



International
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Office



2013
**THE ILO IN
LATIN AMERICA
AND THE CARIBBEAN**

ADVANCES AND PERSPECTIVES

Report prepared by the ILO Regional Office
for Latin America and the Caribbean



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Prologue

In June, 2012 the Regional Office for Latin America and the Caribbean of the ILO published a first report of activities and outcomes for 2010-2011. The purpose of the report was to provide additional information about the region to that included in the ILO Implementation Report, while giving some strategic guidelines for the future- defining seven priority issues. The report was exhaustively distributed among ILO constituents and other partners. The text was discussed and comments made on it, which gave the Office a wealth of ideas for putting its strategies and programmes into practice. In short, it demonstrated that information and accountability are both an obligation of a responsible administration and a great opportunity for the organization to learn and improve.

Hence, in 2013 the Regional Office has decided to make the same effort and give its constituents an advance report of the upcoming 2012-2013 Implementation Report, describing progress made in the world of work in the region over the last year and, at the same time, once again presenting strategic guidelines for discussion.

The document also describes a chequered period: sustained progress has been made in labour policies and indicators, which is good news for the region. The international context presents serious threats however, and internal inequality persists, so it would be unwise to lower the guard. There are convincing reasons for recognizing that the ILO's message and actions encouraging countries to put decent and productive work at the heart of their policies are more necessary today than ever.

In institutional terms, the ILO is going through a period of reform of its structures, policies and management mechanisms which will determine the strategic approach of the next few years and will have a direct influence on its capacity for action in all the regions. The keys of the reform are prioritizing and efficiency, to increase the impact of ILO cooperation. In his Programme and Budget proposals for 2014-2015, the Director General has raised the need for concentrating efforts on eight areas of critical importance: 1) the promotion of 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 the 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 labour.

This is a magnificent opportunity to rethink the role the Office can and should play in Latin America and the Caribbean, linking its cooperation with the constituents better in these areas. This document therefore presents some key ideas for debate, with a view to taking the exercise of priority setting one step further.

Very briefly, the working hypothesis in this document is that the best way for the ILO to tackle the region's greatest problems – especially inequality – is to promote the *formalization of the informal economy* as a fundamental and cross-cutting strategic approach. This will re-direct the established work plans and define integrated modalities for action, which will strengthen the existing assets (technical capacity, tools and methodologies, financial resources). As a first step in this direction, the ILO has designed an integrated programme for formalization in Latin America and the Caribbean, called FORLAC, which has some initial funding of its own and which aims to be a meeting-point for constituents and the partners that cooperate with the ILO.

The authors hope that the information included in this document will help to shed light on the ILO's contribution to the region's progress and open a frank debate about the action needed to tackle, together, the existing challenges.

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Lima, June 2013*

Introduction

This second report on progress and perspectives presents advances in the region in 2012 and the early months of 2013.¹ The information is not exhaustive: it is a description of cases that serve as an illustration of complex processes in motion. It also summarises some of the main products delivered by the ILO in Latin America and the Caribbean during this period that have been made available to its constituents.

While the 2012 document presented the progress in the region as a *complement* to the information published in the ILO 2010-2011 Implementation Report, this one is an advance report. The 2012-2013 Implementation Report, which will be prepared towards the end of this year and published early in 2014, will include more details about the outcomes achieved through ILO action in the region, organized in terms of the nineteen global outcomes of the ILO Programme and Budget.

The section entitled “Perspectives” of the 2012 report described the ILO’s priorities for 2012-2013 (seven main issues) and presented an innovative form of regional action, with inter-disciplinary thematic groups composed of specialists from various offices and the headquarters. This is why Chapter 1 of this report presents the advances of 2012 organized in accordance with these priorities. Each section includes a brief reference to the main regional products delivered by the ILO and some examples of concrete outcomes – in terms of policies, institutional development or capacity-building – achieved by constituents in the countries.

Chapter 2, on perspectives, discusses the way in which the work of the region will be organized, linking the seven priorities with the eight “areas of critical importance” established in the 2014-2015 Programme and Budget Proposals presented by the ILO Director General. The report suggests the

¹ The first report, entitled “The ILO in Latin America and the Caribbean. Advances 2010-2011 and Perspectives for 2012-2013” can be found in Spanish and English at the internet link: http://www.ilo.org/americanas/publicaciones/WCMS_185031/lang--es/index.htm

convenience of focusing future activities strategically, with emphasis on one of these spheres, the formalization of the informal economy. Hence the Regional Office has designed a specific programme, the essential guidelines of which are described in that chapter.

1 Advances

The evolution of the main indicators for the world of work in 2012 and the first half of 2013 show that Latin America and the Caribbean is, in general, doing well. The fall in unemployment, the sustained increase in wages and the evolution of jobs covered by social security systems are positive and encouraging signs.² This occurred in a regional context of economic growth and – on average – low inflation, with poverty reduction and improved inequality indicators,³ despite an unstable international situation and recession in the Euro zone.

This relative bonanza reflected in statistical averages should not hide the fact that many households, men and women, across the whole region, are in a critical or very vulnerable situation: there are fifteen million people unemployed; almost 48 percent of those employed in the non-agricultural sector have informal jobs, barely subsist and have no social protection. Too many young people are excluded from the labour market and cannot find adequate employment or an education system that gives them tools for the future. It is harder for women to get jobs and those who work still suffer discrimination and get lower wages than men for the same type of work. Persistent poverty is even more evident among indigenous peoples and in rural areas.

In this heterogeneous and diverse context, the International Labour Office continued to implement technical assistance programmes and activities geared to achieving concrete and visible outcomes, in priority areas defined in tripartite agreements, especially the International Labour Conference

2 For detailed information about the situation in the region, see ILO (2012): *Labour Overview 2012*; ILO- ILO Regional Office for Latin America and the Caribbean, Lima.

3 See ECLAC (2012): *Social Panorama of Latin America and the Caribbean 2012*; Information document of the Economic Commission for Latin America and the Caribbean, Santiago. See also Lustig, N.; López Calva, L. and Ortiz Juárez, E. (2013): *Deconstructing the Decline in Inequality in Latin America*; UNDP- Regional Office for Latin America and the Caribbean; Research paper ID-01-2013. This report concludes that the significant reduction in the inequality of income in the region in the first decade of the 21st Century is due to the better distribution of cash transfers (in the framework of conditioned cash transfer programmes) and above all to the increase in income from work (wage growth, especially of workers in the lower part of the distribution). This latter factor explains almost half of the fall in overall inequality in the region.

and the ILO American Regional Meetings of 2006 and 2010. In 2012, these priorities (Box 1) led to the creation of thematic groups and the definition of work plans, bringing together specialists and technical experts from various ILO offices and departments, from Latin America and the Caribbean and the Geneva headquarters.

Box 1: Regional priorities for 2012-2013

As indicated in the first report of progress and perspectives prepared by the Regional Office for Latin America and the Caribbean, the ILO defined seven priority lines of action in the region, based on the conclusions of global and regional tripartite meetings and in accordance with the 2010-2015 Strategic Policy Framework, as follows:

- Freedom of association and collective bargaining
- Sustainable enterprises
- Labour administration and legislation
- Decent work and jobs for youth
- Social protection
- Health and safety at work
- Poverty, inequality and gender

In the priorities and in other areas (which are presented in Section 1.3), the ILO and its partners held a variety of activities, developed specific products for its constituents⁴ and aided governments, workers' organizations and employers' organizations generate concrete results in terms of policy measures, programmes for action and better institutional capacity for promoting decent work. The following sections of this chapter summarize the progress made.

1.2 Priority themes

1.2.1 Freedom of association and collective bargaining

The right of workers and employers to create their own organizations and to join them is essential for democratic societies to work well. Also, collective

⁴ The studies and tools published can be found at www.ilo.org/americas.

bargaining is not simply a fundamental right; it is also an effective principle for managing labour relations and a guarantee of social peace. The fact that over half the cases brought before the ILO Freedom of Association Committee in its November 2012 meeting (17 of 32) was from Latin America is proof that the issue must be addressed as a priority in the region.

In this context, one of the main focuses of attention for the ILO is the production of relevant, practical and applicable information about barriers to freedom of association and collective bargaining in the region, especially but not exclusively in the public sector. This information is used for raising awareness in general and for training union, business and government leaders.

In September 2011, the Bureau for Workers' Activities (ACTRAV), the Regional Office for Latin America and the Caribbean and the ILO International Training Centre (ITC) based in Turin jointly published a detailed report on union rights in the public sector in Latin America. The report analyses the right to unionization and collective bargaining, reviewing the gaps between national legislation and the practice, in the framework of Convention 151 on labour relations in public administration.

