

Module 2 – Financial and Economic Downturns

I. Introduction to the crisis

A. Characteristics

During the past two decades, many countries have experienced significant financial and economic distress. Extreme financial crises occurred in Mexico in 1994-95, Indonesia, Thailand and Korea 1997-98 and the Russian Federation in 1998. Banking crises have also occurred in the United States in the mid-1980s and early 1990s, in the Nordic countries in the early 1990s, and more recently in Japan, Canada and Argentina.⁹ These recent experiences suggest that, in an increasingly interlinked world, a crisis in one country can have “contagion effects” on neighbouring countries and “reverberating effects” on other countries with fragile economies vulnerable to external shocks.

Financial and economic downturns are often characterized by drastic declines in real GDP growth, falls in equity prices and output, very high inflation rates and sharp drops in consumption and incomes. Other symptoms may include excessive export dependency, vulnerability to trends on the international markets in capital, goods and raw materials, heavy burden of external debt, and restrictions on the state’s options for correcting the imbalances. Financial and economic downturns may be interrelated with the other types of crises. When they are combined with social and political transitions, heightened social tensions and armed conflict may emerge.

B. Causes

While the root causes of financial and economic downturns are often difficult to pinpoint, researchers have identified the following factors which contribute to financial instability¹⁰:

⁹ Brenda Gonzalez-Hermosillo: *Developing Indicators to Provide Early Warning of Banking Crises, Finance and Development*, June 1999.

- n **Deterioration of financial sector balance sheets** (i.e. deterioration of assets and worth relative to liabilities at a specific time to such an extent that the banking systems' income is not sufficient to cover its expenditures).
- n **Increases in interest rates** (higher interest rates can dilute the quality of potential borrowers, lending institutions may respond by limiting the number of loans they make).
- n **Increase in uncertainty** – Lenders may be less willing to lend, leading to a decline in lending, investment and aggregate activity.
- n **Deterioration of non-financial balance sheets** – (caused by unexpected change in the inflation rate, or unanticipated exchange rate depreciation).

Financial and economic downturns are extremely difficult to predict. However, a number of indicators, when studied together, may point to a society that is vulnerable to currency and banking crises.¹¹ These indicators include:

- n Fiscal deficit;
- n Current account deficit;
- n Rate of inflation;
- n Over-valuation of the exchange rate;
- n Capital flows;
- n Credit growth;
- n Extent of non-performing loans;
- n Bank liquidity;
- n Export decline;
- n Economic slow-down.

Banking crises are often preceded by large outflows, of short-term capital, declines in the stock market and reductions in the prices of other assets. Case studies have also shown that liberalization, if not accompanied by an adequately reinforced regulatory system, creates the conditions for a banking crisis and makes it more difficult to cope with the crisis once it erupts. It is therefore also useful to assess the extent of crony capitalism

¹⁰ Mishkin, Frederic S.: Financial Policies and the Prevention of Financial Crises in Emerging Market Countries, Prepared for the October 2000 NBER Conference "Economic and Financial Crises in Emergency Market Economies" September, 2000.

¹¹ Sharma, Sunil, "The Challenge of Predicting Economic Crises," *Finance and Development*, June 1999. Vol. 36, No. 2.

(e.g., privatisation at throw-away prices, credit for political allies or bail-outs of politically connected enterprises).

C. *Societal impacts*

From positions of rapid economic growth, financial crises can lead to contractions in the economy and increases in absolute poverty, income inequality, open unemployment, underemployment and vulnerability of already disadvantaged groups. The deterioration in wages and conditions of work is often serious. Financial and economic crises have not only resulted in sharp increases in poverty, but have threatened political stability as well. These effects fall into the mainstream of ILO concerns. The challenge is how to enlarge economic opportunities, in a shrinking economic environment, quickly and effectively, and bring social protection within reach of a large section of the population suffering from shock.

The effects of these crises reach all levels of the population due to large-scale retrenchment in the organized sector, especially huge losses of employment in industry, construction and services, and steep declines in wages and earnings. The rise in open unemployment brings about a shift of the labour force to less productive and less remunerative activities, a move to the rural and urban informal sectors and underemployment. The value of household assets can also decline, leading to a breakdown in traditional safety nets. The impact of financial and economic downturns falls disproportionately and most seriously on the poor, and exposes the weaknesses in social policy frameworks.

