



## **High-level Tripartite Meeting on the Current Global Financial and Economic Crisis**

(Geneva, 23 March 2009)

### **Issues for discussion**

#### **A. Background**

1. At its 303rd Session (November 2008), the Governing Body decided to convene a High-level Tripartite Meeting on the Current Global Financial and Economic Crisis during its March 2009 session. At the November 2008 session, the Working Party on the Social Dimension of Globalization discussed a paper entitled “Shaping a fair globalization: Perspectives and prospects for the Decent Work Agenda” and Mr Angel Gurría, Secretary-General of the Organisation for Economic Co-operation and Development (OECD), addressed the Governing Body. Following the extensive exchange of views in the Working Party on the unfolding global economic crisis, the Officers of the Governing Body issued a statement (see Appendix I). This statement has guided the work of the Office in relation to the crisis since then.
2. Since November the crisis has deepened and spread. Constituents in many countries have contributed to public policy discussions on responses to the crisis as well as to mitigate its effects and shape a sustainable recovery through actions in enterprises and economic sectors.

#### **B. ILO action since November**

3. The Office has responded to requests for information and advice from constituents, organized several conferences, and participated in international meetings. A monthly update of latest available official employment and unemployment data by countries is published on the “global job crisis” page of the ILO web site where links to further information on ILO crisis-related reports and activities can also be found.<sup>1</sup> The annual *Global Employment Trends*, released on 28 January, and the *Global Employment Trends*

<sup>1</sup> [www.ilo.org/global/Themes/lang--en/WCMS\\_101130/index.htm](http://www.ilo.org/global/Themes/lang--en/WCMS_101130/index.htm).

*for Women*, released on 5 March, describe recent developments and offer estimates of possible increases in unemployment and working poverty should the recession continue.<sup>2</sup>

4. On 15 January 2009, Ministers of Labour of Argentina, Brazil, Chile and Mexico met with the Director-General and other ILO officials in Santiago, Chile. The Ministers issued a Statement on “Responding to the crisis: Growth, decent work and stability” (see Appendix II). Subsequently the ILO Regional Office for Latin America and the Caribbean organized a meeting with social partners in Lima on 24 February (see Appendix III). During the European Regional Meeting (Lisbon, 9–13 February), deliberations focused mainly around a special supplementary report on the crisis.<sup>3</sup> A Regional Forum on Responding to the Economic Crisis in Asia and Pacific was held in Manila, Philippines (18–20 February), with participation of ministers and senior government officials, representatives of employers’ organizations and trade unions from 11 countries, as well as senior officials from international organizations and experts (see Appendix IV). A Regional Tripartite Forum on Responding to the Economic Crisis in Africa was held in Addis Ababa on 27–28 February (see Appendix V).
5. Responding to requests from constituents, work on crisis responses has addressed socially responsible restructuring in South-Eastern Europe, employment-intensive infrastructure investment in Indonesia and the Philippines, the role of cooperatives in Africa, and migrant workers in the Republic of Moldova and the Russian Federation. National tripartite workshops on the crisis were held in Panama, Pakistan, Sri Lanka and Ukraine; and analysis of the employment and social implications of the crisis was undertaken in Bangladesh, Cambodia, and Chile.
6. Global Dialogue Forums on Decent Work in Local Government Procurement for Infrastructure Provision (17–18 February) and the Impact of the Financial Crisis on Finance Sector Workers (24–25 February) were held in Geneva, as well as a Tripartite Technical Workshop on the Impact of the Food Price Crisis on Decent Work (5–6 March). Reports of these meetings have been submitted to the Committee on Sectoral and Technical Meetings and Related Issues.
7. Within the multilateral effort to respond to the crisis, the Office is working in several different contexts to offer a decent work dimension to integrated policy initiatives. The Director-General was invited by the Italian Presidency of the G8 to lead a discussion with ministers from six specially invited developing countries on the global scope of the crisis at the G8 Social Summit in Rome on 29–31 March. Lord Malloch Brown, Minister at the United Kingdom Foreign Office, visited the ILO on 4 March to discuss preparations for the London G20 Summit. The President of the UN General Assembly, Mr Miguel d’Escoto Brockmann, came to the ILO on 5 March to discuss preparations for a forthcoming meeting of the General Assembly. On 5 February, the Director-General participated in a meeting called by Chancellor Merkel on global policy coherence together with the Executive Heads of the International Monetary Fund, the World Bank, the World Trade Organization and OECD. On 26–27 February he chaired a special meeting in Geneva of the UN High-level Committee on Programmes concerning UN coordinated responses to the crisis. The Office also contributed to the Commission of Experts on Reforms of the International Monetary and Financial System, established by the President of the UN General Assembly and chaired by Professor Stiglitz (who addressed the Governing Body on 12 March on the occasion of his acceptance of the ILO Decent Work Prize).

<sup>2</sup> [www.ilo.org/public/english/employment/strat/global.htm](http://www.ilo.org/public/english/employment/strat/global.htm).

<sup>3</sup> See GB.304/14/4.

## C. Issues for discussion at the High-level Meeting

8. The Office has prepared an extensive background paper,<sup>4</sup> which analyses the dynamics of the crisis and policy responses, and proposes ways forward through the Decent Work Agenda and coordinated international action. Drawing on the statement of the Officers of the Governing Body, and in the light of the evidence that the crisis is deepening and spreading, the High-level Tripartite Meeting will discuss the further contribution the ILO could make to policy responses. This paper suggests a few issues on which participants may wish to provide information, give their views and examine policy options. The list is not comprehensive and participants may have many other issues that they will wish to raise.

### I. The Decent Work Agenda and crisis response measures

9. The background paper points out that the first round of crisis response measures has frequently focused on support to the financial system and that fiscal stimulus packages to the economy as a whole are smaller and not always adequately focused on maintaining or creating decent work opportunities.

- *Participants may wish to express their views as to how best to integrate the Decent Work Agenda and sustainable enterprises as part of the response to the crisis, possibly through a global jobs pact as highlighted in the background paper. In particular, participants may wish to exchange views on:*

- (i) *the priority accorded to measures directly impacting on jobs, enterprise sustainability and social protection;*

- (ii) *how various mechanisms for social dialogue at national, enterprise and other levels are contributing to policy development and implementation; and*

- (iii) *whether threats to fundamental principles and rights at work are emerging.*

### II. Placing decent work at the heart of global recovery strategies

10. The series of regional meetings with constituents and others organized by the ILO since November have confirmed the global reach of the crisis but suggest that its dynamics are affecting countries differently. This is analysed in the background paper which suggests a global jobs pact to support economic recovery through decent-work friendly policies, reduce the risk that the crisis spreads further across countries, and pave the way for a more sustainable, fairer globalization.

11. The background paper points to a disparity in the policy space different countries have in responding to the crisis. Some are able to raise very large sums through government borrowing and ease monetary policy dramatically without provoking a flight of capital and a depreciation of the currency. Others are much less well placed. Indeed several countries find themselves having to seek the assistance of the International Monetary Fund and implement deflationary and pro-cyclical policies rather than the reflationary counter-

<sup>4</sup> See HTM/1.

cyclical packages called for by the severity of the slowdown. A key issue for ILO constituents is therefore the scope for international action to ensure that vulnerable groups in vulnerable countries are protected and investments made to start a sustainable recovery. The background paper raises the idea of a global jobs fund as one means of ensuring that, for example, official development aid or the borrowing power of the international development institutions is mobilized to support recovery.

- *Participants may wish to discuss how to ensure that:*
  - (i) *action to stimulate the global economy is truly global, avoiding inward-looking solutions; and*
  - (ii) *mechanisms such as a global jobs fund are put in place for countries with reduced policy space so as to support extensions of social protection as well as measures to maintain jobs and enterprises.*

### **III. Shaping a sustainable recovery and a fair globalization**

**12.** Building on the discussions in November, the background paper suggests that one of the reasons economic forecasters and financial markets are uncertain about the depth, length and spread of the slowdown is that the financial crisis may be a symptom of deeper underlying imbalances in the global economy.<sup>5</sup> Wages in many countries have not grown at the same pace as productivity in the boom years leading to an increase in the share of profits in national income, with the finance sector claiming a big part of the rise. Furthermore, income inequalities have widened driven in large measure by salaries at the very top end of the scale. Globally, a part of a surplus of savings found its way into speculative investments, often in property.

**13.** Recovery measures offer an opportunity to achieve a better balance between the social and the economic through, for example, the extension of social protection systems. This could help boost global demand and generate more stable relationships between key drivers of growth such as investment and savings on the one hand and wage income and consumption on the other.

- *Participants may wish to consider how the extension or establishment of social protection systems and wage developments could place a consumption floor under the recession, shape a more sustainable recovery and ease the impact of the crisis, particularly on vulnerable groups.*

**14.** Developments in the global finance industry have also affected the financing of sustainable enterprises. With high returns available from derivative financial instruments, productive enterprises were forced to seek equally high short-term profits. The mergers and acquisitions boom of the pre-crisis years, including leveraged buy-outs by private equity firms and hedge funds, has led to downsizing and restructuring driven by short-run asset disposal rather than long-run investment in productive capacity and decent work opportunities.

- *Participants may wish to discuss whether and how the reform of financial regulations should seek to discourage speculation and favour investment in sustainable enterprises and decent work.*

<sup>5</sup> GB.303/WP/SDG/1.

#### IV. The role of the ILO and tripartism in shaping an integrated approach to global recovery

15. As affirmed in the Officers of the Governing Body statement, the Decent Work Agenda, as articulated in the 2008 ILO Declaration on Social Justice for a Fair Globalization, provides an effective policy framework for responding to the needs of constituents in the global crisis. The Declaration also calls on the ILO and constituents to promote this integrated approach with international agencies with mandates in related fields. There are a number of forums in which such collaboration can be developed. In addition, it may be possible to develop similar inter-agency cooperation in responding to constituents' requests for assistance.<sup>6</sup>
16. With concern that in the absence of effective coordinated policy responses, inward-looking and protectionist measures may emerge, participants may also wish to recall the commitment in the Social Justice Declaration "that the violation of fundamental principles and rights at work cannot be invoked or otherwise used as a legitimate comparative advantage and that labour standards should not be used for protectionist trade purposes".<sup>7</sup>
- *Participants may wish to discuss the ways in which constituents and the Office can promote an integrated decent work approach in national and international crisis response strategies.*

Geneva, 16 March 2009.

<sup>6</sup> Section C in Part II of the Social Justice Declaration reads: "Other international and regional organizations with mandates in closely related fields can have an important contribution to make to the implementation of the integrated approach. The ILO should invite them to promote decent work, bearing in mind that each agency will have full control of its mandate. As trade and financial market policy both affect employment, it is the ILO's role to evaluate those employment effects to achieve its aim of placing employment at the heart of economic policies."

