

**ROUTES OUT OF THE CRISIS:**

**STRATEGIES FOR LOCAL EMPLOYMENT RECOVERY  
AND SKILLS DEVELOPMENT IN ASIA**

*Joint Expert Meeting organised by the ILO<sup>1</sup> and the OECD*

*Follow up to the Global Jobs Pact and as part of the Joint Initiative on  
Employment and Skills Strategies in South-East Asia (ESSSA)*

*1 - 3 December 2009  
Malang (Java), Indonesia*

**1. Background and rationale**

Since September 2008, the global economic and financial crisis has reverberated across all sectors and geographic regions, with much of the effect still emerging. While no country has been spared from the effects of the crisis, each country will be affected differently at the different stages. Some have described the crisis occurring in three stages in developing countries; first with the collapse of highly traded industries, then with the drying up of private capital flows and a decline in remittance transfers back to developing countries, and finally with a more general domestic economic slowdown due to reduced consumption. The diverse impact of the crisis has been quite evident in Asia. Countries whose economies have been heavily reliant on the export of basic commodities and manufactured goods have borne the brunt of the economic slowdown, to date. On the other hand, countries with robust domestic economies, sound fiscal positions, excess reserves and large domestic markets have been able to weather the shock better.

In February 2009, the ILO/ADB High-Level Asian Regional Forum on Responding to the Economic Crisis, held in Manila, Philippines, provided an overview of the economic and labour market impacts of the crisis and the national policy responses in the region. The Forum noted that contract workers, international migrants, workers in export and manufacturing sectors and young jobseekers were particularly vulnerable. It also called for rapid action to support employment and income and stimulate consumption and domestic demand, including measures to maximize the employment impact of fiscal stimulus packages, protect the poor and the vulnerable, and support small- and medium-sized enterprises and a 'green recovery'.

A similar, strong call for coordinated measures to stimulate economic recovery, generate jobs and provide protection to working people was made in the ILO Global Jobs Pact adopted by the International Labour Conference in June 2009.

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<sup>1</sup> This Expert Meeting is convened and facilitated by ITC Turin, following a similar policy meeting in Chiang Mai, Thailand, May 2007.

The Global Jobs Pact is the ILO response to the global jobs crisis. It sets out principles for cooperation in responding to the crisis as well as a portfolio of crisis-response measures that countries can adapt to their specific needs and situation. It recommends governments and multilateral agencies to consider - among others – promoting measures that would ensure a favourable environment for the development of sustainable enterprises; effective, properly targeted active labour market policies; investment in public infrastructure and “green” production and services; skills development and training programmes, broadening of social protection and minimum wages, and targeted initiatives and public employment schemes to support the most vulnerable. Enhancing the competence and increasing the resources available to public employment services and labour administration to ensure that quality services are provided and rights respected is also a crucial measure to promote employment. The Pact also calls for greater coordination at the international level. Policy coherence at the international, national and local level should be strengthened to ease the implementation of more targeted and integrated response measures.

Countries in Asia have indeed taken a variety of steps to stimulate economic recovery in the face of the current crisis. Some are heralding incipient signs of recovery, or “green shoots”, but others are facing dramatic setbacks in their way to poverty reduction. Much is to be done. Even if a regional economic recovery were to take hold early next year, experience from earlier crisis clearly shows that distress on the labour market could linger for six to eight years, with worrying social and political implications. As the Global Jobs Pact notes, in some countries, the simple recovery of previous employment levels will not be enough to contribute effectively to strong economies and to achieve decent work for women and men. In the near future, there are expected to be approximately 100 million unemployed people, while the region will still be accounting for very large numbers of the world’s poor.

The success of national economic recoveries in Asia will be determined firstly by the way countries manage the fiscal space they have. For those where such space is limited international assistance will be particularly important. In both cases, more effective employment, labour market and skills policies will be critical to enhance the job content of the recovery and ensure its sustainability. As the 1<sup>st</sup> ESSSA Expert Meeting in Jakarta, on 3 December 2008 concluded, employment and skills development strategies must be responsive to change, and shift policy interventions towards a focus on contemporary problems and issues, such as the need to promote decent employment, lift workers out of informality, upgrade the skills of the low-qualified while improve skills utilisation in firms, and attract and retain talent.

In that context, local level initiatives by local governments, employer organizations, trade unions, community organizations and other local stakeholders can play a distinct role in two main respects. First, by ensuring efficient, targeted and integrated local delivery of centrally designed programmes and stimulus packages (vertical linkages), governments can increase the appropriateness, sustainability, and local ownership of recovery projects. Second, in autonomously catalyzing and focusing local resources (horizontal linkages), actors can leverage existing initiatives, enhance local ‘spill over’ effects, and shift the recovery process from a set of isolated interventions to an integrated long-term approach.

