



# Social Dialogue in Developing Countries



Photo: Ken Opprann

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Responsibility for the contents and presentation of findings and recommendations rests with the study team.  
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# **Social Dialogue in Developing Countries**

## **A Desk Study**

**prepared for Norad**

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**NORDIC CONSULTING GROUP**

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# PART 1: INTRODUCTION

## 1. Social Dialogue in Developing Countries

This is a study of Social Dialogue in developing countries. It was commissioned by the Norwegian Agency for Development Cooperation (Norad) on behalf of the Royal Norwegian Ministry of Foreign Affairs (MFA) in November 2010. It was prepared by Michael Fergus, partner in Nordic Consulting Group AS.

The purpose of the study is to map experience with dialogues on socio-economic issues between government and organisations in productive sectors, and possibly civil society organisations, in selected developing countries. In countries where a system of social dialogue has been established the study also assesses whether the experience is of interest for other countries to learn from.

Norway may then consider supporting some form of interaction between countries in the South. It is not the purpose of the study to try to assess whether the Norwegian model of social dialogue can be copied into different political systems and cultures.

## 2. What is Social Dialogue? Our approach

The study interprets social dialogue in the same way as the International Labour Organisation (ILO), that is, to:

*“..... include all types of negotiation, consultation or simply exchange of information between or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy”.*

This interpretation is derived from international conventions.

The study thus examines the kind of dialogues that may lead to social dialogue as interpreted by ILO. Recognising that different countries may take different routes to social dialogue, the study takes a wider approach in the mapping and the analysis. Consequently, the study looks for the involvement, or the potential involvement, of business associations and trade unions – or less institutionalised or formal groups of business and labour – in socio-economic policy-making or law-making – at the national level. In some countries other civil society organisations may be involved. In some cases the purpose may be narrower, for example, improving the environment for private business development and economic growth or labour market issues including workers’ rights.

## 3. The Decent Work Dimension

This study is undertaken under the project set up within the MFA to promote the international decent work agenda. The promotion of decent work is closely related to social dialogue. Therefore the study also covers decent work and other workers’ rights issues as part of the social dialogue.

ILO is the international body charged with promoting the Decent Work Agenda. ILO sees social dialogue as critical in promoting decent work. In fact social dialogue is one of four strategic objectives which ILO considers are necessary for putting the Decent Work agenda into practice. The others are creating jobs, guaranteeing rights and extending social protection.

In September 2008 the Norwegian Government launched a 7-point Strategy for Decent Work in other countries. Norway aims at becoming a leader in promoting the Decent Work Agenda.

An important paper by ILO <sup>1</sup> shows how the concept of “Decent Work” has been articulated by ILO because of the growing size of the informal sector, decline in living standards and decline in union density.

The various ILO Conventions are very important instruments in supporting the Decent Work Agenda and the social dialogue process in many countries. Two of the most significant Conventions governing Decent Work and social dialogue are the following:

- C98: Right to Organise and Collective Bargaining, 1949
- C154: Collective Bargaining Convention, 1981

#### **4. The Origins of Social Dialogue**

Many countries around the world have experience with social dialogue. In Europe and South America especially there are countries that have lengthy histories of social dialogue. In Europe social dialogue has developed in democratically governed countries since the Second World War. However in both Europe and South America social dialogue also has historic links to authoritarian regimes. The post-World War II experience in Western European countries is what political scientists call “neo-corporatism” or “corporate pluralism”. It refers to the integration of organised interests into government policy-making. Interest groups participate formally with government in decision-making on socio-economic issues, mostly on an advisory basis, but occasionally with decision-making authority. The set-up has varied from country to country.

However the term “social dialogue” (in the meaning of ILO) appears to have originated as lately as 1985 in a European context. The emergence of European social dialogue in the 1980s was the outcome of a crucial initiative taken by Jacques Delors, the incoming President of the European Commission, in January 1985. Delors believed that the launching of the Single European Market programme should go hand in hand with the organisation of a European social area, with social dialogue accorded a central place. Delors convened a meeting of all major trade unions on 31 January 1985. At this historic meeting, these

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<sup>1</sup> Sarosh Kuruvilla, “*Social dialogue for Decent Work*”, Discussion Paper for ILO, Geneva, 2003

organisations agreed to engage in furthering the European social dialogue.<sup>2</sup> This was then enshrined in Articles 138 and 139 of the Amsterdam Treaty of 1997.<sup>3</sup>

Different types of social dialogue are today in operation in some European countries.<sup>4</sup> A very recent report by the European Commission on Industrial Relations in Europe<sup>5</sup> gives credit to social dialogue in European countries for mitigating the worst effects of the recent Financial Crisis. It states that the EU member states where social partnership is strongest are those that are successfully overcoming the crisis.

## 5. Study Methodology

At a meeting between the consultant and Norad/MFA on 25 November 2010 it was decided the study should investigate the situation and status of social dialogue in the following 12 countries (and one state in India: West Bengal)

- Angola
- Brazil
- Costa Rica
- Ghana
- India and West Bengal
- Indonesia
- Kenya
- South Korea
- Mozambique
- South Africa
- Vietnam
- Zambia

The Consultant has therefore prepared profiles of the social dialogue status in each of these 12 countries and 1 State. Each profile examines key indicators like population, population growth, population structure, GDP, status of women, welfare status, size of the informal sector, ease of doing business, extent of foreign direct investment, state of democracy and extent of corruption. All or some of these factors are likely to affect the ease and/or difficulty of conducting social dialogue in these countries. It is, for example, likely to be possible to conduct social dialogue more easily in countries which are not corrupt and have democratic traditions. We have thus tried to identify for each country what the

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<sup>2</sup> A Dufresne, C.Degryse and P.Pochet (eds), *"The European Sectoral Social Dialogue, actors, developments and challenges"*, Brussels, 2006

<sup>3</sup> E.M.Brandolini et al, *"Europe as our common future: the European welfare model"*, INPDAP, Rome 2007

<sup>4</sup> P.C.Schmitter, *"Reflections on where the theory of neo-corporatism has gone and where the praxis of neo-corporatism may be going"*. In G.Lehmbruch and P.C.Schmitter (eds.), *Patterns of a corporatist policy-making*, London 1982

Frans van Waarden and Herhard Lehmbruch, *"Renegotiating the Welfare State. Flexible adjustment through corporatist concertation"* Routledge, London and New York, 2004

<sup>5</sup> European Commission (EC), *"Industrial Relations in Europe 2010"*. Brussels, October 2010

status of social dialogue is, and which factors have fostered and which factors have hindered social dialogue. We take a closer look at the formal set-up as well as informal relations between the parties, what kind of issues are dealt with, how influential are the different parties, the stage of economic and democratic development, industrial base and types of employment, gender differences, the role of international conventions on labour rights, etc.

No two countries have similar histories of social dialogue and it has been important to look at the political history and evolution of countries to see how social dialogue has reached where it has today. Some countries have lengthy traditions of democratic government in which social dialogue has developed, others have been plagued by civil war which has hindered the development of social dialogue institutions. Still others are ruled by authoritarian governments unwilling to engage in dialogue.

Each country profile also includes information (where relevant) on Norwegian development assistance, and to the extent information is available, other donors' assistance in promoting social dialogue.

To prepare the profiles the Consultant has consulted with the main proponents of social dialogue in Norway i.e. the Norwegian Confederation of Trade Unions (LO), the Confederation of Norwegian Enterprise (NHO) and the Federation of Norwegian Commercial and Service Enterprises (HSH). He has also consulted with various departments in the International Labour Office (ILO) in Geneva engaged in supporting social dialogue internationally. He also had the opportunity to consult with representatives of the Swiss Government in Bern. Otherwise he has spent many hours extracting information/opinions/sources on social dialogue from the Internet. A list of meetings held is shown at Annex 1.

## **6. The Norwegian Support to Social Dialogue in Developing Countries**

Through the Norwegian development assistance budget, LO, NHO and HSH all provide assistance to developing countries on improving labour relations (and social dialogue). LO has a budget of about NOK 24.5 million a year for its work in Angola, Brazil, Costa Rica, Ghana, Indonesia, Mozambique, Vietnam and Zambia. NHO has a budget of about NOK 15 million a year for work in Angola, Brazil, Indonesia and Vietnam. As part of its strategy on Decent Work the government of Norway channelled about NOK 127 million through the International Labour Office (ILO) in 2009. At least some of this was allocated for the promotion of social dialogue in a number of countries. Special efforts are being concentrated on Angola, Brazil, China, India and South Africa where Norway considers it can make most impact.

