



International  
Labour  
Organization

# 18th American Regional Meeting

Lima, Peru

13-16 October 2014

Panel

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## TECHNICAL NOTES FOR THE DIALOGUES

### **Sustainable development through decent work, productivity and social inclusion**



TUE 14 OCT  
4:30 PM

## 1. Public policy and decent work

A macroeconomic framework favourable to decent, full and productive, freely-chosen work and to the development of sustainable enterprises will provide the foundations for growth with social inclusion. Sustainable development also requires comprehensive policies that promote the rule of law to guarantee the application of international labour standards as well as the good governance of institutions.

Investing in the creation of decent jobs is crucial for reducing inequality and precarious employment in the region.

Sustaining and building on the economic, social and employment achievements of the past decade require countries of Latin America and the Caribbean to identify drivers of economic growth in the current less favourable, uncertain international context to promote increased added value, integration and productive employment. Over the past decade, the region reduced poverty and unemployment, but decent work deficits remain. These gaps are associated with informality, low productivity, discrimination and insufficient social protection.

To become a sustainable development strategy, public policies to promote growth should be coherent, coordinated and transparent. They should promote complementarity between the public and private sectors and enabling environments for sustainable enterprises that generate more and better jobs to facilitate inclusion and social mobility. These policies should contribute to revitalizing the domestic market while at the same time maintaining the necessary macroeconomic equilibriums and stimulating investment in labour-intensive sectors.

In the second recurring discussion on employment during the 103rd Session of the International Labour Conference (2014), participants defined the guiding

principles for achieving sustainable employment-centred development and urged countries to promote a broad framework of employment policies based on tripartite consultations. This framework should include macroeconomic, trade, industrial and tax policies, as well as those of infrastructure, productive sectors, entrepreneurship, education and the labour market. Moreover, countries should consider measures to address long-term unemployment, labour migration, inter-institutional coordination and coherence, as well as comprehensive activation strategies to facilitate young people's school-to-work transition and the transition to formality. The policy framework should also consider the challenge of environmental sustainability and the new demographic context. It should be based on relevant, up-to-date labour market information systems and have effective monitoring and evaluation schemes (Provisional records of the 103rd Session of the International Labour Conference, Geneva, May-June 2014, No. 12, Rev.)

Moreover, it is essential to strengthen social and labour institutions, especially freedom of association and collective bargaining, labour inspection, promotion of wage-fixing mechanisms, protection of employment and income, expansion of social security coverage and safety and health at work. National employment policies designed and applied through tripartite consultation provide an indispensable framework for supporting decent work.

Public policies should take into account the relationship between the economic, environmental and social dimensions of sustainable development. A fair, ordered transition to a greener economy is crucial for their positive impact on the environment and the labour market, since this will enable the creation of more, higher quality jobs that facilitate social inclusion, both today and for future generations.



The ILO Regional Office for Latin America and the Caribbean prepared these technical notes for the purpose of contributing to the discussions of the American Regional Meeting. The contents are the responsibility of the Office and do not necessarily reflect the concerted position of the constituents of the Organization.



## Discussion questions

Have the economic policies implemented in recent years reached their limit in terms of the generation of greater social inclusion and decent work? What policy framework is needed to reactivate growth and encourage social inclusion while at the same time generating a fair, efficient labour market that promotes decent work?

How can public and private investment generate decent work, productive employment and well-being in the different sectors?

How can socio-labour policies be better integrated with economic policies to facilitate a structural change strengthening sectors and enterprises that generate quality, formal, more productive employment?

What are the economic sectors with the greatest potential to advance the adoption of environmentally-responsible practices and create green jobs? What policy framework can be designed to advance with the fair transition toward a greener economy and to promote sustainable enterprises in these areas?<sup>1</sup>

<sup>1</sup> The ILO's report on sustainable development, decent work and green jobs states that the adoption of policies and practices for sustainable development create challenges due to the necessary economic restructuring; climate change and threat to jobs and livelihoods; and adverse income distribution effects originating from energy poverty. A fair transition toward a greener economy, low in CO2 emissions, should address these challenges in an effort to strengthen decent work and social inclusion, adapted to national conditions. ILO: Sustainable development, decent work and green jobs. Report V, International Labour Office, Geneva, 2012.



