

African PRSPs – unions dialogue with World Bank and IMF

In Africa, the labour movement has attempted to reorient the policies of the Bretton Woods Institutions (the IMF and the World Bank) through dialogue. What lessons can be learnt from their experience? This article, based on the findings of a collaborative project between the ILO and the Friedrich-Ebert-Stiftung, analyses the operations and performance of the labour movement – as a social dialogue institution – in the fight against poverty in Africa.

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Since the introduction of structural adjustment programmes (SAPs) in the early 1980s, trade unions have striven to ensure that the international financial institutions and governments listen to the views of workers. Through their international, regional and national organizations, unions have participated in meetings with the World Bank and the International Monetary Fund (IMF), in both the international and the national arenas.

The World Bank, in its *World Development Report 1995*, reiterated that "... free trade unions are a cornerstone of any effective system of industrial relations ... can help raise workplace productivity to reduce workplace discrimination ... have contributed to their countries' political development ..." The IMF has also expressed concern about the social dimension of SAPs and demonstrated willingness to meet and discuss its policies with trade unions.

To support trade unions in dealing with SAPs, the International Confederation of Free Trade Unions (ICFTU) adopted dialogue as the best option for seeking change in the policies of the Bretton Woods Institutions (IMF and World Bank). Several regional and national conferences and meetings on the subject of economic reforms have been organized. These forums have

had important effects at both national and international levels in terms of impressing upon governments and the IMF and World Bank the need to introduce social awareness into their programmes.

The international trade union movement welcomed the September 1999 commitment emanating from the IMF and World Bank that country-owned poverty reduction strategies would henceforth provide the basis of all concessional lending by the Bretton Woods Institutions (BWI). This shift in overall policy goals implied, among other things, that the BWI policies would have to move away from focusing exclusively on economic growth *per se*. They would also have to deal with questions of distribution and of access to resources and services in order to raise the living standards of the poorest members of society. Trade unions particularly welcomed the invitation to the labour movement and other civil society organizations (CSOs) to work with governments in preparing and implementing the Poverty Reduction Strategy Papers (PRSPs). The PRSPs are now considered to be the official policy documents with regard to economic and social policies.

Against this background, senior trade unionists from the ICFTU initiated discussions with the World Bank and the IMF

in October 2000. One of the issues raised was the shortcomings regarding labour's involvement and the sense that many participation processes were seriously flawed. Another issue in the discussion was the attitude of the BWIs towards the core labour standards (CLS), laid down in the *ILO Fundamental Declaration of Principles and Rights at Work* of 1998. Both issues were taken up again in another meeting, on a more technical level, between the ICFTU, the Trade Union Advisory Council (TUAC) to the Organisation for Economic Co-operation and Development, the Global Union Federations (GUFs) and the BWIs in July 2001.

It was in the framework of these discussions that the ILO's Bureau for Workers' Activities (ACTRAV) and the Friedrich-Ebert-Stiftung (FES) were tasked to propose a framework for a pilot project which would combine dialogue between the World Bank and unions from developing countries on policy issues affecting workers, capacity-building for trade union leaders from these countries and ongoing support to unions by assisting them to participate meaningfully in World Bank-inspired national economic and social policies such as PRSPs. The first draft of this framework was subsequently presented and discussed in a regional workshop on "Poverty Alleviation through Social Dialogue: The Role of Trade Unions in English-speaking African countries", organized by ACTRAV in Nairobi in December 2001. The participants, among them trade union leaders, broadly accepted the draft.

The pilot project (covering nine countries – Angola, Ghana, Kenya, Malawi, Mozambique, Tanzania, Uganda, Zambia and Zimbabwe) consists of three elements, namely capacity-building with dialogue, assistance to participating trade unions on the ground, and the provision of a feedback mechanism for political lobbying, of which only the first part relates to joint activities with the World Bank. The other two components will only involve the unions in English-speaking Africa, their regional and international structures and their support organizations.

Union participation

Since the introduction of the IMF/World Bank-sponsored SAPs in the early 1980s, national trade union centres in Africa have been calling for the institutionalization of high-level national stakeholder structures in which major economic and social policy issues are articulated. The implementation of economic reforms in the context of SAPs made the general objective of trade unions – to defend and improve the living standards of their members – more difficult. For example, there has been an increase in the cost of living, deteriorating social infrastructure, and above all declining trade union membership brought about by privatization and retrenchment policies.

It is in this context that the trade unions welcome the PRSP initiative. They appreciate the notable, impressive trend that the international financial and development institutions are making positive responses to trade union concerns. These responses need to be cemented. Effective consultation must mean that unions are involved in the adjustment process at the design, implementation, monitoring and evaluation stages of the programmes. Trade unions have a specific and important role to play in order to ensure that the new poverty reduction commitments on the part of the World Bank and IMF translate into effective change at the country level.