## PART 2: THE COUNTRY PROFILES

### ANGOLA

<b>Population</b> ( <i>million</i> )	<b>13.0</b>
<b>Dependency ratio</b> <sup>6</sup> ( <i>per 100 people ages 15-64</i> )	<b>86.0</b>
<b>Median age</b> ( <i>years</i> )	<b>18.0</b>
<b>GDP per capita (PPP)</b> ( <i>USD</i> )	<b>8,700</b>
<b>Human Development Index (HDI) Ranking</b> ( <i>of 169</i> )	<b>146</b>
<b>Informal sector share of total employment</b> ( <i>percent</i> )	<b>80</b>
<b>Women participation rate in labour force</b> ( <i>per cent</i> )	<b>59</b>
<b>Gender Inequality Index ranking</b> ( <i>of 169</i> )	<b>n/a</b>
<b>Doing Business Ranking</b> ( <i>of 183</i> )	<b>163</b>
<b>Corruption perception index</b> ( <i>of 178</i> )	<b>168</b>
<b>Foreign Direct Investment (FDI) per capita</b> ( <i>USD</i> )	<b>939</b>
<b>EIU Democracy Index Ranking</b> ( <i>of 167</i> )	<b>131</b>
<b>Norwegian bilateral assistance</b> ( <i>NOK million</i> )	<b>112</b>

#### 1. Angola: the Basics

The size of Angola's population fluctuated wildly with the war (1975-2002). However it is estimated there were about 7.5 million people in 1980 and the population has increased by 5.5 million to around 13 million in 2010. This represents an annual growth rate of about 1.9%. Because of its oil and diamonds production the country has a high GDP per capita, but the national income is very unevenly distributed. But the very low HDI ranking reflects the poverty and very low standards of human development and welfare. About four fifths of the workforce are in the informal sector. Women fare relatively well in Angola, but doing business is extremely cumbersome, not least because of the widespread corruption. Angola has been under a one party dictatorship since independence and is thus regarded as highly undemocratic. Because of its oil and other mineral resources, Angola has proved attractive to foreign investors.

#### 2. The Emergence of Social Dialogue in Angola

Angola became independent from Portugal in 1975 but was then immediately plunged into a war that lasted 27 years until the ceasefire of 2002. During the period of warfare millions of civilians were killed and very limited economic development was possible, with the exception of oil production and illegal diamond mining. The country has thus experienced "normal" civil development for less than 9 years. The intensity of the war was such that few conventional

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<sup>6</sup> That is the number of dependent persons (under 15 and over 65) per 100 persons in the age group 15 to 64. A low ratio is favourable as the lower the ratio, the more productive workers the country has at its disposal.



institutions like trade unions, employers' associations and chambers of commerce were able to develop or exist.

Many of Angola's principal institutions have therefore been able to develop and operate effectively only over the past 8-9 years. There are two main trade unions in Angola. These are the National Union of Angolan Workers (UNTA) which was established on independence in 1975 and now claims 400,000 members and is closely allied to the ruling party MPLA and the General Confederation of Independent Trade Unions (CGSILA). CGSILA was formed when it broke off from UNTA and formed a new union in 1996. Not surprisingly these two unions have many conflicts. As over 80% of the workforce in Angola is in the informal sector these unions cannot be said to be particularly representative of the entire workforce of Angola. CGSILA is said to be an effective and efficient trade union and there are reports of clashes with the Brazilian construction firm Odebrecht over massive retrenchments. A major attempt to improve social dialogue in the country was made in May 2010 when President dos Santos established a National Council for Social Dialogue consisting of Government ministries, the trade unions UNTA and CGSILA and Angola Industrial Association and Angola Chamber of Commerce, representing the employers' side.

Because of its considerable economic interests in Angola, especially in the energy sector, Norway has taken an active interest in assisting Angola in the fields of decent work, corporate social responsibility (CSR) and social dialogue. This study has examined this experience. However because this study concerns how experience of social dialogue can be used in a "South-South" context, that is how countries in the South can benefit from exchanges of experience on social dialogue, Norwegian experience and the use of Norwegian models is not considered to be within the scope of this study. However for those who are interested a brief account of Norwegian experience with social dialogue in both Angola and Brazil where Norway has been particularly active is set out in Annex 2 to this report.

### **3. Angola: Some Conclusions**

Angola is a country where Norway has major economic interests in the oil sector. Both NHO and LO have been involved in supporting Angolan institutions. Since oil is such a major element in the country's economy, Norway has felt obliged to assist in a responsible exploitation of the resource. However because of the country's history of 27 years of war, and only 9 years of peace, it has been very difficult to build up the permanent institutions e.g. unions, employers' associations, civil society etc. This has been compounded by the existence of one-party rule since independence 36 years ago. The establishment of a National Council for Social Dialogue last year is a good sign, but Angolan experience of the social dialogue process is very limited and will continue to be so whilst political power is still so concentrated on one political party. It is possible that Brazilian institutions with such heavy Brazilian investment in Angola may be able to provide some technical assistance.

# BRAZIL

<b>Population</b> ( <i>million</i> )	<b>201.1</b>
<b>Dependency ratio</b> ( <i>per 100 people ages 15-64</i> )	<b>49.5</b>
<b>Median age</b> (years)	<b>28.9</b>
<b>GDP per capita (PPP)</b> (USD)	<b>10,100</b>
<b>Human Development Index (HDI) Ranking</b> ( <i>of 169</i> )	<b>73</b>
<b>Informal sector share of total employment</b> (percent)	<b>40</b>
<b>Women participation rate in labour force</b> (per cent)	<b>61</b>
<b>Gender Inequality Index ranking</b> ( <i>of 169</i> )	<b>80</b>
<b>Doing Business Ranking</b> ( <i>of 183</i> )	<b>125</b>
<b>Corruption perception index</b> ( <i>of 178</i> )	<b>69</b>
<b>Foreign Direct Investment (FDI) per capita</b> (USD)	<b>1,634</b>
<b>EIU Democracy Index Ranking</b> (of 167)	<b>47</b>
<b>Norwegian bilateral assistance</b> (NOK million)	<b>0</b>

## 1. Brazil: the Basics

Brazil is the largest country in terms of physical size and population in Latin America. The country's population has increased by 80 million since 1980 from 121 million to 201 million in 2010 at an annual growth rate of 1.7%. Because it is such a huge country (about 10% smaller than the United States), the differences between urban and rural areas and communities are enormous. Brazil is a federal state with 26 states and one federal district and this has a bearing on the development of social dialogue. GDP and HDI rank relatively high, but, of course are very unevenly distributed. Women are active in society and the labour force. Because of the complex bureaucracy and the federal structure Brazil is not an easy place to do business. But it is relatively incorrupt and has now achieved a democratic system of government. It is an attractive object for foreign investment.

## 2. The Emergence of Social Dialogue in Brazil

Brazil has had a turbulent, but nonetheless peaceful recent history (given its very mixed ethnic character). Like many Latin American countries it had to endure lengthy military rule (from 1964 to 1985), but thereafter it has enjoyed over 20 years of moderate progress. Fernando Cardoso elected President in 1995 put the country on its economic feet through his successful *Plano Real*. He was followed as President in 2002 by Lula da Silva (a popular trade unionist known by all as "Lula"). There was great scepticism because of his left-wing antecedents, but Lula set about trying to reduce the highly unequal distribution of wealth in Brazil, by increasing the minimum wage, introducing a programme of Fome Zero (Zero Hunger) and Bolsa Familia (family allowances). These have all been successful in reducing income disparities.

Because of its turbulent political and economic history and the very size of the country itself, it appears that the process of social dialogue has had difficulties in establishing itself in Brazil. Adalberto Cardoso says:

*“In Brazil, social dialogue has never played an important role either in labour relations or in broader macroeconomic issues, with few, albeit important exceptions”*<sup>7</sup>

Cardoso attributes the failure to introduce social dialogue to Brazil to the military regimes of the 1960s and 1970s which broke the backbone of traditional leftist trade unions and restricted the role of employers’ associations. Between 1985 and 2002 many unsuccessful attempts were made to develop social pacts based on social dialogue. However it was inevitable that Lula da Silva with his trade union background should encourage and foster social dialogue in Brazil throughout his Presidential period from 2002 to 2010. It appears his successor Dilma Rousseff will continue Lula’s efforts. Lula established a National Council of Economic Development in 2003 and thereafter a National Forum of Labour. Both of these institutions have been active in promoting social dialogue on a national basis in Brazil since 2003. There have also been established tripartite State Employment Committees in all of Brazil’s 26 States and the Federal District and 3,110 municipalities had also registered local employment councils.

