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CONCEPT PAPER

REGULAR MEETING OF THE INTER-AMERICAN COUNCIL
FOR INTEGRAL DEVELOPMENT

DECEMBER 13, 2022

(Prepared by the Executive Secretariat for Integral Development)

TOPIC: **THE TRANSFORMATION OF THE WORLD OF WORK IN THE DIGITAL ECONOMY: POLICY IMPERATIVES**

1. **Background and rationale**

 The world of work has been radically transformed in recent decades, mainly as a result of technological breakthroughs, the fourth industrial revolution, and the digital economy. This transformation intensified and accelerated with the COVID-19 pandemic and its impact can be felt in numerous areas, including jobs, employment levels and prospects, skills, and labor relations.

Jobs change: some disappear because they become obsolete, while others emerge organically as a result of technological change. Gone are the linotypists and the operators of machines that no longer exist, while at the same time a huge collective of social media managers, big data analysts, programmers, blockchain specialists, and many others is emerging.

Employment levels and the jobs available are also in flux as a result of trends in the technological revolution: millions of jobs are being lost to automation and artificial intelligence, while job opportunities in the digital economy, innovation, and other emerging sectors are expanding exponentially. According to a World Economic Forum report, automation will destroy approximately 85 million jobs by 2025; at the same time, however, as many as 97 million new jobs will be created in the digital economy.[[1]](#footnote-1) In addition, at least two new trends represent areas of opportunity for employment prospects in the Americas: the renewed commitment to sustainable development, and the demographic transition.

The region’s potential for the creation of green jobs is only beginning to emerge, although there are some specific cases where results can already be seen. In 2021, for example, Latin America and the Caribbean accounted for 44% of the world’s total jobs in the biofuels sector. Additionally, three of the region’s countries (Brazil, Colombia, and the United States) are among the world’s top ten countries in their numbers of hydropower sector jobs. The renewed global commitment to the environment and to the energy transition indicates that this trend will continue and, therefore, that the number of green jobs will increase.[[2]](#footnote-2) Likewise, demographic change in the region, with an aging population, will necessarily imply adjustments in the labor market and new scenarios for employment. According to ECLAC estimates, the proportion of those aged 60 and above in Latin American and Caribbean populations will rise from 15% in 2020 to 21% in 2030 and, by 2055, the over-60s will be the largest age group in our economies. While this poses a challenge for social protection systems, it is also a promising opportunity for job creation in the care and health sectors.[[3]](#footnote-3)

Along with the transformation of employment, the skills required by the productive sector have also changed, and nowadays great value is placed on socio-emotional skills and the ability to adapt to changing environments and to continue learning over the course of life. Previous meetings of CIDI—especially the August 2022 meeting on “Youth and Skills for the Digital Economy”—have warned about the region’s skills gap and shortage of digital and technological skills, and they have also analyzed the region’s great potential for improving education and training to develop those skills and respond effectively to the needs of the productive sector and the economy in general.

 Beyond changes in employment, jobs, and skills, the transformation of the world of work also entails a profound change in labor relations and in the way workers and companies currently operate. Employment on digital platforms and teleworking are clear examples of this far-reaching change. The boundaries of the workplace are being blurred, and such central concepts as working hours, the provision of work tools, remuneration, productivity, and performance are taking on new meanings.

 The phenomenon of work mediated by digital platforms was expanding in the region before COVID-19 and it picked up speed as a result of the pandemic. The continuing trend whereby many companies outsource tasks through platforms—often taking advantage of lower costs in less developed countries—is notable; at the same time, a growing number of people are discovering income opportunities in this sector.[[4]](#footnote-4) The region’s ministries of labor have discussed this issue within the framework of the OAS, identifying its advantages and challenges and pointing out that “the main concerns regarding work in platforms refer to remuneration, which is usually very low; surplus labor, which affects income levels; the lack of conflict resolution mechanisms; the difficulty, in practice, in invoking rights especially when the relationship is transnational and multiparty (which happens in microtask platforms); and the very low social protection coverage for platform workers.”[[5]](#footnote-5) With reference to digital microtask platforms in particular, some estimates suggest that workers are paid for as little as 13% of their productivity, while 90% of registered workers cannot secure enough tasks to subsist on.[[6]](#footnote-6) Also noteworthy is the growing role of machine learning algorithms to measure workers’ performance. Since this is a recent phenomenon, many questions still remain about how to ensure compliance with the principles of decent work as they relate to guaranteeing fundamental labor rights and principles, equality, employment, and social protection.

 All of these transformations in the world of work pose enormous challenges and offer great opportunities for the region’s governments, on at least two fronts:

1. First, public policies, particularly in the area of education and training, should be oriented toward capitalizing on the job creation potential of these technological, environmental, and demographic changes, while at the same time recognizing and addressing the great segmentation and inequality that exist in the region’s labor markets. Informality, unemployment, precarious work, low social protection coverage, and low wages disproportionately affect young people, rural populations, migrants, and other groups in situations of greater vulnerability; they are also more prevalent among women than among men.[[7]](#footnote-7)
2. Public policies must also respond to changes in employment and its new spheres of action by guaranteeing protection and respect for workers’ rights and promoting the sustainability of enterprises. The region has taken great steps toward regulating telework[[8]](#footnote-8) and is making progress with achieving a better understanding of the needs, challenges, and opportunities of digital platform work.

**2. Purpose of the meeting**

This meeting of CIDI will analyze the transformations in the world of work that are being fueled by the digital economy and are driving changes in jobs, employment levels and prospects, skills, and labor relations. Member states will be invited to share their good practices for harnessing the digital economy’s employment potential and for dealing with transformations in labor relations arising from new forms of employment—work on digital platforms in particular—while guaranteeing rights and promoting sustainable enterprises.