<sup>7</sup> Social Justice Declaration, Part I, A(iv).

## Appendix I

### Statement of the Officers of the ILO Governing Body (Geneva, November 2008)

*Following the extensive exchange of views in the Governing Body's Working Party on the Social Dimension of Globalization on the unfolding global economic crisis, the Officers of the Governing Body agreed the following statement.*

*We suggest that it is used by constituents of the ILO in their ongoing discussions on national and international responses to the crisis. The statement will also serve to guide the work of the Office in the period up to the next meeting of the Governing Body in March. The Officers invite constituents to inform the Director-General of actions they may take in response to the crisis so that they can be taken into account when the Governing Body resumes its consideration of ILO action.*

### The global economic crisis

By mid-November 2008 there is preliminary but pervasive evidence that the financial crisis is taking its toll on the global economy. Latest economic forecasts suggest economic growth in all regions will be substantially lower in 2008 than originally forecast and much lower in 2009. No country will be spared, although the impact will differ greatly from one region and country to another.

The tripartite International Labour Organization reaches deep into the real economy around the globe. Governments, employers and workers are especially concerned about the effects of the crisis on people, on enterprises and employment, on social cohesion and on stability. We know from past experience that economic crises carry severe social and labour consequences that affect most the weakest segments of society and can increase poverty and inequality unless effective measures are put in place.

This calls for urgent action. We need comprehensive and coordinated measures to minimize the duration and the depth of the downturn in the global economy as well as to combat possible negative social consequences and accelerate recovery.

Promoting employment, social protection, and fundamental principles and rights at work and social dialogue constitutes, through the ILO's Decent Work Agenda, an effective policy package in response to the current economic crisis. The vision and strategy adopted in the 2008 ILO Declaration on Social Justice for a Fair Globalization is fully relevant in this context.

The following six measures are required to address the impact of the crisis on the real economy to protect people, support productive enterprises and safeguard jobs.

**First**, ensuring the flow of credit to consumption, trade and investment and stimulating additional demand through public and private expenditure and investment, by the use of fiscal and wage measures to stimulate domestic demand to rapid effect, as appropriate, while maintaining a policy framework conducive to fiscal sustainability. We note with appreciation that several governments have taken and are considering such measures.

**Second**, protecting persons most exposed. Measures should comprise extending social protection and unemployment benefits, facilitating additional training and retraining opportunities, strengthening placement services, enlarging or putting in place emergency employment schemes and targeted safety nets. Young women and men, informal and precarious workers, migrant workers, the working poor are among the most in need of such protections. Safeguarding pension systems is a priority, as is revising credit terms for indebted homeowners.

It is necessary to develop and enhance measures of social protection – social security and labour protection – which are sustainable and adapted to national circumstances, including the extension of social security to all, through for example measures to provide basic income to all in need of such protection and policies in regard to wages and earnings, hours and other conditions of work, designed to ensure a just share of the fruits of progress to all and a minimum living wage to all employed and in need of such protection.

**Third**, supporting productive profitable and sustainable enterprises together with a strong social economy and a viable public sector so as to maximize employment and decent work. Special additional measures to safeguard a supportive environment for investment and growth are required, particularly for small enterprises and cooperatives harbouring the largest share of working women and men in all economies. Raising infrastructure investment tailored to small enterprises and cooperatives is one such measure as is using the ILO's "Green Jobs" initiative to facilitate a sustainable recovery.

**Fourth**, to ensure that social progress is not undermined in the current crisis, we draw on and reaffirm the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up (1998) in which Members recognized, in the discharge of the Organization's mandate, the particular significance of the fundamental rights, namely: freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour, and the elimination of discrimination in respect of employment and occupation.

**Fifth**, strong cooperation between the ILO and its tripartite constituents with the multilateral system will be essential to assist efforts of countries in implementing these measures and to seek common ground to confront the crisis and minimize the consequences for persons, enterprises, rights at work and decent work. Social dialogue and the practice of tripartism between governments and the representative organizations of workers and employers within and across borders are now more relevant to achieving solutions and to building up social cohesion. It is essential to reflect through dialogue national conditions and priorities.

**Sixth**, maintain development aid as a minimum at current levels and provide additional credit lines and support to enable low-income countries to cushion the crisis.

The voice and experience of the tripartite International Labour Organization rooted in the real economy makes it especially qualified to support comprehensive responses to a crisis of this nature. Governments and representative employers' and workers' organizations can usefully assist in the preparation and implementation of the measures outlined above.

Looking towards the medium term, we are firmly convinced that sustainable growth and development hinge on balanced economic, social and environmental policies. This will require strong coherence between financial, trade, employment and labour, development, social and environmental policies to support sustainable economic growth and development and ensure decent work outcomes.

The International Labour Organization stands ready, through its expertise and tripartite network and resources, to assist countries to respond to the unfolding economic crisis. It will do this by:

- deepening ILO work on the different dimensions and responses to the labour and social consequences of the crisis, including through reprioritization of ILO means of action;
- support for ILO constituents in developing their responses to the global economic crisis;
- engaging with the multilateral system, including the G20 process and the international financial institutions, in order to achieve the objectives set out above;
- considering a high-level tripartite meeting on the crisis and effective responses thereto, possibly prior to the March 2009 session of the Governing Body with a view to developing a coherent package for consideration by the Governing Body.

## **Appendix II**

(Translated from Spanish)

### **Statement of the Ministers of Labour of Argentina, Brazil, Chile and Mexico on “Responding to the crisis: Growth, decent work and stability”**

(Santiago, 15 January 2009)

The Ministers of Labour of Argentina, Brazil, Chile and Mexico gathered in Santiago de Chile at a meeting called by the ILO on “Responding to the crisis: Growth, decent work and stability”, aware of the effects of the financial crisis and particularly concerned about its impact on employment, as well as on social cohesion and stability within countries, shared information on the measures adopted by each of their respective countries to deal with the impact of the crisis on the world of work, recognizing a new approach for the State in its protective and proactive roles and its role as protector of labour rights.

As a result of that exchange, the Ministers identified a number of major similarities and areas of convergence in the actions and measures adopted in their respective countries to mitigate the adverse effects of the crisis on employment and incomes, with a view to achieving economic recovery through counter-cyclical policies aimed above all at safeguarding employment and creating decent work. Employment promotion, social protection, fundamental principles and rights at work and social dialogue together make up an effective policy package with which to respond to the current economic crisis.

The measures adopted by the countries in question reflect this approach and aim to ensure that state support to enterprises (or to the productive sector) has a direct impact in terms of guaranteeing employment protection.

The Ministers endorse the statement of the Officers of the ILO Governing Body on the labour and social consequences of the crisis.

Similarly, they recognize the importance of the high-level meeting on the crisis to be held during the March 2009 session of the ILO Governing Body, and urge the ILO to continue its policy efforts to promote coherence and coordination with other international organizations with a view to placing employment and decent work at the centre of decision making.

The Ministers agree on the importance of ensuring that this issue is considered in the debates and decisions of the G20, the G8 and other institutions of the multilateral system, in order to highlight the central role of employment and decent work as part of a coordinated international response to the crisis, and to lay the foundations for a new development strategy in a democratic context and as part of a new system of global governance.

The Ministers agree to strengthen their coordination mechanisms in the region in order to assess the impact of policies and to contribute jointly to their advancement, encouraging employment-generating public investment.

Santiago, 15 January 2009.

*(Signed)* Carlos Tomada  
Minister  
Ministry of Labour, Employment and Social Security  
Argentina

Carlos Lupi  
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Ministry of Labour and Employment  
Brazil

Claudia Serrano  
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Ministry of Labour and Social Security  
Chile

Javier Lozano  
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Ministry of Labour and Social Security  
Mexico

## Appendix III

### **Dialogue between the social partners – Responding to the crisis: Growth, decent work and stability** (Lima, 24 February 2009)

#### **A. Comments by the Employer representatives**

The Employers who have participated in this dialogue appreciate the presentation by the Regional Office and wish to highlight the following points.

##### **1. Introduction**

There is broad agreement with the general view regarding the seriousness of the current economic and financial crisis. This is not a crisis that was caused in the developing economies and in particular it is not a crisis that was brought about by weaknesses in the Latin American economies. The real economy of the region is being hard hit by a situation that has clearly arisen as a result of regulatory failures in the financial markets of developed countries.

It would seem that the outlook for the future evolution of this downturn has not been clearly determined, and the capacity of governments, central banks, businesses, workers and society in general to respond with effective, sustainable and relevant measures undoubtedly plays a significant role in this uncertainty. This situation had lent credence to the concept of sustainable enterprise, all the more so if recovery is to be firmly rooted in the only factors – the regulatory and institutional environments – that can consolidate such recovery in the long term as part of a process of sustained growth and development.

Although the financial situation of some of the countries in the region is more favourable now than in previous crises, there are some characteristics which are specific to the region and which might heighten the impact of the crisis and limit the region's capacity to respond. In this regard, attention should be drawn to the balance of payment deficits and the difficulties in gaining access to both the local and the international funding necessary to mitigate the crisis.

The Employers share the social concerns of the general public with regard to the scope of this crisis in terms of job losses. Job cuts are an obvious matter of concern for an enterprise. The Employer representatives firmly believe that employers in their countries are approaching the current situation with solidarity and are calling for effective lending, regulatory, fiscal and administrative measures that will make it easier for enterprises to maintain employment levels and create the conditions in which agreements can be reached with workers on the application of specific mechanisms that make it possible to retain workers without endangering the survival of the enterprise.

##### **2. Policy recommendations**

In the light of the above, the Employer representatives who share the views expressed in this document understand that urgent measures need to be taken to try to mitigate the impact of the crisis on the region's socio-economic achievements and improvements. On

this point, such measures should be clearly incorporated into the principles agreed upon at the G20 Summit last November: a free market economy, respect for the rule of law and private property, free trade and investment and the maintenance of competitive markets. It is especially important to underscore the need to ensure that the economic crisis, as a temporary situation, does not lead to a change of course as far as structural issues are concerned, specifically with regard to the belief that has been shared for years that the region must continue to make progress in ensuring better conditions of legal certainty and the proper functioning of institutions in systems that are democratic and based on freedom in all its dimensions.

