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Responding to the Economic Crisis

Coherent Policies for Growth, Employment and Decent Work in Asia and the Pacific

Highlights

High-Level Regional Forum

**Convened by the ILO in collaboration with the Asian
Development Bank and the Department of Labor and
Employment of the Philippines**

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**ILO Regional Office for Asia and the Pacific
Bangkok**

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Opening session

Marianito Roque, Philippine Labor Secretary, *Stale Torstein Risa*, Norwegian Ambassador to the Philippines, *Sharad Patil*, the Employers' Confederation of India Secretary General, and *Noriyuki Suzuki*, International Trade Union Congress Asia-Pacific General Secretary, opened the forum.

Linda Worth, International Labour Organization (ILO) Subregional Office for South-East Asia and the Pacific Director, acknowledged the participants from 14 countries as well as the financial support from the Government of Norway for a global policy integration exercise, which included this forum (February 2009 in Manila).

Secretary Roque welcomed participants to Manila. After recognizing the tripartite partner commitment to pursue a Decent Work Agenda in the Philippines, the Secretary outlined emerging elements to address the global crisis: planning for possible effects, engagement of stakeholders in dialogue, ensuring national leadership support, obtaining accurate information and making government services readily accessible.

Ambassador Risa commented that the ongoing crisis is not limited to the financial sector and that it is affecting all social sectors. He underscored the need for social dialogue as well as coherent policies and cooperation among stakeholders. Noting that Filipinos make up a significant part of the world's maritime workforce, including on Norwegian vessels, Ambassador Risa announced Norway's recent ratification of the Maritime Labour Convention as a reminder of its importance in ensuring decent work among seafarers.

Mr Patil cited the export industry as the most affected by the crisis because of its concentration of small and medium-sized enterprises (SMEs) and contract labour. Others affected include the garment, auto, housing, travel and tourism sectors. Mr Patil called on employers and workers to adopt a mutual-interest approach and a commitment to improve productivity and raise competitiveness; he implored employers to reduce their workforce *only* as a last resort and to adopt responsible corporate practices; and he asked that governments ensure the implementation of measures to address the financial crisis's impact and strengthen regulatory mechanisms.

Mr Suzuki remarked that the financial crisis had highlighted prevailing labour market problems, such as unprotected employment (including of migrants) and the lack of social safety nets for employment protection and promotion. The workers' group, he said, supports various recovery measures: i) coordination among the G20 (developing nations) to forge transparency and accountability in the financial markets, ii) fiscal stimulus to increase domestic demand, iii) capital infusion into financial markets to regain credit strength and iv) the purchase of bad debt and initiatives to create employment in new industrial areas. While acknowledging the major role that trade unions can play in the overall recovery process, he recognized the critical necessity for social partnership in the design of recovery packages as well as long-term development.

Setting the scene

***Ursula Schaefer-Preuss*, Asian Development Bank (ADB) Vice President for Knowledge Management and Sustainable Development, *Jomo Kwame Sundaran*, United Nations Assistant Secretary-General for the Department of Economic and Social Affairs, and *Sachiko Yamamoto*, ILO Regional Director for Asia and the Pacific, provided background on the crisis and its impact and suggested options for recovery.**

Ms Schaefer-Preuss opened the session, stating that the current financial crisis presents a greater challenge to the region than the 1997 Asian financial crisis. She pointed out common features among economic stimulus packages announced so far by Asian countries: i) increasing social safety nets to promote demand from low-income groups; ii) economic restructuring for local market development; iii) assistance to export industries; and iv) redirecting of government funds to fast-track infrastructure projects. She noted that a coherent policy focuses on the economic as well as social and environmental dimensions and incorporates three elements: i) employment programmes that generate infrastructure needs in rural- and urban-poor communities; ii) mechanisms to protect poor and low-income households; and iii) social expenditure for health and education to build up human capital. She suggested that sectors suitable for creating new employment opportunities should be identified along with recommendations to strengthen public policy for social insurance, social protection and for supporting the informal sector.

