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**PROPOSAL FOR THE CONSTITUTION OF AN INTER-AMERICAN FUND FOR THE
PROMOTION OF DECENT LABOR**
Contextualization and Proposal

Presented by the Minister of Labor and Employment of Brazil

MINISTER OF LABOR AND EMPLOYMENT OF BRASIL MINISTERIAL CABINET

PROPOSAL FOR THE CONSTITUTION OF AN INTER-AMERICAN FUND FOR THE PROMOTION OF DECENT LABOR

CONTEXTUALIZATION

Economic opening and structural adjustment

- Since the middle of the eighties, Latin American and Caribe countries have opened their commercial restrictions meaning to redefine their insertion in global economy.
- Regional countries have added to the process of globalization, due to the promotion of commercial and financial overture and to investments, in order to encourage growth and diversify exportation.
- Countries have made use of a set of policies commended at the Washington Consensus (fiscal balance, inflation reduction, open market, state reform, etc.), thus promoting structural adjustment of their economies with a view to amend shortcomings and macroeconomic instabilities.
- Nevertheless, the social dimension aspects had not been included in the repertoire of reforms.
- Results obtained turned out as discouraging, considering economic growth and equity. In the 90's, the Latin American and Caribbean GIP achieved an average year increase of 3,3%, despite its great instability, altering from abundance to recession; on the other hand, the average year volume of exportations increased 8,4%.
- The dynamism verified in the exportations was not revealed in the economic trends: One shall not expect the opening of the economy to cause automatic economic growth through the increase of exportation. The development of competitive exporting capacity is, then, a must (high density exportation technology and high added value).
- Poverty indexes were kept unaltered in Latin America from 1980 to 1999 (from 34,7% to 35,3%), as a consequence of the distributive iniquity in the region.
- In the 90's, for each GIP raising point, poverty decreased in 0,12%. In the 80's, this relation was as of 0,88%. The overcoming of poverty is thus more closely related to the reduction of social inequality.

An Overview on Employment in Latin America and Caribe

- Distributive iniquity in Latin America and Caribe results, mostly, from the increasing precariousness of employment and working conditions: there has been an increase in regional unemployment, a tendency for informal work plus an increase of employment in the "services" segment. A decay of income level can also be verified.
- According to ILO data (Panorama Laboral – 2002) unemployment reached 9,2 of the work force in 2002, which equals to 17 million unemployed workers. This is almost double, comparing to the beginning of the 90's (5,6% in 1991).

- The majority of the job vacancies, in between 1990 and 2001, was created in the informal branch of the economy (two out of each three new vacancies). A raise in the terciarization of non-agricultural employment has been observed (96 out of each 100 job vacancies in the period). There has also been a reduction of social protection at work (43 out of 100 new employees, did not have access to social security services).
- Such labor market indicators are important factors for the explanation of the throwback observed in regional income distribution, which keeps being the most regressive data of its kind in the world.

The Latin American and Caribbean decent work deficit

- According to the ilo (panorama laboral – 2002) regional deficit of decent work increased from 49,5% workers in 1990, to 50,5% in 2002, which is equivalent to 93 million of urban workers with deficit of decent work in 2002. this data adds to 30 million more workers than 1990.
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- The proposal to change this tendency requires investments in policies and programs aimed at assuring unemployment decrease and the expansion of social protection coverage to workers, especially to the ones of low income.
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- The ILO estimates in more or less 5,7% of the gip the cost of the deficit of decent work in the region, what implies the yearly destination of a little over 1% of the gip for a period of 5 years to cover the deficit.
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- For a gip of around 1,9 trillion dollars, financing the regional deficit for decent work could correspond to the approximate amount of us\$ 107 billion. this would be equivalent to the annual storage of over us\$ 20 billion, during the period of 5 years.
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- Decent work deficit represents an important and common trait among countries of the american hemisphere. overcoming this deficit represents fundamental action to set forth any solidary policy in the hemisphere.

For Inclusive Globalization

- The Process Of Globalization Is A Reality To Be Cast, In A Way To Become More Inclusive.
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- It's Necessary To Change Its Up-To-Date Route With The Purpose To Built Reality Out Of The Hopes People Have For A World Of Equity, Increasing Opportunities For All And Benefiting The Poor And Excluded.
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- In Order To Be Inclusive, Globalization Shall Transform Economic Progress In Social Progress, To Enable The Construction Of Prosperous, Solidary And Equal Societies.
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- A Unique Globalization Shall Search For The Construction Of An Integrated Policy Frame Combining Economic, Social And Environmental Policies.
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- In Synthesis, Different Globalization Shall Pursue The Development Of The True Social And Labour Dimension Of Globalization, With A View To The Creation Of Decent Work, Taking To Equity In The Distribution Of Benefits Deriving From The Economic Progress And Facing The Fight Against The Deficit Of Decent Work As A Goal Of Governmental Policies.
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- Decent Work Promotion Constitutes Basic Condition For Sustainable Development In Regional Countries And For The Success Of The Hemispheric Economic Integration.

THE PROPOSAL

- Facing decent work deficit shall step on the use of strategies with focus on the promotion of worthy work in national, sub-regional and regional levels, under clear, shared and precise guidelines that lead to the creation of plans and programs designed for that purpose.
- It is also important to establish a monitoring and evaluation system of results obtained.
- An innovative and challenging proposal to the Inter-American Conference of Ministers of Labour (IACML) is to build an authentic “Inter-American Strategy for the Promotion of Decent Work”, through the establishment of pillars and guidelines as well as goals to direct and limit the elaboration process of National and Sub-Regional Plans for the promotion of decent work.
- The experience of the European Strategy for Employment, financially supported by the European Social Fund, may be the basis for the outline and development of an Inter-American Strategy for the Promotion of Decent Work, supported by the constitution of an Inter-American Fund for the Promotion of Decent Work, within CIMT scenery, gathering all actors, international and regional organisms involved with the Inter-American System of Work..
- As for the European experience, the Inter-American strategy shall be based on starting points, which may expand to guidelines with specific goals. The pillars of this hemispheric strategy shall be as follows:
 - I – foster employment creation and qualification of the labor force – gather mechanisms in terms of active policies for the labor market as well as the creation/improvement of public employment systems;
 - II – foster entrepreneurship - guidelines with focus on back supporting programs for the boosting of employment through micro and small enterprises development, self-employment, self-management enterprises, integrated policies of solidary economy, local productive arrangements etc;
 - III – equality of opportunities - guidelines with focus on the promotion of equality of opportunities and on the struggle against all types of discrimination in the field of work, as remuneration and/or the conciliation of professional life and family chores (children and elder care), as well as the promotion of social responsibility at the enterprises;
 - IV – Social Dialogue and Democratization of Employment Relationship – gathering guidelines with focus on fostering and consolidating social dialogue, leading to the expansion of the social capital of American countries, with a view to guarantee and promote fundamental rights at work and to enlarge social protection.
- The fund constitution requires the identification of permanent sources of financial aid, its structure for management and productive use, among other related issues.
- For the American economies, especially Latin American and Caribbean, constituting a fund with contributions only from OAS member States would not be sufficient. It is necessary to count on the financial contribution of international organisms and, to go even further, with the identification of alternative forms of contribution.
- A clear definition of the nuclear concept of the fund shall act as a convincing element to States, regional and international organisms, multilateral and prospective co-operators move towards the necessary fund raising to change this idea into accomplishment.