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**Global economic crisis, gender and employment:
The impact and policy response**

Naoko Otobe

Employment
Sector

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Preface

The primary goal of the ILO is to contribute, with member States, to achieve full and productive employment and decent work for all, including women and young people, a goal embedded in the ILO Declaration 2008 on *Social Justice for a Fair Globalization*,¹ and which has now been widely adopted by the international community. The integrated approach on promoting full and productive employment and decent work was further reaffirmed by the 2010 Resolution concerning the recurrent discussion on employment.²

In order to support member States and the social partners to reach the goal, the ILO pursues a Decent Work Agenda which comprises four interrelated areas: Respect for fundamental worker's rights and international labour standards, employment promotion, social protection and social dialogue. Explanations of this integrated approach and related challenges are contained in a number of key documents: in those explaining and elaborating the concept of decent work,³ in the Employment Policy Convention, 1964 (No. 122), and in the Global Employment Agenda.

The Global Employment Agenda was developed by the ILO through tripartite consensus of its Governing Body's Employment and Social Policy Committee. Since its adoption in 2003 it has been further articulated and made more operational, and today it constitutes the basic framework through which the ILO pursues the objective of placing employment at the centre of economic and social policies.⁴ The GEA's perspective was further endorsed by the Global Jobs Pact adopted by the 2009 ILC⁵ in the aftermath of the 2008 global economic crisis.

The Employment Sector is fully engaged in the implementation of the Global Employment Agenda, and is doing so through a large range of technical support and capacity building activities, advisory services and policy research. As part of its research and publications programme, the Employment Sector promotes knowledge-generation around key policy issues and topics conforming to the core elements of the Global Employment Agenda and the Decent Work Agenda. The Sector's publications consist of books, monographs, working papers, employment reports and policy briefs.⁶

¹ See http://www.ilo.org/public/english/bureau/dgo/download/dg_announce_en.pdf.

² See http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_142318.pdf.

³ See the successive Reports of the Director-General to the International Labour Conference: *Decent work* (1999); *Reducing the decent work deficit: A global challenge* (2001); *Working out of poverty* (2003).

⁴ See <http://www.ilo.org/gea>. And in particular: *Implementing the Global Employment Agenda: Employment strategies in support of decent work*, 'Vision' document, ILO, 2006.

⁵ See

http://www.ilo.org/wcmsp5/groups/public/@ed_norm/@relconf/documents/meetingdocument/wcms_115076.pdf.

⁶ See <http://www.ilo.org/employment>.

The *Employment Working Papers* series is designed to disseminate the main findings of research initiatives undertaken by the various departments and programmes of the Sector. The working papers are intended to encourage exchange of ideas and to stimulate debate. The views expressed are the responsibility of the author(s) and do not necessarily represent those of the ILO.

José Manuel Salazar-Xirinachs
Executive Director
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Foreword

What started as a financial crisis in the United States has led to a deep global economic and job crisis, with its profound impacts being felt across many countries, both in the industrialized North and in developing South alike. Two years on, while the economic recovery of industrialized countries is still tentative, some emerging developing countries are showing a sign of stronger economic growth. However, the labour markets in many developing countries still remain in crisis, and millions of workers have been coping with job losses, prolonged unemployment, reduced working hours, lost or reduced income and aggravated poverty. The social and poverty impacts and consequential human sufferings are immeasurable, and unfortunately, are likely to last for some time to come.

In the wake of the global economic crisis, there has been a fear that the progress made in the past decades in advancing women's positions in the world of work is being wiped out. Women, who were already in disadvantaged positions in the labour market prior to the economic crisis, have globally suffered less in terms of the number of job losses, but in some cases disproportionately more than men. The global economic crisis has increased the vulnerability of the working poor and caused job losses of millions of workers, in particular, poor working women who have been engaged in export-oriented labour-intensive manufacturing, export-oriented agriculture, and in family businesses.

Since women play a pivotal role for the survival of the poor within the households in developing countries, especially at times of crisis, this paper has focused specifically on the gender dimensions of the impact of global economic crisis on the world of work. We hope the findings will further contribute to the relevant debate on how best to respond to the sudden economic shocks, such as the global financial crisis, drawing lessons for the future policy making for putting productive and decent employment and human well-being at the centre of socio-economic policies, especially making them more gender responsive, in particular.

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Contents

	<i>Page</i>
Preface	iii
Foreword	v
Profile of author.....	vi
Acknowledgements	viii
Abstract	ix
Abbreviations	x
1. Introduction	1
2. Gender dimensions of transmission mechanisms in the global economic crisis	2
3. Global economic growth trends.....	5
3.1 Trends in economic growth.....	5
3.2 Impact of economic crisis on trade and remittances in developing countries.....	6
4. Gender differentials in the impact of global economic crisis on the world of work; regional trends in unemployment and vulnerable employment.....	9
4.1 Unemployment trends	10
4.1.1 Developed economies	10
4.1.2 Central and South Eastern Europe (non-EU) and CIS.....	11
4.1.3 Asia and the Pacific	12
4.1.4 Latin America and the Caribbean	13
4.1.5 Middle East and Africa	15
4.2 Vulnerable employment.....	16
5. Gendered impact of global economic crisis on employment at country level.....	19
5.1 Cambodia	19
5.1.1 Economic trends	19
5.1.2 Employment trends before the economic crisis.....	20
5.1.3 The impact of crisis on women workers in the textile and clothing (T&C) sector	22
5.1.4 Policy response to the crisis.....	24
5.2 Mauritius	26
5.2.1 Economic trends	26
5.2.2 Gender differentials in unemployment trends.....	27
5.2.3 Gendered impact of global economic crisis on employment.....	28
5.2.4 Policy response	29
6. Policy response to global economic crisis: Integrating gender concerns into socioeconomic policies.....	32
6.1 Integrating gender concerns into macroeconomic policies	32
6.2 Investing in girls and women for enhancing employability	34
6.3 Supporting women's access to credit and entrepreneurship development.....	34
6.4 Promoting employment intensive public investments: a gender-responsive approach.	35
6.5 Promoting women's equal access to social protection.....	35
6.6 Conclusions	36
Bibliography.....	37

Figures

Figure 1	Annual GDP growth rates, 2007-2012.....	5
Figure 2	Annualized quarterly increase in import volume, per cent growth, Jul.2008-Sep.2009.....	6
Figure 3	Annualized quarterly increase in export volumes, per cent growth, Jul.2008-Sep.2009.....	6
Figure 4	Total trade US and AGOA Countries.....	7
Figure 5	Export of textile and clothing to the US, key selected exporting countries in Africa, 2003-Sept. 2009.....	7
Figure 6	Unemployment rates, world and developed regions by sex, 2005-2009.....	10
Figure 7	Unemployment rate, world, Central and South-eastern Europe (non-EU) and CIS by sex, 2005-2009.....	12
Figure 8	Unemployment rate in Asia by sex, 2005-2009.....	12
Figure 9	Unemployment rate in Latin America and the Caribbean, 2005-2009.....	14
Figure 10	Unemployment rate in the Middle East and Africa by sex, 2005-2009.....	15
Figure 11	Rate of vulnerable employment by region and sex, 2005-2009.....	17
Figure 12	Cambodia: GDP growth rate by sector, 2005-2011.....	19
Figure 13	Foreign trade and payments, 2007- 1 st Qtr 2009.....	20
Figure 14	Distribution of employment 10+ years by sector and sex, Cambodia, 2004.....	21
Figure 15	Employment status by sex, Cambodia, 2004	21
Figure 16	Cambodia: National budget in 2008 and 2009.....	24
Figure 17	GDP growth rate at base prices.....	26
Figure 18	Trends in trade in Mauritius, 2008-2009.....	27
Figure 19	Unemployment rate by sex, 2001-2009.....	28

Table

Table 1	Change in female share in employment by sector, 2008-2009.....	28
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Box

Box 1	Impact of global economic crisis on Burmese/Myanmar migrant workers in Thailand.....	13
Box 2	The impact of global economic crisis on women workers in export-.....	14
Box 3	The impact of global economic crisis on migration of Ethiopian women domestic workers to the Gulf.....	15
Box 4	The impact of economic crisis on women workers in the informal economy; reduced demand for goods and income.....	18
Box 5	Policy response on the textile and clothing sector in Cambodia.....	25
Box 6	Mauritius: National Empowerment Programme: Focus on training and placement.....	31
Box 7	National Rural Employment Guarantee Programme in India.....	35

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Abstract

The paper analyses the gender dimensions of the impact of the global economic crisis on the world of work, highlighting the overall higher vulnerabilities and insecurity of women's work than men's. It analyses the gender-differentiated regional global and regional trends of unemployment and vulnerable employment between 2007 and 2009, drawing on the published available ILO data and information. Particular attention is paid to the impact on women workers in the export-oriented textile and clothing industry, which has been negatively impacted upon by the global downturn, focusing on Cambodia and Mauritius. The paper puts forward policy recommendations for specifically integrating gender concerns into policy response to the economic crisis, in order to promote more productive employment and decent work opportunities equally for women and men.

Key words: Feminist economics, employment, unemployment, government policy
JEL Codes: B54, J64, J7, R28

Abbreviations

AGOA	African Growth Opportunity Act
CIS	Commonwealth of Independent States
COMESA	Common Market for Eastern and Southern Africa
EIU	Economic Intelligence Unit
EU	European Union
FAO	Food and Agriculture Organization
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMF	International Monetary Fund
IOM	International Migration Organization
GDP	Gross Domestic Product
GNI	Gross National Income
MFA	Multi-Fibre Arrangement
MOLSA	Ministry of Labour and Social Affairs
NREGA	National Rural Employment Guarantee Act
OECD	Organization for Economic Cooperation for Development
SADC	Southern African Development Community
UN	United Nations
UNIFEM	United Nations Development Fund for Women
WIEGO	Women in Informal Employment, Globalizing and Organizing
WTO	World Trade Organization

1. Introduction

What started as US-based financial crisis led to drastic global downturn in the real economy, leading to a global job crisis. Initially, many financiers and economists forecast decoupling of the markets between the industrialized and developing countries. But this has not been the case. The financial and economic crisis has had profound negative impacts on other industrialized countries, and beyond in developing countries. Though the overall macroeconomic performance of bigger emerging developing countries is now on a stronger recovery track (in August 2010), the industrialized countries are still putting their economy back in order – both in terms of growth, but more importantly, of the job market.

While many more men have lost jobs in the US and European countries, especially in manufacturing and construction sectors, showing the depth of the economic crisis, women workers who are more concentrated in service sectors have also been affected as the impact has further spread to the other parts of the economies. The fact that many more men have lost jobs does not necessarily mean that women have been less negatively affected in the wake of the economic crisis. The key issue here is that women had more disadvantaged positions in the labour market, in general, not only in the industrialized countries, but also in developing countries, even before the economic crisis hit. Furthermore, the overall economic deterioration occurring as a consequence of job losses and the reduction of household earnings could have gendered impacts on various members of households. This is due to the gender division of both paid and unpaid work, also with gender bias impacting upon the allocation of intra-household resources and time. There is, therefore, a clear need to analyse the impact of the crisis on the world of work with a specific gender perspective.

As we have seen in the past economic and financial crises, in all countries, due to persistent gender gaps, even in those cases where gaps are decreasing in the labour market, the current crisis has affected various social groups differently depending on their gender and where they have worked, in terms of economic sectors. In particular, those youths, women and migrants, especially those who had been working in precarious conditions, have been hit first by the downsizing or closure of enterprises in the economic slowdown, which has been seen in many countries. Given about half of world's migrant workers are women; we would also need to see how the economic crisis has impacted upon women and men differently. The impact has not been limited to formal sector jobs. Those workers in the informal economy, where women are often over-represented in many countries, have also been negatively affected.⁷

This paper examines the gender dimensions of the impact of the global economic crisis on the world of work. The second section will outline the gender dimensions of transmission mechanisms of the effects of the crisis. Section Three will briefly review the global economic trends. Section Four will review the overall gendered impact of the crisis on the world of work, with a focus on the recent gendered trends of unemployment and vulnerable employment,⁸ which are key indicators of the health of labour markets. Section Five will analyse the gender dimensions of the impact of the crisis on the world of work, as well as responses to-date in Cambodia and Mauritius, where women workers in textile and clothing (T&C)

⁷ Horn, Zoe Elena (2010), 'Effects of the global economic crisis on women in the informal economy: research findings from WIEGO and the Inclusive Cities partners', *Gender & Development*, 18:2, 263–276.

⁸ For the definition of 'vulnerable employment', see Section 3.2.

sector have been disproportionately affected. Section Six will spell out how to integrate gender issues in the policy response. Finally, the paper will end with key policy implications and conclusions.

2. Gender dimensions of transmission mechanisms in the global economic crisis

Financial market crunch has affected financial markets worst in the countries where the crisis originated, the United States and United Kingdom, followed by other European countries where governments have had to intervene on a massive scale, in order to avoid a potential global financial catastrophe not seen since the Great Depression. The crisis was triggered by the bursting of the housing bubble in the US, which in turn was created by the excesses based on the increasingly deregulated financial market, in particular, of the financial instruments such as derivatives and consumer credit markets. As the crisis has ensued, the cost of borrowing has shot up and banks have become more stringent in lending across the board. Many small businesses have been suffering from the lack of capital to operate their businesses. Two years on, the world's major financial markets have stabilized, but their recovery remains fragile in the face of a looming sovereign debt crisis which threatens the future macroeconomic stability in the industrialized countries. Given that women, especially poor working women, have little or less access to financial resources than men, in particular, from the formal financial institutions, a tight financial market is generally bad news.

Impacts on the real economy: As the financial crisis has deepened, it has become clear that it has had huge impact on both the production and consumption of economies. Export-oriented countries, both industrialized and developing, have experienced substantial declines in export levels due to a drastic reduction in the demand from the larger economies, the US and EU. Manufacturing production levels have been impacted not only by the reduction of liquidity in the financial market, but also by the reduction of consumer demand, both domestic and external. Women's businesses are, on average, smaller than men's, which makes them particularly vulnerable to downturns. In fact, many small businesses have already gone bust.

Narrowing fiscal space for development: with massive bail-outs of financial institutions and spending on recovery packages by governments in industrialized countries, on top of lower tax revenues in the economic slow-down, the fiscal space of developed economies are severely constrained. Developing countries' already narrower fiscal space has been further constrained in the global economic crisis, while the crisis could also negatively impact on the donor countries' capacities to provide overseas development aid.⁹ There is a fear that both public investments and social expenditures would be reduced, which could have disproportionate negative

⁹ The total net (excluding the loan repayments) DAC-ODA level increased by 0.7 per cent, but the total gross level decreased by 0.7 per cent between 2008 and 2009. Among the major donors, the UK and US increased the gross total ODA levels by 4.6 per cent and 12.2 per cent respectively, while Germany and Japan reduced their levels by 14.8 per cent and 14.9 per cent, respectively. The OECD forecasts optimistically an increase in total ODA level from 31 per cent to 36 per cent of gross national income (GNI) of OECD-DAC in 2010. (OECD, 14 August, 2010.) However, the World Bank is forecasting a more pessimistic scenario of declining ODA trends, due to the overall tightening of both government budgets and international financial markets (see World Bank's Global Economic Prospects, June, 2010 <http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/EXTGBLPROSPECTSAPRIL/0,,contentMDK:20371202~menuPK:659178~pagePK:2470434~piPK:4977459~theSitePK:659149~isCURL:Y~isCURL:Y,00.html>).

impacts on women and children, who rely on common public goods and services funded by public social expenditures and sectoral subsidies, investments in health and education, as well as social services.

