



## **Working out of crisis: Strategies for Decent Work in Europe and Central Asia**

### **Conclusions of the Eighth European Regional Meeting of the ILO (Lisbon, 9–13 February 2009)**

#### **I. Meeting the challenges to decent work, sustainable enterprises and social cohesion**

1. The scale of the challenges to employment, decent work, sustainable enterprises, social security and social cohesion, caused by the most serious economic crisis to hit Europe for 60 years, dominated discussions at the Eighth Regional Meeting for Europe and Central Asia of the International Labour Organization held in Lisbon, Portugal, from 9 to 13 February. Much of the progress made in recent years in improving the labour market situation in the region, and creating decent jobs, could be reversed. All policy-makers and ILO constituents must work together to overcome the crisis. This is an extraordinary situation.
2. The Meeting furthermore emphasized the significance of social dialogue as a key means of developing strategies to counter the recession and securing the commitment of governments, employers and unions to their implementation. At a time when confidence was at a low ebb, participants emphasized the value of strengthened mechanisms of social dialogue to overcome mistrust and finding agreed ways forward.
3. All participants stressed the need for integrated and coordinated policy responses to reverse the downward spiral in economic activity. They highlighted the requirement to work together for a sustainable recovery that would generate decent work opportunities throughout the region, contribute to global development and social justice for a fair globalization while staving off the risk of protectionist responses. Creating a conducive environment for sustainable enterprises was a necessary foundation. The Meeting agreed that it was essential to preserve open markets. Guarding against deflation and creating decent work opportunities for all was the best way to do this.
4. ILO constituents pledged to remain extremely vigilant regarding the risks of a resurgence of political reactions to rising unemployment and social exclusion in the form of race and religious hatred, discrimination against immigrants or ethnic minorities, victimization of union representatives and protectionist economic policies that would aggravate the crisis.

- 
5. Representatives of governments, employers' and workers' organizations examined a series of Reports by the Director-General and discussed strategies for working out of the crisis that place Decent Work as a key element in policies for recovery and reform. They recognized that each country of the region needed specific approaches to national priorities while a region-wide strategy was also needed to buttress social cohesion and maximize the positive effect of stimulus measures on enterprises, jobs and incomes. They recognized the need for concerted action and solidarity within and between the countries of the region.
  6. The Meeting also underscored the importance of the region playing a leading role in developing and implementing globally coordinated responses to the crisis based on the 2008 ILO Declaration on Social Justice for a Fair Globalization (Social Justice Declaration) and its accompanying resolution.
  7. The Social Justice Declaration recognizes the ILO responsibility to examine and consider all international economic and financial policies in the light of the fundamental objectives of social justice. The crisis imparts added urgency to the Declaration's objective of strengthening the ILO's constituents' capacity to address the challenges of an ever more closely integrated global market economy. It furthermore highlights the vital importance of ensuring that policies for recovery and reform build the strong foundations for social justice essential to a fair and sustainable globalization. Participants recalled the commitment in the Declaration that "the violation of fundamental principles and rights at work cannot be invoked or otherwise used as a legitimate comparative advantage and that labour standards should not be used for protectionist trade purposes".

**(i) Impact of the crisis on employment and labour markets**

8. The severity of the economic crisis is affecting a large number of workers on the labour market including many who had secure jobs. In a number of countries women, young people and migrant workers are particularly affected as temporary and short-term contract employees are laid off. Vulnerable groups on the labour market are a cause for concern as they have less access to social protection. In countries where social security systems are weak, laid-off workers are likely to be forced into the informal economy where most women and men struggle to survive. Until more normal conditions return to credit markets, the threat of wage cuts, further lay-offs and rising unemployment will remain.
9. Restoring growth, increasing its employment content and making it less volatile in the future are essential to the successful pursuit of the Decent Work Agenda. In this respect, it is vital to ensure that:
  - coordinated economic stimulus packages are designed to expand aggregate demand, avoid deflationary spirals and to maintain employment and decent work opportunities;
  - reformed finance markets supply the capital needed by sustainable enterprises for productive investment and decent work;
  - sustainable enterprises, particularly smaller firms, are assured of adequate financing and readied for the recovery;
  - fundamental principles and rights at work are safeguarded and international labour standards of particular relevance in the crisis promoted;
  - public investment and public procurement respect fundamental human rights at work;

- 
- skills development, quality training and education opportunities are increased to prepare for recovery;
  - institutions for social dialogue are fully utilized to share information and determine agreed policy responses;
  - the most vulnerable members of the population are well protected and workers do not become separated from the labour market or become working poor;
  - employers, wherever possible, retain workers who will be needed when markets recover, such as through agreements on shortened working hours to maintain employment; and
  - opportunities to invest in jobs and infrastructure are seized, including for a low carbon economy.

