



PERÚ

Ministerio  
de Trabajo  
y Promoción del Empleo

# **SUCCESSFUL MODELS IN THE AREA OF LABOR INSPECTION**

**OBSERVATIONS ON THE  
PERUVIAN EXPERIENCE**

# Reform of the Inspection System

- Law 20806 (of July 22, 2006) significantly reformed the inspection system in Peru, bringing it more in line with the standards contained in ILO Convention No. 81.
- The Peruvian State adopted a firm undertaking to implement State Policy 14 set down in the National Accord, which advocates full, productive, and decent employment with adequate pay and conditions, as well as access to social security.

## Leg. Decree 910

## Law 28806

### **GENERAL ASPECTS OF THE LAW:**

The previous law combined regulations on labor inspections and worker protection.

It did not include aspects covered by ILO Convention No. 81 on labor inspection.

There was a single inspection procedure in which inspectors carried out visits in response to complaints or according to schedules.

### **GENERAL ASPECTS OF THE LAW:**

The contents of the law are more consistent with ILO Convention No. 81.

The overriding purpose of the Law is prevention and guidance, rather than punishment. The new inspection system has two stages:

**INSPECTION PROCEDURES**, which are carried out by the labor inspector, who conducts investigative or consultative inspection procedures, or provides technical advisory services framed by the principles of functional autonomy, primacy of reality, etc.

**PUNITIVE PROCEDURE**, carried out by the Labor Authority. It is a procedure of an administrative nature.

## Leg. Decree 910

### **ORGANIZATION AND STRUCTURE OF LABOR INSPECTION:**

The previous law did not provide for the existence of an administrative authority on labor that specialized in inspection and that coordinated and supervised national policy in the area of labor inspection.

The previous law only permitted investigations by the regional authority for the jurisdiction where the presence of the inspector was required.

## Law 28806

### **ORGANIZATION AND STRUCTURE OF LABOR INSPECTION:**

The present law provides for a single system known as the Labor Inspection System, which is composed not only of labor inspectors but also of all the civil servants necessary to perform the tasks of management, organization, coordination, planning, and follow-up on inspection procedures.

The Law outlines a properly organized and structured labor inspection system and sets out clear guidelines for its operation.

# CURRENT CONCEPT OF LABOR INSPECTION IN PERU

- Public service:
  - \* Single, integrated, multifunctional system
    - \* Supervises compliance with social and labor standards as well as the rules on occupational health and safety.
  - \* Provides guidance and technical advisory services

Consistent with ILO Convention No. 81

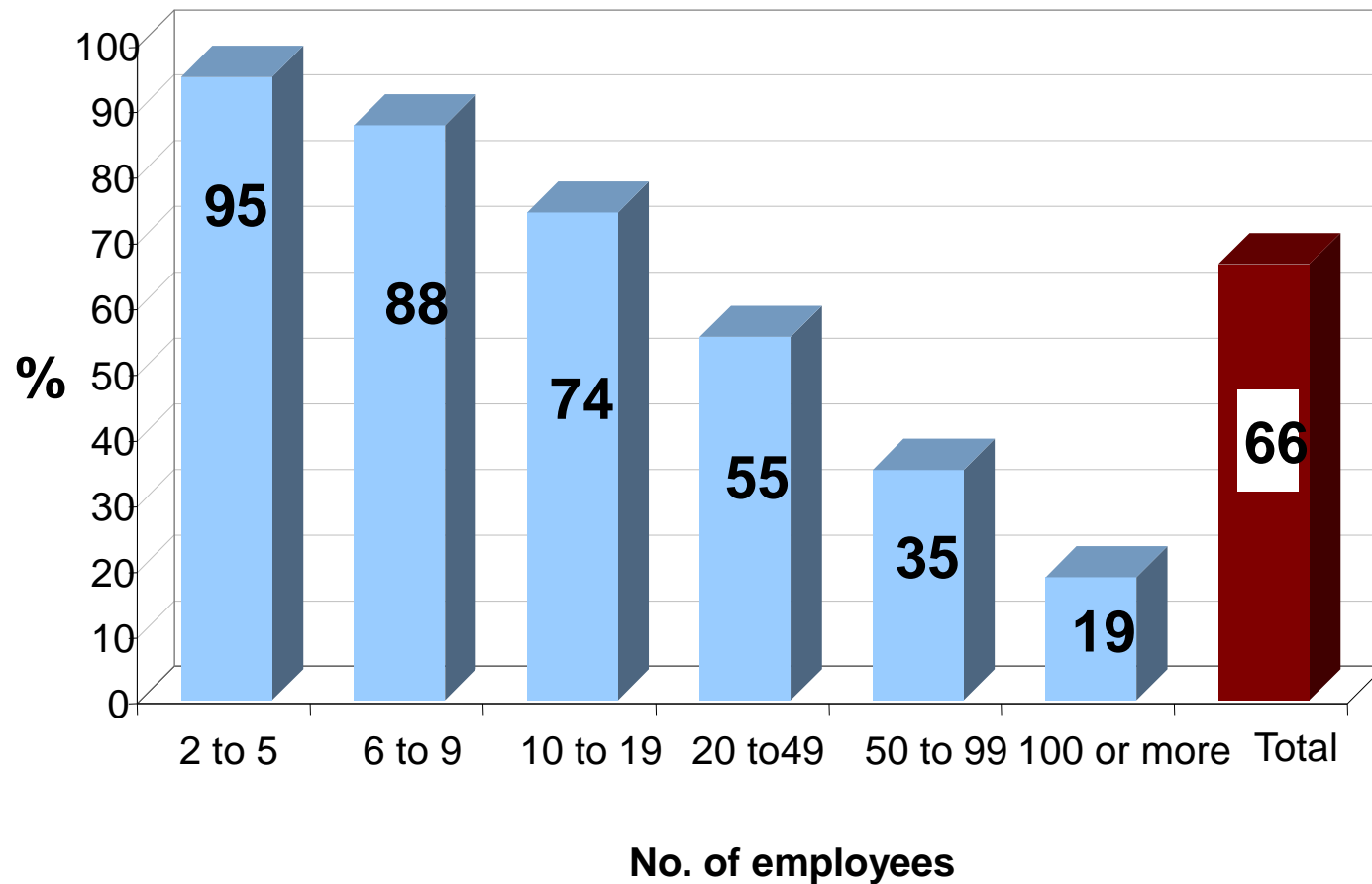
**“PLAN RETO”**  
**OBLIGATORY**  
**WORKER**  
**REGISTRATION**