Labour market – Job crisis: all regions have seen a decline in employment-to-population rates, and many countries have recorded higher unemployment rates,¹⁰ as a consequence of the labour-demand decline, which have followed the economic/consumer demand decline. What started as a financial crisis has led to a job crisis in many countries, in particular, in the US, some European countries, especially those with housing bubbles such as Spain, as well as export-oriented developing economies. Developing countries with mono-production/exports, in particular in labour-intensive manufacturing such as T&C, have been particularly negatively affected by the downturn in the international trade. How women and men have been affected differed from country to country, depending on the gender composition of the labour force and which sectors have been most affected. Where a labour-intensive export industrial sector has been negatively affected, women have tended to be more disproportionately affected, given the higher concentration of female workforce in the sector, as seen in Cambodia and Mauritius.

Impact on migrant workers and remittances: as seen in the industrialized countries and the Middle East, in countries where there is a substantial number of (mostly male) migrants working in such sectors as manufacturing and construction, they are the first to be retrenched, or their contracts being terminated, as construction has come to a halt due to the lack of financial resources.¹¹ For the sending countries, this would mean a decline in remittances and overall national income, as well as loss of jobs for those migrant workers who are being sent back home. At the household level, this would mean reduced/loss of income for the families back home. About half of the world's migrants are women, and how women and men migrants have been affected also would depend on which sector they have worked in. So far, it seems that there has been a larger number of men migrants being sent back home (for instance from the Gulf States to South Asia), than women, as women migrants tend to work in the care and services sectors which have not initially been negatively affected. However, there have been some cases where women migrants working in the manufacturing sector have been retrenched and sent back home.¹² Generally speaking, given the tightening of migration permits of some countries, this is likely to have negative impacts not only on men workers, but also women in both medium and long term.¹³

Social and poverty impacts: As has been seen during the Asian financial crisis in the late 1990s, the poorer sectors of the population of countries are least capable of coping with economic shocks.¹⁴ Historically speaking, the recovery of labour market takes five to six times longer than the overall economic recovery,¹⁵ and this means that the long-term impact of the global economic crisis on the poor and

¹⁰ ILO: *Global Employment Trends, January, 2010* (Geneva).

¹¹ ILO: The Sectoral dimension of the ILO's work; The current global economic crisis: Sectoral aspects, Governing Body 304th Session (GB.304/S/STM2/2) (March 2009, Geneva).

¹² Pollock, Jacke and Ling Aung, Soe (2010): 'Critical times: gendered implications of the economic crisis for migrant workers from Burma/Myanmar in Thailand', *Gender & Development*, 18:2, 213–227.

¹³ ILO: Factsheet on the Impact of Economic Crisis on Immigration Policies (September 2009, Geneva). See also IOM: *Policy Brief – The impact of the global economic crisis on migrants and migration* (March 2009, Geneva).

¹⁴ UN: Emerging issue: The Gender perspective of the financial crisis, 53rd Session of Commission of the Status of Women, 2–13 March, New York (March, 2010).

¹⁵ ILO: *The World of Work Report, 2009; The global jobs crisis and beyond* (Geneva).

vulnerable is a major concern. The prolonged impact of the crisis is likely to jeopardize the poor developing countries' ability to achieve many of the Millennium Development Goals. Given that women workers form the bottom rung of the world's working poor,¹⁶ the global economic crisis could have a long-lasting negative socioeconomic impact on the most vulnerable parts of the population, particularly the female population.

When the resources and incomes available to poor households are being reduced due to the crisis, women and children are likely to be worst affected. There have been reports of children dropping out of school as parents cannot afford to have them remain there, which would have an inter-generational impact on poverty.¹⁷ If parents have lost jobs or cannot earn sufficient income for the household, young women and girls can suffer disproportionately more, in terms of access to food and health provisions, due to gender bias against females within the households, which persists in many poor developing societies.

Impact on well-being of girls and women: As has been seen in the past financial and economic crisis, even when women may not be directly affected by the reduced employment and income opportunities as workers, they tend to increase the hours of both productive and reproductive work, in times of crisis as a household-level coping mechanism. Hence, those women who had not been previously engaged in remunerated work would try to seek income and job opportunities outside the household, in order to compensate for the loss/reduction of overall household income, when their male family members lose jobs or reduce their working hours. This is called 'additional workers' effect'. Furthermore, because mothers have to increase their hours of remunerated work, female children are likely to face a high risk of being withdrawn from schools, in order to take care of younger siblings and sick family members, undertaking unpaid work – replacing the mother's role in the household. The reduction of income at the households could cause excessive hours of both paid and unpaid work (such as collecting water and fuel and caring families), having negative impact on the well-being of poor working women and girls. This could also be exacerbated by the cuts in the public expenditures financing public services and investments in infrastructures for improving water and energy access.¹⁸

The most critical impact of the 2008 financial crisis has been on the overall reduction of employment and income for the poor, and related impact on the well-being of the workers who have lost both their jobs and their families. The job crisis continues in industrialized countries, but compared to these countries where there is better coverage of social protection systems, given the lack of social floor and the limited coverage of social protection in developing countries, those who have lost jobs or income have been experiencing much more severe socio-economic consequences. The next section will review the overall macroeconomic trends – the demand side trends.

¹⁶ Heintz, J.: *Globalization, economic policy and employment: Poverty and gender dimensions* (Geneva, ILO, 2006)

¹⁷ Mosel, L. and Sarkar, U.: *Note on Impact of the global financial and economic crisis on child labour and youth employment* (Bangkok, ILO, April, 2009)

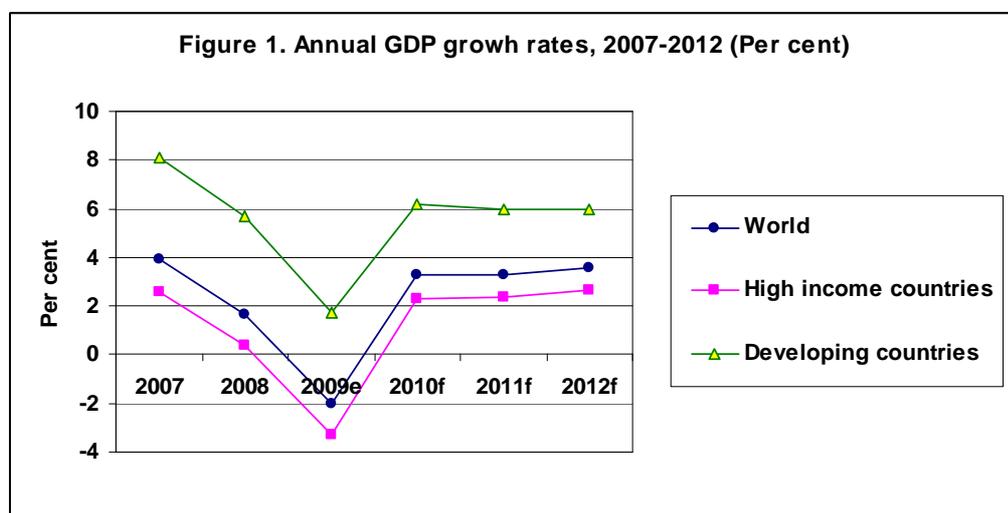
¹⁸ See, for instance, the compilation of country specific evidence on the impact of Structural Adjustment Policies implemented in a large number of countries in the wake of global debt crisis, in Sparr, Parmela ed., *Mortgaging women's lives; Feminist critiques of structural adjustment*, 1994, Zed Books (London) (copyright UN, New York).

3. Global economic growth trends¹⁹

3.1 Trends in economic growth

As this paper was being developed, the 2009 real global economic growth rate was forecast at -2.2 per cent, as most of developed countries saw a negative growth in 2009, while developing countries had also seen a slowdown in their growth rate. Nonetheless, 2010 is expected to see positive global economic growth rate of 2.7 per cent. The World Bank's growth estimate for high-income countries stood at -3.3 per cent in 2009, with Japan which saw a reduction of GDP by -5.2 per cent, with the US at -2.4 per cent, and the Euro area at -3.9 per cent in 2009. Whereas, in 2010, the US economic growth is forecast at 3.3 per cent, Japan at 2.5 per cent and the Euro Zone a weaker 0.7 per cent.

In developing regions, East Asia and the Pacific also recorded slower growth rates, of 7.1 per cent – down from 8.5 per cent in 2008. South Asia recorded a growth rate of 7.1 per cent in 2009, which was led by the robust growth of India (7.7 per cent), though slower than in 2007 (8.5 per cent). The Latin America and the Caribbean region saw a GDP decline of -2.3 per cent in 2009, also down from 4.1 per cent in 2008. Nonetheless, across all developing regions, they are expected to see much stronger economic growth than in developed regions, with the East Asia and the Pacific region leading the growth with 8.7 per cent, followed by South Asia's 7.5 per cent, thanks to a very strong economic growth in India and China respectively. But, slightly weaker economic growth of 4.5 per cent is expected in the Latin America and Caribbean region, but the figures are higher than in industrialized countries. The global deceleration of economies was dramatic, while the recovery has taking more time, though the 'global depression' has been averted, thanks to the government intervention of a massive scale (Figure 1).



Note: e: estimate, f: forecast
(Source: World Bank, January and June, 2010)

¹⁹ World Bank: *Global Economic Prospects 2010: Crisis, Finance, and Growth* (World Bank, January, 2010) and World Bank: Table 1.1 The Global outlook in summary, 2008–2012.

3.2 Impact of economic crisis on trade and remittances in developing countries

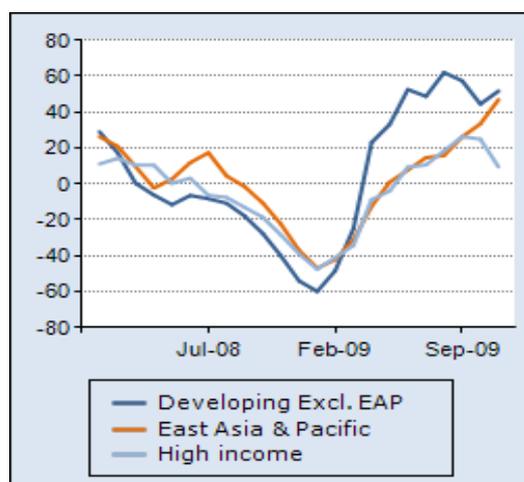
World trade has also been drastically affected by the global decline of demand – by March 2009, global trade volume was down by 22 per cent indicating the magnitude of the downturns in the major markets of the EU and the US. As of October, 2009, world trade recovered, but still was 2.8 per cent lower than the pre-crisis level.²⁰ In some developing countries there has been a substantial decline in their exports due to the declined demand in these major markets. Countries which have been engaged in mono-products manufacturing, particularly in labour-intensive manufacturing such as T&C, this has caused massive substantial retrenchments of workers, particularly, of women. According to the World Bank estimates, in general, global trade volumes declined by 17.6 per cent in 2009, and due to the weakened

Figure 2. Annualized quarterly increase in import volumes, per cent growth, Jul. 2008-Sep. 2009



(World Bank, January, 2010)

Figure 3. Annualized quarterly increase in export volumes, per cent growth Jul. 2008-Sep. 2009



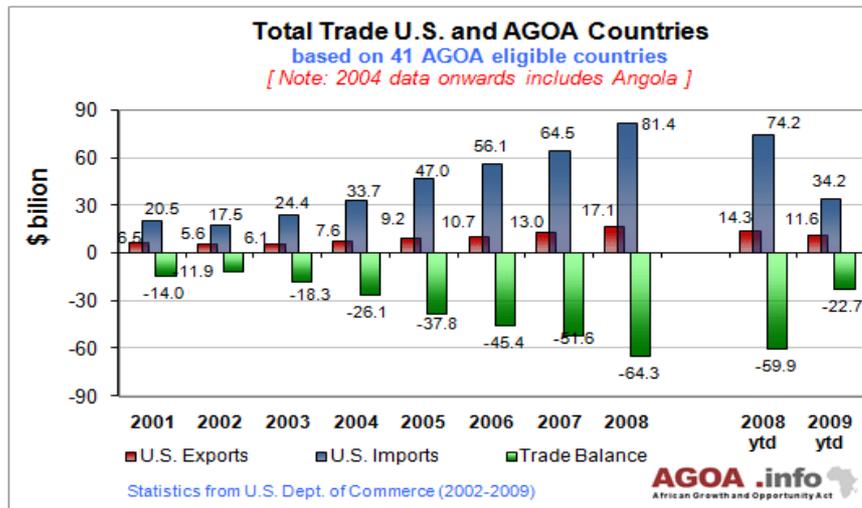
(Source: World Bank, 2010)

²⁰ *Ibid.* p. 36

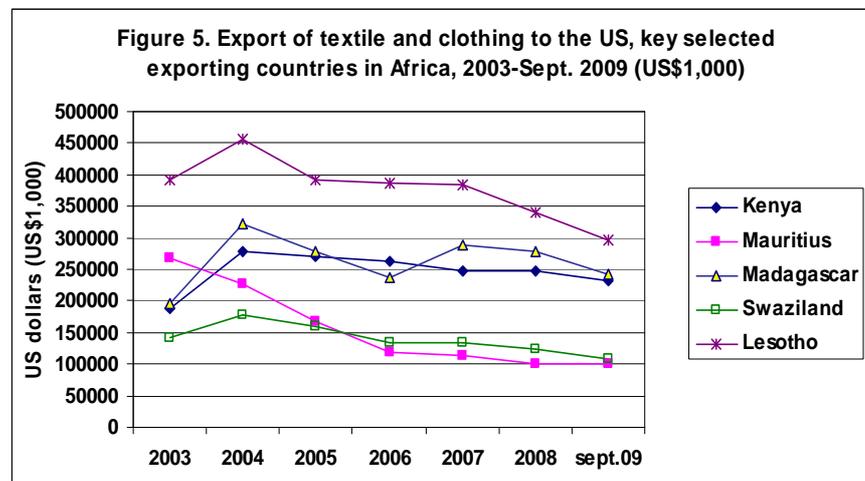
overall global economy and demand, it is expected to grow by 4.3 per cent, which meant that globally total trade would be 5 per cent lower than its 2008 peak.²¹

In Africa, under the framework of African Growth Opportunity Act (AGOA), which provides trade privileges of exemption of import taxes and source of origin to poor African countries for their exports to the US, the total imports from AGOA countries to the US declined substantially from \$81.4 billions at its peak period in 2008 to 34.2 billion by the end of 2009 (Figure 4).²²

Figure 4.



