REPORT ON

THE CARIBBEAN DEVELOPMENT BANK AND
THE INTERNATIONAL LABOUR ORGANIZATION

TRIPARTITE CARIBBEAN SYMPOSIUM

on
Addressing the Effects of the Global Economic Crisis
On Labour Markets in the Caribbean
and
Preparing For Sustainable And Decent Employment:

THE ROLE OF THE GLOBAL JOBS PACT

25 AND 26 JANUARY 2011
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Addressing the Effects of the Global Economic Crisis On Labour Markets in the Caribbean and Preparing For Sustainable And Decent Employment: The Role Of The Global Jobs Pact

OPENING SESSION

1. The Opening Ceremony was addressed by the Minister of Labour of Barbados, Dr. The Honourable Esther Byer-Suckoo; Dr Compton Bourne, President, Caribbean Development Bank (CDB); Mr. Marcel Mayer, the President of the Caribbean Employers’ Confederation (CEC); Senator David Massiah, President of the Caribbean Congress of Labour (CCL); and the Worker Vice-Chair of the ILO Governing Body, Sir Roy Trotman.

2. Dr. Bourne welcomed the participants to the symposium and posited that the two consequential challenges before the Caribbean were to minimize job losses and income contraction through the best use of avail fiscal and financial resources, and to strategically reconfigure Caribbean economies and significantly improve productivity and international competitiveness within the context of the emerging global economic environment. With respect to these two challenges, it was hoped that the symposium would provide some ideas and insights to guide decision makers.

3. Mr. Marcel Mayer placed emphasis on the need for institutionalization of social dialogue at national and regional level in order to secure the implementation of the global jobs pact for the Caribbean. He further underlined the full support of the Caribbean Employers’ Confederation of sustainable and decent employment. He looked forward to the implementation of the outcome of the symposium with a view of creating full decent employment within the CARICOM Single Market and Economy.

4. On behalf of the Caribbean Congress of Labour, Senator David Massiah fully endorsed the broad vision of the Global Jobs Pact and saw it as a framework for advancing the social and economic development of the region. He also placed importance on the fostering and the respect of social dialogue and social partnership at the national and regional levels as the bedrock of democratic participation and the path to realizing successful planning, investment, job creation and economic growth so as to improve the quality of life of workers and their families.

5. After adding his own words of welcome, Sir Roy Trotman proposed some practical outcomes for the symposium. He recommended collaboration between the ILO and the CDB to prepare a capacity building project for governments and social partners on the project preparation process. He expressed the hope that the project on occupational safety, health and the environment, starting in February, would be recognized for the critical value it has for the region’s workplaces, and that donors would provide vital assistance to building the competence required to create a safety culture across the region. It was also suggested that there ought to be efforts made to upgrade the existing training programmes so as to create top quality service and high added value for
enterprises in the tourism and related industries with a view to creating Decent Work for the Caribbean.

6. Dr. the Honourable Esther Byer-Suckoo….

SESSION ONE:

The Global Financial Crisis: Why it happened and options for national and international policy change

7. Mr Trevor Alleyne, Western Hemisphere Department, International Monetary Fund, opened the working sessions with an overview of the global financial crisis and an assessment of the macroeconomic policy responses to date.

8. In 2008, advanced economies (AEs) were heading for an economic crisis. There was the decoupling of the emerging market economies (EMEs) from the advanced economies (AEs) as these countries witnessed growth rates of 4 per cent compared to contractions in advanced economies of 6 per cent.

9. At the global level, real gross domestic product (GDP) growth fell sharply. The decline was particularly acute in advanced economies whereas in the emerging market economies the decline was less severe. Unemployment rates rose sharply and still remain elevated to date in advanced economies. The ILO estimated that some 30 million more people became unemployed. For 2010, the World Bank estimated that about 54 million more people had fallen into extreme poverty. The crisis wiped out over US$2.7 trillion in bank assets and plunged most of the world in a global recession.

10. In the Caribbean region, the effect has also been severe, which has resulted in significant unemployment. The unemployment rate rose from 8.5 per cent in 2008 to 11.3 per cent in 2010 (estimated). Job displacement was particularly acute in the tourism-dependent economies especially in the Bahamas as opposed to commodity-based economies. There has also been a sharp increase in fiscal deficits and public debt levels. It is estimated that the average public debt to GDP ratio rose from 78.2 per cent in 2008 to an estimated 90.6 per cent in 2010. Saint Kitts and Nevis has the highest public debt to GDP ratio in the Caribbean. Additionally, financial markets in the Region became strained as a result of the collapse of CL-Financial in Trinidad and Tobago and Cash Plus in Jamaica. By and large, the financial markets in the Caribbean were spared contagion because of the dominance of Canadian banks in the system.

11. Excess liquidity, weak regulations and supervision encouraged excess risk and asset bubbles which resulted in over-lending and excess borrowing. The situation worsened after the collapse of Lehman Brothers and AIG in the United States in 2008. With the credit crunch, the interbank markets dried up leading to disorderly leveraging and the disruption of the credit lines. Another cause of the crisis was lax policy and supervisory levels which failed to keep up with innovation and leverage build-up. There was also the misrepresentation of market induced regulation. Macroeconomic policy did not respond to the increase in systemic risk and the central banks focused on strategies for dealing with inflation while ignoring risks associated with high asset prices and the shadow
financial sectors. There was also the failure of the leadership in the international institutions to detect and respond to the risks.

12. This recession is different because it was precipitated by a highly synchronized financial crisis which is different from past recessions. Recovery from this type of recession is typically slow. These features become more pronounced if in addition the recession is global. It is important to note that the IMF found that countercyclical policies are helpful in ending recessions and strengthening recoveries but their effectiveness depends on the type of recession.

