



---

OFICINA INTERNACIONAL DEL TRABAJO  
Oficina Subregional para el Cono Sur de América Latina

# **RECONSTRUCTION AND JOB CREATION**

## **Report on the ILO response to the Chile 2010 earthquake and tsunami**

## 1. Context

On 27 February 2010, Chile was struck by one of the biggest earthquakes and tsunamis in history. This affected a significant part of the country and had a major impact on people's living conditions, on public and private infrastructure, economic activity and employment. For the country it meant an estimated loss of 29.6 billion dollars, representing 18% of GDP in 2009.

In the context and at the occasion of President Sebastian Piñera taking office, the Director General of the ILO, Juan Somavia, expressed solidarity with the victims of the earthquake and tsunami, and offered ILO cooperation to the Government of Chile in the area of reconstruction and employment creation.<sup>1</sup>

This offer was backed by ILO international experience gained in reconstruction processes, which translates into available instruments and tools to address the employment consequences of natural disasters. The assistance provided in this type of settings is based on the premise that employment is a crucial element in all stages of disaster response, since it represents both an immediate need and a long term stepping stone towards recovery and development.<sup>2</sup>

Some of the aspects emphasised by the ILO to ensure that jobs are created and maintained during post-disaster recovery and reconstruction processes are 1) the importance of social dialogue, 2) adequate support for micro, small, and medium-sized enterprises, 3) stakeholder involvement in local economic development planning, 4) gender equality and 5) the situation of most vulnerable groups. The ILO technical assistance included both direct interventions and capacity building initiatives and spanned the entire period from measuring the employment impact of the earthquake to reconstruction efforts and monitoring and evaluation.<sup>3</sup>

## 2. Main components of the “Reconstruction with Employment” project

Various actions have been carried out since the offer for technical cooperation was made by the ILO Director General to the President of the Republic of Chile in March 2010, as witnessed by the Minister of Foreign Affairs, the Minister of Labour and Social Protection and the presidents of the Central Workers' Union (CUT) and the Confederation of Industry and Trade (CPC). The central objective of these actions was to first of all appraise the employment impact of the catastrophe, identify critical areas where most damage was concentrated, detect needs for intervention, create the conditions to develop local and targeted initiatives, while keeping in mind the sustainability aspects of the interventions.

The technical assistance provided by the ILO consisted of three major initiatives:

---

<sup>1</sup>[http://www.ilo.org/santiago/sala-de-prensa/WCMS\\_SCL\\_222\\_ES/lang--es/index.htm](http://www.ilo.org/santiago/sala-de-prensa/WCMS_SCL_222_ES/lang--es/index.htm)

<sup>2</sup> See “*Informe de Análisis Económico y Social. El impacto del terremoto sobre el empleo.*” International Labour Office, Subregional Office for the Southern Cone of Latin America y Fundación Instituto de Estudios Laborales, June 2010

<sup>3</sup>ILO Generic Crisis Response Modules. InFocus Programme on Crisis Response and Reconstruction. Recovery and Reconstruction Department. Geneva, September 2001

## **A. Measuring the impact of the earthquake on employment**

From a very early stage, the ILO took the lead in a swift assessment of the impact of the earthquake on employment and on livelihoods. Field work was carried out during the months of April and May 2010, measuring the job impact of the earthquake and tsunami in the four regions that, in the view of the competent government agencies, had been most affected. These were the regions of Libertador Bernardo O'Higgins, Maule, Bio Bio, and Araucania, covering 41 municipalities.

A survey carried out in these municipalities covered 4,150 large, medium, small and micro enterprises. Interviews were held with 300 local stakeholders, including mayors, heads of local government services, labour inspection offices, trade unions, industrial organizations, business groups and civil society organizations.<sup>4</sup>

This work provided in a reasonably short time-span a thorough understanding of the employment situation in the affected communities, presenting information disaggregated by geographical variables, enterprise size, sex and industrial sector. The initiative also served to create a sample of reliable enterprises as a result of comparing and assessing information received from different sources.

The assessment was instrumental in detecting the most affected areas, population groups and productive sectors within the earthquake-affected zone, on the basis of valid and reliable data. This on its turn helped in designing policy responses and support programmes adapted to the actual needs in the different geographical areas, with clear indicators for monitoring the employment situation in the communities.