Country experiences

Ghana

It took widespread criticism, following the limited consultation in the preparation of the Interim PRSP, to persuade the Government of Ghana to provide for CSO participation in the preparations for the country's PRSP, the Ghana Poverty Reduction Strategy (GPRS). The National Development Planning Commission (NDPC), under the mandate of the Ministry of Planning, Regional Economic Cooperation and Integration, coordinates the PRSP process. The Interim PRSP was endorsed by the BWIs in June 2000, while

the first draft of the GPRS came out in May 2001. This was followed by comments from government ministries, departments and agencies; consultation workshops with other stakeholders; and receipt of comments from major NGOs and CSOs. Regional consultations and the involvement of parliament were also carried out.

The five main pillars of the GPRS, which is meant to support growth and poverty reduction over the three-year period from 2002 to 2004, are:

- Macroeconomic stability through prudent fiscal, monetary and international trade policy measures
- Increasing production and gainful employment by creating an enabling environment for improved private sector-led, agro-based industrial production, propelled by the application of science and technology and the promotion of tourism
- Human development and provision of basic services for the poor, with particular reference to health, HIV/AIDS control, water and sanitation, education and training, and population management
- Establishment of special programmes for the vulnerable and excluded, and provision of resources to ameliorate conditions of extreme poverty and social deprivation
- Ensuring good governance by establishing and strengthening the leadership and overseeing the functions of the executive and legislature. This will help ensure effective implementation of the poverty reduction programme and project.

The Ghana Trades Union Congress (TUC) has traditionally been active in the social and economic policy reforms in Ghana and was a strong partner in the Structural Adjustment Programme Review Initiative (SAPRI) process. In the process of GPRS preparation, the TUC formally presented its memorandum to the NDPC. The trade unions emphasized labour standards, equity, tax policies, and

new investment involving the poor, food crop growers, and women.

The GPRS is probably one of the few PRSPs in Africa that explicitly identify the role of trade unions, as follows: "Assessment of the role of organized labour; assessment of effects on employment levels; concerns on incomes". To a large extent, this is attributable to the insistence of the TUC.

Kenya

Kenya has well-developed machinery for social dialogue and the Central Organization of Trade Unions (COTU-Kenya), together with civil society, the private sector, NGOs and government agencies, participated in most of the discussions leading to the production of the National Poverty Eradication Plan (NPEP) in June 1999. The NPEP has been in existence for 15 years and was actually launched prior to the PRSP initiative. There was a much broader process of consultation on the Interim PRSP, climaxing in the National Stakeholders Consultative Forum in June 2001. COTU (K) was part of the Human Resources Development Sector Working Group.

The trade union participation in the PRSP process has not been optimal because COTU (K) claim that very little information was made available to them before the consultation meetings took place. Moreover, the final draft from the Ministry of Finance and Economic Planning took only minimal account of the submissions by the labour movement. In addition, the entire exercise was rushed, leaving little time for trade union consultation with the membership. The other factors that contributed to minimal trade union participation in the PRSP process include:

- lack of capacity within unions
- mistrust between trade unions and the Government
- concern by unions that there is nothing new in the PRSP process. They see the PRSP as a mere repackaging of the painful SAPs.

On 1 June 2003, the new Government in Kenya launched the Economic Recovery Strategy for Wealth and Employment Creation 2003-2007 to replace the Interim PRSP. Once again, the Government of Kenya reports that the process of producing the economic strategy involved a series of consultations with a cross-section of stakeholders, including employers, manufacturers, labour and trade unions, professionals, CSOs and people from arid and semi-arid lands.¹ The capacity-building trade union workshop in Kenya (July 2003) was well received by the Government and was also attended by the Senior Resident Representative of the IMF.

The Economic Recovery Strategy for Wealth and Employment Creation (ERS) identifies key policy actions necessary to spur recovery:

- Rapid economic growth within an environment of macroeconomic stability
- Strengthening institutions of governance through reforms in public administration, national security, and law and order
- Rehabilitation and expansion of physical infrastructure: roads, including rural access roads, railways, and telecommunications
- Investment in human capital resulting in a well-educated and healthy population.

One of the key macroeconomic objectives for the period 2003-2007 includes creating 500,000 jobs a year. Employment is regarded as the most effective strategy for halting the increase in poverty. In the medium term, a total of 2,036,130 jobs are to be created, of which 88 per cent will be from the informal economy.

In addition, the Government is in the process of establishing the National Economic and Social Council (NESC) by Act of Parliament to advise and dialogue on policies that may be required to address emerging social and economic issues.

Uganda

In 1997, Uganda undertook a Poverty Eradication Action Plan (PEAP) aimed at reducing poverty to less than 10 per cent by the year 2017. The document had four main goals, namely:

- creation of an environment conducive to private sector development
- good governance
- actions to raise income
- actions to improve the quality of life.