(Source: AGOA.info, January, 2010)



(Source: AGOA.info, January, 2010)

In a number of developing countries, labour-intensive manufacturing for export has been one of the key drivers of the increase in women's wage employment opportunities. In Africa, the overall level of export of T&C to the US, for which women constitute a large majority of workers mostly being engaged in low-skilled jobs, has also been negatively affected in the global economic downturn (Figure 5).

²¹ *Ibid.* p. 37

²² AGOA.info (http://www.agoa.info/index.php?view=trade_stats&story=all_trade accessed in January, 2010).

In fact, since the end of Multi-Fibre Arrangement (MFA)²³ in January, 2005, the overall T&C exports to the US under AGOA have seen a steady decline. However, compared to the levels in 2007, in all these countries above, the levels of export to the US have been negatively affected in 2008–2009. In particular, the export levels have seen a further substantial decline since 2008 in Lesotho, Mauritius and Swaziland. In Madagascar, the level slightly recovered in 2007, but was again negatively impacted upon since 2008, seeing a further export-level reduction to-date.²⁴ These declines are closely related to the overall import/demand declines for T&C products in the US, as the result of the financial and economic crisis in the country.²⁵

In all these countries a large majority of workers in the sector are low-skilled women who work in basic working conditions. Women are highly concentrated in the T&C sector, as their employment opportunities are in a more limited range of sectors and occupations, compared to men's. Indeed, the T&C sector is often the only and largest formal employer for women in such countries. The implication of these export declines on the women's employment will be later discussed.

Remittances had been also a major source of foreign exchange in many developing countries. While globally speaking, the level of remittances had been more stable than the trade, 2009 was to see an overall decline by 6.1 per cent. This reflected difficult labour-market situations in the immigration-receiving countries, where the migrant workers tended to be the first to be retrenched. For instance, according to the World Bank, Central Asia was expected to see a slowdown of remittances by 15 per cent in 2009. However, the levels of remittances to South Asian countries, such as Bangladesh and Pakistan, increased by 16 per cent and 27 per cent respectively, thanks to favourable policies on remittances adopted, for instance in Pakistan.²⁶ Nonetheless, given the continued stagnation of the labour markets and tighter control of migration in high-income countries, in addition to unknown trends of currency exchange rate risks, the overall levels of remittances in many developing countries are likely to suffer from a slow recovery in 2010 and 2011.²⁷

²³ The Multi-Fibre Arrangement refers to the multilateral frame agreement adopted under the WTO trade negotiation. The MFA, which was to allow restrictions and quotas on garment textile trade, was to be gradually phased out by 2005 (see WTO's Press Brief on Textiles, 1996: http://www.wto.org/english/thewto_e/minist_e/min96_e/textiles.htm, accessed on 15 June, 2010). Due to the high concentration of women workers in the textile and garment sector, the end of MFA had a lopsided negative impact on women's employment and income in many developing countries.

²⁴ The imports from Madagascar to the US under AGOA were suspended for political reasons as at the end of 2009 by the US Government.

²⁵ According to the International Textile, Garment, and Leather Workers' Federation (ITGLWF) some 8,000 textile, clothing and footwear production units in emerging economies had closed since June 2008 with more than 22 million jobs lost, and a further 3 million workers on part time, out of a globally estimated apparel and textile workforce of 60 million (ILO: The Sectoral dimensions of the ILO's work: Update of sectoral aspects regarding the global economic crisis (GB.306/STM/1, November, 2009)).

²⁶ However, this trend is counter-intuitive, given that millions of South Asian (mostly male) construction workers have been reportedly displaced in the Gulf States (Stratfor: Gulf States Labor Policies, financial Crisis and Security Concerns (February 24, 2009)). It is also possible those departing male migrants sent all the savings back home, as they were being repatriated from the receiving countries in the Gulf.

²⁷ World Bank, January, 2010, *Op. Cit.*

4. Gender differentials in the impact of global economic crisis on the world of work; regional trends in unemployment and vulnerable employment

Across the world, while some progress had been made in narrowing the gender gaps in the world of work, even before the global economic crisis hit, there remained persistent ascribed gender roles that affected the patterns of both paid and unpaid work. Women continued to be under-represented in highly remunerated jobs, in senior positions of establishments, and over-represented in informal²⁸ and more precarious and 'atypical'²⁹ work with lower pay and inferior working conditions compared with men. Women have also been over-represented among the working poor and being affected by decent work³⁰ deficits. More than half of women's employment was in 'vulnerable employment' – a combined category of employment status of both 'own-account work' and 'contributing family work'.³¹ Such work is characterized by low productivity (return for labour), drudgery (in terms of working hours and working conditions), lack of access to social protection and basic workers' rights. Those who are engaged in vulnerable employment are mostly rural and informal workers, among whom women form a large majority.

Women and men are affected differently by economic downturns, and the patterns of the impact on employment vary depending on which economic sectors are being affected, where women and men work. In some developing countries of early stages of industrialization, which have labour-intensive manufacturing, such as textile and garment, footwear, food processing and electronic machineries, there tends to be higher concentration of women in such sectors. Men are more in concentrated in heavier manufacturing, construction and mining. The levels of job losses, therefore, would depend on which sectors are most impacted upon in the global economic crisis in a given country. The past evidence also shows that women and men experience the economic downturn differently due to the gender division of paid and unpaid work.

Given that the economic trends directly impact upon the patterns of employment both in terms of quantity and quality, this section will, in particular, examine how the current global economic crisis has had gendered impacts on the levels of unemployment and vulnerable employment. These are key labour market indicators that demonstrate the health of the world of work in conjunction with the health of a given economy. While unemployment rate is not a very good indicator for measuring the nature of labour market in developing countries, due to the high level of informality and the fact that 'not working' is not an option for the working poor, open unemployment, in particular of the educated youth for instance, remains to be a great concern. Vulnerable employment is a combined category of

²⁸ 'Informal work' here refers to work undertaken without legal protection, typically without social protection or social security benefits, or work undertaken in unregistered (or informal) enterprises or cooperatives. (See statistical definition in 'Guidelines concerning a statistical definition of informal employment' (17th International Conference of Labour Statisticians): http://www.ilo.org/global/What_we_do/Statistics/standards/guidelines/lang--en/docName--WCMS_087622/index.htm.)

²⁹ 'Atypical' here refers to such employment status as part-time, home-based, home work and casual (i.e. with a short-term or 'temporary' contract).

³⁰ ILO: *Decent Work* – work undertaken in conditions of equity, freedom, dignity and human security (Geneva, 1999).

³¹ ILO: *Women in labour markets: Measuring progress and identifying challenges* (Geneva March, 2010).

employment status of ‘contributory family work’ and ‘own-account work’, and these are the typical employment statuses of those who work in informal and rural economies. Indeed, in the aftermath of economic crisis, globally, the numbers of those in both unemployment and vulnerable employment have been on the increase.

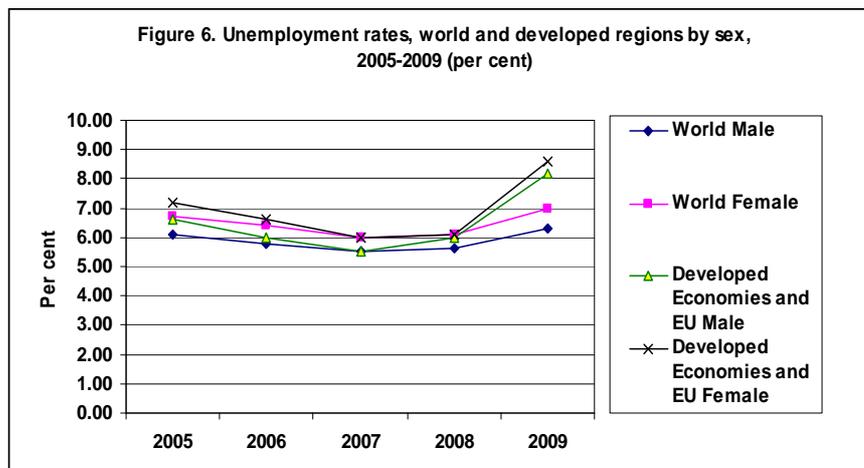
4.1 Unemployment trends

In the current job crisis, in most developing countries, women in export-oriented labour-intensive manufacturing (in particular in T&C, footwear and assembly of electronics) and tourism are among those most negatively impacted. Women who have worked in services sectors such as domestic services and health have fared better in keeping their jobs. Men typically have worked across a broader range of sectors than women, but they tend to be more represented in such sectors as construction, mining and heavy manufacturing, which have been heavily affected by the economic crisis in many countries, especially in the onset of the crisis. This meant that unemployment has impacted men more so than women in these sectors. However, as the crisis has ensued, the impact has spread to other sectors where women have also worked, and the overall patterns of gender gaps in the unemployment rates have not substantially changed, but the global female unemployment rate has remained higher than men’s with regional variations.³² We shall examine the gendered regional unemployment trends hereunder.

4.1.1 Developed economies

In high-income countries, generally speaking, in the past male unemployment was generally lower than female unemployment. But since the global economic crisis hit, initially male unemployment rate increased faster than female unemployment in the developed economies, showing the convergence between the two groups. But as the crisis has deepened having ripple effects across economies, 2009 was expected to show a higher increase in the female unemployment rate than for the male (Figure 6).³³

By the fourth quarter of 2009, the US announced the first reduction of the number of additional people seeking unemployment benefits since October 2008. The US had the largest share of the increase of the unemployed – the ILO estimated



Note: 2009 figures are preliminary estimates. (Source: ILO, 2010)

³² ILO: *Global Employment Trends*, January, 2010 (Geneva).

³³ *Ibid.*

the US accounted for 49 per cent of the unemployment increase in the 30 developed economies where the data were available.³⁴ The unemployment rates for women and men had very little difference in 2007, but since the fourth quarter of 2008, while both rates had been increasing, the male unemployment rate had been growing faster, indicating a larger number of men have become unemployed, compared to the number of women. A study showed that there had been an increasing number of households with one female wage earner in the US.³⁵ The female unemployment rate had been lower than male unemployment rate in the past, but has been rising since the economic crisis hit the country.

In continental Europe, for the first time, after two years of a continuously higher female unemployment rate than for men, the rate had been converging with men's, for example, in France and the Netherlands. This was because the male unemployment rate had been increasing faster since late 2008, indicating the depth of the global economic crisis. In Spain, of which the labour market (where shares of construction and manufacturing were substantial in male employment, while shares of wholesale, real estate and communication/transport were high in women's employment) had been one of the worst hit by the economic crisis in continental Europe, the female unemployment rate stood at a higher 13.0 per cent, compared to the male rate of 10.1 per cent, with the latter having increased a faster 3.7 percentage points than women's 2.1 percentage points in 2008.³⁶ This was the case despite the bursting of the bubbles in the construction sector and decline in manufacturing sector, where many more men were employed, which would have affected a more number of men. Indeed, the overall unemployment levels were higher in Spain than in the US. Generally speaking, developed economies and EU countries are expecting further increases in the unemployment rates for both women (8.5–8.7 per cent) and men (8.1–8.3 per cent) in 2010, but women facing higher unemployment rates,³⁷ indicating the widespread impacts beyond construction and manufacturing sectors, which were initially hardest hit.

4.1.2 Central and South Eastern Europe (non-EU) and CIS

In the Central and South Eastern Europe (non-EU) and CIS, some countries have seen more severe economic downturns than others, affecting the labour market negatively. At the regional level, the male unemployment rate remained unchanged in 2008, but was expected to rise substantially to between 10.3 and 10.9 per cent for men by in 2009. Similarly, female unemployment rate had remained at 8.1 per cent in 2008, but was expected to increase to between 9.6 and 10.2 per cent in 2009. In this region the gender gap in unemployment had been very narrow, but male unemployment was expected to rise slightly more than the female rate, due to men's higher concentration in the manufacturing and construction sectors, which had been more heavily affected (Figure 7).

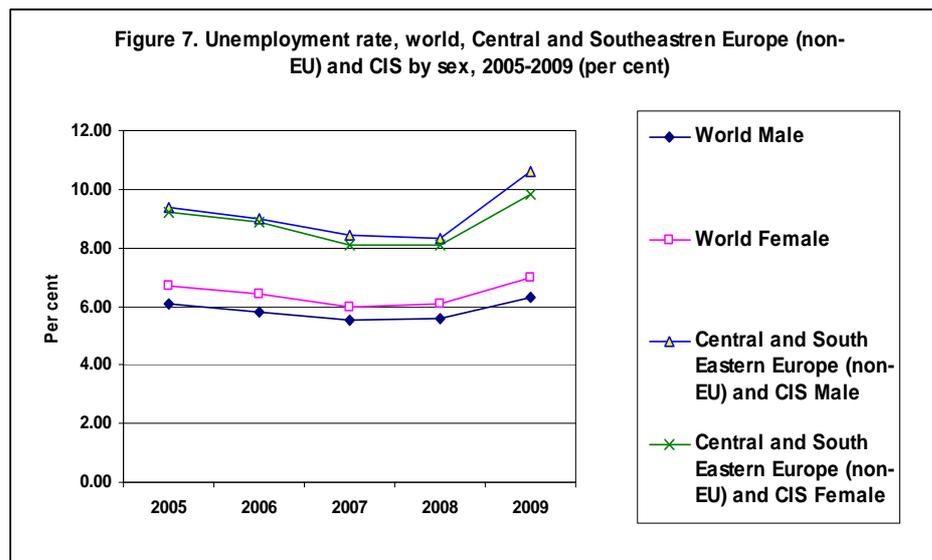
In particular, the unemployment rates were to increase in the Baltic States and Hungary, where they had seen major financial problems of the collapse of the real-estate market, capital flight and heavy exposure to the foreign currency risks related to the construction sector.

³⁴ *Ibid.* (Geneva ILO), p. 38.

³⁵ Centre for American Progress: Website – Women Breadwinners, Men Unemployed, 2009.

³⁶ ILO Laborstat database, Geneva.