Where there are decreases in output and incomes resulting from financial crises and economic downturns, there will also be massive job losses caused by bankruptcies and cutbacks in production. This leads to a sharp rise both in open unemployment and underemployment. In addition, the rise in inflation, in the context of a considerably weakened labour market, extracts a further toll in terms of falling real wages and incomes. The combined effects of higher unemployment and inflation push larger numbers of people into poverty. All of these effects can be magnified in countries lacking an adequate safety net.¹²

Women are especially vulnerable in countries where they already suffer from a disadvantage and discrimination in the workplace. In these countries, women generally have less social protection, are less secure economically and thus may have greater difficulty recovering from the impacts of financial crises. Women work in sectors that are highly

¹² Eddy Lee: *The Asian Financial Crisis: The Challenge for Social Policy*, ILO, Geneva, 1999.

impacted by globalization, including agriculture and electronics. Workplace restructuring, the international mobility of capital, and conversion to market economies leave many women without even these options. During the Asia financial crisis, as enterprises failed and companies collapsed, women reeled under the multiple burden of retrenchment, falling incomes and disappearing markets, as they struggled to provide for their families' basic needs. Women in the informal sector may indeed suffer the most.¹³

Migrant labourers from rural areas, who come to cities to work in factories, construction projects and other enterprises when the economy is booming, may also suffer disproportionately as they are laid off and are forced to return to their villages. This return migration puts additional stress on rural economies that are already ill-equipped to support them. Financial and economic downturns may also result in reverse migration across national borders, as massive movements of people migrate across the entire region, from one country to the next, reversing traditional migration paths.

Case: The Russian Financial Crisis 1998

The financial crisis that hit Russia in 1998 involved the combination of a devaluation of the rouble, default on domestic and foreign debts and a collapse of the stock market and major commercial banks. The immediate social impacts of the Russian financial crisis fell primarily on employees in the financial sector. Because of unemployment, household deposit holders experienced loss of the real value of deposits, and employees of budget sector organizations and pensioners were affected because of the build-up of arrears. Most Russians were deprived of their savings and their trust in financial institutions was undermined.

The August 1998 shock did not create any new or unprecedented problems for Russia's social protection system. Rather it accentuated the problems that already existed before the crisis in the form of a persistent malaise.¹⁴

A nationally representative sample of Russians, interviewed shortly after the 1998 crisis, had suffered a widespread deterioration in welfare compared with their position two years earlier. Current expenditures had generally contracted more than incomes. Even poor households had cut spending relative to income, probably because they not only had less money, but also feared worse times

¹³ See Enarson, Elaine (2000): Gender and Natural Disasters, IFP/CRISIS Working Paper No. 1, ILO.

¹⁴ Is the Crisis Over: Three Regional Perspectives: Press Backgrounder, The World Bank Group, 1999.

ahead. Average household income was 20 per cent lower in real terms. The share of wages in total income fell from 41 per cent to 36 per cent, and the share of income from government transfers rose. However, the average amount of government transfers decreased by 18 per cent in real terms. The share of home production in income increased from 15 per cent to 21 per cent, and the real value of income from this source also rose. This was evidently part of a private coping mechanism. Help from relatives was 40 percent lower in absolute terms. Total household expenditure fell by 25 per cent, while the poverty rate increased sharply, from 22 percent to 33 percent just after the crisis. The data suggest that the crisis affected urban households more than rural ones. The fall in mean expenditure was about 27 per cent in urban area and 21 per cent in rural areas.¹⁵

D. *The broader context of response*

This type of crisis requires timely immediate/short-term and medium-term action to mitigate its financial and social consequences. One obvious priority is to strengthen the financial system. Various international institutions offer external assistance for these types of financial interventions.¹⁶

The **World Bank**, as required by its mandate, uses its expertise to assist developing countries in the design and implementation of reforms to strengthen financial systems, including banking, capital markets and market infrastructure.

The **International Monetary Fund** is responsible for surveillance of all member countries and monitors developments in the global economy and financial markets. Together with the World Bank, the regional development banks, the Bank for International Settlements (BIS) and the banking supervisory community, the IMF is increasing its efforts in the banking and financial areas. IMF-supported adjustment programmes often include conditionality related to financial sector reforms, such as legal and regulatory improvements, systemic bank restructuring, privatisation of banks and the introduction of appropriate monetary instruments and market based systems of monetary management. The

¹⁵ Lokshin, Michael and Ravallion, Martin: How Tight Was Russia's Safety Net in the Face of the Crisis? Based on the authors' paper: "Welfare Impacts of Russia's 1998 Financial Crisis and the Response of the Public Safety Net." In Transition Newsletter (See <http://www.worldbank.org/html/prddr/trans/janfeb00/boxpg6.htm>), by the Development Economics Research Group.

¹⁶ Capacity Building in Africa: The Role of International Financial Institutions. Finance and Development, December 2000, Volume 37, Number 4.

Fund also provides technical assistance, at the request of members, focusing on key banking and financial sector matters. With near universal membership, the IMF can also play an important role in international efforts to promote financial sector stability, not only in emerging markets, but also across its entire membership.

However, financial sector reform, while a necessary condition, is not by itself a sufficient response. It is not only weakness in formal institutions that creates the preconditions for crisis, but also the contamination of market processes by politics. The strengthening of transparent democratic institutions, therefore, becomes central to the post-crisis economic model that is required.¹⁷ Since the poor and vulnerable suffer the most from the social and economic consequences of these crises, creative approaches are needed to reduce their vulnerability to future shocks.