Under the PEAP, civil society participation was limited to only a few organizations, with no full-time engagement. Government felt that civil society had no business in policy formulation, and engagement in policy formulation was also not on the agenda of CSOs.

The introduction of the PRSPs coincided with the revision of the PEAP in 2002, which then became the process of developing Uganda's first PRSP. The PEAP retained the same objectives, but these were deepened. The PRSP process provided an opportunity to engage CSOs more actively. However, civil society engagement remained weak, with no clear understanding of the links between Government and donors. Stakeholders had many differences and remained excluded from economic policy formulation.

Government had general consultations as well as regional and donor meetings. At the first national meeting, a civil society task force was established to decide on what basis to participate. In addition to this, a technical team was set up. It was agreed to establish national consultations on key thematic areas, combined with regional and rural consultations based on eight zones and excluding local government officials.

Participation by trade unions in the PEAP process was new and complex and the overall level of understanding was superficial. The time constraints created enormous pressure on the National Organization of Trade Unions (NOTU)

and further complicated a process that was unclear and that had no institutional framework backing it up. The Ministry of Finance provided some access to information, but CSOs lacked the expertise and time to take full advantage of this. Another major weakness was the limited knowledge amongst CSOs of the macroeconomic frameworks and complex macro-models favoured by economists at the Ministry of Finance.

NOTU is now seeking to develop policy alternatives to the neo-liberal macro-economic policies, as trade union inputs into the PRSP. The main areas of concern include income distribution, HIV/AIDS issues – especially among the working population, provision of social safety nets, and the need to fight corruption.

Tanzania

The poverty reduction process in Tanzania is simply a continuation of the ongoing socio-economic reforms initiated from the mid-1980s onwards. The preparation of the I-PRSP started in October 1999 and was coordinated by the Office of the Vice President while the Ministry of Finance spearheaded a technical committee comprising officials from various ministries. The I-PRSP of January 2000 was subsequently approved by Cabinet in February. It was followed by consultations which took the form of zonal workshops (May 2000), a Consultative Group meeting between Government and donors (May/June 2000), a forum for parliamentarians (July 2000) and a forum for regional administrative secretaries (August 2000). All these forums culminated in the national workshop in Dar es Salaam in August 2000. This discussed targets, priorities and actions as outlined in the draft PRSP. The draft PRSP was approved by Cabinet on 31 August 2000.

CSOs took part in the PRSP process, as they did when the Government prepared other previous national documents like the Tanzania Development Vision 2025, the National Poverty Eradication Strategy

(NPES) and the Tanzania Assistance Strategy (TAS). The civil society is concerned about the quality and depth of the consultations. Identified as a critical issue was the way the process was rushed, hence not allowing for effective dialogue and leading to the non-incorporation of NGO views in the final document. Moreover, civil society was not invited to participate in the final drafting of the PRSP, as this task was left to a “team of experts” from key ministries.

The formulation of the PRSP coincided with the period when labour unions in Tanzania were in limbo, following the enactment of the Trade Unions Act of 1998, which came into effect in July 2000. The defunct Tanzania Federation of Free Trade Unions (TFTU) was replaced by a General Secretariat, comprising two caretaker trade union officials.

None of the national trade union centres in Tanzania were invited to participate in planning meetings, or in any formal arrangement leading to the development of the PRSP during 2000. Similarly, none of the unions were invited to participate in meetings to evaluate and review the PRSP, for example at the important consultative meeting held in Dar es Salaam on 7-8 September 2000. Neither have they participated in any other process review structure. Clearly, the involvement of the trade union movement in the PRSP process so far has been virtually nil. It is noted, however, that the involvement of the Government and the main stakeholder groups (such as the BWIs and foreign donor organizations) with local civil society groups has been quite remarkable, both during the preparation stage in 2000 and the evaluation of the PRSP.

A number of reasons and related factors have been advanced to explain the negligible role played by trade unions in Tanzania's PRSP process. Critical factors are the structural relations between the Government and the trade unions, and structural problems within the trade unions. Inappropriate mindsets amongst trade union leaders and membership, as well as within the Government, block opportunities to explore what broader role

the unions and their members could play in various economic policy forums. There are practical limitations, such as capacity, that prevent trade unions from participating more actively. Poor preparation and organization of PRSP process meetings also impede more spontaneous involvement.