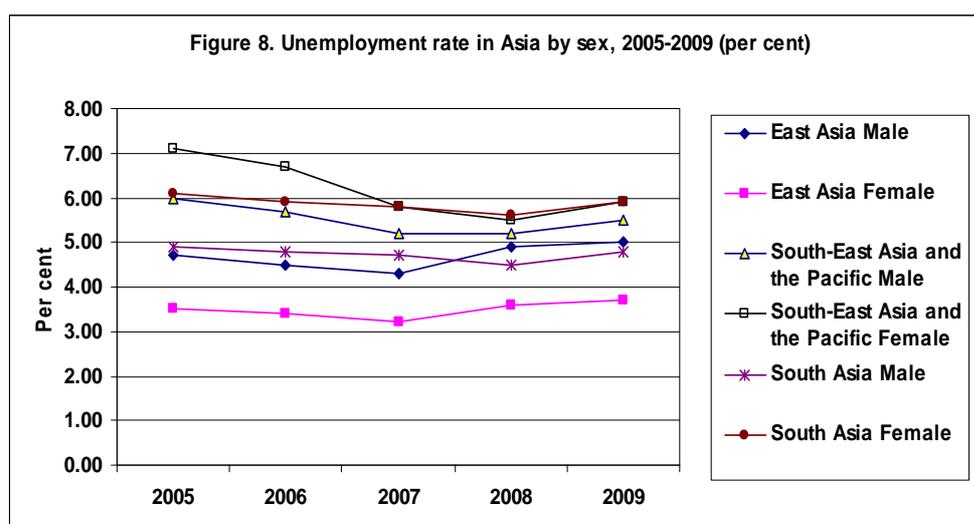
³⁷ *Op. Cit.* (Geneva ILO, January 2010)



(Source: ILO, 2010)

4.1.3 Asia and the Pacific

In developing countries, again, gendered unemployment patterns vary from one region to another. In East Asia, where the unemployment rates have been historically lower than in the other sub-regions, showing the sub-region's continued robust economic growth, represented by China; female unemployment had been slightly lower than that of men's. Between 2007 and 2008, the female unemployment rate went up to 3.6 per cent from 3.2 per cent (male unemployment rate from 4.3 per cent to 4.9 per cent). In Southeast Asia and the Pacific, the male unemployment rate remained unchanged at 5.2 per cent in 2008. The female unemployment rate, which had seen a declining trend since 2005, further declined from 5.8 to 5.5 per cent between 2007 and 2008. However, this was expected to increase to an estimated 5.9 per cent for 2009, while the male rate could increase to 5.6 per cent. During the past few years, the gender gap in unemployment rates had been narrowing, especially since 2008.



(Source: ILO, 2010)

Box 1. Impact of global economic crisis on Burmese/Myanmar migrant workers in Thailand

In export-oriented garment factories in the Economic Zone in Mae Sot on Thai–Burmese border, hundreds and thousands of Burmese migrants, mostly single women, work. The Thai government has been developing this area through an Economic Cooperation Strategy promoting trade and investment with Burma/Myanmar. When the economic crisis hit the factories, orders from the US and Europe dropped (-26.5 per cent year-on-year) in this boarder area. As a consequence, while some workers were retrenched and sent back to Myanmar, the levels of wages, which had been already low even before the crisis, further went down. Workers reportedly received far less than US\$75 per month in 2009, as compared to the average US\$90, or a higher US\$180 per month, at a peak time in 2008. Of the 331 migrant workers surveyed, 67 per cent stated that they found it increasingly difficult to save money, or 72.2 per cent said it was difficult to support their families. As for the job security, many more women who were engaged in ‘unskilled’ floor jobs were more likely to be retrenched, compared to those who were doing ‘skilled’ jobs of making samples for orders, making designs and the foremen. Throughout 2009, the migrant workers lived under tremendous strains of both the global economic crisis and the threats of mass deportations. The Thai Cabinet Resolution of 2008 on Migrant Workers was to allow migrant workers to register for the final time by 28 February 2010. Those migrant workers were pressured into having their nationality verified by the Burmese authorities. The restrictions on the migrant workers from forming unions in Thailand, had left them being caught in the economic crisis with very few options available to improve their working conditions. However, efforts were being made to link up with Thai trade unions and women’s movements.

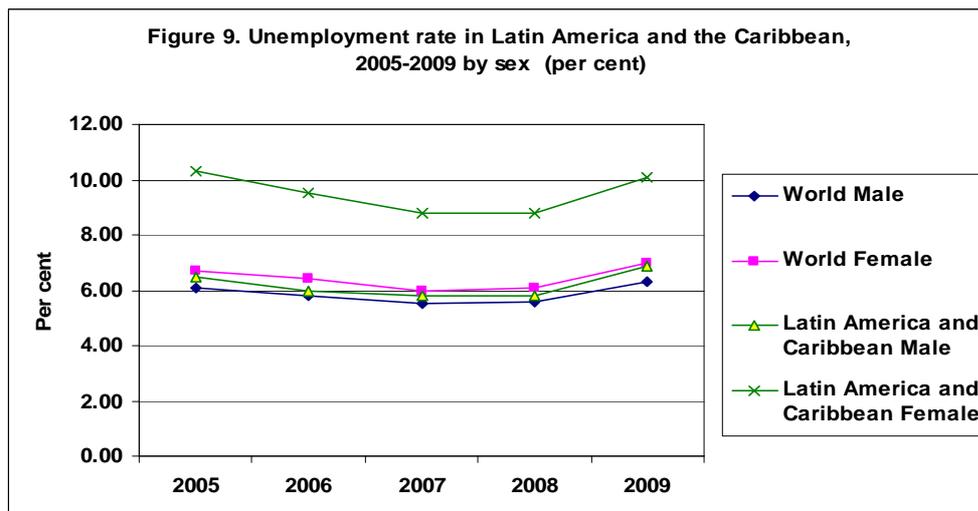
Source: Pollock, Jacke and Ling Aung, Soe (2010) *Op. Cit.*

As for South Asia, the female unemployment rate had been higher in recent years and this trend continued, though both female and male rates had been declining since 2005. Between 2007 and 2008, the female unemployment rate further declined slightly, from 5.8 to 5.6 per cent, and male rate from 4.7 to 4.5 per cent. However, the rates were expected to rise 1.2 and 0.6 percentage points respectively for women and men in 2009 (Figure 8 above). It should be noted that the level of informality in employment was rather high in South Asia, and for a large number of the poor, not working was not an option. The unemployment rate reflected those who were looking for work, but could afford to remain unemployed, which was often the case for the educated youth, particularly, young women. It is also noted that there had been a huge gender gap in the labour force participation rates in this sub-region – women at 34.8.1 per cent and men at 81.7 per cent in 2007,³⁸ due to a high inactivity rate for women, reflecting continued traditional views on the role of women and men in society.

4.1.4 Latin America and the Caribbean

In Latin America and the Caribbean, on average, female unemployment rates had been historically higher than male rates by 2–3 percentage points, which were bigger gender gaps than in Asia. Between 2007 and 2008, female unemployment rate remained at a higher 8.8 per cent, compared to men’s unemployment rate of 5.8 per cent in both years. The female unemployment rate

³⁸ *Ibid.* (Geneva, ILO January, 2010), Table A8.



(Source: ILO, 2010)

was expected to rise faster by 1.0 to 1.9 percentage points to around 10.0 per cent, whereas men's rate was likely to increase by between 0.7 to 1.2 percentage points to around 7.0 per cent in 2009 (Figure 9).

Behind the gender differences in unemployment rates in the region, there is a strong paternalistic culture which ascribes gender roles to women and men (i.e. women at home and men out at work), which continues to create a discriminatory environment against women's full and equal participation in the economy. This is also one of the developing regions where, historically, women's employment-to-population ratio has been increasing during the last 10 years.

Box 2. The impact of global economic crisis on women workers in export-oriented agribusiness in Ica, Peru

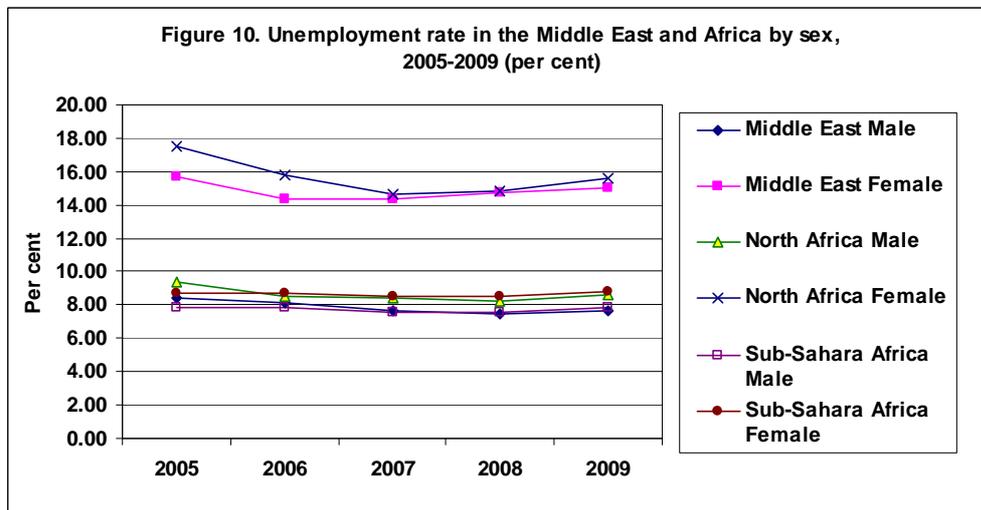
In Peru, the overall export agribusiness was worth US\$1,500 million in 2007. Many key export agricultural products, such as asparagus, oranges, paprika, lemon, avocados and grapes were grown in Ica by women farmers. The agricultural production from Ica accounted for 42 per cent of the total agricultural exports from the country. However, in 2009, the levels of agricultural exports went down by 16 per cent year-on-year, which was due to the demand reduction in Europe and the US. This was translated into a 30 per cent drop in the demand for labour in the export-oriented agribusiness sector. Women formed a large part of the labour force in the agribusiness in Peru, and the economic crisis had negative impacts on jobs, working conditions and livelihoods of those workers.

Women workers who were about to gain permanent positions after 5 years of work have been laid off. Some seasonal workers have had their contracts cancelled. Some women workers have also reported an increase in sexual harassment by their male supervisors. Even if women have been able to keep their jobs, the economic crisis has weakened their bargaining power with employers. In the region where 40 per cent of population lived under the poverty threshold (according to 2005 census), even prior to the crisis, there has been no shortage of women who are desperate to find work. The labour in the agribusiness sector is made up largely of temporary workers – the majority are women who could only gain permanent contracts after 5 years of continuous work in the farm (Centro Peruano de Estudios Sociales, 2009).

Source: Arguello, Reineira (2010) 'Securing the fruits of labours: the effect of the crisis on women farm workers in Peru's Ica Valley', *Gender & Development*, 18:2, 241–247.

4.1.5 Middle East and Africa

The Middle East and North Africa had historically lowest female labour force participation rates (24.8 per cent and 27.3 per cent respectively in 2007) in the world, and substantially higher female unemployment rates than for men. Over the recent years, unemployment rates for both women and men had been declining, but since 2008, both had been on a slight increase, due to the global economic crisis. Female unemployment rate for the Middle East and North Africa were 14.4 per cent and 14.6 per cent, or at double the rate of the men's 7.7 per cent and 8.4 per cent, respectively in 2007. Clearly, these data showed the difficulties that women faced in having access to employment and income opportunities – evidence of sex-based discrimination. The ILO estimated that female unemployment rates were expected to rise to as high as 16.0-16.5 per cent in both sub-regions, compared to male 8.1 and 9.2 per cent in the Middle East, and North Africa respectively with substantial gender differences (see Figure 10). In both these sub-regions, a minority group of women that were economically active were not being able to obtain jobs and income opportunities, searching for work but not getting any. In the aftermath of economic crisis, the situation was getting even worse.



(Source: ILO, 2010)

Box 3. The impact of global economic crisis on migration of Ethiopian women domestic workers to the Gulf

Migrant remittances are a key source of foreign exchange in Ethiopia. The level of remittances of US\$359 million surpassed the foreign direct investment (FDI), US\$223 million in Ethiopia in 2007, which would be worth 10–20 per cent of the GDP (World Bank, 2009). If the money sent by the migrants working in the Gulf makes substantial contribution to the economy, it also supports families and dependants to survive the economic crisis at home. Currently, some 30,000 women, which accounts for 96 per cent of the total regular women migrants, annually pass through either the public channel, or legally registered private employment agencies. Departing migrants are all required to be registered at the Ministry of Labour and Social Affairs (MoLSA) to work in the Middle East.

In 2009, a large majority of women migrant workers were single, between 20 and 30 years of age, and Muslim. Over a half had some secondary education, while 26 per cent were illiterate (MoLSA, 2009). Most earned US\$100–150 per month, working in harsh working conditions – in worst situations being on call 24 hours, 7 days a week, and working for 10–20 hours a day. Most sent a large part of

their salaries back home to their families – to support ageing parents, siblings and other family members. In 2009, however, due to economic crisis and increasing youth unemployment among the nationals in Saudi Arabia, restrictions on migrants were introduced by a labour nationalization policy. In July 2009, the Ethiopian government also introduced major amendments to the Private Employment Agency Proclamation of 1998, in order to 'better protect migrant workers, in particular women'. However, it was feared that with the requirement of a deposit between US\$30,000 and US\$50,000 with the government, making the private employment agencies legally liable for women they recruited, many more women might be recruited through illegal channels, instead. Ethiopia also saw a decline in the departure of migrants, in general, and the levels of total remittances went down by 20 per cent from US\$812 million in 2008 to US\$645 in 2009.

Source: Fernandez, Bina (2010), 'Cheap and disposable? The impact of global economic crisis on the migration of Ethiopian women domestic workers to the Gulf', *Gender & Development*, 18:2, 249–262.

In Sub-Saharan Africa, the unemployment rates for women and men were not substantially different, and remained relatively high at 7.6 per cent for men and 8.5 per cent for women in 2008. Here again, though female unemployment had been slightly higher than men's by one percentage point. The ILO estimates the overall female unemployment rate would go up to between 8.8 and 9.1 per cent, compared to between 7.8 and 8.1 per cent for men (Figure 10 above). However, as earlier said, the unemployment in Sub-Saharan Africa needs to be interpreted with caution, as 'not working' is not typically an option for the poor. Nonetheless, the high youth unemployment rate for women (12.4 per cent) and men (11.6 per cent) in 2009, which were double the rate for the adult work force's respective cohort, continues to be a major challenge.