## **2. Rationale for joint OECD-ILO Expert Meeting**

In recognition of the complex form that these strategies must take in order to support a sustainable and equitable recovery, the ILO and the OECD are working together to help government institutions

and other agencies to share their experiences and engage in a process of mutual learning. This expert meeting is taking place as part of the joint OECD-ILO initiative on Employment and Skills Strategies in South East Asia (ESSSA) and under the broader cooperation between ASEAN and the ILO. It is also intended as a follow up to the ILO Global Jobs Pact and its implications at the regional, national and local level.

Discussions will be supported by the results of joint work by ILO and OECD carried out under ESSSA, such as background research on national and local initiatives and the results of a dedicated survey on employment and skills development policies in the region, and by other work to provide guidance on ways to rebuild sustainable employment at the local level.

### **3. Objectives**

The overall aim of the meeting is strengthen the capacity of constituents, policy makers and practitioners at local level to undertake effective employment recovery and skills strategies in response to the financial and economic crisis.

Specifically, the meeting should contribute to:

- I. Increased understanding of the employment and skills impact in relation to the crisis;
- II. Improved capacity for the design of effective local employment and skills strategies to support existing national responses to the crisis

As a means to achieve the above objectives, experiences will be shared among OECD and non-OECD country participants on policy approaches to employment and skills development, and ways to connect them with local economic development. Adapted local policy responses to the global economic crisis in participant Asian countries will be identified and discussed.

### **4. Expected outputs**

The meeting will result in documented cases of local policy responses, a set of conclusions around core themes and, possibly, a short list of key recommendations to national and local policy makers. A future joint ILO/OECD publication will bring these elements together after the meeting. The conclusions and recommendation will, inter alia, be used as inputs to the bi-annual ILO Asian Regional Meeting of Labour Ministries, Employers' and Workers' Organizations (Tentative date: July 2010) and will be reported on to the OECD LEED Directing Committee at its 56<sup>th</sup> Session (May 2010). The results will also feed the development of the ESSSA initiative in providing further work orientations and will be utilized in further ILO support to national and local response strategies in Asia.

### **5. Key content and methodology**

Background documents for each country will be prepared in order to identify common post-crisis needs and to support participants to productively engage in the session discussions.

The meeting will review the following key dimensions of local recovery strategies. One dimension will be the design of effective employment and skills strategies. For an effective recovery, these must link up to national recovery packages and contribute to better adapt active labour market policies to local conditions, especially with regard to employment services, skills development and (re)training and school-to-job transition of youth. A second dimension will be the optimization of local resources in infrastructure development and public works, which can contribute to both immediate employment creation and the development of assets and resources for longer-term community and enterprise development. A third dimension will be the key features of responsive (rural) enterprise strategies through area-based and value chain approaches, and entrepreneurship promotion initiatives. A fourth will be the examination of Green Jobs and other opportunities resulting from the crisis, as such reforms will positively position these regions for competitiveness in the post-crisis economy. Finally, a fifth key discussion topic will be the role of social assistance programmes for vulnerable and at-risk groups (such as youth, migrants, etc.) in the context of the local economic recovery, as these groups are often excluded from economic development and competitiveness strategies.

The meeting will be highly interactive and use face-to-face meeting methodologies that optimize knowledge exchange and co-production, and mutual learning. The emphasis will be on group sessions; plenary presentations will be kept to a minimum.

A number of international and regional experts will be engaged to provide inputs for key programme elements.

## **6. Intended participants**

Participants to be invited to the conference will include local governments, employment services, training institutions, key partners in local development strategies (including representatives of national Governments, Employers' and Workers' organizations, and selected research/support organizations), international development agencies (multilateral and bilateral), and ILO and OECD staff. Priority will be given to local and national economic development practitioners.

Expected number of participants will total 70 - 90 persons including ILO and OECD staff. Approximately 20-30 participants will be from Indonesia. The meeting is informal and the participants will represent themselves and not their country.

## **7. Participating countries**

Preliminary list of country participants: Pakistan, Bangladesh, Nepal, Cambodia, Vietnam, China, Philippines and Indonesia<sup>2</sup>. The meeting will be open for other South-East Asian countries; neighbouring economies and other OECD and non-OECD countries will also be invited.

## **8. Preliminary Programme (see Annex I).**

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<sup>2</sup> [The list of countries was suggested by the ILO Regional Office in Bangkok and have been have labeled priority countries with regard to the crisis. In addition, these countries represent a diverse range of economic experiences; vary according to their level of economic diversification, the size of their domestic market, export orientation, and size of financial sector].