II. ILO's response

A. Overview of ILO response

ILO holds a comparative advantage in helping to enlarge economic and employment opportunities and safety nets for people and societies marginalized by financial and economic downturns. The role and response of other assistance agencies, including the ILO, are often crucial for supporting financial recovery and meeting the socio-economic needs of vulnerable people. ILO's participation in a response effort is predicated on certain criteria, described in Part One of this manual. Whenever a decision is made to respond, it is important to do so in a timely manner at the earliest possible stage. The challenge for ILO is to develop suitable early warning indicators, to monitor the impacts of the crisis and to put together a package of contingency plans ready for action.

In the pre-crisis stage, ILO staff can identify and implement crisis preparedness measures, and on-going ILO projects can include components specifically designed to help to mitigate crises. For crisis response, ILO conducts a needs assessment and designs a strategy that is compatible with the efforts of the national government and other assistance agencies for immediate/short-term and medium-term responses.

¹⁷ Lee, Eddy: *The Asian Financial Crisis: The Challenge for Social Policy*, ILO, 1999 (2nd printing).

B. *Pre-crisis preparedness and mitigation measures*

Countries with horizontal inequality, high unemployment, under-employment and high or increasing levels of poverty are also susceptible to the severe detrimental social impacts of financial and economic downturns. In such cases, ILO staff should monitor early warning indicators and strengthen or initiate preparedness and mitigation plans and measures.

Monitoring and early warning: ILO's monitoring of conditions that may lead to potential social crises triggered by financial and economic downturns can build on existing monitoring and surveillance data and reports on financial and economic situations, poverty and employment levels. The World Bank's World Development Report (WDR), the IMF's World Economic Outlook and UNDP's Human Development Report are some of the resources that are available. There are also web sites and resources that analyse and monitor current and ongoing developments. For this list, see Annex X: ILO Crisis Monitoring, Early Warning and Analysis. Data analysed through these systems can be used in conjunction with findings from quarterly surveys at household and community level to allow timely prediction of the social impacts that may accompany sudden financial downturns. Low-cost, manageable systems may be designed by combining a few critical indicators with different types of data gathering techniques, to extract data and convert it into usable operational signals.¹⁸ "Barometers" of the labour market situation may be developed, including trends in wage rates of particular groups in the labour market, or employment (or new hires) in larger enterprises and the government sector. The emphasis should be on the speed, regularity and qualitative reliability of signals.¹⁹ Furthermore, data should be disaggregated (in particular by gender) in order to better adapt the response. Special care should be taken in interpreting available employment statistics, as the sampling methods must be well understood and comparability ensured.

Mitigation measures. Preparatory work on mitigation may focus on two key aspects:

- n Preventing or mitigating a rapid deterioration in the employment situation by preventing losses and sharp declines in wages and earnings through active labour market policies, protection

¹⁸ Poverty monitoring has been started in a number of countries. The annual National Human Development Report provides a framework for recording and analysing various aspects of horizontal inequality. This can be supplemented by a monitoring and early warning system.

¹⁹ Brenda Gonzalez-Hermosillo: *Developing Indicators to Provide Early Warning of Banking Crises, Finance and Development*, June 1999.

of vulnerable groups, and promotion of social dialogue. Specific measures could include:

- preparing, testing and institutionalising **emergency employment schemes** which can be quickly expanded in a crisis (counter cyclical schemes) in urban areas for urban youth, retrenched workers and others, and in the rural areas, especially for those who move from urban areas in search of subsistence;
 - preparing, testing and institutionalising approaches for **rapid expansion of informal sector self-employment and micro enterprise activities**;
 - preparing a **shelf of potential schemes/business plans** based on local resources and skills which can be quickly activated;
 - **assessing the impact on and capacities of traditional ILO constituents:** (governments, employers' associations and workers' groups);
 - **identifying NGOs, CBOs, voluntary organizations, women's organizations** (including self-help associations in the informal sector) as partners and building their capacity;
 - **examining and upgrading institutional support mechanisms for emergency employment schemes** (training in skills, small contractor training, contracting procedures, productivity measurement, cash wage levels, etc.) and for micro enterprises (short skill and business training, micro finance, input supply, marketing and technical support, etc.);
 - conducting training needs assessments in light of changing demand conditions and developing training/retraining schemes;
 - strengthening employment services and labour market information systems to facilitate early detection of downturns and to act as active labour market policy instruments.
- n Strengthening community and household coping mechanisms and preventing their decline by strengthening existing social protection system mechanisms and developing alternative channels for voluntary social protection, including:

- identifying and strengthening **informal group finance systems** as a buffer mechanism to reduce the fragility of vulnerable households and promoting organic links between credit and savings;
- **exploring systems of micro finance** and their sources and procedures;
- **promoting self-help voluntary schemes** at the community level for social insurance and social protection.

