

ACTION SHEET



National Employment Plan Update of the Dominican Republic (PLANE), to support job creation and reduce labour informality

Line of action:
ACTIVE EMPLOYMENT POLICIES

Areas:
SOCIAL POLICIES

Scope:
DOMINICAN REPUBLIC

REDUCE UNEMPLOYMENT AND LABOUR INFORMALITY

The Dominican Republic is one of the countries that has best positioned itself in the recovery in Latin America and the Caribbean. In 2021, the economy will grow between 9% and 10%, according to the projections of the country's Central Bank (BCRD), thanks to an economic structure open to foreign investment, international trade and cutting-edge economic sectors.

However, the fruits of growth do not uniformly benefit the entire population. In fact, a considerable part has not recovered from the effects of the pandemic. Social vulnerability rose from 63% to 70%, with an increase in moderate poverty from 18.43% to 22.31%; and extreme poverty increased from 2.71% to 5.13%, with a higher incidence in urban poverty and gender inequality. ("Covid 19 Under the Magnifying Glass", June 2020, Ministry of Economy, Planning and Development)

In addition, the growth model goes hand in hand with high rates of labour informality. As a result of the pandemic, more than 91,500 jobs were lost in the formal sector and almost 235,000 jobs in the informal sector, having a special impact on domestic workers and those in the commerce and tourism sectors. With regard the economic recovery seen in the first half of 2021, with a growth of 13.7% (BCRD), labour informality has not decreased; and between January and March 2021 it



stood at 57.7% of the workforce, according to the Continuous National Survey of the Workforce (ENCFT), published by the BCRD.

Informality has normalised in the country in the form of a structural problem derived from an economic model that maintains sustained growth in sectors where employment is not created or where it is generated in a precarious fashion. Changing to formal employment is not a simple endeavour, since it faces the cost-benefit ratio drawback for both companies and workers, who do not consider it economically profitable.

In response to this situation, the country is in the process of reforming and strengthening the social protection system, as well as defining

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a post-COVID-19 economic recovery plan. One key point is the need to strengthen the link between the labour market and social protection, and improve the quality of jobs as

Activities promoted by EUROsociAL+

1. Carrying out diagnoses, data collection and interviews with key information providers on labour informality in the Dominican Republic, especially in domestic work and commerce (activities which come under the responsibility of the Ministry of Labour).
2. Compilation and comparative analysis of international experiences which contrast with labour informality, especially in domestic work (an activity carried out by Eurosocial).
3. Carrying out exchanges of international experiences.
4. Preparation of a preliminary proposal for a public policies programme to contrast informality in the selected sectors.
5. Design of a roadmap as part of the preliminary proposal for a public policy programme to carry out pilot projects with measures to reduce informality and with social protection instruments in selected sectors.

a key part of the strategy to fight poverty. As there has not been any reduction in informality, most workers lack the social protection offered by contributory programmes, the minimum wage and job stability. As long as informality persists, social protection will remain precarious.

On the other hand, the lack of passive employment policies has caused a decrease in the capacity of families for consumption, causing a greater decline in the economy in general and more unemployment. As a result, many unemployed people have boosted the informal economy in order to generate income.

It is therefore considered essential to develop a passive employment policy in the Dominican Republic through unemployment insurance, which has been legally created, but has not been developed. This would make it possible to maintain the level of incomes and a decent income for unemployed people through benefits, in addition to guaranteeing income protection for those who become unemployed through the provision of benefits for a certain period, and by contributing through subsidising job seekers' costs for those who are unemployed and trying to find a new job.

UPDATING THE NATIONAL EMPLOYMENT PLAN

The updating and strengthening of the National Employment Plan (PLANE), which is supported by the EUROsociAL+ Programme, is framed in this context. Its objective is to generate 600,000 new decent, quality, sustainable and inclusive jobs with a gender perspective. In addition to the development of passive employment policies, as well as the establishment of policies for the social protection of informal workers and the reduction of labour market informality. To this end, spaces for dialogue and consultation have been created with the country's productive sectors, union sectors, academies, community organisations, actors in the territory, and bilateral and cooperation organisations. Within this framework, between August and

September 2021, five virtual thematic forums were held to promote dialogue and knowledge regarding proposals leading to the construction of said National Plan, under a participatory approach.

A National Employment Commission promotes this initiative. It is a tripartite space for discussion and consensus formed by the government (ministries), companies (with their unions) and workers. It is led by the Ministry of Labour, with the participation of the Ministry of Economy, Planning and Development; the Ministry of Industry, Commerce, Production and (MSMEs); the National Council of Private Enterprise; the National Confederation of Trade Union Unity; the Confederación Autónoma Sindical Clasista (Trade Union and Social Organisation); the Employers' Confederation of the Dominican Republic and the National Confederation of Dominican Workers.

A fundamental part of the National Employment Plan Update will be devoted to measures to reduce labour market informality particularly in emblematic sectors, such as domestic work and commerce.

Keys to improving employment and employability

1. Improvement, modernisation and expansion of the SENAE. Achieve job creation and labour insertion by improving and expanding the portfolio of services offered by the SNE, directing it towards an active employment policy which is coordinated and complemented with other public services of a social nature.
2. Strengthening of regulatory aspects. Contribute to a better labour market organisation through the updating of regulations, protocols, methodologies and strategies for the regulation of employment agencies in the country and the coordination of private employment services with the SENAE.

PROPOSAL FOR EMPLOYMENT FORMALISATION

Within this framework, EUROsociAL+ is collaborating in carrying out situational diagnoses on the reality of labour informality, paying particular attention to impacts caused by COVID-19. On the other hand, we are steadily compiling international experiences and good practices with a gender perspective, to link policies aimed at domestic work with care policies and identify possibilities of promoting employment in areas where there are traditionally gaps in women's participation.

All this will constitute a significant input to prepare a proposal for measures to promote the formalisation of employment, which will be designed considering its legal and fiscal viability, as well as the interests of the socio-economic sectors involved, to achieve the greatest possible social, political and institutional consensus. Among these measures, there are incentives for said formalisation and access to social security for informal workers.

The feasibility analysis of these measures, together with a list of orientations and guidelines directed at the ministries involved, will allow the subsequent design of a roadmap for the carrying out of pilot studies with measures to reduce informality and with social protection instruments.

A key to combating informality is the strengthening of instruments at the service of active employment policies, such as the National Employment Service (SENAE). The objective of the SENAE is to facilitate labour insertion through the link between employment supply and demand. The improvement and expansion of the SENAE contemplates coordination with other employment services and social services, with a view to expanding and prioritising the access of vulnerable groups to universal services related to employment and decent work.

It is precisely the coordination of the public employment service with other social services that is the key to reducing any duplication of efforts, making the fiscal cost of such programmes more efficient, and providing joint solutions for unemployed people or those in precarious jobs. In order to fulfil this purpose, coordinated action between social assistance and training and labour intermediation programmes is required. Employment services, by connecting with the private sector and having the ability to determine their human resource needs, can help to adapt the training offering according to company workforce requirements.