

Social Panorama of Latin America and the Caribbean **2023**

Labour inclusion as
a key axis of inclusive
social development



ECLAC



Contents

- **Labour inclusion as a key axis of inclusive social development**
- **Central government social spending and spending on labour policies**
- **Poverty, inequality and income concentration**
- **Concluding remarks: labour inclusion policies to reduce inequality and informality**

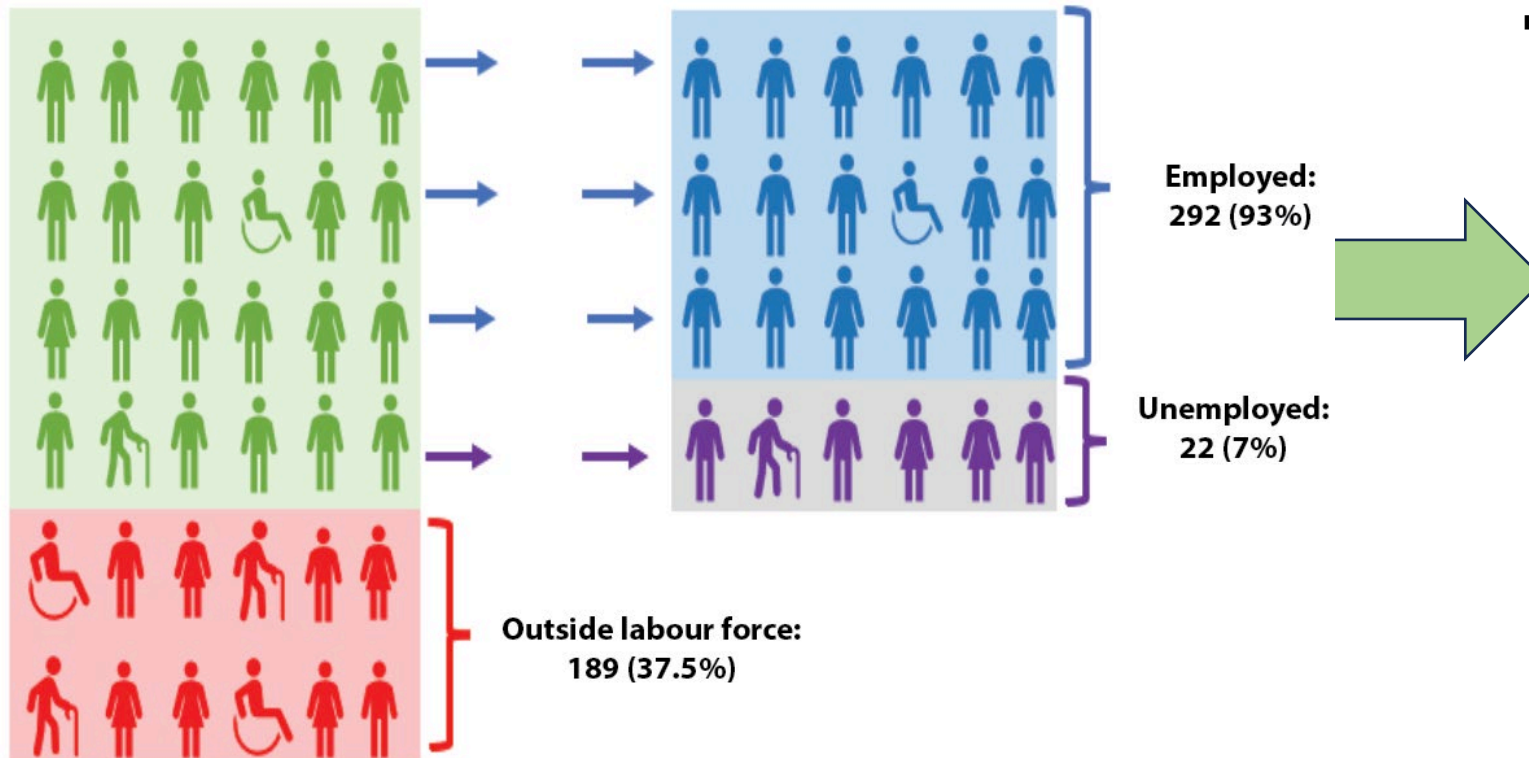
I. Labour inclusion as a key axis of inclusive social development

Labour inclusion a priority challenge for the region

Latin America and the Caribbean (29 countries):^a population structure, 2022
(Millions of people and percentages)

Working-age population: 502

Labour force: 314 (62.5%)



Labour market access is key but not enough to achieve labour market inclusion

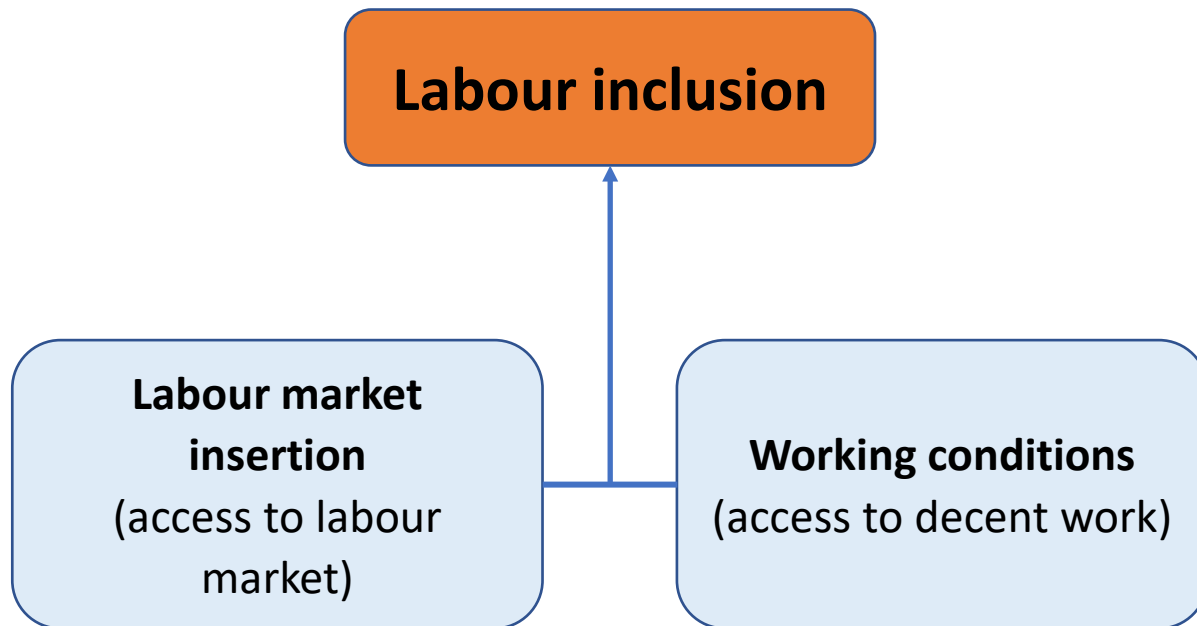
- Of the 292 employed persons:
 - **1 in 2** is in informal employment
 - **Close to one fifth** is living in poverty
 - **4 in 10** earn below the minimum wage
 - **Half** of the working-age population does not contribute to the pension system

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Labour Organization (ILO), ILOSTAT [online database] <https://ilostat.ilo.org/>.

^a Argentina, the Bahamas, Barbados, Belize, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago and Uruguay.

Note: The working-age population comprises individuals aged 15 years or older.

Shift needed from labour market access to labour market inclusion, key axis of inclusive social development

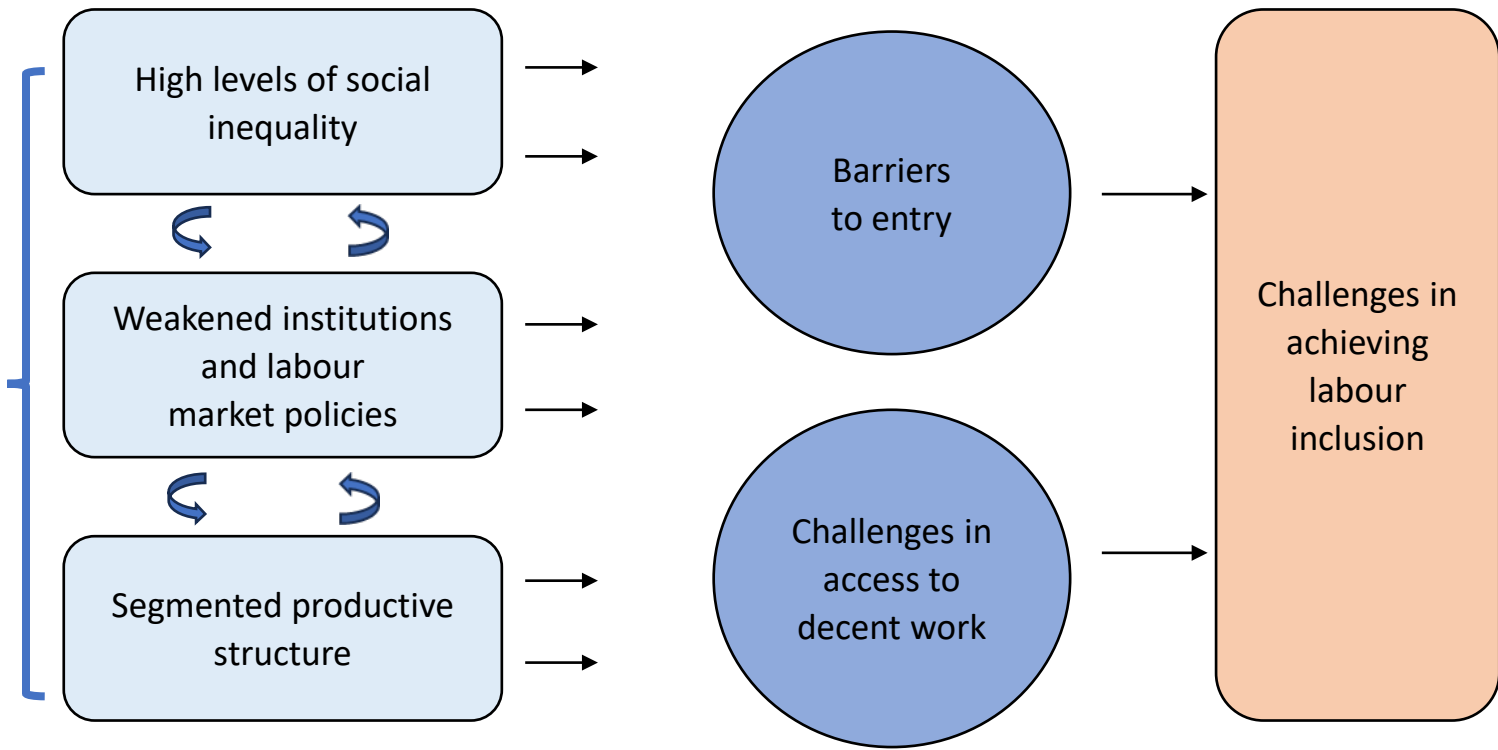


- **Labour inclusion** encompasses both **entry into the labour market** and the **conditions of the work** to which access is gained.
- To ensure sustainable and **inclusive social development**, the labour force must have access to work that is productive and provides adequate income and access to social protection.
- Labour inclusion supports **economic growth, productive development and the reduction of inequalities**, as well as progress towards inclusive social development.

Source: ECLAC.

