



## SIXTEENTH ITEM ON THE AGENDA

**Report of the Director-General****Fourth Supplementary Report: ILO response to the earthquake and tsunami disaster in the Indian Ocean**

1. The devastation caused by the earthquake and tsunami in the Indian Ocean on 26 December 2004 was described by the United Nations Secretary-General as “the largest natural disaster the Organization has had to respond to on behalf of the world community in the 60 years of our existence”. The countries affected were India, Indonesia, Sri Lanka and Thailand, as well as the Maldives, Malaysia, Myanmar, Seychelles and Somalia. Besides the immediate toll in deaths and human suffering, more than 4 million people in the main affected countries lost their sources of livelihood and are at risk of sinking deeper into poverty.

**The immediate response**

2. During the first critical days following the disaster, the ILO worked on the ground to plan for early recovery and rehabilitation, whilst at the same time addressing the most immediate reconstruction needs. In the main affected countries, the ILO was able to mobilize rapidly. To coordinate its response, the ILO set up a task force in Bangkok, supported by a task force in Geneva, which maintained constant communication with the ILO subregional offices in New Delhi, Manila and Bangkok and in particular with the ILO offices in Colombo and Jakarta. An Intranet site was set up and monitored daily to ensure that vital up to date information was shared.
3. The ILO initially concentrated its efforts in Indonesia and Sri Lanka. It reinforced the technical capacity and support facilities of the ILO Jakarta and Colombo offices to provide the immediate responses required, namely, to participate in needs assessment missions, dialogue and partner with other agencies in the UN country teams, the World Bank and the Asian Development Bank, prepare proposals for inclusion in the UN Flash Appeal and initiate rapid action programmes. It consulted and involved employers’ and workers’ organizations, ministries of labour and other concerned government ministries and agencies.
4. In India and Thailand, which did not participate in the UN Flash Appeal, the ILO focused on supporting the initiatives of the tripartite constituents including helping to identify and respond to labour market, employment and social protection needs.

5. At the same time as the ILO put efforts into mobilizing donor resources, without sacrificing previous commitments to constituents and donors, it also reallocated some regular budget resources to support immediate action and redirected existing and relevant ongoing technical cooperation projects to focus on the affected areas and groups.
6. In the immediate aftermath of the disaster, the ILO also quickly guaranteed the safe whereabouts of all staff known to be in or from the affected areas, whilst at the same time taking steps to assess casualties and damage to several project partners.

### **ILO integrated response strategy**

7. The immediate response of the ILO to the disaster is contributing to the overall reconstruction efforts both in the immediate and long-term. “It is vital that the reconstruction efforts involve re-establishing jobs, employment and economic activity. We need to get people back to work quickly to avoid exacerbating already existing poverty in many of the affected areas”<sup>1</sup> – jobs for those who can work and protection for those who cannot.
8. Within the United Nations and multilateral response, the ILO’s most effective role is advising on how the overall recovery effort can accelerate the process of getting people and communities back to decent and productive work. This has both an economic and social dimension. The ILO has therefore sought to assist the contribution of labour and social affairs ministries and workers’ and employers’ organizations in the governments’ overall planning for recovery and in assuring that the employment and livelihoods focus is fully appreciated by international partners. In addition to this “upstream” role, the ILO is able to offer specific assistance in areas of its expertise. In some cases this has involved the ILO itself taking responsibility for projects, whilst in others it has involved advising on approaches that the government or others will use in their own programmes. While the ILO does not have any special expertise in the immediate relief phase of responding to natural disasters, planning for recovery begins in the early days with needs assessments that require an employment and livelihoods component in order for subsequent recovery programmes to be effective.
9. Four broad themes on which the ILO has experience, expertise and knowledge tools for employment-intensive recovery and the (re)establishment of social protection mechanisms, giving special attention to the needs of the most vulnerable groups, have attracted the strong interest of the governments and other partners in the affected countries. The ILO has responded by:
  - introducing labour-based technology in reconstruction to quickly generate jobs and income while rebuilding basic infrastructure;
  - setting up emergency public employment services and providing training to help in the recovery of the labour market and putting jobseekers in touch with available jobs;
  - boosting the revival of local economies through its local economic development (LED) approach, which emphasizes identification of economic opportunities, business promotion, employment-friendly investments, social finance, establishment of cooperatives, social dialogue and empowerment of local communities; and

<sup>1</sup> Statement by the ILO Director-General on the Response to the earthquake and tsunami in the Indian Ocean area, released on 4 Jan. 2005.

