

**JOINT REPORT ON MEETINGS BETWEEN THE INTERNATIONAL TRADE UNION
MOVEMENT (GLOBAL UNIONS AND WCL) AND THE IMF AND WORLD BANK
7-8 October 2004, Washington D. C.**

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Summary

The IMF and World Bank met on October 7-8, 2004 with 70 labor union leaders, plus an additional 13 advisors and observers, from around the world. The trade union delegation included representatives and affiliates of the International Confederation of Free Trade Unions (ICFTU), World Confederation of Labor (WCL), Global Union Federations and the Trade Unions Advisory Committee to the OECD (TUAC). The delegation was headed by Guy Ryder, General Secretary of the ICFTU, and Willy Thys, General Secretary of the WCL. IMF and World Bank management, staff, and Executive Directors participated in the meetings.

Discussions focused on issues of common interest to the unions and the IMF and the World Bank, including how to reduce poverty effectively and achieve the Millennium Development Goals (MDGs), while also enhancing employment opportunities and social inclusion, and reducing inequities. High-level meetings between one or both of the Bretton Woods Institutions and various trade union organizations have taken place intermittently for over a decade; agreement on a biennial schedule involving all major international union bodies and both the IMF and World Bank was reached in February, 2002.

Meeting with Managing Director of the IMF

A meeting with Rodrigo de Rato, Managing Director of the IMF, opened the proceedings. Mr. de Rato was introduced by IMF Executive Director Willy Kiekens, who also chaired the sessions held at the IMF on the morning of October 7.

In his opening remarks, Mr. de Rato welcomed the continued dialogue with labor unions, noting that in many countries organized labor was an important, and sometimes indispensable, instrument for social change. In a world characterized by ongoing and fast-moving transformation, countries had to adapt, and that often required dealing with such challenges as ageing populations, the need to modernize labor markets, and the

liberalization of trading systems. Participation of civil society—including labor unions and employers' organizations—in those economic and social debates could strengthen the consensus on what often constituted difficult policy choices. And strong global expansions such as the current one, Mr. de Rato observed, provided a timely opportunity to undertake reforms, since changes in behavior were easier to bring about during economic recovery.

The leaders of the trade union delegation pointed out that, despite the IMF's upbeat assessment of the global economy, most developing countries would miss the Millennium Development Goals (MDGs) by a wide margin. If progress toward those goals was to be accelerated, the international community needed to take more ambitious action on debt relief and consider the various initiatives being proposed—including some form of global taxation—to raise extra funding. They took note, however, of de Rato's observation that the problem with obtaining new resources was political, not technical.

The trade union leaders also stressed that poverty reduction depended on implementing the right policies. In their view, the Bretton Woods institutions' emphasis on pro-growth, market-oriented economic liberalization was inadequate "because growth was not enough." They argued that too little attention was paid to employment, wages, and social protection; growth must be accompanied by "decent" job creation and an increase in social security and justice. The IMF's recommendations to countries on labor market reform remained a point of contention. The union representatives expressed concern that the IMF called for greater labor market flexibility regardless of a country's circumstances, and that, they said, tended to result in simple deregulation and increased social insecurity. They urged greater consultation with unions on policies to promote a less disruptive restructuring of the labor market.

Report on Trade Union-IFI Process for Regular Enhanced Dialogue

The Washington representative of Global Unions provided a progress report on the implementation of the February 2002 agreement for regular enhanced dialogue between the trade unions and the IFIs. He noted that, while many commitments have been achieved, some remained to be completed or followed through. In addition to the regular dialogue which includes leadership meetings on particular policy questions, there are examples of collaboration in country operations, one being the Bank's HIV/AIDS programs in Africa. He furthermore presented the results of three trade union secondments to the World Bank, which have worked on trade union participation in PRSPs, the impact on labor of public service restructuring, and labor standards in WB procurement. These resulted in publications, the creation of Bank-union contact points, and recommendations for Bank operations, although not all of the latter have been responded to by the Bank. The Global Union representative then made the following proposals to the World Bank: further work with unions on core labor standards and pension policy; creating additional "focal points" between sector-level union organizations and WB departments; and a more systematic policy on country-level consultation with trade unions. For the IMF, he called for continued attention to improving the quantity and quality of consultations with trade unions in the context of Article IV consultations, and proposed a technical meeting on IMF recommendations

regarding labor reforms. For both IFIs, he urged the adoption of a more structured process of dialogue with trade unions.