The assessment clearly influenced decision-making and policy-formulation, which otherwise would have been less effective in the absence of official information and in a situation where the different government agencies were all facing day-to-day contingencies related to their relief and reconstruction efforts.

On the basis of the information collected, the ILO produced and presented a policy proposal, which led to changes in unemployment benefit application procedures as well as to a close monitoring of the use of *force majeure* as the cause for lay-offs, among others.

## **B. Reconstruction and job creation in Tierra Neruda**

One factor that conditions the success of any initiative is being able to use existing institutions and capacities to ensure the involvement of all stakeholders. Thus, the pilot project "Reconstruction with Employment and Social Dialogue in Tierra Neruda" covering the municipalities of Retiro, Longavi, and Parral in the Maule Region, was submitted to various national, regional, and local actors. The project took into account the important source of information provided by the assessment in the four regions mentioned above, as well as the objectives of the National Decent Work Programme.

---

<sup>4</sup> The methodology used for these measurements and the results can be found in "*Proyecto Impacto Terremoto en el Empleo. Informe Final*", ILO, Santiago de Chile, July 2010

The three municipalities were selected at the suggestion of the Undersecretariat for Regional and Administrative Development (SUBDERE) of the Ministry of the Interior<sup>5</sup>, based on the proven capacity of the Association of Municipalities of Tierra Neruda to undertake joint development initiatives.

In May 2010, the Steering Committee of the National Decent Work Programme validates the impact assessment carried out by the ILO and discusses and approves the Pilot Project proposal. This is followed by a validation process at regional and local levels, involving social dialogue and joint collaboration to ensure that the opinions and perspectives of different stakeholders are included in the project proposal.<sup>6</sup> Through this approach the ILO pursues a working format that seeks to include public and private stakeholder involvement, creates space for social dialogue and encourages participation.

Without describing the details on each of the activities carried out during the process, the main areas of advice and technical assistance provided refer to:

- Formulation of the Local Economic Development Plan Tierra Neruda
- Creation of a Public-Private Roundtable in Tierra Neruda
- Creation and strengthening of Community Social and Economic Councils

The Public-Private Roundtable in Tierra Neruda was created based on the conviction that social dialogue is a key prerequisite for the successful implementation of local reconstruction and development initiatives, as it enables the inclusion of multiple views and approaches and adapts public and private policies to local needs. The Roundtable led the process of defining a local economic development agenda in the area with a view to increase productivity, competitiveness and social progress.<sup>7</sup>

The creation of the Public-Private Roundtable at the level of Tierra Neruda and the formation of Community Social and Economic Councils at the level of each individual community helped in driving forward a reconstruction process based on the participation of regional and local government, employers, workers and civil society.

The initiative resulted in the drafting of the Local Economic Development Plan for Tierra Neruda, which is now being implemented with the financial and technical support of the different stakeholders involved.

### **C. Participatory Design of the Juan Fernandez Reconstruction Proposal**

In view of the devastating effects of the tsunami on the communities living on the Juan Fernandez Islands, the International Labour Organization together with the Fundacion Juan

---

<sup>5</sup> *Informe Sistematización*, ILO, Santiago, Chile, 2011

<sup>6</sup> Minutes of the first meeting in 2010 with the NDWP Steering Committee, Chile. 25 May, ILO. Attended among others by: Minister of Labour, Camila Merino; President of CPC, Rafael Guilisasti; President of CUT, Arturo Martínez.

<sup>7</sup> A letter of commitment was signed on 18 August 2011, at an event attended by the municipalities, the Association of Municipalities Tierra Neruda and the ILO.

Fernandez, promoted the participatory design of a reconstruction and local economic development proposal.<sup>8</sup>

A series of participatory meetings was carried out in order to gather the opinions of the population on the various topics involved in sustainable economic development of the islands. This process helped in defining shared interests, factors that hinder the recovery process as well as priority courses of action in the medium and long term. Various thematic working groups were formed for this purpose, both on the islands of Juan Fernández and Alejandro Selkirk as well as amongst the islanders who had been forced to leave the archipelago temporarily after the tsunami.

