

Central African Republic: Debt relief on hold, workers on edge

One development plan has followed another in the Central African Republic, without much in the way of results. The formulation of a PRSP is a new departure for one of the world's poorest countries. New – but is it really any different for the workers?

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It was in April 1998 that the Government of the Central African Republic, supported by the UN Development Programme (UNDP), began to draw up a national anti-poverty strategy known as the PNLCP (*Plan à caractère national de lutte contre la pauvreté*). This was in line with commitments made during the social development summit in Copenhagen in 1995. The Central African plan was intended to make the country eligible for rapid debt reduction under the initiative for highly indebted poor countries, as well as for an inflow of external assistance.

The PNLCP that emerged from this process covered a period of more than ten years (1999-2015) and became a reference point for prior diagnosis when the PRSP was drawn up.

PRSP process: From diagnosis to development strategy

Those drafting the PRSP made an initial evaluation of poverty in Central Africa, in an attempt to define a coherent poverty reduction strategy. However, the lack of accurate statistics was a major obstacle. The most recent population censuses

were incomplete and were several years old. They did not provide a basis for mapping poverty, and they were also rather vague about its causes. And indeed, the paper mentioned that the authorities were having difficulty in identifying the precise reasons for the expansion of poverty.

The consultations led to the formulation of an Interim Poverty Reduction Strategy Paper (I-PRSP), which was finalized on 13 December 2000. This pinpointed a number of factors underlying the increase in poverty: political and social instability, lack of governance, an incongruous selection of development priorities, mutinies and the economic and social consequences of HIV/AIDS. It recognized that living conditions were constantly deteriorating and that the impact of poverty was being felt more acutely within various vulnerable groups such as women, young job-seekers, handicapped people and certain groups such as the pygmies and the Peul. The text that emerged from the consultations also emphasized the country's fragility, due to the decline in the quantity and quality of care and training services, persistent clientelism and chronic insecurity linked to arms trafficking and banditry. On the social front, several strikes had been held

in protest against the abrupt deterioration in living and working conditions.

So two aims were set: implementation of structural reforms in order to achieve macroeconomic and financial stability (an economic growth rate of 5 per cent); and the launching of a socio-economic development programme focusing on income generation, reduced mortality among mothers and children, promotion of primary education, access to drinking water and the fight against HIV/AIDS. The first objective clearly emphasized promotion of the private sector and the stimulation of exports (high-value woods, diamonds, coffee, cotton, tourism), while the second stressed the decentralization of administrative and political structures, the mobilization of internal resources (taxes and savings), access to essential services, training (including vocational training) and employment creation. So jobs do get a mention, but this need is not articulated within an overarching strategy.

Thus, the PRSP was to become the “the sole reference for collaboration between the Central African Republic and its principal development partners”.¹

Union involvement in PRSP

Various civil society actors were invited to take part in drawing up the PRSP, which aimed at broad participation and at coverage of the realities in all of the country's regions.

Six trade union organizations coexist in Central Africa. From the start, the CSTC (*Confédération syndicale des Travailleurs de Centrafrique* – Trade Union Confederation of Central African Workers) and the CNTC (*Confédération nationale des travailleurs de Centrafrique* – National Confederation of Central African Workers)² were involved and, together with their membership, they took an active part in the discussions. At the same time, a number of internal meetings within these unions enabled them to think things through and define their positions.

So, as regards participation, the record has been a positive one. The unions' griev-

ances centre not on their involvement in the process but on other aspects. They report that the I-PRSP of 13 December 2000 was not officially validated by either of these trade union organizations and that the text provided by the World Bank is available in English only.

As to the contents of the paper, employment is not really taken into consideration as an essential factor in explaining poverty and instability, nor is it recognized to be a consequence of inadequate policies. Incidentally, the paper does not contain any references to ILO Conventions. The approach taken is not centred on human rights, still less on labour rights, and does not constitute a real programme for the promotion of decent employment.

Certainly, the ideas underlying the Washington Consensus, namely privatization, deregulation and opening, are not called into question in Central Africa's PRSP. On the contrary, the privatization of several enterprises is one of the document's main axes. On this point, the letter of intent addressed by the Government of Central Africa to the IMF on 17 May 2002 mentioned the reforms under way in ENERCA (electricity sector), SOCATEL (telecommunications), BARC (transport), SOGESCA (sugar) and PETROCA (oil). But it did not include any yardstick for prior and subsequent measurement of its social impact, nor any strategy for accompaniment and for minimizing the fall-out. Consequently, this anti-poverty programme does not appear to be any different to the structural adjustment programmes that were experienced in previous decades.

Neither did the unions welcome the introduction of a value-added tax (VAT). As a Central African trade union leader noted during a seminar on the African LDCs (least developed countries), organized by the WCL in December 2001, “this reform never even considered its impact on the poor, particularly the most vulnerable sectors”.³ Women are identified as being among these population groups, and yet the gender approach is also noticeable by its absence.

More and more, workers' organizations are complaining that their demands are

not taken into account by the authorities in their country and by the Bretton Woods institutions. The process of consulting with trade unions is now well-rooted in practice. However, the conditionality that the World Bank and the IMF are imposing on the country is still excessive, and the workers' grievances are not reflected in any policy shifts. "The Bretton Woods institutions listen to us", one Central African union leader bitterly remarked. "They visit us but, at the end of the day, they don't do what we ask." And indeed, the CSTC lodged a complaint with these two institutions on 3 May 2002. Similarly, no participative mechanism for monitoring the implementation of the PRSP is provided for in the document. So there is no guarantee that the unions will remain high-profile partners and there is no institutionalization of tripartite social dialogue in this process.

