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FINAL REPORT OF WORKING GROUP 1
 OF THE
 INTER-AMERICAN CONFERENCE OF MINISTERS OF LABOR

“INTEGRATED PUBLIC POLICIES FOR PRODUCTIVE EMPLOYMENT AND DECENT
 WORK WITH SOCIAL INCLUSION”

Presented by the Ministries of Brazil (Chair of WG1), Chile and Panama (Vice-Chairs of WG1)

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I. INTRODUCTION

The Plan of Action of Cancun, approved by the XIX IACML in December of 2015, established two Working Groups “in order to advise the IACML regarding the objectives of the Declaration of Cancun and to examine in greater depth the topics identified in this Plan of Action, to facilitate exchange of experiences, and to follow up on the related hemispheric initiatives.”

Working Group 1 is titled “Integrated public policies for productive employment and decent work with social inclusion,” and it was tasked by the Plan of Action to follow up on the Declaration of Cancun by addressing the following topics:

- Labor equality, elimination of employment discrimination and labor inclusion of vulnerable groups;
- Promotion of decent work and full and productive employment in the context of the 2030 Sustainable Development Agenda;
- Integration of labor, productive, and education policies;
- Policies and programs related to youth employment and the school-to-work transition;
- Technical and professional training and public employment services to respond to the needs of the labor market;
- Labor observatories and labor market information systems;
- The contribution and the role of sustainable enterprises to employment and to the protection of labor rights;

- Transition from the informal to the formal economy;
- The need to address new forms of precarious work focusing on new forms; and,
- Gender mainstreaming in labor and employment policies.

These topics were addressed during the 2016-2017 biennium in two Working Group 1 meetings that took place on June 28, 2016 in Washington D.C., United States and on April 27, 2017 in Asuncion, Paraguay, as well as in the RIAL Intersectoral Workshop on “Youth Employment: Coordination between Education and Labor” that took place on December 15 and 16, 2016 in Brasilia, Brazil.

The two WG1 meetings were attended by officials from at least 20 Ministries of Labor and representatives of the Business Technical Advisory Committee on Labor Matters (CEATAL), the Trade Union Technical Advisory Council (COSATE), and experts from international organizations such as the International Labor Organization (ILO), the Pan American Health Organization (PAHO), the International Organization for Migration (IOM), the Inter-American Development Bank (IDB), the World Bank, the Organization for Economic Cooperation and Development (OECD), the United Nations Children's Fund (UNICEF), the Inter-American Social Security Conference (CISS) and the OAS.

The first Working Group 1 meeting, which took place in 2016 in Washington D.C., included a visit to JobCorps, which is a free residential education and training program from the United States that helps low-income young people between the ages of 16 and 24 learn a career, earn a high school diploma or equivalency, and receive certified career technical training.

It is worth highlighting that the Intersectoral Workshop on Youth Employment is the first regional event that, using the comparative advantage of the OAS as the Technical Secretariat of diverse ministerial processes like the IACML and the Inter-American Commission on Education, gathered experts from the Ministries of Labor and Education from the region. The event was co-organized by the Organization of American States (OAS) and the Ministries of Labor and Education of Brazil, with inputs from Working Group 1 of the IACML. The event gathered officials from Ministries of Labor and / or Education of 21 OAS member states specializing in the areas of professional training, technical education and youth employment, as well as representatives of workers, employers and youth, and international organizations, including the OAS, the ILO, the OECD, the World Bank, the Inter-American Organization of Higher Education (IOHE), the Ibero-American Youth Organization (OIJ), the Vale Emprender Association, representing the voice of the youth of the Young Americas Business Trust (YABT), and Manpower.

In this context of broad and productive debate as well as analysis and exchange of information, this report summarizes the most relevant issues discussed by Working Group 1 since the XIX IACML in Cancun, Mexico. Section II of this document presents a summary of the topics discussed in the Group's meetings as well as the RIAL Workshop. Section III highlights the main consensus reached and the issues that require more work. Finally, section IV contains the recommendations proposed by Working Group 1 as inputs for the Plan of Action that will be adopted at the next IACML.