Achieving labour inclusion means facing barriers and challenges in access to decent work

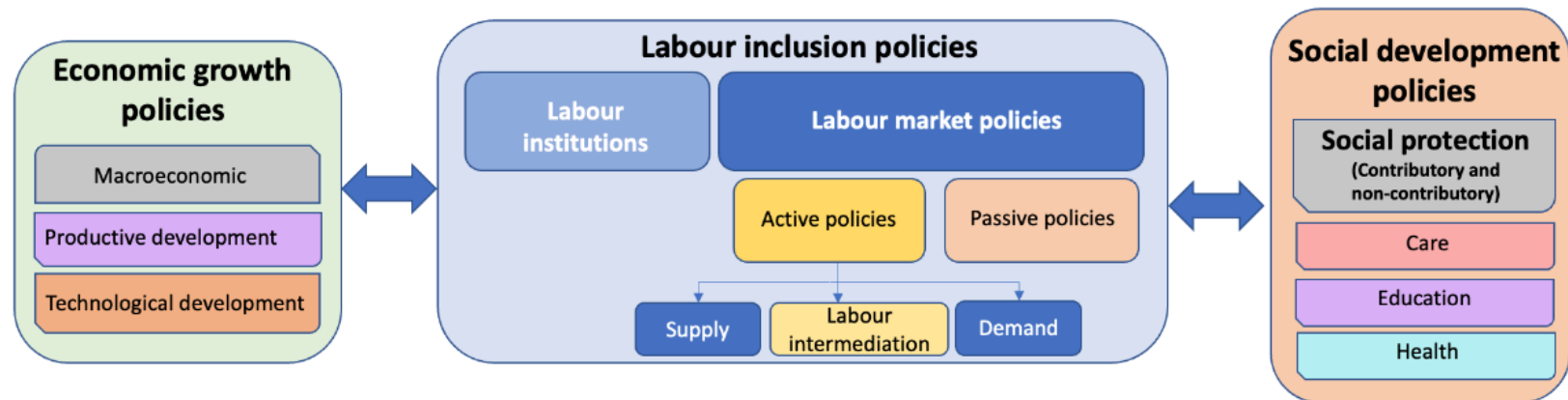
Latin America and the Caribbean: labour inclusion challenges



- Labour inclusion is conditioned by social inequality, labour institutions and policies, and the productive structure.
- The aim of labour inclusion is to ensure that all members of the **labour force have access to decent work that provides adequate pay and social protection coverage.**
- There is need of **strengthened labour inclusion policies** linked with social services, financial sustainability and productive development policies.

Source: ECLAC.

Labour inclusion policies as axis for reducing informality and inequality



Source: ECLAC.

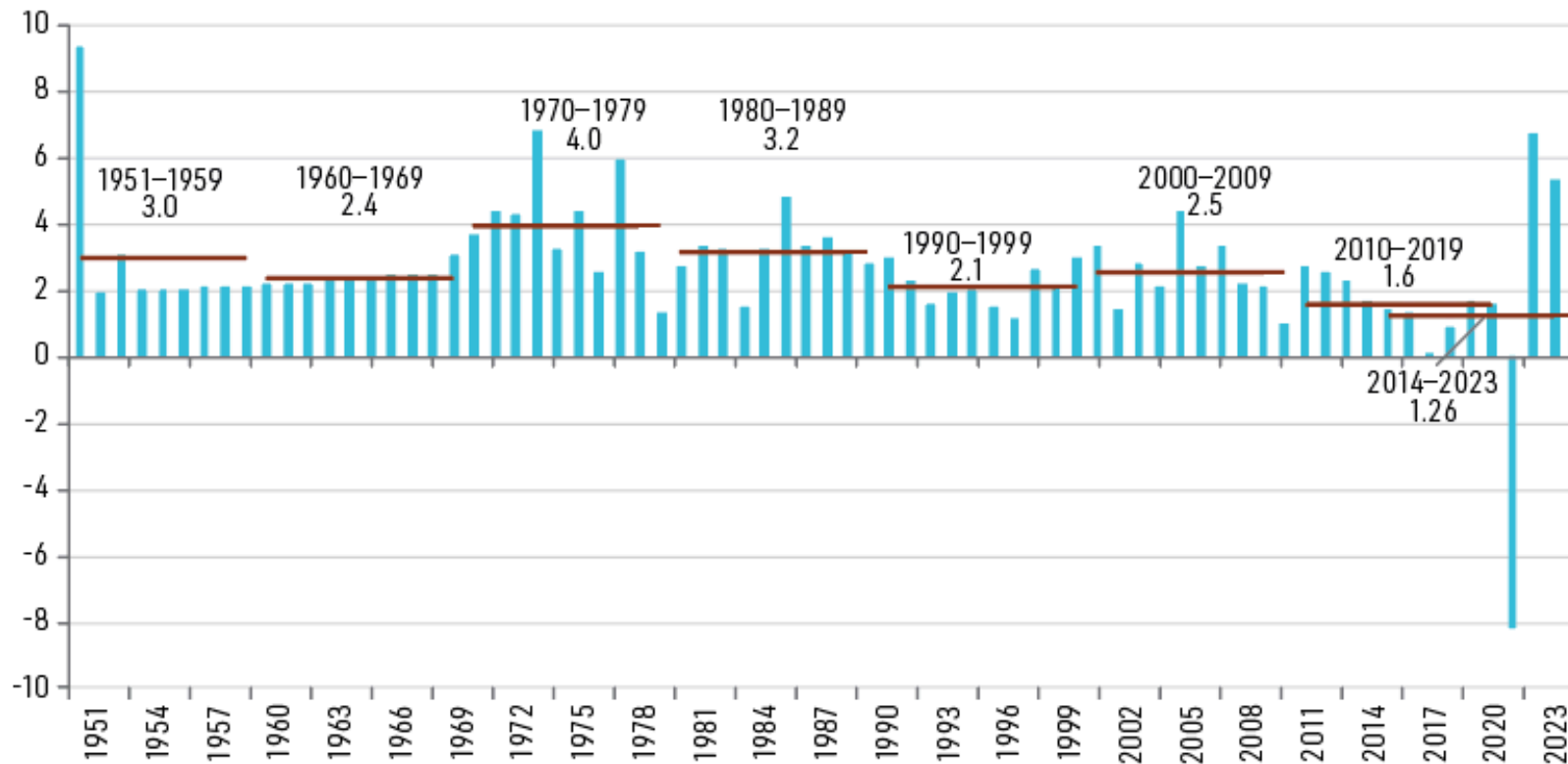
- Every successful inclusive social development strategy must have labour inclusion at its centre.
- In particular, the design, expansion and coordination of active and passive labour market policies.
- In addition, the strengthening of labour institutional framework.
- Labour inclusion policies must be linked with social protection systems and productive development policies.

Strengthen labour inclusion policy agenda linked to social protection systems

- Labour inclusion policies improve the sustainability of social protection systems: high levels of labour informality hamper the consolidation of **universal, comprehensive, sustainable and resilient social protection systems**
- **Social protection policies contribute to labour inclusion** in various ways:
 - ✓ **Coordinated strategies** to reduce informality and ensure access to social protection
 - ✓ **Expansion of contributory coverage** among independent workers
 - ✓ Labour inclusion policies for the **most vulnerable population groups**
 - ✓ Strengthening of **labour regulations and institutions**
 - ✓ **Income protection** policies
 - ✓ **Care policies and systems** that facilitate women's labour inclusion
 - ✓ **Development of skills** and strengthening of **ties between the labour market and the education system**
 - ✓ Addressing **gaps in access to health systems**

Low growth hampering labour inclusion: employment growth falls to historical lows

Latin America: growth rate of the number of employees, 1951–2023
(Percentages)



- **Job creation over the period 2014–2023 will be the lowest since the 1950s.**
- **The number of employed people grew by 1.26% over the decade 2014–2023, down from 3.2% in the 1980s.**
- **In 2020, during the pandemic, job creation fell by 8.2%, the only decline recorded in the last 70 years.**

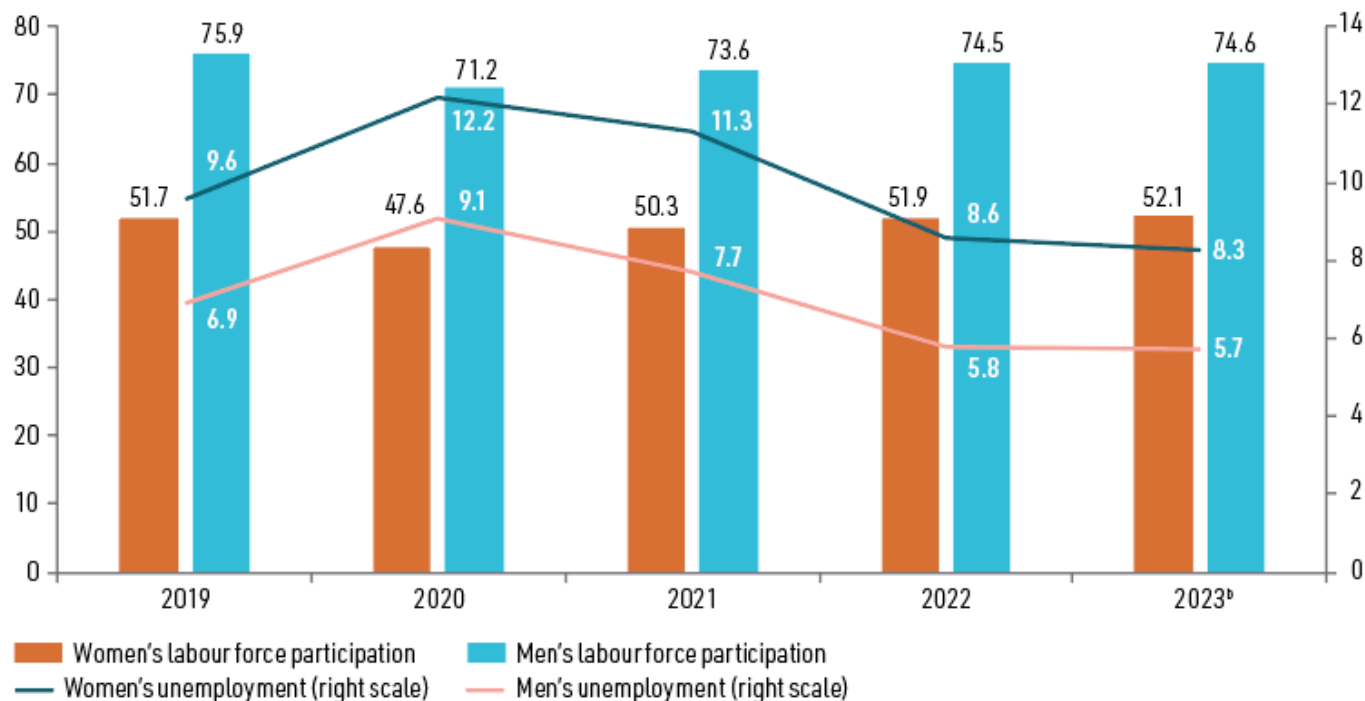
Source: ECLAC, on the basis of official figures and data from the International Labour Organization (ILO).

Figures for 2022 are estimates; figures for 2023 are projections from ECLAC, *Preliminary Overview of the Economies of Latin America and the Caribbean, 2022* (LC/PUB.2022/18-P/Rev.1), Santiago, 2023.

Historical gender gaps persist in labour market

Latin America and the Caribbean (20 countries):^a labour force participation and unemployment rates, by sex, 2019–2023

(Percentages)



- The labour participation gender gap in 2022 was 22.6 percentage points.
- Women's unemployment rates are up (8.6% in 2022 compared with 5.8% for men).
- In 2023, it is estimated that the average labour participation rate of men and women will be similar to pre-pandemic levels (63% in 2023 and 63.3% in 2019).

Source: ECLAC, on the basis of ECLAC, *Economic Survey of Latin America and the Caribbean, 2023* (LC/PUB.2023/11-P), Santiago, 2023; regional employment surveys and projections.