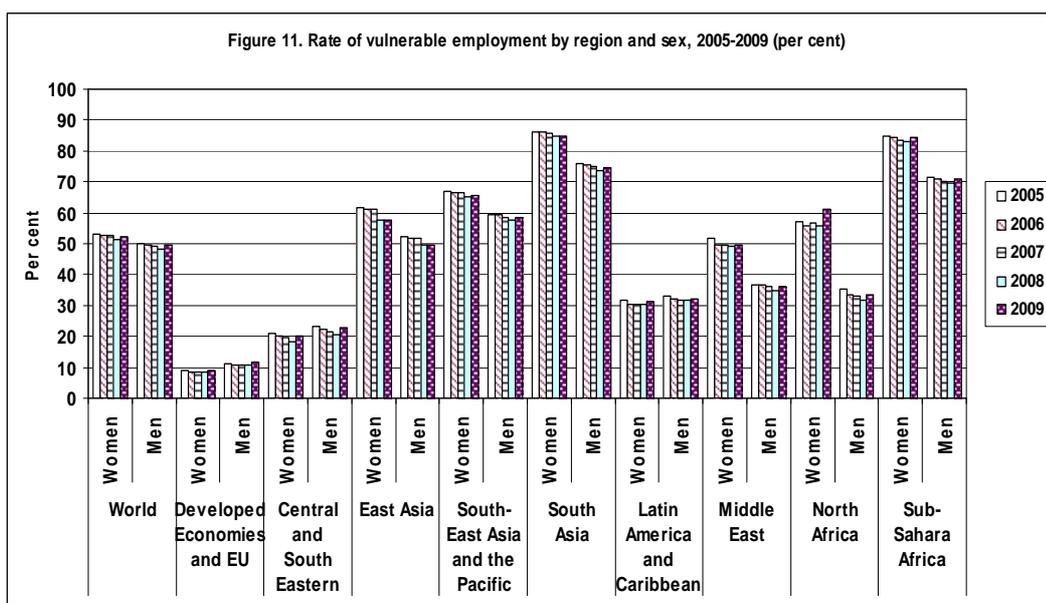
4.2 Vulnerable employment

Vulnerable employment is a relatively new concept that combines both 'own-account work' and 'contributing family work', both of which are employment statuses that are correlated to low levels of development and high levels of poverty.³⁹ Evidence shows that the poorer the region, the higher the rate of vulnerable employment. The ILO reports that the overall declining trends in vulnerable employment prior to the global economic crisis is reversing, and the world is likely to see an increased rate of those who are working in vulnerable category of employment by up to 2.9 percentage points for men, and by 1.7 percentage points for women compared to the levels prior to the economic crisis, though with a higher estimated rate of 54.3 per cent for women (51.9 per cent for men) in 2009.⁴⁰ This is the type of employment that is typically characterized by

³⁹ Here the two categories of employment statuses 'own-account work' and 'contributory family work' are defined as 'vulnerable employment', and such types of employment are prevalent in the informal urban and rural economies, which are characterized by low productivity, low remuneration, poor working conditions, and the lack of legal and social protection. This concept should be differentiated from 'flexible', 'precarious' or 'casual' employment, such as part-time or short-term (in terms of contractual status) employment undertaken in the formal sector, which can provide some legal or social protection, if not as fully as regular full-time employment. 'Vulnerable employment' is also used for keeping track of the overall working poverty levels in the UN's 2010 MDG reports. See 2010 MGD Report found (New York) at:

http://mdgs.un.org/unsd/mdg/Resources/Static/Products/Progress2010/MDG_Report_2010_En.pdf.

⁴⁰ *Ibid.* p.18.



Note: 2008 and 2009 figures are estimates.
(Source: ILO, January, 2010)

decent work deficits – higher economic insecurity and informality, low productivity, with low or no pay and no social protection in developing countries.

Across most regions, the share of vulnerable employment was higher for working women than for men, except in developed economies, the EU and Central and South Eastern Europe and CIS in 2008. Among the developing regions, South Asia had the highest level of vulnerable employment for both women and men in the world, and in particular, the rate was as high as 84.7 per cent for women and 73.8 per cent for men in 2008, and both rates were expected to rise up to 86.0 per cent and 75.6 per cent respectively in 2009, also reversing the declining trends prior to the economic crisis (Figure 11).

The region with the widest gender gap between women and men was North Africa (27.8 percentage points), followed by the Middle East (13 percentage points), Sub-Saharan Africa (13 percentage points) and in South Asia (10.4 percentage points) in 2009. In Latin America, about one third of both employed women and men almost equally worked in vulnerable employment, and there was very little difference between the two groups. The wide gender gaps in North Africa, Sub-Saharan Africa and South Asia are explained by higher percentages of women workers in contributing family worker status. Whereas in the Middle East, it is the combination of both own account work and contributing family work statuses accounting for the gender gap, with a substantially higher percentage, or 28.7 per cent of women workers being own-account workers, compared to men's 17.9 per cent in 2009.⁴¹

Across most regions, vulnerable employment rates were expected to rise in 2009, which implied increasing 'working poverty' – working, but earning less than US\$1.25 a day. The ILO estimated that in 2009, some additional 215 million workers, as compared to 2008, were to fall into working poverty in the worst-case

⁴¹ ILO: *Women in labour markets : Measuring progress and identifying challenges* (Geneva, March 2010)

scenario, reaching a global total of 849 million people working in poverty.⁴² While the number of those in working poverty could not be easily disaggregated by sex, by the fact that a higher share of women's employment was in vulnerable category of employment meant that women were more disproportionately affected than men by working poverty. This is worsening in the aftermath of the global economic crisis.

Box 4. The impact of economic crisis on women workers in the informal economy; reduced demand for goods and income

Research conducted between July and September 2009 by the Inclusive Cities Project by Women in Informal Employment, Globalizing and Organizing (WIEGO) in developing countries showed overall deterioration of employment and income levels of women workers in the informal economy (they interviewed 219 informal workers and 82 per cent were women). Waste-pickers interviewed in Pune, India, reported that between January and June 2009, the prices of waste materials had dropped between 5 and 7 per cent, with 77 per cent of them reporting a decline in their income. Whereas prices had dropped even substantially more by 42 per cent and 50 per cent in Bogotá, Colombia, and Santiago, Chile, respectively. Of the 52 street vendors interviewed, 62 per cent reported a decline in the volume of trade since January, 2009; 77 per cent reported a reduction of weekly profits; and 83 per cent reported an increase in business costs. Eighty-four per cent of own-account home-based workers reported that their monthly incomes had fallen during the first half of 2009, and 75 per cent also reported a reduction in the volume of trade. One third of these home-based workers worked longer hours than before, in order to maintain the profit margin.

Nearly 40 per cent of female respondents were the primary income earners in their household, and in other households, women's income made crucial contribution to the sustenance of their household income. The above survey results indicated that the income-earning burden on women seemed to be intensifying, as 20 per cent of respondents reported recent retrenchments of household members during the previous six months, and 40 per cent reported a drastic reduction of income provided by one or more members of the household in the same period. An increased number of informal women workers were supporting the entire family on less income.

Source: Horn, Zoe Elena (2010), 'Effects of the global economic crisis on women in the informal economy: research findings from WIEGO and the Inclusive Cities partners', *Gender & Development*, 18:2, 263–276.

We have seen the overall increasing trends in unemployment, vulnerable employment, and working poverty, in general, but in particular, for women. The vulnerability of women's employment remains much higher than that of men, particularly, in poorer regions, and given the total number of those workers in vulnerable employment rose in 2009, the further deepening poverty of the working poor, particularly, of working women, who were already in lower-paid work than men prior to the economic crisis, should be a major policy concern. The next section will examine the gendered impact of global economic crisis on the world of work in Cambodia and Mauritius, the two countries where women workers in the textile and garment sector have been negatively affected.

⁴² *Ibid.* p. 54, Table A12a.

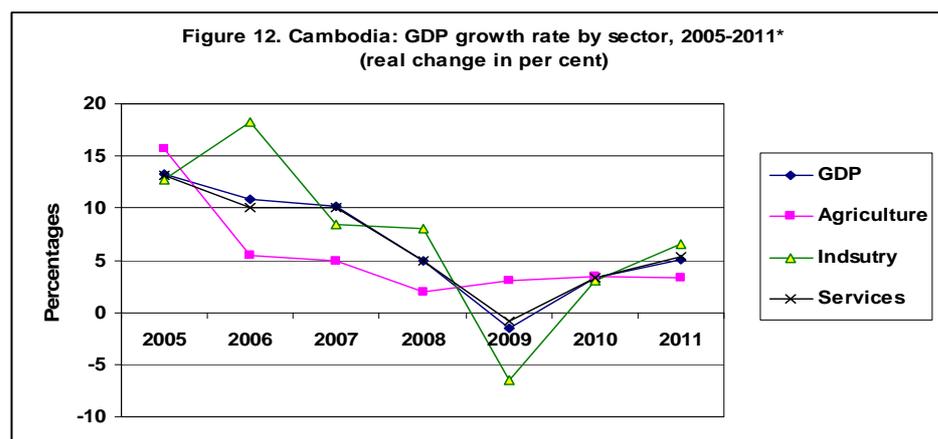
5. Gendered impact of global economic crisis on employment at country level

5.1 Cambodia

5.1.1 Economic trends

Prior to the global economic crisis, Cambodia had seen robust economic growth rates between 10.2 and 13.3 per cent between 2005 and 2007. In 2008 the rate shot down to 5.0 per cent, and 2009 was expected to see a negative growth rate, or -1.5 per cent (Figure 12). Due to the close link to the US market, the export levels had been substantially affected. After the peak at US\$1.3 billion, the third and fourth quarters in 2008 saw substantial declines in export levels. The export growth rates in 2007, 2008 and 2009 were 5.6 per cent, -12.0 per cent and 7.3 per cent respectively.⁴³ Of the total exports, the clothing sector constituted 70 per cent, and US imports from Cambodia declined by 21.7 per cent on a year-on-year basis in 2008. Nonetheless, the first quarter of 2009 saw a bounce back over the pre-crisis level of 2007⁴⁴ (Figure 13).

According to an early 2009 ILO study on the potential impact of the global economic crisis, the T&C sector was considered most vulnerable to external shocks, followed by construction, tourism, and real estate, due to its dependence on external markets/foreign direct investments.⁴⁵ The T&C sector which accounted for 16 per cent of the total GDP, and worth US\$2 billion, was expected to be affected most in the global downturn. The sector had been solely driven by the external market, in particular, by the US market. Furthermore, the end of restrictions on China by the US by the end of 2008 was expected to increase the international competition, hampering its growth in Cambodia. Given the owners of T&C companies were mostly from Taiwan (Republic of China), China (People's Republic of), Hong Kong, and South Korea, with the overall downturn affecting jobs in their home countries/territories, the allocation of work in Cambodia was expected to be reduced.⁴⁶



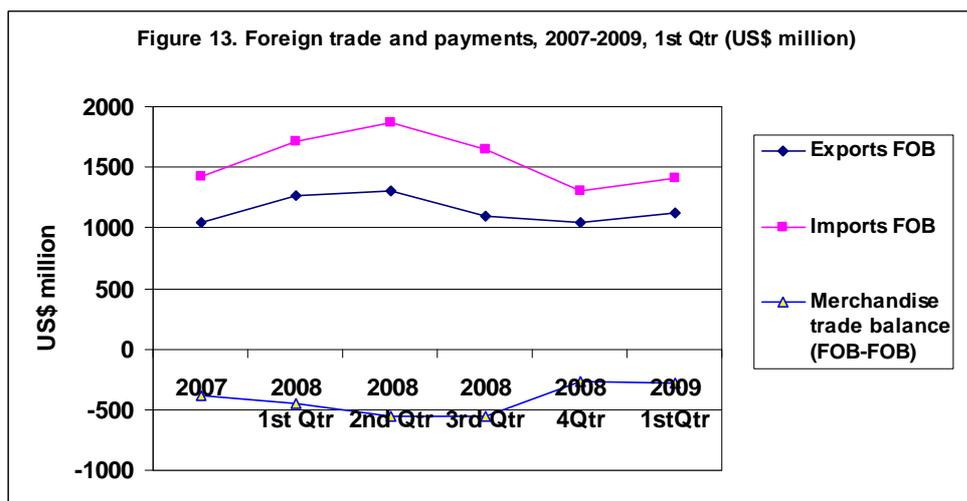
* 2009 figure is estimate, and 2010 and 2011 figures are forecast.
(Source: Economic Intelligence Unit, January, 2010)

⁴³ Economic Intelligence Unit: Country Report – Cambodia, January, 2010.

⁴⁴ IMF, International Financial Statistics.

⁴⁵ Chandrarat, K. Sina, S. Dannet, L., *Rapid assessment of the impact of financial crisis in Cambodia* (Bangkok, ILO March, 2009).

⁴⁶ *Ibid.*



(Source: IMF, International Financial Statistics.)

5.1.2 Employment trends before the economic crisis⁴⁷

The employment patterns in Cambodia even before the global crisis had been characterized by high levels of informality and vulnerability, and low productivity, hence substantial ‘working poverty’.⁴⁸ In Cambodia, 35 per cent of population lived below the national poverty line of US\$0.45 a day.⁴⁹ A large majority of the workers in the country were in the agriculture sector (over 60 per cent), and about a third worked in services. In 2008, the official numbers of Cambodian migrant workers in Malaysia and Thailand cited were over 13,000 and over 8,000 respectively.⁵⁰ However, in Thailand, the real numbers were likely to be much higher, if including undocumented workers.

Youth formed 70 per cent of the total population. About 300,000 new labour market entrants entered to the world of work, but only some 20–30,000 jobs were newly created per year.⁵¹ Given that not working was not an option for a large majority of the poor, the unemployment rates for both women and men were relatively low. The 2000–01 Labour Force Survey (LFS) figures were basically at negligible level of between 1–2 per cent, but 2004 LFS indicated a higher 7.5 per cent for women and 4.4 per cent for men. The key employment challenge in Cambodia was the lack of decent and productive employment and income opportunities, and a high rate of informality (estimated 85 per cent of labour force was informal) of employment, which had been further negatively affected in the aftermath of the global economic crisis.

Despite being driven by garment exports, the rapid growth of the industrial sector in Cambodia had not boosted overall employment enough to raise the aggregate measure of employment elasticity. The employment elasticity per 1 per cent of economic growth, between 1998 and 2004, was 1.025 for agriculture, 0.626 for industry and 0.539 for services. While garment production was labour intensive, it accounted for a small proportion of total employment (an estimated 4 per cent). Slow growth of the service sector had not produced enough jobs to make a significant contribution to employment growth. Although the agricultural sector

⁴⁷ Unfortunately, the labour force data in the post economic crisis period is not yet available.

⁴⁸ See the definition of ‘working poverty’ in the previous section.

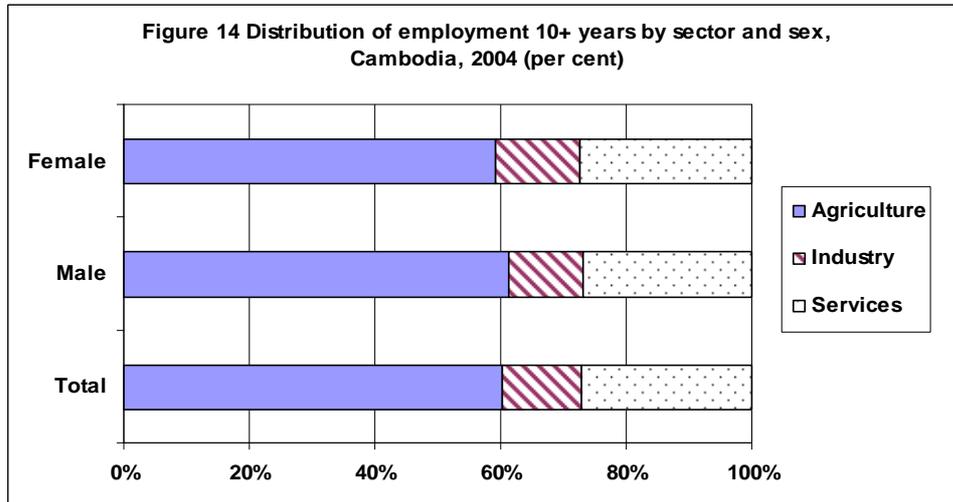
⁴⁹ World Bank: 2006 Poverty Assessment.