In view of the basic factors mentioned above, Employers are seeking convergence in this regard, especially in the light of the current context, taking into account a number of key factors to facilitate recovery:

- It is a matter of absolute priority that businesses, workers and society at large clearly perceive the restoration of a climate of confidence that will allow a return to stability and enable individuals and enterprises to plan future transactions and projects. This climate of confidence will be achieved when it becomes clear that the causes of the crisis are being addressed, and not just its consequences.
- More efficient and transparent regulation of financial systems within a framework of close coordination and cooperation at the international level. The role of central banks, financial systems and the supervisory bodies for the stock markets in establishing structures for transparent and coordinated regulation is absolutely central in this regard. The changes here should be aimed at introducing better regulations, not necessarily more regulations. The crisis has clearly shown that markets need effective regulatory frameworks that protect both individuals and enterprises without altering or hampering their basic function of stimulating the growth of the economy as a whole.
- The sound and sustainable use of fiscal stimulus packages, ensuring that they are aimed at increasing the level of expenditure by the end beneficiaries and that the private sector is not displaced by large-scale public investment programmes.
- Respect for the fundamental principles and rights at work contained in the ILO Declaration of 1998.
- Promoting and developing the potential of policies and initiatives that are being developed by enterprises on a voluntary basis in accordance with the concept of corporate social responsibility, to add a business ethics dimension to the aspirations and purpose of government legislation and regulations.

On this basis, a balanced policy approach should take the following into account:

- While not excluding the possibility of large-scale public action through investments in infrastructure and the intensive use of labour to stimulate job creation, as specific measures in the current situation (especially those targeting unemployed heads of household), the economy will not undergo sustained recovery without a firm commitment to the creation of SMEs and the improvement of the SME regulatory environment. SMEs are the largest employer in the region and sustained job creation clearly depends on support for such enterprises, as has been indicated.
- Improving liquidity and easing, as far as possible, current lending restrictions. Enterprises need liquidity for investment and wages, as well as financial support to maintain employment.

- Also looking beyond the current situation to a sustained recovery over time, the priority is to maintain support for education and training as these are key factors for future growth and productivity. Maintaining in this regard a set of skills that is tailored to the needs of the labour market will help ensure the provision of the necessary skills that are required in any development process. In this context, matching educational policies and vocational training systems to the evolving needs of the productive system necessarily requires the establishment of channels for closer collaboration between the two aspects and a focus on two key concepts: employability in pathways to decent and productive work, and the promotion of entrepreneurship.
- Maintaining support for the liberalization of trade and investment and avoiding the use of new tariff barriers. Safeguarding an open global economy has clearly been having an impact on poverty reduction, the availability of more products at more competitive prices for all sectors of society and the advancement of democracy and the freedoms that support it. In this regard, it is essential to continue to make progress towards productive integration at the regional level, so as to be able to provide a joint response to the crisis.

### **3. The role of the ILO**

The current financial and economic crisis presents a set of challenges that go beyond the competence and the mandate of the ILO. The ILO is not equipped, as it is not part of its mandate, to address the causes of the crisis, although it can play an important role in promoting ideas and addressing some of the effects of the crisis.

The ILO can play a key role in terms of helping to create the conditions that will make it possible in each case to translate national strategies for tackling the crisis into processes that receive maximum support from the social and economic actors. The aim is to make maximum use of the technical capacities of the Organization, its tripartite composition and its proximity to and knowledge of all dimensions of employment, which is particularly relevant in all policies designed to promote post-crisis recovery, with the aim of mitigating some of the effects, especially in the labour market.

In this context, the Employer representatives who participated in the preparation of this document consider that the role of the ILO should therefore strengthen the following aspects:

- Social dialogue, as a tool for developing national policy frameworks that establish measures designed to tackle the crisis and, at the bipartite level, in terms of reaching possible agreements to place priority on retaining employment and future employment in the enterprise, as well as the measures and incentives necessary to support this course of action.
- Analysing regularly and with appropriate frequency the impact of the crisis on labour markets, providing updated statistical information at intervals on the trends in the impact, to give sufficient lead time for decision making and social dialogue.
- Gathering best practices and examples of public initiatives, in partnership with employers, in order to tackle the most damaging effects of the crisis with regard to regulations and measures to promote job creation, the development of networks and measures relating to social protection, employment intermediation, retraining, etc.
- Providing information on and discussing ways to encourage the development of a business structure in SMEs in the context of the crisis.

- Promoting the concept of “sustainable enterprise” and helping bring it into line with the region’s current situation, as agreed in the context of the 96th Session of the International Labour Conference, looking in particular beyond the current situation at strengthening the institutions and governance systems that nurture enterprises. This means ensuring that human, financial and natural resources are combined equitably and efficiently in order to have a sustainable and positive impact on innovation and productivity. In order to enhance the conditions for decent work, it is necessary to explore further the sustainability of the enterprise itself.

## **B. Comments by the Worker representatives**

The following considerations are intended as a tentative first attempt at an analysis that should be carried out in greater depth and lead to proposals for promoting and defending decent work.

### **1. Diagnosis: The nature and extent of the crisis**

- In addition to the current financial crisis, which has arisen as a result of the “casino economy”, the production, food and environmental crises will also deepen the decent work deficit.
- In the build-up to the current crisis, the warnings and proposals of workers and their organizations, and of other sectors of civil society, have not been heeded.
- It is also important to make clear that the *anti-ethical* and greedy behaviour that has led to the crisis should be scrutinized.

#### **Analysis carried out by the Trade Union Confederation of the Americas**

- A. Some analyses are already tending to suggest that the impact of the crisis will be greater at the “periphery” than at the centre. In the case of Latin America and the Caribbean, we should start by stating that until 2008, the countries in the region had been benefiting from a “summer” of six years, with average economic growth of 5 per cent in 2002–07, and 4 per cent in 2008, a rate of growth comparable only to that of the 1970s, which was part of the long cycle that began after the Second World War. By 2008, the “lost decade” of the 1980s had been left behind, as had the 1990s, the decade of neoliberalism and structural adjustments. Comparatively speaking, this period is better because the growth has extended to all countries, and not only to the largest ones that determine the average (Brazil and Mexico), which grew at a slower rate than the 8–9 per cent of Argentina, the Bolivarian Republic of Venezuela and the Dominican Republic, or the 7–8 per cent seen in Costa Rica, Panama, Peru and Uruguay.

As a result, some of the labour indicators also improved (unemployment, quantity and quality of employment, purchasing power of wages).

- B. This positive development was the result of the international cycle, in the sense that it increased the demand for “commodities” (minerals, oil, food); made it easy to take on debt; guaranteed a flow of exports; and provided other income to these economies, resulting in growing current account surpluses, something new in Latin America and the Caribbean. Now, the situation is reversing as seen in the following:

- Lower prices for raw materials: oil is an extreme example (from US\$150 to less than US\$50 a barrel), but this is also affecting copper, soya, wheat, and sunflower oil. In addition there is less demand, which has an obvious impact on countries specializing in such commodities, such as the Bolivarian Republic of Venezuela, Mexico, Ecuador, Chile, Bolivia, Peru, Argentina and Uruguay.
- Falling demand for industrial products, for example, from the car industry in Mexico and Brazil.
- Reduction in the flow of foreign direct investments and, in general, in low-interest bank loans. In the countries of origin, the benefits of remaining within the domestic system, where the credit risk is easier to manage, will be considered and conditionalities will be applied. If the money leaves those countries, they will seek safe investments, such as US treasury bonds (and gold). This factor has an impact in countries like Brazil that have made capital inflows a central element of their macroeconomies. The same effect is produced when local investment funds (or even savings banks) shed assets for the same purpose, thereby contributing to the collapse in the value of shares or savings in private pension schemes (very strong in Chile, Mexico and Argentina).
- Although the banking sector in Latin America and the Caribbean was little exposed to financial derivatives, it is natural for it to reduce credit and make it more expensive; the sector's foreign component undoubtedly plays an important role in that it remains subject to the defensive policies of head offices, leading even to the sale of assets abroad.
- There may also be a flight of local capital. In Argentina and Brazil there has already been a marked increase in this tendency; in the last months of 2008, the total for Brazil was US\$13 billion, and for Argentina US\$23 billion, a figure far higher than the US\$19 billion of the 2001 crisis.<sup>1</sup>
- The direct impact of the bursting financial bubble on Latin American companies that had invested in placements. This is the case for Brazilian enterprises (Sadia, Aracruz and Votorantim) and Mexican enterprises (Comercial Mexicana, Vitro and Cemex).
- The advances in combating tax evasion – one of the positive aspects of the period of growth – will very possibly be put to the test in the new phase.
- Where foreign tourism is significant (9 per cent of regional GDP), there will be a reduction in financial flows as a result of decreased spending, which will in turn have a negative impact on the construction and property industries.
- Where remittances of migrants abroad are significant (almost 20 per cent of GDP in some countries of Central America), the crisis will reduce this source of income, and, as a secondary effect, a flow of returnees can be predicted. In Mexico, it is estimated that total remittances will drop by 15 per cent in 2009. Furthermore, 35 per cent of migrants in the United States of America want to return home because of the prospect of increasing unemployment among Hispanic workers in that country.

<sup>1</sup> In Argentina, the problems include the increasing transfer of profits of foreign enterprises (which rose from 1 per cent to 2 per cent of GDP in 2004–08). The flight of capital was also high in 2007 (US\$9 billion).

- Apart from the effect of lay-offs, it is expected that the unemployment rate will increase because of the growth in the number of women, who until now had tended to stay at home, seeking employment (especially in Chile).
- C. There is also an element of intra-Latin American contagion. For example, Brazil's flagging dynamism (and the distinctive pattern of devaluations) will have a strong impact on the country's Mercosur neighbours in three areas: trade flows, investment flows and tourism. A similar situation can be seen between Mexico and other Central American and Caribbean countries. Furthermore, it is expected that tensions will appear in the subregional integration processes reflected in derogations to agreements that have already been reached (this has already been seen clearly in Mercosur, in the case of Brazil and Argentina).
- D. On another level, some groups have started to exert pressure with a view to the adoption of certain measures and the rejection of others on the labour front in order to encourage greater labour flexibility and mitigate the policy of lay-offs.<sup>2</sup>
- E. It is clear, moreover, that countries which pursued a policy of reducing the debt burden and accumulating reserves during the boom are now able to soften the blow of the crisis. On the other hand, an obvious deficit in the economies of the region, except Chile and to a lesser extent Peru, was the failure to build up counter-cyclical funds during the period when it was possible to do so because of high foreign demand. Argentina is a particular case in that it approved such a fund in 2006, but the Government did not contribute to it at all during the following two years or so.

Another counterbalancing element is that the lower commodity prices resulting from the lower global demand will undoubtedly lead to a decrease in domestic inflation, which was being felt strongly throughout the region and reflected in a 10 per cent annual rise in prices. The final outcome will depend on the inverse effect resulting from the devaluations.