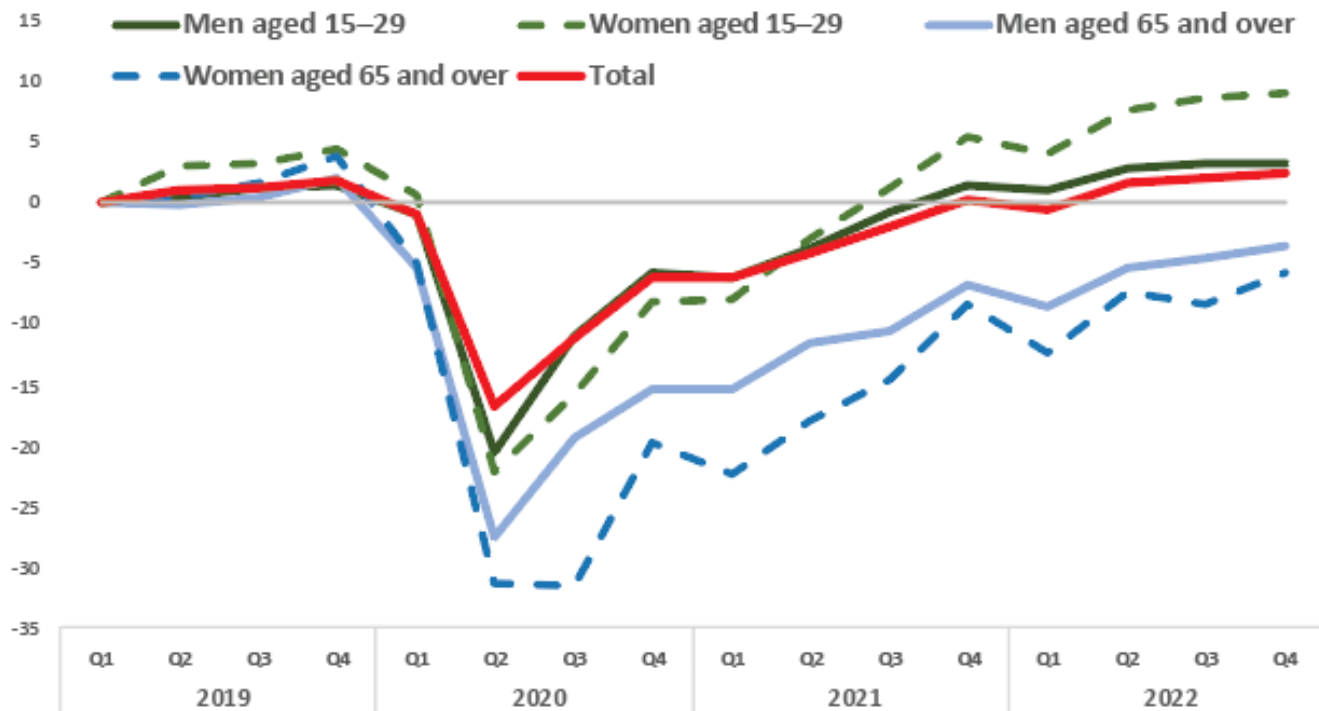
Note: Data for 2020 and 2021 may present comparability problems with respect to the data for 2019, owing to adjustments to statistical processes made by national statistical and census offices in response to the COVID-19 pandemic.

^a Argentina, Barbados, Belize, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia, Trinidad and Tobago, and Uruguay.

^b Figures for 2023 are based on estimates in ECLAC, *Economic Survey of Latin America and the Caribbean, 2023*.

Uneven repercussions for employment across population: women, young persons and older persons hardest hit

Latin America and the Caribbean (12 countries):^a change in the employment rate, by sex, age group and quarter, 2019–2023
(Percentages; baseline=2019)



- The decline in employment rates in 2020 was more pronounced **for young and older persons**, and in both cases, **for women**.
- Post-pandemic employment recovery **was faster for young persons**, and employment rates attained pre-pandemic levels by the third quarter of 2021 and then overtook them at the end of 2022.
- In the case of older persons, **pre-pandemic rates have not been regained** for men or women, and decreases of 3.6% and 5.8%, respectively, are recorded compared with the first quarter of 2019.

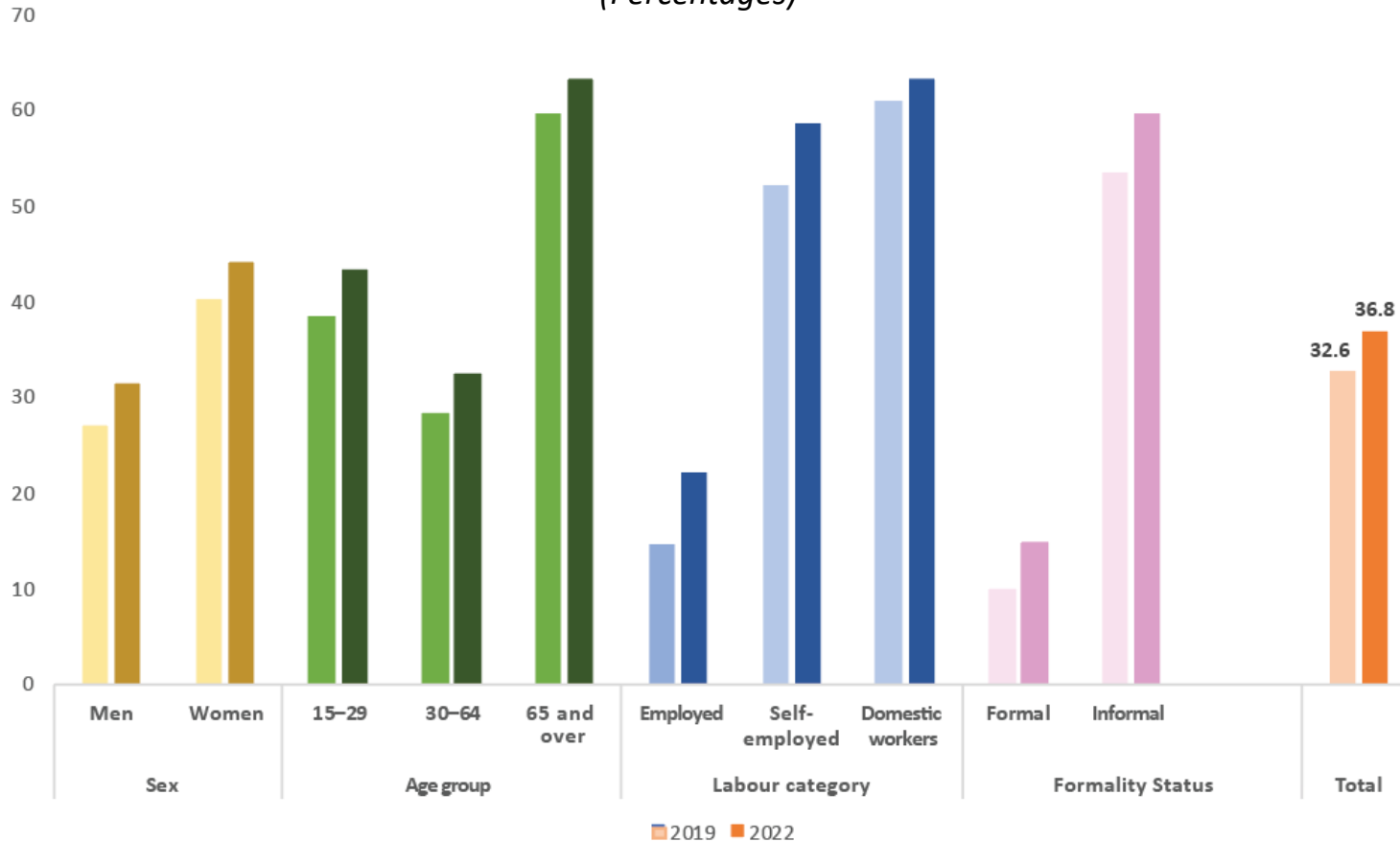
Source: ECLAC, on the basis of regional employment surveys.

Note: Data for 2020 and 2021 may present comparability problems with respect to the data for 2019, owing to adjustments to statistical processes made by national statistical and census offices in response to the COVID-19 pandemic.

^a Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Mexico, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

Compliance with minimum wage regulations key to fostering labour inclusion

Latin America (14 countries):^a employed persons aged 15 and over whose labour income is below the minimum wage, around 2019 and 2022
(Percentages)



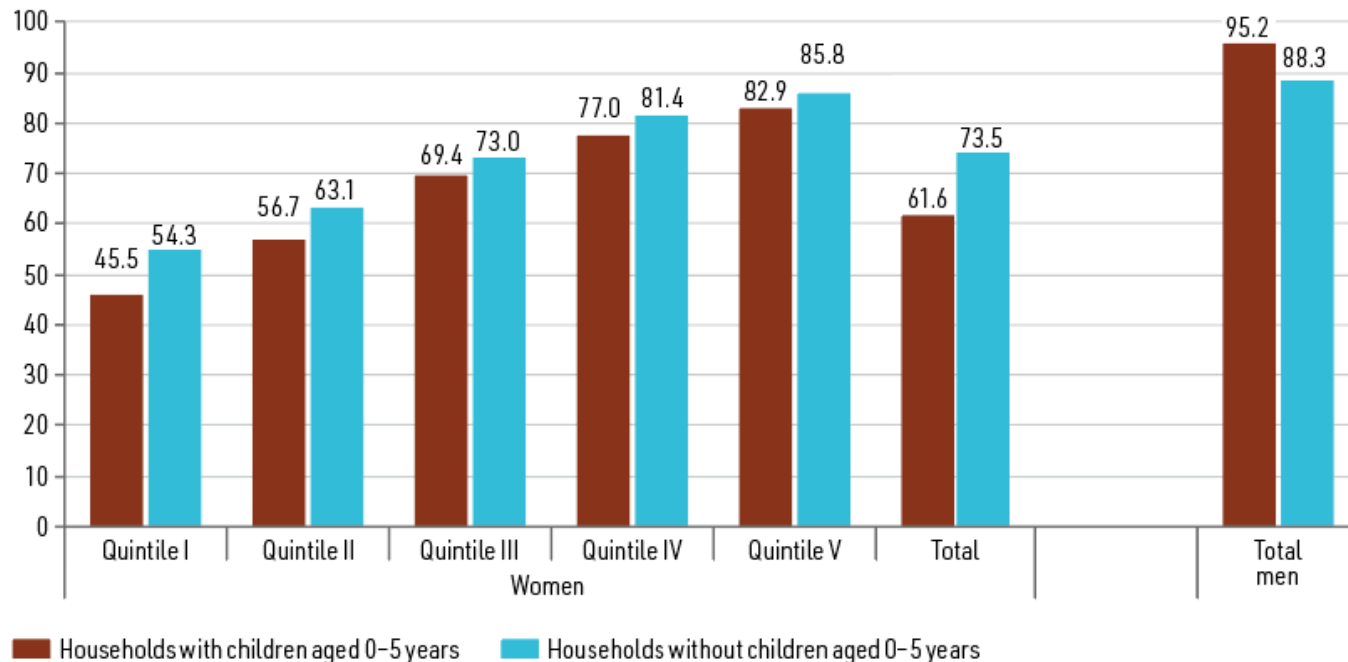
- In 2022, some **92 million** workers in 14 countries of the region were earning below the official minimum wage.
- This figure **was up from pre-pandemic levels**, by an additional 13 million workers over the age of 15 (from 32.6% to 36.8%).
- **Young people and older persons** make up the majority of those earning below the legal minimum wage.
- The percentage of **domestic workers** earning below the minimum wage is particularly high and **more than 90% of these workers are women**.