Mr Sundaran remarked that the United Nations warned of financial fragility in 2006. Unfortunately, he added, the international community responded to the warnings with “complacency”, expecting existing mechanisms to be self-correcting. He proposed several priorities for reform: i) the strengthening of counter-cyclical financial regulations; ii) better crisis management and prevention; iii) appropriate capital accounts management techniques to better stem undesirable or excessive capital inflows; iv) affordable financing for productive long-term investment; v) stimulating domestic demand, especially for job creation to offset weakening foreign demand; and vi) building and improving physical and social infrastructure. Universal social protection is a preferred option over targeted safety nets, especially in a crisis situation, he said. He recommended fiscal stimulus even in countries with limited fiscal space and warned that protectionist measures are likely to increase – with negative impact on small countries.

Ms Yamamoto noted that even before the crisis began, Asia’s rapid economic growth had not translated into sufficient decent employment opportunities. There also remains a struggle to establish an environmentally sustainable development path. The current financial crisis, she said, has affected the labour market in terms of declining demand for workers in the formal sector, leading to a reduction of work hours, declining wages and rising underemployment and unemployment. Many workers have turned to the informal economy for jobs, despite its precarious nature and sparse social protection. Reverse migration to the countryside, increased incidence of labour dispute and growing vulnerability among contract workers, international migrants, young job seekers, women and children are evident. While there is agreement that a strong fiscal response is needed, she pointed out that limited fiscal space is a concern in some countries in the region. And she recommended concerted regional action that is focused on creating employment and income to stimulate consumption and domestic demand.

Ms Yamamoto also underscored the opportunity that the crisis presents to improve poverty-reduction programmes and develop social floors, including through investment in education. Medium-term considerations could include improving the quality of labour and the productivity of enterprises and ensuring a sustainable “green recovery” path. The crisis should not be used as an excuse to erode core labour standards, she warned, noting that social dialogue is important in the design and implementation of response measures to ensure integrated action for recovery.

Roundtable discussion: The impact of the global financial crisis on the economy and society in Asia and the Pacific

Chair: *Stephen Pursey*, Director, Policy Integration Department, ILO

Panel: *Tang Min*, Deputy Secretary General, China Development Research Foundation

Gil Beltran, Undersecretary, Department of Finance, Philippines

Taro Muraki, Assistant Minister for International Affairs, Ministry of Health, Labour and Welfare, Japan

Khandker Mosharraf Hossain, Minister of Labour and Employment, Bangladesh

Qazi Sajid Ali, Managing Director, BASF, Pakistan

Jung-Yup You, Director, Policy Bureau, Federation of Korean Trade Unions

The high-level dignitaries presented their views on national economic and employment situations, challenges faced, actions being taken and suggestions for countering the crisis.

Key issues discussed

- There has been a sharp economic slowdown in developed economies in Asia. There are concerns in all countries in the region that growth will suffer as a result of the crisis.
- The impact of the crisis has differed depending on countries' dependence on exports. Those more export oriented, such as China, are more vulnerable.
- The crisis is resulting in job losses, especially in export sectors. Official unemployment rates are likely to be misleading because discouraged workers are not counted.
- Particularly vulnerable groups of workers include women and non-regular employees for whom labour markets tend to be segmented.
- In some cases, non-respect for labour standards and non-compliance with labour laws has occurred alongside closures and retrenchments.
- There has been a severe impact on internal migrant workers – in China, 20 million internal migrant workers have lost employment in the past year. International migrant workers are also likely to be affected, with countries that are dependent upon remittances vulnerable.
- Job opportunities for young people are shrinking as firms cut back on new recruitment.
- The labour-absorption capacity of the agricultural sector is weaker than theory predicts because of skill requirements in the sector and land ownership issues.

The main responses from different governments in Asia were also highlighted, including stimulus packages, programmes for youth employment, programmes for rural-to-urban migrant workers and international migrant workers, and social protection measures. Some countries are using the crisis as an opportunity to promote “greener” jobs and more sustainable development.

Main recommendations

- International organizations must expand programmes and assistance in vulnerable countries and increase cooperation among international actors.
- Policies should be gender sensitive and responsive to children's needs.
- Social stability must be maintained while countries focus on stabilizing financial systems.
- Good quality economic and labour market information is needed.
- Social dialogue and consensus among different stakeholders needs to be more widely promoted.
- There is a need to strengthen the role of labour ministries in the region in the design and implementation of fiscal stimulus packages.
- Efforts to reduce dependence on exports and expand domestic demand are needed.

- Subsidized loans and microfinance for small enterprise development needs to be expanded.
- Active labour market policies are needed to promote employment.
- In efforts to expand social safety nets, attention should be paid to building up effective, accountable and transparent systems for delivery of benefits.
- A less volatile global financial system that ensures globalization with social justice needs to be designed.
- There is need to change mindsets to ensure coherence between economic and social policies.
- Green jobs must be promoted.