The Washington representative of the WCL stated that there has been more frequent consultations between the IFIs and the trade unions. However, he underlined, that the jury was still out as to whether unions are influencing changes in WB/IMF policies. He recommended that the IFIs should invite the trade union movement to participate in research that deals with labor issues and policies. In this manner, perhaps, unions may be able to contribute to a paradigm shift away from the “Washington Consensus.”

The Director of Social Protection at the World Bank welcomed the deeper level of interactions between the trade unions and the IFIs, noting that this was a sign that the structure for dialogue introduced in 2002 was working well. While this had not yet led to paradigm shifts from either side, it was encouraging that there was some rapprochement of viewpoints. The Bank would consider the union’s additional proposals, meanwhile pushing ahead with the following: a research program on labor markets; the nomination of “focal points” in various sectoral units; options for continuing the secondment of union representatives to the bank; and a possible technical workshop on civil society participation in the PRSP process. A new model for financing secondments will be needed, however, as the World Bank’s presidential contingency fund will be exhausted as of July 2005, an alternative model could include co-financing from the World Bank’s receiving unit, the sending trade union, and possibly an outside donor.

The Deputy Director of the IMF’s External Relations Department noted that IMF staff was conducting more and more outreach, including in the context of Article IV consultations with countries. In that regard, while the 2002 survey of staff on interaction with labor unions had not been updated, all indications were that its results were still valid. From that survey, it was encouraging to note that IMF staff had reported engaging with labor unions in about 70 percent of consultations, and that 40 percent of staff felt that this interaction had actually influenced IMF policy advice. Nevertheless, staff would be urged to continue efforts to deepen the quality of this interaction; and thought would also be given to holding technical meetings on labor market reforms or the PRSP process, as suggested. The chair, Mr. Kiekens, observed that, while IMF staff had been given guidance to enter into dialogue with labor unions, the unions should seek dialogue not only with Fund missions but also with government, since the government took the ultimate policy decisions.

On the proposal to create a more structured process for dialogue between the trade unions and the IFIs, both the IMF and the World Bank considered that the present model was working well, and should be maintained for another two years.

Work of IMF and World Bank in Low-Income Countries

Representatives of the IMF and the World Bank made presentations on the status of various initiatives directed at low-income countries. The IMF representative stressed that the IMF saw a clear role for itself in helping countries establish a stable macroeconomic environment that could foster the growth essential for poverty reduction. With increased

aid flows directed at low-income countries to help them meet the Millennium Development Goals, one challenge was to ensure that this aid could be used effectively without disturbing macroeconomic stability. The IMF was also working on a debt sustainability framework for low-income countries, to ensure that the efforts made to reduce the debt of heavily-indebted low-income countries through the HIPC Initiative were not then reversed by poor debt management practices. And together with the World Bank, it was studying the feasibility of innovative proposals that had been made at the fall 2004 IMF-World Bank Annual Meetings for financing an increase in aid and debt relief—through such mechanisms as global taxes or an international financing facility to frontload aid inflows—and whether those could gain the necessary political support.

The World Bank representative noted that the Bank has moved from "adjustment lending" to "development policy lending," signifying a shift from the balance-of-payment support which had been needed to deal with the debt crisis of the eighties, to a greater focus on growth and poverty reduction. The new approach has a medium-term perspective and places great importance on supporting country-owned policy programs which meet the following criteria: strong analytical underpinnings; broad-based consultation with stakeholders; being mindful about poverty and social impacts; and environmental sustainability. Lending through this new policy is directed at general budget support rather than project financing, allowing countries to better target aid and lending at the priorities they themselves identified, but requiring improved fiduciary and financial management. The Bank's Poverty Reduction Support Credit (PRSC) was based on these principles, including in particular, on a foundation of ownership embodied in the country's own Poverty Reduction Strategy Paper (PRSP), and reflected in "country-owned conditionality" in which program conditions are set by the countries themselves. Over the years lending conditionality has shifted increasingly from issues of trade, agriculture, and infrastructure to social and environmental concerns, and private sector development.

The trade union representatives observed that the HIPC Initiative was not delivering the needed results. It did not apply to enough countries, it did not provide enough debt reduction, and it included too many structural adjustment conditions. Some countries that had completed the Initiative still carried unsustainable debt burdens and had experienced increases in poverty and inequality. It was therefore critical to examine and follow-through on the new proposals for increased aid and debt relief. One union representative called attention to the fact that the trade union movement had played a crucial role in mobilizing public support in favor of increased development assistance in the industrialized countries that had achieved the UN objective of 0.7 per cent of GDP.

