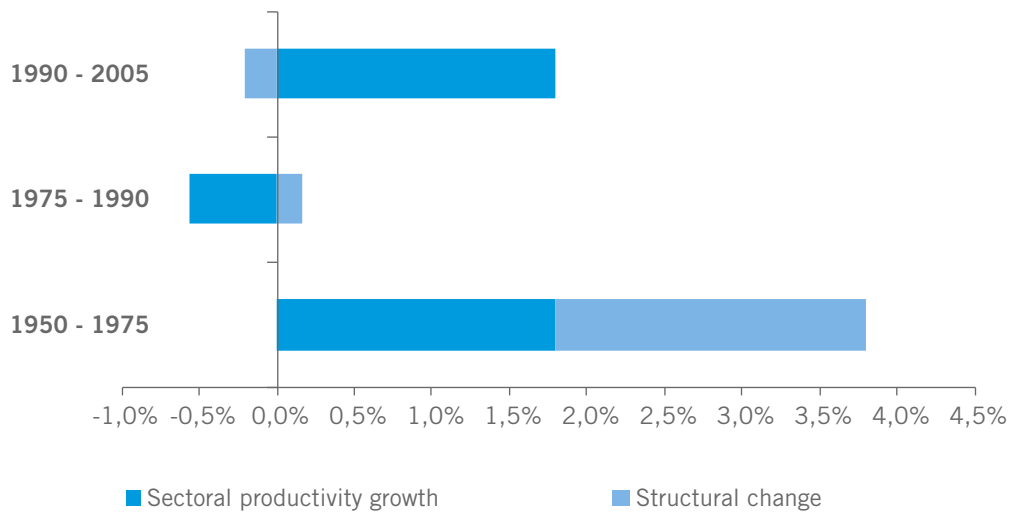
Figure A9. Latin America and the Caribbean: trends in output per worker (1991-2013)


Source: ILO (2013d).

Figure A10. World: breakdown of exports (2011)


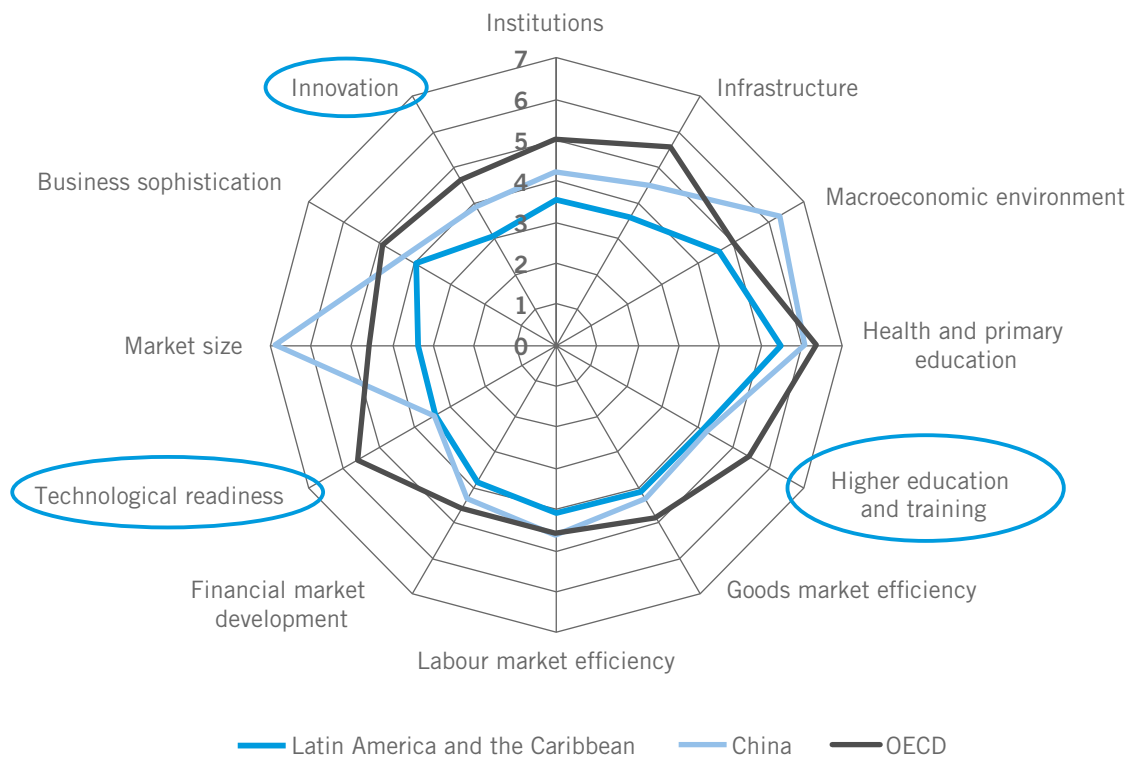
Source: Design by Macroconsult with information from the World Trade Organization.