II. SUMMARY OF TOPICS THAT EMERGED FROM OUR DELIBERATIONS

For the first time in IACML history, the Working Group 1 meetings included a reflection on the new world of work, recognizing the rise of a ‘new economy’ - characterized by the sharing economy, accelerated technological changes, the knowledge economy, and the new production and social interaction dynamics- implies a new world of work, which has implications for labor relations and for labor and employment policies.

During Working Group 1 debates, the following were identified as main characteristics of the new world of work:

- The accelerated appearance and disappearance of occupations. Today there are jobs that did not exist 5 years ago, while, in the meantime, other occupations are becoming obsolete.
- The possibility that professionals provide services to companies in places other than their place of residence- creating a “human cloud” - that offers great flexibility to the worker, but also places him/her at the margins of labor legislation and social protection in many cases.
- An important cultural and generational clash due to the entry of “millennials” into the labor world. This generation, between the ages of 18 and 35 today, was born in the age of the Internet, and has a new set of skills, perspectives and aspirations about what work is and what it should be.
- Replacement of workers that do routine and repetitive work by machines and robots.
- Increased turnover, which makes “lifelong jobs” practically disappear
- Flexibility in work schedules

WG1 also dealt with the link between education and labor and provided guidelines for the first Intersectoral Workshop on Youth Employment that took place in December, 2016 in Brasilia, Brazil. The objective of the Workshop was to learn about the strategies adopted by the Ministries of Education and Labor to improve education and vocational training systems, and prepare the labor force considering each country’s development needs, and productive sector demands. In the framework of these strategies, it is important to recognize the changes to the world of work and the demands imposed by new technologies, and the so-called “fourth industrial revolution” on employment, education, and training.

The transition from the informal economy to the formal economy was another topic that was emphasized during this period. There exists great consensus in recognizing informal employment as one of the greatest labor related challenges of the region. This is due to, among other reasons, the great magnitude of the phenomenon. According to ILO estimations, if the trend from 2014 and 2015 remains, the informal economy could have reached up to 134 million workers in 2016.

During this period, WG1 also focused its discussions on labor equality, the elimination of discrimination in employment and the inclusion of vulnerable groups in the labor market, with special emphasis on the challenges faced by people with disabilities and youth.

III. AREAS OF CONSENSUS AND TOPICS THAT REQUIRE FURTHER WORK

1. In the reflections on the new world of work, it was recognized that the current moment is particularly challenging for various reasons: 1) the complexity of the economic, social, political and cultural relations, 2) the tensions created by climate change and environmental sustainability, and 3) the speed with which these changes arise. There was also an acknowledgement of the fact that the region's policies and institutions are not adjusting at the rate demanded by these changes.
2. There was broad recognition of the need for a more profound analysis of what the true impact of these economic tendencies on the labor market will be, especially in Latin America and the Caribbean. It is still uncertain whether the fourth industrial revolution and the shared economy will represent in net terms, more or less jobs.
3. The biggest concern regarding technological changes and the new sharing economy lies on the impact it can have on labor precariousness and informality as well as in how to protect the rights of workers who work in these sectors. An increase in inequality in the region could be expected, given that the destruction of jobs that involve routine tasks and that require low qualifications will have a greater effect on the poorest. It will also generate greater polarization of both jobs and salaries. Further, the destruction of jobs that require medium qualifications could affect the labor situation of the emerging middle class and could cause it to fall below the poverty line once again.
4. From this point of view, it was mentioned that technological changes can bring new opportunities, new jobs and capacities for the region, and the digital economy has contributed to achieving social benefits (examples of certain applications and technologies to address social problems). Participants also recognized that the region has an advantage in this new scenario, given its great youth population that is not only more flexible, but more mobile and better technologically prepared.
5. Given the lack of analysis, and considering the novelty and urgency of this topic, all stakeholders that participated in the panel (governments, international organizations, workers and employers) mentioned that they are currently holding internal discussions and/or generating investigations and position papers on the issue. Further, social dialogue was recognized as an absolutely necessary tool in this context, which will allow for better understanding of the topic and development of joint solutions.
6. It was recognized that the great challenge governments face is to ensure fundamental labor rights in this new scenario, especially considering the new schemes of work where it is not clear where the responsibility lies regarding labor conditions, such as occupational health and safety, for example. Governments must be innovative and creative in order to give new answers to new questions. For centuries, technological advances have generated wealth, but it is public policies that determine whether this wealth and greater well-being are shared by all members of society.
7. Achieving the protection of all workers, whether they are dependent, independent, in the "human cloud", etc., is an imperative for all governments. Teleworking or work within the sharing economy is beneficial for an important number of workers who value the flexibility