The ILO also wrote a regional report called "Comments by the union movement of the Americas on the reports for Conventions 151 and 154 and their Recommendations 159 and 163", which highlights the importance of adequate standards and practices for the exercise of union rights and in particular for the right to collective bargaining in the public sector, since this improves the quality of the workers' labour conditions, which in turn increases efficiency. The report also detects aspects of legislation and practice that affect these rights and hence should be amended.

These regional reports were supplemented by specific documents for some countries and served as a basis for a distance course in which 70 Latin American public sector unionists took part. The activity helped to support the union participation in compiling answers to the questionnaire on the application of Conventions 151 and 154 requested in 2013. To organize a systematic training event on those themes, from late 2012 the regional working group and the ITC have been preparing a Regional Academy on Freedom of Association and Collective Bargaining. The first edition of this Academy, which is aimed

at union, business and government leaders, will be carried out in the final quarter of 2013.

Still in the area of information production and to facilitate institutional learning from history, the ILO commissioned a study of the situation of fundamental human and union rights during the time of the military dictatorships in the countries of the Southern Cone, which highlights the Freedom of Association Committee's work. This study will be published as part of the ILO Century Project, which documents the organization's rich history, looking forward to 2019, when it will have existed for a century.⁵

In Argentina, the ILO prepared a document on the evolution of collective bargaining in the 2003-2011 period, highlighting the very important recent growth in coverage, new contents and pending challenges in collective bargaining processes.

The ILO also provides technical and logistical support to countries to generate dialogue institutions to resolve grievances and cases internally. This is the case, for example, of the Colombian Special Commission for Conflicts before the ILO (CETCOIT), which in May 2012 concluded three labour agreements, accompanied by the ILO, and managed to unblock major collective negotiations between unions and the public sector, as well as with the private sector.

In 2012 in Colombia, with the support of the US Department of Labor and the country's government, the ILO began an ambitious cooperation programme to support the Labour Ministry and labour inspectorate, with the aim of eliminating the abusive use of intermediation and other contract mechanisms that affect workers' rights by hindering their unionization and collective bargaining.

In the framework of the Tripartite Agreement signed in February 2012 to facilitate the application of Conventions 87 and 98 in Panama, an ILO special mission in June of the same year promoted the creation of a fast-track mechanism for grievances, similar to that promoted in Colombia. As a result of the meeting, a moderator was appointed who prepared draft procedures

⁵ <http://www.ilo.org/century/lang--en/index.htm>

to be applied in the country. The ILO continues to work for the system to be implemented.

In Guatemala, in October 2012, the constituents signed a tripartite Memorandum of Understanding for implementing the Decent Work Country Programme for the Republic of Guatemala, 2012-2015. The top priority in this agreement is the promotion of and compliance with standards, principles and fundamental rights at work, bearing in mind all the comments of the ILO supervisory bodies with special attention to freedom of association, collective bargaining, the fight against impunity and respect for the guarantees of due process and the right of all parties to a defence. In the second half of 2013, the Office will provide special support to Guatemala to implement this memorandum.

In Chile, for greater compliance with and application of the principles and rights of freedom of association and collective bargaining, the ILO provided cooperation and assistance, especially through the campaign "More freedom of association and collective bargaining: everyone wins", in conjunction with the regional branch of the Trade Union Confederations of the Americas (CSA-TUCA) and the Global Union Federations. Here, the ILO has provided technical assistance to workers' organizations, so that, in the framework of union self reform, they can promote change in union structure in each specific branch and also improve organization in the informal sector.

Other significant activities of the ILO in this field include technical assistance and a review of legislation on collective bargaining in Uruguay.

1.2.2 Sustainable enterprises

With the overall objective of supporting the creation of productive and decent jobs in the region's enterprises, in 2012 and in early 2013 the ILO has developed a variety of instruments for analysing policies that may favour or discourage business sustainability. This includes a series of ILO Notes on policies and instruments for registering businesses, a regional study and several national analyses of cooperatives and one joint document, written with the International Monetary Fund, on inclusive growth in the Dominican Republic.

In January 2013, the Bureau for Employers' Activities (ACT/EMP) and the Regional Office for Latin America and the Caribbean of the ILO published the report "The challenge of the promotion of sustainable enterprises in Latin America and the Caribbean: a comparative regional analysis", which reviews the policy pillars that can turn into an obstacle and those that benefit corporate sustainability and the generation of productive and decent work. The report will be supplemented by a number of national studies conducted in 2013.

The regional work also includes promoting tools and methodologies for businesses, especially the smaller ones. The ILO has worked to promote the SIMAPRO (Productivity Measurement and Advance System) beyond Mexico, where it has been implemented for several years, in sugar mills and other industries in Cuba, the Dominican Republic, El Salvador, Chile, Uruguay and the Caribbean countries. In late 2012, the ILO supported the launching of a social network linked to the Start and Improve your Business methodology (SIYB), which brings together over 200 master trainers and facilitators in various countries of the region, including Peru and Bolivia. This tool facilitates access to relevant information about the methodology and Latin American specialists in its application, potentiating its dissemination and use.⁶ The ILO transfers these methodologies to entities responsible for skills training in several countries, both in the Andean region and Central America.

In April 2013, the "Regional Academy for Sustainable Enterprises" was held, attended by over 50 specialists from 17 countries of the region, from unions, employers' organizations and governments. The training event organized by the ITC highlighted the importance of social dialogue between the tripartite constituents to help generate strategies favourable to the development of sustainable enterprises and provided participants with practical tools for analysing and designing concrete measures of productivity and business sustainability.

The regional initiatives started by the thematic group draw on national projects and, at the same time, give information to specific technical cooperation projects that generate practical outcomes. Below are some examples.

⁶ www.facebook.com/imesun.americas

- In Brazil, the ILO has taken part in discussions to prepare the March 2012 decree that establishes the “Programme of Incentives for Technological Innovation and the Densification of the Motor Vehicle Productive Chain” (INNOVAR-AUTO) and will evaluate its impact on the labour market. The ILO also took part in the creation of the “Carbon Sustainable Working Party” and is on the coordinating committee. Finally, with the ITC, the ILO held the “Productive Chain Development Course”, with the participation of public officials from the Brazilian Environment Ministry and Forestry Service, small businesses and technical advisers.
- In April 2013, the Bolivian government passed the Cooperatives Act, which governs the creation, organization, operation, supervision, inspection, development and protection of the country’s cooperatives, identifying them by sector. The law also creates the Inspection and Supervisory Authority of the Cooperative System. The ILO supported this process and also works at micro level: it has adapted the ‘My Coop’ methodology for Bolivia and has promoted the formation of a trainers’ network, together with the General Direction of Cooperatives, the Rural Electricity Cooperative and the Swedish Cooperation Centre.
- In Chile, the ILO has conducted a study of the situation of recyclers which, at the behest of the Ministry of the Environment, led to the drafting of a policy proposal for them to be included in the national system for solid waste management.
- The ILO promotes decent work in value chains to increase small local business’ sustainability (e.g. through the *Better Work* programme, which is run in Haiti and Nicaragua; or by linking banana companies with recyclers to reuse the plastic waste on farms in the Dominican Republic). In Haiti the ILO signed an agreement to create a bipartite committee for dialogue in the textile sector to improve employer/worker relations in accordance with international labour law.
- The ILO also encourages competitiveness and business sustainability in the territories, with a focus on local development, potentiating the entrepreneurial culture and generating a context favourable to the development of sustainable businesses (simplifying paperwork, supporting SMEs, developing export consortia, etc.). One successful example was seen thanks

to an inter-agency project in the Brunca region of Costa Rica. Local productive articulation, marketing strategies and productive complexes have also been designed in four cities in Bolivia (La Paz, Tarija, Sucre and Santa Cruz), helping small producers to transition gradually from the informal economy to the formality. The ILO also works with the regional government of Maule, in Chile, to implement an agenda for decent work, combining a variety of aspects linked to business sustainability through increased productivity in the rural sector, with improved labour conditions (especially health and safety) and youth employment.

- The ILO promotes the adoption of socially and environmentally responsible practices in companies, through methodologies like SIMAPRO and also, in general, establishing policies of zero tolerance of child labour (as in the case of the Sugar Foundation in El Salvador).
- In 2012, ILO/Cinterfor and the Omar Dengo Foundation of Costa Rica, in the framework of the Avanza project, developed an information technology programme for businesses to apply productivity measurement indicators to their management and link these with teaching material, based on SIMAPRO. The project included drafting teach-yourself capsules for four of the competencies identified as key in the economy of knowledge and innovation.