13. In response to the crisis, most countries have successfully implemented fiscal stimulus packages which are effective in financial crises. Globally to sustain the recovery central banks have kept policy interest rates at historically low levels. In the Caribbean the high public debt to GDP ratios have weakened growth and narrowed the fiscal space. The policy response in the Caribbean included the following:

   a. Some central banks followed an accommodative monetary policy and lowered the policy rate as US rates declined.

   b. Strengthening of financial sector legislative and supervisory frameworks by:

      i. intensifying the monitoring of the financial institutions;

      ii. including the non-bank financial institutions in the regulatory perimeter; and

      iii. providing liquidity support, to avoid the contagion from CLICO.

   c. Introduction of short term fiscal stimulus:

      i. decreasing hotel and payroll taxes on a temporary basis or lower electricity and energy costs contingent on maintaining employment

      ii. aggressive tourism marketing

      iii. promoting temporary employment and training programs, and extension of unemployment benefits to protect the most vulnerable

   d. IMF programmes:

      i. Debt restructuring in Antigua and Barbuda and Jamaica

However, it should be noted that there is still need for fiscal consolidation to more prudent levels.

14. At this time, the global economy is in the process of a two-speed recovery as there is timid growth in the AEs compared with more robust growth in the EMEs. While growth in the advanced economies has not brought down unemployment rates, the emerging market economies need to worry about the risk of their economies overheating due to the accommodative policies and plentiful inflows of foreign capital. The Caribbean is projected to see positive but subdued growth because of its interdependence with the US and European economies. The main lessons for policy makers at the macroeconomic level are that monetary policy should respond to the build-up of
systemic risk, fiscal policy should be put on a stronger footing in good times (to open up fiscal space for countercyclical fiscal stimulus in bad times), and global imbalances in international capital flows have to be addressed.

15. Dr. Alleyne posited that a consistent policy framework was required to foster recovery. This framework should include:
   a. accommodative monetary policy and continued support for banks to bolster credit and demand.
   b. acceleration of the repair and reform of financial sector.
   c. medium-term fiscal consolidation plans, including to build credibility and new room for policy manoeuvre.
   d. structural reforms and exchange rate flexibility to boost domestic demand in key emerging markets; and
   e. employment promotion and protection of the most vulnerable.

16. As the Caribbean recovers from this “Great Recession”, it faces significant challenges going forward as economies strive to promote growth through diversification, fiscal sustainability, and a strengthened regulatory framework particularly in the non-bank financial sector while at the same time, creating employment and implementing climate change initiatives.

17. Professor Levitt, Professor Emerita of Economics, McGill University, applauded the inclusion of labour representatives in this discussion on economics and development. She noted that the ‘Great Recession’ was the most serious crisis since the ‘Great Depression’ which led to the development of the social welfare state. Working people were the most cruelly affected by this Great Recession as they have been left without jobs and housing. She echoed the fact that Caribbean countries have suffered because their economies are closely integrated into the economies of the US and Europe. She underlined that whereas African and Asian countries have mainly experienced positive growth in 2009-2010 period, the Caribbean experienced negative growth. She urged the need for more national tripartite plus debates to seek practical solutions actively and drive implementation so that a well-endowed region such as the Caribbean can begin to perform at the level of its potential and recommended the following:
   a. Better funding of the CDB as they are cognizant of the peculiarities of the Caribbean subregion;
   b. Policy makers should examine the social effects of the crisis;
   c. Inclusion of employers and workers representatives in decision-making processes;
   d. Diversify the economies as cost of living continues to be a problem;
   e. Pay attention to the agricultural sector to reduce the reliance on food imports;
   f. Enhance the financial architecture to reduce the level of vulnerability;
g. Protection and growth of employment (e.g. development of the creative industries and of micro, small and medium-sized enterprises);

h. Increase minimum wages and expand social protection to allow all working people to live above the poverty line; and

i. Contingency plans for natural disasters

18. In response to the question of how to increase competitiveness within the context of high wages, Professor Levitt urged that Caribbean economies should not seek to compete in low wage sectors (e.g. garments) but need to compete in high wage sectors (e.g. services). The region should build on the comparative advantages of its climate and creative industries. Finally, the labour movement has to assist youth people in attaining education and finance for self-employment creation as future growth does not lie in manufacturing but rather in the development of innovative, small businesses and cottage industries, which are in keeping with the way Caribbean people like to work.

SESSION TWO:

The Impact of the Crisis on the Labour Markets in the Caribbean: Measurable and Unmeasurable Effects

19. Ms Xiomara Archibald, CDB Economist, presented the paper with the same name as the session on behalf of herself and co-author, Dr. Winston Moore, UWI Lecturer. In Caribbean economies, moderate GDP growth and issues relating to the flexibility of the regulatory framework of the labour market has resulted in historically high unemployment levels. These levels have significantly worsened as the region experienced the impact of the global financial and economic crises in 2009 and 2010. In Barbados, Jamaica and Trinidad and Tobago, quarterly estimates clearly show an increase in the unemployment rates as the impact of the crisis spread. Country by country analysis shows that the employment impact of the crisis in most economies mirrored the GDP performance during the crisis. In the tourism economies (The Bahamas, Barbados, Cayman Islands and others), the effects on employment were more pronounced and protracted and this is reflected by the unemployment rates. Countries with dominant mining sectors and/or significant agricultural sectors were less affected by the crisis and the effects seemingly quickly dissipated as was the case with Belize, Guyana and Haiti.

20. The paper presented estimated the number of jobs lost as a result of the crisis at between 1.2 and 1.5 million. However, participants questioned this estimate and it was deemed unlikely for a number of reasons and the estimate should be adjusted and or better defined. Official statistics –slow job creation, net job losses and increased unemployment rates- indicate that the impact of the crisis on employment had been significant. There was consensus on the sectors most hit by job losses. Across countries, the sectors that showed a major impact in terms of job losses were construction, transport, wholesale and retail, hotel and restaurants, and finance and banking. In addition, it was found that employment in the small business sector was hard hit. Historically, female and youth unemployment rates in the Caribbean have always
been higher than those for males and adults respectively. However, the increases in unemployment due to the crises were disproportionately high for males, construction sector workers, the skilled, semi-skilled and youth. More in-depth analysis, including on how the crisis impacted on wages, productivity and migration, was constrained by a paucity of labour market information.