## Relevant data and facts

### Economic and environmental situation

► Average **growth** in the region between 2004 and 2013 was 4.1%, driven mainly by external demand and a favourable international context. Currently, the region is experiencing a slowdown: growth estimates for 2014 and 2015 are 2.2% and less than 3%, respectively, below the estimates for the global economy (3.6% and 3.9%) and considerably lower than those of emerging and developing economies of Asia (6.7% and 6.8%) and Sub-Saharan Africa (5.4% and 5.5%).

IMF: World Economic Outlook. Recovery Strengthens, Remains Uneven. Washington DC: IMF, April 2014. ECLAC: Economic Survey of Latin America and the Caribbean 2014. Santiago: ECLAC, August 2014.

► In 2013, **gross investment** (public and private) as a share of GDP of the region remained at 21% (as in previous years), whereas in some emerging countries of Asia, such as China and India, this rate fluctuated between 35% and 50%.

ECLAC: Economic Survey of Latin America and the Caribbean 2013. Santiago: ECLAC, 2013.

► The available **fiscal space** in the countries of the region has declined: national government income as a share of GDP fell from 19.8% in 2008 to

19.2% in 2012, whereas total public spending as a share of GDP rose from 20.7% in 2008 to 21.6% in 2012. Fiscal income in Latin America and the Caribbean increased by 0.7% in 2013, mainly due to the favourable growth in countries that export hydrocarbons and the increased income tax revenue in some Central American countries.

ECLAC: Fiscal Panorama of Latin America and the Caribbean. Santiago: ECLAC, 2014.

► Currently, external demand for the region's export commodities has declined, which led to a reduction of more than 6% in export revenue between 2011 and 2012. This trend is expected to continue as a result of the decrease in prices of key export commodities: metal prices will fall by an estimated 6% and oil by an estimated 17% between 2013 and 2019.

Data from CEPALSTAT and the IMF: World Economic Outlook. Recovery Strengthens, Remains Uneven. Washington DC: IMF, April 2014.

► In recent decades, the **composition of GDP in Latin America and the Caribbean** has shifted, with

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an increase in the services sector, particularly in transportation, storage and communication, financial intermediation and real estate activities and business services. The share of agricultural activities declined from 5.3% of GDP in 1990 to 4.8% in 2010. Mining as a share of GDP fell from 6.5% in 1990 to 5.6% in 2012 (in the Caribbean, this sector increased from 10% to 19.3% of GDP during the same period). A decrease was also observed in the manufacturing sector, from 17% to 14% between 1990 and 2012.

Data from CEPALSTAT and ECLAC: *Compacts for Equality: Towards a Sustainable Future*. Santiago: ECLAC, 2014.

▶ The primary sector plays a leading role in the **composition of exports**. The participation of Latin America and the Caribbean in the global economy is based on a limited number of export commodities: just 10 commodities –especially oil, iron, gold, copper and soy – account for 37% of exports in the region

Data from CEPALSTAT.

▶ **Foreign direct investment (FDI)** in Latin America and the Caribbean reached a record high of US\$ 174.6 billion in 2012 (equivalent to 3% of GDP), although it declined in 2013 due to international financial volatility. Brazil had the largest share of FDI in the region (38%). Although it varies by country, FDI is mainly in the services sector (44%), followed by manufacturing (30%) and natural resources (26%). It is estimated that each US\$1 million in FDI directly creates three jobs, with considerable variation by sector (seven jobs in trade and construction, three in manufacturing and services and .5 in mining activities, including oil production).

ECLAC: *Direct Foreign Investment in Latin America and the Caribbean*. Santiago: ECLAC, 2012.