# **BASE LINE**

## **A.- INFORMAL EMPLOYMENT:**

- In the last three years in Peru urban employment in companies with 10 or more workers has risen at an annual rate of more than 7%.
- However, the level of informal employment has remained high, reaching 66% in 2007, according to the national household survey.

## Informal employment rate by corporate segment, nationwide



Source : National Household Survey, 2007. INEI. Preliminary data.



# **BASELINE**

- **Based on information from the electronic payroll, for which the April 2008 data was taken as the baseline, it was noted that outsourcing is extensively used as a hiring mechanism, which is only applicable for services of an independent nature.**

**NATIONAL**

**PRIVATE SECTOR FOURTH CATEGORY SERVICES WORKERS**

**BY REGION  
(OUTSOURCING)**

**ELECTRONIC PAYROLLS: APRIL 2008**

| REGIÓN           | BUSINESSES WITH 1 TO 10<br>OUTSOURCERS                                |                          | BUSINESSES WITH 11 OR MORE<br>OUTSOURCERS                             |                          | TOTAL   |                          |
|------------------|---|--------------------------|---|--------------------------|---|--------------------------|
|                  | NUMBER OF<br>BUSINESSES WITH<br>4 <sup>TH</sup> CATEGORY<br>EMPLOYEES | NUMBER OF<br>OUTSOURCERS | NUMBER OF<br>BUSINESSES WITH<br>4 <sup>TH</sup> CATEGORY<br>EMPLOYEES | NUMBER OF<br>OUTSOURCERS | NUMBER OF<br>BUSINESSES WITH<br>4 <sup>TH</sup> CATEGORY<br>EMPLOYEES | NUMBER OF<br>OUTSOURCERS |
| 01 AMAZONAS      | 181   | 442                      | 15  | 288                      | 196   | 730                      |
| 02 ANCASH        | 968   | 1,928                    | 112   | 3,323                    | 1,080   | 5,251                    |
| 03 APURIMAC      | 209   | 371                      | 25  | 931                      | 234   | 1,302                    |
| 04 AREQUIPA      | 3,809   | 10,260                   | 802   | 27,617                   | 4,611   | 37,877                   |
| 05 AYACUCHO      | 272   | 495                      | 25  | 857                      | 297   | 1,352                    |
| 06 CAJAMARCA     | 912   | 1,814                    | 97  | 2,785                    | 1,009   | 4,599                    |
| 07 CALLAO        | 2,006   | 6,229                    | 604   | 21,314                   | 2,610   | 27,543                   |
| 08 CUSCO         | 1,882   | 5,166                    | 489   | 19,842                   | 2,371   | 25,008                   |
| 09 HUANCAVELICA  | 45  | 100                      | 10  | 162                      | 55  | 262                      |
| 10 HUANUCO       | 674   | 1,501                    | 84  | 2,386                    | 758   | 3,887                    |
| 11 ICA           | 1,334   | 3,167                    | 223   | 6,344                    | 1,557   | 9,511                    |
| 12 JUNIN         | 1,311   | 2,829                    | 155   | 6,772                    | 1,466   | 9,601                    |
| 13 LA LIBERTAD   | 2,969   | 6,580                    | 370   | 13,436                   | 3,339   | 20,016                   |
| 14 LAMBAYEQUE    | 1,677   | 3,623                    | 222   | 8,613                    | 1,899   | 12,236                   |
| 15 LIMA          | 40,172  | 117,201                  | 10,347  | 416,138                  | 50,519  | 533,339                  |
| 16 LORETO        | 962   | 2,675                    | 184   | 5,525                    | 1,146   | 8,200                    |
| 17 MADRE DE DIOS | 303   | 769                      | 41  | 1,226                    | 344   | 1,995                    |