⁵⁰ Information provided by an ILO project on migration.

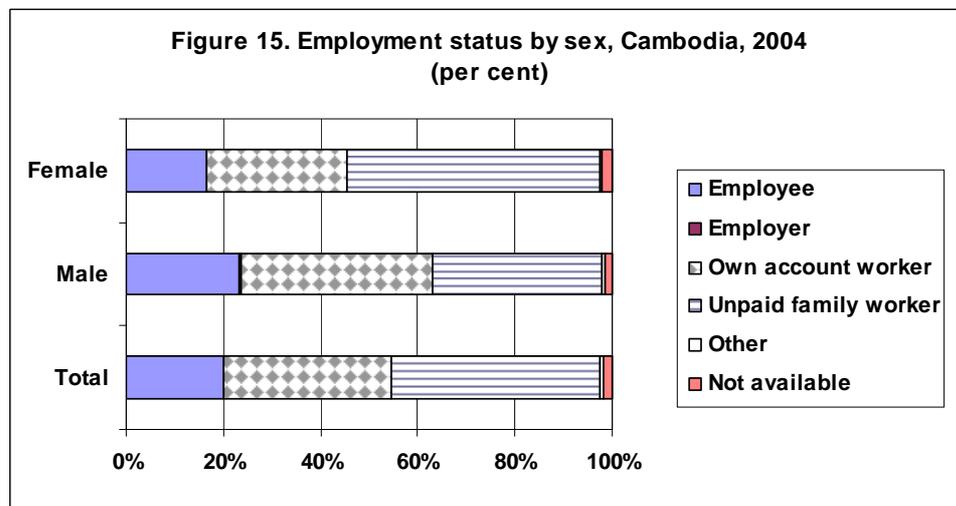
⁵¹ World Bank: Facts and Figures on Cambodia.

generated employment for the Cambodian workforce, many of these jobs were characterized by low productivity. Large proportions of women and men living in rural areas and working in the agricultural sector were living in poverty.⁵²

There was no substantial difference between women's and men's patterns of employment, in terms of sectoral distribution, but the share of industry in women's employment was slightly higher than for men at 14 per cent (men at 11.7 per cent in 2004) (Figure 14).



(Source: Morris, B., ILO Bangkok, 2006)



(Source: Morris, B., ILO, Bangkok, 2006)

As for the employment status, a vast majority worked in two vulnerable categories of employment: own-account work and contributing family work. In particular, the share of vulnerable employment in women's employment was extremely high, at over 80 per cent (men at 74.5 per cent). A higher share, half of working women and about a third of working men, were contributing family workers in 2004 (Figure 15).⁵³

⁵² Morris, B. *Promoting employment in Cambodia: analysis and options*, mimeograph (Bangkok, ILO, 2006).

⁵³ *Ibid.*

In terms of the level of education of the workforce, access to decent jobs obviously depended on literacy, education and skills. While the gaps were narrowing, girls and women had remained at a disadvantage in Cambodia. Adult literacy rates were 60 per cent for women, compared to 80 per cent for men in 2004.⁵⁴

5.1.3 *The impact of crisis on women workers in the textile and clothing (T&C) sector*

Due to the global downturn with a drastic decline of US imports, over 38,000 jobs were lost in the T&C sector (some 90 per cent of the workforce in the sector were young women, who were from the rural areas) in 2009. The share of T&C sector in total employment was 4 per cent,⁵⁵ but for women workers this had been the largest formal sector employer. What was worse was that a substantial number of women (estimated 80–100,000) were engaged in the sex sector,⁵⁶ and there had been a high risk for some of the retrenched garment sector female workers to be lured into the sector for the lack of alternative employment and income opportunities.

The ILO's survey on the impact of global economic crisis on women workers in the T&C sector, conducted in 2009, showed that a higher rate of 16 per cent of those who had been employed at the time of the survey were casual workers, compared to 5 per cent in 2008, indicating increased use of casual workers. While 69 per cent of those interviewed had fixed-duration contracts (FDC), 31 per cent had undetermined-duration contracts. Almost all workers with FDC had duration of less than a year. The majority of workers interviewed (53 per cent) reported reduced working hours (i.e. reduced pay). Forty-five per cent of workers interviewed had experienced a decline in their income, earning US\$17 less each month, on average. A substantial share of workers said that their working conditions had deteriorated since 2008, in terms of safety and health, delays in salary payments, as well as more difficulty for asking for a day off. More than half of workers (55 per cent) expressed difficulties in being able to meet the expenses on food today; only 28 per cent felt this way one year ago. A majority of workers (58 per cent) felt that they did not have enough money to send home today, compared to 43 per cent one year ago.⁵⁷

In terms of coping mechanisms, many workers interviewed (48.5 per cent) reported that they had sought some help by trade unions to address the hardship of deteriorating working conditions (59 per cent of the interviewed were trade union members). At the household level, the overall decline in household income had pushed the families to send another worker to earn income, typically a female sibling around the age of 18–28 years old – having an 'added workers' effect'.⁵⁸

⁵⁴ *Ibid.*

⁵⁵ Dasgupta, S. *The impact of the economic crisis on women workers in Cambodia's garment sector*, presented at 4th ASEAN+3 High-Level Seminar on Poverty Reduction, and Asia-wide Regional High-level Meeting on The Impact of the Global Economic Slowdown on Poverty and Sustainable Development in Asia and the Pacific, December, 2009 (Bangkok, ILO, 2009).

⁵⁶ *Phnom Penh Post*, 14 Feb. 2003.

⁵⁷ Chandarot, K. Dannet, L., *Tracking study of Cambodian garment sector workers affected by the global economic crisis: Benchmarking survey report* (draft mimeograph), December (ILO, Bangkok 2009).

⁵⁸ *Ibid.* pp. 8–9.

As for those who had been retrenched and were unemployed at the time of the survey, almost half (47 per cent) had lost jobs due to the closure of factories, or been laid off due to reduced work at the factory (42 per cent). The rest reported that they had voluntarily resigned from work, for the lack of reduced overtime and less income, and hence, were incapable of meeting their financial needs. In their previous employment, most surveyed (75 per cent) had been regular workers, 22 per cent were casual workers, and 4 per cent were on probation. Among those who were asked, only 60 per cent had employment contracts, whereas as high as 40 per cent worked without any contract. Seven people said they did not even know whether they had an employment contract. Only 34 per cent of unemployed workers surveyed had received a compensation pay upon retrenchment; a higher percentage of workers (36 per cent) by exporting companies, compared to non-exporting companies (27 per cent). Three quarters of unemployed workers surveyed reported that they had received no advance notice of the termination of employment, despite the labour law requirement for the employers to give their employees sufficient advance notice in Cambodia.⁵⁹

Of the 60 per cent of those 958 workers retrenched in 2009, who were surveyed, 60 per cent were still looking for a job; 55 per cent tried to seek employment in the garment sector, while 30 per cent had sought jobs in other sectors.⁶⁰ As can be deduced from the aforementioned information of the unemployed workers, their financial status had deteriorated; many had to borrow money from family, spouse, or friends to meet their daily expenses, let alone sending extra money back to their families in rural areas.

As the global economic crisis had reduced the demand for imports in the US, Cambodia had suffered both exports and GDP decline between 2008 and 2009. The T&C sector, which remained the key export manufacturing sector in the country, was most drastically affected, and many workers, mostly women, were retrenched. Employment opportunities created in the export-oriented manufacturing of textile and clothing had given those women who mostly came from rural areas formal paid jobs for the first time in their lives, and contributed to women's economic empowerment, in general. The employment provided them with an income despite its low rate, a part of which most workers sent back to their families in rural areas, also contributing to their welfare. The issue here, however, was whether the country could maintain the industry in the increasingly highly competitive international market in the midst of the global economic and job crisis. Furthermore, in the face of the massive retrenchments, how could those women regain the access to jobs and income, once more – and would the industry will bounce back and start rehiring them?

Given that Cambodia does not have an unemployment insurance system, those who could not find alternative formal employment have had to eke out their living in the informal economy, which would give them less income for the work that they undertook, or borrow money from their families or friends, in order to survive. There were also indications that some of the women workers were going into service sector jobs, including in the sex sector.⁶¹ The next section will summarize the policy measures that the Cambodian government has taken in response to the economic crisis.

⁵⁹ *Ibid.* pp. 10–11.

⁶⁰ *Ibid.* p. 12.

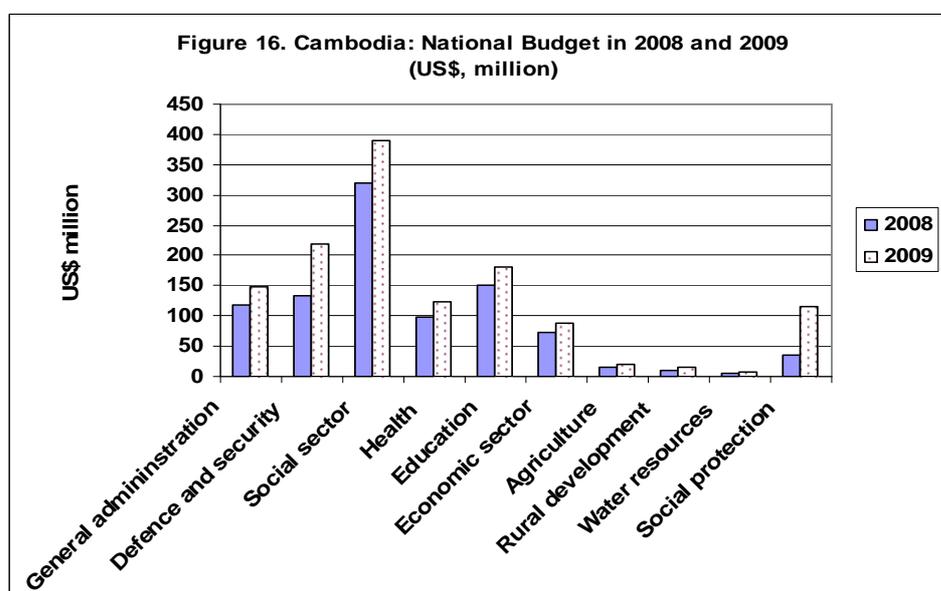
⁶¹ *Phnom Penh Post*, 14 Feb. 2003, *Op. Cit.*

5.1.4 Policy response to the crisis⁶²

Monetary and fiscal policies

In terms of government's responses, donors had pledged an estimated US\$1 billion in the official development aid, largest since 1993. The government intended to increase the government spending by US\$402 million to US\$1,787 million in 2009, which would compensate the decline in the aggregate demand in the rest of the economy, caused by the economic crisis. The government intended to run a budget deficit at the rate of 4.8 per cent of the GDP in 2009.

Figure 16 below shows the distribution of the government expenditures and its changes between 2008 and 2009. The largest share was given to social sector with about 30 per cent, followed by defence (17 per cent), education (14 per cent), and general administration (12 per cent). Social protection constituted 9 per cent of the 2009 National Budget. Combined shares of social sector and social protection amounted to 4.3 per cent of the GDP. But it was not very clear if the government would manage to raise tax revenues, given the overall slowdown in the economy.



(Source: Ministry of Economy and Finance)

With respect to monetary policy, the National Bank of Cambodia (NBC) decided to reduce the reserve requirements of commercial banks from 16 per cent to 12 per cent, to ease the financial liquidity in the financial market. The NBC also lifted the 15 per cent cap on real-estate lending, as a condition to also ease lending. Furthermore, the government took a measure to limit bank exposure to risk by increasing the minimum capital from 50 billion Riels (US\$13 million) to 150 billion Riels (US\$36.5 million) for commercial banks. The government also increased minimum capital to 30 billion (US\$7.3 million). In addition, the NBC

⁶² The ILO has been assisting Cambodia through a Better Work Programme, involving an initial rapid impact assessment and tracking surveys on the effects of the downturn on workers in the sector; development of meaningful response mechanisms; assistance in the responsible management of lay-offs; support for the confidence building in the industry; and promotion of targeted skills training.

opened an overdraft facility for inter-bank lending and enhanced monitoring and examination of commercial banks.⁶³

The government also plans, in future, to improve the credit risk, enhance of prudential supervision and to build the capacity of relevant staff, strengthening of the Credit Information Sharing (CIS) system, tightening the corporate governance of banks, and seeking revision of the Law on Banking and Financial Institutions.⁶⁴

Support to the T&C industry

The government suspended the monthly turnover tax of 1 per cent on garment factories' expenditures, and extended tax holiday on profit, for those factories established prior to 2006.⁶⁵ Furthermore, in November 2008, the government further announced reduction of export feeds for clothing and other related bureaucratic costs of 10 per cent. Cambodia was also trying to expand the export markets, including Japan and Canada (see Box 5).

Box 5. Policy response on the textile and clothing sector in Cambodia

The government was to implement the following measures:

- Suspend 1 per cent advance profit tax;
- Announce the reduction of 10 per cent in export management fees and other costs;
- Plan to negotiate with the EU for the relaxation of the tight rules of origin, which would lower the required local input content from 45 per cent to 25 per cent;
- Plan to continue seeking preferential treatment with the US or reduction in import tariffs for General System of Preferences (GSP) projects;
- Recommend the following at the January, 2009 meeting of the ASEAN Federation of Textiles and Apparels (the current Chairmanship was held by the Garment Manufacturers Association in Cambodia (GMAC)):
 - Source raw materials less from China and more from the ASEAN region;
 - Exploit duty-free arrangements not only with EU, but also with Japan and Canada;
 - Strengthen links with Vietnam (they have a bilateral agreement) and to reach a similar agreement with Laos and Thailand;
 - Apply the ASEAN Single Window Programme that can significantly expedite customs clearance and provide traders access to the whole ASEAN region through Sihanoukville port.

Source: Jalilian, Hossein, Sophal, Chan, Reyes, Glenda, and Chang Hang, Saing, with Dalis, Phann and Dorina, Pon, 'Global financial crisis discussion series, Paper 4: Cambodia', Overseas Development Institute (ODI), London, May 2009.

Active labour market policies

The government allocated US\$6.5 million to retain some of the laid-off workers for one to four months, and provided US\$1 million in micro-credit for them to start small business ventures after training. A training programme was set up by the Ministry of Labour and Vocational Training, through which each trainee received a monthly allowance of US\$30 for food and US\$10 for accommodation during the training period. The training programme was designed to train 41,000

⁶³ Sothath, N. and Sophal, C., *More vulnerable: The impact of the economic downturn on women in Cambodia*, February (London Oxfam, 2010) p. 28.

