

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, 26-27 Februarx 2009

Opening Remarks
Charles Dan
ILO Regional Director for Africa

Dear Mrs Cissé, Acting Director of the African Union Department for Social Affairs, representing Commissioner Ms Bience Gawanas,

Dear Mr Masmoudi, Coordinator of the African Group,

Dear Tripartite participants,

Dear colleagues from the Economic Commission for Africa and the African Development Bank,

Dear consultants,

Dear friends,

Welcome to Addis Ababa ...

Introduction

And thank you, thank you so much for accepting to participate in the Preparatory meeting of experts on the forthcoming First African Decent Work Symposium. The title in itself, "Together – addressing the implications of the financial and economic crisis on Africa's peoples" is an indication and an invitation.

An indication: that we all know and acknowledge that "Nobody can do it alone".

An invitation: to think collectively and to get united to face the challenges of this unprecedented systemic crisis.

So I would like here to pay tribute to H.E. Mr Blaise Compaore, President of Faso, to Mr Jean Ping, Chairperson of the African Union Commission and to the Commissioner for Social Affairs, Ms Bience Gawanas, as well as to Mr Juan Somavia, ILO Director-General for their landmark decision in initiating the 1st African Decent Work Symposium to address the implications of this crisis on Africa's peoples. This event is due to take place in Ouagadougou, the historic venue of the Extraordinary Summit of Heads of State and Government of the African Union on Employment and Poverty Alleviation.

And I would like also here to salute the leadership in this period of crisis of Abdoulaie Janneh, the Executive Secretary of the Economic Commission for Africa and Donald Kaberuka, the President of the African Development Bank.

As you know, this year the ILO is celebrating its 90th Anniversary. 90 years working for social justice. Yet this anniversary will be celebrated against the backdrop of the implications on the world of work of this financial, economic and job crisis, which now directly threatens the hard won social gains in so many countries.

What started as a financial crisis has become an economic crisis and has evolved into a global jobs crisis, affecting enterprises, workers, families and communities in virtually all countries.

Although we don't know yet what the final impact of this global crisis will be, we know that before the world recovers, the livelihoods of too many people will be directly affected and we have a sense that the world will be a different place after the recession.

We know that the social impact of this crisis will be huge and long lasting. We know that as usual, the highest price will be paid by the weaker and more vulnerable segment of the populations: the children, the youth, the women, the disabled, the working poor.

And in Africa the poorest are likely to see their already low incomes squeezed even further because of the cumulating effects of the "Three F

Crises”: Food crisis – Fuel crisis – Financial crisis. What an awful combination.

An unfair finance-driven process of globalization

Nobody can forget that, as the ILO Director-General, Juan Somavia pointed it out to the United Nations System Chief Executive Board, in October last year, “before the financial crisis set in there was already a major socio-economic crisis, with massive poverty, under employment, growth in inequality and difficult social conditions for large segments of the world population, in developing and developed countries. The benefits of globalization had not been widely and fairly shared and the backlash was already there.”

The truth is that with the model of globalization that we have been witnessing in recent years, the financial sphere imposed its rule on the real economy. The truth is that transnational companies have been financed through the international financial markets and the pension funds, hedge funds and other investment funds have demanded immediate and unrealistic return on investments. The truth is that in order to reduce their structural costs and obtain some competitive advantages leading to quicker and greater profits, these companies have fragmented their production chains. They have delocalized to countries that they consider as more “attractive” - leading various developing countries around the world to enter into a “race to the bottom” in terms of labour laws, wages and working conditions. All this because we do not have a global social floor. This is the truth and this is also an uncomfortable truth.

Now, the cruel irony of this crisis which is shaking the financial planet is that it originated in the sadly famous subprime mortgages - the variable interest rate mortgage granted to working poor American families -. So, those “working poor”, those workers who do not earn enough, who do not have a decent job to afford a decent life, have against their will of course, triggered this current financial tornado, which has profound consequences on the working poor every where, including in Africa.

This reflects the cynicism of an artificial financial architecture which has ignored the facts and figures of the real economy and instead is bent on playing a virtual and shortsighted profit game at the expenses of the of the real life and real people.