| 18 MOQUEGUA      | 359   | 1,070                    | 77  | 2,323                    | 436   | 3,393                    |
| 19 PASCO         | 306   | 596                      | 18  | 344                      | 324   | 940                      |
| 20 PIURA         | 1,818   | 4,542                    | 373   | 11,939                   | 2,191   | 16,481                   |
| 21 PUNO          | 518   | 1,161                    | 68  | 2,328                    | 586   | 3,489                    |
| 22 SAN MARTIN    | 1,023   | 2,396                    | 124   | 3,274                    | 1,147   | 5,670                    |
| 23 TACNA         | 1,117   | 2,898                    | 228   | 7,544                    | 1,345   | 10,442                   |
| 24 TUMBES        | 196   | 523                      | 52  | 1,547                    | 248   | 2,070                    |
| 25 UCAYALI       | 656   | 1,983                    | 162   | 4,562                    | 818   | 6,545                    |
| <b>TOTAL</b>     | <b>65,679</b>   | <b>180,319</b>           | <b>14,907</b>   | <b>571,420</b>           | <b>80,586</b>   | <b>751,739</b>           |

SOURCE : MINISTRY OF LABOR AND EMPLOYMENT PROMOTION  
SWORN STATEMENTS OF ELECTRONIC PAYROLLS SUPPLIED BY THE TAX AUTHORITY  
DESIGN : OFFICE OF STATISTICS AND INFORMATION SYSTEMS / STATISTICS OFFICE

NOTE : REFINED DATA ON OUTSOURCERS IN THE PRIVATE SECTOR ONLY - NO OTHER FILTER

# **MARKET STRUCTURE**

- According to the market structure, inspections should only target “wage and salary workers,” “household workers and apprentices” and outsourced services workers, who amounts to a total of 5,816,062 persons subject to inspection.

# MARKET STRUCTURE

## Peru: Distribution of the Employed Labor Force by status in employment, 2007

| Status in employment                 | Number of Workers | Percentage   |
|--------------------------------------|-------------------|--------------|
| Employer                             | 867,480           | 5.8          |
| Wage and salary worker 1/            | 4,548,640         | 30.4         |
| Wage and salary worker 2/            | 1,188,704         | 7.9          |
| Self-employed                        | 5,415,117         | 36.2         |
| Unpaid family worker                 | 2,424,137         | 16.2         |
| Household workers, apprentice, other | 515,683           | 3.4          |
| <b>Employed Labor Force</b>          | <b>14,959,761</b> | <b>100.0</b> |

Note: Preliminary data

1/ Private sector employees and workers

2/ Government employees and workers

Sources: INEI – National Household Survey of Living Standards and Poverty, 2007. Preliminary findings

Design: MTPE – Labor Studies and Statistics Program (PEEL)

# **OBJECTIVES OF PLAN RETO**

- 1. Regularize the situation of workers not registered on the payroll.**
- 2. Raise public awareness of the problem of unregistered labor.**
- 3. Verify current workplace conditions in order to maintain or improve adequate labor relations between employers and workers, fostering a law-abiding culture.**
- 4. Initiate programmed labor inspection activities on a large scale.**

# **SECTORIZATION OF ACTIVITIES**

- In its initial months of implementation, Plan RETO has targeted the highest-revenue economic sectors with a high incidence of informal employment according to the baseline study, in particular, commerce, services, construction, and natural resource extraction activities.
- Information from electronic payrolls has also been used to detect “suspected noncompliance” and to investigate what the employers concerned have declared in employee records.

