

ICFTU-APRO Regional Dialogue with IFIs
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ADB Head Office,
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Dialogue Background and the Program
By
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- Respected President ADB, Mr. Tadao Chino
- Respected President ICFTU-APRO, Sister Sharan Burrow,
- Distinguished Representatives of the IMF, World Bank and ILO
- Members of the ICFTU-APRO Executive Board and Representatives of the Global Unions Federation
- Colleagues, Brothers and Sisters

Ladies and Gentlemen:

It is indeed a matter of great pleasure for me to briefly inform you the background of the dialogue and also about the program. Let me however start by acknowledging the presence of President Chino amongst us this morning. We know how busy you are, President Chino and your presence here is indicative of your desire to have meaningful cooperation with an important stakeholder - the trade unions representing tens of millions of workers from Asia and the Pacific - in your fight against poverty and ensuring a social & equitable dimension to ADB's assistance to the developing member countries.

The extent of poverty, unemployment and human deprivation in our globe is simply mind-boggling. In trade unions, our major emphasis is on the creation of conditions for the achievement of the fundamental economic right and this is manifested in the form of the availability of "decent work" to all the able and willing adults. Looking at some broad indicators, we find that this right is facing enormous challenge. In this world of us:

- 1) 160 million are unemployed, most of them first job seekers,
- 2) 60 million unemployed are in the age group of 15-24 years,
- 3) 500 million are unable to earn enough to keep their family members above the poverty line of a dollar daily, and
- 4) An estimated 250 million children are active in the labor market.

Yet another dimension of this picture relates to the fact that unto 2010, there would be an additional 500 million fresh entrants into the job market. Only, 3% would be in the European and Northern American countries, rest in developing world and two-thirds of them alone in Asia.

Looking from a different angle, the present divide between the "haves" and "have-nots" - growing challenge for us all - informs us that if we assume the global village is comprising of 1,000 inhabitants. Then villagers of this global village found to be:

- Living in absolute poverty, in transition and in affluence respectively are: 780, 70 and 150,
- Disposing of 86% of their wealth are 200,
- Living on less than two dollars a day are nearly half,
- Illiterates are 220 - two-thirds of them being women,
- Owning a computer are fewer than 60, while only 24 have internet connections, and
- More than half of them have neither made nor received a telephone call

Indeed a serious challenge to us all and demand “centrality” of all our efforts for the creation of environments conducive to the “decent” employment generation, poverty eradication and human resource development. In fact, this “centrality” should be used as a yardstick in measuring the suitability and relevance of a policy and IFIs’ participation.

Sisters and Brothers:

No doubt that we in the trade union movement, as is well known, have been raising our concerns and even challenging the speed and sequencing of the three important components of globalization and free trade regime, namely: deregulation, market liberalization especially of the capital, and privatization and divestiture of the state owned enterprises.

Our concerns have been also based on the fact that the major contributing factors to the Asian financial, economic and social crisis of 1997-99 have been the lack of good governance including also the corporate governance, and liberalization of financial markets without standards and regulations. Even an economic giant like South Korea went reeling under the ripple effect of South and East Asian currency crisis. It is ironical that a country joining the elite club, the OECD, in 1996 was found in the dole queue of IFIs, especially the IMF a year latter in 1997.

The questions that started irritating many development practitioners and obviously the labor movement has been - What went wrong, how and who could have contributed? In our quest for answers, besides the inadequacy of policies and corrupt governance, we also found prescriptions of IFIs as also lacking ground realities and many of their conditionalities too harsh.

Brothers and Sisters:

We in the ICFTU-APRO have been looking into this direction especially after the Asian crisis. Noticing that the participation of IFIs in many countries has also been linked with the prevailing situation, we realized inadequacy of investigative work in this regard. Accordingly, research on the IFIs’ participation from labor perspective - conducted in the form of a ten-country case study in 1999 - formed the first phas.

In the second phase, we embarked upon a series of national seminars on IFIs. In this series entitled: “fiscal and monetary issues, and IFIs’ policies”, the major focus - besides furthering the understanding of the participating trade union leaders on the functioning of IFIs, the financial markets and the other related matters - has been to prepare national centers for their engagement with the IFIs and the policy makers. An important component of the program has always been a panel discussion on IFIs’ programs and

policies, and IFIs are invited to act as the panelists. I personally had the opportunity to interact with the distinguished representatives of IFIs in some of such meetings.

We also increased our interactions with the ADB in terms of participation in its important relevant discussion events as well as in the annual meetings. We are also happy to note greater invitations now being received from the ADB to its important events. On a reciprocal basis, we have also been extending our invitations to IFIs including ADB to our discussion events. Recently in Malaysia, we had the opportunity of exchange of views with the ADB resource person on the "poverty reduction" initiative and the relevant policies.

