Hemispheric Workshop

"Social Dialogue for a rights-based transition from informal

to formal employment"

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Transition to the formalization of work with rights.  Ensuring universal access to social protection for workers

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INTRODUCTION

On behalf of Her Excellency, DORIS ZAPATA ACEVEDO, Minister of Labor and Workforce Development of the Republic of Panama, we greet Ms. Raquel Cecilia Kismer, Minister of Labor, Employment and Social Security of Argentina, for the hospitality extended to us by holding this event in her country; to the representatives of the OAS,  the Inter-American Network for Labor Administration (RIAL), the representatives of COSATE and CEATAL; as well as to the in-person and virtual who attend this "Hemispheric Workshop", we thank you for the invitation to the Dialogue for a rights based transition from informal to formal employment.

With the aim of sharing some of the strategies and policies linked to social protection and the promotion of productivity that facilitate the transition to labor formalization through mechanisms based on social dialogue, we are here today, precisely to share with you some experiences of my country, bearing in mind some challenges that the circumstances have imposed on us to guarantee universal access to protection and valuing the progress made.

BEGINNING OF THE CRISIS

On 11 March 2020, WHO declared the coronavirus disease COVID-19 a pandemic, by virtue of its worldwide propagation.  Two days later, Panama declared a State of National Emergency and made other provisions.

PANAMA SOLIDARITY PLAN

One of these provisions was the creation of the "Plan Panama Solidario” to meet the urgent needs of affected citizens to a greater or lesser extent within the national territory.

The plan consisted of providing solidarity support to affected citizens to cover their basic needs of food, hygiene products and medicines, during the State of National Emergency. Three modalities were established to provide this support: 1) delivery of food bags from house to house every 15 days, prioritizing what we call the Panama Rural and Panama de las Comarcas; 2) delivery of physical vouchers worth US$100 for the purchase of food and medicines in establishments registered for this program; and 3) monetary transfers of a digital voucher through the personal identity card for purchases only of food and medicines in the  local trade for the same value and that months later was increased to USD$120.00.

With the economic reactivation from the 1st quarter of 2021, some of these grants were evaluated and suspended, but the digital voucher remains officially valid until December 31, 2022.

TRIPARTITE DIALOGUE TABLE FOR THE ECONOMY AND LABOR DEVELOPMENT

In April 2020, the Ministry of Labor and Workforce Development convened a Tripartite Dialogue Table for the Economy and Labor Development. From this tripartite dialogue, rules emerged that allowed the protection of workers' rights, such as the temporary suspension of employment contracts and the reduction of working hours; teleworking was regulated as an alternative to maintain production without affecting the biosecurity of workers; the payment of maternity leave is recognized for workers with suspended contracts; regulates the return of persons with disabilities to their jobs; among other rules that were agreed.

The Plan Panamá Solidario has had a very high cost for the finances of the Panamanian State, but it has allowed us to bring assistance and relief to the most vulnerable population and allowed us to arrive at consensual measures that allowed us to gradually recover the existing working conditions at the time of the appearance of the pandemic.

ECONOMIC REACTIVATION

 Panama's GDP growth stood at 3.0% in 2019, in 2020 it had a fall of -17.9%, achieved a recovery of 15.3% in 2021 surpassing all the predictions of economists, international organizations and our own government authorities; this year 2022, ECLAC has predicted a growth of 7.0%.

Unemployment, which in 2019 was at 7.1% in Panama, increased to historically unseen levels to 18.5% in 2020 and now stands at 9.9%; informality was 44.9% in 2019, rose to 52.  8% in 2020, now stands at 47.6%.

These indicators that show an evident reactivation of the country, considering an absolute control of the COVID-19 pandemic, thanks to the effective management of a massive national vaccination process, do not detract from the reality that in the labor market, the hardest hit have been young people aged 15 to 29, who struggle to find the opportunity to find the unity of decent work.

We agree that States are responsible for implementing effective public employment policies.  The challenges to close gender gaps, reduce unemployment and informality, especially among young people and women, they approach a solution through social dialogue mechanisms.

SINGLE DIALOGUE TABLE FOR PANAMA

All this situation that paralyzed the country for several days, led to a Single Dialogue Table for Panama, where the list of issues to be negotiated grew to eight (8) points considered of national urgency and the actors were the popular groups that protested in the streets and paralyzed the country together with representatives of the Executive Branch led by the Ministry of Labor and Labor Development.

This Single Table of Dialogue for Panama had the Catholic Church as facilitator and the methodology consisted of debating each of the issues until consensus or dissent was reached.

After almost thirty-two days, there were agreements that were immediately implemented or implemented, such as reduction and freezing of the price of fuel, reduction and freezing of the prices of the basic basket without affecting the national producer, reduction, and supply of medicines from the Social Security Fund without risk of  privatization and compliance with the law authorizing 6% of GDP for the education sector.

The following issues remained pending for a second stage of dialogue, in which other actors from the productive sector and society would participate: reduction of electricity costs, review of the deficit that the Social Security Fund is going through in the IVM program, the transparency of the public sector and the formation of an inter-institutional table to follow up on everything agreed.

LESSONS LEARNED AND CHALLENGES

These experiences, to which I must add the recent submission of a report on actuarial valuation of the Panamanian pension system by the ILO Office for Central America, Haiti, Dominican Republic and Panama, in collaboration with the Public Finance, Actuary and Statistics Unit of the ILO Social Protection Department,  Geneva, constitute actions carried out by Panama through social dialogue mechanisms.

Finally, I would just like to mention that, considering that 58.9% of informal workers in Panama are engaged in self-employed activities (TPCP), we are working inter-institutionally to bring them to formality gradually. We are also adopting  new digital procedures, to reduce bureaucratic procedures that produce distrust of the taxpayer, we are implementing a Labor Market Information System to have timely and reliable data that speed up decision-making and we have concluded a draft Dual Training Law that will help the labor insertion of young people who study,  within a long list of initiatives to improve productivity and speed up the transition to labor formalization.

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