It was noted by other union representatives that some adjustment programs resulting from HIPC conditionality had contributed to the transfer of workers to the informal economy. It was important that the trade unions be involved in the implementation of debt relief plans so as to reduce the social costs. The IMF and Bank representatives called on unions to find ways to participate in the PRSP processes of their respective countries and make their valuable contributions. They noted, however, that the decision on whom to consult

in the elaboration of poverty reduction strategies was made by the government themselves, and not by the IMF and the Bank.

Meeting with President of the World Bank

Mr. Wolfensohn, President of the World Bank, raised three specific labor issues in his opening remarks: (a) core labor standards (CLS), which he noted were now being promoted by the World Bank, though not yet as conditions in WB lending; (b) the business climate as discussed in recent WB reports (*WDR* and *Doing Business in 2005*); and (c) the report of the ILO's *World Commission on the Social Dimension of Globalization*, which he welcomed as a key contribution to global policy discussions, noting the Bank's involvement in the production of the report and continued commitment to follow up on its recommendations. He also spoke of the imbalance between high expenditures for defense versus insufficient resources for development and agreed that job creation should be a priority of development strategies.

In their responses, Guy Ryder and Willy Thys acknowledged Mr. Wolfensohn's leadership in establishing regular dialogue with the trade union movement, but requested that more be done to effectively bring this quality of interaction to the regional, national, and project levels. Mr. Ryder addressed each of the three key issues, noting that the unions would continue to push the Bank on conditionality for CLS, especially in procurement rules where the Bank also has a stake in protecting its reputation. He said that the unions find the Bank's messages on business climate overly simplistic in calling for deregulation of the labor market, pointing out the negative ramifications for workers when this advice is taken up by countries. He asked that the Bank seriously consider the ILO Report's recommendations on policy coherence initiatives and concluded by calling for more debt relief and pointing to the potential of the global taxation initiative to help in funding increased relief and development priorities. Mr. Thys added concerns that the Bank continued to operate within the parameters of the Washington Consensus while many countries are faced with growing informal sectors, debts and inequality. Other members of the delegation raised concerns that the IFIs used a "copy-and-paste" method in the reform measures they support, not taking account of country-specific economic and political conditions. One representative pointed to a contradiction he saw between the concerns expressed by the World Bank with regard to the MDGs, especially Education for All, and promoting budget constraints in country programs. The weakening of collective bargaining in Latin America was also thought to relate to Bank pressure to decentralize bargaining to the firm level. The representative from Public Service International noted Mr. Wolfensohn's commitment to improved dialogue with public sector unions and called on the Bank to take part in policy coherence initiatives with a broad range of institutions.

In responding to the concerns raised, Mr. Wolfensohn encouraged both Bank and unions to get beyond typecasting each other. He emphasized that it was not the position of the World Bank to attack organized labor. The Washington Consensus is dead, he said, and the entire thrust of World Bank programs is to have a country-driven, country-owned approach. He suggested that Bank staff and unions establish deeper dialogue on particular

issues that continue to divide them in order to seek common ground, perhaps taking advantage of the Bank's extensive video-conferencing facilities.

PRSPs: Labor and Employment Issues

A World Bank representative gave an overview of the Poverty Reduction Strategy process, identifying four areas where sustained attention is needed in order to realize the potential of the PRS process: (i) reinforcement of the PRS approach as a country-driven initiative, which includes institutionalizing participation and broadening the range of actors that are involved (civil society organizations, trade unions, parliament groups, etc.), and deepening participation through involvement in practical policy formulation, implementation and monitoring; (ii) strengthening the analytical underpinning of PRSPs in order to get a better understanding on what triggers growth, employment creation, and poverty reduction; (iii) strengthening the institutional capacity of countries in order to implement their strategies successfully, including reinforcement of the public expenditure management systems and the monitoring systems for the policies applied; and (iv) harmonization of the donor community's assistance in order to support the implementation of country strategies.