- providing technical advice and support on social safety nets and social protection catering to people in both the formal and informal economies.
- 10.** In all these activities, the ILO pursues the principles listed below. At the same time, it has been building partnerships with frontline humanitarian agencies with a view to mainstreaming these principles in disaster management operations:
- addressing the needs of the most vulnerable groups, particularly the many orphaned children (to avoid their becoming victims of trafficking and the worst forms of child labour); young people who were already experiencing high levels of unemployment and underemployment prior to the disaster; female heads of households who may be more exposed to gender-based violence, discrimination and abuse; and marginalized groups including migrant workers, especially those in irregular circumstances, who tend to be left out of social support and assistance programmes;
  - respecting human rights in reconstruction efforts, namely non-discrimination (according to gender, age, ethnic origin, migrant status, religion, caste, etc.), avoiding the use of forced labour, avoiding child labour, particularly its most dangerous forms and involving the tripartite constituents as much as feasible;
  - applying wherever possible, especially in reconstruction work, safe and healthy working conditions, hours of work and rest periods that allow for sufficient rest, payment of fair remuneration and at least partly in cash; and
  - promoting peace building in the areas also affected by political conflict.

## **ILO action in the Indian Ocean region**

### ***Indonesia***

- 11.** ILO preliminary rapid estimates of the effects of the disaster indicate that around 600,000 people were affected by job losses. The unemployment rate could rise temporarily from 6 per cent to 30 per cent or higher in the affected areas. Some 38 per cent of the population in Aceh and North Sumatra provinces are in danger of falling deeper into poverty. However, massive reconstruction programmes could mean that at least half the jobs could be restored by end 2005, and 85 per cent within 24 months.
- 12.** On 7 February, the ILO together with the Ministry of Manpower and Transmigration and its provincial office in Banda Aceh, set up an Employment Services Centre for the people of Nanggroe Aceh Darussalam Province (ESPNAD) in Banda Aceh. By the end of February, over 4,000 people had registered as jobseekers. As well as registering workers for labour-intensive work programmes, the centre also offers a range of short training courses on basic skills and capacity-building courses for potential and existing entrepreneurs. The ILO is currently working with national staff to set up similar, essential employment services centres in several other districts.
- 13.** The Start and Improve Your Business (SIYB) programme was launched on 14 February 2005, targeting young women and men up to 28 years of age. A number of participants from trade unions, local manpower offices and NGOs attended the training. The first training of trainers, mainly teachers from vocational schools and vocational training centres, on Know About Business (KAB), commenced at the end of February 2005.
- 14.** The ILO is assisting in the extension of existing “cash-for-work” schemes in Aceh. The aim is to train supervisors and contractors on minimum standards and labour protection

and initiate local and community contracting. The ILO is also involved in local development planning undertaken by the Provincial Planning Agency, particularly on infrastructure, economic development and employment creation.

15. Immediately after the disaster, the ILO International Programme on the Elimination of Child Labour (IPEC) initiated discussions with the US Department of Labor (US-DOL), which led to resources being made available for prevention of the worst forms of child labour in Aceh. The first action programmes have started, with a focus on skills training for 15-17 year olds and non-formal education support for out-of-school children. The ongoing ILO technical cooperation project relating to youth employment funded by the Government of the Netherlands and the project to combat forced labour and trafficking funded by the United Kingdom are being extended to include Aceh.
16. The ILO continues to work closely with the Bureau of National Development Planning and the World Bank on preparing a long-term reconstruction strategy and has joined the recently formed task force on economy and employment. The income generation and employment creation strategy proposed by the ILO will contribute to the overall recovery and reconstruction programme for the next three to five years. Partly as a result of these efforts, the ILO was invited for the first time to attend the meeting in January 2005 of the Consultative Group of Indonesia (CGI), the major World Bank-led donor forum chaired by the Government.
17. Following contacts made with unions at the local level, the ILO is exploring collaboration with the Global Unions to provide training programmes for unemployed workers from the areas of fishing, agriculture and other areas of the informal economy. The ILO has also been coordinating with the Indonesian Employers Association (APINDO) to assist affected enterprises in resuming operations. In addition, the ILO is working with the UNDP on the Aceh Emergency Response and Transitional Recovery (ERTR) programme. The UNDP has agreed to allocate resources to the ILO for its specific areas of expertise, in particular those related to employment services, vocational training and enterprise development. The ILO has agreed with the UNDP to provide technical assistance and co-manage the labour and employment-intensive components.