and who find interesting opportunities that they would not have otherwise. However, the challenge is in protecting them from health risks and risks during their elder years, and ensuring that they have a basic network of protection that allows them and their families certain economic stability.

8. The Ministries of Labor concur that there exists important challenges in the labor market that are the baseline from which the region receives the current changes and, thus, must be addressed as priorities. Among these, the following were mentioned: 1) the situation of youth, especially the fact that 20% of young people in the region are not working nor studying (NEETs), 2) the incomplete incorporation of women in the workforce; although it has increased, it is still 20 percentage points below male participation, 3) the lack of relevance of labor skills, 4) the elevated presence of labor informality, which is, at the same time, a persistent phenomenon, 5) the population growth that demands the creation of more jobs in the future, and 6) the increasing labor migration.
9. With regard to informality, in the discussions from WG1 the participants coincided that one of the most worrisome aspects of informal employment is its relationship to exclusion and inequality as it has been shown that those that are the least educated and most poor are disproportionately represented in this sector. For example, 63% of workers that have only a primary education are part of the informal sector, while the number is 26% for workers with a college degree.
10. It was also recognized that the informality in the region is strongly correlated with the high segmentation of the labor market and the productivity gap. Informal employment is concentrated on self-employed workers, workers in micro and small-sized enterprises, and domestic work, which account for 80% of it.
11. The importance of ILO's Recommendation 204 from 2015 was stressed. It is the first international instrument that focuses on the informal economy. Considering the heterogeneity of the informal economy, the need to have a macro perspective for formalization as well as custom-made measures is recognized within Recommendation 204. Moreover, the transition to formality necessitates actions in various political areas and involves various institutions in order to cooperate and coordinate coherent and integrated strategies
12. Recent approval of national programs and plans for the formalization of employment can be seen throughout the region, which creates an interesting opportunity for the exchange of experiences and cooperation.
13. The situation of young people in the world of work is a concern shared by all Member States. The following main challenges were recognized: youth unemployment, which doubles or triples adult unemployment in some countries; high levels of informality; and high levels of inactivity (about 20% of young people in the region do not study or work). Moreover, there is great inequality between different groups of young people. The levels of unemployment, informality and inactivity are much higher for young women than young men, and higher for the most vulnerable young people, specifically those who come from lower-income households and those with less education. For example, unemployment among young people in extreme poverty is 24.6%, while it is 7% for middle-class youth.

14. Among the challenges of youth employment, it is widely recognized that there is a significant gap between educational supply and labor demand. Young people, who are increasingly educated, do not find jobs according to their education, while, at the same time, the productive sector is saying that they have difficulty finding eligible candidates. In addition, the time to fill a vacancy in the region remains very high, and every day the demand for technical and socio-emotional skills increases.
15. The millennial generation, and now the generation Z that is already entering the labor market, have visions and capacities that are very different from those of past generations. Successfully incorporating them into the world of work implies, among others, understanding and recognizing these differences.
16. Within youth employment policies and programs, the importance of technical and vocational education and training (TVET) is recognized. In this sense, the value of TVET should be promoted as a viable and competitive option for young people.
17. Government and social actors agree that education and training must be State policies, not government policies, respond to country vision and be linked to economic and productive development strategies (national and local).
18. It was recognized that Governments have made significant progress in their legislation, policies and programs to achieve better and greater inclusion of persons with disabilities in the world of work, although the general situation in which they live remains an important challenge of inclusion and equality in the region.
19. One of the aspects that drew most attention in the discussion on labor inclusion for people with disabilities was the desegregation of data by gender, which shows that the majority of people with disabilities are women. This generated a high interest to observe and study this topic more deeply, also highlighting the impact that these high rates can have on families and society in general
20. Within the governments' initiatives to improve the inclusion of traditionally marginalized groups in the labor market, quota laws, affirmative action or affirmative action policies, labor inspection actions, recruitment and efforts to increase participation in training systems and employment services were all included.
21. In the discussions held by Working Group 1 since the XIX IACML, the marked differences between men and women in the world of work became evident. It is suggested that all issues arising from the IACML be addressed with a gender approach.
22. The United Nations 2030 Agenda for Sustainable Development, especially SDG8 and its specific goals, were once again recognized as a fundamental frame of reference for all actions by Ministries of Labor, social actors and international organizations.