Moreover, workers are in urgent need of training in order to have a better understanding of what is at stake and of the technical – but nonetheless ideological – language used by the international financial institutions.

Three years after the discussions started, where have they got?

The follow-up to the I-PRSP is proceeding at a leisurely pace. A national finalizing committee has been set up. Two worker representatives sit on it on behalf of the country's six trade union centres.

As unemployment and underemployment intensify, the Central African workers themselves are still anxiously looking for results in terms of debt relief for their country and the reduction of poverty. This is still an enclave economy, and the communications networks are inadequate. In general, the infrastructure is insufficient and in poor shape, having been destroyed by years of conflict, with no new investment to compensate. Thus, the Central African Republic remains one of the world's poorest LDCs. Its economy has bled dry. It is ruined. Eighty-four per cent of its people

live on less than two dollars a day. Life expectancy is around 40. The HIV/AIDS rate is the highest in Central Africa and the majority of workers try to scrape by with odd jobs in the informal economy.

The letter of intent to the IMF in 2002 recognized that the economic growth targets were too ambitious and the Government's revenues were far from meeting them, while the terms of trade were continuing to deteriorate, several companies had already been privatized and many workers – each of whom was the economic mainstay of several other people – had lost their jobs.

The Central African Republic is also still running up against the problem of paying public service workers' salaries. A solution was mapped out for dealing with the 36-month pay backlog, but non-payment has now resumed. The unions have found that the policies applied in order to meet the objective of the PRSP and seduce the international financial institutions have brought more poverty and misery, whereas there is no sign of debt relief in the offing. Such policies are inevitably leading the country into a spiral of chaos and poverty.

Since the presentation of the Interim PRSP, several rounds of negotiations have been held. The IMF had committed itself to support a three-year programme, but the agreement was aborted due to political instability (October 2002). Today, the financial outlook is still uncertain and, since June 2002, the country is in a situation of non-payment vis-à-vis the World Bank.⁴ Meanwhile, the financial backers, who want to see positive signals and democratic stabilization, have suspended their assistance.

More than cosmetic?

Trade union participation in all phases of the preparation of the PRSP is a reality. Certainly, this is a considerable advance. But, at the present stage, is it any more than cosmetic? It must indeed be recognized that active participation by trade unions in this process is a step forward. Nonetheless, it will not be real unless their demands

are taken into account and trade union positions become one of the foundations of the PRSP.

The document needs to turn into a development programme backing the promotion of decent work as an essential element of the struggle against poverty and for development. The theses underlying the Washington Consensus, which are the central axis of the macroeconomic part of this programme, need to be discussed and harmonized with the social chapter on the fight against poverty. The impact of privatization policies must also be debated, and if there is agreement between all sections of the population, evaluation measures should be defined in advance.

The interim PRSP was presented to the international financial institutions in December 2000 and, although it did not lead to debt relief, its postulates were immediately applied. The privatization of a number of state enterprises, including essential services, has begun. VAT has been imposed on all sections of the population. It is levied on all basic necessities and items of consumption, while most of the population are scraping along below the poverty line. As the UN Conference on Trade and Development (UNCTAD) pointed out during the Third UN Conference on Least Developed Countries (Brussels, 2001), small and medium-scale enterprises need to dynamize domestic demand. Yet this avenue is virtually ignored in the paper presented by the Central African Republic.

So the record of this process to date contains some big grey areas. And while a national dialogue is being held in order to consolidate the democratic process, debt relief is on hold. Before relief was even conceded, the PRSP measures on tax adjustments and privatization were implemented. These measures are helping to sharpen poverty and exacerbate social conflicts.

Whilst out to strengthen their role in this process, the unions are still strongly critical of it. They see the Bretton Woods

conditionalities as stifling the country. The macroeconomic framework of the policies to be applied looks like a monolith which no amount of discussion will alter. Presented as the Central African Republic's sole point of reference in its relations with its development partners, the postulates contained in the PRSP are set to spread to all agreements with that country, thus consecrating policies which do not place decent work at the centre of development, which flout ILO Conventions, which do not include trade union positions overall, and which seem to be a repetition of principles long denounced by the social partners.

Achieving the Millennium Development Goals on the basis of such postulates would be quite a task – whether in Central Africa or anywhere else. A change of direction is needed. And indeed, the ILO report *Global Employment Trends* (January 2003) sounded the alarm by highlighting the lack of decent jobs. It even warned that “continued stagnancy would make it impossible to achieve the United Nations Millennium Development Goal (MDG) of halving world poverty by 2015”⁵.

Notes

¹ See Preliminary statement of the Central African Government on the poverty reduction strategy and medium-term economic policies (Interim Poverty Reduction Strategy Paper – I-PRSP) in: <http://poverty.worldbank.org/files/cenafica%20iprsp.pdf>

² These two Central African organizations are affiliated to the World Confederation of Labour.

³ WCL: *New names, new policies? Two years of poverty reduction strategies in IMF and World Bank adjustment policies: experiences and recommendations from African trade unions*. January 2002.

⁴ International Monetary Fund and International Development Association: *Heavily Indebted Poor Countries (HIPC) Initiative – Status of Implementation*. Document prepared by the IMF and the World Bank and approved by Timothy Geithner and Gobind Nankani. 12 September 2003.

⁵ ILO: *Global Employment Trends*, Geneva, January 2003.