1.2.3 Labour administration and legislation

The action plan of the thematic group on labour administration and legislation contemplated the need to advance on two fronts at the same time: strengthening labour ministries and labour inspection and modernizing labour justice. Although geared to particular entities that are part of different State powers, activities must be carried out on these two fronts as both make a decisive contribution to a more effective application of International Labour Standards.

In the first area, the Workshop on Labour Administration and Inspection held by the Regional Office and the ITC in November of 2012 reviewed the various trends and challenges in the region and produced a forum for a discussion of success stories. The sessions addressed the most important issues and functions of labour administration and inspection to protect fundamental

rights. The ITC has a continuous programme of labour administration and training that benefits many people in the region.

At national level, progress has been made in various aspects, some described below.

- In Peru, the ILO has provided technical assistance to the draft of a training plan for the staff of the National Labour Inspection Superintendent's Office (SUNAFIL) created in January of 2013. It is also supporting the process of strengthening this institution by drafting procedural guidelines.
- The ILO helped strengthen Ecuador's Public Employment Service through the conceptualization, construction and implementation of a technology platform for matching jobs supply and demand nationwide, operated by the "*Red Socio Empleo*", a free service that gives preference to groups such as youth, migrants and people with disabilities. A friendly and dynamic platform was built which helps the job searcher to have access to and effectively connect up with the potential employer, as a free public service that also provides information about the labour market and training opportunities.
- The Ministry of Justice and Labour of Paraguay, with the support of the ILO, has drafted a Bill to create a Ministry of Labour, Employment and Social Security which will improve the supervision of compliance with national law, conventions and international law as ratified. The Bill is being discussed by the Parliament.
- In Guatemala, the ILO provided technical assistance for planning focused inspections in 2013, and for updating and reforming the Labour Inspection regulations, by drafting manuals on the processes based on analytical and critical reports of the current procedures. A similar exercise was carried out in Costa Rica, where the ILO supported the use of a new methodology for planning inspections, with objectives and goals per region. Here too training events were held for inspection chiefs and coordinators and on the analysis of management models in four local offices.
- El Salvador drafted a preliminary Bill for the Labour Inspection Act and a draft of the Labour Code with the support of the ILO in late 2012.

- With regard to child labour, Peru approved a sector protocol that extends the competencies of the inspectorate and has implemented a capacity building process. In Guatemala, the number of inspectors has risen and the operations give priority to dangerous sectors such as construction, mines and stone quarries, firework factories, the agro industrial sector and waste management. In Argentina, an application was developed to ascertain all of the processes and actions resulting from inspection, in order to have an agile data base and visualize the circuit from when the report of child or irregular adolescent labour is received, to the sanction and follow up. In Ecuador, the ILO continues to strengthen the National Labour Inspection System (SINEL), which incorporates a module for receiving information and reports on the inspection of child labour, to which has been added the modules of disability, first employment and health and safety at work.

The working party addressed the question of labour justice modernization by promoting the design of an audio-visual training and technical assistance package based on experiences of Spain and Chile, focusing on the promotion of oral, faster and more transparent processes. This package will be published on internet in 2013. Magistrates from Costa Rica, El Salvador, Honduras, Nicaragua and Colombia enjoyed an internship in Chile to analyse how the oral system of hearings works. In the second half of 2013, the working party will conduct a study of best practices in labour justice modernization and strengthening in Latin America over the last ten years.

Below are some examples of concrete advances.

- With ILO support, Nicaragua passed a new Labour and Social Security Criminal Code (Law 815, enacted October 31, 2012). The code offers the solution to legal disputes in the judicial system and simplifies the paperwork, encouraging personal attention to the parties from specialised judges. It establishes that, in cases of sub-contracted work, the “mother” company can be sued in addition to the intermediary. It also contemplates the special procedure of safeguarding fundamental rights at work, offering the option of requesting an injunction, which involves the suspension of the contested action and the restoration of the situation prior to the violation. The code also establishes a special procedure for legal collective disputes for solving cases when the general interests of a generic group of workers

is affected by the application or interpretation of a law, collective agreement or company practice. The new law was welcomed by members of the legal profession, the Executive, workers and employers.

- Late in 2012, the Industrial Court of Trinidad and Tobago published a compilation of resolutions in the 1965-1975 period, which will be followed by further publications for the subsequent decades. This is an important step forward in the generation and dissemination of information since, until then, only the parties involved knew of the case outcomes. This is useful for actors in the world of labour and for administration in general, in the quest for improving the application of legislation.

1.2.4. Employment and decent work for youth

In June 2012, the ILO adopted a Resolution for renewed, specific and immediate action to tackle the youth unemployment crisis.⁷ The Resolution proposes a series of measures in five areas: macroeconomic policies, employability, labour market policies, development of business capacities in youth and rights.

Within this framework, the regional work plan defined in 2012 for Latin America and the Caribbean proposed the objective of consolidating a solid and practical information database, aligned with the ILO's efforts globally. The first action was the systematization of the results of the 13 youth employment forums held in the region (12 national forums and 1 sub-regional forum for the Caribbean) as a preparation of the global meeting held a few days before the International Labour conference in June, 2012.

Second, the regional team prepared a portfolio of technical cooperation initiatives including regional, sub regional and national projects linked to decent work for youth. These initiatives were presented at a donor conference in Geneva in early 2013. In November 2012, the ILO and ECLAC published a joint newsletter with current data, focusing on youth employment.

⁷ "The youth employment crisis: a call to action". Available at: http://www.ilo.org/ilc/ILCSessions/101stSession/texts-adopted/WCMS_187080/lang--es/index.htm

The team is also working to document national policies and innovative experiences to promote decent work and employability for young people in the region. The documents will be included in the World Platform of Information on Youth Employment late in 2013.⁸ The policy analysis will be part of a new regional report on decent work and youth, which will be debated in a tripartite meeting in the last quarter of this year. As part of information generation, a meta-evaluation of youth employment policies and programs was conducted (See Box 2).

Box 2: Meta-evaluation of youth employment programmes in Latin America and the Caribbean

The ILO carried out this project in 2012. Its aim was to identify the main conclusions, recommendations, lessons learned and good practices in 47 reports of reviews and evaluations of youth employment development programmes supported by the ILO and other cooperation agencies and multilateral organizations in the region in the 2003 – 2012 period. The analysis shows that most of the evaluations do not identify impact, but do help to detect the critical factors that explain the success or failure of youth employment initiatives. These factors are linked to the *context* (economic bonanza, quality of basic education and professional training institutions, favourable labour laws and political commitment); the programme *design* (precise definition of the problems and target population, soft skills training for work, youth participation in strategy formulation);

partners (training by companies in their own premises, with experience in human resources training, and institutions specialized in promoting self-employment); the *beneficiaries* (greater women's participation, motivation and participants' social capital); and *management* (team stability, decision-making with technical and not political criteria, programme inclusion in Labour Ministry structure and integration with similar programmes and entities concerned with youth employment, youth participation, social actors, NGOs and the general public in implementation).

8 The platform will include experiences documented in twenty countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Paraguay, Peru, Saint Lucia, Trinidad and Tobago, Uruguay and Venezuela.

In 2012, the Interagency Youth Group of Latin America and the Caribbean, composed of representatives of the main organizations of the United Nations system, was reactivated.⁹ The group drafted an action plan containing a section led by the ILO on employment and entrepreneurship, with the aim of ensuring decent work, decent income, poverty reduction, sustainable development and social inclusion for the region's youth. The plan will create synergy and establish joint programs on the issue, potentiating the effect of ILO assistance.

Finally, significant progress has been made with five surveys about the school – work transition (in Brazil, Jamaica, El Salvador, Colombia and Peru), applied in the framework of the *Work4Youth* global project.

These regional initiatives are supplemented by national products and outcomes. Some examples are given below.

- In Mexico, the ILO has taken part in a broad consultation process over youth social, economic and cultural needs coordinating a working party on employment. The recommendations of this process, which reached a consensus called “Youth Agenda: young people propose”, are being studied by the new government for developing public policies.
- Brazil is the only country in Latin America which has a Decent Work for Youth Agenda¹⁰, geared specifically to youth demands and needs, drafted and agreed in a tripartite process. ILO activities in 2012 and 2013 focus on disseminating the Agenda and having it included in the discussions of the National Conference on Employment and Decent Work held in 2012.
- In Argentina, the ILO collaborated with the Ministry of Labour, Employment and Social Security to build its capacity for analysis, evaluation and revision of youth employment policies, particularly the “Youth with more and better jobs” programme which is now expanding, liaising with other ministries and with businesses.