21. Anecdotal information indicates that some of the employment lost in the formal sector was absorbed by a growing informal sector. However, those employed in the informal sector suffer from the fact that labour laws in general but particularly social protection legislation are not applied.

22. There was support for the notion that labour market regulation and more specifically the labour market institutions in the Caribbean should be reviewed with the aim to create greater labour market efficiencies. To this end, there is a need to get more information on what takes place at the level of collective bargaining. In addition, there is need for a more in-depth analysis of labour force participation, looking at the “additional” and the “discouraged worker effect” and how education and training are linked to participation and employment.

23. It was highlighted that in the wake of increased unemployment there is increased social exclusion and a related surge in crime. In looking at the impact of the crisis, both discussants took the position that analyzing the impact of the crisis should go beyond the narrow confines of the labour market. They pointed out that the major effects of the crisis are unemployment, falling household incomes and exclusion. Persons who were affected by the crisis can more easily become involved in “degrading and exploitative work” and/or criminal activities. This should be analysed and monitored better. A cost benefit analysis showing the (social) costs should support the promotion of policies of inclusion that include employment and labour market policies that target vulnerable labour market groups and enhance the social safety net.

24. In response to the crisis, macroeconomic policies of Caribbean governments aimed to address low or negative GDP growth. Many Caribbean governments responded with fiscal measures aimed largely at maintaining Government spending levels, implementing public works projects and avoiding lay-offs in the public sector. At the country level, these general policies were combined with country specific active labour market responses including measures aimed at facilitating the small business sector, training and re-training workers, enhancing labour market information, hiring freezes in the public sector. Governments also implemented wage freezes while allowing adjustments of minimum wages for the most vulnerable groups on the labour market. Adjustment of the social protection system was another country specific response that was observed. A critical remark highlighted the limits of these fiscal measures as countries have or will eventually run out of the fiscal space required to sustain these measures.
Session Two: Recommendations

25. Review and enhance the short term policies in response to the crisis, which by their very nature tend to be part of the “social safety net” and design additional long term or restructuring policies aimed at:

   a. Addressing vulnerability, the structure of the social safety net and enhance labour market institutions for greater labour market efficiency

   b. Finding alternative policies for maintaining public employment levels if the fiscal space for this policy is exhausted.

26. Strengthen the export and entrepreneurial activities with a focus on facilitating small and medium-sized businesses and regularisation of informality in the economy.

27. Reform the education system to address a wide range of issues including the relevance of the system to our economic and employment structure, the low level of achievement and the disparity between spending on education and the numbers of trained persons migrating out of the region.

28. Develop programmes/policies to support the unemployed, in particular youth and the poor. Such programmes/policies should to aim to address issues of social marginalisation and the related social cost by strengthening labour market performance of persons by:

   a. enhancing employability. Technical and vocational education and training (TVET) should allow persons to enter or re-enter the labour markets throughout the region based on the Caribbean Vocational Qualification system,

   b. integrating enterprise development courses into the TVET courses,

   c. developing programmes, including apprenticeship programmes and other programmes targeting groups (re-)entering the labour market to gain work experience, and

   d. providing funding for these programmes.

29. Prioritise LMI as a major initiative in order to provide the data needed to better understand the labour market, design targeted employment and labour market policies and allow labour market actors to be more efficient.

Session Three:
Crisis Responses: Applying the Global Jobs Pact

30. Mr Stephen Pursey, Director, ILO Policy Integration Department, began his presentation by noting that this Symposium offered an exceptional opportunity for issues relating to the world of finance to be discussed in relation to the real economy. The crisis had made a bad situation worse because of the high degree of interdependence between the economies of the Caribbean and those of the United States and Europe.
since the recovery in the advanced economies was slow and uneven, there was a high risk of job creation lagging behind the recovery. This posed a challenge for Caribbean countries which had to operate within a limited policy space. He noted that the Global Jobs Pact which was adopted in June 2009 by the tripartite constituents of the International Labour Organization (ILO) had an interesting feature – it was a Pact about social and international partnership to deal with the international crisis. It was an agreed agenda that could be used at the national, regional and international levels.

31. Mr Pursey identified some key areas in which the Pact could provide guidance; these were: employment, social protection, labour standards and social dialogue. With respect to employment, he pointed out that skills and the development of micro, small and medium-sized enterprises (MSME) were critical for job creation. He added that enterprises were not only to be created but also required support to survive and grow. Government infrastructural programmes were also important for job creation because of their labour intensity. As regards social protection, he noted the importance of having schemes for the most vulnerable. Wage strategies were best developed via social dialogue while collective bargaining should be used to determine adequate wages. With respect to labour standards, vigilance was required to ensure that they were respected in times of crisis. There were ILO instruments to deal with critical issues such as hours of work, migrant workers and occupational safety and health. He also made mention of the ILO’s Tripartite Declaration on Multinational Enterprises and Social Policy for dealing with challenges arising in supply chains. Social dialogue was critical for dealing with the crisis. There were examples of national pacts as well as union-management arrangements at the company level to avoid job losses.

32. The Global Jobs Pact provides a foundation for pursuing a fair globalization. It is a document that opens opportunities for donors and developing countries to enter into partnerships to stimulate recovery. It has been endorsed by the international community (e.g. International Monetary Fund – ILO Partnership, Oslo 2010; G-20) and Caribbean issues can be brought to the attention of these actors. The challenge for the Caribbean was to connect local initiatives with international partnerships to maximise their policy space and to have a dialogue with the international financial institutions and donors. He called for the strengthening of the capacity of Ministries of Labour and the social partners to prepare proposals based on the Global Jobs Pact for submission to regional and international financial institutions such as the Caribbean Development Bank (CDB). Citing the example of skills development for the tourism sector and related activities, he suggested that the ILO, CDB, Caribbean Association of National Training Agencies (CANTA), Caribbean Congress of Labour (CCL) and the Caribbean Employers Confederation (CEC) work jointly in this area.