- F. Consequently, the vicious circle of problems caused by the crisis has a common basis, but is reinforced by crucially important external factors. In particular, the halving in fiscal resources, from abroad and from domestic taxation, changes the previous situation of some countries that used to use a significant part of those resources on procyclical public spending (including social and anti-poverty spending in Brazil and Uruguay). In some cases (for example, in Argentina) those resources were also used to subsidize the cost of basic goods.
- G. Some countries in the region have experienced the same trends which led to the financial crisis as industrialized countries. A noteworthy example is Mexico, where throughout this decade both the traditional banks and the new banks (such as those linked to supermarkets) have overextended spending by granting accounts (mostly credit cards, totalling 52 million), without any requirement for guarantees, to lower-middle income groups, at very high rates of interest. Even in 2008, a high percentage of these (10 per cent) seemed likely to be irrecoverable. Most of this phenomenon is attributable to branches of North American and European "megabanks". Another noteworthy example is the fact that, recently, Chile encouraged members of private pension insurance companies to move from traditional investments to more

<sup>2</sup> In Mexico, the Government raised the issue of the advisability of including the postponed labour reform among the counter-cyclical measures, which have important elements for improving flexibility. In Chile, there is pressure to postpone the decision on Sunday pay for workers who did not receive it before. In Brazil, President Lula has taken a stance on this dilemma, describing it as "absurd" to want to increase turnover when it is already very high.

innovative, high-risk investments (“Fund A”), which, since they account for more than 90 per cent of total investments, explains the great loss of savings in recent months (20 per cent of total savings, equivalent to nine years, or US\$20 billion, which happens also to be the total amount of the accumulated anti-crisis fund). It has also been reported that, in Brazil, the “special cheque” has stimulated spending based on rates of interest that are even higher than usual.

- H. It is also clear that this period has also seen setbacks in the structural development of the countries in the region, in that, in response to global demand, there has been a “reprimarization” of production, which is not consistent with the needs of full industrialization.

## **2. Policy proposals: A new basis for overcoming the financial crisis**

- The crisis has seen temporary factors (mainly, but not exclusively, financial) interacting with other elements of a structural and historical nature, as well as more recent developments. Thus, *any attempt to address the crisis must also address structural factors* if new foundations are to be laid for sustainable, ethical development with social justice.
- The structural factors include:
  - (a) Unfair distribution of wealth.
  - (b) Geo-economic integration within individual countries, given that national economies are sustained by three or, at the most, four regions, which generate 70 per cent or more of world GDP.
  - (c) Unequal economic exchanges and protectionism on the part of the larger economies.
  - (d) A high level of technological and scientific dependence.
  - (e) A low level of social participation in the definition and monitoring of public policy.
  - (f) A lack of policy coordination and a failure to focus on work, with a number of consequences. The most important of these are a dearth of integrated public policies on full employment and the absence of an “employment anchor” in the operating criteria of central banks, which now concentrate mainly on inflation control.
  - (g) The strengthening of the State as a regulatory body that acts as a catalyst and a redistributor of wealth.
  - (h) Inadequate social protection coverage.
  - (i) Social exclusion, even in areas traditionally the domain of public services, such as education and lifelong health.
  - (j) The lack of national occupational safety and health systems.
  - (k) Gender inequality, etc.

The International Trade Union Confederation (ITUC) set out the position of the international trade union movement in a series of documents made public in September, November and January. These texts included the “Washington Declaration”, published in November, just before the G20 Summit, followed by an assessment of the Declaration by the countries represented at the Summit. In January, the ITUC presented the document *No to the casino economy!* at the World Social Forum (Belem). The following is a summary of that position.

- A. The trade union movement maintains its critical attitude towards a global governance based on the existing model of globalization, the central thrust of which is unfair trade, which has increased inequality between and within countries, between capital and labour, and between the rich and the poor. The movement believes that, in the light of the crisis, the time has come for change and for trade unionism to take its seat at the negotiating table. This approach requires that a global “new deal” be established, involving the creation of an international system of economic governance that will pave the way for more inclusive, fairer and more democratic outcomes. The overall aim is to go beyond the re-regulation of the global financial markets and currency systems, in order to tackle all the imbalances of growth and capital flows, as well as attempting to combat the crisis of distributive justice, thus ensuring a more balanced growth of the global economy.

It is time to build an economic system that is environmentally sustainable, socially just, and balanced in geo-political terms. Economic growth should create decent jobs and protect the environment and its benefits should be shared, so that the unprecedented levels of inequality we face today are significantly reduced.

The new economic system also needs to generate “green growth”. Apart from the urgent need to ensure the survival of our planet, environmental protection provides huge opportunities for job creation. Public investment in infrastructure, public transport and renewable energies is needed all over the world. Economic growth can be supported by ecologically responsible investment.

- B. Against this background, the current recovery plans are necessary, but insufficient. It is not enough to inject money into the economy; we need to change its basic principles.
- C. The agenda at the international level centres on the following elements.
- The defence of multilateralism, setting fair rules for world trade, to support national development plans and prevent inequalities from deepening. Adopting controls to limit speculative behaviours in trade exchanges, including commodities and energy markets. This multilateralism must embrace employment-related issues as a core element.
  - The building of a new financial architecture and global economy,<sup>3</sup> given that none of the existing institutions has the scope or the credibility to take on this

<sup>3</sup> The expression “Back to Bretton Woods” is often used, but this should be interpreted as going beyond the original accord. Both the G20 and the ITUC believe that there is a need to go further. The “Global Keynesianism” placed on the negotiating table back then was an audacious proposal to restructure the international economic order: the new global organizations created (the IMF and the World Bank) were to be responsible for ensuring the coexistence of free trade and a system of protection, based on a credit-adjustment mechanism under which countries with a trade surplus would be sanctioned. Such countries would either have to accept measures against their exports, or open up their domestic markets further in order to absorb imports originating from countries with a trade deficit. Each debtor country would have the right to a line of credit within an international

task. There must be parity of voting power with regard to the industrialized countries, as well as, more generally, changes to global governance, carried out with the participation of groups of countries that are broader in their membership than the G8, such as the G20. Other points include: the application of a “Tobin tax”; the regulation of foreign investment and capital flows (including compliance with internationally recognized standards on governance and transparency); the opening up of IMF emergency loans, and an increase in the assistance given by the World Bank and United Nations bodies to developing and emerging countries whose balances of payments have been affected by the financial and food crisis, with “positive conditionality”; the control of international financial transactions, as well as the derivatives market, limiting speculation and ensuring that markets focus on their role of financing enterprise; the public accountability of central banks; an end to offshore tax havens and other fiscal paradises; and the creation of a global social protection fund. The financial sector must make the economy based on solidarity a priority, promoting cooperatives, mutual systems and microfinance schemes, including in developing countries. The salaries of managers, bankers and other financial intermediaries should be regulated.

- The achievement of the historic goal of setting aside 0.7 per cent of the GDP of the industrialized countries for development cooperation, leading to increased quality in this field.

D. At a national level, the State needs to recover its rightful position. Public intervention is the sole guarantor of social cohesion, ensuring socially just and sustainable outcomes. Policies to protect pension schemes are required, as well as the establishment of decent minimum wages and real salaries in line with productivity gains, and respect for the right of the workers to form free trade unions and to negotiate collectively on the redistribution of profits.

### **3. The role of the ILO: The Decent Work Agenda**

*Decent work in the Americas: An agenda for the Hemisphere, 2006–15 is more relevant than ever. In this regard it is important to:*

- Emphasize that, in the case of a number of Decent Work Country Programmes, much remains to be done regarding the freedom of association and collective bargaining dimension, which is essential to the promotion and defence of decent work.
- Establish *agreed decent work indicators* to allow for adequate monitoring, with a view to taking the necessary preventive measures.
- Strengthen the cross-cutting nature of gender equality and non-discrimination policies, focusing in particular on *those sectors seriously affected by the crisis*.
- Achieve *higher levels of integration and retention within a high-quality education system*, as well as continuity of training, and reduce the number of students repeating a year at school and drop-out/expulsion rates.
- *Reclaim education as a human right that is guaranteed as a matter of public policy, rather than being subject to market variables*, which have restricted access to

payments system, supported by a compensation mechanism and a global reserve currency (the “bancor”). In practice, no agreement was reached and the post-war trend was towards a “creditors’ economy” (that is to say, the rich countries), rather than a “debtors’ economy”, with the international financial institutions (IFIs) acting as guarantors.

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secondary, technical and higher education for people from lower-income backgrounds and are a major factor in creating debt. Education and vocational training must contribute to the all-round development of the individual, facilitating integration into the workforce and career development.

- Strengthen and, if need be, alter public social protection policies, in order to safeguard and progressively increase coverage, universality and solidarity. As to social security, the savings that have been lost must be recovered and guaranteed.
- Prioritize *the promotion, defence and effective exercise of fundamental rights, in particular freedom of association and collective bargaining*, as a matter of public policy.
- Broaden social dialogue to include both *decent wages and working conditions*.
- Create and/or strengthen (where they exist) tripartite bodies for prevention, mediation and conciliation.

### Social dialogue and tripartism

The challenge inherent in counter-cyclical plans for Latin American and Caribbean societies lies in how to face and overcome obstacles regarding feasibility, and social dialogue is a key instrument in ensuring that such plans enjoy the necessary level of consensus. *The pillars of social dialogue are freedom of association and collective bargaining*. Trust, credibility, the right to information, as well as the political will on the part of the actors to reach agreements, are all essential elements in achieving effective social dialogue. In all this, the ILO has a vital role to play.

### The international dimension of the crisis

The transformation of the global system of governance requires the participation of the ILO, which must play a leading role at an international level in providing a response to the crisis based on employment and social justice, in conformity with the mandate provided by the Declaration on Social Justice for a Fair Globalization.

We endorse the criticism expressed by the Global Unions (ITUC, TUAC, and the Global Union federations) regarding the G20 statement of last November, which did not acknowledge the need to include the ILO despite the fact that it is part of the United Nations system.

- The Office must carry out periodic assessments of the progress made regarding the objectives set in May 2006 in Brasilia.

## Appendix IV

### **Responding to the Economic Crisis – Coherent Policies for Growth Employment and Decent Work in Asia and the Pacific**

(Manila, 18–20 February 2009)

#### **Summary Report of the High-level Regional Forum convened by the ILO, Asian Development Bank, and Department of Labour and Employment of the Philippines<sup>1</sup>**

##### **I. Introduction**

Together with the Asian Development Bank (ADB) and the Department of Labor and Employment of the Philippines, the ILO organized a High-level Regional Forum on Responding to the Economic Crisis – Coherent Policies for Growth Employment and Decent Work in Asia and the Pacific, on 18–20 February in Manila. The Forum responded to the call of the Officers of the Governing Body, at the November 2008 session, for regional consultations on the impact of the global financial crisis and policy responses. The Forum was made possible with the assistance of the Government of Norway.

