

# Unions and PRSPs – an analysis of the World Bank's view

*The World Bank has produced a web-based study on "Trade Union Participation in the Poverty Reduction Strategy Papers (PRSPs) process"<sup>1</sup>. Here, we look at the World Bank's 23-country report and draw out some pointers for the ILO and its constituents.*

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In September 1999, the IMF and World Bank announced a policy shift in which they declared that poverty reduction would be the overarching goal of the two institutions. The International Confederation of Free Trade Unions (ICFTU) and the World Confederation of Labour (WCL) welcomed this change of heart. They hoped that the PRSP mechanism would mark a fresh start, in response to the many years of civil society and trade union criticisms of the structural adjustment programmes (SAPs).

The ICFTU's optimistic but cautious advice was that "unions take part in poverty reduction programmes" and that they "participate in monitoring the programmes", while the WCL adopted a "wait and see" position. More than three years into the PRSP implementation, the unions were signalling that they were not getting the best out of the whole exercise. For instance, at the meetings between the international trade union movement (Global Unions and WCL) and the IMF and World Bank (Washington, DC, 21-23 October 2002), trade union representatives spoke of various weaknesses they saw in the PRSP process as currently carried out. These include:

- the fact that unions sometimes cannot participate in the PRSP process because of restrictions placed on freedom of association

- the lack of attention devoted to redistribution as well as growth
- problems posed by World Bank conditionality.

Others raised concerns that governments were self-censoring, while other speakers found PRSP consultations perfunctory and many were disappointed with the policies governments put forward in PRSPs, despite opposition expressed during consultations ... Another speaker emphasized the importance of designing employment-intensive development plans, so as to ensure the sustainability of poverty reduction strategies, and suggested more joint work on PRSPs with the ILO.<sup>2</sup>

The subsequent decision by the Bank to undertake a country-by-country assessment of the PRSP process was, in effect, a response to these union concerns. Covering 23 countries (15 Full and 8 Interim PRSPs), the study identifies the gaps in trade union participation in the PRSP process. The countries studied are Albania, Bangladesh, Benin, Bolivia, Bosnia and Herzegovina, Cambodia, Democratic Republic of the Congo, Ethiopia, Georgia, Ghana, Guyana, Honduras, Indonesia, Kenya, Malawi, Mongolia, Nicaragua, Pakistan, Senegal, Sri Lanka, Tanzania, Uganda and Zambia. Each country report is in three parts:

- the state of social dialogue

- trade union participation in the PRSP process
- the labour content of the full and Interim PRSPs.

What follows is a summary of the main issues that emerged.

## The main findings

**Consultations with unions were not systematic.** In an attempt to ensure inclusiveness in participation, more attention was to have been paid to collecting a large number of stakeholders than to ensuring the quality of the consultations. While some unions were invited by government without having to ask (for instance, in Ghana, Zambia, and Bosnia and Herzegovina), others made the formal request to be included. Even then, there was no guarantee of acceptance. The symbolic nature of involving unions is also apparent from the number of meetings in which they participated. In Albania, the fact that Bashkimi I Sindikatave Te Pavarura Shqiptare (Confederation of Independent Trade Unions of Albania – BSPSh) is a member of the National Civil Society Advisory Group guaranteed its participation in all sessions, whereas in Benin, trade union federations were invited to only two meetings/sessions. Late distribution of materials prevented the Confédération nationale des Travailleurs du Sénégal (CNTS) from making a written submission.

**Some unions were left out.** In some countries, certain unions were altogether “forgotten” by the authorities. The National Organization of Trade Unions (Uganda) was left out of the formulation of the Poverty Eradication Action Plan (PEAP) in early 2000 because “if the Ministry of Labour is invited, then the other social partners, FUE (Federation of Uganda Employers) and NOTU are expected to be carried along”. Despite contacting the Congolese authorities, union officials from the Confédération démocratique du Travail (CDT) were not invited to the PRSP

formulation. In Tanzania, no union was invited to participate. In Albania and Malawi, where more than one national federation exists, the smaller unions did not participate in PRSP discussions. Indonesia’s official union, the Konfederasi Serikat Pekerja Seluruh Indonesia (KSPSI) represents other unions on various government bodies, including on PRSP formulation. In Sri Lanka, while some unions participated (notably the affiliates of the National Workers’ Confederation), a majority did not take part. Later, some 72 trade unions joined the Alliance for the Protection of National Resources and Human Rights (ANRHR) and rejected the final PRSP because government had “failed to carry out even this minimal consultation with the people”.

**Some good cases of union participation in PRSP formulation exist.** The extent of state/trade union cooperation is behind the higher degree of union participation in PRSP formulation in Albania, Bosnia and Herzegovina and Mongolia. Following their active involvement in the Structural Adjustment Programmes Review Initiative (SAPRI) and other forums, unions were active in the formulation of the Ghana Poverty Reduction Strategy (GPRS), while the Zambia Congress of Trade Unions (ZCTU) played a leading role under the Civil Society for Poverty Reduction (CSPR) banner. In Bolivia, the Central Obrera Boliviana (COB) was visible right from the preparatory stages. In Honduras, all the three federations – the Confederación de Trabajadores de Honduras, the Central General de Trabajadores (CGT) and the Confederación Unitaria de Trabajadores de Honduras (CUTH) – are in the Consejo Consultivo de la ERP, the PRSP consultative council.

