

Building a fair society – Kyrgyzstan's unions and poverty reduction

In Kyrgyzstan, trade unions have been closely involved in drawing up and implementing the National Poverty Reduction Programme. They believe that its goals are realistic and will lead to social consolidation.

Svetlana F. Semyonova

Head, Department for Workers' Social and Economic Protection
Federation of Trade Unions of Kyrgyzstan (FTUK)

About half the population of the Kyrgyz Republic live in poverty. This is the main impediment to the country's further development.

In 1999, 55.3 per cent of the population was poor, and 23 per cent was very poor.

The package of economic and social measures undertaken by the State, with the aim of improving the standard of living, did reduce the poverty indicators in the following years to some extent. Nonetheless, by 2001, 47.6 per cent of those living in Kyrgyzstan were still below the poverty line.

The expenditure levels of the richest population groups were seven times as high as those of the poorest ones. The poverty depth indicator (the difference between expenditure by poor households and the poverty line) was 5.6 per cent. In rural areas, there were more poor people than in the cities.

The indicators of the living standards of the population were declining: gross domestic product did not exceed US\$300 per capita, the average annual increase in the prices for foodstuffs exceeded wage increases by 4.4 points and purchasing power was falling.

For instance, in 1999, the average monthly salary would buy 119.2 kilos of bread or 23 kilos of meat. In 2001, the corresponding figures were 115 kilos and 20.3 kilos. There was a growth in unemployment; the number of unemployed women increased.

Unemployment caused a rise in internal migration. The main flow of domestic migrants was from rural areas to big cities. This had negative consequences: an increase in the number of the unregistered unemployed in cities; a decrease in the access of migrants to health care services, education and infrastructure; marginalization of the population; and a higher crime rate.

Although there was a certain decrease in the mortality rate (down to 6.6 deaths per 1,000 people), life expectancy was still low – even more so for men (65 years) than for women (72.6 years).

Literacy indicators have also changed. Illiteracy accounts for 1.2 per cent of the population of the Republic aged 7 years and older. Among the illiterate, 51.4 per cent are elderly; 16.7 per cent are children; 32 per cent are children with mental and physical incapacities and disabled from birth.

Attendance levels for primary and junior secondary education have remained fairly high. However, there have been alarming developments in senior secondary school coverage, with an actual decrease in the number of children aged between 16 and 17 attending school, especially boys.

The only public utility covering almost the whole of the population in Kyrgyzstan is electricity.

One-fifth of the rural population and one-third of the population living in the

highland areas still use rivers and irrigation canals for drinking water, thereby seriously threatening their health.

Unemployment aggravates poverty

Poverty is the reason why the people of Kyrgyzstan have been unable to escape from misery and to fully meet their primary needs (including those related to food, modern living premises and clothes).

The situation of the poor has been aggravated by employment difficulties, inadequate social support and, in some cases, a lack of respect for their labour rights. In 2001, the overall wage arrears were about 300 million som (*in March 2004, there were about 140 som to the US dollar and 170 som to the Euro – Ed.*).

For instance, over a long period of time, 532 employees of the Osh Cotton Gin Plant did not receive their wages. After the trade unions intervened, the wages, which amounted to 3.7 million som, with indexation, were paid.

The Federation of Trade Unions of Kyrgyzstan (FTUK) acted as the workers' lawyer and, in 2001, won over 585 court cases for the payment of wage arrears. The delayed wages were paid, including indexation payments to cover inflation over the entire period of the delay.

In 2001, trade unions received requests from 3,042 people to protect their labour rights. But the corresponding figure for 2002 was 4,417 – a 32 per cent increase. The number of workers whose rights were reinstated went up by 70 per cent.

Well-being is the aim

All these circumstances impeded the progress of the reforms and called for immediate measures to achieve an overall solution.

That is why the political and social well-being of the people of Kyrgyzstan was proclaimed as the common national goal of the Complex Principles of Development (CPD) of the Kyrgyz Republic for the period up to

2010. The CPD were approved in May 2001 by the National Assembly, with the participation of Mr. Askar Akayev, President of the Kyrgyz Republic, as well as of heads and representatives of all branches of state power, trade unions, various non-governmental organizations, political parties, local communities and mass media. The document reflects a vision of the country's development over the next decade.

The main expected result of the policy measures in this strategy is a halving of poverty by 2010.

The first stage of the CPD implementation is the National Strategy of Poverty Reduction (NSPR), which contains the whole package of specific activities, programmes, projects and research for the mid-term period up to 2005.

The NSPR was organized in two stages. The first stage covered the period of the elaboration of the intermediate NSPR, in parallel with the elaboration of the CPD. A Presidential Decree created the National Council and the Secretariat for the CPD, its working body. Coordinating committees and 23 expert working groups were formed. Trade unions were part of these coordinating and working bodies. Large-scale preparatory work lasted for two years.