Source: ECLAC, on the basis of Household Survey Data Bank (BADEHOG).

^a Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

Burden of care work as the main barrier to women's labour market inclusion

Latin America (15 countries): labour participation rate of persons aged between 20 and 44 years, by sex and presence of children aged between 0 and 5 years in the home, by household per capita income quintile, 2022
(Percentages)

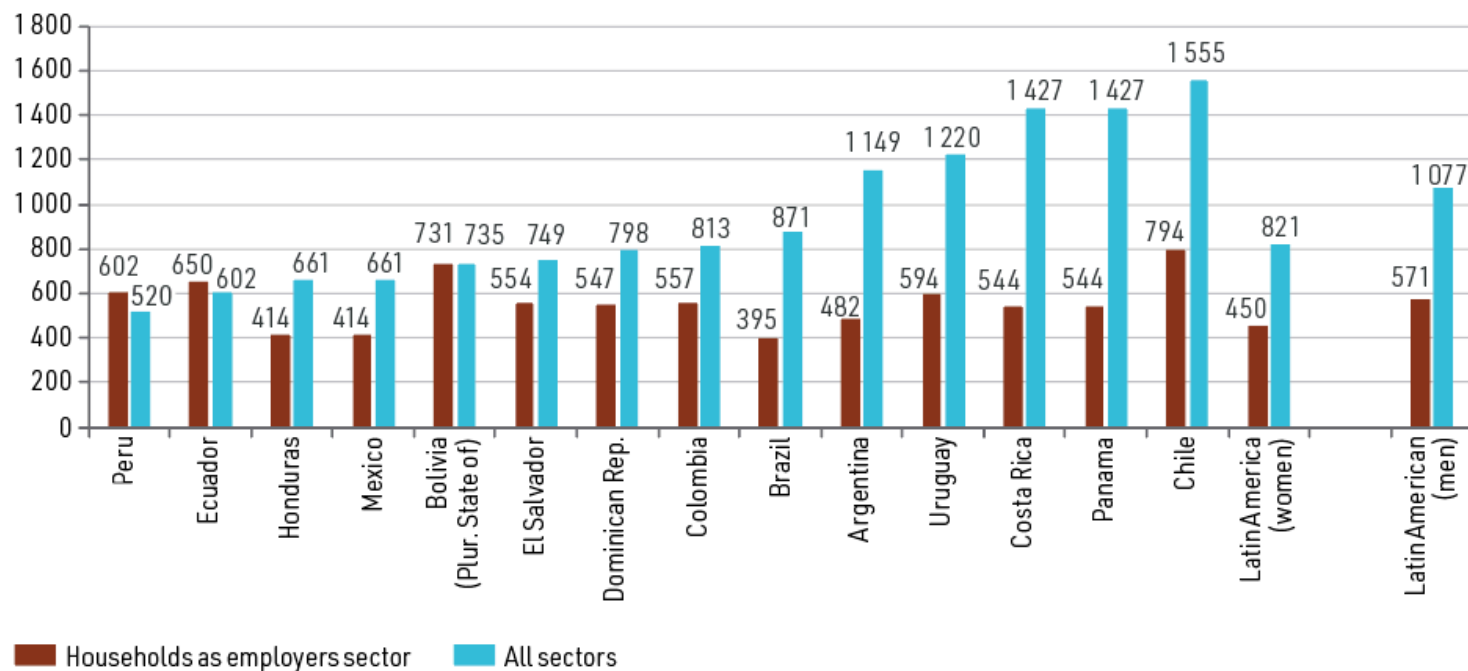


Source: ECLAC, on the basis of Household Survey Data Bank (BADEHOG).

- The labour participation rate of women in households with children (61.6%) is lower than in households without children (73.5%).
- **Unequal social distribution of care work and the lack of comprehensive care systems** are significant barriers to women's labour market inclusion.
- The increase in care work associated with **raising children falls mainly to women**, negatively affecting their labour participation.
- This **affects the poorest women in particular**, as private childcare to ease the burden of domestic and care work is less accessible to them.

Paid female domestic workers earn much less than other employed women

Latin America (14 countries): women's average monthly labour income, by sector and country, 2022
(PPP dollars)



- The average income of female domestic workers is half that of other employed women.
- Domestic work is one of the **main sources of labour for women** in Latin America.
- In the region, 92% of household sector workers are women, accounting for **more than 10% of employed women**.

Source: ECLAC, on the basis of Household Survey Data Bank (BADEHOG).

Emergence of digital platforms intensifies challenges in already precarious paid domestic work sector

Digital platforms

They act as **intermediaries**, linking those who need domestic services with those who offer them

Opportunities

- Flexibility
- Self-employment
- Innovation in administrative management and electronic payments

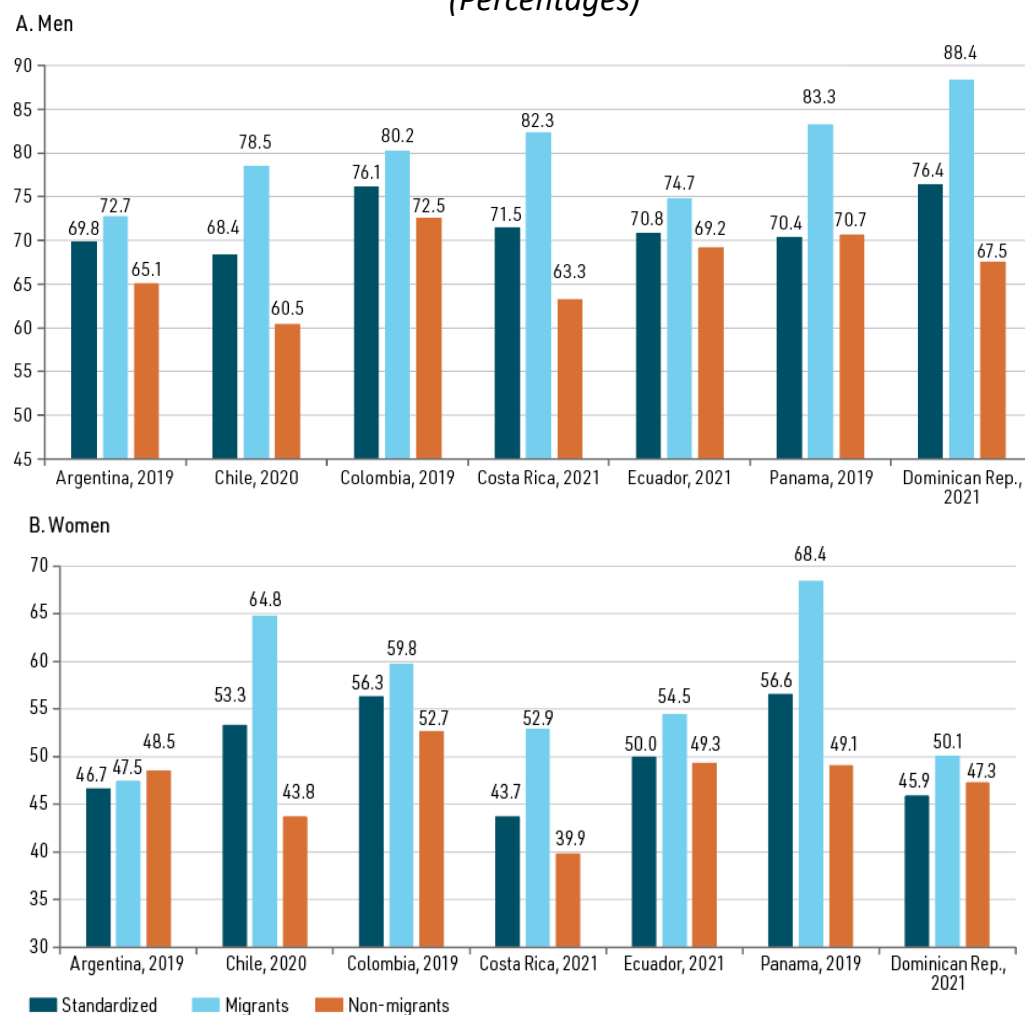
Challenges

- Irregular working hours
- Variable income
- Limited social security coverage

- **The digital transformation is not neutral:** it can generate opportunities and job growth and also exacerbate existing gaps.
- Given the precariousness of the paid domestic work sector, with 76.8% of female workers not enrolled in social security, digital platforms must guarantee **decent work**.
- **Regulating digital platforms** and improving domestic workers' working conditions are among the main labour challenges in the region.

More migrants in region's labour markets; their work contributes to economy and society of destination countries

Latin America (7 countries): labour participation rates for the population aged 10 years and over, by migration status and sex, latest available data
(Percentages)

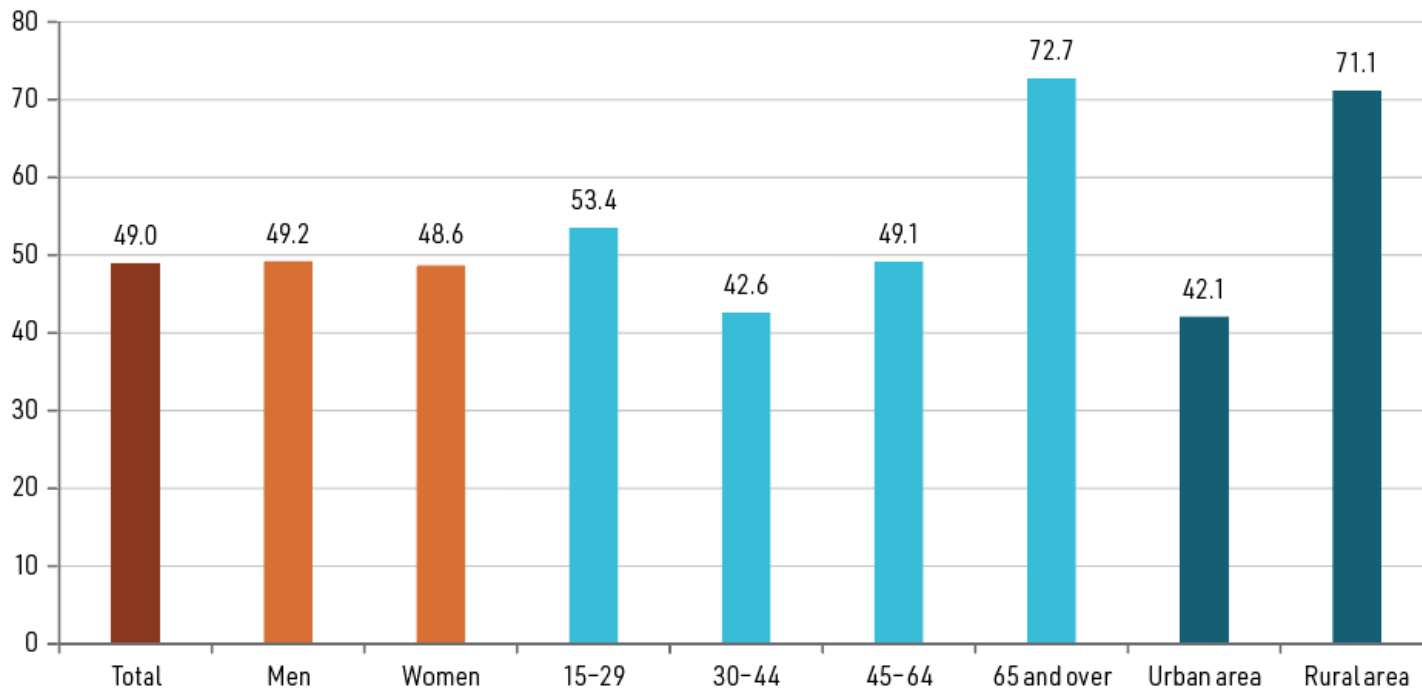


- For both men and women, and in all countries, migrants' labour force participation is higher than that of non-migrants.
- However, owing to their more precarious and unstable working conditions and excessive hours, migrants tend to face steeper labour inclusion challenges which are exacerbated by irregular migratory status.