An African trade union speaker noted that employment and labor standards are the missing link in most completed PRSPs, despite the emphasis placed on these issues by unions in PRS consultations. He noted a few exceptions, mentioning the inclusion of employment targets in Zambia's PRSP, the reference to "decent employment opportunities" in the Bangladesh interim PRSP, and the identification of workers' rights, minimum wages, and improved working conditions as priorities in Cambodia's document. In Albania, however, the Bank/Fund Joint Staff Assessment discouraged the government from going ahead with the PRSP's recommendations regarding active labor market programs and more inclusive pension schemes.

Another World Bank presenter pointed out that while the PRSP process is an important process, there are many other policy discussions on labor issues in which unions need to participate. Second, he called for trade unions to be more involved in implementation processes, monitoring and evaluation and capacity building. Finally, he drew attention to the fact that many of the central themes of PRSP discussions have direct implications for employment and labor issues, such as pro-poor-growth, making growth equitable, and measures aimed at the informal sector.

Comments by the trade union representatives included specific experiences of cases where trade union's concerns expressed during PRS consultations had not been responded to in the final PRSPs. The social cost of privatization processes, structural adjustment programs, and trade liberalization were criticized as having had more negative effects for most of the population. Representatives from Eastern Europe and Central Asia suggested that greater attention be given to the increase of unemployment and the transfer of workers to the informal sector resulting from the reform process. Unions would like to be more involved in implementation and monitoring processes, but have encountered obstacles from the government.

World Bank representatives responded by reiterating that the PRS can be a useful tool which allows citizens, unions and other organizations to hold their government accountable for their actions. With reference to employment content in PRSPs, the Bank should consider what kind of analytical work needs to be done in this area. They emphasized the importance of working on the informal sector especially in African countries and requested input from unions on this issue. The union presenter added that a correlation can be seen between the ILO's technical assistance and trade unions' impact on PRSPs, and advocated greater ILO involvement in the process.

Opening Session, Day 2

Ad Melkert, Executive Director at the World Bank, chaired the second day of meetings, opening with brief remarks which acknowledged the strengthened regular dialogue with the union movement. In welcoming remarks on behalf of the World Bank, Managing Director Shengman Zhang also recognized the concrete results emerging from the enhanced dialogue and stated that he valued the trade union's input on poverty reduction and job creation in particular. Guy Ryder noted that the dialogue between the World Bank and the trade unions had been deepening and maturing over time and suggested that the day's proceedings focus on adopting a work plan for the next two years. Willy Thys summarized the discussions of the day before, highlighting the broad agreement that employment is at the core of the debate about poverty reduction. He reiterated the need for a decentralized dialogue and proposed a meeting on the issue of "what comes after the Washington Consensus has been declared dead"?

Progress Report on Core Labor Standards at the World Bank

The World Bank Vice President of Operations started his presentation by acknowledging trade unions' contribution in the fight against poverty and gave an update on the discussion of the core labor standard (CLS) work program by the WB-board and senior management which had endorsed the Bank's support for good practices related to core labor standards. He noted the important change with respect to adjustment lending that has taken place at the World Bank, moving from a very prescriptive policy based on conditionality towards an approach of country ownership. This new approach, which has been endorsed by the board, was described as a process that includes analytical work and implementation of joint analytical results. Opening up the analytical work to civil society is an important challenge for the World Bank, he said.

The World Bank's director of procurement gave a presentation on labor standards and procurement at the World Bank. He announced that the World Bank, along with other multilateral banks and the International Federation of Consulting Engineers (FIDIC) have agreed to introduce clauses on forced labor, harmful child labor, records of the workers, and social aspects of works into standard bidding documents. Training modules on these clauses are being piloted. Larger scale training will begin with the infrastructure group.

The program manager of the International Finance Corporation's environment and social development unit gave an overview of the proposed re-thinking of IFC's safeguard policy. Nine performance standards, including an expanded set of labor standards, will apply to client companies and be reviewed prior to investing. Sanctions for companies

failing to meet the performance standards include loan withdrawal or delay. Beyond existing safeguards on harmful child labor and forced labor, proposed changes include worker rights to organize and bargain collectively, non-discrimination in employment, contract labor issues, workplace health and safety issues, and working conditions such as wages, benefits and hours of works. The IFC noted a number of comments from the trade union delegation that had been expressed two days earlier during an in-depth consultation, including unions' proposal to include explicit references to ILO conventions in the new policy.