C. *Response at the time of crisis*

In formulating a crisis preparedness strategy, it is important to evaluate the experience obtained in addressing previous crises. Particular attention should be paid to the impact of the crisis on employment, social relationships, groups of various income levels and identity and the results of programmes targeted to affected groups.

Case: Financial Crisis in Indonesia

Despite rapid economic growth during the decade 1985-95, employment creation in Indonesia lagged behind labour force growth. Nearly two-thirds of total employment was in the informal sector. Open unemployment in urban areas was high. Underemployment was widespread.

The crisis suddenly reversed economic growth. It resulted in massive lay-offs in the organized sector, affecting a very large number of women workers in export-oriented industries. It increased poverty both directly (through loss of jobs and movement to low productivity work) and indirectly (through downward pressure on wages and rise in prices).

Indonesia had a number of programmes in place for direct intervention in employment creation and poverty reduction. Among these were “mega” employment intensive village infrastructure construction schemes and the Kampong Improvement programme in urban areas. These programmes had the potential for rapid expansion in response to the crisis. Temporary employment-intensive programmes were prepared for 3.9 million people and included jobs dredging canals, cleaning up markets and improving village roads for 507,000 workers in Jakarta and 3.4 million in the regions. The unsubsidised rural credit programmes of Bank Rakyat Indonesia for self-employment and micro enterprise creation also had a similar counter-cyclical potential. The performance of these programmes during the crisis provides important

lessons for countries in similar situations. The experience of the 1997-1999 crises has been assessed by both the ILO and the World Bank.

ILO Needs Assessment. The ILO needs assessment should seek to identify the most critical challenges for an ILO response and take stock of the tools and resources both available and required to address them. The ILO assessment of financial and economic downturns may build upon information collected through multi-agency monitoring and early warning systems. Again, the reader should refer to the references cited in the Annex: List of Crisis Early Warning, Monitoring and Analysis Web Sites, under the heading “Financial crises, economy and poverty.” ILO staff should also refer to the ILO’s *Crisis Response Rapid Needs Assessment Manual* for additional guidelines on conducting needs assessments in such situations.

Components of the ILO assessment include:

- n magnitude and characteristics of job losses;
- n affected communities, their location, family composition (age, sex, education, skills, employment experience and poverty levels);
- n coping strategies (sale of household assets, rapid use of savings, reduction in household expenditure, more family members including women and children at work, most members take on additional work/work longer hours);
- n current status and sources of income;
- n assessing, where appropriate, patterns and data of return migration (disaggregating the data by sex, age, occupation, etc.) and existing resettlement schemes;
- n movement from formal to informal sector/ type of informal sector activity and from urban to rural sector/type of rural sector activity;
- n community mobilization and support;
- n government support framework;
- n support from NGOs and donors at country level/local level;
- n assessment of major financial institutions providing support as part of a “safety net” response (which can quite often result in “make work” programmes which lead to “decent work” initiation).

D. Immediate/short-term response

In most cases, a two-step phased approach for ILO cooperation may be considered through immediate/short-term and medium to long-term interventions. In the immediate and short-term, ILO's priorities for response are to:

- n stem the marginalization of the most vulnerable groups by facilitating access to high impact employment and income generating activities;
- n facilitate social protection through voluntary programmes and strengthening of existing programmes;
- n strengthen provisions for social dialogue;
- n strengthen and prevent the further decline of community and household coping mechanisms;
- n counteract the impact of reductions in social expenditure through anti-poverty programmes, working with social partners and civil society, including women's organizations;
- n liaise and dialogue with the Bretton Woods Organizations to advocate for the inclusion of employment and related social concerns in the design of the response package and add jobs value to existing proposals.

Coordination with the National Government. In all cases, the ILO approach is developed in coordination with the national government – in particular the Ministry of Labour. ILO can work with government counterparts and constituents to formulate timely preparedness and mitigation measures to address the employment and related social effects of the crisis and coordinate them with the objectives of financial programmes.

While needs will differ from case to case, the following matrix may be useful in selecting mitigation options.

Case:

Labour Market Response to East Asian Financial Crisis

In East Asia, the overall and sudden fall in the demand for labour was cushioned by a comprehensive programme of interventions in the labour market. This programme had many components. Among others, the following are important:

- n expanding employment quickly through employment-intensive infrastructure schemes (Indonesia, Republic of Korea, Thailand);
- n facilitating re-entry into employment by reorganizing employment service networks and establishing centres for assistance to retrenched workers;
- n continuously upgrading the skills of workers, particularly the unskilled, through short-cycle programmes “apprenticeship style”, providing on-the-job technical know-how, and building flexibility in skills to increase adaptation (Indonesia);
- n voluntarily modified compensation levels (including minimum wage), as in Indonesia, Republic of Korea and Thailand, from 75 per cent to 90 per cent of minimum wage) for emergency employment schemes in order to reach more people;
- n maintaining accepted labour standards and workers’ rights;
- n increasing the manageability of the informal sector through voluntary self-help mechanisms and access to credit.