▶ There is growing concern about **inflation** in the region, although the situation varies by country. Despite an overall downward trend since 2011, moderate increases were recorded in Central America, Mexico and Brazil (due to rising food prices). Argentina and the Bolivarian Republic of Venezuela continue to have double-digit inflation. Monetary policy concerns in the region are the result of rising inflation amid slowing economic growth and increased exchange-rate volatility.

ECLAC: *The Current International Context and its Macroeconomic Repercussions for Latin America and the Caribbean*. Santiago: ECLAC, 2013.

▶ Latin America and the Caribbean is an **environmentally rich** region, with enormous biodiversity and availability of water per capita. However, environmental degradation is evident: although the Caribbean is in the process of reforestation, the region is responsible for 68.5% of global deforestation since 1990. The region's carbon dioxide emissions nearly doubled between 1995 and 2010.

ECLAC: *Compacts for Equality: Towards a Sustainable Future*. Santiago: ECLAC, 2014.

UNEP: *Environmental Perspectives: Latin America and the Caribbean*. Panama: United Nations Environmental Programme GEO-ALC 3, 2010.

▶ **Labour productivity** in Latin America practically stagnated between 1990 and 2002 at approximately US\$ 21,000 (in US\$ of 2005). Productivity increased by an average of 1.6% annually between 2003 and 2012 and is expected to rise annually by an average of 1.8% until 2018 (reaching US\$ 26,000). Despite these increases, productivity levels and growth rates are low compared with other emerging and developing regions.

Data from CEPALSTAT and ECLAC: *Compacts for Equality: Towards a Sustainable Future*. Santiago: ECLAC, 2014.

▶ The region's **productive structure** is characterized by large productivity gaps between sectors and enterprises that have limited linkages. The majority of the production units generating most of the employment lack technological and innovation capacity. At the end of the first decade of this century, the most productive segment had a productivity level 28 times higher than that of the least productive segment, whereas in the 1960s this figure was 20, indicating a growing gap. There is also an important deficit in infrastructure, both in physical terms and connectivity, which limits productive convergence. In 2007, high-productivity sectors generated 62% of GDP but just 12.2% of employment whereas low-productivity sectors generated 9.5% of GDP and 52% of employment.

Infante, R.: *El desarrollo inclusivo en América Latina y el Caribe*. CEPAL, Santiago de Chile, 2011.

## Social and labour market situation<sup>2</sup>

► Growth in the period 2004-2012 was accompanied by a decline in **poverty** (from 39.7% to 28.2% of the population) and **extreme poverty** (from 15.4% to 11.3%). This has expanded the middle class, from 22% to 34% of the population of the region between 2000 and 2012.

Data from CEPALSTAT and the World Bank: <http://www.worldbank.org/region/lac/overview>.

► In recent decades, **education indicators** have improved significantly, especially in growth of enrolment in primary education (from 76% in 1970 to 92% in 2012), secondary education (from 61% in 1980 to 88% in 2012) and tertiary education (from 17% in 1990 to 43% in 2012). Average years of schooling of the population aged 15 years and over also rose, from 7.7 in 1997 to 9 in 2012, although a significant gap remains between urban (10.1 years) and rural (6.2 years) areas. These indicators are above the world average but below that of developed countries.

UNESCO: Online database of Unesco's Institute for Statistics (UIS.Stat), Available at: <http://data.uis.unesco.org/>.

► **Urban unemployment** fell to a historic low of 6.2% in 2013, compared with 11.1% in 2003. Unemployment rates are higher among women and especially among youth, whose rate triples that of adults.

ECLAC-ILO: *The employment situation in Latin America and the Caribbean. Conditional transfer programmes and the labour market*. Santiago: May 2014.

► According to forecasts, **job creation** in the region over the next five years will occur mainly in the services sector (63%), followed by manufacturing (22%). Employment in the agricultural sector is expected to decline, from 15.5% in 2013 to 14% in 2018. Wage and salaried employment (workers and employers) will continue to predominate in the region, representing 64% of total employment. Whereas reductions in vulnerable employment have

been observed since 2002, this rate is expected to remain unchanged at 31%.