**(ii) Creating conditions for stable and sustainable growth**

10. Many countries in the region have recently announced stimulus packages to mitigate the consequences of the recession. The magnitude and content of the packages adopted vary significantly. Further attempts to promote coordinated action across the region may be required to gain the full advantage of the multiplier effects of all countries moving at the same time to inject spending power into the European economy.
11. A new stronger international regulation of finance markets is needed to prevent the build up of the systemic risks that the previous arrangements have failed to cover. From the perspective of the productive economy, the key issues are stability in the provision of capital and incentives to ensure that medium to long term productive investment and employment is favoured over short term speculation. Commitment to a new system that will prevent the excesses and abuses of the past is a key part of restoring confidence of workers and enterprises in the globalization process.
12. Such measures should be coordinated with the region's global partners, not least because uncoordinated measures can lead to countries trying to block the "leakage" of their stimulus through protectionist measures. Europe should lead the way in maintaining and expanding development aid and other investment flows to vulnerable countries. In addition to having a specific European dimension, policy responses should also be part of a global effort to stimulate a recovery leading to a more sustainable path for a fair globalization.

**(iii) Sustainable enterprises**

13. Promoting an environment conducive to sustainable public and private enterprises is a vital foundation for recovery, growth and poverty reduction. Restoring a more normal supply of working and medium- to long-term investment capital is an urgent priority to avoid serious damage to the productive base of a number of countries. Smaller enterprises are experiencing particular difficulty in restoring credit lines. Measures such as access to financing (e.g. credit, leasing, venture capital funds or similar new types of instruments), enabling policies and regulations, and support to entrepreneurship can boost the capacity of small and medium-sized enterprises – including cooperatives and social enterprises – to maintain employment and create new jobs.
14. An important element of a conducive environment for sustainable enterprise is a well-functioning financial system providing the lubricant for a growing and dynamic private

---

sector, as envisioned in the conclusions of the 2007 International Labour Conference. Stable and trustworthy capital markets for the supply of investment and working capital are vital to sustainable enterprises and decent work.

15. Especially during the recession many enterprises may wish to extend or develop their use of corporate social responsibility initiatives to complement their pursuit of sustainable strategies and outcomes. In this regard, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy provides guidance on good corporate behaviour and citizenship.

## **II. Labour markets and the challenges ahead**

16. Six key themes in the labour market challenges facing the European and Central Asian region in the period ahead were examined in detail by the Meeting.

### **(i) Economic context and employment situation**

17. The crisis is affecting all ILO constituents. Solidarity and coordinated action between and amongst these constituents are essential to guarantee a sustainable recovery and growth in employment.
18. There was a broad consensus regarding the need for greater policy coherence at national, regional and global levels, particularly between the EU and international financial institutions' anti-crisis programmes in Europe and Central Asia, and through the increased use of processes like the European Economic Recovery Plan.
19. The Meeting noted that action had been, and continues to be, taken to resolve the problems of the financial sector and implement stimulus packages to boost the economy. The need for coordinated and coherent global action to regulate the financial sector to bring the liquidity, stability and equity required for sustainable and stable growth of enterprises and jobs was highlighted.
20. To mitigate the impacts of the crisis and prepare the recovery, the Meeting underlined a series of measures that are needed and where the ILO has added value in terms of knowledge, experience and partnerships. There is a need to avoid protectionism in all its forms, which can only exacerbate the effects of the crisis in the longer term. There must be sufficient liquidity in financial systems at the national, regional and global levels to allow investment, expanded employment and sustained consumer demand. It is necessary to also avoid the risk of a downward spiral of wage cuts and "beggar-thy-neighbour" policies across the region. Investment should be increased in a range of infrastructure projects, including those aimed at a low carbon economy and particularly through small and medium enterprises.
21. Containing and overcoming the impact of the crisis can be facilitated by improving coherence between macroeconomic and employment policies. Delegates from across the region emphasized strongly that now is the time to invest much more in active labour market policies and programmes to train and retrain workers for the recovery with the skills they need for the future. Cuts in education and training should be avoided and wherever possible increased investments undertaken to prepare women, men and young people for employment. The lifelong learning approach to education and skills needed to be further reinforced to prepare for recovery.