A Decent Work Country Profile for Brazil produced by the ILO<sup>8</sup> showed that Brazil had achieved significant progress in important areas of decent work between 1992 and 2007. Women’s participation in the workforce in particular had increased. The status of social dialogue had also improved over the same period with greater empowerment of women and rural people in the labour force.

However there has been a recognition that social dialogue has a long way to go in Brazil and there has been a high level of conflict between unions and employers in the country. In most cases disputes have to be referred to the courts, which is a lengthy process. In that connection it is interesting to note that Norway has been active in trying to assist Brazil to promote social dialogue. It is known that President Lula da Silva has admired the “Norwegian model” of social dialogue. The process appears to have started with the assumption of the Presidency by Lula da Silva in 2003. Considerable efforts have therefore been made to foster co-operation between Norway and Brazil on the social dialogue process. However as this is really outside the scope of this study, a brief account of this cooperation is set out in Annex 2 to this Report.

### **3. Brazil: Some Conclusions**

Brazil is experiencing huge social and economic change and progress which is putting great strains on working life. The country has not had much experience of social dialogue because of its complicated political history and it was only with the advent of President Lula da Silva (a former trade unionist) that social

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<sup>7</sup> Adalberto Cardoso, *“Industrial Relations, Social Dialogue and Employment in Argentina, Brazil and Mexico”*, ILO, Geneva, 2004

<sup>8</sup> International Labour Office (ILO): *“Decent Work Country Profile: Brazil”*, Geneva, 2009

dialogue was seen as a possible mechanism for handling the great economic changes which are bound to come. It has been suggested in several quarters that experience of social dialogue from Brazil would be relevant in Angola because of the historical, social, cultural and economic links between the two countries. Brazilian investors and contractors are now major players in the Angolan economy so experience from Brazilian business and working life would be easily accessible.

## COSTA RICA

<b>Population</b> ( <i>million</i> )	<b>4.5</b>
<b>Dependency ratio</b> ( <i>per 100 people ages 15-64</i> )	<b>49.0</b>
<b>Median age</b> ( <i>years</i> )	<b>28.4</b>
<b>GDP per capita (PPP)</b> ( <i>USD</i> )	<b>11,000</b>
<b>Human Development Index (HDI) Ranking</b> ( <i>of 169</i> )	<b>62</b>
<b>Informal sector share of total employment</b> ( <i>percent</i> )	<b>45</b>
<b>Women participation rate in labour force</b> ( <i>per cent</i> )	<b>44</b>
<b>Gender Inequality Index ranking</b> ( <i>of 169</i> )	<b>51</b>
<b>Doing Business Ranking</b> ( <i>of 183</i> )	<b>127</b>
<b>Corruption perception index</b> ( <i>of 178</i> )	<b>41</b>
<b>Foreign Direct Investment (FDI) per capita</b> ( <i>USD</i> )	<b>1,956</b>
<b>EIU Democracy Index Ranking</b> ( <i>of 167</i> )	<b>24</b>
<b>Norwegian bilateral assistance</b> ( <i>NOK million</i> )	<b>0</b>

### 1. Costa Rica: the Basics

Costa Rica's population of 4.5 million is less than that of Norway and has grown at a rate of 2.4% per annum from 2.2 million in 1980. Almost 70% of the population is of working age. Traditionally Costa Rica has been the Central American country with the highest standard of living and this is reflected in its high HDI. The Gender Inequality Index indicates good conditions for women. Despite its relatively high standard of welfare, Costa Rica is not an easy place to do business, but is relatively incorrupt. However there is a high rate of foreign investment, mainly because of the proximity to the US. Costa Rica is known for its democratic institutions which puts it high on the EU democracy index rating.

### 2. The Emergence of Social Dialogue in Costa Rica

The World Bank has said:

*"Costa Rica is a development success story ..... and has been able to press the poverty rate down to a record low of 16.7% in 2007 ....."*<sup>9</sup>.

Costa Rica has been a stable democracy for over 60 years. Its annual economic growth rate has constantly been over 5% in the past decade. The World Bank also says that inequality is increasing because skilled labour has benefitted at the expense of the poor and uneducated.

Costa Rica became independent from Spain in 1821. A civil war in 1948 marked a shift from government by traditional conservative rural elites to a modern more urban society. In 1949 the armed forces were abolished and a reign of peace has existed in Costa Rica since then. It declared its permanent neutrality in 1993. The economy of Costa Rica has traditionally been based on the export of agricultural

<sup>9</sup> See: World Bank, *"Costa Rica Brief: Economy"* at <http://www.worldbank.org>

products viz. bananas, coffee, sugar, pineapples etc. Much of these have been produced under plantation agriculture, and some products e.g. Dole bananas (United Fruit) are known world-wide and widely consumed in Norway. About one third of Costa Rican exports go to the United States. However there has been a switch in the structure of the economy and only 7% of GDP now derives from agriculture. Light industry (electronics) and tourism are becoming increasingly important.

However the situation regarding social dialogue in Costa Rica appears somewhat contradictory. The country itself has a liberal, democratic system of government. However as in many countries in Central America the economy was traditionally based on a plantation agriculture producing coffee or bananas. Such plantations were often foreign-owned (largely American). Such plantation systems of agriculture are often inimical to workers' rights and to collective bargaining and thereby to social dialogue. Although unions were well developed, they met with very forceful opposition from conservative employers and foreign plantation owners. This led to considerable industrial strife.

About 30 years ago a reaction to the industrial strife emerged in the form of a movement called "Solidarismo" which is described by Banana Link (a small UK-based NGO supporting fair trade in the banana industry) as follows:

*"..... an unholy alliance of the multinational banana companies, the US Embassy, Costa Rican government organisations and a section of the Catholic Church hierarchy set about trying to create an alternative to the independent plantation workers' unions which had almost 100% membership and strong collective bargaining agreements industry-wide" <sup>10</sup>*

This movement appears to have been established to serve the interests of large land-owners, plantation owners and sections of the church. It has been opposed by the free trade unions and as such, has been an impediment to the development of social dialogue.

An interesting aspect of this conflict is the work being carried out by the Norwegian Confederation of Trade Unions (LO) together with Norway's biggest importer of fruit and vegetables BAMA AS. BAMA is a major customer of United Fruit (Dole Bananas) in Costa Rica and adopted a policy of ethical trading and Corporate Social Responsibility (CSR) in 2002. Together with LO and HSH, BAMA has put pressure on United Fruit in Costa Rica to cooperate with the independent COLSIBA trade union in Costa Rica to respect trade union and workers' rights. There is clear pressure on European importers like BAMA in Norway and TESCO supermarkets in UK from their customers to insist on decent work conditions and proper ethical standards in production. There is a clear need to promote social dialogue and to educate local work leaders in the basics of ILO and international labour conventions. ILO has an office in Costa Rica and is active in this dialogue.

### **3. Costa Rica: Some Conclusions**

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<sup>10</sup> Banana Link, "Solidarismo" or Union-busting Costa Rica style", London 2009 (see [http://www.bananalink.org.uk/1.../solidarismo\\_leaflet\\_final\\_english.pdf](http://www.bananalink.org.uk/1.../solidarismo_leaflet_final_english.pdf))

Because of its long peaceful, democratic traditions it ought not to be difficult to promote the concept of social dialogue in Costa Rica. However there are deep-seated conflicts in society between traditional rural, conservative elites, allied with foreign plantation owners and sections of the Catholic church. These are often implacably opposed to basic social and human rights. In Costa Rica this has resulted in the "*Solidarismo*" movement which has produced unions and employers' associations which seem to be unwilling to engage in meaningful social dialogue. Pressure by foreign consumer groups, supermarkets and importers has helped to put pressure on parties to engage in social dialogue.

The Costa Rican response to pressure from major US or European purchasers on employers and unions to promote social dialogue may be of interest elsewhere. This is particularly relevant in countries with monocultures or plantation systems e.g. tropical fruits exporting to large markets in the US or Europe.