Country perspectives on macroeconomic policy, fiscal stimulus and employment: The challenge for large developing economies

Chair: *Seng Gim Lim*, Economics and International Division, Ministry of Finance, Malaysia

Panel: *Komara Djaja*, Secretary, Coordinating Ministry for Economic Affairs, Indonesia
Dic Lo, University of China, Beijing and University of London
Wang Yadong, Ministry of Human Resources and Social Security, China

The session provided an overview of crisis impacts and policy responses in Indonesia and China. In addition, the presentation on the policy coherence study in China highlighted the importance of rebalancing growth in light of the global crisis.

Key issues discussed

- The financial crisis was preceded by rapid price inflation that led to tightening monetary policy.
- The crisis led to a shortage of liquidity in the financial markets, a fall in stock markets and contraction of exports and foreign direct investment.
- As consumer confidence fell in Indonesia, the rupiah depreciated, foreign currency reserves dropped and factory retrenchments began rising.
- Coordinated monetary policy (lowered reserve requirements and interest rates and deposit guarantees) and expansionary fiscal policy are required in Indonesia.
- Prior to the crisis, in China, an inadequate number of jobs had been created to meet labour force growth. The country remains dependent on foreign investment and exports.
- There have been massive factory closures and retrenchment of more than 20 million rural migrants in China.
- In response to the crisis, the Chinese Government has carried out or is planning a number of measures: i) lowered interest rates and reserve ratios; ii) tax reductions and suspension of social security contributions; iii) training subsidies for retrenched workers; iii) microcredit support to the self-employed and SMEs; iv) education loan repayment support for recent graduates who will work in rural grassroots communities; v) vocational training programmes; and vi) employment services.

Main recommendations

- In addressing the crisis at the national level, the policy response must be coherent and coordinated among relevant agencies, such as the central bank (monetary policy), ministry of finance (fiscal policy) and ministry of labour (employment policy).
- Policy-makers in the region should assess their growth strategy and determine if a rebalancing is needed that move towards domestic demand and away from overreliance on exports. This could help navigate a path out of the crisis towards a more sustainable and stable growth model.
- In addressing the crisis from regional and global perspectives, measures must include strengthening international cooperation to support employment creation and deepening the multilateral trade system to facilitate – not hinder – trade during the economic slowdown.

Policy trade-offs and the need to balance economic and social concerns

Chair: *Felix Anthony*, National Secretary, Fiji Trade Union Congress

Panel: *Josepf T. Yap*, President, Philippines Institute for Development Studies

Nguyen Thi Lan Huong, Director-General, Institute of Labour Science and Social Affairs, Viet Nam

Jaweed Akhter, Additional Secretary, Ministry of Planning and Development, Pakistan

The session reviewed the structural and systemic challenges in Pakistan, Philippines and Viet Nam in placing employment and negative social impacts at the centre of the crisis-recovery discussion so that inclusive and sustainable growth can be achieved. The presentations also addressed government responses, including public spending, skills development, support for SMEs and social protection targeted to vulnerable groups.

Key issues discussed

- Export industries are facing reduced demand from Western countries. Reduced demand cannot currently be compensated by local consumption, as spending remains low. Therefore, expanding local incomes and stimulating local demand will be critical
- Reduced domestic and foreign investments are areas of concern.
- Inflation and higher living costs must be monitored, as they are likely to aggravate poverty.
- Increasing fiscal deficits will pose a challenge, as spending will increase to mitigate social risks.
- Mass retrenchment, particularly of casual workers is occurring, along with rising unemployment/underemployment and informalisation.
- The crisis is also likely to have adverse consequences for working conditions, with a particular impact on vulnerable groups and the poor.
- Skills mismatch and increased income inequality are likely to be further aggravated.

Main recommendations

- Structural aspects related to “job-less” growth and increased inequalities need to be addressed with high priority.
- Monetary and fiscal policies need to include interest rate cuts, careful public spending and a focus on effective government performance.
- The manufacturing sector must work to revive its export business.
- Increase incomes and increase domestic spending through redistributive measures.
- Social protection must be expanded.
- Employment generation approaches need to target the vulnerable.
- There is a need to focus on employment-intensive growth as well as productivity improvements:
 - ≈ Create incentives for employment-intensive industries
 - ≈ Focus on skills (re)training and education
 - ≈ Capacity building among SMEs
 - ≈ Increase access to credit, particularly among SMEs.
- There is a need to address the structural and systemic shortcomings of policies for sustainable development and to encourage cooperative action among multiple

stakeholders that is focused on policy coherence and inclusiveness and strong institutional mechanisms for transparent implementation.