Overview of ILO response to financial and economic downturns

Needs/problems	ILO response
<p><i>Bankruptcy of large and medium enterprises in the organized sector:</i></p> <p>Huge losses in production and jobs</p> <p>Increase in open unemployment</p> <p>Movement of labour force into urban informal sector</p>	<p>Rapid identification of self-employment opportunities in informal sector micro enterprises through reoriented employment services and labour market information centres and other available sources and partners.</p> <p>Rapid survey to determine business opportunities and market demand.</p> <p>Working with social partners to secure retrenchment packages where such agreements operate.</p> <p>Increasing the employability of unemployed/retrenched workers through the provision of short skill and business training/retraining/apprenticeship, micro finance, technical, marketing and counselling services including better management of inflow into the informal sector.</p> <p>Cooperation with local authorities and constituents (working towards a flexible regulatory environment) and with sub-sectoral business associations in counselling and support services.</p> <p>Rapid development of emergency employment schemes for small-scale urban infrastructure rehabilitation, construction and maintenance and their employment-intensive implementation, related training and retraining.</p> <p>Voluntary self-help youth employment and training programmes in the urban sector.</p>

Needs/problems	ILO response
	<p>Special programmes for unemployed or retrenched women, including mainstreaming them in above activities.</p> <p>Special programmes for retrenched, highly skilled and professional workers through temporary employment and support services in schools, health centres, civic services and existing community and social programmes.</p>
<p><i>Movement of population into rural sector:</i></p> <p>Migration of men to other areas in search for employment</p> <p>Increasing numbers of women heads of households and increased pressure on women for household income</p>	<p>Rural non-farm activities and micro enterprises.</p> <p>Agriculture support activities.</p> <p>Special income-generating projects for women.</p> <p>Self-targeted employment-intensive rural infrastructure schemes, and food-for-work schemes to create emergency safety nets (construction of access roads, bridges, water sources, water and soil conservation, education, training and health facilities, environmental protection etc.).</p>
<p><i>Breakdown of household level coping mechanisms and social and community support systems:</i></p> <p>Increase in women's burden of productive and reproductive work</p> <p>Increase in child labour</p>	<p>Restoring community support structures and supporting local organization for community sponsorship and implementation of emergency employment schemes.</p> <p>Organizing community level voluntary small-scale savings and credit schemes and social safety nets.</p> <p>Special family support programmes to reduce incidence of child labour.</p> <p>Promoting voluntary social protection schemes.</p>

Needs/problems	ILO response
<p><i>Reduction in government social and welfare funds and expenditure:</i></p> <p>Reduction in education, health and housing</p> <p>Cuts in public services</p> <p>Loss of confidence in and weakening of state institutions</p> <p>Adverse effects on employers and trade unions</p>	<p>Measures to protect anti-poverty allocations by increasing external funding support to targeted programmes.</p> <p>Promotion of partnership with NGOs, CBOs and voluntary sector in all employment and training programmes.</p> <p>Special support programmes for ministry of labour (crisis management of labour problems, disputes and industrial relations, labour market management and employment service centres).</p> <p>Increased role and responsibility of employers' and workers' organizations in crisis management.</p> <p>Dialogue with the Bretton Woods institutions to include employment issues in response packages.</p>

E. Medium/long-term response

The medium-term effects of financial and economic downturns may include:

- n** changes in production systems and labour markets, such as weakening of relationships between expansion of output and growth of employment, growth of atypical terms of employment and involuntary part-time work and steady rises in open unemployment;
- n** over expansion of the informal sector and increase in precarious employment;
- n** wider and improved use of labour-based technology infrastructure works and mainstreaming of such approaches in the infrastructure ministries;
- n** reduction in social and family cohesion due to migratory movements for employment indicated by increase in women-headed households, increase in child labour with children taken out of school and adverse health and nutrition effects on the labour force;

- n expenditure caps on social sector programmes and government expenditure generally as part of fiscal austerity affecting expansion of employment generating activities and support programmes for the poor; increase in poverty and continued decline in living standards.

The practical policy and programme implications of these effects need to be studied carefully. Operational lessons should be drawn from previous crises and a medium-term strategy for employment-oriented growth and social risk management should be prepared. Meanwhile, short-term programmes should be continued and, where possible, expanded to overcome transitional difficulties.

In the medium-term strategy, the focus should shift to employment-friendly investment policies and programmes, productivity growth through skill acquisition and the realization of decent work. The promotion of social protection, social dialogue and adherence to International Labour Standards will assume greater importance. The possibility of setting up unemployment insurance schemes may be actively pursued. The strategy should also seek to improve the response capacity of countries to crises and the management of social risk.

References

ADB (Asian Development Bank) (1998): Special Issue on the Asian Financial Crisis, in *ADB Review*, Vol. 30(4), ADB, Manila.