## GHANA

<b>Population</b> ( <i>million</i> )	<b>24.3</b>
<b>Dependency ratio</b> ( <i>per 100 people ages 15-64</i> )	<b>68.6</b>
<b>Median Age</b> ( <i>years</i> )	<b>21.1</b>
<b>GNI per capita (PPP)</b> USD	<b>1,385</b>
<b>Human Development Index (HDI) Ranking</b> ( <i>of 169</i> )	<b>130</b>
<b>Informal sector share of total employment</b> ( <i>in percent</i> )	<b>87</b>
<b>Gender Inequality Index ranking</b> ( <i>of 169</i> )	<b>114</b>
<b>Doing Business Ranking</b> ( <i>of 183</i> )	<b>67</b>
<b>Corruption perception index</b> ( <i>of 178</i> )	<b>62</b>
<b>Foreign Direct Investment (FDI) per capita</b> ( <i>USD</i> )	<b>69</b>
<b>EIU Democracy Index Ranking</b> ( <i>of 167</i> )	<b>77</b>
<b>Norwegian bilateral assistance (NOK million)</b>	<b>0</b>

### 1. Ghana: the Basics

The population of Ghana is just under 25 million, having increased from 10 million in 1980 at an annual growth rate of 3.1%. Almost 60% of the population is in the working age group which means the country has a relatively young, productive population. Its relatively low HDI ranking is due to its relatively low life expectancy. In Ghana according to Afrobarometer, 26% of population discuss politics frequently with friends or family, 78% think they are completely free to say what they think and 87% think they are completely free to join whatever political organisation they want. This confirms that Ghana is one of the most democratic countries in the developing world. Ghana's relatively high Gender Inequality Index ranking is perhaps due to its lack of women in politics. In African terms Ghana is a relatively good place to do business, corruption is not widespread and there is extensive foreign investment. Our interview with the Norwegian Confederation of Trade Unions (LO) it was confirmed that Ghana has had strong trade union traditions.

### 2. The Emergence of Social Dialogue in Ghana

Ghana (then known as the Gold Coast) was the first sub-Saharan nation to gain independence from the United Kingdom in 1957. It has therefore had over 50 years to develop independent social dialogue institutions. For this reason the International Labour Organisation (ILO) says of Ghana that:

*"Ghana has enjoyed a rich history of social dialogue institutions"* <sup>11</sup>.

The overall umbrella organisation, the Ghana Trade Unions Congress (GTUC) which now consists of 17 major unions was formed as early as 1945 and the main employers' association the Ghana Employers' Association (GEA) was established in 1959. Both employers and employees are thus well represented in

<sup>11</sup> See *"Ghana - National Labour Law Profiles"* at <http://www.ilo.org/public/english/dialogue/ifpdial/info/national/ghana.htm> by ILO, 2006



Ghana today by two well established organisations. It is agreed that GTUC had a major role in Ghana's return to constitutional democracy in 1992. It has been estimated that about half the workers in the formal sector are unionised (78% in the mining sector but only 27% in the agricultural sector). In connection with the establishment of trade unions in Ghana it should be noted that Friedrich Ebert Stiftung (FES) of Bonn, Germany has been working in Ghana since the early 1960s on strengthening of trade unions. In recent years FES has been supporting a socio-economic dialogue between the TUC and Members of Parliament.

The National Tripartite Committee (NTC) first established in 1972 is the main social dialogue organisation. This is a very high-powered institution consisting of several Ministers, the General Secretary of the GTUC and the Chief Executive Officer of the Chamber of Mines. An important function of NTC is to determine the nation minimum daily wage. For a fuller description of the trade union situation in Ghana see LO's recent report <sup>12</sup>

As noted above the World Bank estimates that about 87% of Ghana's labour force works in the informal sector. As the total labour force amounts to 10 million this means that almost 9 million persons are employed in the informal sector and very few of these are formally unionised. However several sectoral unions e.g. the Ghana Private Road Transport Union and the General Agricultural Workers Union have been organising workers in the informal sector for many years. The Norwegian Confederation of Trade Unions (LO) has also been assisting in organising street traders in Ghana, and several associations of informal workers have attempted to join the GTUC. The Ghana Union of Traders' Associations (GUTA) was formed in 1989 as a federation of 15 national and regional associations of self-employed traders in the informal economy. Thus Ghana's experience in trying to incorporate the informal sector into the national social dialogue could be very useful in other African developing countries.

The ILO point out that women in Ghana are discriminated against in the social dialogue process because the bulk of women work in the non-organised subsistence (food production) agriculture where they have few formal rights. The challenge in future will be to bring them into the national social dialogue.

During this study three interesting examples of social dialogue at sectoral level in Ghana emerged. These were in the health sector, the forestry sector and in the gold mining sector. A study was carried out by the ILO into social dialogue in the health sector in Ghana <sup>13</sup>. The study found that social dialogue processes had contributed substantially to progress in the health sector and to greater justice for poorly paid staff. In 2006 a Social Dialogue Forum was held to promote social dialogue in the forestry sector with the participation of the concerned unions, FAO, the Ministry of Forestry and the main forestry employers. The objective of the dialogue was to develop a consensus on how forestry activity could contribute to poverty reduction. In 1991 the gold mining sector was privatised and the South Africa Gold Fields Limited bought a majority share in

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<sup>12</sup> C.Osei-Boateng and P.Asafu-Adjaye, "Baseline Study on Ghana TUC/LO-Norway Education and Training Project", Accra, December 2010

<sup>13</sup> Delanyo Dovlo, "Social Dialogue in the Health sector: Case Study Ghana", Geneva, 2005

the Tarkwa Gold Mines. The Ghana Mine Workers Union objected strongly, but intervention by the GTUC led to a social dialogue process which led to a resolution of the dispute, reportedly to the satisfaction of both workers and employers/investors.

### **3. Ghana: some conclusions**

With the reintroduction of democratic rule after the period of military rule from 1981 to 1996 Ghana has become one of the more democratic countries in Africa with relatively little political turmoil. It has experienced five consecutive free and fair elections and has experienced several peaceful transfers of power (in sharp contrast to neighbouring Cote d'Ivoire). There have been few ethnic conflicts, perhaps because there is no dominant ethnic group.

Ghana has enjoyed social dialogue processes based on established unions, employers' associations and a responsible government backed by a high-level National Tripartite Committee for almost 20 years. The country has made serious attempts to incorporate the huge informal sector (87% of employment) into the national social dialogue. However there is a problem that it does not yet seem to encompass the needs, interests or rights of poor rural women in the agricultural sector.

The Ghana example of successful social dialogue could well serve as a model for other African countries, especially on integrating the informal sector into the social dialogue process. Perhaps the example of the sober and measured tones of Ghanaian Kofi Annan successfully bringing tranquillity to Kenya in 2007/2008 is a good one. It should also be noted that ILO considers that one of its most successful projects has been to introduce social dialogue into the neighbouring Francophone countries of Togo, Niger and Senegal.<sup>14</sup>

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<sup>14</sup> ILO, *Dialogue social en Afrique: pratiques et expériences: Senegal, Togo, UMEAO Niger*, Geneva, May 2008

# INDIA

<b>Population</b> ( <i>million</i> )	<b>1173.0</b>
<b>Dependency ratio</b> ( <i>per 100 people ages 15-64</i> )	<b>55.5</b>
<b>Median age</b> ( <i>years</i> )	<b>25.9</b>
<b>GDP per capita (PPP)</b> ( <i>USD</i> )	<b>3,400</b>
<b>Human Development Index (HDI) Ranking</b> ( <i>of 169</i> )	<b>119</b>
<b>Informal sector share of total employment</b> ( <i>percent</i> )	<b>93</b>
<b>Women participation rate in labour force</b> ( <i>per cent</i> )	<b>34</b>
<b>Gender Inequality Index ranking</b> ( <i>of 169</i> )	<b>122</b>
<b>Doing Business Ranking</b> ( <i>of 183</i> )	<b>134</b>
<b>Corruption perception index</b> ( <i>of 178</i> )	<b>87</b>
<b>Foreign Direct Investment (FDI) per capita</b> ( <i>USD</i> )	<b>65</b>
<b>EIU Democracy Index Ranking</b> ( <i>of 167</i> )	<b>40</b>
<b>Norwegian bilateral assistance</b> ( <i>NOK million</i> )	<b>101</b>

## 1. India: the Basics

In terms of population India is the second largest country in the world. Administratively it is made up of 28 states and 7 union territories, all of which have their own governments. The population of India has increased by almost 500 million in the last 30 years from 685 million, at an annual rate of increase of 1.8%. GDP per capita for India as a whole is USD 3,400 but this varies very widely between state. The World Bank estimates that about 40% of the Indian population lives below the international poverty line of USD 1.25 per day. India's HDI ranking is therefore relatively low. The participation of women in the labour force is low, although it is well above 50% in rural, agricultural areas. Generally speaking India is not an easy place to do business because of pervasive bureaucracy and corruption. Foreign investment is thus relatively limited. On the other hand India is a highly democratic country with sound Parliamentary institutions.