Participants included ministers and senior government officials of employment and finance departments, economic and social policy experts, representatives of international organizations and leaders of employers' organizations and trade unions.<sup>2</sup> The format of the Forum provided for review of a series of reports on current developments in the countries of the region and in-depth examination of policy responses. It was structured into deliberations on impact and policy response at five levels: (a) global and regional, (b) country; (c) key areas for coherent policy response; (d) mechanisms for policy coherence across institutions; and (e) tripartite review of action to respond to the crisis.

As highlighted in the regional overview paper prepared for the Forum,<sup>3</sup> the impact of the global financial crisis on Asia built up during the last quarter of 2008 and into 2009 as exports plummeted leading to factory closures and large-scale layoffs in the more export-reliant countries. GDP growth in Asia fell from 7 per cent in 2007 to 5 per cent in 2008 and is expected to decrease further to 2.3 per cent in 2009.<sup>4</sup> The Office estimates that unemployment in the Asia–Pacific region could rise by more than 23 million in 2009. As

<sup>1</sup> Complete meeting documents, including the programme, list of participants, the regional overview paper and other thematic and country papers, are available on the Forum web site, [www.ilo.org/asia/whatwedo/events/lang--en/WCMS\\_101303/index.htm](http://www.ilo.org/asia/whatwedo/events/lang--en/WCMS_101303/index.htm).

<sup>2</sup> Eleven countries sent delegates: Bangladesh, Cambodia, China, India, Indonesia, Malaysia, Pakistan, Philippines, Thailand and Viet Nam. Representatives from Japan, Republic of Korea and Singapore attended as observers.

<sup>3</sup> ILO: *The fallout in Asia: Assessing labour market impacts and national policy responses to the global financial crisis*, Bangkok, 2009.

<sup>4</sup> ILO estimates based on IMF: *World Economic Outlook Update: Global Economic Slump Challenges Policies*, January 2009.

stressed by Secretary Roque of the Philippines in opening the Forum, a considerable number of businesses in Asia and the Pacific were on the brink. Governments were seeking to counteract the downturn.

The ADB Vice-President for Knowledge Management and Sustainable Development, Ursula Schaeffer-Preuss, called for coherent policies focused on economic but also including social and environment dimensions that incorporate three elements: employment programmes generated by infrastructure needs in rural and urban poor communities, mechanisms to protect poor and low-income households, and social expenditure for health and education to build human capital.

UN Assistant Secretary-General for the Department for Economic and Social Affairs, Jomo Kwame Sundaram, gave a comprehensive analysis of the origins of the crisis, the policy options and the importance of a globally coordinated response. He proposed priorities for reform: strengthening of counter-cyclical financial regulations, to better prevent and manage crises, capital account management techniques to stem undesirable or excessive capital inflows, affordable financing for productive long-term investment, stimulating domestic demand, especially for job creation to offset weakening foreign demand, and building and improving physical and social infrastructure. Universal social protection was a preferred option rather than targeted safety nets, especially in a crisis situation. He recommended fiscal stimulus even in countries with limited fiscal space and warned that protectionist measures were likely to increase, with negative impact on small countries.

Sachiko Yamamoto, ILO Regional Director for Asia and the Pacific, highlighted the findings of the regional overview paper, providing an assessment of the economic and labour market impacts of the crisis and the national policy responses in the region. She noted that contract workers, international migrants, workers in export and manufacturing sectors and young jobseekers are particularly vulnerable. She emphasized that concerted regional action focused on creating employment and income to stimulate consumption and domestic demand was required. This called for measures that maximized the employment impact of fiscal stimulus packages, protecting the poor and the vulnerable, supporting small and medium-sized enterprises and a “green recovery”. In addition, Ms. Yamamoto underlined the importance of involving social partners in policy design at all levels, ensuring the respect for core labour standards, and the need for more balanced growth strategies in developing Asia.

## **II. Common findings on areas for action to respond to the crisis**

A series of common findings on areas for action emerged from breakout group discussions among the participants. They focused on four main areas: job creation and protection, social protection, social dialogue and respect for workers’ rights, and international and regional support.

### **(i) Job creation and protection:**

- Appropriate expansionary monetary and fiscal policy measures to stimulate consumption, domestic demand and job creation.
- Support for national tripartite mechanisms to develop coherent policies for employment growth and employment protection.
- Support for enterprises, especially SMEs.

- Employment-intensive public works programmes, including infrastructure.
  - Negotiated agreements based on collective bargaining for flexible hours, wages, temporary layoffs and severance packages. Respect for core labour standards and existing labour laws.
- (ii) Social protection:
- Support for vulnerable groups, including through conditional cash transfer schemes and expanded social insurance measures.
  - Phased expansion of coverage of unemployment benefits, medical care and pensions.
  - Minimum wages for informal workers.
- (iii) Social dialogue and respect for workers' rights:
- Develop and strengthen legal framework for social dialogue.
  - Provide capacity building for social partners.
  - Respect for international labour standards, labour laws and decent work.
  - Tripartite consultation on policy design and implementation to also include civil society representation and a gender-sensitive approach.
  - Ensure transparency in negotiations.
- (iv) International and regional support:
- Ensuring official development assistance (ODA) flows and multilateral support for vulnerable countries with reduced policy space.
  - Strengthen international and regional economic policy coherence, including trade cooperation and the removal of trade barriers.
  - International organizations to focus on capacity building, including in formulating stimulus packages.
  - Minimal conditionality on loans through the international financial institutions (IFIs).
  - ILO action to embed the Decent Work Agenda at all policy levels through consultation, dialogue and capacity building.

### **III. Issues raised in policy discussions**

#### **(a) Global and regional impact and policy response**

Export growth had helped the growth of the developing economies of Asia, but the sudden cut in foreign demand was damaging and suggested that the urgent policy priority was now the generation of domestic demand. Counter-cyclical fiscal stimulus packages and boosting the spending power of low-income groups were seen as the most effective way of making this shift. Long-term investment was needed from development banks to increase output and employment. Social protection needed to be expanded in order to

support vulnerable low-income groups. The ADB estimated that the crisis could increase the number of poor living below the US\$1.25 per day poverty line by 20 million in the region.<sup>5</sup> There was general acknowledgement that financial liberalization had outstripped regulation at the global level, increasing country and regional vulnerability. There were also fears of a protectionist reaction that could adversely affect labour markets and recovery.

### *Export-reliant countries hard hit*

The more export-reliant countries in the region had bigger downturns in their GDP growth. Chinese GDP growth had dropped from 13 per cent in 2007, to 9 per cent in 2008, and was forecast to drop further to 6.7 per cent over 2009.<sup>6</sup> In Japan, the economy was expected to shrink by 2.6 per cent in 2009. Meanwhile, growth in the ASEAN-5<sup>7</sup> was forecast to fall from 5.4 per cent in 2008 to 2.7 per cent in 2009. In comparison, the less export-reliant countries have experienced more moderate, though still significant, downturns. For example, in India where manufacturing exports represent less than 10 per cent of GDP, growth was forecast to drop from 7.3 per cent in 2008 to 5.1 per cent in 2009.

### *Other economies extremely vulnerable*

Other countries have also been impacted. Foreign direct investment (FDI) to developing countries is forecast to fall, which will impact enterprises and jobs. Major FDI recipients such as Cambodia, Fiji and Singapore are expected to be hit hard. Migrant remittances are likely to drop. This could have a profound effect on countries such as Bangladesh, Nepal, the Philippines, and Sri Lanka. Another major concern is falling domestic consumption and investment, which often comprise a larger share of GDP than exports.

Furthermore, the crisis of surging food and fuel prices before the financial crisis had already led to increased budget and balance-of-payments problems. Countries with limited fiscal space may also suffer from a potential decline in ODA.

### *Severe impact on the labour market*

The ILO expected that the impact of this fall in GDP growth would be to increase unemployment by 23 million in 2009, nearly 6 per cent of the labour force in Asia and the Pacific. Impact on the conditions of work could be judged by the number of vulnerable workers, own-account workers and unpaid family workers. The Asia-Pacific region had 1.08 billion such vulnerable workers in 2008, some 60 per cent of the workforce, and these could increase by as much as 60 million in 2009. The pressures of reverse migration from downturns in receiving countries, cuts in the use of contract and migrant labour, and the virtual halt in hiring of young people who were already experiencing high unemployment rates, all added to the enormity of the challenges confronting the labour markets in the region. As a result, the numbers of working poor could increase by as much as 140 million by 2010.

<sup>5</sup> *Coherent Policies for inclusive Growth and Decent Work – Challenges of the Global Economic Slowdown in Asia*, Keynote address by Dr. Ursula Schaefer-Preuss, Vice-President, ADB.

<sup>6</sup> IMF: *World Economic Outlook Update: Global Economic Slump Challenges Policies*, January 2009.

<sup>7</sup> The ASEAN-5 group includes Indonesia, Malaysia, the Philippines, Singapore and Thailand.

## (b) Country perspectives

- **Indonesia:** The crisis had been preceded by high inflation and monetary tightening. In the third quarter of 2008, exports fell along with FDI inflows. The stock market fell, and the exchange rate depreciated, depleting reserves. The impact on unemployment estimated so far was an increase of half a million. The policy response had been a combination of monetary and fiscal stimulus measures, complemented by a World Bank support loan of \$1 billion.
- **China:** Even during years of rapid growth, China had faced a substantial jobs deficit in part due to an increasing workforce and labour shedding as state-owned enterprises reformed. The slump in export demand due to the crisis had led to factory closures, with an estimated 20 million rural migrant workers laid off and 7 million recent graduates unable to find work. Policy had focused on a \$586 billion reflationary package, aimed at reducing interest rates, generating demand, creating jobs and strengthening social protection.
- **Philippines:** Growth prior to the crisis had not generated sufficient employment opportunities, resulting in increasing inequalities and a domestic market supported mainly by remittances. Exports had been hit by the crisis, domestic and foreign investment had dropped and unemployment was rising. Since October 2008, over 80,000 workers had been displaced and around 5,000 overseas Filipino workers had been repatriated. Fiscal policy was focused on increasing public spending for infrastructure and social transfers.
- **Viet Nam:** With the next highest GDP growth rate in the region after China, growth in Viet Nam had been sustained by very high levels of investment. Rising labour costs in China had also begun to divert production to Viet Nam, not only in garments and footwear, but also in electronics and heavy industry like steel. Hence, FDI inflows had also surged. The high GDP growth had stoked double-digit inflation prior to the crisis while a mounting current account deficit had depreciated the exchange rate. Cyclical policy to counter both had raised interest rates. Falling export demand now threatened gains in employment and poverty reduction.
- **Pakistan:** GDP growth of 5.8 per cent was hit by a rising fuel bill and food and fuel subsidies. This raised inflation and depleted currency reserves. Monetary tightening prior to the global financial crisis had raised interest rates. The crisis led to further outflows of FDI and portfolio capital, necessitating an IMF loan. A Letter of Intent signed with the IMF had led to a pro-cyclical policy of increased interest rates and a lowered budgetary deficit. As a result, GDP growth was expected to halve, registered unemployment was rising, and poverty gains were expected to be reversed.
- **Thailand and Malaysia:** The Asian financial crisis of the late 1990s had been compounded by deflationary policies that amplified negative social impacts. Recovery from the 1997 crisis had been based on an increase in exports, helped by depreciating exchange rates and strong global demand. The current crisis had led to a fall in global export demand thus precluding this policy option. Recovery had to be based on a stimulus package to generate domestic consumption demand. Malaysia had lowered interest rates and was expected to raise the size of its stimulus package.