During the discussion, trade union representatives spoke of various weaknesses they saw in progress made on CLS at the World Bank. An Asian unionist spoke of cases of violations of CLS and hazardous working conditions in World Bank infrastructure projects in Indonesia. Bank publications such as the WDR 2005 and *Doing Business* were criticized for advocating deregulation of the labor markets and reduction of minimum wages. A representative of the International Federation of Building and Woodworkers (IFBWW) who had been seconded to the procurement department of the Bank was disappointed that concrete proposals by the unions had not been taken into consideration. Unions called for extending assessments of CLS observance in all Country Assistance Strategies. Some of the union representatives welcomed IFC's proposal to include all CLS in its loan performance standards and questioned why other divisions of the World Bank were not making more progress in ensuring that their operations were consistent with CLS.

World Bank presenters responded that recent reports did take account of the comments made by trade union representatives and assured the unions that they would specifically respond to proposals made by the IFBWW. Introducing clauses against forced labor and child labor in the Bank's procurement contracts can be seen as a first and important step. Trade unions were furthermore asked to provide the World Bank with best practices on the technical specifications for implementing the contracts. Unions were encouraged to notify the Bank in cases of violations of CLS or hazardous working conditions on WB projects and action would be taken. It was said that a proper level of regulation is required to ensure adequate standards. On the issue of transparency, it was noted that the World Bank is the most open institution among all international organizations and that transparency and dialogue is a very important aspect of Bank's work. Finally, it was explained that the difference between World Bank and IFC policies on labor standards can in part be explained by the fact that IFC works with private sector entities and chooses its clients whereas the World Bank has to act on a broader level.

Social Dimension of Globalization Report

An ILO representative gave an overview of the report produced by the Commission on the Social Dimension of Globalization. He summarized that the Commission tried to construct an international vision of better governance of globalization. A key element of the report is "policy coherence," i.e. building greater consistency between the actions of different international institutions on economic and social policy. A parallel process at the national level is a critical second step, he pointed out. National governments, unions, employers, and other civil society organizations should be the driving forces to work on

the social impact of international economic, financial and trade policies, and to implement decent work strategies. All issues discussed in the report require partnership in the multilateral system, the production of the report itself is proof that those partnerships are possible, he concluded.

A trade union speaker added that a more structured form of consultation was welcomed by the unions. A critical feature of the report for the trade unions was the emphasis on decent work and employment creation and making these central elements of development policies applied by multilateral institutions and on the national level. It was important to “get the balance right” in dealing with the social consequences of globalization. She concluded that incorporating employment targets and decent work objectives into PRSPs and in IMF and World Bank country-level policy advice would be an important step.

The World Bank representative stated that all parties that had taken part in the Commission, including the Bank, could overwhelmingly embrace the report. He said that all agreed on the diagnosis that globalization - while it has been a very positive force - has left behind and, if policy changes are not made, will continue leave behind a very significant part of the world’s population. The World Bank shares the report’s recommendation in favor of a shift towards an inclusive type of global and national governance, which focuses on decent jobs. He concluded that the key challenge is now to internalize the recommendations made at the international level.

The IMF representative noted that the report provided an opportunity for constructive dialogue. Indeed, Mr. Horst Köhler, the former Managing Director of the IMF, had participated in discussions on the report, and agreed with its focus on the importance of country ownership, high levels of productive employment, social safety nets, and adequate levels of healthcare. However, from the IMF perspective, the report did not place sufficient emphasis on the importance of sound macroeconomic policies and stability, which were crucial for growth and development, as well as to effective absorption of aid and foreign assistance. Moreover, the report’s criticism that the IMF followed “one-size-fits-all” policies was misguided. A recent report by the IMF’s Independent Evaluation Office on the IMF’s fiscal adjustment policies had shown clearly that the IMF’s approach was country-specific. Finally, on the report’s call for greater policy coherence, it should be noted that other bodies such as the UN’s ECOSOC, were already working on policy coordination mechanisms, and the risk of duplication should be taken into consideration. It might be preferable to strengthen existing mechanisms than to create new ones. Moreover, he agreed with the other speakers that efforts for improved policy coordination should be made first and foremost at the country level.

The trade unions added that current challenges, such as the end of the Multi-Fibre Arrangement that could lead to massive job losses in several developing countries, should be taken up by a standing globalization policy forum. Other suggestions related to topics such as decent work in global production systems; ILO-involvement in PRSPs; and the implementation of core labor standards in small enterprises. Furthermore, examples on the negative effects of budget cuts in education due to constraints imposed by the IMF and World Bank were given.