⁹ The inter-agency youth group for Latin America and the Caribbean is coordinated by the UN Population Fund and composed of UNDP, FAO, UNESCO, UN Women, ECLAC, UNICEF and the ILO.

¹⁰ <http://www.oitbrasil.org.br/content/agenda-nacional-de-trabalho-decente-para-juventude>

- In Uruguay, following the National Tripartite Forum on Youth Employment organized by the ILO together with workers', employers' and government organizations (March, 2012), there was a tripartite consultation process which led to the Youth Employment Bill, which has been brought to the parliament by the Executive. The ILO is supporting the country with an inter-institutional forum on professional training, composed of various ministries, the *República* University and the National Employment and Professional Training Institute. The forum has made progress with agreements for better connections between training supply and the certification of labour competencies in specific sectors.

1.2.5 Social protection

The ILO has developed a “bi dimensional” strategy for expanding social protection, which includes the promotion of minimum floors (social protection floor or SPF) to universalize basic contributions and, at the same time, improve the quality and quantity of contributions, in line with Convention 102, on social security. This strategy was drafted in the framework of the SPF initiative of the United Nations System Chief Executives Board for Coordination and ILO Recommendation 202.

With this purpose, the ILO, in coordination with the Pan-American Health Organization (PAHO), held a first interagency meeting in August, 2012. As a result, a working party was set up with representatives of the main United Nations System agencies, coordinated by the ILO and PAHO. They reached consensus on a road map for joint work to promote the SPF initiative. The plan included a high-level meeting on SPF, of ministerial level, scheduled for August, 2013 in Lima, Peru. The meeting will discuss a regional report that is being drafted by the ILO with inputs and statistics from all the agencies, and will seek to define strategies for applying and effectively implementing social protection policies in the region.

The SPF inter-agency working party met again in Brasilia in December, 2012 in order to further the structure of the regional report content and to decide in which countries the SPF working party would focus its intervention, the SPF communications and socialization policy, the high-level meeting in Lima and the training strategies which the inter-agency efforts described could supple-

ment. With regard to the latter, the working party will coordinate a distance activity to strengthen the strategic lines for implementing SPF policies.

At the same time, the ILO continues to provide support to the region's countries in a number of fields. As a result of this collaboration, proposals have been drafted for extending and/or improving the existing systems and new initiatives have also been generated. Below are some of the results obtained.

- In Peru, the ILO has conducted an actuarial financial study of the social security implementing body, EsSalud, and determined a global average contribution to the social security health system that guarantees its economic and financial sustainability. With this, it is possible to identify and promote the financial measures to maintain EsSalud's budgetary balance and propose policies for improving its insurance and financial role.
- In the Central American countries, the ILO has provided technical instruments for proposals in course for reforming various aspects of the social protection systems, especially for improving 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.
- As a result of a South-South cooperation project funded by Brazil, with the active participation of workers' and employers' organizations, conducted three studies with diverse scenarios to introduce a pension scheme for civil servants in Timor Leste, the first since its independence. Subsequently, the ILO gave technical assistance for drafting a law on the issue, which was passed in January, 2012 and enacted in May of the same year. The ILO funded a long-term consultancy to implement the system and train the members of the administration in the second half of 2012. The system is fully operational in Timor Leste and is planned to be expanded shortly to private sector workers.

1.2.6 Health and safety at work

Convention 187 and Recommendation 197, approved in 2006 by the International Labour Conference, develop the promotional framework of occupational safety and health (OSH). These standards complete the provisions of Con-

vention 155 of 1981 and include four main concepts to improve operations and governance in this area and to further the construction of a prevention culture: 1) the national OSH system, i.e. the legal and institutional framework; 2) the national OSH policy, as a tripartite declaration of principles and commitments; 3) the national OSH profile, that analyses the OSH situation in the country; and 4) the national OSH programme, with objectives, goals, activities and indicators.

ILO assistance is geared to defining these instruments. The regional plan drafted in 2012 focuses on strengthening training materials, especially through the translation into Spanish and Portuguese of the training plan called "*National Safety and Health Programmes at Work*". These materials have been used in sub regional and national workshops (for the Southern Cone, in June 2012, in Santiago; in Peru, in November 2012, with the National OSH Council), where constituents provided inputs for improving future training events.

The regional plan also included a meeting for workers' organizations in July, 2012 (together with ACTRAV and the ITC) and the discussion of the general principles of OSH in a tripartite regional meeting on social dialogue and in the Regional Labour Inspection Academy held in Lima in November, 2012. With the support of the Department for Sectoral Activities in headquarters a course on OSH was held for the construction sector, which is characterised by its high accident rate, in Paraguay.

In the Caribbean, ILO efforts have been aimed at constituents' training, including preparing specific OSH materials for sectors like mining, tourism and forestry. It has also placed special emphasis on awareness-raising, holding a number of activities for the Occupational Safety and Health Day (April 28). A variety of sub regional activities for training labour inspectors were held. This was also an opportunity to debate key issues, like the link between productivity, social protection and OSH. The large number of Caribbean countries where specific activities were held on the issue -Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Granada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago - shows that OSH is a top priority for the Caribbean.

In recent years, many countries in Latin America have been gradually adopting the ILO strategic focus on OSH, showing progress in the way they manage

their systems. Argentina completed its 2010 national strategy with a “National Policy for Workers’ Health and Safety and the Labour Environment”, passed in November 2012 by members of the tripartite Technical Commission of the Standing Consultative Committee on the Labour Risk Law. Brazil passed a decree on November 7, 2011 on its national OSH policy, which was adopted through tripartite agreement by the Commission on Health and Safety at Work created in 2008. The process culminated in April, 2012 with the approval of the Brazilian National OSH Plan and will continue with the preparation of a national profile with ILO assistance.

In Chile, the Ministerial Council on Health and Safety at Work and a National Consultative Council on Health and Safety at Work were created and began to review and update legislation and improve inspection. In 2012, the ILO organized several activities to support the design of the first policy and the first National Health and Safety Programme, which are now being drafted. At the same time, they have developed specific programmes for reducing risks in the construction sector and directives for management systems in companies affected by silica.

In Mexico, the ILO has given institutional support for consolidating the National Consultative Commission on Health and Safety at Work, a national-level tripartite entity. As a result of the cooperation, norms and the list of occupational diseases have been updated: The issue has been included in the education and skills training systems. With the support of the SIMAPRO programme, the sugar industry has adopted two new OSH standards, it has consolidated risk maps and implemented action plans in sugar mills. Finally, with ILO’s participation, a new labour competence standard that includes OSH has been adopted for inspectors.

In Barbados, ILO technical support and consultation activities contributed to the enactment of the Health and Safety at Work Act on January 1, 2013. At the end of 2012, the ILO contributed to promotional events for the new legislation, in order to facilitate the immediate application of the main measures in the workplace.

1.2.7 Poverty, inequality and gender

This priority is geared to the region adopting strategies for improving the labour conditions of the more vulnerable communities, as a contribution from the field of labour for the reduction of poverty and inequality. The gender focus is an essential element of these strategies, since patterns of inequality persist that especially affect women of the region and generate the “feminization” of poverty. In 2012, the working party in charge of this priority made progress in the analysis of the impact of employment policy on gender equality, in the promotion of Convention 189 on domestic work and in attention to particularly vulnerable groups, including children, indigenous peoples and people living with HIV/AIDS.

With regard to gender and employment, the ILO has developed – in some cases in association with the Organization of American States – gender audits of public departments – above all the labour ministries – and workers’ organizations, with the aim of improving conditions of equality. Progress has also been made in the preparation of a joint regional report with UN Women, the UNDP, ECLAC and the FAO, on policies for improving access to jobs and employment quality for women, which will be published in the second half of 2013. The report includes an analysis of the effects of the region’s growth models in inequality and on gender indicators, as well as a description of policy measures to address the disadvantages faced by women in the workplace.

In March, 2013, Brazil adopted the third edition of the National Plan on Policies for Women, which includes a specific chapter on equality in the world of work and economic autonomy. This chapter, for which the ILO provided technical support to the Policies for Women Secretariat, contemplates actions corresponding to Conventions 156 and 189. The ILO also provides support for eliminating racial and ethnic discrimination in the world of work.