## **Sri Lanka**

18. Over 400,000 workers in the affected districts lost their jobs and sources of income. The majority of job losses occurred in the fisheries, hotel and tourism industry and other areas of the informal economy. The unemployment rate in the affected districts could rise to more than 20 per cent.
19. With resources from an existing project funded by the Swedish International Development Cooperation Agency (SIDA), the ILO conducted assessments of how loss of livelihood had affected people's lives and also developed skill profile requirements for reconstruction – the information has been a key resource in helping the Government and international community to formulate appropriate responses.
20. The four main areas of the ILO's response to the disaster are: contribution to the assessments of the impact of the tsunami; policy advice to the Government in planning livelihood support for reconstruction; resource mobilization for downstream project implementation; and engaging the social partners.
21. After carrying out a first rapid social and employment impact assessment immediately after the disaster struck, ILO technical experts worked with the Ministry of Labour to prepare a concept paper for a Rapid Income Recovery Programme (RIRP). This was presented to the President's office and the concept was subsequently incorporated into the

national reconstruction plan. The RIRP provides jobs for those who can work and protection for those who cannot through three interlinked components: cash transfers; cash for work; and business support, taking into account the different concerns and needs of women and men. The ILO, in partnership with the World Bank and the UNDP, is currently providing technical assistance in designing the framework and is expected to play a key role in supporting the implementation of the programme. The ILO is also participating in a high-level inter-ministerial task force, established by the Prime Minister, to promote an optimum use of local resources during the reconstruction process so as to maximize employment opportunities for affected groups and low-income segments of the society.

22. To demonstrate practically its approaches, the ILO has identified two affected locations (one in the south and one in the north) to start reconstruction of essential community services through “cash-for-work” programmes with support from the United Kingdom Department for International Development (DFID). Discussions are ongoing with the World Bank on possible collaboration to enlarge this programme. The programme for the prevention of child labour is also being expanded with funding provided by the US-DOL.
23. The ILO is also vigorously pursuing its efforts to mobilize extra-budgetary resources for activities in the following five key areas: employment-focused reconstruction; extension of employment services; local economic development; prevention of child labour; and organizing the unorganized. Regarding the latter, the ILO is currently working with trade unions to launch a programme to organize the unorganized workers in the fishing industry. This was discussed with the Global Unions when representatives recently visited Sri Lanka. Funding for the extension of an existing employment services programme, Jobsnet, to affected communities is being sought. Jobsnet is a government programme, managed by the Ceylon Chamber of Commerce and backed by the ILO with financial support from SIDA.

## **Thailand**

24. Over 400 fishing villages along the Andaman coast were seriously affected by the tsunami. It is estimated that around 30,000 households dependent on fisheries lost their means of livelihood, while over 90,000 people in the tourism sector lost their jobs.
25. The Government decided not to appeal for international financial assistance but welcomes and appreciates technical assistance, expertise and equipment in support of both the short-term relief and the longer recovery and rehabilitation effort. As the country does not seek international financial assistance, ILO efforts, impact and visibility in helping to restore jobs and support vulnerable groups will be financed through ongoing programmes and internal resources.
26. The ILO has been particularly concerned about the joint UN findings that groups of migrant workers have not received humanitarian aid commensurate with their needs, nor been able to help in victim identification, constrained by a general atmosphere of insecurity and lack of information about how to re-establish their legal status. Therefore, the ILO is one of four UN agencies working on a joint UN strategy for meeting the security, humanitarian and livelihood replacement needs of migrant workers – some 120,000 of whom had been registered with the Thai authorities in the six provinces prior to December 2004. The ILO has also taken a leadership role within the UN country team on advocacy and support to help migrant workers re-establish registration documentation and regain productive employment.
27. The ILO has consulted the Ministry of Labour, employers’ organizations and labour unions on their perceptions of needs, responses and priorities for ILO support. For medium to longer-term rehabilitation of employment, the ILO has offered the Ministry its existing

Thai-language tools on starting and improving small businesses, labour-based methods for creating maximum local jobs in infrastructure reconstruction projects, and policies and training for newly disabled workers. Many of these tools have already been tested in Thailand and can thus easily be adapted to the circumstances in the affected provinces.

28. On 30 January 2005, the ILO co-sponsored a workshop in Phuket for labour unions on the “Impact of tsunami disaster on workers in Andaman coastal areas of Thailand.” Legislators, officials from the Ministry of Labour, representatives of various labour unions, and NGOs working with migrant workers assessed current levels of assistance and gaps and made specific recommendations. The ILO will participate in a second workshop in mid-March organized by labour unions to discuss current re-employment prospects and assistance programmes with government officials in Bangkok.
29. The ILO has also adjusted ongoing work on labour migration to take into account the lessons learnt through the experience of responding to the tsunami disaster on migration policy, discrimination, and regional and occupational concentrations. In addition, existing projects to protect children from exploitation, to combat HIV/AIDS at the workplace and research work with employers’ organizations on migrant workers have all responded to specific needs and opportunities to work with local partners in the affected provinces. Finally, several ILO country and regional meetings are being held in Phuket this year, where infrastructure and facilities are largely undamaged, to contribute in a small way to the resumption of business and livelihoods in the hotel industry.