The IMF and WB-representatives disputed the claim that IMF and WB programs constrained spending on priority areas like education and health. They noted that country programs generally protected spending in those areas and urged a shifting of resources away from defense and other non-productive areas. They cited the report by the IMF's Independent Evaluation Office on fiscal adjustment policies as providing evidence of this.

Overall agreement was reached on the World Commission's conclusion that an increase of resources for development is needed. The chair concluded that the IMF and World Bank could use the results of this discussion to formulate their next steps for implementing the report.

World Bank's Approach to Social Protection

The Director of the Bank's Social Protection Unit gave an overview of recent work from his group, pointing to demonstrated success in promoting labor and social protection issues within the Bank. He announced that trade union representatives and ILO have been invited to participate in a labor markets research conference to be held at the Bank on Nov.17-18, 2004. Both unions and the ILO were asked to be involved in the conference's stocktaking exercise and to comment on initial research results. The Bank's revised pensions policy paper, to which the ICFTU had provided comments on an earlier draft, would be released by the Bank later this year. Furthermore, it was pointed out that the Social Protection Strategy has successfully integrated many players on the national level, including unions and the ILO.

The World Bank's vice-president for Private Sector Development responded to trade union perceptions, expressed in earlier sessions that the Bank is speaking with two tongues by claiming to be in favor of core labor standards and at the same time advocating reduced regulation of the labor market. He pointed out that the *World Development Report (WDR)* and the *Doing Business* report both pursue job creation and increased wage levels – they are not in pursuit of excessive profits for private capital. Two representatives from the Bank's labor market team gave an overview of the World Bank's labor market strategy which aims – as a first step – to take stock of existing labor market policies and analyze labor market reforms and its effects. They noted that the Bank can make an important contribution with regards to social safety nets and employment issues by drawing together international experiences, e.g. on unemployment insurances, and by revealing best practices and models that work. In many countries the informal sector is growing dramatically and getting meaningful protection for all workers, including those in the informal sector, is a challenge for national governments and for the World Bank to provide useful advice.

In the ensuing discussion, union representatives gave examples of deteriorating social safety nets and reduced workers' protection in Latin America and Eastern Europe. While promoting deregulation of labor markets that can lead to job losses, the Bank had not given sufficient attention to the need to improve social protection, particularly for those who have lost their jobs. One union representative noted that beyond endorsing CLS,

Bank publications such as the WDR 2005 and *Doing Business* define all forms of labor regulation as impediments to investment and promote reduced workers' protection through measures such as lower minimum wages and replacement of job security by "contracts at will". This position ignores the important role labor regulations play in protecting workers against abuse and the fact that the ILO has adopted 177 conventions in addition to the eight conventions on which the CLS are based. The Bank respondent noted that the WDR 2005 chapter on labor markets is largely dedicated to enabling national social protection systems to cope with shocks.

Trade Unions' Contributions to Meeting the Millennium Development Goals

A World Bank representative provided a brief overview on the MDGs and the Global Monitoring Report. The Report seeks to present a comprehensive and integrated framework for accountability in global development policy. He stated that it is planned to include civil society in the joint effort of monitoring global development policy. He raised four main findings. First, developing countries need to accelerate reforms to achieve economic growth. Second, they need to scale up and improve the delivery of basic human services, such as health, education, and sanitation. Third, developed countries need to speed up implementation of the development partnership they committed to in Monterrey in March 2002. And fourth, it is key that developing countries open up their economies to exports from developing countries on a larger scale, while the resources for aid need to increase drastically in order to meet the MDGs. He elaborated that governance reform and capacity building are a central element to ensure the effectiveness of the substantial scaling up of investment in human capital and infrastructure that is needed to meet the MDGs.

A representative of Education International focused on the goals of Education for All and the prevention of HIV/AIDS and presented a program adopted by his organization for training teachers on health and especially HIV/AIDS in order to enable them to address this in the classrooms. In order to achieve education for all, an estimated number of 15-35 million well qualified teachers would need to be trained and recruited by 2015. It was therefore important that teachers' qualification should become a priority in the donor community. He recognized that the Bank was active in supporting the role of education in preventing HIV/AIDS, and asked for closer collaboration between Education International and the Bank in pursuing this goal.