So at the end of the day, this financial crisis stemming from the collapse of the housing market bubble is the symptom of the failure of a model of globalization grounded on an unrealistic global belief of the capacity of markets to self regulate themselves and a race to social dumping at the sole benefit of an international financial sphere constantly looking to ever rising profits.

Fundamentally, the artificial financial system is breaking down before our eyes. And the crisis in the industrialized countries will have direct implications for the poorest countries.

To sustainably get out of the financial and economic crisis, it will not be enough to try to “socialize” the bank losses.

And for us, in Africa, the issue is not a fire fighting one. We are not looking for fire fighting measures. The issue is much deeper and it is a structural one and a political one. The implications of this crisis which was born elsewhere reveal the over dependency to the outside world of the current economic and social African development process –. And we know that such a development process is not sustainable because it is not and will never be resilient to external economic shocks.

So the 1st African Decent Work Symposium should mark a turning point – a shift in our development paradigms, if we are to seriously address the implications of the financial and economic crises on Africa’s peoples.

The answers to our problems in Africa should first and foremost be ours - with the cooperation of the international community and all our development partners of course – but first and foremost African inspired and African driven.

This is what this Preparatory Meeting is all about. And I would like here to thank and congratulate the ILO African Group in Geneva and the Coordinator, our brother Mr Masmoudi, who decided to get together and met in the office of the African Union in Geneva to prepare this Preparatory Meeting. You have played your role as the front guard of the African world of labour in Geneva. You have inspired us in the shaping of this meeting.

An African continent connected to the globalized real economy

As the African Group rightly pointed it out, this is a cumulative financial and economic crisis. Indeed, the policies – or lack of policies – that led to the crisis, undervalued the role of governments, overvalued market forces, particularly financial markets, and sidelined the real economy.

At the beginning of the crisis, we were told that Africa might not be that seriously affected as the continent was disconnected from the global economy. And this is not true. This is quite the contrary instead.

It may be true that Africa and its banking and financial sectors have been somehow disconnected from the risky innovations and derivative inventions of the international financial system. But the fact is that Africa is much more connected to the global market than we have been told too often, because Africa's real economy fuels the global real economy.

So saying that the African economy would be immune from the current global financial and economic shakings would be naïve or irresponsible or derives from a biased reading and interpretation of the statistics.

Yes, the African continent represents less than 3% of international trade. But those who have been repeating the same statistics for years simply forget to mention that the [share] of the trade in Africa's Growth Domestic Product exceeds 50%, while it represents less than 20% for the European Union or for the US.

So the fact that the African economies are oriented towards exporting African commodities (from oil to cotton, including coffee, cocoa, tea, sugar, copper and so on and so forth) implies that they export the major part of their production, notwithstanding the fact that they export at the same time a major part of their potential for job creation, hence fueling the globalized economy.

An over dependency towards industrialized economies

The concrete linkages of Africa's real economy to the global real economy – not the artificial financial market architecture - are clear: Export commodities – Foreign direct investments – Remittances from Africa's diaspora – Tourism – Official development assistance-. All are concrete

sources of revenues stemming from the real economy and linking African real economy to industrialized economies.

But we can also see that all are external engines of growth. Which reveals the over dependency of African economies to the industrialized world. So Africa is going to be unfairly hit by the global financial and economic crisis because the continent is linked to and is even fueling the global economy.

But let us be clear. There should be no sense of despair, quite the contrary. In Africa, there should now be a new sense of confidence in our values, in our cultures, in our traditions grounded on our realities, our natural resources, the creativity of our youth, the resilience of our women, the vital energy of our people.

And this is what this Preparatory meeting of experts is all about. It is about ideas, about initiatives, about innovative thinking and challenging proposals for integrated action for the benefit of the real actors of the economy.

A need for more localization and better regional integration

What the implications of this crisis reveal is the need for Africa's economic and social development to move from dependency to more localization and better regional integration.

More localization: it means more sustainable enterprises in Africa, more productive employment, more intra-African trade, more local and regional tourism...