- Consensus-based approaches and effective social dialogue are needed at all levels, including bilateral negotiations to avoid retrenchment. For instance, active involvement by trade unions is needed in retraining and job placement; negotiations are needed to find mutually acceptable solutions.
- Intraregional cooperation is required to reduce dependency on Western markets and promote sustainable growth.

The lessons from the Asian financial crisis, 1997-1998

Chair: *Teh Sing*, Cambodia Employers' Representative

Panel: *Ammar Siamwalla*, Distinguished Scholar, Thailand Development Research Institute

Jomo Kwame Sundaram, United Nations Assistant Secretary-General on Economic Development

Wee Chong Hui, University Teknologi Mara Sarawak, Malaysia

The session centred on a comparison of the Asian financial crisis of 1997–1998 with the current global economic crisis, spotlighting in particular the cases of Malaysia and Thailand. The panellists reviewed the lessons learned from the earlier Asian crisis and discussed why those lessons could not help prevent the current crisis. They also discussed possible ways to cope with the current crisis.

Key issues discussed

- The previous crisis was a major currency crisis. The impact of the current crisis is evident on the balance sheets of financial institutions.
- The previous crisis hit the rich, including the property owners and bankers, first and the adverse effect of the crisis trickled down to the poor later. The current crisis, however, is hitting workers first, especially those in the formal sector.
- In the previous crisis an incorrect diagnosis led to pro-cyclical policy recommendations by the International Monetary Fund (IMF). The IMF's recommendations in today's crisis are notably different.
- An increase in exports helped the recovery process from the Asian financial crisis of 1997-98. This is unlikely to be the case this time because demand from key trading partners has fallen so dramatically. It will take more than a year from now before the recovery starts.
- The power imbalance in today's political economy significantly reduced the function of early warning systems. Policy preferences of big economic powers failed to take proactive measures to prevent the current crisis.

Main recommendations

- Social insurance needs to be expanded in the region. For instance, the universal health care system implemented after the previous crisis in Thailand has alleviated the pain of the current crisis on the poor.
- Political stability is an important factor for policy coherence. Frequent changes of Thailand's Government have made coherent policy formulation difficult.
- Income security, namely severance pay and unemployment benefits, enhances workers' ability to cope with the crisis and prevent poverty.
- Bailing out financial institutions is necessary to assure liquidity in the market. As for stimulus packages, the design and speed of implementation are important to maximize their impact.
- Bold fiscal policies are necessary, despite the constraints on the fiscal space.
- Informed public debates on the design of stimulus packages are needed. National tripartite meetings should be organized in order to debate proposals and provide inputs.

Panel discussions

Panel discussion I: Building an effective social floor

Chair: *Somboon Subsarn*, Deputy General Secretary, State Enterprise Worker's Relation Confederation (SERC)

Panel: *Tang Min*, Deputy Secretary General, China Development Research Foundation
Reetika Khera, Delhi School of Economics, India
Amelita King-Dejardin, Policy Integration and Statistics Department, ILO

This panel discussed existing social welfare programmes such as cash transfers and employment guarantees, with a focus on programmes implemented or planned in China and India. The session explored constraints to rapid upscaling of the programmes as well as potential tradeoffs between large numbers of beneficiaries versus targeting the most vulnerable.