## 2. The Emergence of Social Dialogue in India

It is of course, difficult to generalise on a subject like Social Dialogue in such a large a diverse country as India. It is clear that conditions vary very widely from region to region and from state to state. Nonetheless a book by Anne Trebilcock and several other authors <sup>15</sup> attempts to summarise the status of social dialogue in 10 different countries/regions, including India.

The first local trade union in India was established in Madras (Chennai) in 1918 and India was a founding member of the International Labour Organisation (ILO) in 1920. Social dialogue therefore started early in India. Since Independence in 1947 India has had a system of social dialogue and tripartism which functioned well and the central Government made a determined effort to build up a system

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<sup>15</sup> Anne Trebilcock et al, "*Towards Social Dialogue: tripartite cooperation in national social and economic policy-making*", ILO, Geneva, 1994

of dialogue between workers' and employers' representatives. However with the increasing importance of the public sector and public sector companies in the 1970s and 1980s, the role of the employers was somewhat diminished. There have thus been several factors involved in the development of the social dialogue process in India. On the one hand the unions have joined with employers and government to protect jobs in major industries like cotton, textile and engineering. There was considerable resistance, for example, to the introduction of computers which could reduce demand for labour. On the other hand there is a recognition that the vast majority of the poor work in the informal sector and in agriculture, and their interests must also be defended – perhaps outside the formal tripartite system.

India has 12 main central trade union organisations, and most are linked to a political party. The All India Trade Union Congress (AITUC) found in 1920 is the oldest trade union in India, and is allied to the Communist Party of India and has about 2.7 million members. The Indian National Trade Union Congress (INTUC) has 3.9 million members and is allied with the Congress Party. However it is likely that India has a total labour force of about 460 million and probably less than 50 million are organised and can take part actively in formal social dialogue. Government, trade unions and employers are aware of this and have made many efforts to incorporate unorganised workers from informal employment into the social dialogue process. On the employers' side the Employers' Federation of India (EFI) is the main body, having been established in 1933, and being ILO's partner on the employers' side in India.

One of the main agencies in India to promote social dialogue is the Indian Labour Conference (ILC) which was first established in 1940.<sup>16</sup> This is a tripartite organisation operating at national level consisting of government (it is organised by the Ministry of Labour and Employment), trade unions and employers' organisations. It held its 43<sup>rd</sup> Conference in November 2010. This is one of the most important examples of social dialogue in India today. The Conference was attended by the Prime Minister, trade unions, employers and government and state ministries and public bodies, with a total of 237 persons from all over India. However it is interesting to see that the majority of delegates were from Government. The main subjects of discussion were the global financial downturn, problems of contract labour and employment generation, and committees were appointed to report on each of these three topics. The Prime Minister pointed out that the Indian Labour Conference had, over the years:

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<sup>16</sup> A.S.Oberai, A.Sivananthiran, C.Venkata Ratnam "*Promoting Harmonious Labour Relations in India, the role of Social Dialogue*", New York, 2002

*“ ..... shaped and influenced key policies and programmes in labour and employment relations”* <sup>17</sup>

The Indian Labour Conference seems to be a truly democratic vehicle for social dialogue as speakers from all over the country and from different walks of life addressed the Conference on the particular problems which they were confronting e.g. the problems of youth unemployment in Nagaland or the problems of unorganised workers in Goa. Many interests seem to be able to use the ILC as a platform of social dialogue.

### **3. India: Some Conclusions**

It is impossible to do justice in a few pages to the subject of social dialogue in a country as large and diverse as India. In addition the country has long traditions of social dialogue and of dialogue between workers, employers and government.

However it is worth noting that India's long, stable traditions of democratic government make an excellent setting for promoting social dialogue. The unions, the employers and government all understand the rules of the game and the Indian Labour Conference which has now been meeting for over 70 years seems an admirable institution for promoting social dialogue at national level. It is, however difficult to say how effective formal social dialogue can be in a country with such a huge, informal agricultural sector. As most of the workers in those sectors are women it is possible that women in particular are excluded from the social dialogue process in India.

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<sup>3</sup> Indian Labour Conference, *“Summary Record of Discussions of the 43<sup>rd</sup> Session of Indian Labour Conference held on 23-24 November 2010 in New Delhi”*, Delhi, 2010

## WEST BENGAL STATE - INDIA

<b>Population</b> ( <i>million</i> )	<b>88.0</b>
<b>Dependency ratio</b> ( <i>per 100 people ages 15-64</i> )	<b>54.1</b>
<b>Median age</b> ( <i>years</i> )	<b>24.0</b>
<b>GDP per capita (PPP)</b> ( <i>USD</i> )	<b>n/a</b>
<b>Human Development Index (HDI) Ranking</b> ( <i>of 169</i> )	<b>n/a</b>
<b>Informal sector share of total employment</b> ( <i>percent</i> )	<b>80</b>
<b>Women participation rate in labour force</b> ( <i>per cent</i> )	<b>20</b>
<b>Gender Inequality Index ranking</b> ( <i>of 169</i> )	<b>n/a</b>
<b>Doing Business Ranking</b> ( <i>of 183</i> )	<b>n/a</b>
<b>Corruption perception index</b> ( <i>of 178</i> )	<b>n/a</b>
<b>Foreign Direct Investment (FDI) per capita</b> ( <i>USD</i> )	<b>n/a</b>
<b>EIU Democracy Index Ranking</b> ( <i>of 167</i> )	<b>n/a</b>
<b>Norwegian bilateral assistance</b> ( <i>NOK million</i> )	<b>n/a</b>

### 1. West Bengal: the Basics

As West Bengal is not an independent national state, comparative data is not so easily available. West Bengal is one of India's 28 states. With a population of about 88 million it contains over 8% of India's population in less than 3% of the country's area, This makes West Bengal the most densely populated state in India with about 1,000 persons per square kilometre. The state's capital is Kolkata (formerly Calcutta) with a population exceeding 15 million. Despite the fact that most women work in agriculture, and agriculture is very important for the economy, women's participation rate in the labour force is low (20%), compared with India as a whole (34%).

### 2. The Emergence of Social Dialogue in West Bengal

Like India as a whole West Bengal is governed under a parliamentary democracy. West Bengal has been governed for over 30 years since 1977 by a Left Front government i.e. a Communist Marxist party. Politics in West Bengal has tended to be messy with considerable violence at the polls. The Front's main achievements have been in the agricultural field where land reform has ensured that 84% of the land is now owned by small and marginal farmers and the basic rights of sharecroppers have been guaranteed. West Bengal is a predominantly agricultural state and over 60% of the state area is under cultivation. However from well before independence West Bengal was also an industrial state with coal, iron and steel, jute and engineering. Industrialisation together with the need for land reform in rural areas probably nudged West Bengal to radicalism and socialism. In recent years the state government has also been interested in attracting major industries like chemical, engineering, automobiles etc and it is often difficult to reconcile the need for building land with agricultural development. There have recently been some spectacular clashes between the needs of industry and farming. The government has made an aggressive drive for industrialisation in order to absorb the excess labour from rural agriculture.

However this has also led to conflicts. There have been numerous conflicts between employers and unions arising on the establishment of Special Economic Zones (SEZs).<sup>18</sup>

West Bengal has had a very turbulent recent history. It is said that it was trade union militancy which drove employers out of West Bengal in the period 1967-1971 but this has been disputed. In 1971 the war which created Bangladesh produced millions of refugees in West Bengal. The state has had to struggle with a violent Maoist/Naxalite uprising for many years and the economy stagnated during the 1980s. It is one of the poorer states in India<sup>19</sup>. The Financial Times has described West Bengal's government as ".... *the guardians of the poor* ...". Over 70% of the population (almost 60 million people) live in the rural areas and are dependent on agriculture so that land reform has been an essential task of government.