In 2012 the ILO has worked significantly on promoting Convention 189 on domestic workers, which has led to the world’s first ratification (Uruguay) followed by others (Nicaragua, Bolivia and Paraguay¹¹). The ILO has also provi-

11 The Convention 189 ratification instrument was deposited by Paraguay in May 2013, and hence is not on Table 1 (Section 1.3).

ded support to a review of legislation in Chile on the working time of domestic workers and to collective bargaining in Uruguay.

There have been multiple activities for ratification, throughout the region, and these will continue over the upcoming months. Some examples: the ILO conducted studies of the legal implications of the Convention and promotion campaigns in Bolivia, supporting the Labour Ministry and the National Federation of Domestic Workers. In Brazil, the ILO collaborated with the Policies for Women Secretariat and the Ministry of Labour and Employment's Racial Equality Promotion Secretariat, as well as with domestic workers' organizations. In Chile, the ILO holds activities with the Ministry of Labour, the Ministry of Women and the Tripartite Commission for Equal Opportunities to draft agreed proposals for parity in rights, studying the claims of domestic workers' organizations.

In Costa Rica, the ILO has supported the Domestic Workers' Association and union organizations to promote affiliation by women domestic workers. In Mexico, it works with constituents and has advanced with raising the awareness of members of Parliament about the importance of ratification. In Nicaragua, the ILO gave technical assistance to the National Assembly for ratification. In Peru, it has drafted materials and promoted alliances between non-governmental organizations and unions to carry out joint actions. In Paraguay, the ILO is implementing a project called "Making decent work a reality for domestic workers", for improved working conditions and the expansion of social security coverage. In Uruguay, in addition to giving technical support for the procedure of ratifying the Convention, the ILO held workshops for the institutional strengthening of the Domestic Workers Union and the Housewives League. It also supports the Ministry of Labour and Social Security for improving legislation on domestic work and its proper implementation, including the promotion of a tripartite debate on the national care system.

Regarding vulnerable groups, the ILO has continued to implement two major regional programs, one for indigenous peoples stressing the promotion of Convention 169 (PRO169) and the International Programme on the Elimination of Child Labour (IPEC).

PRO169 advanced in drafting specific plans with governments and the representatives of indigenous peoples to further the acknowledgement of rights in Paraguay, Peru and Guatemala. The right to consultation is one of the central elements of the public debate. The ILO project has focused on a review of legislation (Peru) and on drafting methodological guides, raising awareness about Convention 169, and on training. In Paraguay, the ILO supported the regular operation of the National Commission for the Promotion of Fundamental Rights, which is extended when the issues discussed concern indigenous peoples, especially the eradication of forced work in the Chaco region. It is also important to mention that in 2012 Brazil began the process of drafting regulations for the prior consultation process, in which the ILO takes part – through its Brasilia Office – providing technical assistance.

Going on to child labour, progress has been made in integrating the objective of prevention and eradication in development policies, as in Peru, where in 2013 the JUNTOS programme is carrying out an initiative for child labour in the rural sector. In Colombia, the Ministry of Energy and Mines, as part of the strategy to formalize the sector, began a child labour prevention and eradication programme in five municipalities. In Honduras, the “Bono 10 mil” cash transfer programme included a specific objective geared to the prevention and eradication of child labour. In Nicaragua, child labour indicators were incorporated into the 2012-2016 National Development Plan, which will integrate the issue into the country’s social welfare system. For the 2012-2014 period, El Salvador approved public expenditure of over US\$10 million in line with the Road Map for a country free from child labour and its worst forms. In Mexico, the new administration began a process to move ahead with the ratification of Convention 138 and approved a list of hazardous jobs, as part of the reform of the labour code in December 2012.

There has been progress in the decentralization of public policy on child labour in the region. In Argentina, the action of the Provincial Commissions is being consolidated through public-private alliances, especially in the agricultural sector, to conduct research and offer services directly to households. Uruguay created the fourth local committee for the prevention and eradication of child labour. In Colombia, the Ministry of Labour extended the decentralization process by signing agreements for co-responsibility in 200 municipalities. In Brazil, the Várzea Grande Municipal Forum was created to protect human rights, including the issue of child labour, and the Ministry of

Labour launched a plan to combat child labour in the 19 municipalities of the state of Mato Grosso, with inspections and social assistance. In Paraguay, Encarnación became the first city in the country to declare itself child labour-free in the garbage sector. In El Salvador, fifteen municipalities are developing a strategy to articulate the design and implementation of municipal child protection policies with awareness-raising activities and a local child labour monitoring system.

Finally, regarding people affected by HIV/AIDS, the ILO has supported the implementation of a tripartite national policy in Chile's transport sector, directly implicating companies that will train their staff in prevention, rights and the eradication of homo/transphobia. The ILO is working in the same sector in Bolivia and Paraguay. It has made progress in strengthening the social actors in Central American countries, by training labour inspectors in Guatemala, developing a programme on HIV in the maquila sector of Honduras and designing a policy for the Ministry of Labour and Social Security of Costa Rica.

1.3 Other outstanding advances

In addition to work in the context of the priority areas summarised in the previous section, the ILO has continued to develop programmes and projects in other essential areas of the decent work agenda.

First, the Office has continued to promote the ratification and application of International Labour Conventions. In 2012 and 2013 (to April), eleven new ratifications were registered of nine countries in the region (Table 1).

Table 1. Ratification of ILO Conventions in 2012 and 2013 (to April)

Country	Convention	Date
Saint Kitts and Nevis	MLC – Maritime Labour Convention, 2006	February 21, 2012
Honduras	C127 - Maximum Weight Convention, 1967	April 13, 2012
Uruguay	C189 – Domestic Workers Convention, 2011	June 14, 2012

Country	Convention	Date
Granada	C155 - Occupational Safety and Health Convention, 1981	June 26, 2012
Honduras	C144 - Tripartite Consultation (International Labour Standards) Convention, 1976	June 12, 2012
Guyana	C155 - Occupational Safety and Health Convention, 1981	September 17, 2012
Honduras	C102- Social Security (Minimum Standards) Convention, 1952	November 1, 2012
Nicaragua	C189 - Domestic Workers Convention, 2011	January 10, 2013
El Salvador	C149 - Nursing Personnel Convention, 1977	January 30, 2013
Ecuador	C156 - Workers with Family Responsibilities Convention, 1981	February 8, 2013
Bolivia	C189 Domestic Workers Convention, 2011	April 15, 2013

Second, social dialogue is the cornerstone of all ILO initiatives, as can be seen in the description of advances in the previous section. To strengthen dialogue, the Office has continued to promote Decent Work Country Programmes (DWCP), which in 2012 has led to processes and documents in Costa Rica, Guatemala, Guyana, Honduras, Panama and Argentina. The latter case is significant as it is the third consecutive tripartite programme and has a monitoring group in which workers' and employers' organizations government and the ILO systematically review progress made. On the occasion of the Director General's visit to Buenos Aires in February 2013, a balance of the DWCP 2008-2011 was presented with the guidelines of the 2012-2015 programme. Another positive example of dialogue is the operation of a tripartite committee for monitoring the DWCP in Chile.

In August 2012 in Brazil, the first National Conference on Employment and Decent Work was held with the participation of all the states in the federation, employers' and workers' representatives, civil society organizations and public officials. Over 600 proposals were discussed with a view to starting to define a national policy on employment and decent work. The ILO has taken

part throughout the process which led to the Conference. During the event, it provided technical assistance to the meetings of the National Organizing Committee and a number of sub-commissions, and in drafting documents for discussion. Finally, the ILO also designed a monitoring scheme for the National Employment and Decent Work Plan with the aim of providing information to the discussions that will produce the national policy.

Bolivia signed the Tripartite Inter-institutional Framework Agreement to disseminate the rights and obligations in labour relations between employers and workers in diverse agricultural and stock-farming activities, including the gradual elimination of child labour, discrimination and forced labour.

Social dialogue is not effective without strong workers' and employers' organizations with the capacity for political advocacy. The Office has continued to do significant training with these organizations in all the countries in the region, focusing on internal / institutional capacities (union self-reform¹²; strengthening strategic capacity and for the provision of services, for facilitating the labour inclusion of people with disabilities for example) and on their capacity for advocacy in policy debates on specific issues (social security, youth employment, child labour etc.).