The project was implemented in three phases. The first phase implied an assessment of the situation on the islands post-tsunami and an identification of the problems confronted and obstacles faced for development. The second phase consisted in defining strategic lines of action for the short, medium, and long term in the area of health, education, employment, productive development, gender equality and environmental protection, based on the problems identified in the previous phase. The aim was to reach consensus on strategic definitions and priority areas of action.

The third phase of the project sought to consolidate support networks for the implementation of the local economic development proposal, through dissemination, communication and strengthening of local stakeholder involvement. In this way a platform was created for the joint implement of the proposal.

The three basic principles underlying the proposal are 1) community participation in the design and implementation of the different lines of action, 2) transparency and active dissemination of information related to the project, and 3) optimizing the use of local labour resources in the implementation of the initiatives.

A working group led by the Municipality was proposed to follow-up on the work done. The group would meet four times a year and include social and entrepreneurial organizations, as well as the Fundacion Juan Fernandez.

### **3. From reconstruction to development: The Maule Decent Work Agenda**

The positive results of the work carried out by ILO in the Maule Region through the Reconstruction with Employment Project have been amply recognised by tripartite actors in the Region. As a result of the interest shown by the Maule Regional Government in extending the strategies proposed by the ILO, in January 2012 the Regional Government and the ILO signed a Memorandum of Understanding to establish a Decent Work Agenda in the Region.

The 2012-2013 Decent Work Agenda<sup>9</sup> expresses the commitment of the Maule Region to decent work and social cohesion. The Agenda intends to introduce, through the social

---

<sup>8</sup> *"Visión Insular. Lineamientos Estratégicos para el Desarrollo Sustentable del Archipiélago Juan Fernández"*. Fundacion Archipiélago Juan Fernandez – ILO, Santiago de Chile, March 2011

partners, decisive improvements in the regional labour market, favouring access to employment, promoting decent working conditions, and fostering a climate of social dialogue among workers, employers, and the regional government. These objectives were established within the framework of the “Maule 2020” regional strategy.

The Agenda defines three strategic priorities: 1) youth employment 2) productivity in the agricultural sector and 3) working conditions, occupational safety and health. Apart from these strategic objectives, the ILO and the Regional Government identified three themes to be mainstreamed throughout the implementation of the Agenda: 1) strengthening of social dialogue, 2) equal opportunities for men and women and 3) promoting corporate social responsibility.

In June 2012 the Decent Work Agenda was symbolically launched with the signing of a letter of commitment by the four senators of the Maule Region, the Regional Governor and other local authorities in the presence of more than 600 local workers, employers and civil society representatives. By implementing the Decent Work Agenda in the Maule Region a virtuous cycle will be completed that put employment at the centre of policies throughout the phases of impact assessment, reconstruction and social and economic recovery and development.

#### **4. Contributions of the reconstruction with employment project**

Beyond the importance of the above-described lines of action undertaken by the ILO as a response to the earthquake and tsunami, it is necessary to convey the overarching contributions made to the reconstruction process in terms of job creation and decent work.

It was the ILO’s timely intervention that characterised its technical cooperation: timely generation of relevant information, timely mobilisation of different stakeholders and facilitation of social dialogue processes; timely presentation of recommendations for employment protection and recovery of productive capacities.

The contributions can be organised in relation to three major areas, all in line with the principles guiding ILO action in response to crises and natural disasters.

##### **A. Recovery of employment and productive economic development**

One of the challenges faced in any reconstruction process after an earthquake or tsunami, is the assessment of the extent of the damage. This challenge increases when the damage to be appraised is not as visible as it is, for instance, in the case of damaged infrastructure. The impact of any natural disaster on employment is difficult to measure, even more so in the presence of an informal economy.

---

<sup>9</sup> In Spanish “Agenda de Fomento y Calidad del Empleo”.

The task implied appraising the economic and productive dimension of the disaster, which is usually overshadowed by the physical damage caused, but which is equally or more relevant to the quality of life of people in terms of the possibilities they have to recover their livelihood.

The information gathered and presented is of great descriptive value, even more so when it provides inputs for a targeted public policy response to the catastrophe.