33. Professor Neville Ying, member, National Partnership for Transformation Council, Jamaica, responded with the presentation of a paper which examined initiatives by Jamaica to apply the Global Jobs Pact. He noted that this was in the context of a limited fiscal space. He highlighted the importance of having synchronised financing and the
support from regional and international financial institutions and bilateral donors. Partnerships were forged to secure funding for a coordinated set of national strategies.

34. Social dialogue was important for building trust and was considered critical for achieving national consensus on the social, economic and environmental priorities as well as on strategies for recovery. The ILO Declaration on Social Justice Declaration for a Fair Globalization (2008) provided guidance and the National Partnership for Transformation put job creation at the centre of the strategy for implementing the Global Jobs Pact. The aim was to balance the objectives of creating employment in the short, medium and long terms. To this end, the focus was on creating large infrastructural development projects, jobs for the local and foreign markets and jobs requiring low as well as high level skills. He said that special attention had been given to: training (particularly targeting youth); retraining; labour market reforms (e.g. legislation on occupational safety and health and flexible working arrangements); enterprise development (particularly micro, small and medium-sized enterprises) and labour intensive projects targeting vulnerable communities. The Decent Work Agenda underpinned all these initiatives.

35. In response, Mr Ruben McSween, Chairman, Employers’ Consultative Association, Trinidad and Tobago (ECA), noted that the crisis which began in 2008 had in fact exacerbated serious existing conditions namely the lack of entrepreneurial spirit, weak tripartism and social dialogue, low service delivery, low productivity, a few crises in the financial sector and inefficient performance management systems. The institutions for social partnership were inadequate and there was need for development of the initiatives of the Global Jobs Pact in the middle income economies of the Caribbean. He noted that the business community had a mandate to create jobs but needed a favourable environment in which to do so. Turning to the specific situation of Trinidad and Tobago, he highlighted the following characteristics in the economy: high food prices; high liquidity; relatively low interest rates and the recent change of Government – all of which had implications for the country’s response to the global economic crisis. He called for Government to enhance the service quality in the public service. The country is also adversely affected by crime. He mentioned that in other countries in the region were also plagued with high crime levels which contributed to making it difficult to maintain and expand business. The region was also confronted with increased poverty levels and reduced social protection.

36. According to Mr McSween, the challenges that face Trinidad and Tobago are to be addressed in the short, medium and long terms and in this regard he recommended a National Economic and Social Development Programme to address the following: inefficiency in port arrangements, a public sector that is not service-oriented, inadequate transportation system, lack of accountability, unattractive investment climate, a significant informal sector (which should be formalized), lack of entrepreneurial spirit and a demanding labour force. In this regard, he also saw implementation of the Global Jobs Pact as a solution to the problems as it offers a forward-thinking approach.
37. He further posited that the Government of Trinidad and Tobago has taken several positive steps: finding a financial prescription for Colonial Life Insurance Company (Trinidad) Limited (CLICO), enhancing the level of social protection and increasing the minimum wage to TT$12.50 per hour, increasing pensions, strengthening the country’s reputation by dealing with crime and introducing productivity improvement programmes. He suggested several initiatives for recovery:

a. that there be collaboration between the Ministry of Labour and the Ministry of Trade in the undertaking of trade missions;

b. periodic review of State Enterprises every 1 – 3 years;

c. the introduction of apprenticeship programmes in businesses; and

d. privatization of select public sector companies.

38. In summary, Mr McSween called for the region as a whole to transform itself by developing an entrepreneurial spirit, improving its service delivery and fostering job creation.

39. Mr Dylan Reneau, President, National Trade Union Congress of Belize (NTUCB), first commented on the presentation of the Global Jobs Pact. He stated that he would have liked to have the following included in the paper: some best practices for implementation of the Global Jobs Pact in the region; an outline for the mechanism of applying the Global Jobs Pact; in-depth discussion on tripartite models; more policy measures and the access to funding from the international financial institutions given that many Caribbean economies are categorized as “middle income” which affects their eligibility for assistance.

40. He continued by indicating that the Belizean economy has witnessed a decline in three major sectors: shrimp, fishing and textiles. However, Mr Reneau was pleased to share the strategies that have been undertaken to date: introduction of a Food Pantry Programme to provide certain foods at reduced prices; improvement of severance benefits; adherence to the Termination of Employment Convention, 1982 No. 158; reduction in the spread between loan rates and deposit rates; new monetary policies using moral suasion; increase in the minimum wage; revision of the labour laws; enhancement of skills training for vulnerable groups (such as youth and women); strengthening of social partnering and investment in Labour Market Information Systems (LMIS). Belize is aiming to return to its pre-crisis position but Mr Reneau expressed his concerns about the implementation of the Global Jobs Pact given the conditions that prevail in the economy: high public debt burden, existing economic structure, non-existence of green jobs, lack of competitiveness and a significant number of migrant workers who have inadequate social protection.

41. Mr David Kaplan, Labour Market Specialist, Inter-American Development Bank (IDB) stated that the papers presented by Mr Pursey and Professor Ying were in line with the perspectives of the IDB. He acknowledged the fact that Professor Ying’s paper offered him a wealth of information which would be utilized in the formulation of
recommendations by his organization. It is important to note that the Labour Market Unit in the Social Sector Department of the IDB is a recently created unit and part of its mandate is in line with ILO’s objectives. He warned that globalization makes social protection more important and that there is need for the design of social protection schemes to ensure that the labour markets work well. He cautioned that there is a problem with some of the training programmes which are effective but the evaluations are not encouraging. One of the other challenges, he noted, was that there is difficulty in identifying the firms that should receive additional support. He cited the North Mexican experience to highlight an example of globalization in bad times as that economy has been adversely affected by the crisis especially in tourism and remittances due to its exposure to external shocks. As a consequence, they need to spend more money on social protection. He cited research which showed that countries which trade more tend to spend more on social protection.