- 
22. Job-placement schemes and targeted employment services free of charge to jobseekers should be developed, enlarged and improved with a special focus on workers facing the greatest difficulty in re-entering the labour market. Policies to maintain and create employment should assist those more vulnerable to exclusion from decent work opportunities, such as women, workers at the start and towards the end of their working life, migrants, minorities, workers in precarious forms of employment and those engaged in informal working arrangements. Employment policies should aim to encourage employers to wherever possible retain workers who will be needed when markets recover, hire new employees and prepare workers for a continuously changing labour market.

**(ii) New wage challenges**

23. Common concerns were shared by governments, and employers' and workers' organizations around the rise in atypical and low-paid employment. Participants stressed the importance of social dialogue for shaping social and economic policies, including wage policies. In this context, the significance of collective bargaining was also highlighted as an efficient means to adjust wages to changing market situations so that they can be aligned to productivity levels, taking into account inflation, thus providing decent work for all. The need to respect and safeguard the freedom and autonomy of social partners in fixing wages through collective bargaining was voiced by both Worker and Employer representatives. Concern was also expressed with regard to the decline in collective bargaining coverage and the fall in the wage share of GDP in many countries. Some suggestions were put forward to counter these trends including through extension mechanisms of collective agreements and procurement policies, among others.
24. There was consensus among all participants about the need to respect national industrial relations practices in wage determination. Many highlighted the diversity of minimum wage-fixing mechanisms across countries. The Meeting stressed the need, especially in the present economic downturn, to protect decent working conditions of those worst hit by the crisis, many of whom are women, as a means to avoid further fragmentation of labour markets and preserve social cohesion. Many delegates requested that the ILO continue to produce comparative data and information on wage developments and share good practices with a view to assisting national actors and institutions that are ultimately responsible for their wage policy.
25. Many enterprises are resorting to short-time working or extended temporary shutdowns during the slowdown. Such measures may help secure the survival of enterprises and their longer term competitiveness. Such arrangements though should be negotiated and should accommodate the needs of individual workers, including their family responsibilities.

**(iii) Fundamental rights at work and international labour standards**

26. The ILO Declaration on Fundamental Principles and Rights at Work (1998) is an important defence against the risk that recession may lead to an increase in worker exploitation. The European and Central Asian region is very close to achieving 100 per cent ratification of the eight Conventions referenced in the Declaration. The Meeting pledges to increase its efforts to promote full respect for fundamental principles and rights at work.
27. The Meeting stressed that freedom of association and the effective recognition of the right to collective bargaining are particularly important to enable the attainment of the four strategic objectives of the Decent Work Agenda. These rights are universally recognized as fundamental, are enshrined in international labour Conventions No. 87 and No. 98 and their

---

application is monitored by the ILO supervisory system. The Meeting recalls that the right to freedom of association applies to employers and workers.

28. It is of key importance to ensure that the interpretation and implementation of freedom of association and collective bargaining at regional and subregional level is fully consistent with international labour standards and the ILO supervisory system.
29. The Conventions and Recommendations of the ILO constitute a rich reference of international labour standards many of which articulate principles of particular relevance during periods of economic difficulty. International cooperation to counteract the crisis is greatly facilitated by the large measure of mutual understanding and common practice in the region regarding the application of ILO standards. The Meeting encourages Members to avail themselves of the advice and support of the ILO when planning changes in labour laws which should also aim to enable increased ratification of up to date Conventions.
30. The Meeting noted that all countries of Europe and Central Asia had ratified Convention No. 111 on discrimination in employment and occupation and expressed interest in strengthening the status of the Convention and extending the seven prohibited grounds of discrimination listed in this instrument. It also suggested that the International Convention on the Protection of the Rights of all Migrant Workers and Members of the Family, designated a core human rights instrument in the UN, should be considered for ratification by countries of the region.

**(iv) Labour market policies to reconcile flexibility and security**

31. The Meeting discussed the importance of policies that can facilitate labour market adjustments during expansionary periods but also in the context of the current financial and economic crisis. The flexicurity approach, supported by the interaction of employment-promoting macroeconomic policies, skills training and lifelong learning, job-search assistance, active labour market policies, adequate social security coverage and effective social dialogue, offered a useful policy mix to balance flexibility and security for enterprises and workers.
32. With a well-balanced policy mix, flexicurity can respond to changing market and technological conditions without compromising worker security. The appropriate balance of interest between enterprises and workers can effectively be determined through negotiations involving governments, and employer and worker organizations making full use of the Decent Work Agenda.
33. The ILO's Global Employment Agenda offers a well-balanced approach which seeks to ensure both the security workers and employers need to invest in improved productivity and the flexibility they need to adapt to changing market and technological conditions.