⁶⁴ *Ibid.* p. 28.

⁶⁵ *Op. Cit.* (Bangkok, ILO, 2009), p. 11

people, and thus far 60 per cent or some 29,255 trainees were retrenched workers from the T&C sector. One of the reasons why not all retrenched workers were participating in the training programme might have been the level of compensation given, which was too low for them to be able to send some money to their families in rural areas.⁶⁶

Support to the agriculture sector

The Rural Development Bank provided a sum of US\$18 million in loans to a number of rice millers in order to enhance their capacity to purchase and process rice.⁶⁷ On the other hand, the Ministry of Agriculture, Forestry and Fisheries (MAFF) suggested to farmers to stockpile their rice in the light of low prices, and hold off the selling until prices improved. The Ministry also suggested that the farmers should plant short-term crops and vegetables to secure income, in the meantime. The government was committed to expand investments in the agricultural sector, in order to facilitate the absorption of excess labour returning from the manufacturing sector into the rural communities. However, this has not been realized, due to relatively low level of public expenditures for the sector in 2009 and for 2010.⁶⁸

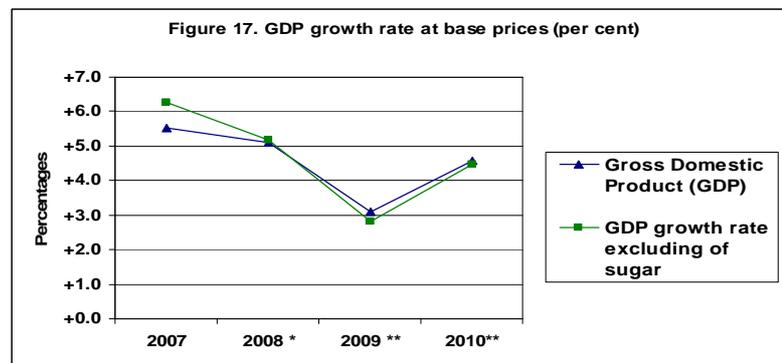
Social protection

The government announced its commitment to develop an integrated system of social protection, which would be based upon the Social Security Law which the government enacted in 2002. The system is intended to allow country to able to better survive negative impact of the global economic downturn, alleviating poverty, and contributing to faster economic recovery, as well as to human development.⁶⁹

5.2 Mauritius

5.2.1 Economic trends

After having seen negative trends in the aftermath of the end of MFA in 2005, the economy saw a bounce back in 2006–07. However, due to the overall decline in the exports to major external markets (EU and the US), the economy saw, once again



Note: */ Revised **/ Forecast

Source: The Government of Republic of Mauritius, Central Bureau of Statistics.

⁶⁶ Sothath, N. and Sophal, C. (London Oxfam, 2010) *Op. Cit.*

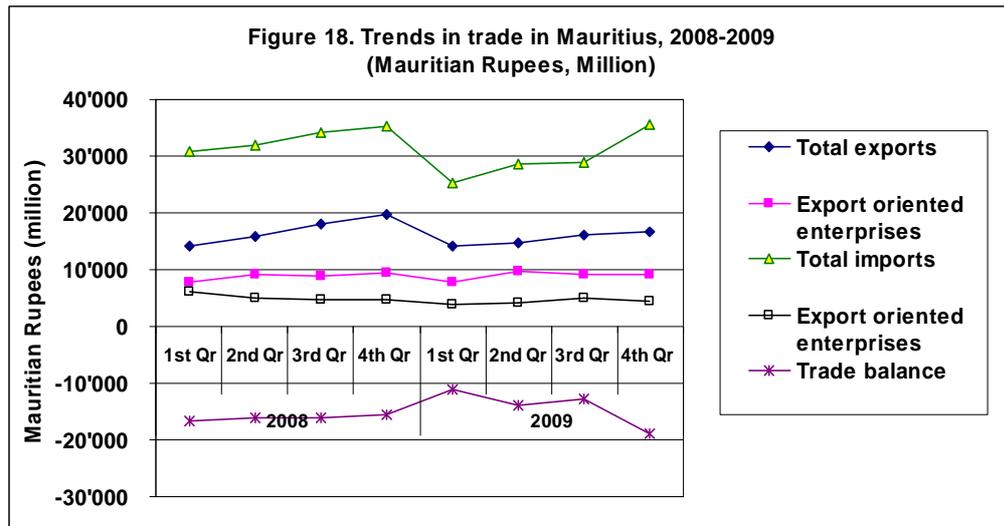
⁶⁷ UN Country Team

⁶⁸ *Op. Cit.*

⁶⁹ *Ibid.*

a slow down from 5.5 per cent in 2007 to an estimated 3.1 per cent in 2009. The government forecasts the economy will recover at a growth rate of 4.6 per cent in 2010 (Figure 17).

Due to the overall slowdown in the major export market, Europe (with a share of 66.5 per cent in total exports) in the aftermath of the global economic crisis, the total exports also declined from Rs. 19.9 billion in 2008 to Rs. 16.6 billion in 2009 on year-on-year basis, by 16.4 per cent. T&C and related articles constituted 41.9 per cent of the total exports in 2009. Furthermore, tourism sector suffered a decline of 23 per cent year-on-year (Figure 18).



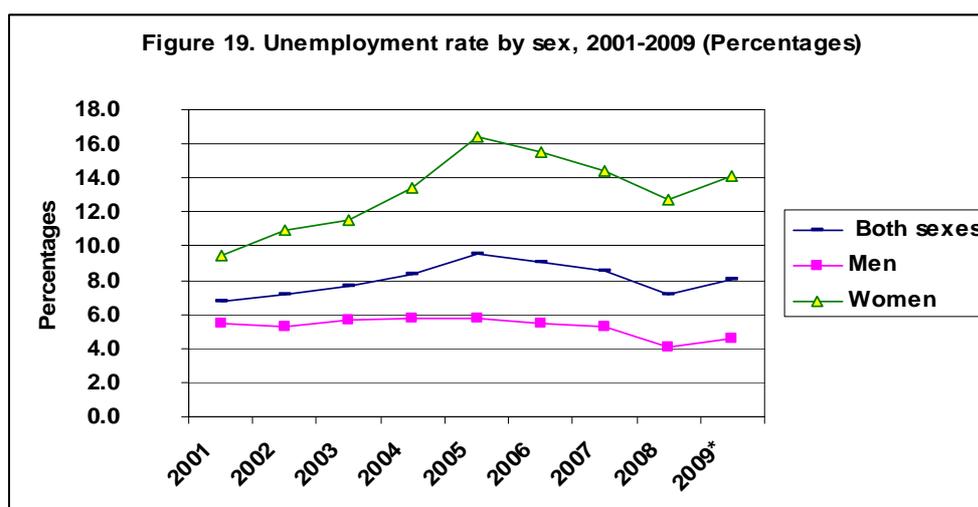
(Source: Government of the Republic of Mauritius, Central Bureau of Statistics)

5.2.2 Gender differentials in unemployment trends

Women workers in the Mauritian labour market had already been facing a difficult period since 2005, after the end of MFA.⁷⁰ The overall unemployment rates went up between 2004 and 2005. Both female and male unemployment rates peaked at 16.5 per cent 5.8 per cent respectively in 2005. While male unemployment rate had been oscillating between 4 and 5.5 per cent, female unemployment rate only came down to 12.7 per cent in 2008, but shot up again to 14.1 per cent in 2009. Clearly, women had been disproportionately affected by unemployment, and this had been again exacerbated by the global slowdown (Figure 19). While the end of the MFA triggered the overall increase of female unemployment, the 2008 economic crisis further aggravated this situation. The higher female unemployment rate was an end result of a continuing pattern of high concentration of women workers in export-oriented sectors, in particular, the T&C sector on the one hand, and male workers being more widely distributed across various economic sectors, on the other. In Mauritius, women continue to have more limited choice in employment, compared to men, and those who have been retrenched from the T&C sector often do not have the necessary skills and education levels to be easily absorbed into other sectors.⁷¹

⁷⁰ Otope, N. 2008. *The impact of globalization and macroeconomic change on employment in Mauritius: What next in the post-MFA era?* (Geneva, ILO)

⁷¹ Otope, N. *Op. Cit.* (ILO Geneva)



Note: */ Forecast.

(Source: The Government of the Republic of Mauritius, Central Bureau of Statistics)

5.2.3 Gendered impact of global economic crisis on employment

Since the end of MFA, more women have been retrenched from the manufacturing sector, and this trend has again been aggravated by the global economic crisis. Manufacturing sector employment constituted 42 per cent of total women's employment, as compared to 21 per cent of total male employment. A total of 10,744 people were retrenched from the sector; 6,610 women and 4,137 men lost jobs between 2008 and 2009. Most retrenchments took place in the export-oriented sector. Of the total retrenchments in the manufacturing sector, 6,451 women and 3,304 men were retrenched from the export oriented enterprises, mostly in the T&C sector (91 per cent of total manufacturing employment), showing the negative impacts of the global economic downturn on employment. Women constituted 61 per cent of the total number of those who lost jobs in the manufacturing sector, while they constituted a smaller percentage, or 59 per cent of the total workforce in the sector. With respect to the export-oriented enterprises, this went up to 66 per cent of the total retrenchments.⁷²

The other sector which had also been negatively affected, if not to the extent of manufacturing sector, was tourism, which shed 1,387 male jobs and 338 female

Table 1. Change in women's share in employment by sector, 2008–09 (per cent)

	Change 08-09 (%)
Agriculture, hunting, forestry and fishing	0.71
Manufacturing	-1.59
<i>Textiles</i>	-0.63
Construction	0.65
Wholesale and retail trade	0.87
Hotels and restaurants	0.49
Transport, storage and communication	0.28
Financial intermediation	0.32
Real estate	1.27

(Source: Calculated by author based on the data provided by the Government of the Republic of Mauritius, Central Bureau of Statistics)

⁷² Government of the Republic of Mauritius, Central Bureau of Statistics, data for 2008–09.

jobs between 2008 and 2009. In terms of the overall women's share in employment by sector, while the T&C sector had declined, other sectors had, indeed, gained, showing the structural change in women's employment, though slowly (Table 1).

During the time of the post-MFA period between 2006 and 2007, the government of Mauritius undertook a tracer study on retrenched workers with the support of the UNDP and ILO. The survey results showed that many of women workers who had been retrenched had difficulties finding alternative employment, and their income had also been substantially reduced.⁷³ It could be easily assumed that in the wake of the 2008 global economic crisis, which had further substantial negative impact on employment in the T&C sector, those who had been retrenched were undergoing similar hardship. However, the government has remained rather optimistic with regard to the economic prospects for 2010 and beyond. The next section will review various policies adopted for economic reform and social safety-net, in response to the global economic crisis.

5.2.4 Policy response

Economic policy

The government will continue its overall economic diversification policy to have the Mauritian economy move further away from its heavy dependence on sugar, T&C, tourism and financial services, in its attempt to make the economy more resilient to external shocks and increase its competitiveness.

Fiscal policy

With the overall inflation rate that came down from a high 11.7 per cent⁷⁴ at the peak in August, 2008 to 2.4 per cent in February, 2010, the government intends to continue its expansionary policy in the current fiscal year (2010–2011), increasing the nominal revenue by 7 per cent. This is based on an optimistic forecast of an annual GDP growth of 4.3 per cent for 2010. This translates into an increase of 14 per cent in the overall government expenditures. It is estimated that the government budget deficit will rise from 3 per cent of GDP in 2008–09 to 4.8 per cent of GDP in 2010.⁷⁵ However, the total public sector debt remains extremely high at 61.6 per cent of GDP in 2009, and estimated to decrease by 0.9 percentage point by the end of 2010.⁷⁶

Monetary policy

The Bank of Mauritius cut the RIPO interest rate by 100 basis points to 5.75 per cent, which was the third cut since July, 2008, indicating that this was to support the government's policy for stimulating the domestic economy, in response to the global economic downturn. At its December 2009 meeting, MPC decided to maintain the repo rate unchanged, as the economy was beginning to improve but

⁷³ Ministry of Labour, Industrial Relations and Employment, UNDP, and ILO: *Coping with Retrenchment: Globalization, employment and livelihoods: Socioeconomic impact of the end of the Multi-Fibre Arrangement on retrenched workers in Mauritius*, Port Louis, August, 2007.

⁷⁴ Due to the price hikes of food and fuel, the inflation rate was high in 2008, which also had negative impacts on the poorer segment of the population.

⁷⁵ Economic Intelligence Unit, Country Report: Mauritius, March, 2010, London.

⁷⁶ Website on Government Debt and Public Sector Debt, Government of Republic of Mauritius, Port Louis (<http://www.gov.mu/portal/goc/mofsite/files/2010/govtdebt.pdf>).

the outlook for inflation would not worsen in the short term. The repo rates are like to increase, as the world economy shows a signs of recovery.⁷⁷

Trade policy

Mauritius is an original member of WTO and grants Most Favoured Nation (MFN) treatment to all its trading partners. As a small-island developing country, with limited natural resources, its economy heavily relies on its ability to access to external market through international trade. The country remains active in defending the interest of developing countries in general and 'small vulnerable economies' (SVEs) in particular.⁷⁸

In response to multiple crisis of the drastic decline in exports caused by the end of MFA, the changing regime of EU Sugar Protocol, and rising fuel prices, Mauritius has undertaken bold reforms aimed at liberalizing its trade regime, thus dismantling the dualism and boosting competitiveness. The reforms also aim to transform Mauritius into a duty-free island. Mauritius is a member of the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC), and the Indian Ocean Commission (IOC).⁷⁹ Mauritius also benefits from African Growth Opportunity Act (AGOA) of the US, but the bulk of their exports (61 per cent of the total exports) are directed to the EU market, followed by the US (10.4 per cent of the total exports).

In response to the global economic crisis which has had substantial negative impacts on exports to both EU (a key export market) and the US, Mauritius has further adopted various concrete measures to facilitate the trade, in particular, easing of the logistical procedures for trade facilitation.

Passive labour market measures

Mauritius has a Social Assistance Programme under which those who are unemployed for not less than 6 months could access to a minimum unemployment hardship relief benefit. The amount is adjusted to the changes in the cost of living.⁸⁰

*Active labour market measures*⁸¹

The country established a National Empowerment Programme which, *inter alia*, has the following objectives:

- 1) Combat poverty and social exclusion through socioeconomic development projects in the pockets of poverty;
- 2) Reduce the unemployment levels of women, offering technical and financial support to those women who have been retrenched, or aged above 40 years, who would like to be integrated into the labour market;
- 3) Develop employability of the unemployed and vocational training, in response to the recognized lack of qualified labour; and

⁷⁷ EIU, London, March, 2010, *op.cit.*

⁷⁸ WTO: Trade Policy Review, Report prepared by Secretariat: Mauritius (WT/TPR/S/198), (Geneva, March 2008).