42. He agreed with Professor Ying that Caribbean economies should continue to implement specific policies to help them to deal with the crisis particularly the introduction of large construction public works projects, the introduction of training courses (IDB can help in this regard), the establishment of unemployment insurance schemes, the provision of credit facilities to entrepreneurs, the introduction of productivity enhancement tools, more focus on “transformational entrepreneurship”, initiatives like the Programme for Advancement through Health and Education (PATH) in Jamaica, more certification and licences, focus on youth, and more social security programs.

43. He opined that there were many unfunded pension schemes in the Caribbean economies and this was an important area for the Labour Markets Unit. These Schemes could perhaps be funded from general taxes. The IDB has conducted studies on the fiscal implications of these pension schemes as well as the fiscal implications on the effects of the pensions. In conclusion, Mr Kaplan noted that the agenda of his Unit was in tune with the policies of the Global Jobs Pact. He felt that the region needed to focus on productivity, training, job creation and to avoid funding social protection through labour taxes.

44. During the question and answer session, Professor Ying was asked, given that the implementation strategy is to increase and expand social protection, how would people be weaned from dependence on social benefits. In addition, clarification was sought on how labour market reform could take place against the background of outdated labour market information. Professor Ying recommended that:

a. that the strategy on the road to recovery was to adopt a multi-pronged approach even though there may seem to be contradiction in the adoption of certain policies; and need to increase pensions and health care costs in the area of imaging in the area of expansion unemployment insurance many countries do not have

b. that it is important to understand how synchronized financing worked within the Caribbean context.
45. Mr Kaplan was asked how countries with little fiscal space would be expected to finance social security schemes without adversely affecting wages. Mr. Kaplan advised that there have been studies conducted on the financing of social security schemes in Mexico and in Chile, and that the Caribbean could benefit from these experiences.

46. The question was raised about the strategies which could be recommended to engender trust among the social partners. It was noted that opposition parties have good relationships with civil society but this changed when they assumed office. He noted that there were several programmes that were introduced but not effectively implemented and he expressed scepticism about any plan that was to be implemented by the Caribbean Community (CARICOM). Mr. Pursey stated that trust is negotiated amongst the partners and is a two way process of commitments made and kept. It was necessary to make realistic, practical and attainable commitments to one another in areas of common ground for the process to be successful.

47. Professor Kari Levitt added that the success of the Global Jobs Pact lies with the cooperation between the social partners. Professor Ying also added that in Jamaica, they have sought the assistance of the ILO and they have also used the National Partnership for Transformation (PTF) as a forum through which tripartite institutions and nongovernmental groups meet on a regular basis to hold informal discussions to address specific issues.

48. Professor Ying was asked whether Jamaica had conducted any cost benefit analysis with respect to the costs of training and the benefits derived from remittances on the programmes implemented so far given that the Caribbean region is one of the most forest investment- and tourist-dependent economies in the world. Dr. Odle took issue with the approach of devising policy geared towards the needs of foreign economies which would only reinforce and create further dependence. Professor Ying clarified his earlier intervention by informing that Jamaica’s training programmes targeted skills which could be used in the local as well as overseas markets.

SESSION FOUR:
Doing Better: Decent Work Initiatives – Examples from across the Caribbean

49. This session was an open forum where countries were invited to share the initiatives undertaken to close the Decent Work deficits as well as to address the fallout from the crisis.

50. Barbados started this session with a presentation on the areas which it prioritized for its Decent Work Programme including: the modernization of public employment services; the expansion of the range and quality of the labour market information available; the promotion of competency-based education through embracing the National and Caribbean Vocational Qualifications; improving the image of TVET particularly amongst the Youth; developing a culture of entrepreneurship; building the capacity of labour stakeholders and updating and implementing of labour legislation. All of these initiatives
would be undertaken within the context of the Social Partnership and it was expected that Protocol VI would be signed on 1 May 2011.

51. Trinidad and Tobago informed that, with the support of the ILO Office for the Caribbean, the process of developing its Decent Work Policy and Programme of Action started with consultations with each of the social partners and other government agencies. From these consultations, the Policy and Programme will focus on five areas: labour law reform; strengthening the labour inspection; developing sustainable micro and small enterprises; enhancing social dialogue; and enhancing labour market information systems. With respect to the review of labour legislation, progress has been made in several areas such as increasing the minimum wage from TT$9.00 to TT$12.50, begun the process to repeal the Masters and Servants Ordinance; consultations with the social partners to increase maternity leave from 13 weeks to 14 weeks; taking actions to establish an Industrial Relations Advisory Committee to keep monitoring the Industrial Relations Act. The Government recognizes that the development of micro and small enterprises is a key strategy to economic growth and diversification of the economy. Noteworthy developments in this area are the establishment of an Enterprise Development Division (EDD) in the Ministry; establishment of the National Entrepreneurship Development Company Limited (NEDCO); approval for the development of a Revised Policy, Strategy and Institutional Framework for the development of MSEs; and the approval for the establishment of community-based business incubators to address some of the challenges faced by micro and small businesses such as lack of affordable facilities, work spaces, services, information and finance; as well as the Fair Share Programme which allows SMEs to be awarded government contracts up to TT$5 million. Other initiatives include the establishment of a National HIV/AIDS Workplace Advocacy and Sustainable Centre (HASC) whose responsibility is to oversee the implementation of the National Policy on HIV/AIDS in the Workplace and the sustainability plan; the building of policy coherence through the collaboration with other Ministries, for example, working with the Ministry of the People and Social Development to promote Decent Work. Social dialogue is a key principle underlying the work of the Ministry as can be seen in the number of tripartite committees functioning. Nevertheless, it is recognized that there is need for institutionalized mechanisms to facilitate and promote social dialogue at the national level.