Key issues discussed

- Extension of basic social protection to all women and men is a long-pending agenda and needs to be finally integrated into the development agenda. The right to work is a basic right for all women and men.
- As a percentage of gross domestic product (GDP), the cost of extending social protection is often not large, and the multiplier effects are high.
- India's National Rural Employment Guarantee Act (NREGA) is a legislated social security programme for workers in rural areas willing to do manual work at minimum wages. The guarantee is for 100 days of work for households and 33 per cent of employment is reserved for women. Anecdotal evidence indicates that the NREGA has increased wages in rural areas, and surveys show that NREGA wages are closest to the legislated minimum wages. About 1.4 billion person days of work were created in 2007–2008 through the NREGA, and about 42 per cent of them were worked by women. This cost about 0.5 per cent of the GDP. In the context of the crisis, when demand is declining there is a renewed focus on NREGA as a means of creating demand by cash infusion in the economy.
- Dependence on exports has contributed to the severe impact of the crisis in China. Consumption needs to be increased. One way of doing so is to restructure the social welfare system by enlarging the coverage of the pension system, health insurance, compulsory free education and employment promotion by 2012 to all low-income citizens and by 2020 to all Chinese. This will require an expansion of government expenditure from 5 per cent to 9 per cent of GDP.
- The present crisis is likely to hit women harder in China because more of them are employed in the export sector. At the same time, the social security system is based on a model of regular employment with a single bread winner.

Main recommendations

- It is necessary to rethink social policy – social expenditure is not a cost but an investment in human resources and a part of the development agenda.
- Crisis response needs to be gender sensitive. Infrastructure spending is a large component of the stimulus packages, but this may not lead to substantial benefits for women because men are more likely to be engaged in the construction sector.
- It is essential to create an enabling environment for women's employment.
- There must be a monitoring of the impact of the crisis on women and men through sex-disaggregated labour market data.

- There is a role for ILO's social partners in the design and implementation of social protection systems, such as employment guarantees, to ensure that rights and benefits are respected.
- Some form of minimum employment guarantee as a social floor instrument could be promoted as a response to the current crisis.

Panel discussion II: Sector policies

Chair: *M.A. Baset*, Bangladesh Employer Representative

Panel: *Rana Hasan*, Economics and Research Department, ADB

Kim Phalla, Deputy Director, Economic and Public Finance Policy Department, Cambodia

Pang Chau Leong, Dep. Director General, Ministry of Human Resources, Malaysia

This panel focused on policies to support productive employment generation in order to mitigate the negative effects of the crisis. The panellists discussed sector impacts of the crisis, particularly in regard to export-oriented industries such as garments. And they reviewed the role of stimulus measures, including tax and subsidy policies as well as supply-side interventions related to skills and employment assistance to support enterprises and reduce job cuts.

Key issues discussed

- While job losses in the financial crisis are a vital concern, recovery efforts should not focus solely on the quantity of jobs. Employment quality is also crucially important, with productive employment needed to boost living standards and reduce poverty.
- Structural change in economies from low to higher value-added production is a necessity for economic development and creation of quality productive employment. Product improvement and movement to more advanced products are critical components of this.
- Encouraging and enabling entrepreneurs to innovate and move up the value chain often requires the support of governments to address market failures.
- The traditional model of structural change is movement of workers out of agriculture and into manufacturing; however, service-sector growth is outpacing manufacturing sector growth in many economies, reflecting the potential for this sector.
- In Cambodia, the garment, tourism and construction sectors are particularly vulnerable to the economic crisis. Similarities were noted between the challenges faced in Cambodia and Bangladesh regarding their garment sectors. Malaysia's labour market, which is largely service-sector based, has not yet been hit hard by the crisis, but there is a risk of large-scale job losses in the manufacturing sector if the economy deteriorates further.
- Different types of policies have been implemented in Cambodia's and Malaysia's stimulus packages. In Cambodia, the main emphasis has been on improving financial sector liquidity, providing sector-specific tax incentives, spending on infrastructure and transfer payments to the poor. In Malaysia, emphasis has been on skills training, job placement, wage determining mechanisms and community-based employment-support services.

Main recommendations

- Links between the manufacturing and services sectors should be explored to maximize productive employment generation. While the employment intensity in new, higher value-added manufacturing may be lower than in basic manufacturing, creating

productive jobs in labour-intensive services, such as child care, health and education as well as in construction and infrastructure related to new enterprises, may be considered.

- Crisis-affected industries are concentrated in urban areas while poverty is often centred in rural areas. Investing in rural areas, especially in infrastructure and higher value-added food processing activities, has the potential for creating jobs and reducing poverty.
- Large-scale job losses in manufacturing typically receive the most attention, but many job losses are occurring in SMEs. These should be a high priority in policy formulation.
- Tripartism should be the starting point in sector-level policy formulation, serving to generate timely labour market information for more effective policy design and monitoring.

