Panel 1
Integrated strategies for improving entrance into the labour market

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2nd meeting of the Working Groups of the XVIII IACML
28-30 April 2015, Cartagena, Colombia
The link between economic growth and social inclusion

The traditional view

(in particular in Latin America)

Economic growth

Social inclusion

Trickle-down effect
The link between economic growth and social inclusion

The dynamic view

- Decent wages
- Social safety nets
- Unemployment benefits
- Pensions
- Universal access to education

Economic growth

Increased consumption
Increased human capital
Increased competitiveness

Social inclusion
The link between economic growth and social inclusion

Central role of the labour market

Economic growth

Labour market

Social inclusion

The long period of economic growth has enabled LAC countries to make significant progress in the labour field.

However, many challenges remain in the region.
The challenges of inclusion into the labour market

- The youth
- Labour market
In Latin America, 20% of the youth are neither in employment, education, nor training (NEET)

Youth neither in employment, education, nor training (NEET)

(Share of the population between 15 and 24 years, 2011)

Nota: ALC es el promedio de Argentina, Bolivia, Brasil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, México, Nicaragua, Panamá, Paraguay, Perú, Rep. Dominicana, Uruguay y Venezuela.
Promedio OCDE sin Canadá, Chile, Japón, México y Nueva Zelanda.
The challenges of inclusion into the labour market
Progress of women integration into the labour market should continue

Male and female labour market participation in Latin America and the OECD

(Share of population by sex between 15 and 64 years, circa 2010)

Fuente: Banco Interamericano de Desarrollo, IDB Labor Markets and Social Security Information System (SIMS), sobre la base de encuestas de horases nacionales
The challenges of inclusion into the labour market

- The youth
- Labour market
- Immigrants
- Women
LAC countries are not only countries of origin, but also of destination.

Immigration rates in selected LAC countries
(International migrant stocks as a percentage of the total population, 2013)

Source: UN DESA
The challenges of inclusion into the labour market

- The youth
- Informal workers
- Women
- Immigrants

Labour market
High levels of informality reflect the existence of low-productive and unprotected jobs

Labour informality in Latin America

(Share of workers between 15-64 years who do not contribute to the social security system, circa 2013)

Fuente: Banco Interamericano de Desarrollo, IDB Labor Markets and Social Security Information System (SIMS), sobre la base de encuestas de horas nacionales
The costs of the lack of inclusion

The lack of inclusion into the labour market generates **social costs**

But also **economic costs**

- Insufficient demand (in particular in periods of economic slowdown)
- Lack of fiscal resources
- Lack of human capital
The costs of the lack of inclusion

The lack of inclusion into the labour market generates social costs

But also economic costs

- Insufficient demand (in particular in periods of economic slowdown)
- Lack of fiscal resources
- Lack of human capital
- Skills mismatches
The lack of skills represents a significant restriction to employment and competitiveness.

Firms identifying an inadequately educated workforce as a major constraint

(Percentage of formal firms, circa 2012)

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Europe &amp; Central Asia</td>
<td>13.7</td>
</tr>
<tr>
<td>High income: OECD</td>
<td>17</td>
</tr>
<tr>
<td>South Asia</td>
<td>20</td>
</tr>
<tr>
<td>Middle East &amp; North Africa</td>
<td>20</td>
</tr>
<tr>
<td>East Asia &amp; Pacific</td>
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<tr>
<td>Sub-Saharan Africa</td>
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<tr>
<td>World</td>
<td>23.8</td>
</tr>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>35.9</td>
</tr>
</tbody>
</table>

Source: World Bank Enterprise Surveys
Increasing the inclusion into the labour market: policy recommendations

- Universal social and pension systems
- Women
- Ethnic minorities
- Immigrants
- Vocational training
- Growing enrolments in science & technology
- On-the-job training
- Lifelong learning
- Better information systems
- Labour formalisation
- Youth employment
- Rural areas
- Universal social and pension systems
- Implementing active labour market policies
- Developing skills strategies
- Expanding social benefits
- Fighting against discrimination
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Thank you!

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