52. Anguilla made a presentation demonstrating that not only did the non-metropolitan territories have little fiscal space but there was also a question of little policy space. It was noted that the Government was faced with a $200 million debt but had little control over expanding the economy for nationals when British companies were bringing in migrant labour for large construction projects.

53. Saint Vincent and the Grenadines stated that there were three areas in which initiatives were progressing: legislative reform; labour market information systems (LMIS) and HIV/AIDS. With respect to legislative reform, a tripartite committee had examined the CARICOM Model Law on Occupational Safety and Health and the Working Environment which has led to recommendations for a new law to replace the Factories Act of 1955.
The recommendations are with the Office of the Attorney General. Saint Vincent was hosting the pilot project for the LMIS programme which involved Central Statistics Office, National Insurance Scheme, and the social partners. The software has been developed, data was being inputted and the system was expected to be launched in early February. Initiatives forming part of the stimulus package included the reduction of hotel tax and corporate tax; a reduced work week to maintain jobs; the threshold for paying income tax was increased from EC$16’000 to EC$18’000; subsidies on transportation keep fares down and on fertilizer to assist farmers.

54. Belize made their presentation under four headings: social protection, labour legislation, job creation initiatives and the Decent Work Country Programme. With respect to social protection they shared information on the conditional cash transfer programme; the Food Pantry Programme where Government provided food at wholesale rates; the increase in the minimum wage, and the increase in the tax threshold from BZ$19’000 to BZ$26’000. Under labour legislation, amendments have been made with respect to severance pay; overtime arrangement, pay in lieu of notice, inclusion of the ILO Convention No.158 in the law; health and safety initiatives; transition of employment from one employer to another with the sale of an enterprise and an HIV/AIDS Workplace Policy has been established. Initiatives aimed at creating jobs included investment in infrastructure, housing project for reconstruction after hurricane; and tilapia farms in the rural areas. Belize concluded its presentation with the areas of focus of its DWCP; these were the complete revision of labour law in keeping with CARICOM model legislation and ILO Standards; improve skills and employability of women and youth (TVET programmes); the development of a supportive labour market information system and the institutional strengthening of the social partners.

55. Antigua and Barbuda reported that their response to the crisis entailed the development of a National Economic and Social Transformation Plan (NEST) of which the elements are a fiscal consolidation plan, and economic action plan, a social transformation plan and a financial stabilization plan. Other measures included no retrenchment in the public sector, a Memorandum of Understanding with the hotel sector providing relief by reducing the sales tax from 15 per cent to 10.5 per cent; a 10 per cent reduction in energy bills; a freeze in wage increases in exchange for job security; duty free exemptions on capital projects (repair and upgrading of hotel plants); training in modern agricultural state farm projects including training in modern agricultural techniques targeting young people and special concessions for the manufacturing sector. With respect to social initiatives, free school uniforms, free school meal programme which has been expanded since the crisis; programme in collaboration with the Government of Venezuela to provide benefits for pensioners (e.g. discount cards and concessions on utility bills) as well as a care programme for the elderly. The Antigua and Barbuda Investment Authority has been conducting training for small and medium-sized enterprises and a loan guarantee scheme for participants of the training to start a business has been initiated. In the area of social dialogue, there was a public sensitization and consultation process to get feedback on these measures. The National Labour Board, a tripartite body, undertook the review of the Labour Code and wide
ranging discussions on this process was held through the media and at town hall meetings. The National Labour Board has been meeting and discussing a stand-alone piece of legislation on occupational safety and health (OSH) in an attempt to modernize the OSH legal framework. Once the OSH Act has been formulated, the Board would then review the Workman’s Compensation Act to update in line with the new framework with technical support from the ILO. It was noted that the modernization of legislation was a priority of the Decent Work Country Programme and another priority was the development and implementation of a National HIV/AIDS Workplace Policy. Mr. Williams also informed that two Antiguan trade unions have advanced that agenda with the development of a trade union policy on OSH and HIV/AIDS.

56. British Virgin Islands noted that 65 per cent of its workforce was migrant labour and informed that their principal sectors were tourism and financial services which saw a 25 per cent decline during the crisis. The Government sought to mitigate the effects of the crisis by undertaking capital projects to stimulate the economy. Measures were also put in place to maintain employment for example in the hotel sector, reduced work hours were introduced. As the country comes out of the recessionary path, there has been noted an increase of 6 per cent growth in the tourism sector. To upgrade our labour law and working conditions for working people a new Labour Code was introduced in October 2010. This new Code included provisions for long service payments for workers with 10 years of service or more, increased severance packages, protection for women and children, paternity benefits, and a disputes tribunal.

57. Saint Lucia informed that towards the end of 2009 a stimulus package was put in place; an IMF facility of US$7 million dollars has been provided to the Saint Lucia Development Bank to be used in the tourism industry. Measures were put in place to re-energize the garment industry, programmes targeting young entrepreneurs, and 600 indigent families set up. Music Talent development programme targeting musical and social abilities of young people and a public assistance programme targeting 3600 individuals have also been implemented. Pensions were increased from 2 per cent to 5 per cent. In addition to the crisis, Saint Lucia also had to contend with the damage wrought by hurricane Tomas; within this context major work to repair and develop the road network has been undertaken. The union has undertaken discussions with private sector to obtain a discount programme for its members in an attempt to increase workers’ purchasing power instead of pursuing wage increases. Other decent work initiatives included the establishment of a registry for unemployed workers to inform social protection measures and job creation efforts, the National Employment Bureau, and the amendments to the Labour Code have been tabled in Parliament.

58. The Government of Saint Kitts and Nevis focused on maintaining employment and economic activity. The stimulus package included concessions were granted to hotels, restaurants and manufacturing enterprises. Social programmes were strengthened and expanded; these included the school feeding programme, the YES programme for youth employment and assistance to the elderly. With respect to social dialogue, there have been meetings between the private sector and the Prime Minister; recently the two
partners met to discuss electricity rates and issues related to the value added tax. It has also been decided to institute a monthly be instituted. The Chamber of Commerce has benefited from an EU programme called Developing Eastern Caribbean Business Organizations covering Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines. It was noted that the Chamber is also working with ILO assistance to develop its services and strengthen its relationships with the SMEs.