Panel discussion III: Mechanisms to strengthen policy coherence

Chair: Malik Asif Hayat, Secretary, Ministry of labour, Manpower and Overseas Pakistanis, Islamabad

Panel: Debapriya Bhattacharya, Ambassador and Permanent Representative of Bangladesh, Geneva

Jehan Jarulpragasam, Senior Economist, World Bank, Philippines

Peter Bakvis, Director, ITUC/Global Unions

This session provided an overview of the key issues in global policy coherence, national perspectives on policy coherence (based on a case study of the Philippines) and an analysis of policy coherence between international institutions.

Key issues discussed

- A discussion of policy coherence must look at: i) the trade-off between different policy goals; ii) the time line and entry point for reaching coherence; and iii) possible tension between national and global policy coherence.
- At the national level, policy coherence must consider fiscal space for a crisis response.
- Official development assistance (ODA) and market access for trade are two areas that can help ensure coherence between global and national policies.
- The institutional challenges of national policy coherence include: 1) the lack of a platform to discuss and ensure policy coherence; 2) the need for policy coherence to include multisector dialogue; 3) inadequate leadership; and 4) the need for transparency and accountability.
- National policy coherence mechanisms, such as the Philippines Development Forum (PDF), can provide constructive dialogue between different line ministries of the government, international development partners, non-government organizations, the private sector and academia and can help provide legitimacy for policy initiatives.
- National policy coherence can encounter challenges if central government policies contradict local government policies. Also coherence between international institutions will better benefit national policy coherence.
- The current lending of the international financial institutions to counter the crisis can work against the objective of policy coherence when conditions undermine social protection and countercyclical measures.
- The effect of stimulus packages in industrialized countries can boost growth in developing countries if they increase demand for developing countries' exports and overseas foreign workers and ensure the continued flow of official development assistance.

Main recommendations

- There needs to be strong consideration for the establishment of an international agency that could take the leadership in overseeing global policy coherence and coordination. Its role cannot be limited to one dimension of global policy coherence (for example, the World Trade Organization is limited to trade policy coherence) but rather must be broadly based.
- As a key part of coherence between national and global policy responses to the crisis, trade should not be hindered through protectionism.
- Dialogue between ministries (for example through the involvement of labour and social ministries in major policies designed and implemented by finance ministries) can help to ensure national policy coherence and maximum beneficial impact for vulnerable groups.
- Social partners should be involved in order to strengthen policy coherence and build national consensus on policy decisions.

Breakout groups respond

Chair: *Nieves Confesor*, OIC-Associate Dean of the Center for Development Management, Asian Institute of Management, Manila

South Asia Group (Bangladesh, Pakistan, India)

- The group emphasized the need to develop a holistic and coherent policy for employment growth and employment protection through a tripartite mechanism that is adopted at the inter-ministerial level.
- To create employment, efforts must be made to facilitate the expansion of business and markets and provide skills training for increased employability of workers. Special employment programmes, such as India's NREGA, for people who are poor should be explored elsewhere.
- To protect employment, fiscal and monetary policies should facilitate doing business. Retrenchments should be a last resort and labour standards need not be compromised. Specific issues of migrant workers need to be considered.
- Social security coverage must be expanded, including unemployment benefits.
- Governments need to give ample attention to the informal sector and ensure transparency. An enabling environment for effective social dialogue, with governments taking a lead role, is necessary. Gender concerns should be addressed.

East Asia (Cambodia, China, Thailand, Viet Nam)

- Fiscal stimulus packages that focus on supporting SMEs, retraining workers, investing in public works and targeting agriculture and tourism were the priorities that the group identified. Ensuring balanced economic growth with social progress needs to be the goal of development initiatives. Support for vulnerable groups for access to and expansion of social protection coverage (such as social insurance and universal health care) is also important. A legal framework for social dialogue needs to be strengthened along with capacity for social partners to engage in effective social dialogue.
- There is a need to ensure that official development assistance flows to affected countries with little fiscal space for stimulus packages. Sharing of experiences of crisis impacts and policy responses, including through regional meetings, and strengthening of international and regional economic and trade cooperation are also recommended.

South East Asia (Philippines, Malaysia, Indonesia, Fiji)

- The group noted the importance of the need for greater scope for monetary and fiscal expansionary policies. Emergency employment programmes and labour-intensive infrastructure projects are options for job creation in times of crisis. Social plans and targeted programmes for crisis-affected workers are necessary. These programmes may include placement, training, self-employment, microfinance and livelihood assistance.
- The business environment and regulations as well as industrial and sector policies need to be strengthened. Tripartite agreements for flexibility and security may be secured but should be within the parameters of the Decent Work Agenda. There needs to be real consultation on policy design, implementation and feedback. Social partners and stakeholders need to be meaningfully involved. Sound data and information are critical.