Union input

The main contribution of the FTUK to the work on proposals for the NSPR project was its input into the section on *Building a Fair Society*. The Federation helped to draw up proposals for the means test and the methodology for evaluating social standards. It also helped to improve the mechanism for social support to offset increased energy costs, and it worked on a proposal for social passports for the needy, a scheme that would provide a more complete picture of poverty in different regions.

Trade unions were also able to get their positions on the raising of real incomes, wages and their levelling, and job creation incorporated into the NSPR project.

Job creation is the main objective of the reforms in the sphere of employment. The

national strategy and policy aimed at increasing employment, which were elaborated with the participation of the trade unions, are connected with the NSPR priorities. Trade unions received significant support from the ILO when elaborating the National Concept of Employment of the Population.

Unfortunately, trade union proposals to include within the NSPR the most important social indicator – the minimum wage, which is a powerful means of state influence on income levels – were not approved. The idea was to introduce a system that would eliminate the possibility of wage arrears as such.

UN-adopted standards (under which a person living on less than US\$1 per day is considered poor) were also not included in the system for evaluating the results.

The trade union position that the minimum consumer budget should be the touchstone for the financial evaluation of poverty was not taken into consideration. The evaluation of the indicators was suggested by the World Bank and was adopted as the means of measuring poverty.

However, none of this prevented a strengthening of the trade union position in agreements concluded during the 2002-2003 bargaining round.

In 30.2 per cent of the collective agreements concluded, a pay increase was secured, together with the indexation of wages to price rises. Moreover, social benefits and guarantees in collective agreements (for instance, payments for purchasing agricultural products and medication, paid leave in the case of marriage or death of close relatives, as well as recreation and health care at discount prices) increased workers' real incomes by an average of 25-30 per cent.

Medium-term strategy

The second stage of the document revision derived from the fact that the NSPR medium-term strategy was viewed as a unified, integrated business process. This meant that all activities within the strategy

must be well thought out from beginning to end, that the necessary resources must be available and that the activities must be capable of implementation on time and at all levels of responsibility.

The main objective in the starting year, 2003, is the reduction of poverty by at least 5 per cent. In order to achieve this, it is necessary to provide for an economic growth rate of 6 per cent, so as to keep prices reasonably stable. Price growth should not exceed 4 per cent.

The real incomes of the population throughout the country should grow by 8-10 per cent on average. Measures have been designed to promote growth without leading to greater inequality of incomes. The initial aim is to stimulate forms of economic development that would lead to employment growth and the involvement of the poor in economic activities. This means, in particular, the creation of enterprises in the poorest and most remote regions of the country and the development of small and medium-sized businesses.

Total budget expenditures for social needs will increase to some 12 per cent of GDP.

Budget deficits should be reduced to, at most, 4.7 per cent of GDP. This will require the mobilization of all internal resources and their efficient use.

Poverty is also one of the factors generating an increase in violence against women and among women.

According to independent estimates, about 4,000 women in Kyrgyzstan become victims of trafficking in people every year. Crimes committed by women have increased, particularly drug-related crimes. Military conflicts have also increased the need to protect women in the areas affected, and to ensure women's participation in the peacemaking processes.

Trade unions point to a lack of gender balance at all levels of decision-making and to the inadequate use of gender approaches in the economic and social policies implemented. Women form 53.3 per cent of the total unemployed.

The trade union position, developed in the course of preparing proposals for the

NSPR, was that gender policy should be a major priority when implementing the NSPR.

The preparation of the NSPR took place in a context of open and equal dialogue between partners. Conferences on its theory and practice were held, as were representative international seminars, round tables and consultations. These events included trade union participation, and others were held by the trade union organizations themselves.

The FTUK organized local training seminars for trade union activists, in which union positions were adopted and proposals were prepared.

In the course of drafting the document, regional trade union structures gave a good account of themselves, as also when implementing the projects related to water supply, the rehabilitation of social and cultural facilities, and social mobilization.

Trade union activists helped regional and district social workers to prepare social passports and poverty cards.

The CPD Secretariat worked out a set of activities in the form of a matrix of actions with implementation deadlines, funds allocated and expected results. Trade unions are among the actors.

For instance, trade unions are responsible for:

- the development of social partnership
- the improvement of the legal basis
- staff training and retraining, etc.

Social mobilization

Apart from the objective of increasing the level of social protection, one of the priorities for achieving the goals set by the NSPR is the social mobilization of the population.

Announced by the Decree of President Akayev in April 2003, this social mobilization presupposes the cooperation of all state structures and civil society, with the objective of carrying out detailed work to overcome poverty.

It was expected to provide real support aimed at increasing the well-being of at

least 50,000 poor families by 2003, in addition to the measures planned earlier.