59. Grenada has been engaged in labour legislation reform; the government and representatives from the employers’ organization, the trade unions and non-governmental organizations have also been participating in extensive dialogue on the development of a social pact and in this respect Grenada has examined the Barbados and Ireland models in the process of tailoring a protocol. However, the social pact has not yet been concluded. In the context of the recession, there has been increased public assistance in the form of burial benefits, transportation allowances, school feeding programme, roving community caregivers, free school book as part of the social safety net. In the context of the recession, excise tax on automobiles was removed, the value added tax has been decreased by 50 per cent on major construction items cement, lumber, galvanized and steel rods because the construction sector is seen as strategic in generating demand in the economy. Value added tax was reduced on hotel accommodation by 50 per cent and it was removed from service charge on hotel. On the basis of these concessions, hotels and tourism association has agreed to maintain jobs by placing workers on a rotation system. A number of these agreements will be reviewed at the end of 2011.

60. Since the onset of the recession, Dominica has created an additional fund at the development for the rehabilitation of farmers in the banana sector; this funding could be accessed as 50 per cent grant and 50 per cent loan. The business unit has a programme to provide loans to the small entrepreneurs and small business owners. The technical and vocational education and training council to evaluate skills and establish the requisite training programmes; there has been a restructuring youth skills programme to match skills with the needs of the labour market. An employment agency has been established which was meant to evaluate the status of youth. Social programmes include care for the elderly, a centenarian programme providing free groceries and other benefits, transfer grants have been provided up to high school students and additional scholarships for students going overseas. Review of the minimum wage was another initiative to bridge the decent work deficit. The Decent Work Committee has scheduled meetings to deal with the development of the decent work agenda.

61. In Bermuda, the Government had to provide a $200 million bailout of one of the major banks. Measures have included funds to small business for the stabilization of employment, duty relief for imported goods and certain employees and workers have been exempted from payroll tax, e.g. the hotel sector. The Government has maintained full employment by minimizing the number of consultants used. In the coming fiscal period, it is expected that ministries will be cutting budgets by 10 per cent as well as a
wage freeze. With respect to decent work agenda, the Workmen’s Compensation Act is to come up for review as it was enacted in 1982. Social dialogue has taken place but not as regularly as the employers and workers would like.

62. The Cayman Islands’ economy is dependent on the twin pillars of tourism and financial services with the public sector as the largest single employer. Fiscal space is limited because Government revenue is largely from import duties. Stimulus measures for the tourism sector included a culinary month which attracted significant new arrivals, the sinking of a US warship which bolstered the dive industry. In addition there has been an expansion into health and sports tourism and the development of a film commission for promoting Cayman as a film destination but also for training in the film industry. The Government has also signed for the development of a technology park, a memorandum of understanding to develop a 2000 bed hospital and a commodities exchange programme to protect the services industry. A number of programmes targeting young people has been established including a “partial to success” training programme to enhance interviewing and workplace skills. On the education side, a post 16 years programme that offers technical and vocational options as well as a second chance to re-sit subjects like maths, an introduction of a national qualifications programme and a multi-agency response to children at risk. In recognition that women’s employment has become an increasing challenge and a gender equality bill has been laid in parliament. Social programmes include the expansion of early childhood care including a reception programme at all government school. This would also benefit the re-entry of women into employment. Measures have also address vulnerable groups such as persons with disabilities, parolees and persons with drug problems. New labour and pensions agency is envisaged to focus on the structural alignment of pensions and labour services beginning with the restructuring of pension plans. There has been dialogue between the private sector and the government to develop these initiatives; and the National Investment Committee along with the Chamber of Commerce have been meeting to discuss, pension, labour and immigration matters.

63. The Minister of Labour of Guyana took the floor to indicate that he saw a lot of congruence between the kinds of programmes implemented in Guyana and those implemented in other countries of the region. He however wanted to add that the Government has committed US$10 million investment in the green jobs by starting a School of Excellence at the University of Guyana.

64. In concluding this session, the moderator, Professor Downes, summarized the common elements as:

a. Maintaining employment in the public and private sector;

b. Instituting measures to increase disposable income (minimum wage increases, reduced payrolls);

c. Development of labour market information systems and technical and vocational education and training in the post crisis in particular for green jobs;
d. Modernization of labour legislation;

e. Social protection measures;

f. Weak social dialogue institutions; and the

g. Challenges associated with non-metropolitan territories

65. He continued by underscoring some of the issues that need to be addressed in order to respond to future crises:

a. Development of early warning surveillance systems;

b. Development of broad insurance systems to deal with future shocks;

c. Development of working social partnerships including productivity councils; and

d. Emphasis on information-sharing especially at the regional level and ILO would be a focal point for this information sharing.

SESSION FIVE:

A Better World Starts Here: Lessons Learnt and an Agenda for the Future

66. This session’s high-level panel discussion closed the CDB-ILO Symposium. It was moderated by Mrs. Michelle Gyles-McDonnough, United Nations Resident Coordinator for Barbados and the Eastern Caribbean. The members of the panel were:

- Dr. Compton Bourne, President CDB
- Dr. Ana Teresa Romero, Director, ILO Caribbean Office
- Senator Chester Humphrey, General Secretary, Caribbean Congress of Labour
- Mr. Vern Gill, Director, Caribbean Employers’ Confederation
- Dr. Maurice Odle, Economic Adviser to the Secretary-General, CARICOM.

67. This session provided a summary of the lessons learnt following the discussions on the impact of the crisis and ongoing efforts to apply the Global Jobs Pact. A menu of options was presented as the way forward to effectively respond to the crisis and to prepare better for future shocks.