However the failure of West Bengal's traditional industries in the 1980s and 1990s led to widespread closures, to millions becoming unemployed and to increased militancy in the unions. There was also widespread resistance to computerisation and automation which might entail the loss of jobs.

There are at least 9 industry-wide central trade unions, from the coal, jute, steel, tea and banks sectors. Union membership has declined with the increase in unemployment. It is interesting to note that the largest union, the Centre of Indian Trade Unions (CITU), has concentrated on the unorganised sector i.e. the informal sector, and has worked with hawkers, construction workers, rickshaw and van drivers etc. One of their major policies is to introduce members to literacy. No member of CITU will be illiterate. Another union the All India Trade Union Congress (AITUC) concentrates on unionising women. Several unions try to assist women and the informal sector. Thus West Bengal experience of bringing the informal sector into the social dialogue process might be useful.

The main tripartite body promoting social dialogue in West Bengal is the State Labour Advisory Board (SLAB) which was formed in 1977 and has 35 members, led by the Minister of Labour, with representatives of the chambers of commerce, the unions, various district governments, the industrial corporations etc. This meets once a year. However there are numerous non-government initiatives for social dialogue in west Bengal and these are usually convened between the various chambers of commerce, the unions and relevant government departments.

### **3. West Bengal: Some Conclusions**

It is difficult to say how successful social dialogue has been in West Bengal. This is because of the confrontational nature of politics in the State. The State has been ruled by a Left Front (Communist) government for over thirty years. The State has also been riven by a violent Maoist (Naxalite) uprising. Land reform has been a contentious issue in the rural areas, and in urban areas conflicts in the

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<sup>18</sup> Ratna Sen, "*The Evolution of Industrial Relations in West Bengal*", ILO, Geneva, 2009

<sup>19</sup> See: Government of West Bengal, "*West Bengal Human Development Report 2004*", Kolkata, May 2004

major traditional industries have been very common. Dialogue does not seem to be a term that one associates with relations between government, employers and workers in West Bengal.

However one area where others might learn from West Bengal is the inclusion of unorganised workers from the informal sector in social dialogue. Several major established unions in west Bengal have made serious efforts to incorporate the unorganised sector. There is a great need for this in almost all the countries examined in this study.

<b>INDONESIA</b>	
<b>Population</b> ( <i>million</i> )	<b>243</b>
<b>Dependency ratio</b> ( <i>percentage population ages 15-64</i> )	<b>51.7</b>
<b>Median Age</b> ( <i>years</i> )	<b>28.0</b>
<b>GDP per capita (PPP) USD</b>	<b>4,000</b>
<b>Human Development Index (HDI) Ranking</b> ( <i>of 169</i> )	<b>108</b>
<b>Informal sector share of total employment</b> ( <i>per cent</i> )	<b>68</b>
<b>Gender Inequality Index ranking</b> ( <i>of 169</i> )	<b>100</b>
<b>Doing Business Ranking</b> ( <i>of 183</i> )	<b>121</b>
<b>Corruption perception index</b> ( <i>of 178</i> )	<b>110</b>
<b>Foreign Direct Investment (FDI) per capita (USD)</b>	<b>246</b>
<b>EIU Democracy Index Ranking</b> ( <i>of 167</i> )	<b>60</b>
<b>Norwegian development assistance</b> ( <i>NOK million</i> )	<b>81</b>

## **1. Indonesia: the Basics**

With 243 million people Indonesia has the third largest population in Asia after China and India. The population has grown from 148 million in 1980 by an annual rate of 1.7%. About two thirds of the population is in the labour force (ages 15 to 64). The Gender Inequality Index is relatively high because of a high maternal mortality rate. Indonesia has almost 70% of its labour force in the informal sector. Indonesia is not an especially easy place to do business in and is relatively corrupt. Nonetheless Foreign Direct Investment into Indonesia has been relatively high.

## **2. The Emergence of Social Dialogue in Indonesia**

Indonesia gained independence from the Netherlands in 1949, but was under the military dictatorships of Sukarno (1949-1968) and Suharto (1968-1997) until 1997. This lack of democracy clearly hampered the emergence of a social dialogue process.

The basis for social dialogue in Indonesia was made in 1983 with the establishment of the National Tripartite Council (LKS). However it took the 1997 Asian Financial Crisis to put any momentum into the process. This crisis also



contributed to the fall of President Suharto after 31 years and to the introduction of multi-party democracy.<sup>20</sup>

The Asian crisis had a major impact on Indonesia. Economic growth rates fell from 8% per annum in 1996 to zero in 1998, and the poverty rate doubled from 11% to 22%. Hundreds of thousands of workers lost their jobs or became redundant and millions became unemployed. The crisis also had the effect of showing up how poor the system of industrial relations and social dialogue had become.

Prior to 1988 there had been no opportunity for meaningful social dialogue as there was only one government-controlled union under the military dictatorships. But with the democratically elected government of President Habibie replacing that of President Suharto, conditions for social dialogue improved dramatically. An ILO mission in November 1998 led to the establishment of a Tripartite Task Force consisting of 36 members from Government, the Army (an important participant), the unions and employers. Over 60 seminars for awareness raising on social dialogue were held throughout the country and over 1,600 persons took part in them. The Task Force also ensured that outdated labour and trade union legislation was repealed and replaced by new more appropriate laws. One of the most important outcomes from this period of negotiation was the ratification of the core ILO conventions. The example of successful social dialogue in the HERO supermarket chain is widely quoted. Here successful negotiations with government and the unions were a good example of social dialogue.

One problem which emerged from the new process of social dialogue after 1998 was the multiplicity of trade unions which emerged. It was difficult to see which ones were representative. There were therefore moves made to get unions to confederate into a few or one representative organisation. There was also a problem that very few enterprises were unionised. The report by Kelly quoted above showed that only 12,000 of the 180,000 enterprises in Indonesia with more than 50 workers were unionised. On the employers' side things were better as there was only one employers' association i.e. APINDO.

Another problem which emerged was the lack of involvement of women in the social dialogue process. In the textile sector 70% of union members were female but only 25% of the leadership was female. Women were employed in many sectors but had little representation in the unions. This was seen as a major problem in implementing the social dialogue process.

The Asian Financial Crisis had other impacts on the social dialogue process in Indonesia. Because of retrenchment and job losses in the formal sector, the size of the informal (unregulated) sector grew considerably from 1997 to 2003.<sup>21</sup>

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<sup>20</sup> Peggy Kelly, "*Promoting Democracy and peace through Social Dialogue: A study of the Social Dialogue Institutions and Processes in Indonesia*," ILO, Geneva, January 2002

<sup>21</sup> C.Fenwick and T.Kring, "*Rights at Work: An Assessment of the Declaration's Technical Cooperation in Select Countries*", ILO, Geneva, August 2007

This trend tends to exclude women further from the organised, unionised labour force.

There is, however, general recognition that Indonesia has made considerable strides to imposing the social dialogue in the country through a variety of measures. This has occurred in spite of harassment of trade unions by the authorities in some regions. Indonesia is also in the process of implementing a Decent Work Country Programme 2006-2010 <sup>22</sup> . This sets out the main problems i.e. unemployment, underemployment, with registered and unregistered migrants and over two thirds of the labour force employed in the informal sector. One of the three expected Outcomes for the Programme is: “Social Dialogue for Economic Growth and Principles and Rights at Work”.

### **3. Indonesia: Some Conclusions**

Social dialogue was not encouraged for the first 48 years of Indonesia’s independence from 1949 to 1997 under strict military rule. It was only the Asian Financial Crisis which changed things, and it is only since 1997 that a meaningful social dialogue has developed. Much progress has been made but much remains to be done. Indonesia’s experience shows that major crises can lead to a demand for social dialogue (also evident in South Korea). It would appear that ILO intervention has helped greatly. However integration of women and the informal sector to the social dialogue process are still problematic in Indonesia.