Source: ECLAC, on the basis of Household Survey Data Bank (BADEHOG).

Almost 50% of employed persons have informal jobs, the main challenge for labour inclusion

Latin America (12 countries):^a labour informality rate, by sex, age group and geographic area, fourth quarter 2022
(Percentages)



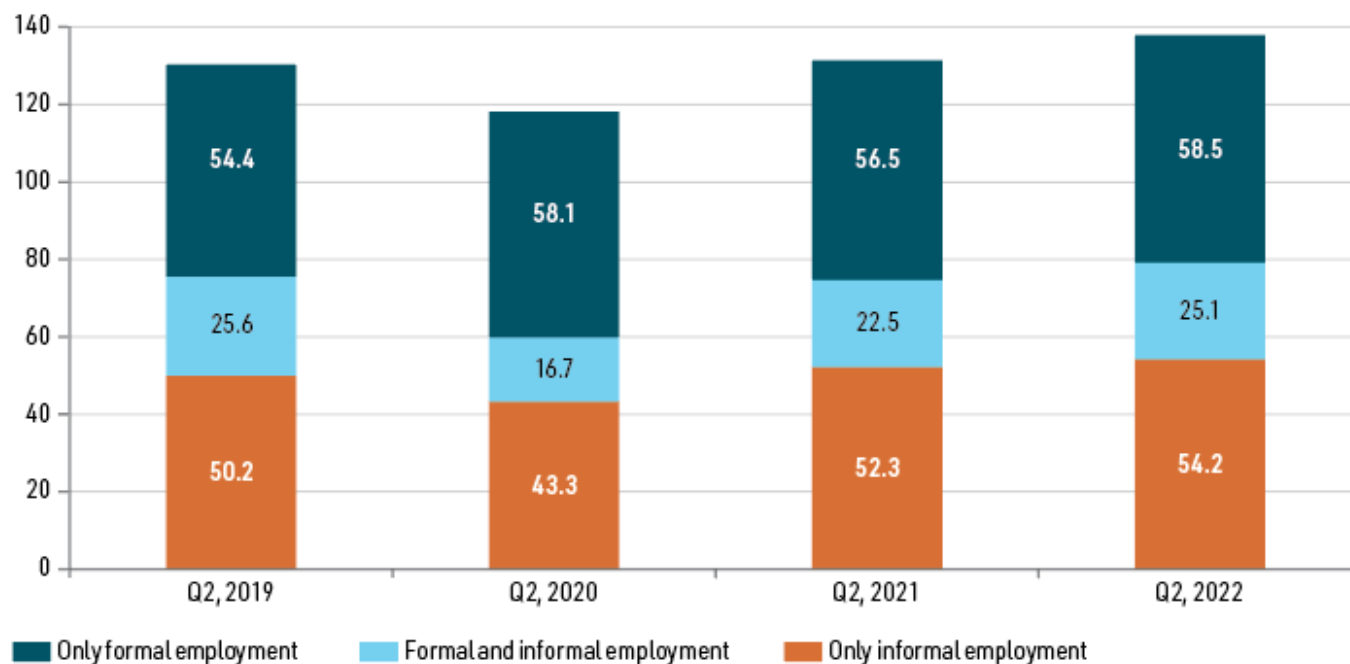
Source: ECLAC, on the basis of Household Survey Data Bank (BADEHOG).

^a Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Mexico, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

- Informality intersects with the multiple dimensions of inequality: gender, socioeconomic, age, ethnic, racial and territorial.
- **Informal workers** are four times more likely than formal workers to belong to households in the first income quintile.
- The **average wage** for formally employed persons is between **3 and 4 times higher** than the average wage for the informally employed.
- Levels of labour informality tend to be higher for international migrants, and increase with irregular status.

In 11 Latin American countries, 58% of households have at least one member who is informally employed

Latin America (11 countries):^a number and composition of households by type of occupation of household members, second quarter 2019–second quarter 2022
(Millions of households)



Source: ECLAC, on the basis of Household Survey Data Bank (BADEHOG).

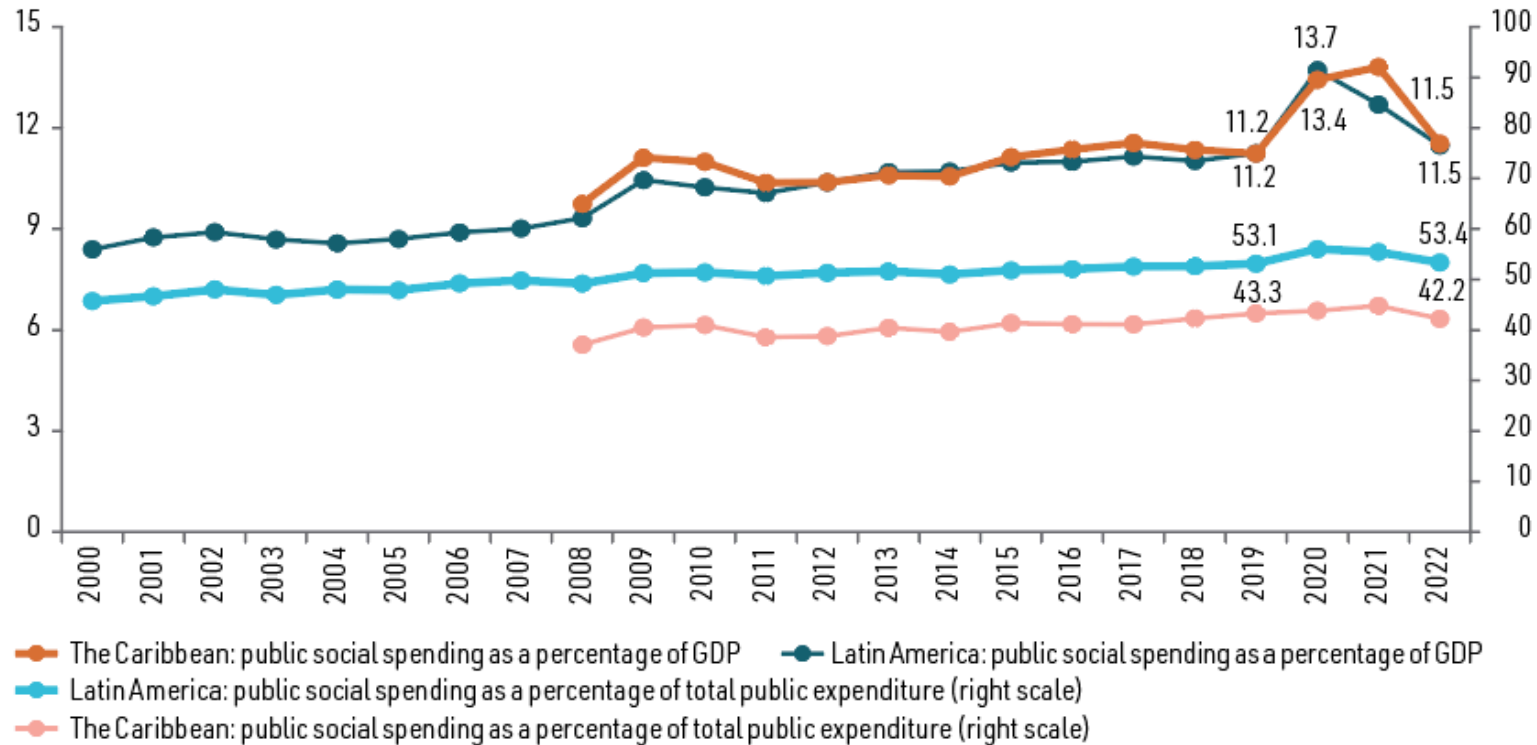
^a Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Mexico, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

- In the second quarter of 2022, **54.2 million households (39% of the total) relied solely on informal employment.** Another 25.1 million households (20%) had members working in both the formal and informal sectors. In total, **79.3 million households (58%) had at least one member working informally.**
- 21.7 million households that depend solely on informal employment are **headed by women.**
- Most **children** (aged under 15) and **persons aged 65 and over** live in households that depend entirely or partially on informal work (61.2%).

II. Central government social spending and spending on labour policies

Social spending in region amounted to 11.5% of GDP in 2022, close to levels seen prior to COVID-19 pandemic

Latin America and the Caribbean (22 countries): central government social spending, 2000–2022^{ab}
(Percentages of GDP and of total public expenditure)



- Figures for the period 2020–2022 show a significant deviation from the trend, with a rise at the start of the pandemic and in 2022 a return to levels slightly above those recorded in 2019 (11.2% of GDP).
- The peak was much larger than the one recorded for 2008–2009.
- The share of social spending in total public expenditure also deviated from its trend. Nonetheless, in Latin America it still accounts for the largest share of total public expenditure (53.4%).
- The challenge is to ensure the financial sustainability of social spending, and thus, inclusive social development policies.

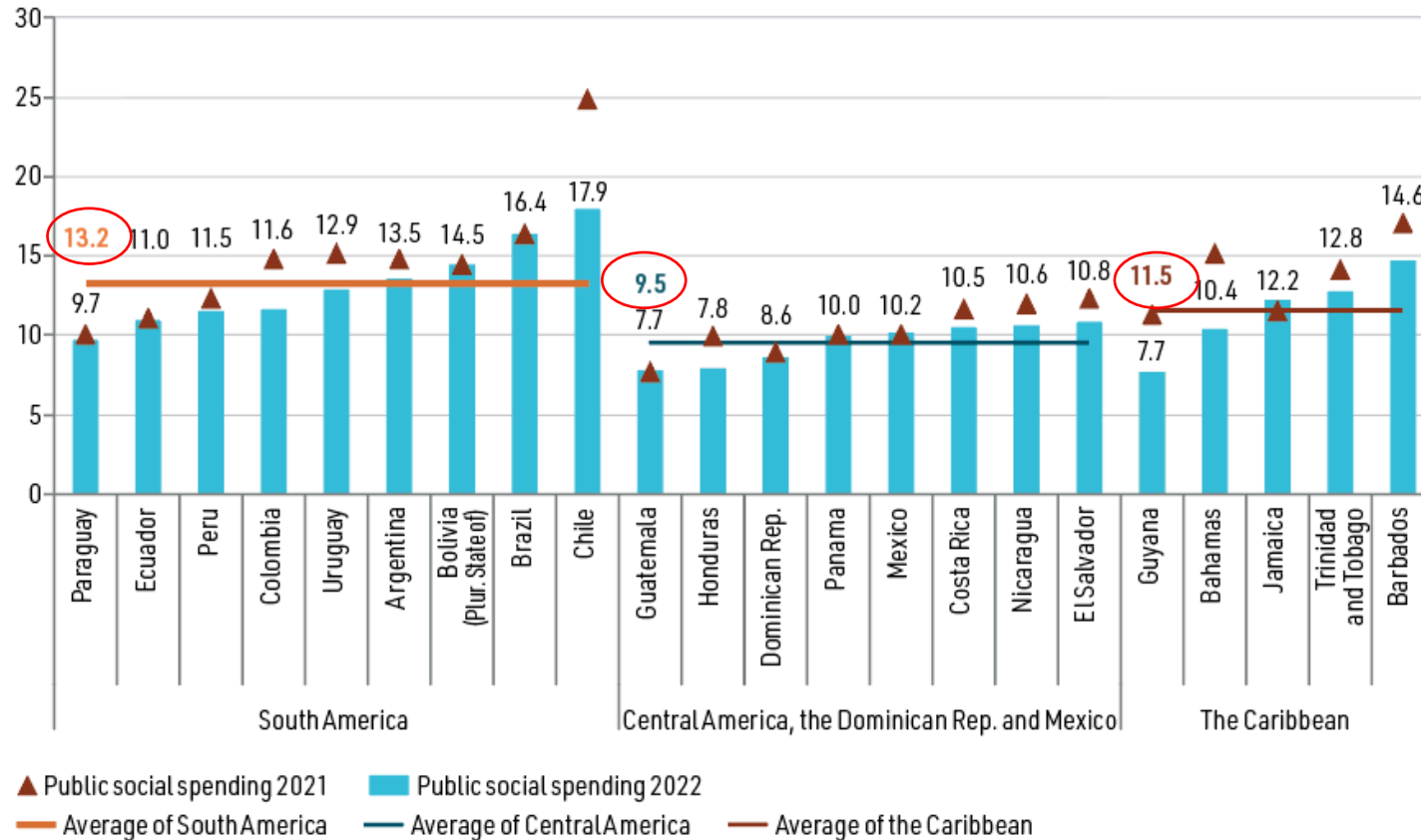
Source: ECLAC, on the basis of official information from the countries.