IV. RECOMMENDATIONS

Based on the work carried out on the various topics and so that the member states can continue to reap the benefits of these exchanges and discussions, Working Group 1 respectfully recommends that the Ministers of Labor take the following recommendations into consideration in preparing the Plan of Action of the next IACML:

1. Further the study and analysis of the impact on the world of work of the collaborative economy and the progress of the fourth industrial revolution. In particular, facilitate spaces for social dialogue to debate these issues and produce answers and policy recommendations. To this end, the current global discussions on the future of work held in diverse international fora, such as the ILO, will be taken into consideration, with particular emphasis on the following components: work and society, decent jobs for all, the organization of work and production, and the governance of work.
2. Strengthen labor market information systems and better equip them to produce labor market forecasts and anticipate changes in the skills and competencies required by the productive sectors in each country. In addition, make effective use of those information systems to design and adapt national strategies and policies on education and technical and vocational training, and align labor supply and demand with the skills and qualifications needed to face the challenges of the fourth industrial revolution.
3. Strengthen and update technical and vocational education and training (TVET) systems, skills certification systems, and employment services. Improve the responsiveness of training institutions and employment services to changes in the prevailing conditions; this includes strengthening and updating the training supply, serving the needs of adult workers who need retraining, increasing the flexibility of teaching methods, expanding online and modular training, and improving training in socioemotional skills. In addition, strengthen venues for participation and consensus-building with business associations and workers' organizations as a part of TVET, in order to improve the relevance and dissemination of human capital training strategies.
4. Continue furthering dialogue and cooperation between labor and education ministries under the aegis of the IACML and the Inter-American Committee on Education (CIE), in order to ensure greater coordination between education, labor, and employment policies and to improve labor insertion of youth and other vulnerable groups in each country, as well as their development in the world of work.
5. Design, execute and evaluate youth employment programs and strategies within a broad, coordinated framework of policies, covering training, professional guidance, mentoring, the promotion of entrepreneurship, labor practices, and hiring incentives. Those policies and programs must respond to the diversity of young people, address the particular needs of different segments, and take into account their expectations and ways of thinking.
6. Rethink social security systems, expand their coverage, and facilitate access to them by traditionally excluded groups and by those engaged in the collaborative economy or doing remote work. To that end, simplify and expand mechanisms for making social security contributions.

7. Design, execute and evaluate comprehensive public policies for inclusion and nondiscrimination in the labor market, including the strengthening of inclusive enterprises, the development of awareness-raising actions, and improved access to training systems by those groups that face the greatest challenges in the world of work, such as youth, women, people with disabilities, indigenous groups and migrants.
8. Continue cooperation and exchanges of experiences and knowledge, through RIAL, on innovative strategies, policies and best practices designed to address labor challenges that deserve particular attention from our governments, including the phenomenon of informality, the future of work, and the situation of youth, people with disabilities, and other sectors of the population that face greater difficulties to access a decent job in the world of work.
9. Continue to promote gender mainstreaming in labor and employment policies and programs, as well as in the operation of the Ministries of Labor and the actions of the IACML. In that context, review the "Strategic Guidelines of the XV IACML for advancing gender equality and non-discrimination within a decent work framework" presented to the XV IACML in 2007 in Trinidad and Tobago, and to explore actions for strengthening the work of the IACML in that area.