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<sup>22</sup> ILO, “*Indonesia, Decent Work Country Programme 2006-2010*”, ILO, Geneva June 2007

## KENYA

<b>Population</b> ( <i>million</i> )	<b>40.9</b>
<b>Dependency ratio</b> ( <i>percentage population ages 15-64</i> )	<b>80.8</b>
<b>Median Age</b> ( <i>years</i> )	<b>18.8</b>
<b>GDP per capita (PPP) USD</b>	<b>1,600</b>
<b>Human Development Index (HDI) Ranking</b> ( <i>of 169</i> )	<b>128</b>
<b>Informal sector share of total employment</b> ( <i>per cent</i> )	<b>90</b>
<b>Gender Inequality Index ranking</b> ( <i>of 169</i> )	<b>117</b>
<b>Doing Business Ranking</b> ( <i>of 183</i> )	<b>98</b>
<b>Corruption perception index</b> ( <i>of 178</i> )	<b>154</b>
<b>Foreign Direct Investment (FDI) per capita (USD)</b>	<b>46</b>
<b>Free to join a political organisation</b> ( <i>percent</i> )	<b>67</b>
<b>EIU Democracy Index Ranking</b> ( <i>of 167</i> )	<b>100</b>
<b>Norwegian bilateral assistance</b> ( <i>NOK million</i> )	<b>0</b>

### 1. Kenya: the Basics

The population of Kenya is now over 40 million and has increased from 16.6 million over the past 30 years at an average annual rate of 3.1%. The dependency rate of 80.8% means the country has a relatively young, productive population. The median age is 18.8 years. A very high proportion of employment is in the informal “*Juakali*” sector <sup>23</sup>. Kenya is still one of the poorest countries in the world. In Kenya according to Afrobarometer, 28% of population discuss politics frequently with family, 54% think they are completely free to say what they think and 67% think they are completely free to join whatever political organisation they want. The Gender Inequality Index is high because of poor health facilities for women. Corruption is a major factor in Kenya, and this makes doing business difficult in the country. Foreign investment in the country crashed in 2008 with the widespread violence after the elections.

### 2. The Emergence of Social Dialogue in Kenya

Kenya gained its independence in 1963 and had already adopted a tripartite system in 1962, but the first trade unions emerged as early as 1940 so that the country has long traditions of social dialogue. <sup>24</sup> As in South Africa the Kenyan trade unions were actively involved in the struggle for independence and democracy. The principal trade union organisation in Kenya, the Central Organisation of Trade Unions (COTU) was established in 1965. The Federation of Kenya Employers (FKE) was established in 1959. There are two main national tripartite organisations in Kenya. There is the National Tripartite Consultative

<sup>23</sup> In Swahili “*Jua kali*” means “hot sun” denoting industries or activities which are conducted outdoors without the benefit of buildings or other infrastructure, thus meaning informal

<sup>24</sup> Tayo Fashoyin, “*Tripartite cooperation, social dialogue and national development*” in *International Labour Review*, Vol. 143, no.4, 2004.

Committee (NTCC) established in 1962. It consists of 6 employers, 6 trade unions and Ministry of Labour. There is also the Joint Industrial and Commercial Consultative Committee (JICCC) established 1997. There are also sectoral tripartite organisations like the Labour Advisory Board and the National Industrial Training Council.

After 2000 tripartite social dialogue in Kenya encountered problems for a number of reasons some of which are as follows:

- Government Ministries tended to over-rule the trade unions and employers' associations with reference to the national interest
- High unemployment and the growth of the informal sector tended to undermine the authority of the trade unions
- Lack of transparency, accountability and widespread corruption (collusion between COTU and Government) again undermined the authority of the trade unions
- Women who make up 70% of the agricultural labour force and the bulk of the informal sector were under-represented by the trade unions <sup>25</sup>
- All the above factors reduced trade union membership and trade union strengths
- Tribal tensions fomented by political leaders undermined the whole concept of national social dialogue

Where possible the two national organisations the NTCC and the JICCC were called in to mediate in major industrial disputes.

However the on-going social dialogue process in Kenya was completely overshadowed by the Kenya Election Crisis of 2007-2008 when the re-election of President Kibaki on 27 December 2007 was violently disputed leading to widespread tribal riots leaving over 1,100 people dead and up to 600,000 displaced. In retrospect the crisis may turn out to be a blessing in disguise for Kenya because of the Dialogue process that it set in train. Under the leadership of former UN Secretary-General Kofi Annan, a Kenya National Dialogue and Reconciliation (KNDR) process was established in December 2007. This may not be the kind of "social dialogue" that we are interested in here but it should be noted that business leaders have been involved in solving the crisis and trade unions have been actively involved in the Dialogue process and have incorporated a right to strike" in the new Constitution. A new Constitution was approved in a national referendum held on 4 August 2010 by 67% of the electorate, as a result of the dialogue process described above. <sup>26</sup>

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<sup>25</sup> Tayo Fashoyin, "*Social Dialogue and Social and Economic Development in Kenya*", ILO, Geneva, 2001

<sup>26</sup> South Consulting, "*The Kenya National Dialogue and Reconciliation (KNDR) Monitoring Project – Review Report*", Nairobi, October 2010

### **3. Kenya: Some Conclusions**

The work of the National Dialogue process over the past two years in Kenya has given the country new hope and high expectations. The old system of social dialogue developed over the past 30 years was in the process of breaking down as the unions were losing members and authority and the Government was perceived as incurably corrupt. Rapid population growth of over 3% per annum means that the informal sector is growing faster than ever. The Financial Times estimates that there are 500,000 new job-seekers every year in Kenya. Only 150,000 obtained salary employment in 5 years.<sup>27</sup>

Thus the greatest challenge confronting the social dialogue process in Kenya is to produce institutions which can stay free of corruption and represent the interests of the growing numbers within the informal sector and the growing numbers of unemployed.

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<sup>27</sup> Financial Times, "*Struggle to keep Social Ills at Bay*" 22 October 2008

## SOUTH KOREA

<b>Population</b> ( <i>million</i> )	<b>49.0</b>
<b>Dependency ratio</b> ( <i>per 100 people ages 15-64</i> )	<b>38.1</b>
<b>Median age</b> ( <i>years</i> )	<b>37.9</b>
<b>GDP per capita (PPP)</b> ( <i>USD</i> )	<b>28,100</b>
<b>Human Development Index (HDI) Ranking</b> ( <i>of 169</i> )	<b>12</b>
<b>Informal sector share of total employment</b> ( <i>percent</i> )	<b>42</b>
<b>Gender Inequality Index ranking</b> ( <i>of 169</i> )	<b>20</b>
<b>Doing Business Ranking</b> ( <i>of 183</i> )	<b>16</b>
<b>Corruption perception index</b> ( <i>of 178</i> )	<b>39</b>
<b>Foreign Direct Investment (FDI) per capita</b> ( <i>USD</i> )	<b>2,428</b>
<b>EIU Democracy Index Ranking</b> ( <i>of 167</i> )	<b>20</b>
<b>Norwegian bilateral assistance</b> ( <i>NOK million</i> )	<b>0</b>

### 1. South Korea: the Basics

The population of South Korea is close to 50 million, and has grown at 0.85% per annum from 38 million in 1980. The dependency rate is 38.1% which means a large share of the population (over 70%) is in the working force. As in Japan, however, a rapidly aging population is a clear threat to future economic growth. The median age of 39 is almost exactly the same as Norway's. The Gender Inequality Index of 20 shows that South Korea has a high degree of gender equality. The term "informal sector" in South Korea is used to define the self-employed and employed in family business. It is relatively easy to do business in South Korea and there is relatively little corruption. These factors are reflected in the very high rate of Foreign Direct Investment per capita. South Korea is a relatively democratic country with sound functioning political institutions.

### 2. The Emergence of Social Dialogue in South Korea

From the end of the Korean War in 1953, South Korea was under military rule until 1993, but this did not hampered economic development. In the 1960s GDP per capita was similar to poorer countries in Africa and Asia. In 1980 its GDP per capita was USD 2,300 whilst it is now almost USD 30,000. South Korea has now been transformed to become one of the 20 largest economies in the world. It has experienced huge growth in 40 years. It is a member of the Organisation for Economic Cooperation and Development (OECD) and the G20.

A recent essay <sup>28</sup> points out that Singapore and South Korea are the only two countries in Asia where there has been a significant degree of tripartism i.e. tripartite social dialogue. As in Indonesia the Asian Financial Crisis of 1997/98 seems to have been an important factor in getting social dialogue working in South Korea. Prior to the demise of military rule it had been difficult to promote social dialogue in South Korea. Government and big business were closely tied

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<sup>28</sup> S.Kuruvila and M.Liu, "*Tripartism and economic reform in Singapore and South Korea*" in Lydia Fraile (ed) "*Blunting Neo-liberalism*", London, 2010

up together and the interests of Government, employers and employees were viewed as mutual. The advent of democracy in South Korea in 1993 therefore permitted the emergence of social dialogue. Trade unions came into a position of power in the 1980s and organised a series of general strikes in 1996/97.