## **India**

30. The tsunami caused extensive damage to the coastal areas of Andhra Pradesh, Kerala, Tamil Nadu and Pondicherry, as well as to the Andaman and Nicobar Islands. According to government estimates, some 2.7 million people lost jobs or livelihoods and the overall financial loss was US\$1.5 billion.
31. The Government of India did not participate in the initial UN Flash Appeal, however, on 12 January 2005, it made a request for UN assistance. The ILO is participating in an on-the-ground UN recovery support team that was set up in Chennai, Tamil Nadu, to support recovery and rehabilitation efforts. The ILO was responsible for the “rebuilding livelihoods” component of a joint World Bank/Asian Development Bank/UN assessment mission that was undertaken in Andhra Pradesh, Kerala, Tamil Nadu and Pondicherry.
32. Immediately after the disaster, the ILO subregional office in New Delhi set up its own task force to organize response. It expanded ongoing operational activities in Tamil Nadu to cover part of the affected areas. It consulted tripartite partners at national and local levels on short- and medium-term joint action for reconstruction and rehabilitation. As a result, employers and workers made a commitment to come together to work jointly with the ILO on rebuilding livelihoods. The key potential programmes include: entrepreneurship and skills training (including Start and Improve Your Business and business development services); establishment of cooperatives; and organizing workers and self-help groups particularly of women and young people to enhance and rebuild livelihoods.
33. The ILO also held discussions with the Ministry of Labour at the national and state levels and identified possible areas of ILO support to include: the extension of existing relevant social welfare legislation to cover affected workers; labour-based reconstruction; training and skills development; extension of child labour programmes to affected districts; and extension of employment services to the informal economy.

34. The ILO is currently engaged with the constituents in formulating action programmes for collaborative implementation. While resource mobilization efforts are ongoing, internal resources have been reprogrammed to support initial initiatives.

### **ILO resource mobilization, donors and the UN Flash Appeal**

35. The response of the international community to the devastation caused by the earthquake and tsunami in the Indian Ocean has been swift and unprecedented. The estimates of global giving vary from US\$6.3 billion to \$10 billion.
36. In the immediate aftermath of the disaster, the ILO was able to mobilize a number of key staff members to support our offices, principally in Jakarta and Colombo. Some reallocation of regular budget resources was made to finance this emergency response. However, in order to scale up the support the ILO is able to offer to the countries affected by the earthquake and tsunamis, the ILO needs to raise extra-budgetary funds. The ILO is therefore making a coordinated approach to donor agencies both through head offices and especially at country level to seek extra-budgetary resources. Dialogue with key development agencies and donor representatives is maintained through weekly contact with more than 25 multi-bilateral donor institutions. Locally led resource mobilization efforts are carried out by ILO-Colombo and ILO-Jakarta, with a view to expanding existing operations in close collaboration with the Government, the constituents, the UN country teams, the World Bank and other international financial institutions. As follow up to these efforts, approaches have also been made to several governments that had made funds available to the relief and recovery effort.
37. To date, the total regular budget and extra-budgetary resources mobilized in support of the ILO response to the earthquake and tsunami in the Indian Ocean amount to \$4,762,000. A total of \$636,000 in regular budget resources was made available by reprogramming Regular Budget Technical Cooperation resources and cash surplus funding originally allocated for the Regional Office for Asia and the Pacific. A total of \$4,126,000 was mobilized by reprogramming extra-budgetary contributions from the US-DOL (\$2,000,000), the Netherlands (\$1,600,000) and the United Kingdom (\$600,000), as well as new contributions from Sweden (\$286,000), the UNDP (\$125,000) and Italy (\$115,000).
38. The main focus of the multilateral fund raising efforts was a UN Flash Appeal, launched nine days after the disasters, which called for \$977 million to fund the critical work of some 40 UN agencies and NGOs. The appeal was focused on supporting people in Indonesia, Maldives, Myanmar, Seychelles, Somalia and Sri Lanka from January to the end of June 2005. The total amount pledged, committed or contributed to the UN Flash Appeal is \$942 million, of which 55 governments have specifically pledged, committed, or contributed \$689 million to 16 UN agencies and another \$50 million to NGOs and other international organizations. The balance of \$128 million consists of general pledges for the UN Flash Appeal that have not yet been assigned or committed to any agency or NGO.
39. The appeal process led to a situation where several agencies were awarded funding in excess of their proposals, whilst others were offered little or none. The ILO submitted two proposals, one for Indonesia and another one for Sri Lanka, amounting to \$15,425,000 as part of the UN Flash Appeal. But it has not yet received support through this mechanism. On 16 February 2005, the UN Undersecretary-General for Humanitarian Affairs sent a letter to all donors asking them to give priority to the agencies that have submitted proposals that focus on livelihoods and recovery. Discussions are ongoing between UN humanitarian and development agencies, coordinated by the Office for the Coordination of