ILO: Global Employment Trends 2013. Recovering from a Second Jobs Dip. Geneva: ILO, 2013.

► Latin America and the Caribbean continues to be the most **unequal region in the world** although the Gini coefficient decreased by an average of 0.55 to 0.50 between 2002 and 2012, mainly due to the transfer of resources to the neediest families (in the framework of social programmes) and to the rise in labour income (wage growth, especially for lower-income workers). This last factor explains nearly half of the decline in total inequality in the region.

Data from CEPALSTAT and Lustig, N.; López Calva, L. and Ortiz Juárez, E.: Deconstructing the Decline in Inequality in Latin America; UNDP –Regional Office for Latin America and the Caribbean; Research Paper ID-01-2013.

► With respect to **education quality**, results of standardized testing generally place the countries of the region at the lower end of the ranking. For example, in the 2012 PISA exams, the average for the eight participating countries of the region was 397 in mathematics (compared with an average of 494 for OECD countries), 414 in reading comprehension (versus 496) and 411 in sciences (versus 501).

OECD: PISA 2012 Results in Focus. What 15-year-olds know and what they can do with what they know. 2013.

► The percentage of **working poor** steadily declined between 2002 and 2013, affecting 7.4% of workers (who earn up to US\$2 daily) in 2013. This downward trend in the relative and absolute numbers of working poor is expected to continue until 2017.

ILO: Global Employment Trends 2013. Recovering from a Second Jobs Dip. Geneva: ILO, 2013.

<sup>2</sup> The Technical Note for Panel 2 offers further information on the situation of informal employment and social protection coverage, as well as on the situation of youth in the region. For more information on social indicators from a multi-dimensional approach to poverty, see ECLAC: *Social Panorama of Latin America*. Santiago: ECLAC: 2013.

## 2. Freedom of association and collective bargaining. Fundamental principles and rights at work

Democratic governance, which is necessary for social, economic and environmental development, is directly associated with respect for fundamental rights at work, particularly freedom of association and collective bargaining. Even in countries of the region that have recorded progress in the application of international labour standards, pending challenges are numerous and require immediate action. Precarious and informal employment limit the exercise of freedom of association and diminish compliance with fundamental rights at work.

Fundamental principles and rights at work apply both to workers and employers in all areas of the economy. Member States should guarantee that these principles

and the associated fundamental conventions are upheld for all workers and employers, with an emphasis on freedom of association and collective bargaining.

The countries of Latin America and the Caribbean can implement legislative innovations to favour the exercise of freedom of association and collective bargaining while developing the tools to ensure the proper application of the laws. These include the development of conflict-resolution mechanisms and the strengthening of the capacity for labour inspection. Additionally, countries should raise awareness of actors and eliminate barriers that impede the full, responsible exercise of those rights.



### Discussion questions

What actions are needed to eliminate barriers to the exercise of fundamental principles and rights at work in the region, especially freedom of association and collective bargaining?

What practices could labour inspectorates implement, both in the formal and informal economies, to improve the effectiveness of monitoring efforts with respect to fundamental principles and rights at work?

What national mechanisms can be established to make efforts to resolve labour conflicts more effective?



### Relevant data and facts

► The 2008 **Declaration on Social Justice for a Fair Globalization** emphasizes the importance of the ILO's standard-setting role given its relevance to the world of work. This declaration builds on the ILO **Declaration on Fundamental Principles and Rights at Work**, 1998, which defines eight ILO conventions as fundamental.

► There are numerous violations of the rights of **freedom of association and collective bargaining** in the region. Currently, 1,676 cases filed with the ILO Committee on Freedom of Association are from countries of Latin America and the Caribbean (compared with 639 from Europe, 376 from

Africa and 334 from Asia). In recent years, ILO governing bodies have recorded a rising number of complaints, both from workers and employers, for acts of discrimination and anti-union interference.