This was expressed by the then Chilean Minister of Labour and Social Security, Camila Merino, in her address to the 99<sup>th</sup> International Labour Conference in Geneva, in June 2010: “I wish to highlight and express our recognition of the ILO’s important contribution to our country, in the form of a comprehensive field study carried out in the disaster-stricken areas. This information has enabled us to work in a more focused manner, and respond to the real needs on the ground”.<sup>10</sup>

As a result of merging quantitative and qualitative methodologies, the study allowed to bring to light the demands of different local actors, and on their basis design a series of public policy recommendations for the short, medium, and long terms. These included measures to be taken for economic and productive reactivation, infrastructure rehabilitation, labour conditions and capacity-building to mitigate the impact of future natural disasters.

The study also drew attention to certain regulatory and administrative procedures that needed to be adapted to the employment situation in the post-disaster phase, such as the use of unemployment benefits and the use by employers of a clause that allows terminating employment contracts by alluding *force majeure*.

Involving the Steering Committee of the National Decent Work Programme in the Reconstruction with Employment Project, created commitments among the various actors to support job creation during the recovery process, based on Decent Work principles, and helped channelling the different institutions involved, their capabilities, networks and skills in the same direction. This also generated opportunities for concrete actions in the context of social dialogue and citizen participation in relation to the projects in Tierra Neruda and Juan Fernandez.

The different actions permitted increasing levels of efficiency and efficacy of public policies and programmes to re-establish labour market conditions, as well as convergence with efforts made by employers and workers.

## **B. Social Dialogue**

An overarching element in the different initiatives carried out after the earthquake has been the promotion of tripartite social dialogue as a mechanism for the assessment, design, and implementation of public policies and programmes accompanying the reconstruction process.

Undoubtedly, a remarkable contribution of the Reconstruction with Employment Project has been the creation of instances of debate, from where courses of action were designed and

---

<sup>10</sup> ILO International Labour Conference. 99<sup>th</sup> Session. Provisional Record, Third Sitting, Thursday 10 June 2010, Geneva, Switzerland

implemented, converging different views and mobilizing contributions and capabilities of the different actors.

The experience shows that social dialogue enables the creation of comprehensive and integral plans for economic, social, and productive development, promoting decent work, in a context of modern and harmonious labour relations.

All of the components of the project were to great extent based on social dialogue processes, which consolidated instances that can in the future nurture initiatives to increase the social capital in the different geographical areas and sectors, improving labour relations and conditions.

The creation of the Tierra Neruda Public-Private Roundtable, the design and implementation of the Maule Decent Work Agenda as well as the Juan Fernandez participatory local economic development proposal, all show that social dialogue in the terms promoted by the ILO, is an undeniable need in processes to construct better working conditions, for which the existence of the ILO Dialogue and Social Cohesion Programme is a relevant contribution.

### **C. Methodologies for Response to Crises and Natural Disasters**

Aside from contributions to the post-earthquake reconstruction process, efforts deployed by the ILO have had an impact on establishing methods and procedures to face similar disasters in the future. These methods can be replicated and serve to respond faster and more decisively to processes of the same nature.

A first aspect relates to methodologies for managing existing information about the different geographical zones and industrial sectors by the different public agencies. In fact, one of the first obstacles faced in the assessment of the employment impact of the earthquake was obtaining reliable information on the presence of different types of enterprises in the different regions and municipalities. In this regard, the project established the need for up-to-date information, shared between the different agencies, which allows information gathering process to move ahead faster by having clear references and baselines.

A second aspect relates to the design of a system for monitoring the employment situation, which could be implemented permanently in the geographical areas covered. It could also be extended to other areas not included on this occasion, by using a grid of indicators to appreciate the behaviour of employment in a specific area. Under normal conditions this would serve as a mechanism for observing variations in different geographical areas as well as in different productive areas. In turn, in case of economic crises or natural disasters, public policy can be quickly focused.

A third and last aspect has to do with the tripartite social dialogue methodology for assessing the situation and drawing up intervention plans. There is a clear need for constant and systematic promotion of social dialogue as a tool for the future, to create conditions for the prevention and mitigation of the impacts of crises and natural disasters, since building consensus and shared visions are mechanisms for anticipating these events.