## (c) Key areas for coherent policy response

The primary channel transmitting the global economic crisis to the region had been a contraction in demand for exports. The Asian region, and particularly East and South-East Asia, had increased its reliance on exports from 37 per cent in 1997, to 47 per cent by 2007. Further, 60 per cent of the final demand for Asian exports came from developed

countries. Hence, the contraction in incomes in the United States and Europe had drastically reduced their demand for exports from Asia. In China, for instance, export growth had contracted by 17 per cent in January 2009, compared to January 2008, the largest contraction in a decade.

The ILO had warned of the region's over-reliance on exports at the August 2007 Asian Employment Forum and on the need for restoring balance in the drivers of growth, by increasing reliance on the domestic market and consumption.<sup>8</sup> Consumption had been weak in East Asia particularly, because of a weakness in its underlying determinants, employment and wages. The Forum noted that growth in the region had gradually become more capital-intensive, and more job weak. So a more coherent and balanced growth strategy was needed that relied on both exports and the domestic market, which in turn implied more emphasis on employment and incomes to support the domestic market.

### *Counter-cyclical policy for generating demand and employment*

The Forum reviewed several macro policy instruments to generate employment and improve the wage share to raise consumption and domestic demand in the region. Monetary policy had to be loosened and interest rates pushed down to reduce the cost of borrowing for enterprises to grow and generate employment. This was being followed in a number of countries. Fiscal policy had to be expansionary, raising government expenditure, especially in infrastructure which was labour-intensive. Several countries had announced such packages.

### *Rising external and budgetary deficits*

A second channel for spreading the impact of the crisis had been rising deficits, both external and budgetary, caused mainly by rising food and fuel prices during 2007–08. The large increase in fuel and food prices also spiked inflation and drained budgetary resources for governments attempting to cushion consumers through subsidies.

In addition, the current global financial crisis had led to a capital outflow from developing countries, exacerbating the current account constraint, and reducing investment, growth and employment. Pakistan had been particularly hard hit by this combination of balance-of-payments and budgetary deficits. Bangladesh, Indonesia and Viet Nam were also vulnerable on this count. A number of speakers at the Forum expressed concern that countries where the policy space to counter the downturn was limited needed support in finding a better balance between stabilizing macro fundamentals and restoring growth and employment.

### *Social dialogue is critical for effective policy responses*

Social dialogue between workers' and employers' organizations and government was emphasized by many speakers as necessary to develop coherent policy responses to the crisis. Many speakers described efforts at national, sectoral and company level to activate mechanisms for dialogue and the development of consensual policy responses. Development of coordinated systems of industrial relations could help negotiate more coherent policies. At a time when economic developments threatened social progress and tensions were rising it was vital to enhance dialogue mechanisms to protect the most vulnerable, reverse the downturn and build a more sustainable recovery.

<sup>8</sup> ILO: *Setting Policy Directions for Job Creation and Poverty Reduction*, Asian Employment Forum: Growth, Employment and Decent Work, Beijing, 13–15 August 2007.

### *An explicit gender lens on policy*

The Forum noted that with more women employed in export industries, the downturn was expected to hit women's employment hard.<sup>9</sup> Existing social security systems in the region were also weaker for women because they were based on a model of regular employment for one male main income earner. This left women more vulnerable to the crisis, and also their children, given the relatively higher share of women's income going to the household. Policy responses therefore needed an explicit gender lens. Stimulus packages based on construction sometimes used a very low percentage of women, for instance.

### *Building an effective social floor*

The Forum discussed the need to rethink social policy not as a cost but as an investment in human resources. Extension of basic social protection to all women and men should be part of the development agenda. The bill for social protection, as a percentage of GDP, was often not large, while its multiplier effect on economic activity was noted to be very high. Universal systems were preferred because they avoided costly administration, could be introduced fairly quickly and had a big impact on poverty reduction even if benefits were set at modest levels. Social protection put a floor under the consumption of the household and the economy. Enhancing the coverage of social protection therefore worked as both a social and fiscal stabilizer.

There was much interest in a presentation by the Deputy Secretary-General of the China Development Research Foundation, Tang Min, of a vision to introduce pensions, health insurance, free education and employment promotion for all low-income citizens by 2012, and for all Chinese by 2020.

The innovative experience of India's National Rural Employment Guarantee Act (NREGA) evoked considerable discussion. The NREGA guaranteed 100 days of work in the year for households, with 33 per cent of the employment reserved for women, on infrastructure projects. An estimated 1.4 billion person days of work was generated over 2007–08 at a cost of 0.5 per cent of GDP. The scheme offered work at the prevailing minimum wage for agriculture and was thus helping to ensure greater compliance with minimum wages in rural areas. Such a programme generated both employment and domestic demand, both critical for crisis policy, especially for countries with limited policy space. It was also noted that there was a vital role for the social partners to ensure that rights and benefits were respected by the local administrator of the scheme.

In large parts of Asia, migrants to the cities from rural areas had filled the jobs created by the export boom. While offering better earnings prospects than agricultural work, wages had often been low, employment contracts precarious and social protection weak. With falling export demand, returning domestic and international migrants<sup>10</sup> needed both social protection and improved skills to survive and to return to employment.

### *Supporting sustainable enterprises*

The ADB presented its work on structural transformation, based on evidence from Nepal, Pakistan and the Philippines. The study found spatial clustering of manufacturing

<sup>9</sup> A. K. Dejardin and J. Owens: *Asia in the Global Economic Crisis: Impacts and Responses from a Gender Perspective*, ILO Technical Note, Geneva, 2009.

<sup>10</sup> M. Abella and G. Ducanes: *The Effect of the Global Economic Crisis on Asian Migrant Workers and Government Responses*, ILO Technical Note, Bangkok, 2009.

sectors and offered new insights on ways in which public policy developed in dialogue with the private sector could support industrial development. Further work was suggested on the relationship between manufacturing and employment-intensive related services.

The Forum noted that both Bangladesh and Cambodia had been struck particularly hard by the downturn in garment exports. The policy response called for sustaining enterprises that were being squeezed between falling demand on the one hand, and increasing costs of scarce capital on the other hand. While countries could not control external demand, they could ease supply constraints through credit support, especially through microfinance for SMEs and promoting skills development programmes to increase productivity of their workforce.

The importance of a conducive environment for sustainable enterprises was a recurring theme especially in regard to the provision of finance for working capital, trade and investment.

#### (d) International and regional policy coherence

Ten years earlier, incoherent policies exacerbated the Asian financial crisis. The Forum urged that the current crisis required a more coherent policy response in Asia, with more consistent policy advice offered to both the countries initially impacted and those now suffering its contagious effects. The lessons learned from the previous crisis should not be forgotten, including the potential of regional mechanisms for financial coordination.

Coherence across institutions was particularly needed to support countries with reduced policy space for counter-cyclical expenditure for recovery from the crisis. Countries at the heart of the crisis were rightly following counter-cyclical strategies. On the other hand, more vulnerable countries, which were not responsible for the policy failures that led to the crisis, were left with few options.

ODA had to be maintained to support countries with limited fiscal space. An additional source of finance could be a social investment fund, possibly set up under the aegis of a regional institution like the ADB. Indeed the ADB was proposing to go to its Board for enhanced contributions for crisis support.

Dialogue across institutions through an international forum was also needed to ensure coherence of policies. Such a forum should represent both industrialized and developing countries, while also ensuring efficiency and effectiveness.

The involvement of ILO tripartite constituents was seen as indispensable for coherence and consensus on national policies to counter the crisis. A good example of national policy coherence was afforded by the Philippines Development Forum steered by the Department of Finance and the World Bank, which had been set up to allow policy dialogue across line ministries of the government, international development partners, the private sector, NGOs and academia.

#### (e) Conclusions: Principles for policy responses

The Forum concluded with a tripartite panel which highlighted several key principles for policy responses.

- Governments should actively promote social dialogue at national, regional and local levels.
- Focus should be placed on the right to work, and rights at work, for formal, informal, and migrant workers, with additional attention on women's rights.

- Collective bargaining should be promoted as a means of conflict prevention, and as a tool for promoting better working conditions, higher productivity, and competitiveness.
- Policy should be framed through tripartite exchange of experiences, dialogue, and quick reaction to rapidly changing conditions.
- Asian economies should focus on stimulating domestic demand and purchasing power within countries, and across the region.
- Employment promotion and social protection programmes must be developed.
- Reduced fiscal space should be addressed through regional collaboration and greater international support.
- Decent work should be mainstreamed in all economic and social policies.