^a The averages are arithmetic means of the values for 17 countries from Latin America: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru, Plurinational State of Bolivia and Uruguay. Coverage in the Plurinational State of Bolivia corresponds to central administration and that of Peru to general government. Data for Panama and the Plurinational State of Bolivia refer to 2021.

^b The averages are arithmetic means of the values for 5 countries in the Caribbean: Bahamas, Barbados, Guyana, Jamaica and Trinidad and Tobago.

Social spending still varies considerably across countries and subregions in 2022: over 14.5% of GDP in three countries, but below 10% in five

Latin America and the Caribbean (22 countries): central government social spending, by country and subregion, 2021 and 2022
(Percentages of GDP)



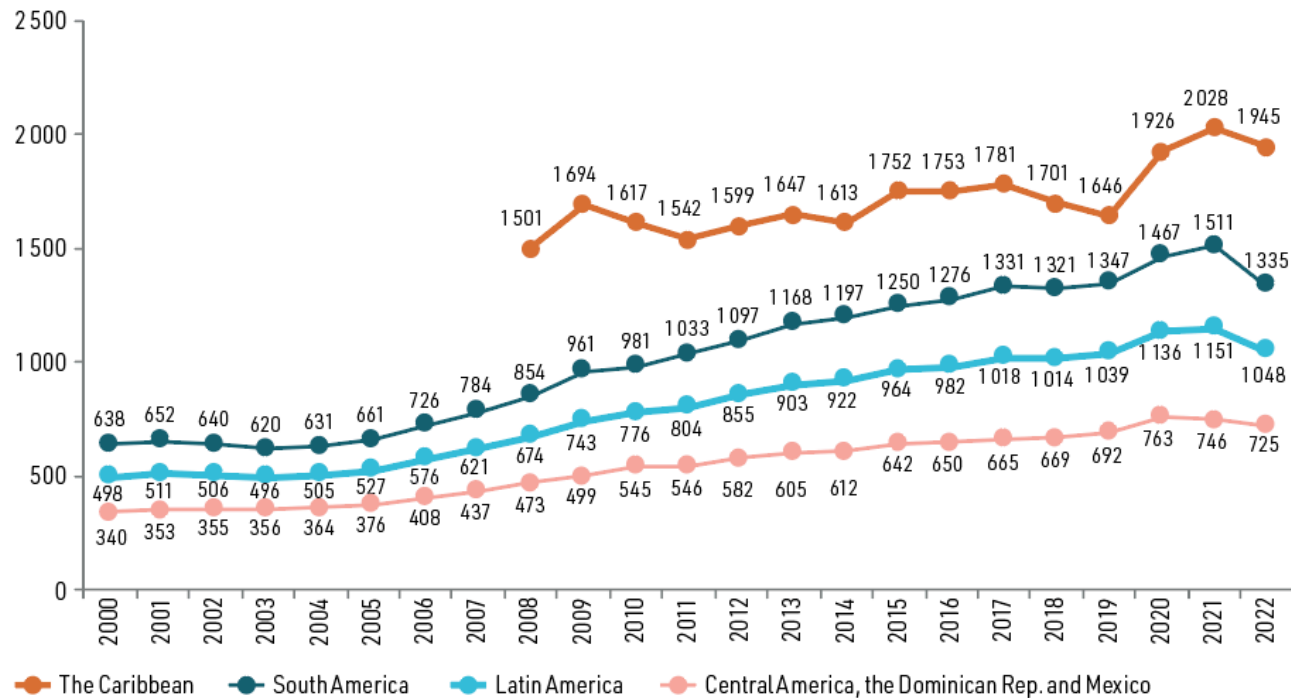
Source: ECLAC, on the basis of official information from the countries.

Note: Coverage in the Plurinational State of Bolivia corresponds to central administration and that of Peru to general government. The data for Uruguay do not include the Social Security Bank (BPS). The data for Panama and the Plurinational State of Bolivia refer to 2021. The 2021 levels of public social spending are included as a reference for comparison purposes.

- The subregion with the highest average spending is **South America**, at 13.2% of GDP, but this is still 2.3 percentage points below the level in 2021.
- The average for **Central America, Mexico and the Dominican Republic** is just 9.5% of GDP, 0.8 percentage points less than in 2021.
- South America and the Caribbean are the **subregions with the greatest range of situations**.
- In the Bahamas, Chile, Colombia and Guyana **central government social spending is more than 3 percentage points lower in relation to GDP** than it was in 2021.

Per capita social spending returns to levels seen in 2019 in Latin America, and remains above those levels in the Caribbean

Latin America and the Caribbean (22 countries): per capita central government social spending, by subregion, 2000–2022
(Dollars at constant 2018 prices)



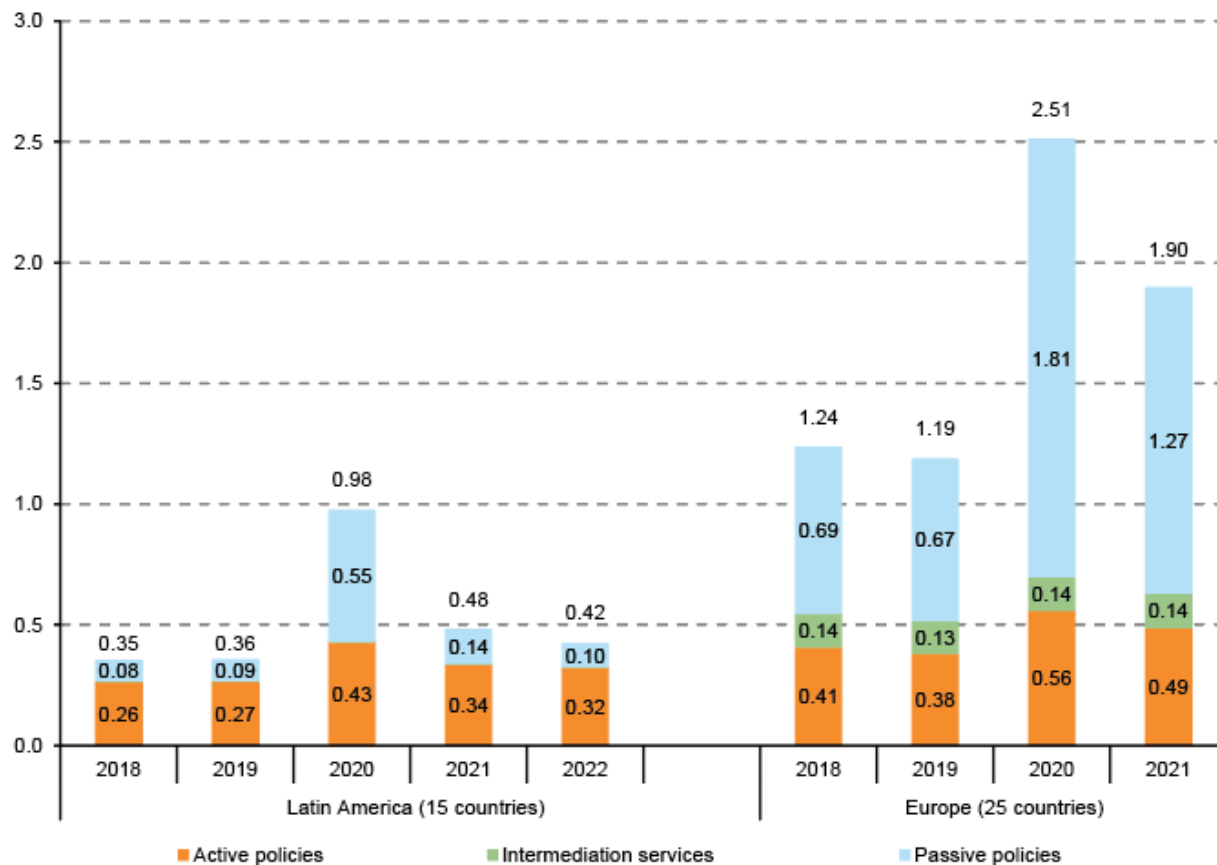
- Of the subregions, the **countries of the Caribbean again have the highest average per capita spending (US\$ 1,945).**
- Average per capital social spending for South America was US\$ 1,335, **1.8 times** the per capita spending of Central America, Mexico and the Dominican Republic (US\$ 725).
- Per capita social spending** has declined in all the subregions with respect to 2021.

Source: ECLAC, on the basis of official information from the countries.

Note: The Latin American figures shown correspond to the arithmetic mean of 17 countries, which are divided into two groups: 9 from South America (Argentina, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Plurinational State of Bolivia and Uruguay) and 8 from Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama) plus the Dominican Republic and Mexico. The Caribbean includes five countries (Bahamas, Barbados, Guyana, Jamaica and Trinidad and Tobago). Coverage in the Plurinational State of Bolivia corresponds to central administration and that of Peru to general government. The data for Uruguay do not include Social Security Bank (BPS). The data for the Plurinational State of Bolivia and Panama refer to 2021.

Active labour policies key to labour inclusion and accompanied during pandemic by expansion of passive policies

Latin America (15 countries)^a and Europe (25 countries):^b average annual spending on labour market and unemployment policies, 2018–2022
(Percentages of GDP)



- In 2020, **public spending on labour policies rose**, particularly because of expansion of passive policies.
- Key measures include **income support for the unemployed**, unemployment insurance and early retirement incentives.
- However, towards the end of the pandemic, **there was a return to the prior situation**.
- There are substantial differences in both the structure and the extent of spending on labour policies between Latin America and Europe, owing primarily to the **prominent role of passive policies in Europe**.

Source: ECLAC, on the basis of official information from the countries.