68. High unemployment rates, especially among young people and women, have been a feature of the labour market in the region. As such, full employment ought to be placed at the top of the agenda: there needs to be a specific plan for employment and it has to be made an explicit objective of macro-economic policy. Financial and monetary policy needed to be managed in such a manner as to facilitate job creation and competitiveness. It was conceded that a sustainable high level of employment could only be created on the basis of sustainable economic performance. Notwithstanding, the economy had also to be so organized that if jobs could not be created, self-employment could be facilitated. In addition to the appropriate policies and structures, emphasis was
also placed on better resource management as well as efforts to speed up regional integration to create enough intra-regional activity which could act as a buffer for exogenous shocks. In the discussion of whether the region could attain full employment, it was argued that one country in the region had experienced full employment and that this could be replicated in the region through proper planning and management of the economy as well as of the effective and satisfactory use of all factors of production - labour, capital and technology.

69. Understanding that up-to-date labour market information was a key tool for policy makers to manage the labour market effectively, participants recognized that labour market information systems in the region had to be strengthened. Dr. Romero pointed to efforts already being undertaken by the ILO and the OECS Secretariat to develop a harmonized labour market information system for the OECS with the support of CARICAD. She also pointed to the involvement of the CARICOM Secretariat in harmonizing labour force surveys to assist in deepening the regional integration process.

70. The promotion and development of micro, small and medium-sized enterprises (MSME) was seen as an important labour market intervention to facilitate employment creation. The MSME development strategy had to include technical assistance and training aimed at getting these enterprises into the formal economy.

71. Inextricably linked to the question of employment are education and training relevant to the needs of the labour market. Re-thinking the education system and, specifically, the expansion of programmes in the area of technical and vocational education and training (TVET) were considered fundamental issues to be addressed. The development of TVET policies and certification of skills will need to be given priority. In the context of the CARICOM Single Market and Economy, the need to match the regional demand for labour with supply, as well as accelerate certification of skills to allow the free movement of skilled labour was identified.

72. It was argued that the income distribution had to be examined in light of the rising disparity between wages and salaries, on one hand, and profits, interests and dividends on the other. Against this background, the present system of direct and indirect taxation proved a disproportionate burden on the poor; value added tax represented a significant increase in government revenue. It was therefore considered critical to assess the purchasing power of wages earned as well as the causes of the prevailing maldistribution of incomes.

73. The expansion of social protection and social security coverage was considered a priority to be addressed. While short-term strategies were successfully employed to mitigate the effects of the crisis, medium- and long term strategies were needed for sustained growth and development. To this end, countries needed to secure ways of financing social protection to minimize this fiscal burden. It was also considered necessary to expand social protection programmes to be able to address unemployment. However, it was noted that the current social security systems in the region did not provide adequate coverage. In this context, issues related to national
pension funds needing to raise the retirement age in order to secure their viability and retirees re-entering the labour market to make ends meet were raised. Additionally, given that private pension plans suffered investment losses in the recent financial crisis, the region should seek, on one hand, to strengthen regulations governing pensions and on the other to establish national health schemes which would ameliorate the situation of pensioners. It was noted that the Inter-American Development Bank had initiated work in the area of social security and ILO would explore ways to collaborate.

74. Emphasis was placed on the need for the region to establish standing contingency plans to mitigate the effects of economic shocks. In this respect, it was considered indispensable to develop stabilization policy at national and regional levels, and to create national stabilization funds as well as a Regional Stabilization Fund which would be able to complement national funds.

75. Diversification was put forward as a requirement of the region which could not be advanced on the basis of prevailing premises. It was noted that the countries least affected by the crisis were those whose economies were relatively more diversified. Therefore, the region needed to commit to the implementation of a diversification strategy which would address diversification between and within sectors, including the creation of green jobs; the diversification of trading partners as well as seeking out new sources of foreign direct investment to be able to build a competitive, resilient economy with increased value added, productivity and efficiency.

76. It was argued that there was need to enhance regional production integration; this would require increasing the level of small scale intraregional investment and intraregional trade, for example in the area of agriculture. In this regard the "Jagdeo Initiative" has laid the framework for repositioning agriculture both at the national and regional levels. This discussion on regional production integration dovetailed into the concerns raised with regard to the reduction of the regional food import bill and self-sufficiency in food production as an important element of economic independence.

77. Symposium participants recognized the need for further policy dialogue on employment-centred recovery as well as the need to strengthen and institutionalize social dialogue at the national and regional levels. In addition to the creation of social dialogue mechanisms, it was recognized that the role of trade unions had to be strengthened and that governments as well as employers had to create an enabling environment for workers' organizations to be able participate effectively and on the same footing as governments and employers' organizations. It was further underscored that social dialogue required an agenda as well as trust and commitment to succeed.

78. There was a call for the Caribbean Development Bank and other development partners to join forces in scaling up existing work in the areas already defined and to aim for coherence in the policies and programmes that were implemented in support of economic and social development. Participants agreed that financing and specifically efforts to provide synchronized financing was necessary to implement the Global Jobs Pact and make Decent Work a reality in the region.
79. The Caribbean Employers’ Confederation and the Caribbean Congress of Labour congratulated the CDB and ILO for collaborating on this useful symposium. Participants expressed the hope that the CDB and ILO collaboration would continue to bring the social partners together with ministries of finance and planning to engage in focussed dialogue to contribute to long term solutions to the region’s development.

80. In conclusion, the Caribbean Development Bank (CDB) and the International Labour Organization identified the following areas of cooperation as tangible outcome of the two days of discussion:

   a. strengthening labour market information systems;
   b. enhancing technical vocational education and training (TVET) policies;
   c. institutionalizing social dialogue to address social and economic development issues;
   d. providing technical support and advice for developing ‘world of work’ project proposals for consideration for financing via loans and/or grants;
   e. extending social protection, with particular focus on vulnerable groups
   f. exploring innovative ways of financing social security; and
   g. promoting the creation of micro, small and medium-sized enterprises as a deliberate strategy for creating jobs in the formal economy.