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## Appendix V

### **Outcomes of the Preparatory Meeting of Experts on the 1st African Decent Work Symposium on “Together addressing the implications of the financial and economic crisis on Africa’s peoples” (Addis Ababa, 27–28 February 2009)**

#### **Introduction**

1. The Preparatory Meeting of Experts was convened by the ILO Regional Office for Africa in Addis Ababa on 27–28 February 2009. The aim of the meeting was to prepare for the 1st African Decent Work Symposium on “Together addressing the implications of the financial and economic crisis on Africa’s peoples”, due to be held in Ouagadougou later in 2009 at the invitation and under the auspices of His Excellency, Mr Blaise Compaoré, President of Burkina Faso, in collaboration with the African Union Commission and the ILO.
2. The Meeting of Experts contributed towards strengthening the technical preparations for the symposium. Moreover, the meeting enabled African tripartite constituents to prepare for: (i) the ILO Governing Body Employment and Social Policy (ESP) Committee debate on the financial crisis (Geneva, 17 March 2009); (ii) the Special Meeting of the Tripartite African Members of the ILO Governing Body (Geneva, 20 March 2009); and (iii) the High-level Tripartite Meeting on the Current Global Financial and Economic Crisis (Geneva, 23 March 2009), as called for by the 303rd Session of the ILO Governing Body (Geneva, November 2008).
3. Participants in the meeting included government representatives, workers’ and employers’ experts, the African Union Commission, the African Development Bank, the UN Economic Commission for Africa, academics, and also ILO officials from headquarters and the region.
4. Participants recalled that the World Commission on the Social Dimension of Globalization had predicted many of the events that had led to the global financial, economic and job crises. They emphasized the importance of the ILO Declaration on Social Justice for a Fair Globalization in the current crisis context, and highlighted the relevance of the *CEB Toolkit for mainstreaming employment and decent work* in formulating an appropriate response to the impact of the crisis.
5. The meeting took note of the draft symposium background document prepared by the ILO Regional Office for Africa, and of subregional presentations by ILO directors in Africa and also from various departments at ILO headquarters (Standards, Employment, Social Protection, Social Dialogue, International Institute for Labour Studies, and Policy Integration and Statistics).
6. Participants deliberated at length on the financial and economic crisis in order to address its implications for the people of Africa. At the end of the meeting, the following outcomes were adopted, together with the “African Decent Work Crisis Portfolio” (attached), in response to the economic, employment, labour and social impact of the financial and economic crisis.

## **From a financial to an African financial and economic crisis**

7. The meeting noted that the prevailing financial and economic crisis is the culmination of a series of systemic social, institutional and economic factors, triggered by the subprime mortgage crisis in the United States. This crisis has now engulfed the entire globe, with grave consequences for the real economy, enterprises, workers and their families in Africa, and elsewhere in the world.
8. The meeting noted with concern that the financial and economic crisis has jeopardized Africa's growth and development prospects. In its latest update of 28 January 2009, the International Monetary Fund (IMF) predicts that, as a direct consequence of the global financial crisis, Africa's growth will drop to a low of 3.4 per cent in 2009, in contrast to 2007 and 2008, when the continent's economies grew by 6.2 and 5.2 per cent, respectively. Africa's integration into the global economy has meant that transmission mechanisms (trade, foreign direct investment (FDI), migrant remittances, official development assistance (ODA)) have facilitated the global spread of the financial and economic crisis to Africa. Moreover, with negative growth projections for Africa's main development partners in 2009, the meeting expressed concern about the adverse implications of the fall in FDI, export earnings, numbers of tourists, overseas development aid levels, the value of national currencies, and remittances from migrant workers.

## **The economic crisis leads to an employment crisis in Africa**

9. The meeting recalled that, even with the relatively high growth the continent has been experiencing in recent years, poverty and unemployment levels have not been significantly dented. Therefore, a reduction in growth caused by the financial crisis will reverse the modest gains achieved in poverty reduction and compromise the prospects of achieving the Millennium Development Goals (MDGs).
10. The meeting took note of the data provided by the ILO's *Global Employment Trends* report (2009), which estimates that global unemployment in 2009 could show an increase of between 18 million and 30 million workers, and more than 50 million if the situation continues to deteriorate. Moreover, some 200 million workers, mostly in developing economies, could be pushed into extreme poverty.
11. With the financial and economic crisis, estimates are that employment growth in Africa is expected to weaken, pushing unemployment rates higher and forcing more workers into the already large informal economy, if not into extreme poverty.
12. Cases of company closures, postponed or cancelled investments (mainly in the mining, auto and finance/banking industries), and job losses across the continent were highlighted. In particular, the meeting noted with serious concern the loss of some 300,000 mining jobs in the Katanga province of the Democratic Republic of the Congo, and 36,500 jobs lost in the South African auto industry.

## **Crisis before the current crisis**

13. The meeting noted that the financial and economic crisis is merely exacerbating the serious economic and social situation already existing in Africa. The crisis before the current crisis involved poverty, underemployment, rising inequality, unfair globalization and difficult social conditions for large segments of the population.
14. Moreover, the financial and economic crisis comes at a time when Africa is only just beginning to recover from the effects of the food and fuel crises.

## **Policy responses to the financial and economic crisis**

15. In response to the crisis, the meeting noted the urgent need to support the vision of leaders who uphold principles and values of good governance at the continental, subregional and national levels.
16. The rights-based approach should be mainstreamed especially during the crisis period, in order to: (i) protect rights at work of workers who may become more vulnerable; (ii) reduce poverty and social crises; (iii) raise living standards; and (iv) enhance the quality of economic growth and social justice.
17. The meeting stressed the need for more research and analytical work on child labour, youth employment and HIV/AIDS.
18. Moreover, addressing the negative consequences of the financial and economic crisis needs to be done in a transparent and inclusive manner, using social dialogue.
19. While providing an enabling environment for the private sector to create employment and decent work opportunities, governments' regulatory role in the financial sectors, as well as governments' own potential to create jobs, needs to be strengthened.
20. Governments and enterprises need to invest in the gradual transition to renewable sources of energy, and to operationalize a "Green New Deal", as a way to improve living and working conditions through "green" job creation.
21. Because of non-existent or minimal social protection for all, targeted programmes to support vulnerable groups such as informal and rural workers, migrant workers, disabled persons, workers in the formal economy, women, children, youth and older people need to be put in place.

## **Role of institutions in response to the crisis**

22. The meeting acknowledged the interventions by a number of governments and institutions in addressing the adverse effects of the financial and economic crisis on African economies, including the Addis Ababa Declaration on the International Financial Crisis, adopted by the 12th Ordinary Session of the Assembly of the African Union on 2–3 February 2009; and the Ministerial Conference on the Financial Crisis held in Tunis on 12 November 2008.
23. The meeting called for a comprehensive package of measures to be taken at the global, regional and national levels, to be complemented by measures taken by the ILO.

### ***At the global level***

24. The meeting highlighted the fact that no country or region can deal with the consequences of the crisis alone, hence global, coordinated solutions are called for.
25. Participants stressed that decent work must be at the centre of the policy response. The global response to the crisis must pursue the overarching objective of alleviating the burden of the economic downturn on people, especially vulnerable groups.
26. Under the auspices of the UN, the World Bank Group, the IMF, the World Trade Organization and the ILO should jointly develop a new regulatory framework for global finance, trade and labour markets. Ensuring coherent and coordinated policies and reform of the global economic governance architecture will ensure an effective response to the financial and economic crisis.
27. The African continent must have a greater say in institutions such as the World Bank, the IMF and the G20 that shape the global response to the crisis.

28. The global crisis response should not result in greater protectionism, although due measures must be taken to shelter nascent industries and developing economies.
29. Participants urged richer nations to make good their promise to double ODA to Africa by 2010, despite the current financial and economic crisis.

### ***At the continental and regional levels***

30. The meeting called for regional, coordinated and inclusive strategies, policy measures and programmes/initiatives to mitigate the economic, employment, labour and social impact of the financial and economic crisis.
31. The African Union's New Partnership for Africa's Development (NEPAD) should be revitalized and strengthened to boost the crisis response at the continental level, in substantive terms.
32. In order to reduce Africa's vulnerability to external shocks, the continent must accelerate regional integration, including removing all restrictions on the free movement of people, goods and services.
33. The acceleration of regional integration through the Regional Economic Communities (RECs) should be accompanied by substantial investments in regional infrastructure (transport, energy, telecommunications, IT) that create jobs, directly and indirectly, in the short and long term, provide incentives for local investments, and support more intra-Africa trade.
34. The financial crisis should be an opportunity for Africa to take stock of its dependency on and links with globalization and propose long-term solutions to its perennial challenges. As much as possible, the continent needs to propose long-term measures that will be key in terms of promoting the "localization" of the continent's development. In this context, the African Union, the UN Economic Commission for Africa, the African Development Bank and the RECs should identify Africa's comparative advantages (such as food production and the development of renewable energy sources) that can create new employment opportunities during and after the crisis.

### ***At the national level***

35. Governments should target their crisis-response interventions at players in the real economy, enterprises (particularly SMEs), workers and the self-employed; this should include investment in education, training, reskilling and counselling.
36. The meeting strongly encouraged governments to provide emergency financial support for enterprises facing financial difficulties owing to the financial and economic crisis.
37. Governments should use any available fiscal space to create social safety nets that fulfil the basic needs of the poor, and thus diminish the risk of social unrest. They should also ensure adequate mechanisms for conflict prevention, management and resolution, and promote initiatives that enhance social cohesion.
38. Governments should use available investment funds for employment-intensive ventures that create sustainable alternative employment opportunities for redundant workers. Special attention should be paid to agriculture, agro-industries and food production.
39. Governments must improve governance of national resources, intensify their fight against corruption where it exists, avoid waste, and prioritize policy alternatives so as to use all available resources for development.
40. Governments should improve governance structures through the establishment of efficient labour administrations, labour market information systems and labour statistics offices to provide reliable data for the articulation of efficient labour market policies at regional and subregional levels.

41. The constituents should use the potential of the social economy for creating alternative livelihoods, providing microfinance solutions, boosting fair trade and establishing solidarity-based protection schemes.
42. Governments should encourage the building of the requisite physical infrastructure and communications, and simplify cumbersome customs, banking and foreign exchange regulations and immigration procedures, as a way of dealing with the transmission effect of the crisis.
43. To ensure domestic resource mobilization, African governments need to promote domestic tourism, mobilize local savings and local financial markets, promote intra-African trade and encourage export marketing and product diversification.
44. Governments, in full participation with employers' and workers' organizations, should assess the "greening" of existing industries to ensure that proactive measures are taken to enhance the sustainability of existing industries and jobs.
45. Participants recommended that all African Members of the ILO should set up or strengthen tripartite committees to develop crisis-response strategies at the national and sectoral levels through social dialogue. Where appropriate, additional stakeholders, such as relevant civil society organizations, should be invited to join such committees.

### ***At the level of the International Labour Organization***

46. The ILO should intensify the promotion of the Decent Work Agenda as the conceptual framework that guides the global response to the crisis. The *CEB Toolkit for mainstreaming employment and decent work* should be used as an instrument to harness the collective energy and expertise of the UN system in the pursuit of productive employment and decent work.
47. The ILO should re-visit the agendas of major forthcoming events, including the 2009 International Labour Conference, with a view to focusing them on the crisis response.

### ***At the level of the International Labour Office***

48. The ILO should take urgent measures to implement the attached African Decent Work Crisis Portfolio as amended and enriched by the Meeting of Experts, which constitutes an integral part of the present outcome document.
49. The ILO should devote more resources to strengthening social partners in order to enhance their ability to address the implications of the crisis. This should include training constituents in the use of the CEB toolkit.