Humanitarian Affairs (OCHA), to review the UN Flash Appeal and the specific criteria for the allocation of unassigned donor funds and future reporting mechanisms. The ILO is taking an active part in this process.

40. In the case of Indonesia, significant effort has been made to secure funding through the UNDP Pacific Sustainable Livelihoods Programme, and the Emergency Response and Transitional Recovery (ERTR) programme. In Sri Lanka, the ILO has entered into an agreement with the UNDP on the need to join forces in the forthcoming recovery phase. The ILO has confirmed its commitment to work with the UNDP under their framework programmes, on the basis of a common agreement on the appropriate management arrangements and clarification of the responsibilities of the ILO.

### **Preliminary assessment of the ILO's role in tsunami recovery**

41. First, the ILO's expertise in the important aspect of employment-oriented recovery is much appreciated by governments, social partners and other agencies. Second, the ILO was able to respond quickly to the disaster primarily because of our presence in the main affected countries. Third, the strategy of seeking to influence the overall thrust of recovery efforts has been effective in that the ILO has been invited to join a number of key planning committees and take the lead on employment and labour-based livelihoods recovery. The ILO's commitment to play a full and active role in a coordinated multilateral response is a central feature of this. Fourth, a limited number of ILO-managed projects have started and relevant existing projects have been redirected to the affected areas and people; they are serving to demonstrate the practical value of a decent work approach to recovery, which others are emulating. Fifth, the potential for scaling up the approach offered by the ILO is constrained by the need to raise extra-budgetary funding and this has proved to be a complex and time-consuming process.
42. Although the ILO is not itself a front line relief agency, it should work alongside humanitarian and relief organizations during the emergency phase. It is at this point that the ILO can start to influence the overall recovery process by working together with governments and local authorities as part of the larger UN effort to rebuild livelihoods and restore development. In addition, the ILO should be present and take an active role as part of the consultative groups and task forces set up by the World Bank and the governments and other international financial institutions in order to influence the upstream, national policy discussions on the type of relief and reconstruction required.
43. Despite strong efforts by the ILO, donors have not earmarked funds for the two ILO reconstruction projects included in the UN Flash Appeal, while other agencies became over-funded. There are probably various reasons for this but a root problem is that the system is heavily focused on immediate relief and much less so on the subsequent medium-term recovery process. The United Nations has started to review its arrangements with the World Conference on Disaster Reduction (Kobé, 18-22 January 2005), in which the ILO participated. For its part, the ILO will also need to assess the extent to which it can develop its role within the UN system through, for example, becoming a member of the Inter-Agency Standing Committee (IASC) responsible for inter-agency coordination of humanitarian assistance in response to complex and major emergencies. In this regard, the ILO will need to articulate, demonstrate and improve the visibility of its expertise and knowledge tools in areas such as job creation, local economic development and social protection as vital contributions to crisis response. At the same time, the ILO needs to establish its role in crisis response – what is it the ILO does better and why vis-à-vis other agencies – more clearly and convincingly within the donor community.

- 44.** In operational terms, the deployment of experienced staff to emergency operations to support country offices proved essential. The most important skills are in the areas of damage assessment, programme development, labour-based technology and resource mobilization. These skills are also necessary to forge a closer working relationship with the World Bank, the Asian Development Bank and other international financial institutions, with a view to securing an employment-friendly recovery and reconstruction process that respects human rights and provides adequate protection for those most in need. Strong links with the private sector and business community in promoting employment-friendly recovery and reconstruction is extremely valuable. In addition, it is crucial to mobilize the support of employers' and workers' organizations to contribute to the recovery of socio-economic livelihoods in the areas affected by the disaster.
- 45.** The Office will conduct a more thorough assessment of the role it was able to play in the tsunami recovery effort later in the year.

Geneva, 3 March 2005.