NORMLEX, ILO database, consulted on 25 September 2014.

► The region has made notable progress in eliminating **child labour**: between 2008 and 2012, the number of children who work fell by 1.6 million. Nevertheless, in that year, 9.6 million children and adolescents continued to work in dangerous jobs. With respect to forced labour, ILO estimates (2012) indicate that some 1.8 million people were



engaged in **forced labour** in Latin America and the Caribbean (11.7 million in the Asia and Pacific Region, 3.7 million in Africa, and 1.5 million in developed economies and the European Union). Recent advances have also been made in reducing discrimination, as reflected in the increase in the labour participation rate of women (which reached 50% in 2013) and the slow but steady reduction in the wage gap. Nevertheless, challenges remain in the promotion of gender equality in the labour market given that women have higher rates of unemployment and underemployment than men. Additionally, women's remunerations overall are below those of men.

ILO: Marking Progress against Child Labour. Global Estimates and Trends, 2000-2012. Geneva: International Programme on the Elimination of Child Labour, ILO, 2012.

ILO: Global Estimate on Forced Labour. Results and Methodology. Geneva: ILO, 2012.

► The Americas region has a 94.3% ratification rate of the eight fundamental conventions, surpassed only by Africa (97.7%) and Europe (99.8%), but above that of the Arab States (79.5%) and the Asia and Pacific Region (71.3%). Of the 35 ILO Member States in the region, 28 (80%) have ratified all the fundamental conventions. Considering only Latin America and the Caribbean, the ratification rate is 97%.

NORMLEX, ILO database, consulted on 25 September 2014.

► Several countries of the region have legislation that places quantitative and qualitative restrictions on **freedom of association and collective bargaining**.

ILO-FSAL: "Legal restrictions to freedom of association and collective bargaining in Latin America and the Caribbean." In CSA-GTAS: Process of Trade Union Self-Reform in the Americas: Advances of the Working Group on Trade Union Self-Reform in 2011 -2012. Sao Paulo: CSA, ILO, 2012.

► Some countries of the region are advancing in the creation of entities for the **prevention and resolution of conflicts associated with the application of the fundamental conventions**, particularly those concerning freedom of association and collective bargaining, in both the private and public sectors. The ILO is supporting the dissemination of the study of these positive experiences in the region and other parts of the world.

► The ILO's Bureau for Workers' Activities (**ACTRAV**) has contributed to improving information on fundamental principles and rights at work through databases on complaints of violation of freedom of association (QVILIS) and on the supervisory system of the international labour standards, as well as through the development of studies, handbooks and guides on the subject and training activities for workers (for example, the "Manual on the protection of the right to organize" or the modules on standards and trade union organization of the "Decent Work Cubed" training package). It has also supported the Continental Campaign of the Trade Union Confederation of the Americas (TUCA) in the areas of freedom of association, collective bargaining and trade union self-reform. Additionally, ACTRAV has provided training on the rights of indigenous peoples, collective bargaining in the public sector, decent work and the informal economy and child labour, vocational training in economic sectors, etc. One goal of the training was to improve social communication mechanisms and capabilities of trade unions. ACTRAV implements specific technical cooperation projects in countries of the region to promote freedom of association and collective bargaining. A special focus has been the promotion of collective bargaining in the public sector through exchanges, workshops and bipartite meetings, as well as through technical assistance and policy recommendations.

► The ILO's Bureau for Employers' Activities (**ACT/EMP**), in close collaboration with the International Employers' Organization (IEO), has published a manual and a toolkit for employers on activities associated with international labour standards. It has also published studies on legal issues and experiences related to the ILO's standard-setting system and oversight mechanisms. Additionally, together with other departments, ACT/EMP has published manuals on forced labour and child labour, an area where it has also identified successful enterprise practices and promoted campaigns and agreements. In terms of activities to strengthen ACT/EMP employers' organizations, training and assistance has focused on freedom of association, unionization of enterprises and collective bargaining, as well as training workshops on supervisory mechanisms for the application of ILO standards.