Figure A11. Latin America and the Caribbean: breakdown of increase in labour productivity (1950-2005)



Source: McMillan and Rodrik (2011).

Figure A12. Latin America and the Caribbean, China and OECD: global competitiveness index (2012)

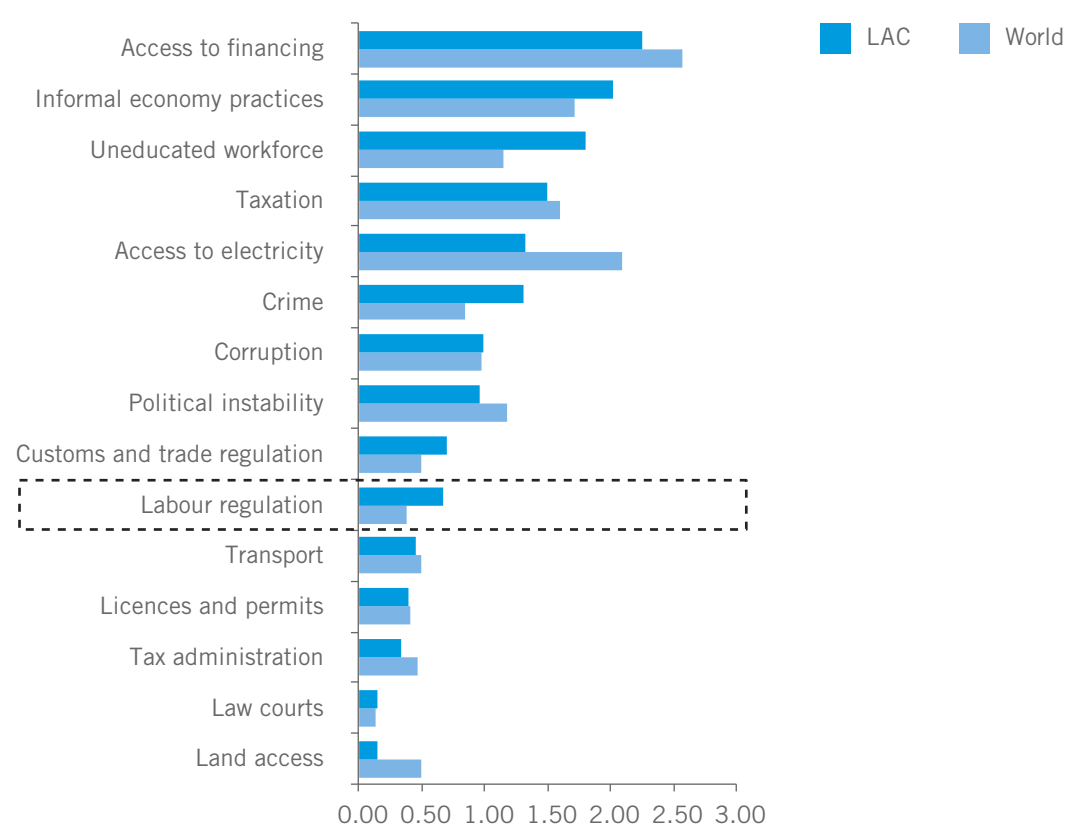


Source: World Economic Forum.

Table A1. World: PISA assessment results (2006-12)

		Latin America and the Caribbean	OECD	Asia
2006	Mathematics	394	494	500
	Reading	403	489	484
	Science	408	498	493
2009	Mathematics	399	496	505
	Reading	417	494	489
	Science	412	501	500
2012	Mathematics	397	494	516
	Reading	414	496	500
	Science	411	501	506

Source: www.oecd.org/pisa.

Figure A13. Latin America and the Caribbean, and World: chief obstacles to business development (2010)

Note: ratio of the score of each obstacle on the average score for all obstacles. Applies only to the manufacturing sector.

Source: World Bank Enterprise Survey.



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