And a better regional integration - which means a greater attention paid to the crucial role of the Regional Economic Communities (RECs). And you will allow me here to pay tribute to the Heads of State and Government of the East African Community, COMESA and SADC who decided on the 22nd October 2008 in Kampala that "the three RECs should immediately start working towards a merger into a single REC with the objective of fast tracking the attainment of the African Economic Community". They have a vision: "Towards a single market". And a strategy: "Deepening COMESA-EAC-SADC Integration".

A call for an accelerated action to implement the Decent Work Agenda

The rapid spread of the crisis into the real economy and the lives of families and communities all over the world calls for urgent and bold action to protect people and sustain the real economy.

As the ILO, representing the real actors of the economy – governments, employers and workers – we will have to help our constituents respond to people’s needs and expectations. We have a special responsibility to promote an integrated approach to the crisis – to protect people, support productive and sustainable enterprises and safeguard jobs.

That means a convergence of policies to maintain and create jobs and livelihoods, get credit to enterprises – particularly micro and small medium enterprises, including a vibrant social economy. expand social protection – from social assistance to social security, promote social dialogue – so critical in times of crisis, and to ensure that workers’ rights are respected in turbulent times.

As the ILO Director-General, Juan Somavia has reminded us in Lisbon earlier this month on the occasion of the Eight ILO European Regional Meeting : “This is the people’s agenda. This is the Decent Work Agenda”.

In addressing the implications of this global crisis during our meeting here in Addis Ababa, let us always keep in mind the six priority policy actions reflected in the November 2008 Statement of the Officers of the ILO Governing Body:

- (i) ensuring the flow of credit and stimulating demand;
- (ii) extending social protection, training and retraining opportunities, and other employment policies, with particular focus on the vulnerable – young women and men, workers in precarious employment, and migrant workers;
- (iii) supporting productive sustainable enterprises, particularly small enterprises and cooperatives, employment-intensive investment and green jobs;
- (iv) ensuring that fundamental principles and rights at work are not undermined and respect for decent labour standards is promoted;
- (v) strong cooperation between the ILO and the multilateral system, and deepening social dialogue and tripartism; and
- (vi) maintaining and expanding development aid and other investment flows to vulnerable countries.

As the ILO in Africa and with all partners and stakeholders, our responsibility will have to focus on designing integrated policy tools, advising countries along convergent policy lines and promoting cooperation among countries to share knowledge, learn from experience and build support for better global governance.

A Decent Work Crisis Portfolio and a renewed field structure for Africa

Crises are catalysts for new thinking. Painful as it is, this crisis is also an opportunity to look beyond. In confronting the crisis, we must look to longer-term solutions.

As the ILO in Africa, we bring to those discussions an “African Decent Work Crisis Portfolio” and a strategic proposal to the forthcoming March ILO Governing to review our field structure in Africa.

First, the African Decent Work Crisis Portfolio is an inclusive, multipartner and strategic policy and programme, grounded on the 2008 ILO Declaration on Social Justice for a Fair Globalisation, on the 2007-2015 Decent Work Agenda for Africa, on the Toolkit for productive and decent employment and on the follow-up process to the African Union Ouagadougou Extraordinary Summit. The portfolio sets out policy options and practical programmes to strengthen our tripartite constituents and help our people. This is our contribution to the recovery process in Africa as it should help us to strategically review the Decent Work Country Programmes in light of the implications of the crisis.

Second, there can be many different opinions and ideas about our field structure in Africa. We think that in a period of crisis, our structure in Africa should assist our tripartite constituents to respond with bold action and a bigger technical critical mass. This is the reason why we have proposed to regroup our forces in order to better assist our tripartite constituents through nine politically strengthened ILO offices – Abidjan, Abuja, Addis Ababa, Algiers, Antananarivo, Dar-es-Salaam, Harare, Kinshasa, Lusaka, and four technically strengthened Decent work support teams – Pretoria/Johannesburg for Eastern and Southern Africa, Yaoundé for Central Africa, Dakar for Western Africa and Cairo for Northern Africa.

Conclusion

[Critical importance of the forthcoming session of the March Governing Body through the Programme and Budget discussion and the High-level meeting on the crisis on 23 March]

[Hence the crucial importance of this Preparatory Meeting of Experts to contribute to the March meetings in Geneva and pave the way for the success of the 1st African Decent Work Symposium].