### 3. Enabling environments for sustainable enterprises with decent work

The strategy of growth with decent work should include public policies with the promotion of an enabling environment for sustainable enterprises as a key goal, with an emphasis on micro, small and medium-sized enterprises. This should take into account the impact of the demographic transition in the labour market, training needs resulting from new production processes, the development of information and communication technologies and environmental sustainability.

This requires governments and social partners of the region to implement activities associated with the conclusions concerning the promotion of sustain-

able enterprises of the 2007 International Labour Conference. The conclusions establish 17 pillars of economic, social, political-institutional and environmental factors for generating an enabling environment for sustainable enterprises, describe the roles of the government and social partners and indicate enterprise-level responsible, sustainable practices.

Macroeconomic policies centred on formal, productive employment in an enabling environment for sustainable enterprises are essential for facilitating the transition to a formal economy, with due protection of the rights of employers and workers.



#### Discussion questions

What priority public actions are needed to generate an enabling environment to strengthen sustainable enterprises in the region?

How can micro, small and medium-sized enterprises in the region be incorporated into value chains to improve their sustainability and capacity to create decent jobs?

How can employers' and workers' organizations contribute to a more enabling environment for sustainable enterprises?



#### Relevant data and facts

► Most **production units** in the region are micro and small enterprises. Of the 11 million enterprises with workers in the region, 77% (8.5 million) have a maximum of five workers and 23% (2.5 million) have six or more workers.

Data from the ILO's Labour Information System for Latin America and the Caribbean (SIALC), 2011.

► In Latin America and the Caribbean, most **employment** is own-account or in small and medium-sized enterprises (86.5%). In the countries of the European Union, this figure is 67.1%. Own-account workers and those employed in micro, small and medium-sized enterprises have the highest rates of informality.

Pagés, C. (Ed): The Age of Productivity, Transforming Economies from the Bottom Up. Washington DC: Inter-American Development Bank, 2010.

► The Latin American and Caribbean region has more enterprises per capita (non-agricultural) than other regions of the world with similar economic development, including in the formal economy (with registered enterprises). Nevertheless, an important, persistent gap exists in terms of **innovation** between the region and comparable countries, which is reflected in investment in research and development and in patents, as well as in the introduction of new products and processes. This gap occurs in small and large

enterprises alike, even in the multinationals and the largest exporters.

Lederman, D., Messina, J., Pienknagura, S. and Rigolini, J.: Latin American Entrepreneurs. Many Firms but Little Innovation. Washington DC: International Bank for Reconstruction and Development/ World Bank, 2014.

▶ Most countries in the region have stagnated in the international rankings of **competitiveness**. According to data from 2013-2014, the average value of the 24 countries of Latin America and the Caribbean included in the Global Competitiveness Index was 3.97 (Chile had the highest score at 4.61; Haiti, the lowest at 3.11). This figure is only slightly higher than those of 2009-2010 (3.91) and 2006-2007 (3.92). From an international perspective, the 3.97 average is below the average of developing countries in Asia (4.13), the Middle East and Northern Africa (4.12) and Central and Eastern Europe (4.03).

World Economic Forum: Global Competitiveness Index.

▶ The loss of competitiveness is largely due to the **low levels of productivity and productivity growth** in the region. The improvement of these indicators requires strengthening institutions, the quality of infrastructure, the distribution of factors of production through increased competition, and crucially, a foundation of skills, technology and innovation. Promoting a culture of innovation is essential for achieving competitive, sustainable enterprises.

World Economic Forum: Global Competitiveness Report 2013-2014.

