

The world economy is showing some encouraging signs of a recovery. For countries like Cambodia, which are export-dependent, this is particularly good news.

But, while we have probably avoided another global Great Depression (thanks in part to government stimulus measures), policy makers can't yet relax. The jobs crisis is far from over, and is at least as damaging to countries as the economic downturn that has received more attention.

The International Labour Organization – the UN agency dealing with work and workplace issues – has just released its latest World of Work report,¹ and the findings show clearly how important it is to avoid a premature or ill-conceived exit from such stimulus measures.

Like many economies, Cambodia has been hit severely by the global economic and jobs crisis. While the country's economy grew by over 10 per cent per year between 2004 and 2007, as the impact of the crisis spread across the globe Cambodia's growth slowed. It was 6.7 per cent in 2008 and international experts expect it to contract in 2009.

Because of this downturn, tens of thousands of people lost their jobs, particularly in key sectors such as garments, tourism, and construction.

In response, Cambodia, like other countries across Asia-Pacific, undertook a range of measures designed to address the labour market impact of the global economic crisis. In other Asian countries, such measures included spending on infrastructure to create jobs, supporting companies with subsidies to allow them to retain or train their employees, and strengthening social protection systems such as unemployment insurance.

In Cambodia, the response to the crisis included a stimulus package that was targeted to boost spending on infrastructure, social programmes and agriculture. In addition a tourism policy taskforce was recreated, with the aim of upgrading the industry and attracting more regional tourists. Other components of the recovery strategy included reducing the Central Bank's reserve requirements, to encourage lending, and additional loans and grants to agricultural and related businesses.

But, if the economic recovery is underway why must Cambodia - and others - continue spending hard-earned funds on stimulus measures? Won't the employment situation pick up naturally as the economy turns around?

Firstly, around the world the jobs crisis is much larger than the unemployment figures suggest. In addition to those who are out of work completely, millions of other people are currently on shorter hours or involuntarily working part-time. These people risk losing their jobs and sources of income entirely if companies become unviable, governments withdraw support or the economic rebound is not strong or swift enough. Millions more have moved of necessity into the informal economy where earnings and productivity are low (and low productivity undermines national economic competitiveness). Such informal economy work is usually not protected by law and frequently lacks social protection. Many times, workers in these kinds of jobs also have problems having their voices heard and being represented in decision making in the workplace.

Secondly, there is a significant risk that the jobs crisis will have long-lasting, negative social and economic implications. Workers without a job could become long-term unemployed or drop out of the labour market entirely.

Surprising as it may seem this crisis presents Cambodia, and other countries, with an opportunity; to improve their social protection system. Social protection serves many purposes for individuals, business and the state. If the spending is well-designed, not only can it address immediate needs, it can also help countries improve their social protection system and cope with future crises. Developing nations such as Cambodia are particularly vulnerable to external shocks. Steps taken today can pay dividends in the long run. The Government's initiative to develop a national social protection strategy is thus particularly timely.

It is also significant that the ILO and the Kingdom of Cambodia agreed last month on a national Decent Work Country Programme. This three-year programme lays out a cooperation framework and plan of action that aims to help the country recover from the global jobs and economic crisis. Initially, action will focus on employment creation - particularly for young people and retrenched workers - and social protection. Other areas of work will focus on the garment sector, a critical component of the country's economy and an important source of jobs and income for many families.

In addition, the ILO will continue to work to ensure that Cambodia and its other member states structure their policies and stimulus measures in line with the approach outlined in the Global Jobs Pact.² The Pact, which was adopted by the ILO's entire membership earlier this year, is designed to ensure that crisis response measures are employment-orientated and support decent work and social protection.

So while we should welcome the green shoots of recovery, we must be conscious that, in Cambodia and elsewhere, they remain fragile and that recovery can not be complete as long as the jobs crisis continues. An “early exit” from support measures may seem an attractive option, but it could lead to a sluggish recovery process that drags on for years. This is something the women and men in Cambodia looking for a job right now do not want or need.

¹ The World of Work report 2009 was compiled by the International Institute of Labour Studies, the research arm of the ILO. It can be found at [World of Work Report 2009: Global Jobs Crisis and Beyond](#)

² [Recovering from the crisis: A Global Jobs Pact](#)