⁷⁹ *Ibid.*

⁸⁰ The Government of Republic of Mauritius, Port Louis.

⁸¹ Website on National Empowerment Foundation, Port Louis (<http://www.nef.mu/index.php> – accessed on 6 June, 2010).

- 4) Encourage entrepreneurship development and support enterprises in which economic potential is under-exploited.

As seen in the above objectives, the programme had a specific earmarking to target those older or unemployed women – most of whom from the export-oriented T&C industry.

The programme was established with the funding of Mauritian Rs. 5 billion as National Empowerment Foundation in July 2008, in order to coordinate various services provided under the existing various institutions, such as Programme of Eradication of Absolute Poverty, Trust Fund for Social Integration of Vulnerable Groups, decentralized programme of National Committee of Corporate Social Responsibility, and the representative organisms of Rodrigues.

Under the programme on Placement and Training, for instance, 13,600 unemployed persons had registered, and between 2007 and the end 2009, 8200 people who had sought employment had been placed in internship and on-the-job training. About 60 per cent obtained a job during the course of the training (see Box 6).

Mauritius has been a success story of economic development as a small island nation, especially in the African context. The government is rather optimistic that the country will overcome the current global economic crisis, as it has done in the past. Though the challenges are enormous, with the easing of the global economy, in particular, with the recovery of international trade, the country forecasts an economic growth rate of 4.1 per cent for 2010. While the global economy continues to face a huge challenge of putting all the economies on a recovery path, as the labour-market recovery takes time. Similar trends could be expected for Mauritius, which is heavily dependent on its linkages with the export markets.

Box 6. Mauritius: National Empowerment Programme: Focus on training and placement

Broadening the circle of job opportunities to some 3,000 additional job seekers through training and placement facilities, as well as helping those whose jobs were affected by the global economic crisis in securing their jobs, was the main focus of the National Empowerment Foundation (NEF) for 2009.

According to an overview of the Foundation presented, in Port Louis, a total of 11,792 persons both from Mauritius and Rodrigues so far benefitted from training facilities, placement and financial assistance under the different programmes initiated by the NEF since its setting up in July 2006 to date.

At the end of 2008, around Rs 1.1 billion had been disbursed for all the programmes which include facilities for unemployed women, Integrated Social Development, circular migration, technical assistance to Small and Medium Enterprises (SMEs). As regards the training and placement programme, some 6,230 persons had already secured a job in different fields, namely, 5,105 persons in the ICT/BPO, 405 in hotels, 98 in textiles, 65 in construction and 333 in other services.

Under the circular migration programme, 151 persons were already working in Canada in the food industry, and some additional 40 persons were to join the group by March, 2010. Following the circular migration agreement which Mauritius signed with France in September 2009, it was forecast that job permits

would be issued to some 500 Mauritians to work in some sectors in France, in 2010.

In addition, apart from the different job fairs organized throughout the island to help job seekers, NEF was planning to open an 'Espace des Metiers' (space for jobs) by June 2009, whereby a desk would be permanently arranged to attend to all queries of the public as regards existing jobs on the market.

Further developments under the other programmes of NEF for 2008–2009 were, namely the re-launching of the business activity of the pig breeders with an amount of Rs 200 million, technical assistance for SMEs through 690 booster loans for a total amount of Rs 35.5 and 116 Quasi-equity financing schemes for an amount of Rs 28 million. By the end of 2008, more than 500 women had benefitted from placement facilities as well as financial assistance to start a small group business.

Moreover, 200 vulnerable families were also to benefit from the Integrated Social Development programme with the setting up of housing units in a model village at La Valette in Bambous at a total cost of Rs 205 million and another such project was to soon take shape at Cité Lumiere in Grand Baie. Two tourist villages were also to be set up at Belle Mare and Marebourg, thus providing a platform for SMEs to offer value added handicraft products for the tourists. As far as Rodrigues is concerned, NEF planned to provide both technical and financial to some 300 projects per year.

Source: Press release of 16 June, 2010, Government Information Service, Prime Minister's Office, Level 6, New Government Centre, Port Louis, Mauritius.

6. Policy response to global economic crisis: Integrating gender concerns into socioeconomic policies⁸²

As seen in the foregoing analysis, the impact of economic crisis is gendered, or women and men are affected differently, given how the existing gender norms continue to affect the employment patterns of women and men in all countries. Given the higher rate of women's unemployment than men's in many countries even before the crisis, the policy response needs to be gender aware in its formulation and delivery. The following provides some perspectives on integrating gender equality concerns into various policy options.

6.1 Integrating gender concerns into macroeconomic policies

The macroeconomic policies of the past 20 years have focused on the control of inflation, while structural policies have been applied to reduce the role of the state, promote private sector development, deregulate domestic markets and liberalize international trade and capital flows. Under the increasing international integration of economies, external factors have increasingly determined the 'policy space' available to governments. Income inequality between and within countries has also increased, while the workers' wage share in GDP has been declining across countries.⁸³ The need to attract and retain internationally mobile capital has placed countries under pressure to maintain high interest rates, low rates of inflation, flexible labour markets and tax incentives to attract foreign direct investments. However, these neoliberal

⁸² Otobe, N. *Policy Brief no 15 Global Economic Crisis, Gender and Work: Policy challenges and options in Global Jobs Pact Policy Briefs* (ILO, Geneva, 2010).

⁸³ ILO: *World of Work Report: Income inequalities in the age of globalization*, (Geneva, 2008).

policy prescriptions are now being increasingly questioned, since the policy space, especially in poor developing countries, has been shrinking and adequate counter-cyclical responses are being constrained.⁸⁴

Furthermore, during the past two decades of market liberalization in the aegis of globalization, macroeconomic policies have been mostly gender-blind. Given the unequal access to various resources by women and men, economic incentives provided by macroeconomic policies can have gender-differentiated impacts on the distribution of resources (such as natural resources, capital and land). This leads to sectoral change, and hence, changing patterns and distribution of the workforce (composed of women/men), as well as hours spent on both productive and unpaid care work by both women (and girls) and men (and boys).

Many developing countries have been negatively impacted upon by the recent declines in trade, foreign direct investments and remittances. Given the high concentration of women in labour-intensive export sectors in a number of developing countries, creating a conducive macroeconomic environment, both in terms of macroeconomic stability and monetary policy to keep exports competitive would be beneficial for maintaining and boosting employment in the export sector, particularly for women.⁸⁵

Macroeconomic policies can ‘target’ employment levels, including a specific target for women’s employment, rather than aiming at an inflation target, as the first priority in macroeconomic policy making. Furthermore, expansionary fiscal policies are more conducive for increasing employment, than tighter fiscal policies, particularly for women.⁸⁶ Creating a more favourable fiscal space for public investment in social sector development, such as health and education, can also create more jobs for women, given women’s higher concentration in these sectors.

Tax cuts, for instance value added taxes and maintaining/enhancing public subsidies for key basic foods and production inputs (such as fertilizer and fuel), are also useful for enhancing the purchasing power of the poor, particularly, of women in economic downturns. Women farmers are responsible for 60–80 per cent of staple crops in developing countries. They also work longer hours than men, if hours for both productive and unpaid work (such as collecting water and fuel and taking care of families) are combined.⁸⁷ In order not to exacerbate poor women’s work burdens, such fiscal support measures are extremely useful, especially in the aftermath of a quadruple food, fuel, economic and job crisis.

Many developing countries have also undertaken gender responsive budgeting,⁸⁸ which can be undertaken in the design and review of stimulus packages. Gender budgeting can enhance the chances of women equitably benefiting from

⁸⁴ United Nations: *World survey on role of women in development: Women’s control over economic resources and access to financial resources, including microcredit* (New York, 2009).

⁸⁵ J. Heintz. *Globalization, economic policy and employment: Poverty and gender dimensions*, (ILO, Geneva, 2006).

⁸⁶ *Ibid.*

⁸⁷ In Tanzania and Benin, women work 14–17 hours more than men per week. See Fontana, Marzia with Paciello, Cristina, *Gender dimensions of rural and agricultural employment: differentiated pathways out of poverty – a global perspective*, draft report for the FAO-IFAD-ILO workshop (FAO, Rome, August 2009).

⁸⁸ See UNIFEM’s website on Gender Responsive Budgeting (<http://www.gender-budgets.org/>).

counter-cyclical measures, both in public investment for job retention and creation, and expanding social protection, in particular for the poor and the most vulnerable.

6.2 Investing in girls and women for enhancing employability⁸⁹

Investing in the human development of the female population not only makes good economic sense, but is also good for sustainable development and breaking the intergenerational cycle of poverty. The health and nutrition of children of educated mothers are often better than those of uneducated mothers. These girls' chances of education are also higher. Evidence has shown that ensuring equal opportunities for access to education and training is critical to increase the chances of girls to be productively employed in later stages of their life cycle.⁹⁰

In the design of stimulus packages and anti-crisis measures, girls and young women can be targeted for education and skills development respectively, in response to the current and future labour market needs. The counter-crisis measures in particular, can target those women workers retrenched from the formal sector through re-skilling, so that they can better adapt to new technologies and jobs in other sectors in economic and labour market adjustments.⁹¹

In many developing economies, typically, job opportunities for women are found in a narrower range of occupations and sectors (often those considered as 'feminine'), as compared for men. There also remains gender-based discrimination in the labour market. Hence, it is justifiable to provide specific targeted support, in particular, for women workers in distress in the current job crisis.

6.3 Supporting women's access to credit and entrepreneurship development

As mentioned earlier, the level of vulnerable employment is increasing in the aftermath of the crisis. In poorer developing countries where formal sector jobs are scarce, self-employment would be the only alternative for many of those who have been retrenched from the formal sector. Rather than working as a contributing family worker, it would be better for retrenched women workers to engage in a small business to earn an income for themselves and their households. While the crisis has also constrained the financial markets for micro-credit, under the overall reduced financial liquidity, stimulus packages can include a special window for providing credits to small and micro-enterprises (SMEs), and for business training for those who are retrenched or unemployed, especially women.⁹²

⁸⁹ The ILO also has developed a programme called Training for Rural Economic Empowerment (TREE), in which an increasing number of women are assisted.

⁹⁰ UN: *The Millennium Development Goal Report*, New York, 2009.

⁹¹ The ILO is providing support to the country through a rapid impact assessment, technical advice on a comprehensive employment strategy, as well as the Better Work Programme.

⁹² See ILO's website on Women's Entrepreneurship Development (WED) programme in Boosting Employment through Small Enterprise Development (EMP/SEED) (http://www.ilo.org/employment/Areasofwork/lang-en/facet-LOC.EMP-EMP.GEN-ORG-ED_EMP-EMP_ENT-IFP_SEED-2769/WCMS_DOC_EMP_ARE_GEN_EN/index.htm).

6.4 Promoting employment intensive public investments: a gender-responsive approach⁹³

Public investments in the development of infrastructure which is often regarded as a ‘male’ sector can also create jobs for women. In India, the government has adopted a National Rural Employment Guarantee Act (NREGA). The Act established a policy of providing the rural population with ‘a right to work’, or ‘employment as the last resort’, for 100 days of work per year, mostly for the development of rural infrastructure, including the greening of communities (see Box 7). In the Republic of Korea in the post-Asian financial crisis, women eventually reached 50 per cent of the beneficiaries when the government relaxed both the types of work offered (to include social services and greening) and the restriction of eligibility of ‘household heads’.⁹⁴

Box 7. National Rural Employment Guarantee Programme in India

The main feature of the programme promoting women’s employment and income opportunities entails:

- one third of jobs should be given to women;
- equal wages for work of equal value;
- requiring the provision of a crèche when there are more than five women on a programme.

The national average of women’s participation was 49 per cent. In 20 States, women made up at least 30 per cent of participants in 2008. The programme reduced distressed migration, and improved income and nutrition in the workers’ households. Due to the wage payment at post offices or through banks, the programme has introduced some sections of the community to use formal financial institutions for the first time.

Source: 2009, UN New York: *World survey on role of women in development: Women’s control over economic resources and access to financial resources, including microcredit*, pp. 74–75.

6.5 Promoting women’s equal access to social protection

In the current global economic crisis, governments have expanded the coverage of various social protection measures. Given predominantly precarious and ‘atypical’ nature affecting women’s employment, women are more likely to be easily fired in the aftermath of the crisis. Specific measures should be taken to ensure that those who have been working under precarious and part-time contracts are able to claim unemployment benefits, where unemployment insurance exists. In developing countries, where mostly there is no unemployment insurance and a large majority of people work in the informal economy, various income support schemes, such as Conditional Cash Transfers and publicly funded social pension systems, can be introduced/further expanded, especially targeting poor women. In particular, poor single mothers or widowed women household heads could be targeted, since they are more vulnerable than those in households with two workers or male-headed households.

⁹³ The ILO’s Employment Intensive Investment Programme (EMP/INVEST) also advises countries on employment intensive methodologies for various public works (see: http://www.ilo.org/emppolicy/units/lang--en/WCMS_DOC_POL_DPT_INV_EN/index.htm).

⁹⁴ UN: *World survey on role of women in development: Women’s control over economic resources and access to financial resources, including microcredit* (New York, 2009).

Women constitute half or more of migrant workers from Asia and Latin America.⁹⁵ It would be useful for the receiving countries, particularly in the EU and the US to maintain the levels of migrant labour forces equitably for women and men, rather than restricting them. Where a system exists, countries can also extend unemployment insurance coverage to migrants on equal terms as for nationals who are entitled to the benefits, as a transitory measure.

6.6 Conclusions

As analysed in this paper, across the globe, the global financial crisis has had profound impacts beyond the financial sector on both the real economy and the world of work, not only in the industrialized countries, but also in developing countries. As this paper is being finalized, while some emerging developing economies are showing signs of recovery, the labour markets have not yet shown any substantial improvements in the first half of 2010. The unemployment rates are still excessively high in the major industrialized countries, and both poverty and vulnerable employment rates have been on the increase in developing countries. The long-term impacts of the 2008 global economic crisis, preceded by food, fuel and environmental crisis, on jobs and income, as well as well-being of millions of affected workers and their families, are likely to last for a long time to come. The crisis has led not only to major job crisis, but has also created a looming long-lasting social crisis in many countries.

Given women's pre-existing disadvantages in the world of work and higher poverty levels than men's even prior to the global economic crisis, it is absolutely essential that they equally benefit from the recovery measures, or more so. Granting equal benefits to women in response measures, generally, and also specifically, where they are more negatively affected, constitutes a key strategic element of faster and more sustainable employment, and income-led economic recovery. Finally, there should be policy coherence in macroeconomic, labour and employment policies at national, regional and international levels, to optimize policy impacts and to avoid downward wage competition and deflation.

⁹⁵ UNIFEM's website (<http://www.unifem.org/>).

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