In the Action Plan on Large-Scale Social Mobilization elaborated by the FTUK with the objective of reducing poverty in the Kyrgyz Republic, specific practical steps were defined for 2003.

For example, it provides for the development of a trade union action plan against the worst forms of child labour.

It is officially acknowledged that child labour is widespread in the Kyrgyz Republic. Child labour is generated by poverty, and poverty has generated child labour. Compared to adult poverty, the problem of child labour has more serious negative consequences for society in general.

The analysis of poverty demonstrated that poorer families have more children under the age of 17. This age group accounts for almost 40 per cent of the total population of the Republic. Over 55 per cent of under-17s live in poor families.

At the moment, there is an increase in such indicators as social orphans, hidden discrimination in schools, the number of working children and children living outside families.

The main problems inhibiting an effective fight against child poverty are gaps in the legislation, the lack of a state body that could work with families and children, the lack of efficient control over children and families from the risk groups, and the lack of a budget targeted at children.

Tackling child labour

With the help of a research company and the support of the International Confederation of Free Trade Unions (ICFTU) and the Global Unions (IUF, UNI), trade unions have monitored the extent of child labour and made a video on the subject.

According to the report of the Working Group on Human Resources, the number of working children in Kyrgyzstan is between 5,000 and 7,000. The children work in unfavourable, even unacceptable conditions; no contracts are signed with them, and their wages are much lower than those

of adults. Most of them work in agriculture and commerce. According to trade unions, 70.3 per cent of children in the south of the country are involved in weeding cotton and rice and collecting tobacco and raw cotton.

Even the official statistics say that 2,500 children do not go to school. However, according to the research, the real number is 28,000.

Trade unions see this as a threat to the sustainable development of society.

In order to draw up an action plan, the FTUK, supported by the ILO and the Global Unions, organized a discussion, with the participation of government representatives, members of parliament, employers' associations and non-governmental organizations.

At this Round Table, a number of ideas were put forward. The main one was probably the consolidation of the efforts of the executive and government bodies, trade unions and employers' associations into joint action to combat the exploitation of child labour, particularly in its worst forms. The Tripartite Committee should become the coordinating body on children's issues and should be responsible for measuring progress on eliminating child labour.

Resolution No. 541 of the Government of the Kyrgyz Republic (25 August 2003) adopts the Provisions of the Coordinating Council on Children's Issues and its composition, which also includes representatives of trade unions.

In drawing up the strategy and action plan, practical support to the trade unions was provided by the ILO Moscow Office.

Collective bargaining recommendations from the FTUK for 2004 urge maximum consideration of children's issues in collective agreements.

In cooperation with the Ministry of Labour and Social Protection, the draft law of the Kyrgyz Republic on the Ratification of Convention No. 182 of the International Labour Organization on the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour has been approved by the Government and is now before Parliament.

Struggle against poverty

Not only are the trade unions of Kyrgyzstan playing their full part in poverty elimination, they are also developing their own trade union strategy and taking an equal share of responsibility for society's implementation of the right to a decent life.

Four principles underlie the trade unions' strategy for the struggle against poverty. It should:

- be implemented with the active involvement of the social partners
- be result-oriented
- establish priorities
- be based on a perspective of long-term struggle.

As part of the implementation of the NSPR by the FTUK, the law on Social Partnership in the Kyrgyz Republic (which came into force on 1 August 2003) and, together with social partners, the Labour Code were drafted. Both documents underwent ILO expert scrutiny. Together with the Ministry of Labour and Social Protection, draft laws on the Minimum Wage and the Minimum Hourly Wage were elaborated.

In 2002-2003, tripartite councils and commissions on social and labour issues were formed. These are active in all the regions and in 19 districts. The results of the All-Republican Competition for the best organization of social partnership work were summarized.

The main objectives of the trade unions are:

- To increase by up to 40 per cent the number of collective agreements that include an obligation to increase wages in 2004.
- To increase trade union responsibility for public control of the implementation of labour and employment legislation. (In January 2004, in the Plenum of its Council, the FTUK introduced the issue of the trade unions' tasks in

implementing workers' rights in the light of the new labour legislation. The year 2004 has been declared the Year of Struggle for Fair Labour Relations, under the motto of "Rights and Guarantees to Labour".)

- To monitor implementation of ILO Protection of Wages Convention, 1949 (No. 95).
 - To increase the efficiency of the work of tripartite bodies at all levels.
 - To logically and persistently fight for the reduction of poverty in all its manifestations.
-

Participation in the elaboration and implementation of the NSPR allowed the trade unions to adapt quickly to the situation, to take concrete steps and to undertake joint efforts with the administrative bodies and the employers, with the objective of reducing poverty in the country.

The Kyrgyz trade unions believe that the goals set within the NSPR are realistic and will result in the consolidation of society, constructive interaction on the basis of partnership and responsible implementation of the objectives that have been set.