The specific results of ILO cooperation in the nineteen Programme and Budget outcomes will be described in the 2012-2013 Implementation Report. These results are achieved in various ways: through direct assistance of the Decent Work Teams, technical cooperation projects and inter-institutional collaboration, for example through the Inter-American Centre for Knowledge Development in Professional Training - ILO/Cinterfor - (see Box 3) and the Latin America and the Caribbean Labour Information System (SIALC), which continues to provide up-to-date information and analysis of current affairs in the world of work in Latin America and the Caribbean, both on line and through the ILO flagship publication for the region, *Labour Overview*.

¹² In April 2013 concluded the ILO project for supporting union self-reform in the region. The project helped designing or updating 22 self-reform programmes or processes in seven countries of the region, in accordance with the strategic priorities of the Trade Union Confederation of the Americas. A total of 500 union leaders received training in issues linked to self-reform and gender audits.

Box 3: ILO/Cinterfor: a horizontal cooperation network for skills training

ILO/Cinterfor has continued to promote advanced knowledge management of skills training through South-South cooperation and the use of information technologies. The ILO/Cinterfor network is composed of 67 institutions of various countries in Latin America and the Caribbean, Spain and, since 2012, Cape Verde (through the Professional Training and Employment Institute). The centre has renewed its knowledge management platform which has training courses, standards of competencies, experiences, good practices, the profiles of specialists and learning communities that are constantly updated. In 2012 the platform had over 230,000 individual hits from 178 countries.

ILO/Cinterfor hold joint activities for various members of the network to share information and build capacity. In early 2012, the work has mainly focused on forecasting professional training, analysing Brazil's National Industrial Learning Service (SENAI) model and the chances of applying it in similar entities in Central America. In the framework of this initiative the ILO is conducting a first prospective study for the construction sector and will launch a network of specialists in occupational and technological prospects with those who are trained, to act as multipliers. The results will be presented to the 41st Meeting of the ILO/Cinterfor Technical Committee in July, 2013.

2 Perspectives

The ILO's work in the region in the coming years will correspond to the priorities established in the 2014-2015 Programme and Budget, considering especially the eight areas of critical importance described in Table 2, similar to the priority themes for the region identified by constituents in Latin America and the Caribbean. for the region. The work will also be carried out by interdisciplinary groups, with members from headquarters and the field. The first section of this chapter indicates the way in which the regional programming may adapt to these new conditions.

The perspectives of the ILO's work in the region for the immediate future and its strategic orientation must consider the critical problems of Latin America and the Caribbean, especially the persistent patterns of inequality –both in income and in access to services and protection and the enjoyment of rights– and the informal sector. This reveals the importance of labour institutions and the role of the labour market,¹³ and that it is paramount to link up economic, fiscal, social and labour policies better in order to move towards a growth model with quality employment and social inclusion, defining goals for sustainable development.

In October 2014, the 18th ILO American Regional Meeting will be held in Peru where representatives of constituents from the countries of the region will discuss the current status of Latin America and the Caribbean, providing crucial input for fine-tuning the ILO's support strategies.

13 "Another useful lesson learned that warrants further examination is that as labour market indicators improved over the past decade, many countries of the region strengthened their labour institutions (...). But there are still serious labour institution weaknesses, a number of labour market regulation issues yet to be addressed, substantial gender and age biases and significant sectors of workers not covered by core labour standards. The region's "dual" model is a major obstacle to enabling lower-income workers to benefit from productivity gains and to breaking through the barrier between insiders (formal workers) and outsiders (informal workers) that is subsequently transferred to the social protection regime. Labour institutions must then be designed in such a way that virtuous circles between productivity gains and employment quality are created and enhanced." ECLAC (2013): *Sustainable development in Latin America and the Caribbean. Follow-up to the United Nations development agenda beyond 2015 and to Rio+20*. Preliminary version presented to the Conference held in Bogota, March 7 – 9, 2013; paragraph 83.

2.1 Reform, priorities and strategies

The main objective of the reform programme in the Office which was started in October 2012 by the Director General is to improve the efficiency and quality of expenditure, especially in those areas in which ILO initiatives are larger, useful for constituents and have greater impact. This is translated into setting strategic priorities in all ambits, world, regional and national, and in defining work procedures and allocating resources on the basis of these priorities.

In Latin America and the Caribbean, national priorities are established in the Decent Work Country Programmes and in the programming of each bi annual period. At regional level, the priorities defined at the start of 2012 – whose progress is described in the previous section – are still in force. The same can be applied to the way of working through multi disciplinary, thematic groups with specialists and project coordinators in the various Decent Work Teams of the region and in the technical departments at headquarters.

The Director general's Programme and Budget proposals for 2014-2015 define eight *areas of critical importance*, in the framework of which are determined the priority activities for the Office, worldwide. These areas – summarized in Table 2, below – cover various outcomes of the 2010-2015 Strategic Policy Framework and have many points of contact among them. Social dialogue, the active participation of the ILO constituents, the International Labour Standards and gender equality are cross-cutting and definitive elements of ILO strategy in all the areas.

Table 2. Areas of critical importance for the ILO

Area	Key aspects
Promoting more and better jobs for inclusive growth	<ul style="list-style-type: none"> • Response to crisis and transitions • Investment level and composition • Promotion of good conditions for business development and growth • Combination of macroeconomic policies with repercussions on employment • Policies and institutions for skills training • Job matching • Financing social protection • Legislation and institutions for protecting jobs and working conditions • Function and determination of wages
Jobs and skills for youth	<ul style="list-style-type: none"> • Macroeconomics policies for youth employment • Fostering context favourable for sustainable enterprises, in order to build bridges between training and the world of work • Quality learning programmes based on social dialogue • Developing entrepreneurial initiative of young people
Creating and extending social protection floors	<ul style="list-style-type: none"> • Design and implementation of social protection floors based on social dialogue • Coordination of social and economic policies for reducing vulnerability and promotion of formal and decent work • Sustainability of social protection in the framework of adequate fiscal policies, through encouraging skills training, employability, entrepreneurial spirit, sustainable enterprises and economic analysis
Productivity and working conditions in SMEs	<ul style="list-style-type: none"> • Legal context • Improving skills • Working conditions, emphasizing health and safety • Social protection • Formalization of SMEs

Area	Key aspects
Decent work in the rural economy	<ul style="list-style-type: none"> • Improved productivity of small farms, particularly cooperatives • Creation and implementation of non-agricultural businesses • Investment in employment-intensive infrastructures • Extension of social protection systems to smallholders and micro-businesses • Supporting measures to address conditions of rural wage workers, ensuring compliance with relevant international labour standards
Formalization of the informal economy	<ul style="list-style-type: none"> • Promoting factors that encourage the transition to the formal economy, focusing on micro- and small enterprises in certain sectors, and categories of workers with informal employment conditions • Promotion of adequate business, employment, labour and social policies • Support for drafting and enacting laws and regulations to motivate formalization • Strengthening the capacity of employers' and workers' organizations to reach the informal sector and promote the transition to the formal economy
Strengthening workplace compliance through labour inspection	<ul style="list-style-type: none"> • Promoting mechanisms for improving collaboration between employers and workers to comply with standards • Reinforcing labour inspection and administration functions for compliance and prevention • Building capacity of public departments in charge of ensuring compliance and social partners • Support for drafting labour legislation and effective dispute resolution mechanisms • Promotion of public-private partnerships • Innovative and complementary approaches to workplace compliance, including in the informal economy
Protection of workers from unacceptable forms of work	<ul style="list-style-type: none"> • Priority attention for most vulnerable categories of workers, based on national context • Correcting gaps in protection and reinforcing capacities for resolving them • Promotion and application of international labour standards

Source: Programme and Budget Proposals for 2014-2015, presented by the Director General to the 317th Meeting of the Governing Body, Geneva, January 28, 2013, pp. 19 and 20 (GB.317/PFA/1).

Naturally, these areas of critical importance must be seen as a guide to define and adjust the regional priorities defined in 2012 for the rest of 2013 and the next bi-annual period (Graph 1).

At first view, there is a clear **alignment** between four of the areas with regional priorities: 1) employment promotion and skills development as a core element of decent work for youth; 2) the establishment and extension of social protection floors; 3) increased productivity and better working conditions as keys to sustainable enterprises, especially for small and medium businesses; and 4) the reinforcement of inspection mechanisms as a key factor for strengthening labour administration, with the aim of ensuring compliance of standards in the workplace.

In these areas there will be a better integration between the regional and global teams. Activities worldwide and in Latin America and the Caribbean should be complement and enrich each other.