**No union involvement beyond PRSP formulation.** No country report makes mention of any union involvement in the PRSP process beyond the formulation stages. However, the potential for this does exist. In Cambodia, the PRSP envisages that the private sector (including trade unions) could play a crucial role in poverty reduction, especially through job creation. In

the Democratic Republic of the Congo, the I-PRSP calls for the establishment and application of a realistic wage policy (with the involvement of government, the employers' federation – FEC – and trade unions). In Uganda, "the UDN (Uganda Debt Network) ... is involved in monitoring of the Poverty Action Fund by empowering communities to monitor the implementation of programmes that directly benefit the poor".

***Labour market policies are not a central focus of the PRSPs.*** There is little focus on employment and international labour standards in the PRSPs, or on the role of labour market institutions, much as the trade union representatives at the discussions always highlighted these issues. In a number of cases, unemployment is recognized as a cause of poverty. However, the policy implications of this are usually absent or are inadequately covered.

For instance, in Sri Lanka, the clamour for labour law reforms by government is because "current regulations governing employment remain impediments to investment and growth". The reports corroborate the views of the Director-General of the ILO, who in his report to the 91st session of the International Labour Conference entitled *Working Out of Poverty* attributed the meagre coverage of decent work issues to the general absence of labour ministries and other social partners.

However, the evidence points to a positive correlation between ILO participation and the inclusion of the Decent Work Agenda. In Cambodia, where the ILO was very much in the picture, "the NPRS (National Poverty Reduction Strategy) contains some very labour-friendly provisions". In Pakistan, the Draft Poverty Reduction Strategy Paper, in its Chapter Five on "Addressing I-PRSP Gaps: Employment, Gender and Environment", underlines the centrality of employment generation for poverty reduction.

***Few trade unions network with other civil society organizations (CSOs).*** In the PRSP Sourcebook, trade unions and guilds fall under the "CSOs Stakeholder

Group", along with networks, NGOs, community-based organizations, academic institutions and research groups. However, few unions have partaken of this potential synergy, as there is not much joint action and collaboration between the unions on the one hand and other CSO groups on the other. In his report *Working Out of Poverty*, the ILO Director-General says that "the emphasis on the participation of civil society organizations (CSOs) by the international community can cause difficulty in that few trade unions and employers' organizations identify themselves with this relatively new all-embracing term. Furthermore other CSOs sometimes do not think of unions and employers' organizations as part of their movement". Unions tend to trust the traditional tripartite structures (involving governments, employers and workers) and thus have yet to play a full part in multi-stakeholder initiatives.

***Doubts still abound as to whether the World Bank and the IMF are genuinely committed to change.*** There are complaints that the PRSPs are nothing but an extension of the same neoliberal policies that structural adjustment was accused of promoting. For instance, the General Secretary of the Confédération Nationale des Travailleurs du Sénégal (CNTS) stated the PRSP "lacks ambition to resolve the development issue". And the Union nationale des Syndicats autonomes du Sénégal (UNSAS) withdrew from the PRSP process because "the draft paper was lacking a social dimension and was only dealing with macroeconomics". To the chagrin of labour, Sri Lanka's PRSP proposes privatization and labour law reforms despite opposition of trade unions.

***Unions admit their lack of capacity.*** The Central Organization of Trade Unions of Kenya (COTU-Kenya) and the Union nationale des Syndicats des Travailleurs du Bénin (UNSTB) acknowledge that their effectiveness in the discussions was curtailed, due to inadequate capacity. However, the problem is not limited to these countries.

Only in Bosnia and Herzegovina, Ghana, Pakistan and Sri Lanka did unions submit their detailed views in writing. Yet capacity along with legitimacy and representativeness are some of the criteria looked for in any stakeholder group.<sup>3</sup>

### Recommended action

Since inadequate attention is paid to labour market policies in the PRSPs, the positive contribution of the Decent Work Agenda cannot be fully utilized. Because consultations have not been systematic, unions have yet to see their footprint in the PRSP process (formulation, implementation, monitoring and evaluation).

Deliberate policies ought to be put in place to incorporate workers' organizations at all levels of the process. Since they have representative constituencies whose views are necessary for poverty reduction, their guaranteed participation should be ensured, while the question of lack of capacity needs to be addressed through tailor-made programmes organized by the international trade union movement, the ILO, the World Bank, the IMF and governments. The ongoing dialogue between the ILO and the international financial institutions should be aimed at guaranteeing that international labour standards, employment and social dialogue are incorporated in the programmes of the World Bank and the IMF. They need to reach out to all unions at national level and take advantage of their unique skills and traditional roles in poverty reduction.

The onus is on the unions to be proactive and to present well-researched arguments that justify their every position, since no one speaks better for workers than unions themselves.

### Notes

<sup>1</sup> The reports are available on the World Bank website and can be accessed via [www.worldbank.org/labormarkets](http://www.worldbank.org/labormarkets)

<sup>2</sup> See joint report of the meeting on the World Bank's website, [http://wbln0018.worldbank.org/HDNet/HDdocs.nsf/vtlw/236052a7147251eb85256cde005987bb/\\$FILE/Joint%20Report%20Oct%202002.pdf](http://wbln0018.worldbank.org/HDNet/HDdocs.nsf/vtlw/236052a7147251eb85256cde005987bb/$FILE/Joint%20Report%20Oct%202002.pdf)

<sup>3</sup> *World Bank Participation Sourcebook*, Ch. 7 (p. 250).

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