Böhning, W.R. (1998): "The Impact of the Asian Crisis on Filipino Employment Prospects Abroad, ILO/SEAPAT, Manila.

Gonzalez-Hermosillo, Brenda (1999): "Developing Indicators to Provide Early Warning of Banking Crises", in *Finance and Development*, June.

Harris, B. and C. Robb (1998): Social Impacts of the Crisis on Households and Communities, Preliminary Findings in Indonesia, Mission Report, World Bank, Washington, D.C.

ILO (International Labour Organization) (1999): *Key Indicators of the Labour Market*, Country Profiles, ILO, Geneva.

ILO (1998): Report of the High-Level Tripartite Meeting on Social Responses to the Financial Crisis in East and South-East Asian Countries, Bangkok, 22-24 April, ILO.

ILO (1998): Employment Challenges of the Indonesian Crisis, Report prepared for the ILO Jakarta Office.

ILO (1999): The ILO's response to the financial crisis in East and South-East Asia, GB.274/4/3, ILO.

ILO/SEAPAT (1996): Targeted Programmes for Special Groups and Combating Social Exclusion in Indonesia, ILO/SEAPAT, Manila.

Islam, Rizwanul (1998): Indonesia: Economic Crisis, Adjustment, Employment and Poverty, Issues in Development Discussion Paper 23, ILO, Geneva.

Islam, Rizwanul, et.al. (2001): Active Labour Market Policies in East and Southeast Asia: What has been done and what can be done?, paper prepared for the Seminar on Labour Market Policies: Its Implications to East and Southeast Asia (WB-ILO-JMHLW-PDOLE-JIL-ASEM), 1-2 March 2001, Manila, Philippines.

Robb, C. and C. Zhang (1998): Social Aspects of the Crisis, Perceptions of Poor Communities in Thailand, Paper prepared for Thailand Social Investment Project, IDS, University of Sussex, July.

Sharma, Sunil (1999): "The Challenge of Predicting Economic Crises", in *Finance and Development*, June.

Shone, Mike (1997): Facilitating large-scale job creation for infrastructure works in the new “mega” Employment Intensive Programmes of East Asia.

Singh, Ajit (1998): Financial Crisis in East Asia: “The End of the Asian Model?”, Issues in Development Discussion Paper 24, ILO, Geneva.

Subbarao, K. (1997): “Safety Net Programmes and Poverty Reduction: Lessons from Cross-Country Experience”, World Bank, Washington, D.C.

World Bank (1998): East Asia, The Road to Recovery, September, World Bank, Washington, D.C.

Others

Documents prepared for the Joint Government of Japan, World Bank and ILO Seminar on Economic Crises, Employment and the Labour Market in East and South-East Asia, Tokyo, October 1999.

Documents prepared for the Manila Forum (9-12 November 1999). These were divided into three main topics: Social Impact of the Asian Crisis; Social Safety Nets and Urban and Rural Development for Poverty Reduction; and Social Sector Policy Reforms and the Role of the Private Sector.

ANNEX 1:

List of Crisis Early Warning, Monitoring and Analysis Web Sites

Breaking news and political analysis	
Reuters Alertnet www.Alertnet.com	AlertNet provides global news, communications and logistics services to the international disaster relief community and the public. With Reuters core skills of speed, accuracy and freedom from bias, and Reuters 150 years' experience reporting from disaster zones around the world, AlertNet gives disaster relief organisations reliable information, fast.
BBC World News http://news.bbc.co.uk/	From the BBC's home page click on "World" news and then from World News you can do a search for recent articles. For example, by entering "Ivory Coast" you will get several articles dating back a couple of weeks at least.
CNN.com World News www.CNN.com/WORLD/	From the CNN's "World" page you can do a search for recent articles. For example, by entering "Ivory Coast" you will get several articles dating back a couple of weeks at least.
Agence Francais Presse World News Links www.afp.com/english/links/	This is AFPs link to a world-wide network of online newspapers. Many of these news links have internal search engines which can help you locate archived news and reports.
All Africa.Com www.allafrica.com	AllAfrica.com incorporates Africa News Online, everyday posting 400 stories from more than 60 African publications.

Country profiles, data and analyses	
<p>Economist Intelligence Unit www.eiu.com/</p>	<p>The Economist Intelligence Unit (EIU) has been a trusted source of analysis on the economic, political and business environments in 195 countries for more than 50 years. The EIU produces objective and timely analysis and forecasts of the political, economic and business environment in more than 180 countries. Some free information, as well as customisable services for paying clients.</p>
<p>CIA World Factbook www.odci.gov/cia/publications/factbook/</p>	<p>The CIA World Factbook provides country profile information ranging from demographics, to economic information, government, geography, etc. Documents are free and reproducible.</p>
<p>ReliefWeb www.reliefweb.int</p>	<p>Reliefweb is a gateway to a host of country-specific on-line information sources covering: country profiles on the web, cultural information, development and disaster history, economics, geography, government and politics, military, weather, news, etc.</p>
<p>World Bank Data and Maps www.worldbank.org/data/</p>	<p>World Bank links to country maps, country data, world & country-specific development indicators, world development reports.</p>
Conflict early warning information and analysis	
<p>FEWER www.fewer.org</p>	<p>The Forum on Early Warning and Early Response (FEWER) is a multi-sectoral and multi-disciplinary network, spanning Asia, Africa, North and South America, and Eurasia, that provides conflict early warning analytical and information services.</p>