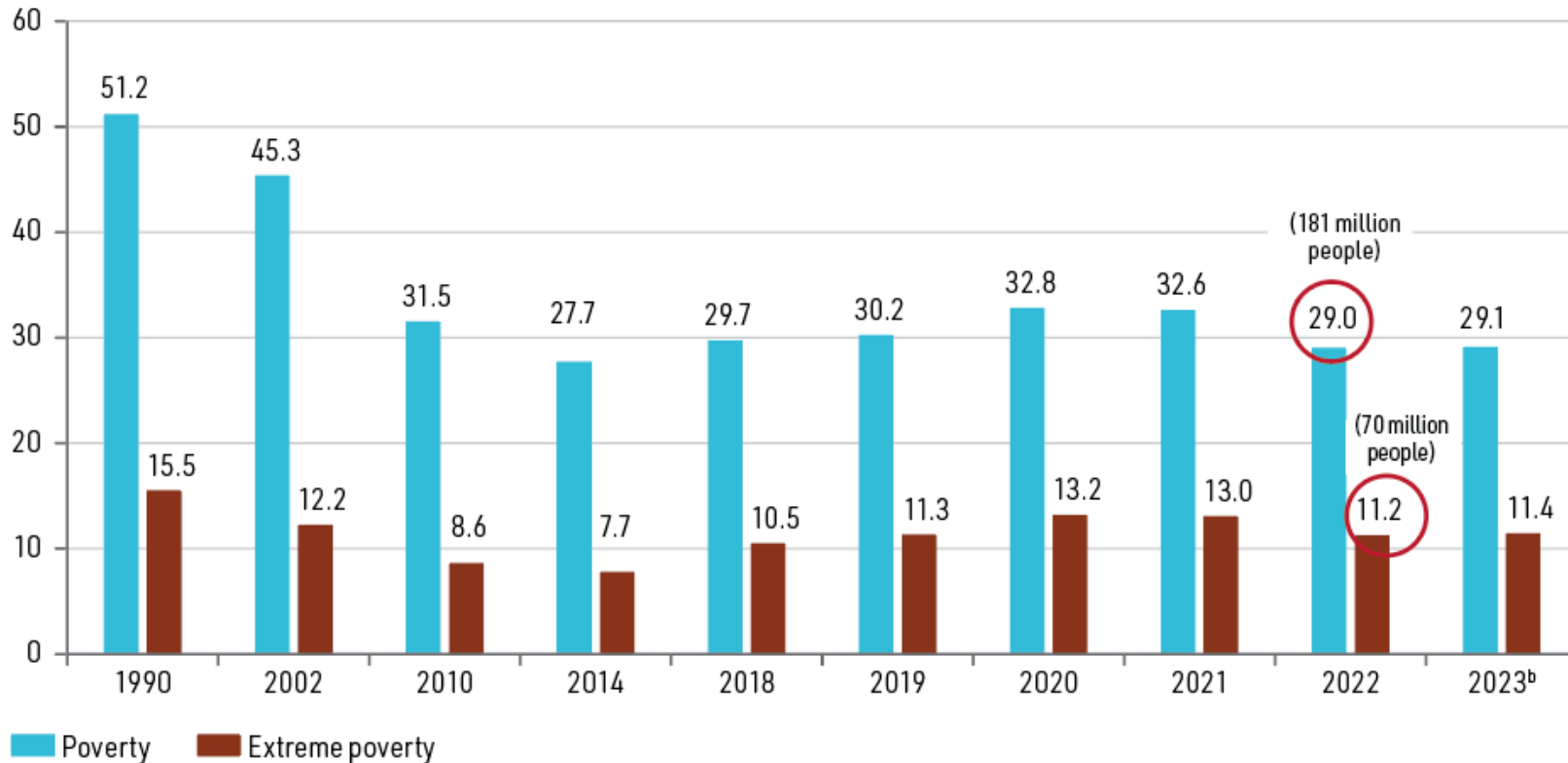
^a Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru and Uruguay.

^b Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Hungary, Italy, the Kingdom of the Netherlands, Latvia, Lithuania, Luxembourg, Malta, Norway, Poland, Portugal, Slovakia, Slovenia, Spain and Sweden.

III. Poverty, inequality and income concentration

In 2022, percentage of people living in poverty in region returned to pre-pandemic levels

Latin America (18 countries):^a poverty and extreme poverty rates, 1990–2022 and projections for 2023



Source: ECLAC, on the basis of the Household Survey Data Bank (BADEHOG).

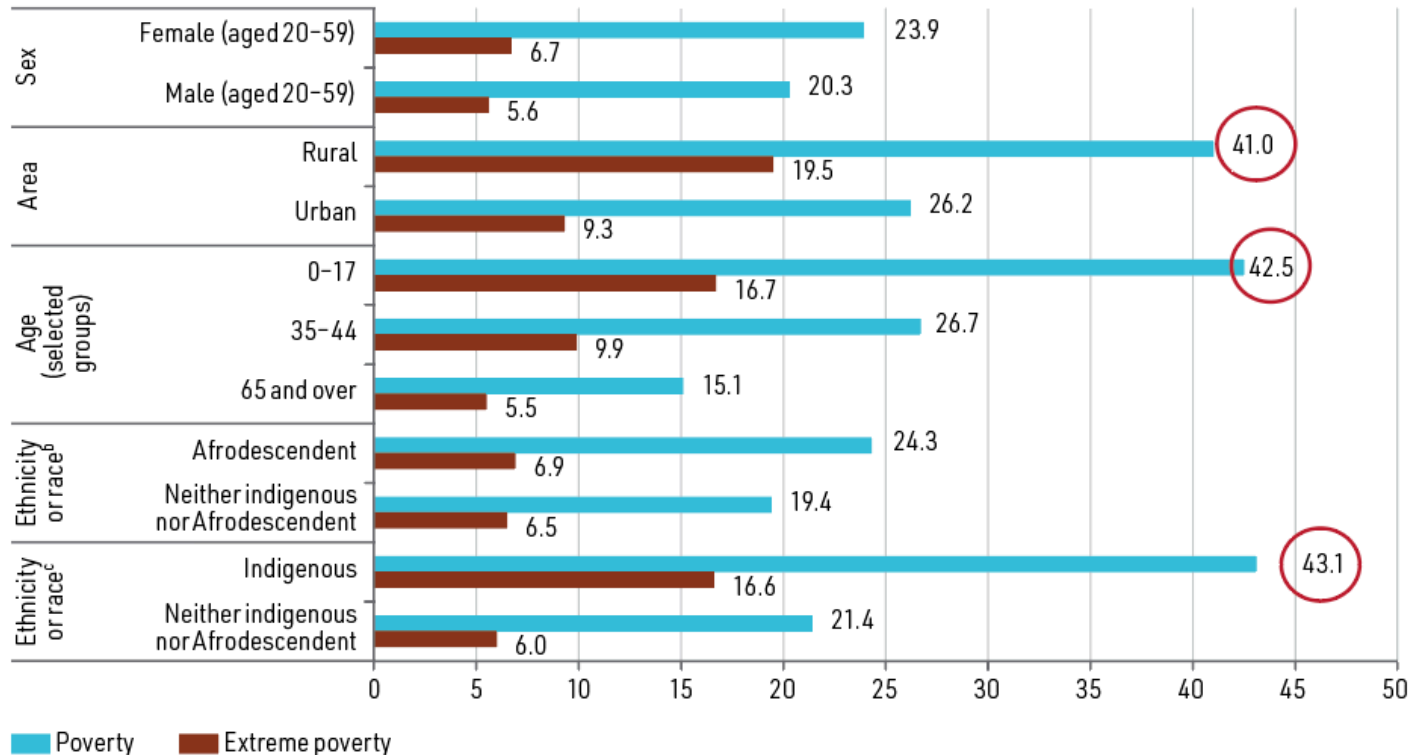
^a Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

^b Projections.

- In 2022, the **poverty rate** was 1.2 percentage points lower than before the pandemic in 2019, while the rate for **extreme poverty** was almost unchanged.
- In 2022, 181 million people in Latin America were living in poverty, and 70 million in extreme poverty.
- Given the expected economic growth in 2023 (1.7%) **improvements in poverty rates cannot be anticipated in the year.**

Poverty rates higher among certain groups: 42.5% of children and adolescents were living in poverty in 2022

Latin America (18 countries):^a people in poverty and extreme poverty, by area of residence, age and ethnicity or race, weighted averages, 2022
(Percentages)



- **Children and adolescents** experience poverty at higher rates than other age groups.
- In the in the 20–59 age group, the **poverty rate for women** is 1.2 times the rate for men, and this gap has not narrowed.
- Poverty rates are higher among **Indigenous Peoples (43.1%)** and **rural communities (41%)**.

Source: ECLAC, on the basis of the Household Survey Data Bank (BADEHOG).

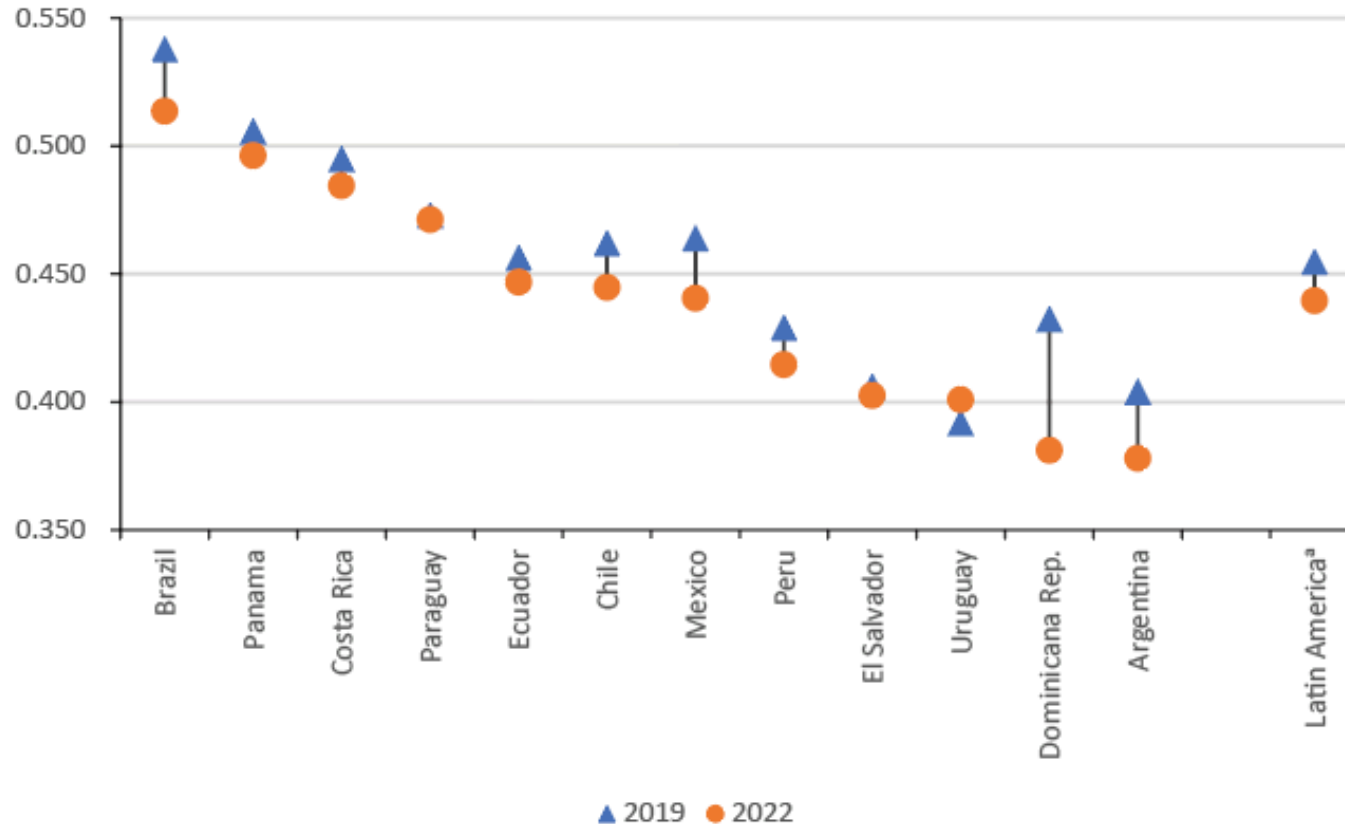
^a Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

^b Average of 8 countries: Brazil, Colombia, Ecuador, Guatemala, Nicaragua, Panama, Peru and Uruguay.

