

Joint Report
Interim Meeting between the World Bank and IMF and
the International Trade Union Movement
November 5, 2003

Representatives from 14 trade union organizations, researchers from international academic institutions, and representatives from the International Labor Organization (ILO) met with staff members from both the World Bank Group (WB) and the International Monetary Fund (IMF) in Washington, DC on November 5, 2003. "Interim Meetings" of this sort are held in the intervening years of the biennial high-level meetings, as established in the terms of reference for enhanced dialogue between the international trade union movement and the World Bank and IMF in February, 2002.

Following welcome and introductions, an IMF representative presented an update on the reform of the international financial architecture and SDRM. Austin Muneku, trade union representative from ICFTU-AFRO, and Lawson Body Kounglo (DOAWTU-WCL) responded to the presentation.

The ICFTU-CEE representative presented the results of a poll of union leaders in Central and Eastern Europe (CEE) which indicated worsening public perceptions of the IFIs since an earlier survey in 2001. It indicated an improvement in transparency, and visibility of IFIs in the countries, but noted that loan conditions are still not publicly presented. Union leaders reported that they have had little or no impact on IFIs with their recommendations, especially on the issues of wage policies and collective agreements. Trade unionists believe that the IFIs must recognize the role of strong trade unions as part of the democratic forces that, by controlling abuses and redistributing part of the wealth, are a vital part of a modern well-functioning market economy, she concluded.

During the discussion union representatives stated that policies of privatization and economic liberalization over the past decade, have resulted in economic stagnation in a majority of countries in regions in Central and Eastern Europe as well as in LAC and many African countries. The representative from ICFTU-APRO noted that there had been an increase in consultation, but it remained ad hoc. He called for an institutionalized dialogue at the country level comparable to the one that takes place at the international level.

Representatives from the WB and the IMF responded that good cases of participation exist and that one has to compare the current status consultation process with the starting point. For example, in Germany the consultative process is not only very transparent but also takes place on a regular basis. A representative from the WB's Civil Society Team pointed out that each country has different traditions in industrial relations and cited the constructive dialogue the WB has had with unions in Brazil.

In the next discussion, the World Bank gave an update on the PRSP process and the discussions on this subject at the recent annual meetings. The Bank speaker stressed that the "PRSP Sourcebook" does include trade unions, and that there has been clear

improvement in the consultation process with the unions. She also made the point that it was critical that trade unions approach their governments about their involvement in the process.

The current trade union seconded to the World Bank from ICFTU-AFRO presented his study on trade union participation in the PRSPs of 23 client countries. The study concludes that although most unions have been invited to the PRSP discussion, the unions remain skeptical of WB- and IMF programs. Unions reported difficulty in financing adequate levels of technical staff to represent their views in PRSP consultations. The degree of cooperation between unions and other CSOs varied considerably across countries and unions were typically the only CSOs to raise labor and employment related issues.

Regarding the update on commitments made by the WB, a World Bank pension specialist reported on the pension technical meeting held on May 21-22, 2003 where Bank staff and trade union members discussed general principles of pension reform as well as case studies of Brazil, Chile, Colombia, Uruguay, Croatia, Poland, Romania, and Slovenia. The report from the meeting has not yet been finalized, but will be circulated soon.

The Director of the Washington Office of the ICFTU/Global Unions welcomed the results of the workshops, case studies, and the productive exchange in areas such as pension reforms, although he noted that there remain considerable differences of view between unions and the World Bank on the pensions issue. He requested that union input be considered in a current WB draft paper on old-age pension reforms.

In the following session, a WB Lead Private Sector Development Specialist described the new toolkit on labor issues in privatization and public enterprise restructuring which had benefited from constructive feedback from PSI and ICFTU. The unions concluded that the discussion on the toolkit was very useful. The Bank noted that it would be ready by early next year, following dissemination via website and workshops in March/April 2004.

Next, a Manager from the World Bank's Africa Region presented the Bank's work on HIV/AIDS and the Multi-country Aids Program (MAP). He emphasized the importance of union involvement in the fight against HIV/AIDS and stated that unions are engaged in the majority of MAP countries. He noted the presentation given at the TU-workshop in December in Zambia and mentioned the need to reach workers from the informal economy as a major issue. Union-representatives responded to this presentation by stating that HIV/AIDS will be a priority of unions' work.

A representative from the Bank's Social Protection unit then summarized the status of the two secondments that were carried out by the WB in cooperation with the international trade union movements. In addition to Lawrence Egulu, John Fryer was currently with the WB from Public Services International. Stating the usefulness of these staff-exchanges, the speaker stressed that the WB will continue to work on secondments – including with the WCL - and on communicating the importance of IFI-unions dialogue throughout the Bank.

In the next session, World Bank and IFC representatives discussed Core Labor Standards (CLS), first summarizing a Technical Briefing at the WB-Board of Directors and the increasing interest in the topic of CLS within the Board, especially from some Scandinavian countries and Germany. A representative from the IFC discussed the World Bank Group's only official policies on labor standards as lending requirements: prohibitions on harmful child and forced labor in IFC investments. He noted that the IFC's Executive Vice President Peter Woicke had announced that a recent review of IFC safeguard policies recommended expanding the scope of labor standards protection and that a proposal would be submitted to the IFC's board in 2004. Finally, the operations department at the Bank discussed recommendations from the IDA Deputies to analyze core labor standards in Country Assistance Strategies (CAS) of the poorest countries. An online "toolkit" is available to assist staff with this undertaking.

The Social Protection Unit plans a project on "Job Creation, Core Labor Standards, and Poverty Reduction in Africa," in order to better understand the role of labor market institutions and regulations, including CLS, in contributing to job creation and poverty reduction. Trade unions will play an active role in this project. He also discussed the importance for the Bank to place CLS in the context of a broader Labor Market Strategy.

Representatives from the ICFTU, WCL, and AFL-CIO responded positively to the current and future work of the Social Protection Unit on CLS, but pointed out that the Board of Directors has not set out an official policy on core labor standards yet – especially regarding the standard on freedom of association and the right to collective bargaining. They expressed disappointment that CLS could not be more fundamentally integrated into Bank work, noting that consultation with trade unions as promoted earlier in the day's discussions are not possible if the freedom of association is not respected in Bank client countries.