At the request of the trade unions in Tanzania, due to their non-involvement in the PRSP process, the ILO identified Tanzania as a pilot country under the Project on Capacity Building for Effective Social Dialogue in the PRSP. The aim of the project for Tanzania was to bring to the forefront social dialogue as a means of implementing the ILO's Decent Work Agenda, as an integral part of the PRSP, and to encourage the participation of workers and employers in the decision-making process on social and economic policies. Although the ILO initiative came one year into the operation of the PRSP, between September and December 2001, the ILO organized national activities for the benefit of the Ministry of Labour, Youth Development and Sports Development, the Trade Union Congress of Tanzania (TUCTA) and the Association of Tanzania Employers (ATE). Among the recommendations put forward was the incorporation of employment and skills training as an integral part of the PRSP progress report. The ILO also focused on encouraging the social partners to constitute a formal tripartite forum, which would take its own initiatives to consult with NGOs and donors and other stakeholders in the PRSP process.

Zambia

The PRSP process was launched in Zambia in 2000, with the I-PRSP produced in June 2000. The I-PRSP was substantially based on an earlier process that started in 1998 when a team of experts, with minimum consultations, produced the draft National Poverty Reduction Action Plan (NPRAP). Government justified the limited consultations by saying it was in a rush to qualify for Heavily Indebted Poor Country (HIPC) status, and that the plan would merely serve as a road map.

During the PRSP process, the Government set up eight working groups, each with representation from civil society, the Government and the private sector. CSOs in Zambia were initially wary of participating in the PRSP process, given the poor record of structural adjustment policies. Nonetheless, they decided to take part through the Civil Society for Poverty Reduction (CSPR) network. The CSOs set up their own consultative process to ensure much wider representation of interests. However, this created some tension and they had to reassure government officials that this was not meant as a challenge to Government or merely duplicating efforts.

The CSPR identified ten themes regarded as crucial to poverty eradication. It held a national forum to bring together representatives from different parts of the country. Regional forums followed the national process. Government also held provincial consultations involving local chiefs, politicians and bureaucrats. All information was collated into a single report, which became known as the alternative PRSP. The first draft was produced in September 2001. The CSPR then held a national consultation to finalize the report and highlight their major concerns. At the end of 2001, Government also convened a national conference in which a number of the concerns raised by the CSPR were addressed. A second draft PRSP was ready by May 2002. It was first handed to Cabinet and not to the CSOs or parliament, after which it was presented to the BWIs. The final PRSP took into account many of the concerns raised by the CSPR, although the CSPR was left out of the technical drafting committee and hence the final draft.

On the trade union side, the Zambia Congress of Trade Unions (ZCTU) was officially invited to participate in the PRSP and asked to nominate representatives to various working committees. The reason the ZCTU participated in the PRSP process was that it felt its non-participation would lead to a document that undermined workers' rights. The ZCTU made its concerns known at the Consultative Group (CG) meeting which took place in Lusaka in July

2000, effectively signalling its willingness to be part of the PRSP process. The ZCTU or its affiliates participated in five of the eight working groups, namely the one in charge of the Civil Society Consultation on Industry, Employment and Sustainable Livelihoods.

Chance for solidarity

The PRSP framework provides a new opening for trade unions to engage with their governments and demand a role in policy-making. It also gives unions a chance to work with NGOs and other elements of civil society and form meaningful relationships with potential allies for future campaigns. Most importantly, the PRSP process represents another area where trade unions around the world can act in solidarity with each other in pushing for pro-poor and pro-worker reforms in the global economy.

However, many of the first PRSPs have not lived up to the commitment that trade unions, as CSOs, would be involved in PRSP formulation. There were instances in which civil society participation took place but where organized labour was not invited at all. In many other consultation processes where trade unions were invited, this did not happen in a meaningful way.

On the other hand, one cannot overlook the fact that the responsibility for flawed or unsatisfactory participation processes does not lie exclusively with the BWIs and the national governments of PRSP countries. Even in cases where CSOs, and

among them trade unions, were given the space to express their views on government policies in the context of a PRSP, these opportunities were mostly not used effectively by the unions, as they lacked the technical capacity to engage their respective governments and to come up with credible alternatives to some government policies which directly or indirectly affect workers and their families.

Trade unions have a specific and important role to play in ensuring that the new poverty reduction commitments on the part of the World Bank and the IMF translate into effective change at a country level. Despite the limitations so far observed, the trade unions are still endeavouring to participate in the PRSP process, so long as the right environment and incentives for their effective involvement are put in place. The maintenance of peace and security within and among nations, democracy, the rule of law, the promotion and protection of all human rights and fundamental freedoms, including the rights to development, effective, transparent and accountable governance, gender equality, full respect for fundamental principles and rights at work and the rights of migrant workers, are some of the essential elements for the realization of social and people-centred development.

Note

¹ Speech delivered by the Minister for Planning and National Development, Hon. Professor Peter Anyang' Nyong'o during the ILO/ACTRAV and COTU-K national workshop on «The Role of Trade Unions in Poverty Alleviation», Nairobi, 2 July 2003.