**(v) Social dialogue**

34. Counteracting the adverse impact of the recession on labour market conditions and contributing to recovery efforts requires well designed policies and programmes appropriate to specific country situations. Social dialogue at appropriate levels from the workplace to the national, as determined by the parties, is an important mechanism for developing broad-based support and commitment to efforts to overcome the crisis and build a better future for working women and men.

- 
35. The Meeting heard encouraging reports of a wide variety of social pacts and labour agreements reached despite the pressures of economic setbacks. Given the interdependence of economic and social conditions, the need for various forms of international dialogue is increasing within multinational enterprises, at sectoral level and in relation to coordinated recovery measures.
  36. The Meeting stressed that good labour–management relations can help to mitigate hardship, facilitate recovery measures and contribute to fair sharing of adjustment costs. Crisis-related measures have been increasingly on the agenda of the tripartite and bipartite negotiations and consultations since the beginning of this year; collective bargaining can help overcome difficult situations related to restructuring in many enterprises.
  37. Labour administration and inspection services should be maintained and, if necessary, strengthened and modernized. Responsive and well-qualified labour administration and inspection services provide protection for workers and support responsible employers in meeting labour standards. Furthermore their advice can help improve working conditions, productivity and competitiveness. They are needed more than ever during an economic slowdown.

#### **(vi) Social protection and quality of working life**

38. European countries with comprehensive social security systems are better placed both to generate recovery and to protect those made vulnerable by the crisis. Existing social security systems are a major component of the so-called “automatic stabilizers” that act to counter downturns in the economy. In countries without comprehensive systems, the extension of social security to all, including measures to provide basic income to all in need of such protection, and adapting its scope and coverage to meet the new needs and uncertainties generated by the speed of technological, societal, demographic and economic changes is a priority.
39. The reconciliation of paid work with family life and care responsibilities has increasingly been recognized as essential for the quality of working life. Work-family reconciliation policies can be a useful tool to promote gender equality in the world of work as well as to offset the impacts of the crisis on workers with family responsibilities.
40. As the recession deepens, the numbers of unemployed and the length of time they are out of work is rising rapidly all over the region. It is vital to ensure that the unemployed are able to maintain themselves and their families and to not fall into poverty with all the risks this entails of becoming permanently detached from the workforce. Income support should be part of policies to facilitate rapid reactivation of the unemployed into productive employment.
41. In social security systems that include fund-based pension schemes, public support may be needed to ensure that if such schemes are weakened by the steep fall in stock markets they are not forced to sell assets at distressed prices to meet current obligations for retirees. This would further drive down equity prices and threaten future pensions. Looking to the longer term, funded supplementary schemes must become a sustainable part of comprehensive social security systems.
42. The Meeting further requests that urgent consideration be given to new forms of financial support for social investment in vulnerable countries both within the region and in other continents. It is essential that countries most severely exposed to the credit freeze are able to maintain essential social services and poverty alleviation schemes. The ILO is prepared with its Decent Work Agenda to cooperate fully in the development of new integrated approaches to social investment.

---

### **III. The way forward**

43. The tripartite constituency of the ILO in Europe and Central Asia, aware of the grave risks to the well-being of the people of the region and its partner countries around the world, reaffirm their commitment to the enduring values of the ILO in this its 90th year. Respect for fundamental principles and rights at work, especially freedom of association and the effective recognition of the right to collective bargaining, underpin the social dialogue mechanisms needed to overcome the crisis. They enable the ILO's constituents to express the concerns and interests of the real economy of the region on which its future prosperity depends.
44. The Meeting examined several ways in which the ILO and its constituents could ensure that their concerns for the building of a sustainable recovery and a stronger social dimension to a new architecture for the governance of globalization could be expressed. This would stretch from the search for workplace solutions to the challenges posed by the crisis through enterprise, industrial, national, regional and global forums for discussion and decision-taking. Each of the constituents recognized their own specific responsibilities as well as the value of jointly agreed ways forward. The Organization offers an essential means for constituents to support and strengthen each other in the difficult days ahead and its Office stands ready to assist wherever possible.