Two of the areas of critical importance – the generation of more and better employment for inclusive growth and the protection of workers from unacceptable forms of work – constitute an unavoidable **orientation** for the work of the Office in Latin America and the Caribbean. Both areas complement each other and summarize the concept of decent work.

The core issues of these areas are contemplated in various regional priorities, especially those concerning inequality, poverty and gender. In fact, as explained in the previous section, the region is making progress with the analysis of the impact of employment policies on gender equality and on promoting Convention 189 on domestic work, among other issues. The region will present these advances to the global working parties set up for these thematic areas and will benefit from the experience of other regions for identifying policies geared to creating quality employment and the protection of workers from exploitation.

Finally, the last two areas of critical importance provide the region with a key to **furthering** strategies in the seven priorities defined for Latin America and the Caribbean and eventually, for defining specific additional priorities.

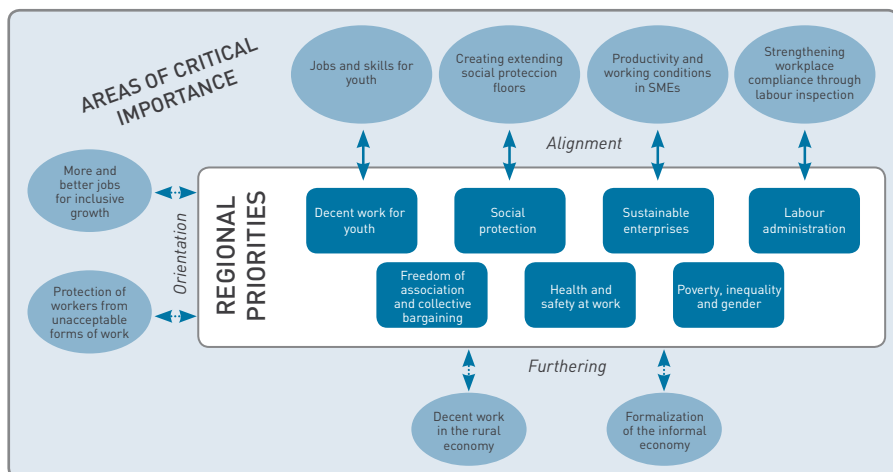
To address decent work in the rural economy, the ILO is pooling efforts with the FAO and ECLAC to conduct an in-depth study of the labour market and

poverty in this sector. While the rural population has diminished over the last ten years and represents about 20 percent of the total, it is in this sector that poverty rates are higher, and hence it requires special attention.

The formalization of the informal economy is one of the most characteristic aspects of the world of work in Latin America and the Caribbean. Informality has a variety of off-shoots, linked to the development of sustainable enterprises (productivity, competitiveness), to social protection (exclusion) and workers' rights. Informality is the way in which inequality is reproduced via the labour market, since millions of people are left without rights or protection. Hence specific policies are needed to contribute in the short and medium term to reduce informality, create more opportunities for quality employment and foster respect for fundamental rights at work.

The region will review the priorities and thematic groups, fitting them into the areas of critical importance before the end of 2013, with the aim of improving the alignment between the ILO's regional and global priorities. The next sections outline a sketch of this, linked to the need to focus more clearly on the transition from the informal to the formal economy, as a policy articulation subject.

Graph 1. Link between regional priorities and the areas of critical importance



2.2 The formalization of the informal sector as an articulating strategy

The reduction of the informal sector continues to be one of the region's major challenges. In recent years, the good performance of the economies of Latin America and the Caribbean translated into a sustained reduction of the unemployment rates. The results have been less positive however for the indicators that show the persistence of a large informal economy in the region: as stated in the 2012 *Labour Overview*, the proportion of self-employed workers and auxiliary workers in total urban employment only fell by 2.6 percent between 2000 and 2011 and almost 40 percent of the occupied population in that last year had no access to social protection (health and/or pensions). Many of the region's enterprises, especially the smaller ones, do not have enough capacity to comply with taxation, registration or labour standards, which requires advocacy activities or specific interventions at macro, meso and micro-economic levels. Business informality also slows the growth and undermines the strength of businesses in the formal economy.

This theme is included as a specific policy of the ILO's 2006-2015 Hemispheric Agenda,¹⁴ which establishes the need to eliminate the main legal and administrative factors that cause the informal economy in the region. This is a complex task, as the "informal economy" is dynamic, diverse and difficult to see in its entirety with the indicators generally used in surveys and censuses. It includes productive units that have no recognized legal or economic identity, usually small scale, with low productivity and revenue, and the jobs – in "formal" or "informal" businesses, independent or self-employed – have no access to the protection established in social and labour legislation. The informal economy thus includes a very significant number of workers, men and women with very varied characteristics but with one thing in common: they are highly vulnerable and weak in the face of external or personal crises.¹⁵

There is a clear correlation between informality and inequality in the region. If Latin America and the Caribbean continues to be the world's most unequal region, this is due to a great extent to the fact that almost half of the working

14 International Labour Office (2006). *Decent work in the Americas: A Hemispheric Agenda 2006-2015*. Report of the Director General to the XVI American Regional Meeting. ILO, Geneva.

15 International Labour Conference – 90th Session, 2002 – Report VI – Decent work and the informal economy – Sixth item on the agenda – International Labour Office, Geneva.

population is in the informal economy, which reduces their capacity to generate income and savings, perpetuating cycles of poverty. There is also in the informal economy greater exposure to accidents and work-related diseases, a higher rate of child labour and of age, sex and ethnic discrimination. These negative consequences of the informal sector accentuate the unequal distribution of income and the enjoyment of fundamental rights. Hence, formalization initiatives, including increased productivity in small businesses, the protection of workers' labour rights and the extension of protection, are a means to reduce inequality.

The phenomenon of informality is caused by many inter-related factor, which makes it especially hard to address. The uneven structure of the region's economies, in which modern, high- productivity and backward sectors co-exist, normally in the informal economy, are reproduced in the labour market, which is also segmented, and in which the modern sector produces fewer jobs. Another cause of informality is that government regulation systems for formalization are complex and expensive (for productive units and jobs), which leads individuals and businesses to decide to stay outside the formal system. Some legal provisions impede trade associations to be formed by micro and small businesses and the unionization of workers in such productive units, which affects their capacity to defend their rights and access forms of promotion and protection. Both perspectives can, in many of the region's countries, lead to a "culture" of informality that must be overcome. With regard to social protection, despite major progress in recent years, it is clear that current systems still face fiscal and practical constraints for reaching the whole population in the region.

From the above, it can be deduced that the strategy for advancing with the formalization of the region's economies must be comprehensive, combining promotion and protection measures, attacking the causes of the problem and palliating some of its most negative consequences. This strategy must be based on social dialogue and the active and constructive participation of employers' and workers' organizations. It must also consider gender specificities in all its activities, since the phenomenon is different for men and women, and must especially address the young population. Finally, it must be based on generating information about relevant and effective policies which have been tried out in recent years and in an exchange between the region's countries, many of which have some very valuable experience to share.

For its work programme in Latin America and the Caribbean, the ILO will articulate different strategic perspective to advance, from a multi-agency and multi-dimensional perspective, towards the promotion of formalization. Table 3 has some examples of future perspectives and guidelines that may be used in the work plans for 2014.

Table 3. Guidelines for work plans in priority areas

Cross-cutting elements: social dialogue, strengthening of workers' and employers' organizations to tackle the issue in a comprehensive manner; gender approach in all components and activities of the strategy; sectoral approach; knowledge generation and management	Priority	Elements of a formalization strategy
	Sustainable enterprises	<ul style="list-style-type: none"> • Promotion of an enabling environment for the development of sustainable enterprises, with public policies and incentive measures to reduce the cost, simplify administrative procedures and increase the benefits of formalization, in a framework that guarantees labour and property rights. • Development of support structures and services for micro, small and medium enterprises and cooperatives, including financing, with a local and sector perspective. • Strengthening the articulation between productive units in the informal economy with more modern businesses in value chains. Focus on key sectors, development promoters, like agro industry, mining, construction and trade. • Encouraging a business culture for decent, registered and protected work. • Training social partners, employers and workers, facilitating the transition to formality.
	Freedom of association and collective bargaining	<ul style="list-style-type: none"> • Analyses of legal and practical barriers to the creation of unions and employers' organizations in the informal economy; development of proposals for overcoming barriers. • Technical assistance for organizing informal economy workers and employers, with a focus on the smallest productive units and self-employed workers, in order to move towards formalization and respect for fundamental rights at work.
	Labour administration	<ul style="list-style-type: none"> • Promoting the extension of application of labour legislation or specific regulation, increasing the reach of labour administration, especially labour inspection, to the informal economy. • Strengthening labour inspection services to reach the sector and reduce non-registered labour. Developing statistical and information tools for guiding focalization of labour inspection.
	Social protection	<ul style="list-style-type: none"> • Developing inclusive social protection floors, that ensure those workers in small productive units and the self-employed contribute to their formalization and avoid incentives to remain in the informal economy