^c Average of 11 countries: Brazil, Chile, Colombia, Ecuador, Guatemala, Mexico, Nicaragua, Panama, Peru, Plurinational State of Bolivia and Uruguay.

In 2022, income inequality fell below 2019 levels

Latin America (12 countries): Gini index, 2019 and 2022



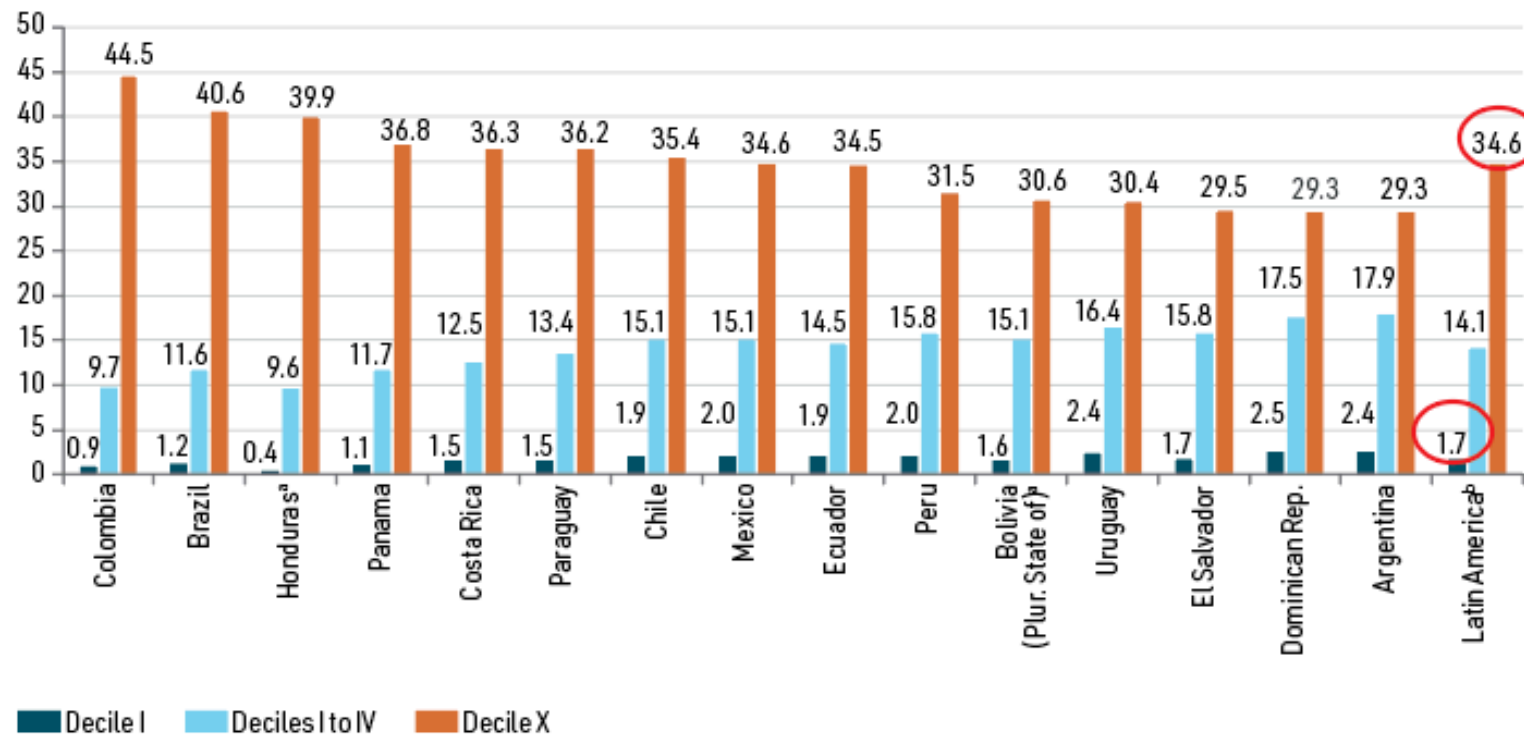
- In 9 of 12 Latin American countries, the Gini index was lower in 2022 than in 2019.
- Annual average decrease in the Gini index was faster in the period 2019–2022 (1.1%) than in 2014–2019 (0.2%).

Source: ECLAC, on the basis of the Household Survey Data Bank (BADEHOG).

^a Simple averages.

Nevertheless, inequality remains very high

Latin America (15 countries): income received by deciles I, I to IV and X, 2022
(Percentages)

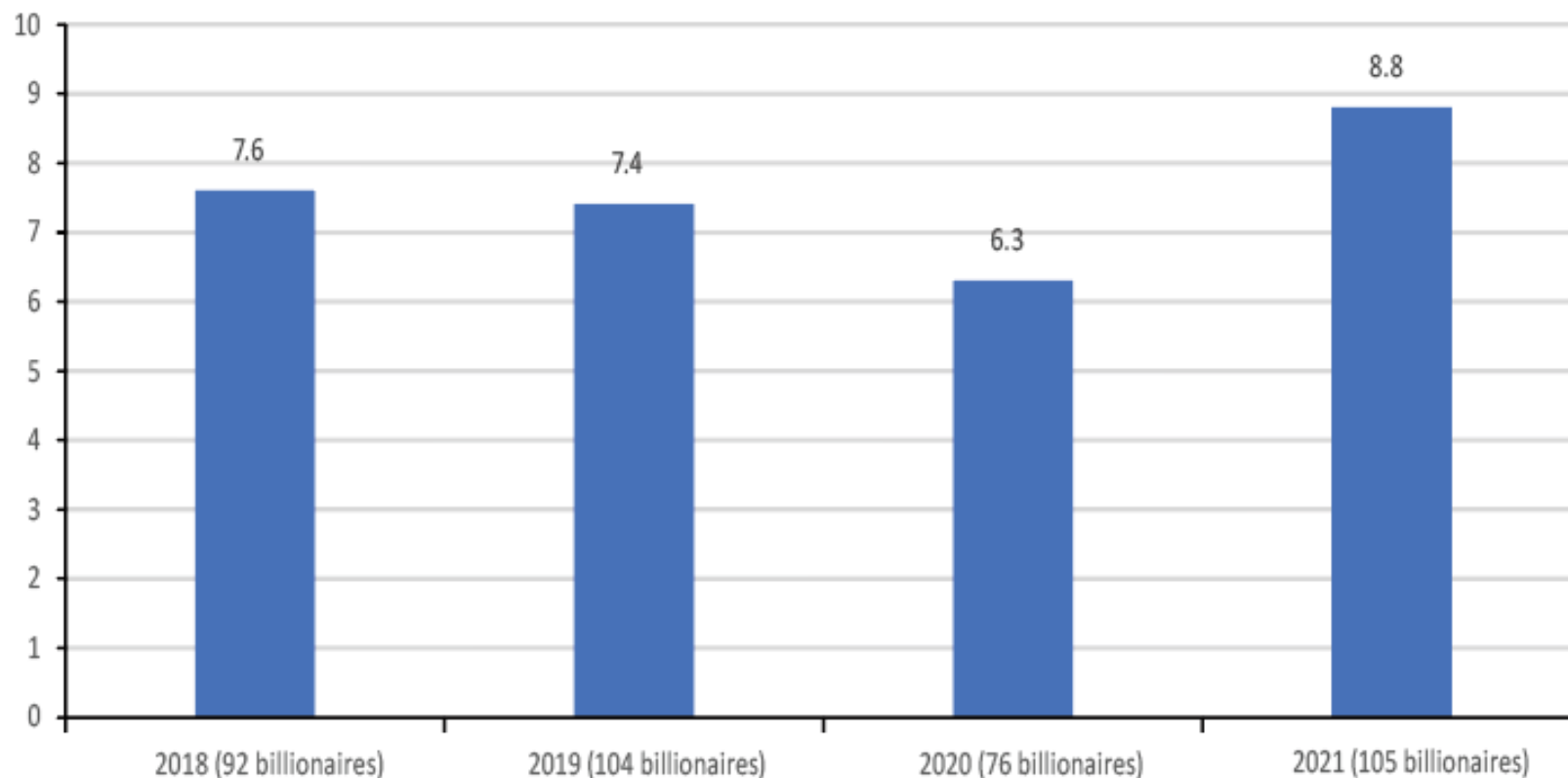


- In Latin America, the income of the highest-income decile (decile X) was 21 times that of the lowest-income decile (decile I).
- **High inequality hampers growth**, as it limits factors including access to education and opportunities to innovate and increase productivity.

Source: ECLAC, on the basis of the Household Survey Data Bank (BADEHOG).
^a The figures for Honduras and the Plurinational State of Bolivia are from 2021.
^b Simple averages.

High concentration of wealth: in 2021, 105 people held wealth equalling nearly 9% of regional GDP

Latin America and the Caribbean: wealth of billionaires as a share of regional GDP, 2018–2021
(Percentages)



- In 2021, the average wealth of the region's billionaires reached US\$ 4.3 billion.
- Average wealth of the rest of the population was US\$ 18,000.

Source: ECLAC, on the basis of K. A. Dolan and C. Peterson-Withorn, "Forbes World's Billionaires list", Forbes [online] <https://www.forbes.com/billionaires-2022/> and Credit Suisse Research Institute, *Global Wealth Databook 2022: Leading Perspectives to Navigate the Future*, 2022.

IV. Concluding remarks: labour inclusion policies to reduce inequality and informality

Labour inclusion critical for reducing inequality and informality in region

- A shift from **labour market access to labour market inclusion** is needed to ensure access to quality jobs that pay an above-minimum wage and offer social protection, in particular for **women and young people**.
- Labour inclusion and **social protection systems are closely linked, calling for comprehensive measures**, including access to care and greater educational opportunities.
- One major reason for persistent gender gaps in labour inclusion is the **disproportionate caregiving burden shouldered by women**.
- **Migrants' existing economic contribution** can increase under regular working conditions and with reduced barriers to labour inclusion.
- The region must make progress **in the design, expansion and coordination of active labour policies**, with a particular focus on the most vulnerable groups, **strengthening institutions and ensuring their financial sustainability**.
- National public spending on labour policy, **averaging 0.42% of GDP, is insufficient**. **The successful implementation of inclusive social development strategies depends on** national investment in labour inclusion, owing to its impact on inequality and labour informality, both of which represent structural barriers to sustainable development.

Despite recovery of some social indicators, inclusive social development still presents substantial achievement gaps

- Several social inclusion indicators (poverty, inequality, employment) are showing signs of recovery from cascading shocks, but the region remains mired in structural **low growth and high poverty and inequality**.
- **Low economic growth hinders labour inclusion. Labour inclusion requires high and sustained growth. The future of work cannot improve without improved production, and vice versa.**
- **Increased social spending in response to the pandemic** peaked in 2020 and has been falling ever since. The challenge is to ensure the financial sustainability of social spending and thus strengthen inclusive social development policies.
- **Labour inclusion is key** to reduce inequality and labour informality and to drive economic growth. **It is thus fundamental to inclusive social development and to improving the future of work.**
- The future of work is a central theme of the **Economic and Social Council** (January 2024), the **Summit of the Future** (2024) and the **World Social Summit** (2025) of the United Nations.

Social Panorama of Latin America and the Caribbean **2023**

Labour inclusion as
a key axis of inclusive
social development

Follow us on:



<https://www.cepal.org/en>



https://twitter.com/eclac_un



<https://www.facebook.com/eclac>



<https://www.youtube.com/user/ECLACUN>



<https://www.flickr.com/photos/eclac>



UNITED NATIONS

ECLAC



years

Working for
a productive, inclusive
and sustainable future