# **PRELIMINARY RESULTS** **OF PLAN RETO**

- After four months of implementation in Peru, Plan RETO brought about the inclusion of nearly 10,000 workers on the electronic payroll at their places of work.
- Vigorous media campaigns on the importance of registering workers on the electronic payroll appear to have resulted in the inclusion of 200,000 more workers on the electronic payroll than there were in the month that Plan RETO got underway.

# **EXPECTED RESULTS UPON CONCLUSION OF PLAN RETO**

- One of the labor inspection objectives is that Plan RETO should function on a permanent basis. However, the goal is that the Plan bring about the inclusion of 500,000 individuals on electronic payrolls in the 2008-2011 period (three years).
- These objectives are based on a series of factors in which the principal feature is coordinated labor inspection measures and their consistent interaction in different economic sectors, as well as permanent use of the mass media to help the public and employers understand the benefits of employment formalization.



# **ADMINISTRATIVE STREAMLINING MEASURES AND IMPROVEMENT OF LABOR INSPECTION PROCESSES**

- General orders.- These make it possible to have a larger number of inspections in a smaller geographic area.
- Uniform administrative precedents.- This would be the responsibility of the DNIT and enable regional authorities to adopt unambiguous decisions on the same legal situations.
- Circulation of a monthly list of offending companies.- This would act as a deterrent for companies seeking to establish a positive image in the market.
- Improvement of enforced collection of fines for violation of labor standards.

# **ADMINISTRATIVE STREAMLINING MEASURES AND IMPROVEMENT OF LABOR INSPECTION PROCESSES**

- Advance intelligence for labor inspections. This would allow identification of business or economic sectors in which labor standards are being violated, and would be the task of the planning area.
- Permanent enforcement of the new MYPE Law, which offers advantages in terms of labor costs to micro and small businesses, which could be applied to avoid fines.
- Active use of computer systems to detect non-compliance with payments, streamlining the steps to follow in the inspection procedure.

# **PROFESSIONALIZATION OF INSPECTION PERSONNEL**

- Since 2007, special training programs have been given to all inspectors nationwide through support provided by USAID under an agreement signed with the M TPE.
- The training has covered social and labor standards, occupational health and safety, and fundamental labor rights. It has also included a review of practical cases and the logical and legal foundations of the criteria to use.
- Inspectors specializing in occupational health and safety (30) have been on one-month internships in Japan, in 2006.

# **PROFESSIONALIZATION OF INSPECTION PERSONNEL**

- This year, thanks to cooperation received from the Canadian government, it is proposed that 240 inspectors across the country will attend specific training courses on occupational health and safety and fundamental labor rights. These will be one-year diploma courses specially designed for the inspection service by a respected Peruvian university.
- It is also proposed under a cooperation agreement to organize internships in Brazil in 2009 on forced labor, which would help to familiarize inspection personnel with this issue.

# **RECRUITMENT OF ADDITIONAL INSPECTORS**

- When the new Inspection Law was introduced in July 2006 there were 213 inspectors nationwide, an insufficient number to provide adequate coverage.
- In 2007 and 2008, 200 new auxiliary inspectors were hired, 100 of whom work in Lima, while the remaining 100 are stationed in the rest of the country's regions.
- Furthermore, in order to increase the powers of auxiliary inspectors, the Inspection Law was amended in April 2009 to enable them to inspect any company over a period of two years, and companies of up to 100 employees indefinitely.

# **RECRUITMENT OF ADDITIONAL INSPECTORS**

- It is planned in 2009 to provide technical assistance to different regional governments to hire their own inspectors, thereby boosting the number of inspection personnel in the country.
- In addition, in view of the high demand for specialist inspectors (in OHS and FLR), made more acute by the inspection activities intended under Plan RETO, it is proposed to request a fresh public recruiting drive for auxiliary inspectors in order to meet national demand in full.

# **PARTICIPATION OF SOCIAL ACTORS IN INSP ECTION ACTIVITIES**

- This year focus groups have been held with different business owners who have received visits from labor inspectors. They have put forward observations which are being addressed (workshops with inspectors), with a view to making effective improvements in the quality of inspection visits.
- The CNT, a tripartite organization, acts as a go-between to take up any complaints or problems that might emerge, for either employers or trade unions, in labor inspections. It also has the authority to summon the National Director of Inspections to discuss matters of interest or concern.

**THANK YOU**