<p>EurasiaNet www.eurasianet.org</p>	<p>EurasiaNet provides information and analysis about political, economic, environmental and social developments in the countries of Central Asia and the Caucasus, as well as in Russia, the Middle East, and Southwest Asia.</p>
<p>IRIN www.reliefweb.int/IRIN/index.phtml</p>	<p>IRIN, the Integrated Regional Information Networks, in partnership with ReliefWeb, provides daily updates, and special reports, in French, English and Kiswahili on a wide array of political, economic and social issues affecting humanitarian-related concerns in Africa and Central Asia.</p>
<p>International Crisis Group: Crisisweb www.crisisweb.org</p>	<p>Crisisweb is the website for the International Crisis Group where ICG posts its country conflict analytical reports and recommendations for international action.</p>
<p>INCORE Initiative on conflict resolution and ethnicity www.incore.ulst.ac.uk/home/</p>	<p>INCORE is a global centre for the study and resolution of conflict. Its website is a global gateway with information links to over 40 countries and conflict themes including: truth and reconciliation, religion and conflict, refugees, landmines, human rights, women and conflict, and children and conflict.</p>
<p>Policy.com “Global Hotspots” www.policy.com/hotspots/</p>	<p>Policy.com’s “Global Hot Spots” showcases leading political research, opinions and events related to “Global HotSpots,” and Conflict in over 30 countries worldwide.</p>

Children's rights	
<p>Children's Rights Information Network</p> <p>www.crin.org/</p>	<p>CRIN is a global network of over 1,000 child rights organisations. Exchanging ideas, information and experience supports the promotion and realisation of children's rights. CRIN's network furthers the discussion on critical child rights issues such as, for example, child labour; children living with HIV/AIDS; children in armed conflict; and more.</p>
Financial crises, economy and poverty	
<p>Economist Intelligence Unit</p> <p>www.eiu.com/</p>	<p>The Economist Intelligence Unit (EIU) has been a trusted source of analysis on the economic, political and business environments in 195 countries for more than 50 years. The EIU produces objective and timely analysis and forecasts of the political, economic and business environment in more than 180 countries. Some free information, as well as customisable services for paying clients.</p>
<p>Asia Recovery Information Center (ARIC)</p> <p>www.aric.adb.org/</p>	<p>ARIC monitors the social and economic impacts of the Asian crisis and the recovery process in the five countries most affected by the Asian crisis: Indonesia, the Republic of Korea, Malaysia, the Philippines, and Thailand. More Asian countries affected by the crisis will be added in the future.</p>

<p>World Bank Links www.worldbank.org</p>	<p>World Bank links to topics ranging from poverty reduction, to social protection to debt relief for Heavily Indebted Poor Countries (HIPC). The website “SEARCH” function can be used to find information and publications on “economic downturns,” “financial crises,” “war to peace transition.”</p>
<p>International Monetary Fund (IMF) www.imf.org</p>	<p>From the IMF home page, you can connect to specific country financial and monetary information by clicking on “Country information” and then selecting the country of your choice.</p>
<p>PovertyNet www.worldbank.org/poverty/index.htm www.worldbank.org/poverty/data/povmon.htm:</p>	<p>PovertyNet is a World Bank Web site developed to provide resources for people and organizations working to understand and alleviate poverty. A database to provide quick access to comprehensive poverty information. The second site listed here provides access to household surveys; Poverty Assessment Summaries since 1993; participatory poverty assessments; social indicators; links to other sites and research on poverty.</p>
<p>Asian Economic Crisis russia.shaps.hawaii.edu/economic/asian-crisis.html</p>	<p>This page hosted by the University of Hawaii and entitled “The Asian Economic Crisis: Points of View” provides a list of sources on the Asian Financial Crisis. This is a useful gateway to analysis of the Asia Financial Crisis.</p>
<p>Global Macroeconomic and Financial Policy Site www.stern.nyu.edu/globalmacro/</p>	<p>Global macro-economic and financial policy site including topical links to: Asia crisis, current global economic and financial policy news, international financial system, country links, and financial sector issues.</p>