#### **(i) Further development of Decent Work Country Programmes**

45. Decent Work Country Programmes have proved to be a valuable means for the ILO and its constituents to develop integrated approaches to the implementation of the Decent Work Agenda. Furthermore they enable a closer collaboration with other relevant international agencies in support of national development priorities. The Meeting calls for the increased participation of constituents in the Decent Work Country Programmes. The Social Justice Declaration requires a refocusing of ILO assistance so as to be more relevant to the needs of constituents. In the period ahead, constituents should review current Decent Work Country Programmes in the light of the challenges posed by the crisis and the adaptation of priorities that may be required
46. The Meeting welcomes the technical assistance Members are giving to the ILO's programmes in the region and urges those in a position to do so to further increase this important means of mutual support.

#### **(ii) Regional activities**

47. The Decent Work Agenda should be strongly supported in Europe and Central Asia both as a policy framework for the countries of the region and also as a strategy to underpin international sustainable development policies.
48. The Meeting welcomed the increase in collaboration between the ILO and the institutions of the European Union. It also appreciated the extensive work undertaken by the ILO with countries of South-East Europe and within the Commonwealth of Independent States. Such work is even more needed to support the Decent Work Agenda and integrated responses to the crisis in the region. The usefulness of a peer review process on employment policies in South-East European countries was noted with interest.
49. The Meeting requests the ILO to continue to develop its region-wide and subregional activities and further strengthen the cooperation with the European Commission. It is



---

essential that activities are subject to regular evaluation so as to strengthen their effectiveness. The Meeting called for a continuation of assistance to countries in need of ongoing ILO support.

**(iii) The ILO in the world**

50. The Meeting recognized the growing appreciation of the importance of a strong social and employment dimension to global efforts to roll back the crisis, stimulate sustainable recovery and shape a fair globalization. This calls for a strong role for the ILO in the various forums of discussion and decision taking including the G-8, G-20 and other groupings as well as the United Nations and the multilateral system.
51. The Meeting noted with appreciation the engagement of many European leaders in the process of building a strong role for the ILO into a new more coherent system for the governance of globalization and called for still further efforts in this regard.

**(iv) Commitments of constituents**

52. Governments, employers' and workers' organizations at the Meeting stressed the urgent need for effective social dialogue and collective bargaining due to the gravity of the crisis and the serious problems it is causing for enterprises and working women and men.
53. Government representatives reaffirmed their commitment to strengthen the ILO's practice of genuine tripartite dialogue and respect for international labour standards including the promotion of freedom of association and the right to collective bargaining. Governments should facilitate the work of organizations of employers and of workers, strictly applying principles of freedom of association and voluntary membership, and refraining from interference that could restrict the right to freely join those organizations. Independence, democracy and representativity are essential for effective social dialogue
54. Government representatives reaffirmed their commitment to strengthening the practice of tripartite dialogue and to respect international labour standards, including freedom of association and the promotion of collective bargaining

**(v) Proposals for future work by the ILO**

55. The Meeting therefore requests the Governing Body to consider the following proposals for activities to support constituents' capacities to respond to the crisis and reach the ILO's objectives in the context of globalization. It is suggested that the Office:
  - (a) continue to monitor and provide fact-based analysis on the employment, labour and social impact of the crisis in the region;
  - (b) assist countries in improving conditions for new enterprise creation and development;
  - (c) provide an assessment of employment and social protection support measures and strive to increase its assistance to countries seeking to build their capacity to administer and finance basic social security systems;
  - (d) target standards promotion activities on up to date Conventions of particular relevance in the crisis;

- 
- (e) facilitate social dialogue where requested and monitor and report regularly on the way in which constituents are using and developing social dialogue in response to the crisis;
  - (f) collect and analyse information on the impact on employment of emergency measures to normalize credit flows and the various reform proposals under consideration, in collaboration with the relevant international institutions;
  - (g) support constituents in mitigating the effects of the crisis including by providing advice on how to achieve policy coherence consistent with decent work objectives;
  - (h) where requested, assist in developing integrated approaches to promoting decent work in countries hard hit by the crisis, in collaboration with international and regional organizations with mandates in closely related fields;
  - (i) producing data and information on wage trends development across the region and sharing good practices with a view to informing national policy-making. Upon request, the ILO could provide technical assistance to governments as well as the social partners on wage policy-related issues;
  - (j) the ILO should promote the Decent Work Agenda within the multilateral system, including the G-20 process, the international financial institutions and the EU.

\* \* \*

Delegates warmly thanked the Government and social partners of Portugal for their hospitality and invaluable support for the organization of the Eighth Regional Meeting.