**3. Relevance to the Executive Secretariat for Integral Development (SEDI) and the mandates of the OAS**

On June 9, 2022, the Heads of State and Government of the Americas, gathered together at the Ninth Summit of the Americas in Los Angeles, United States, adopted the **Regional Agenda for Digital Transformation**. That document affirms the essential role of dynamic and resilient digital ecosystems in supporting thriving digital economies, improving preparedness for future health emergencies, extreme weather events, and natural disasters, promoting digital inclusion for all people, increasing innovation, competitiveness, and investment, and in pursuit of other objectives, by leveraging emerging and digital technologies.[[9]](#footnote-9)

 At the **Twenty-first Inter-American Conference of Ministers of Labor (XXI IACML)**, the member states of the Organization of American States (OAS) approved the Declaration and Plan of Action of Buenos Aires under the slogan “Building a more resilient world of work with sustainable development, decent work, productive employment, and social inclusion.” Among the commitments assumed, the ministers undertook to “analyze, with the contribution of tripartite social dialogue, the development, design, and implementation of appropriate regulations that address the opportunities and challenges of existing and new forms of work, such as work on digital platforms, telework, work from home, and alternating between the workplace and remote work. We will promote regional cooperation in this matter, as well as in other areas related to the future of work and sustainable enterprises.”

Finally, the 2022 resolution **“Advancing Hemispheric Initiatives on Integral Development: Promoting Resilience”** **[AG/RES. 2988 (LII-O/22)],** under the strategic line “Promoting decent, dignified, and productive work for all people,” establishes the following mandate: “43. To instruct SEDI to support member states, through the Inter-American Network for Labor Administration (RIAL), in deepening coordination between education and employment; attaining a better understanding of the future of work and the new forms of employment; strengthening institutionalized social dialogue for the achievement of more just, equitable, and resilient societies; […] continuing to mainstream gender in labor and employment policies as a means to achieve gender equality in the world of work; […] strengthening and modernizing Ministries of Labor; as well as facilitating and promoting the transition from the informal to the formal economy, in line with the Work Plan 2022-2024 of the IACML.”

1. **Meeting structure**

The meeting will be divided into three parts. First, a group of experts will be invited to present on the main transformations in the world of work arising from the digital economy, as well as on the challenges and areas of opportunity they represent for employment and labor relations. Second, the member states will be able to question the experts on their presentations as part of a dialogue guided by the Chair. Third, the delegations will be invited to present best practices, specific offers of collaboration, or needs related to this topic. The following questions are suggested, to provide the member states with a guide:

1. What policies and programs does your country have in place to take advantage of the employment potential brought about by current technological, environmental, and demographic changes? What elements or characteristics do these policies and programs have for reducing existing gaps—including the gender gap—and for increasing the greater inclusion of vulnerable groups?
2. How has the phenomenon of work mediated by digital platforms evolved in your country? What policies and programs have been developed to address it, and what have been their successes and challenges?
3. What actions is your country taking—or has it taken—to guarantee the respect and protection of labor rights, along with increases in productivity and the promotion of sustainable enterprises, in the face of the changes implied by the new forms of employment?

Expert presentations (7 minutes; maximum: 10 minutes)

* Specialist from the Organization of American States
* Specialist from the International Labour Organization
* Private sector representative
* Workers’ representative
* Minister of Labor
1. **Expected meeting outcomes**

The meeting will help:

1. Achieve a better understanding of the opportunities, challenges, and major transformations in employment and labor relations arising from current technological, demographic, and environmental changes.
2. Encourage member states to share good practices and opportunities for cooperation in addressing current labor transformations with the protection of workers’ rights and the promotion of sustainable enterprises.
3. Receive feedback and recommendations from member states to strengthen SEDI’s work toward building a sustainable, fair, and equitable world of work in the region while taking advantage of the opportunities offered by the digital economy and other current trends. To this end, SEDI will pursue concrete cooperation actions and forge partnerships with governments, the private sector, workers’ organizations, and other key actors within the framework of its ministerial processes and the Inter-American Network for Labor Administration (RIAL).

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1. . World Economic Forum, Future of Jobs Report 2020. October 20, 2020. <https://www.weforum.org/reports/the-future-of-jobs-report-2020/>. [↑](#footnote-ref-1)
2. . ILO / IRENA (2022). Renewable Jobs Report. [↑](#footnote-ref-2)
3. . ECLAC (2021). *Etapas del proceso de envejecimiento demográfico de los países de América Latina y el Caribe y desafíos respecto del cumplimiento de la Agenda 2030 para el Desarrollo Sostenible y el Consenso de Montevideo sobre Población y Desarrollo*. [↑](#footnote-ref-3)
4. . ILO (2022). World Employment and Social Outlook, 2021: The role of digital labour platforms in transforming the world of work. [↑](#footnote-ref-4)
5. . OAS (2021). Report of Working Group 1 to the XXI Inter-American Conference of Ministers of Labor. [↑](#footnote-ref-5)
6. . Op. cit. ILO (2022). [↑](#footnote-ref-6)
7. . ILO (2022) – Labour Overview Series 2022: Weak growth and the global crisis are holding back the recovery of employment in Latin America and the Caribbean

<https://www.ilo.org/americas/publicaciones/WCMS_854778/lang--en/index.htm>. [↑](#footnote-ref-7)
8. . See the Portfolio of Laws and Regulations on Telework on the OAS Inter-American Network for Labor Administration (RIAL) – [www.rialnet.org](http://www.rialnet.org). [↑](#footnote-ref-8)
9. . Ninth Summit of the Americas. *Regional Agenda for Digital Transformation*. June 9, 2022, Los Angeles, United States. [↑](#footnote-ref-9)