<p>Economic Commission for Latin America and the Caribbean (ECLAC)</p> <p>www.eclac.org/index1.html</p>	<p>ECLAC collects, organizes, interprets and disseminates information and data related to economic and social development of the region.</p>
<p>Food supply and famine early warning</p>	
<p>GIEWS</p> <p>www.fao.org/giews</p>	<p>FAO GIEWS network (Global Information and Early Warning System on Food and Agriculture) provides regular bulletins, regional and country situation reports, and information on food supply and demand, and warning of imminent food crises.</p>
<p>Famine Early Warning System Network (FEWS NET)</p> <p>http://www.fews.net/</p>	<p>FEWS NET provides food security monitoring and famine early warning for 17 drought-prone African countries. This site includes: satellite monitoring and analysis; regular field monitoring trips; vulnerability analysis; desertification and climate change monitoring; market monitoring and analysis.</p>
<p>Health epidemics & HIV/AIDs</p>	
<p>UNAIDs</p> <p>www.unaids.org/</p>	<p>UNAIDs website provides recent country-specific data on HIV/AIDS prevalence and incidence, together with information on behaviours (e.g. casual sex and condom use) that can spur or stem the transmission of HIV. Cosponsors of UNAIDs include: UNICEF, UNDP, UNFPA, UNESCO, WHO, UNDCP and the World Bank From www.unaids.org go to “HIV/AIDs by country” link.</p>

<p>Communicable Disease surveillance and response (CSR)</p> <p>www.who.int/emc/index.html</p> <p>www.who.ch/emc/outbreak_news</p>	<p>The World Health Organization (WHO) Weekly Epidemiological Record (WER) serves as an essential instrument for the rapid and accurate dissemination of epidemiological information on cases and outbreaks of diseases. Once a communicable disease outbreak has been confirmed, pertinent information is placed on the World Wide Web and can be accessed by the general public.</p>
<p>Humanitarian assistance and international relief</p>	
<p>Disasterrelief.com</p> <p>www.disasterrelief.org/EarthWatch/</p>	<p>Worldwide disaster aid and information via the internet. The “Earth Watch” link keeps an eye on the many different disaster events happening around the world. Sponsored by American Red Cross and CNN.</p>
<p>ReliefWeb</p> <p>www.reliefweb.int</p>	<p>ReliefWeb is a project of UN OCHA and provides disaster emergency updates, situation reports and information on humanitarian relief efforts and appeals for natural disasters and complex emergencies. It is updated around the clock.</p>
<p>Human rights</p>	
<p>Human Rights Watch</p> <p>www.hrw.org</p>	<p>Human Rights Watch is dedicated to protecting the human rights of people around the world. Its 2000 annual report is found at : www.hrw.org/wr2k</p>
<p>Amnesty International</p> <p>www.web.amnesty.org/</p>	<p>Amnesty International is a worldwide campaigning movement that works to promote all the human rights enshrined in the Universal Declaration of Human Rights and other international standards. Has Annual Report at www.amnesty.org/ailib/aireport/index.html</p>

Labour/employment issues	
<p>ILO www.ilo.org</p>	<p>ILO's home page with links to all ILO programmes and departments, including an internal document search engine.</p>
<p>International Confederation of Free Trade Unions (ICFTU) http://www.icftu.org/</p>	<p>This ICFTU website posts news and updates on recent and emerging labour rights and disputes and has internal search engine and links on: child labour; equality; globalisation; trade and labour standards, trade union rights, and youth.</p>
<p>LabourNet http://www.labournet.org/</p>	<p>International Labour Solidarity Website. The LabourNet web site promotes computer communications as a medium for building international labour solidarity. Posts news related to current worldwide labour strikes and disputes.</p>
Natural disasters	
<p>ReliefWeb www.reliefweb.int</p>	<p>ReliefWeb is a project of UN OCHA and provides up-to-date information on natural disasters and complex emergencies, as well as humanitarian relief appeals and organizational situation reports.. It is updated around the clock.</p>
<p>ReliefWeb (Early Warning) Natural Disasters Link www.reliefweb.int/resources/ewarn.html#natural</p>	<p>This is ReliefWeb's natural disaster early warning page with links to research and information centres specializing in research and information dissemination on various types of natural disasters including earthquakes, tropical storms, etc.</p>

<p>HazardNet hoshi.cic.sfu.ca/hazard/</p>	<p>HazardNet aims to enhance the timeliness, quality, quantity, specificity and accessibility of information for those concerned with preventing, mitigating or preparing for or large-scale natural and technological emergencies. Simon Frazier University, Canada.</p>
<p>Natural Hazards Observer www.Colorado.EDU/hazards/sites/sites.html</p>	<p>This website page is the University of Colorado's Natural Hazard Centre's information gateway to university, research centres and organizations specializing in research and information on various types of natural hazards and disasters.</p>
<p>Refugees and internally displaced persons</p>	
<p>Refugees Daily www.unhcr.ch/news/media/daily.htm</p>	<p>Refugees Daily a global refugee news review. This summary of refugee news has been prepared by UNHCR from publicly available media sources.</p>
<p>Internally displaced persons www.idpproject.org/</p>	<p>The Global IDP Project website is an independent website and information management service on internally displaced persons worldwide. Profiles and data for 20+ countries.</p>