### **The role of the social partners**

50. To enable social partners to play their role in meaningfully addressing the implications of the current crisis, there is a need to build the capacity of governments, employers' and workers' organizations for participating in developing policies in order to address the implications of the financial crisis, as well as to design and implement relevant employment and decent work policies.
51. In order to monitor the impact of the financial and economic crisis with a view to proposing effective remedial measures, the meeting called for the setting up of regional, subregional and national steering committees in which social partners would be actively involved.
52. Workers' and employers' organizations should consult their counterpart organizations overseas in order to avoid xenophobic reactions to migrant workers in those countries.

53. Participants recommended the establishment of an early-warning system to inform members on how to deal with such crises in the future.

## **Appreciation**

54. Participants applauded the invitation of His Excellency Mr Blaise Compaoré, President of Burkina Faso, to host the Symposium. They also paid special tribute to Mr Juan Somavia, ILO Director-General, and Mr Jean Ping, Chairperson of the African Union Commission, for their support to this initiative leading to the holding of the 1st African Decent Work Symposium, focusing on addressing the implications of the financial and economic crisis on the people of Africa.
55. Participants also acknowledged the message from the African group in Geneva, which constituted their input to the Addis Ababa meeting.
56. Participants welcomed the initiative of the ILO Regional Office for Africa in organizing the Meeting of Experts, and its commitment to providing the requisite technical and financial support for constituents on key issues, including the financial and economic crisis.

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## Annex

### The African Decent Work Crisis Portfolio

(Addis Ababa, 28 February 2009)

#### An agenda for the people

##### *Guiding principles:*

- people-centred: focusing on Africa's workers, entrepreneurs and the self-employed;
- action-oriented: combining policies with specific programmes, using available tools and expertise;
- results-based: pursuing tangible outcomes and outputs;
- gender-balanced: caring for the special needs of women workers in Africa;
- in partnership: mobilizing the collective energy of the tripartite constituents, as well as the complementary expertise of UN sister organizations through the use of the Chief Executive Board (CEB) *Toolkit for mainstreaming employment and decent work*;
- pragmatic: complementing immediate emergency action with medium and longer term development programmes;
- integrated: providing a comprehensive response to the crisis on the basis of the Decent Work Agenda for Africa 2007–15 (DWAA) and the 2008 ILO Declaration on Social Justice for a Fair Globalization.

##### *Key orientations*

- local development: to replace external engines of growth with domestic drives;
- regional integration: to reduce vulnerability to external shocks and create local regional markets;
- social economy: to mobilize traditional systems of solidarity and mutuality, and create alternative employment opportunities;
- social dialogue: to build consensus at regional, national, sectoral and enterprise levels.

##### *Policy foundations*

- the Decent Work Agenda for Africa 2007–15;
- the Ouagadougou Plan of Action;
- the conclusions of the International Labour Conference concerning decent work and the informal economy (2002); a fair deal for migrant workers in a global economy (2004); youth employment (2005); the promotion of sustainable enterprises (2007);

skills for improved productivity, employment growth and development (2008); and promoting rural employment for poverty reduction (2008);

- the report of the World Commission on the Social Dimension of Globalization;
- the ILO Declaration on Social Justice for a Fair Globalization;
- the six measures advocated by the Officers of the Governing Body in November 2008 (adequate credit flow, protecting the vulnerable, supporting enterprises, maintaining social progress, making use of social dialogue, maintaining adequate levels of development aid).

**Principal target groups**

- informal economy workers and operators in urban areas: they constitute the majority of the urban labour force in most African countries dominated by young people;
- rural workers and small-scale producers: they constitute the absolute majority of the labour force in many African countries;
- workers and enterprises in the formal economy: the backbone of Africa’s economies.

**The decent work crisis portfolio**

**An agenda for the people**

Target group	Policies	Programmes	Tools/units
All	Advocate the centrality of productive employment and decent work in national development and crisis strategies	<p><i>Immediate action:</i> Provide technical assistance to national tripartite constituents to enable them to retain and create jobs and livelihoods. Reformulate existing Decent Work Country Programmes in light of the crisis. Reorient all ILO TC projects (including RBSA and TC), as well as RB and RBTC, to focus on the crisis response.</p> <p><i>Medium and longer term action:</i> Incorporate decent work priorities into national crisis response strategies, joint assistance strategies and UNDAFs. Incorporate lessons learned from the crisis into second generation Decent Work Country Programmes.</p>	CEB Toolkit for mainstreaming employment and decent work; Employment Sector; Turin Centre
	Effective implementation of fundamental principles and rights at work; implementing labour standards in the workplace;	<p><i>Immediate action:</i> Ensure the continued enforcement of fundamental rights, ratified Conventions and national labour codes in the crisis context.</p> <p><i>Medium and longer term action:</i> Extend the application of fundamental principles and rights at work to the informal economy and rural workers.</p>	International Labour Standards Department
	ILO Declaration on Fundamental Principles and Rights at Work	<p><i>Medium and longer term action:</i> Extend the application of fundamental principles and rights at work to the informal economy and rural workers.</p>	International Labour Standards Department
	Investing in basic social protection packages for poverty reduction	<p><i>Immediate action:</i> Provide emergency assistance to the most vulnerable, including cash transfers, and invest in basic social protection packages.</p>	Cash transfer programmes

Target group	Policies	Programmes	Tools/units
		<i>Medium and longer term action:</i> Assist member States in developing social security policies and adopting comprehensive social security schemes that provide protection against future crises.	STEP Programme, Social Security Department
	Improving information for better policies	<i>Immediate action:</i> Assist member States in monitoring the impact of the crisis on jobs and livelihoods in a gender-sensitive manner, as well as the crisis response by member States, including the establishment of national observatories.	Headquarters and field units involved in the Labour Market Information Network (including the Turin Centre)
		<i>Medium and longer term action:</i> Improve national labour market information systems and institutions.	Employment Trends Department; Bureau of Statistics
Informal economy workers and operators	Escaping the informal economy trap; Decent work for Africa's youth; ILC conclusions concerning decent work and the informal economy; ILC conclusions concerning youth employment	<i>Immediate action:</i> Strengthen voice and representation of workers and operators through a vibrant social economy. Provide emergency employment opportunities through labour-intensive projects. Extend social protection through mutual insurance schemes. Facilitate a variety of microfinance services for job creation and social protection. Prevent the expansion of child labour through targeted interventions.	SYNDICOOP; Employment Intensive Investment; STEP; Social Finance; IPEC; Skills and Employability Department
		<i>Medium and longer term action:</i> Improve working conditions. Organize informal economy workers and operators in self-help organizations, in partnership with workers' and employers' organizations. Upgrade informal apprenticeship systems. Incorporate informal workers and operators into formal social security schemes.	WIND/WISE; COOP; ACTRAV; ACT/EMP; Skills and Employability; Social Security
Rural workers and small-scale producers	ILC conclusions on promoting rural employment for poverty reduction (2008)	<i>Immediate action:</i> Introduce price stabilization mechanisms. Consolidate the self-help organizations of small-scale producers, including their unions and apexes, in order to improve their bargaining power, voice and representation. Extend financial intermediation through the promotion of rural financial institutions (SACCOs).  Prevent the expansion of child labour through financial support to rural families. Improve rural infrastructure through labour-based programmes.	STEP; COOP Africa; Social Finance; IPEC; Employment Intensive Investment
		<i>Medium and longer term action:</i> Extend social protection through the modernization of traditional systems of solidarity. Assist in negotiating fair trade agreements (social economy). Promote "green jobs" initiatives in rural areas. Develop integrated local employment programmes using the PEETT approach. Promote appropriate skills training opportunities in rural areas. Develop pro-poor tourism in rural areas. Improve working conditions using the WIND approach. Domesticating ILO Conventions and Recommendations specific to rural workers	Local Economic Development Programme; Policy Integration and Statistics Department; Sectoral Activities; Skills and Employability; TREE; WIND; International Labour Standards

Target group	Policies	Programmes	Tools/units
		and producers. Create off-farm employment through the transformation of, and addition of value to, agricultural products.	
Formal workers and sustainable enterprises	Investing in enterprises and decent work opportunities in Africa; ILC conclusions concerning the promotion of sustainable enterprises (2007)	<i>Immediate action:</i> Establish partnerships with other agencies (World Bank, IMF, UNIDO, etc.) to provide emergency assistance to enterprises facing financial difficulties. Provide alternative employment programmes through State-sponsored investment programmes. Assist workers in taking over bankrupt enterprises (Argentine <i>empresas laborales</i> ). Provide assistance to national authorities in the revision of labour laws in light of the crisis.  <i>Medium and longer term action:</i> Provide microfinance solutions to redundant workers wishing to create their own enterprises. Improve the productivity of enterprises through targeted interventions (productivity centres). Accelerate regional economic integration.	SEED, Job Creation and Enterprise Development Department; Employment Intensive Investment; Social Dialogue Sector  Social Finance; COOP; Job Creation and Enterprise Development; ROAF
	Closing the skills gap; ILC conclusions on skills for improved productivity, employment growth and development (2008)	<i>Medium and longer term action:</i> Develop retraining and reskilling programmes for redundant workers.	Skills and Employability; SEED; Economic and Labour Market Analysis Department
	Tripartism as a key governance mechanism for inclusive poverty-reducing growth	<i>Immediate action:</i> Provide assistance to tripartite bodies set up at the national, sectoral and enterprise level with the aim of minimizing the impact of the crisis on jobs and incomes.  <i>Medium and longer term action:</i> Support member States in strengthening inclusive social dialogue institutions.	Social Dialogue; ACTRAV; ACT/EMP  Social Dialogue; ACTRAV; ACT/EMP
	Social inclusion through job creation for conflict prevention and reconstruction	<i>Immediate action:</i> Assist member States in creating social safety nets for workers who have been made redundant; emergency employment programmes through labour-based approaches.  <i>Medium and longer term action:</i> Promote comprehensive local development strategies and the social economy to promote sustainable job creation at the local level.	Social Security; Employment Intensive Investment; ASIST  Local Economic Development; COOP; Social Finance
	A fair deal for Africa's migrant workers; ILC conclusions on a fair deal for migrant workers in a global economy (2004)	<i>Immediate action:</i> Reorient existing labour migration projects to address the crisis. Assist and reintegrate returning migrant workers in their home countries.  <i>Medium and longer term action:</i> Ensure the portability of social security benefits for migrant workers in collaboration with Regional Economic Commissions	International Migration Department, including the MIGSEC project and RBSA on migration  Social Security and International Migration Departments