Cross-cutting elements: social dialogue, strengthening of workers' and employers' organizations to tackle the issue in a comprehensive manner; gender approach in all components and activities of the strategy; sectoral approach; knowledge generation and management	Priority	Elements of a formalization strategy
	Occupational safety and health	<ul style="list-style-type: none"> • Constructing information systems about accidents and diseases in the informal economy to help design policy measures for this context. • Developing health and safety systems for smaller businesses, combined with mechanisms that encourage productivity, income and the labour environment. • Information, communication and education campaigns to improve prevention.
	Decent work for youth	<ul style="list-style-type: none"> • Implementing programmes or specific measures geared to young people in the informal economy in youth employment promotion plans, with incentives for formalization. • Implementing youth entrepreneurship programmes to promote business ideas integrated in the formal economy. • Extending training and skills development schemes for youth in the informal economy.
Inequality, poverty and gender	<ul style="list-style-type: none"> • Developing measures and policies to address the specific needs of women in the informal economy. • Promoting formalization in domestic workers and among vulnerable populations (indigenous peoples, rural workers). • Situation analysis and policy measures to address the problem of child labour in the informal economy, especially in the context of family businesses and domestic work. 	

2.3 FORLAC: Regional Programme for the Promotion of Formalization

The ILO has a long tradition and presence in the region and in the world in the issue of informality. It is not only the reference organization for statistics and concepts on the subject; it is also the entity which governments and social partners approach for opinions and suggestions for formalization. The ILO must keep up this presence in Latin America and the Caribbean since formalization policies necessarily require tripartite dialogue if they are to be effective and sustainable.

The Regional Programme for the Promotion of Formalization in Latin America and the Caribbean (FORLAC) that the ILO will implement as from the second half of 2013 is aimed to contribute to the development and consolidation

of formalization processes in the region. It is organized around three main themes:

- The generation and dissemination of information and the analysis of informality and especially of the policy options for formalization. This theme aims to fill gaps in three dimensions:
 - ◆ Labour formalization statistics and indicators. The ILO will also conduct statistical analyses to determine why some businesses stay informal, evaluations of the environment for sustainable enterprises in selected countries¹⁶ and the data bank on the informal economy workers' organizations in the region.
 - ◆ Experiences and good practices in formalization.
 - ◆ Information about the impact of legislation or public interventions (including special systems, laws that regulate the labour legislation that governs outsourcing and the effects of union self-reform).

- Pilot formalization interventions in specific sectors, complemented by technical assistance for tripartite constituents who are applying formalization programs. The sectors selected are those with lower levels of formality, such as the micro and small businesses; labour-intensive, low-productivity economic sectors such as trade, construction, tourism and agriculture; and groups with a high rate of informality such as self-employed workers, domestic workers and rural workers. In all cases the ILO will try to establish sector-or territory- specific pacts with social partners and government to give sustainability to the formalization efforts. In these pilot and technical assistance projects the ILO will work to promote the drivers of formalization:
 - ◆ Increased productivity (including advocacy and awareness-raising at macro level, and specific interventions at meso-and micro-economic level)
 - ◆ Social dialogue over existing laws.
 - ◆ Improved government capacity (inspection) to comply with legislation.

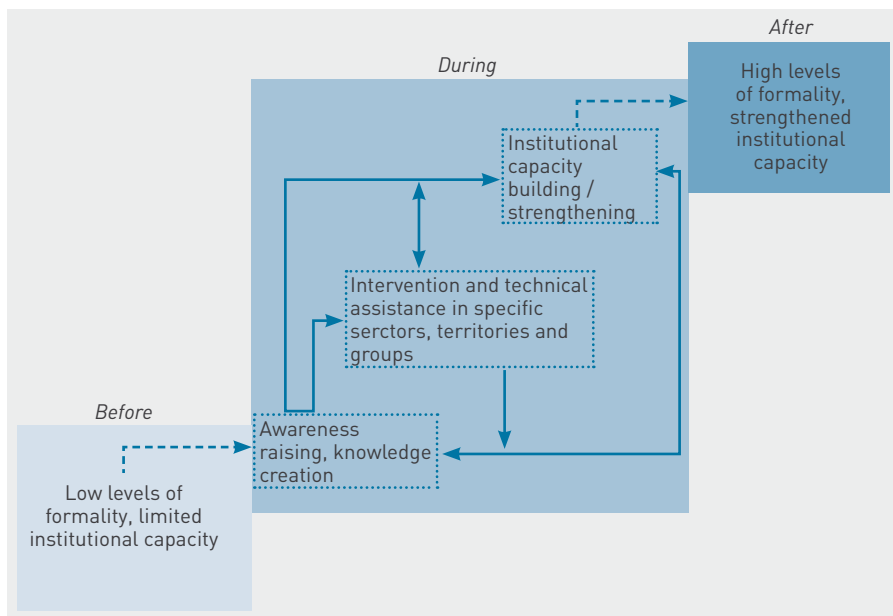
- Building/strengthening institutional capacities for promoting formalization processes, with the aim of raising the awareness of social partners

¹⁶ For advances in promotion of sustainable enterprises, see section 1.2.2 of this document.

and at the same time, creating home-grown capacities based on the stock of information about formalization.

Graph 2 shows the flow and relationship between the three components. The programme combines the generation of information with the practical application of projects and technical assistance in specific sectors and groups of workers, as well as the building or strengthening of institutional capacities for promoting formalization, including workers' and employers' organizations in the informal economy. All these stages are interconnected. On project completion, the ILO hopes to have achieved higher levels of formality and at the same time a greater institutional capacity in this subject in the participating countries.

Graph 2. FORLAC programme rationale



The ILO is a tripartite entity and hence is in a privileged position to tackle a problem as complex as informality. The RESOLUTION on decent work and the informal economy adopted by the 2002 International Labour Conference pointed to the needs of workers and economic units in the informal economy, insisting on the necessity of a comprehensive focus from the decent work perspective. The Resolution on fundamental principles and rights at work adopted in June, 2012 by the Conference indicates that the ILO must facilitate workers' access to their rights, considering that most of the violations affect adults and children in the informal economy. The ILO has implemented mechanisms to compile and share the results of good practices and policies worldwide, in order to improve the "know-how" and the "show-how" for promoting formalization.

In all its efforts and in particular in those for formalization, the ILO will have the active participation of government institutions in the region (especially the Labour Ministries, but also other government departments like Finance or Foreign Trade, in addition to the tax authorities) workers' and employers' organizations. Social dialogue is at the core of the formalization strategy, and hence the involvement of ILO constituents is essential to its success.

Additionally, especially for generating and disseminating information, it will involve working with research centres, universities, teams of specialists in the subject in the Trade Union Confederation of the Americas and the International Organization of Employers, as well as think tanks in the region which are interested in the subject. The aim is to build a "community of practice" that acts as a network that can generate important information and foster its use for defining policies and practical measures for formalization.

The ILO will also promote the inclusion of the theme on the working agendas of other United Nations System agencies, in particular in the framework of the Initiative for Establishing Social Protection Floors that the ILO leads in the region together with the Pan-American Health Organization. It will seek strategic alliances with international financial institutions, especially the Inter-American Development Bank (IADB), as this is one of the central issues in the Memorandum of Understanding signed by the IADB and the ILO in April, 2013.

The programme will take five years, from June, 2013 to June, 2018. It will be implemented by the ILO Regional Office for Latin America and the Caribbean

in collaboration with all the decent work teams and offices in the region, the technical departments at headquarters, ACTRAV and ACT/EMP. The approximate cost of the programme is US\$11.3 million, of which US\$6.3 million correspond to resources from the ILO regular budget (already or about to be committed) and to technical cooperation projects in course or at an advanced negotiation stage. The ILO expects to set up a cooperation network between the governments of the countries in the region, possible donors, multilateral institutions and employers' and workers' organizations to procure enough funding and generate a profound and lasting impact.

You can find updated information, news, publications, documents and statistics on the world of work in Latin America and the Caribbean at www.ilo.org/Americas.

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