Simultaneously, at the global level, the process of consultations has been evolving over the years with the Breton woods' Institutions. Besides participating in each other's activities of relevance, a trade union delegation, led by the ICFTU General Secretary, now interacts with the leadership, Executive Directors and the concerned officials of the IMF and the WB in Washington at an interval of 15-20 months. In fact, such a meeting is scheduled for 21st to 23rd of this month in Washington and some of the leaders present here will also join the delegation. Further, a follow up mechanism is also in place in the form of a sort of a working group of the Global Unions/WB/IMF that meets at the interval of in 8-10 months. The discussion to post a representative of the Global Unions secondment and half of the cost to be borne by the IMF/WB is now almost complete and soon we are expecting a colleague of us from Africa to be at the Bank.

Sisters and Brothers:

It is important to point out that a mechanism of regular consultations between the trade unions here in Asia and the Pacific was lacking. Its absence, we are happy to note was felt not only by us but also by the ADB, IMF and WB.

While attending a meeting convened by the IMF to review its conditionality beginning last year, I found similar feelings emanating from this important institution. As a follow up, a preparatory meeting organized by the IMF last year had on its agenda - the modality of the interactions. In fact, this meeting led to the organization of the ICFTU-APRO First Regional Dialogue with IFIs - back-to-back to our EB meeting - last year in Singapore.

And this assemblage here, I am happy to inform has been on the initiative of the ADB. In fact, at the conclusion of the first meeting, the representative of the ADB offered to host the second dialogue.

Brothers and Sisters:

Let me also point out that on occasions we have been asked that why the trade unions are now also focusing on the IFIs. We have been making them clear that if we look around we find that the policies being pursued by the countries of the region, and the policies being prescribed by the IFIs do have important bearing on us, and our working and living conditions and, importantly, the very sustainability of development process underway in our respective countries. Consequently, how can we remain aloof to them?

We have, however, been making it clear that the trade union movement is neither against globalization nor IFIs, in fact contrary to it. But certainly, we have been lobbying for transparency, accountability and, importantly, participation. And we have also been

highlighting the need that the process of opening up has to be selective and phased, and should accompany standards, regulations and necessary capacity building. It would need to be supplemented by the promotion of good practices in the area of governance including bi- and tri-partism, and this implies a respect to the Core Labor Standards.

Ladies and Gentlemen:

Let me now turn to the program. If we look at this program, it is essentially a sequel to the Singapore Dialogue. Many of us remember that in Singapore main focus was on understanding and cooperation. The opportunity was used to: 1) reflect the trade union perspective on the participation of IFIs and on the conditionalities, 2) have an understanding IFIs, their role, functions and operational modality, and 3) greater interaction and exchange of views on the poverty reduction strategies, privatization and civil society participation in IFIs program as well as the modality of the ICFTU-APRO/IFIs dialogue.

In this meeting we are looking into the important policies of IFIs such as those on: 1) labor market, 2) privatization and private sector development, 3) poverty and gender equality, and 4) building and strengthening international financial architecture. The ILO has been invited to take up a session to inform about its role in addressing social dimension and "decent" work in the context of globalization. A session is taken up by us to indicate areas of our concerns in the areas of employment and poverty and the IFIs' policies.

Institutionalizing interactions with IFIs at the regional and national level will also be taken up in the form of a "round table".

Brothers and Sisters:

Looking at this program in the backdrop that:

- 1: the Breton Woods' twins as well as ADB have declared **poverty reduction** to be their "**overarching**" goal,
- 2: The IMF is asserting that its much-decried *Enhanced Structural Adjustment Facility* (ESAF) is a thing of the past. It has now replaced ESAF with the *Poverty Reduction and Growth Facility* (PRGF), and
- 3: Under the new approach, in order to be eligible for lending assistance from the IMF and World Bank, countries are **required to draw up** a *Poverty Reduction Strategy Paper* (PRSP) that will identify targets for poverty reduction outcome indicators. Similarly, the CSPs of ADB requires a focus on poverty eradication. In the preparation of the PRSP and CSP, **greater and effective involvement** of the "civil society" has been clearly indicated *inter alia* emphasizing country ownership.

We find a **window of opportunity** for the labor movement to make its presence felt in the whole process of the poverty reduction programs - as an important segment of civil society - thus also **ensuring an adequate** reflection workers' view point and respect to the workers' rights in the policies and programs for the poverty eradication.

Sisters and Brothers:

I hope this event will provide a useful opportunity for a meaningful interaction, greater understanding of each other and in furthering the cooperation between the IFIs and the trade unions.

In the end, let me take this opportunity to: 1) sincerely thank President Chino for his presence and also hosting this event, 2) place on record our appreciation of the cooperation extended by Director General, Mr. Akira Seki and his colleagues for the successful organization, 3) acknowledge with thanks the Breton woods' institutions for supporting the dialogue, and 4) ILO for participating in this event.

Let me conclude by once again thanking you and wishing you productive, useful and fruitful deliberations.

I thank you all