Tripartite panel discussion – Critical policy responses

Chair: *Nieves Confesor*, OIC, Associate Dean of the Center for Development Management, Asian Institute of Management, Manila

Panel: *Komara Djaja*, Secretary, Coordinating Ministry for Economic Affairs, Indonesia
M.A. Baset, Bangladesh Employer Representative
Nazrul Islam Khan, Bangladesh Worker Representative

Key issues discussed

- The policy response to the economic crisis must acknowledge distributional issues and focus on those most vulnerable. In this context, government communication will be essential, and tripartism must be promoted as a means to address challenges. Delivery capacity and government credibility will be very important.
- Some countries have very little capacity to address problems because of their limited fiscal space. The risk of reduced foreign aid is a major issue. Countries in this crisis are competitors – but they are working together to find solutions.
- Stimulus packages must be monitored to ensure that they are friendly to the working poor, that infrastructure is directed at labour-intensive sectors and that they address wage and income inequalities (through a minimum wage and social protection). Building a universal social floor must go hand in hand with bank bailouts.
- Redoubling efforts to respect international labour standards and fundamental principles will ensure that this crisis does not entail a race to the bottom.
- Internal and external coherence is needed – domestic policies and programmes should be implemented in coordination with international financial institutions.

Main recommendations

- Governments must actively promote social dialogue at national, regional and local levels. Collective bargaining should be promoted as a means of conflict prevention and as a tool for promoting better working conditions and greater productivity and competitiveness.
- There is a need for trade unions, employers and governments to share experiences and to be prepared to react quickly to changing conditions.
- Employment promotion schemes must be developed.
- Focus should be placed on the right to work and rights at work for formal, informal and migrant workers (with extra attention to women).
- “One-suit-fits-all” policies will not work. Asian economies should focus on stimulating domestic demand and purchasing power within nations and across the region.
- Decent work objectives should be mainstreamed in all economic and social policies.

Closing session

Ursula Schaefer-Preuss, Vice-President for Knowledge Management and Sustainable Development of the ADB, emphasized the role and responsibility of international organizations, including the ILO and the ADB, in times of crisis in designing public work schemes, emergency employment programmes and social protection as well as sustaining micro and small enterprises and microfinance institutions, which are engines of growth and employment generation. She underlined the role of knowledge sharing and social dialogue towards this end. To strengthen the recovery process, she called for participatory and transparent consultations and that core labour standards be continuously upheld

Sachiko Yamamoto, ILO Regional Director for Asia and the Pacific, thanked the participants for their participation and substantive contribution. She noted that the tripartite structure of the forum, which involved ministries of finance and planning, was an effective avenue for dialogue to promote coherent national responses to the crisis. She noted the importance of coherent responses from multilateral institutions and expressed her commitment to working with the ADB as well as constituents to build capacities for coping with the crisis. She underscored that social progress and environmental sustainability should accompany economic growth. And she affirmed that the outcome of the forum would be useful input to the high-level consultation at the global level.

Stephen Pursey, Director, Policy Integration and Statistics Department and Senior Advisor to the ILO Director-General, thanked participants for the rich discussion and pointed out that the Decent Work Agenda and social dialogue are conducive to well-tuned responses to the crisis. In defending the achievements on the labour front in the past years, he particularly welcomed ADB's commitment to core labour standards and the ILO Declaration on Fundamental Principles and Rights at Work. He stressed the importance of a coordinated and coherent global response to the crisis and the role that ILO should play in the process. Referring to the first World Day of Social Justice, he pointed out that policy coherence, as seen in recent UN efforts to deliver as one unit, serves to strengthen social justice. In terms of the next step, he encouraged participants to keep information flowing and take messages to the national and international levels through various channels.

Luzviminda Padilla, Undersecretary, Department of Labor and Employment of the Philippines, spoke on behalf of Labour Secretary Marianito D. Roque in thanking the ILO and the ADB for organizing the forum. Though national responses to the crisis may vary, she emphasized the importance of policy coherence and active involvement of social partners at both the national and international levels. And she suggested that economic growth, job security and decent work serve as overarching concepts to assure policy coherence.