A representative of Global Unions gave a number of examples to illustrate how the actions of trade unions have contributed significantly to achieving different MDGs. The primary objective of trade unions to organize and improve the wages and living conditions of unprotected workers has contributed to poverty reduction in many countries. He gave examples of agricultural workers' unions that have developed basic protection schemes; successful efforts to organize informal economy workers; and campaigns by public services unions to make essential public services available to the poor. He emphasized that PRSPs typically do not include employment creation issues unless unions are involved. He also noted that union programs to combat the spread of the HIV/AIDS have been quite effective, something recognized by the World Bank.

Another World Bank representative stated that education is a precondition for growth and presented evidence that education is central in the fight against HIV/AIDS. The World Education Forum in 2000 reaffirmed the commitment to Education for All, but the world community still has yet to follow through with the required level of investment to achieve the goal. As a contribution to this global effort the World Bank hosts the Secretariat of the “Fast Track Initiative”, a multi-agency partnership that seeks to assist the poorest countries in achieving universal primary education. Although additional financing has been provided for primary education, the funding gap remains significant. Support for the current costs of teachers’ salaries needs to be sustained over the following decade, and capacity building on implementation, teachers’ recruitment and training, including training on HIV/AIDS, is crucial. The World Bank also coordinates an effort by countries, development partners and civil society, including teacher unions, to accelerate the education sector response to HIV/AIDS. This provides a clear opportunity for closer collaboration between the World Bank, Education International and teacher unions.

During the discussion, trade union participants gave other examples of unions contributions to attainment of the MDGs but pointed out that, in countries where their very existence is threatened through repression, they cannot play this role. They welcomed opportunities for cooperation with the Bank on issues like Education for All and the fight against HIV/AIDS and suggested that issues like conflict resolution and child labor should be included in projects with the World Bank. The chair remarked that it was very important to note that unions so clearly support the MDGs and that this could indicate areas for future cooperation.

Conclusions with the World Bank

The Senior Vice President of the Human Development Network of the World Bank concluded for the World Bank with a number of suggestions on enhancing the dialogue and next steps. First, he proposed exploring additional interaction with the trade unions on PRSPs to monitor the treatment of employment and related issues. Second, he welcomed trade unions’ involvement in the WB’s labor market research program, the initial workshop which would be held in November and would include trade union representatives. Third, he supported moving forward to arrange additional secondments, noting that a new financing mechanism would have to be found (e.g. financing by a trust fund). Fourth, with regards to focal points, he announced that these have been named in the following sectors: energy, education, private sector development, health, public sector reform, social development, social protection, transportation, and water and sanitation. The contact persons’ names will be provided to the unions. He suggested that the union organizations could assign counterparts who could coordinate with the sector-level World Bank focal points. With regards to the idea of formalizing structures for the dialogue, he concluded that the current mechanism of interaction is functioning well and that efforts should be rather spent on resolving problems than on negotiating new structures.

Guy Ryder of the ICFTU welcomed the proposals on a systematic dialogue on PRSPs and involvement in the Bank’s labor market strategy, and noted the ongoing work to incorporate core labor standards in IFC loans and the Bank’s procurement contracts. The ICFTU also wishes to be consulted in the preparation of the WDR report 2006. He added

that unions are interested in the idea of putting in place a systematic monitoring of World Bank activities on labor market reform processes at the national level. Global Unions agreed with the proposal to second additional staff to the World Bank, for example, on the issue of labor market reforms. With regard to the organization of more focused meetings on technical issues, Mr. Ryder responded positively to Mr. Wolfensohn's suggestion on a possible meeting to discuss new proposals for financing additional debt relief and attainment of the MDGs and called for meetings on labor reforms and on PRSPs. He also noted that in a meeting the union delegation held with Executive Directors, the latter agreed with the necessity to make resources available to trade unions for engaging in the PRSP process. Referring to the focal points, Mr. Ryder welcomed the Bank's suggestions, but signaled that the trade unions will push for formal consultative structures in the future. He concluded that a decentralization of the dialogue to the national and regional level is crucial.

Willy Thys reiterated the importance of capacity building and training on the country level as being key for trade unions. He highlighted that this meeting has been the most constructive since the dialogue has been established. As consultations have been constructive and positive, some modality of formalizing the dialogue is a logical next step for the trade unions, he concluded.

Ad Melkert closed the session by thanking all participants and reiterating the importance of the dialogue between the World Bank and international trade union organizations, which should also be replicated on the national level. He concluded that economic growth should be qualified by giving greater emphasis to poverty reduction, employment creation, and decent work.