▶ With respect to the pillars for an **enabling environment for sustainable enterprises in the region**, advances and challenges include:

- ▶ In the **economic context**, advances include the macroeconomic stability, the promotion and protection of investments that generate formal employment and a climate of competition, whereas deficiencies exist in terms of property rights, compliance with contracts, information technologies, access to financing, infrastructure and regulations.
- ▶ In the **social context**, poverty reduction and the entrepreneurial potential of the region are positive elements, but inequality, exclusion and informality threaten enterprise sustainability.
- ▶ In the **political/institutional context**, there is political stability in democracy, but problems associated with legal and economic insecurity, compliance with international labour standards, the regulatory framework, corruption, citizen insecurity and violence.
- ▶ In the **environmental context**, the region is one of the richest on the planet in terms of natural resources and biodiversity, which has led to a large number of environmental protection policies and important institutions in this area. However, the economies of Latin America and the Caribbean continue to be overly dependent on their natural resources and face challenges related to deforestation, the loss of biodiversity, waste management and pollution.

ILO: The Challenge of Promoting Sustainable Enterprises in Latin America and the Caribbean: a Regional Comparative Analysis. Lima: ILO/ACTEMP, Regional Office for Latin America and the Caribbean, 2012.

## 4. Effective social dialogue

In addition to identifying necessary changes in the economic and social order to achieve productive, inclusive and sustainable development, it is important to ensure that the processes these transformations entail are based on effective social dialogue with the most representative organizations of employers and workers. This will foster their legitimacy, transparency, trust and mutual recognition. To this end, workers' and employers' organizations should be convened to participate in the change processes that will have an impact on the whole of society.

Social dialogue between democratic governments and strong, representative employers' and workers' organizations is essential for achieving legitimate, effective

and sustainable policies. This requires emphasizing the effective, responsible exercise of free enterprise and fundamental principles and rights at work, especially freedom of association and collective bargaining, as the basis for building trust between the parties, in keeping with ILO Convention 144, Tripartite Consultation (International Labour Standards), 1976.

The labour administration is responsible for defining the rules of the game to facilitate dialogue and create appropriate channels for conflict resolution. Its role of authority in the world of work must be recognized and strengthened to ensure the effective performance of its duties, as defined in Labour Administration Recommendation Number 158, (1978).



### Discussion questions

What are the main factors limiting the effectiveness of social dialogue in the region? How can these be addressed?

How can the involved parties help make social dialogue a useful, credible and effective tool for strengthening democratic governance?

What institutional mechanisms could be created or strengthened to foster the participation and representation of social partners in dialogue processes?



### Relevant data and facts

► Overall, interpersonal **trust** in the countries of Latin America is low, with an average of 22% and maximum percentages below 40% in all countries of the region.

Data from 2011 Latinobarómetro report.

► There are no statistics on the magnitude and scope of **social dialogue**. Dialogue in the region can take many forms, be tripartite or bipartite, and can take place at the level of the enterprise, sector, community or geographic area, or even by subject matter. The widespread perception in the region (with some exceptions) is that social dialogue is

relatively ineffective and has not favoured building trust among actors.

► Collective bargaining coverage varies, being very low overall but significant in some countries of the region. This is due to the barriers mentioned earlier, especially in systems that prioritize bargaining at the level of the enterprise. It is also negatively affected by the structure of the region's labour markets (highly informal) and the low rate of unionization. Nevertheless, collective bargaining can contribute to inclusive growth if governments play an active role in promoting it, in light of its voluntary nature. Trade unions and employers'



organizations should also be strengthened to improve bargaining results, with an emphasis on organizational renewal, promotion of membership and adaptation of strategies and structures to face the new challenges of a globalized world.

Hayter, S. (Ed.): *The Role of Collective Bargaining in the Global Economy. Negotiating for Social Justice.* Geneva, ILO / Edward Elgar Publisher, 2011.

► One function of the **labour administration** is to facilitate tripartite and bipartite dialogue. An unorganized world of work characterized by the

prevalence of the informal economy generates pockets of isolated or even hidden activity, exclusion and vulnerability. This affects labour inspection capabilities to prevent and punish non-compliance with labour law. Recent technological, economic, political and industry changes have modified the overall conditions in which the labour administration operates. This presents additional challenges in terms of adaptation, modernization and ongoing training.

## Notes

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