Social dialogue in South Korea is therefore a product of democracy and of the Asian Financial Crisis of 1997/98. The crisis led to a huge drop in GDP of 7% in 1998 and this precipitated major job losses in the major automobile and ship-building industries. Since workers in these industries had been used to lifetime employment (as in Japan) they took things badly and this led to major strikes which also became violent.

Government's reaction was to try to stimulate dialogue between employers and employees and early in 1998 the Korea Tripartite Commission (KTP) was established. The first tripartite agreement came in February 1998. It was a very wide-ranging social pact. Ten major agenda items are listed for the social pact. South Korea's rapid recovery is attributed to these measures and it was said by Kuruvila and Liu that:

*"The pace of economic recovery in the Republic of Korea has been widely attributed to the stability and commonality of purpose that the tripartite framework agreement provided".*

The tripartite effort to turn the economy round in 1998 is held up as a great example of the success of social dialogue in South Korea by the World Bank, IMF and others. However a new study shows that in fact social dialogue has not operated as well as expected after 1998. The Korean Tripartite Commission has not been able to get workers and employers to negotiate and it appears that the workers have had to take the burden of compromises in the social dialogue process since 2000.<sup>29</sup>

### **3. South Korea: Some Conclusions**

Social dialogue is a relatively recent phenomenon in South Korea because of the country's history of military government. Before the introduction of democracy in 1993 the interests of government and trade unions tended to coalesce. However the Asian Financial Crisis of 1997/98 gave a big boost to social dialogue through the activities of the Korea Tripartite Commission<sup>30</sup>. Many observers think that the process of social dialogue in 1997 and 1998 led to substantial economic reform and recovery for South Korea after 1998. Social dialogue has continued to make process in South Korea in the past 10 years although it is said that the employees' side has had to make too many concessions. It would be difficult to use South Korea as a model for social dialogue because of the special social and economic conditions in the country.

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<sup>29</sup> C.Han, J.Jang and S.Kim, "*Social Dialogue and industrial relations in South Korea: has the tripartite commission been successful?*", in "Asia Pacific Viewpoint", December 2010

<sup>30</sup> L.Baccaro and Chang Hee-Lee, "*Strengthening Industrial Relations and Social Dialogue in South Korea*", ILO, Geneva, 2003

# MOZAMBIQUE

<b>Population</b> ( <i>million</i> )	<b>22.0</b>
<b>Dependency ratio</b> ( <i>per 100 people ages 15-64</i> )	<b>89.3</b>
<b>Median age</b> ( <i>years</i> )	<b>17.9</b>
<b>GDP per capita (PPP)</b> (USD)	<b>900</b>
<b>Human Development Index (HDI) Ranking</b> ( <i>of 169</i> )	<b>165</b>
<b>Informal sector share of total employment</b> ( <i>percent</i> )	<b>76</b>
<b>Gender Inequality Index ranking</b> ( <i>of 169</i> )	<b>111</b>
<b>Doing Business Ranking</b> ( <i>of 183</i> )	<b>126</b>
<b>Corruption perception index</b> ( <i>of 178</i> )	<b>116</b>
<b>Foreign Direct Investment (FDI) per capita</b> (USD)	<b>40</b>
<b>Freedom to join a political organisation</b> ( <i>percent</i> )	<b>50</b>
<b>EIU Democracy Index Ranking</b> ( <i>of 167</i> )	<b>99</b>
<b>Norwegian bilateral assistance</b> (NOK million)	<b>505</b>

## 1. Mozambique: the Basics

The population of Mozambique is now over 22 million and has doubled from 11.3 million in 1980 at an average annual rate of 2.2%. The dependency rate is 89.3 % which means the country has a relatively young population. In terms of the human development Mozambique is rated very low mainly because of its low life expectancy and poor education levels. It is estimated that the informal sector employs 76% of the labour force, 8% work in the formal sector and 16% are unemployed. In Mozambique according to Afrobarometer, 29% of population discuss politics frequently with family and friends, 47% think they are completely free to say what they think and 50% think they are completely free to join whatever political organisation they want. Mozambique is not rated as being easy to do business in and it is relatively corrupt. Foreign investment has increased greatly in recent years.

## 2. The Emergence of Social Dialogue in Mozambique

Mozambique has had one of the most troublesome and disrupted post-colonial histories in Africa. From independence in 1975 to 1992 when a peace agreement was concluded, the country was in a complete state of war, and virtually no institutional development was possible. For 17 years much of the country was outside the control of the central Government. Because of the high level of conflict virtually all formal industry collapsed between 1975 and 1992. On independence from Portugal in 1975 Mozambique was one of the least developed countries in Africa with a very minimum of educated citizens. Everything in modern Mozambique has thus had to be developed in the 18 years since 1992. It should be added that, although multi-party democracy now exists in Mozambique only one party, FRELIMO has had power since independence.

Because of Mozambique's unique post-independence history it could be argued that the current situation of relative stability is a result of a social/political



dialogue process which unfolded over many years. At the height of the war in 1985 the ruling FRELIMO government signed the Nkomati non-aggression pact with South Africa after almost 10 years civil war with the opposition RENAMO movement. There was a period of stalemate for 2 or 3 years. Then, however, the Mozambican church authorities began to agitate for an end to the war. By 1988 international pressure from Kenya and Zimbabwe had forced FRELIMO and RENAMO into direct talks, and in 1990 these talks, which were hosted by a Catholic lay movement based in Rome finally led to the General Peace Agreement signed in October 1992. This was followed by an extensive period of reconstruction financed by the international donor community.<sup>31</sup> In the case of Mozambique it is certain that no social dialogue could take place without the political dialogue which took at least seven years.

Until the peace agreement in 1992, trade unions (and employers' associations) were largely creatures of the FRELIMO governments since the Government was essentially a Marxist inspired one with a command economy dominated by large State Owned Enterprises (SOEs) both in agriculture and industry. One of the results of the peace process however was a major liberalisation and privatisation of the economy. This meant that the trade unions had to serve the interests of the workers in a market economy. The basic conditions for a social dialogue process had to be established after 1992.

A tripartite consultative organisation enabling a social dialogue process to be implemented in Mozambique, was established in the Comissão Consultiva de Trabalho (CCT) – Consultative Labour Commission in 1994. In 1995 a Forum de Concertação Sindical (FCS) Forum for the Coalition of Trade Unions was formed in order to coordinate trade unions and to strengthen the potential for social dialogue. There have been problems with the social dialogue process in Mozambique as Government is still the major employer and is often seen as an interested party in negotiations between unions and employers. This is a common problem in formerly command economies (cf. Vietnam) where the State has been the main employer. A recent evaluation of LO's cooperation with the leading Government supported trade union<sup>32</sup> shows that the organisation OTM-CS is a weak one struggling to survive in an increasingly pro-business environment. As in Zambia, privatisation and foreign investment has brought in employers unwilling to engage in social dialogue with the unions and government.

Because of the size of the country – it is 2,700 kms long – and the size of the informal sector, the social dialogue process in Mozambique reaches a very small proportion of the population. Statistics from 2002<sup>33</sup> show that in the industries where the 14 main trade unions were represented there were about 250,000 workers of whom 86,000 (34%) were union members. When we consider that in

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<sup>31</sup> J.Armon, D.Hendrickson and A.Vines, *"The Mozambican peace process in perspective"*, Conciliation Resources, London, 1998

<sup>32</sup> Einar Braathen and Austin Muneku, *"Strengthening Trade Unions: Evaluation of LO's Cooperation with OTM CS in Mozambique"*, NIBR Report 2009:27, Oslo, 2009

<sup>33</sup> Maria Jose Artur, *"Baseline Survey: Trade Unions in Mozambique"*, Friedrich Ebert Stiftung, Maputo, 2004

2002 the total labour force was about 8.8 million, we shall see that trade union members could represent as few as 1% of the total work force. Women are very poorly represented in the trade unions.

### **3. Mozambique: Some Conclusions**

It is clear that because of its history i.e. a poor colonial heritage from the Portuguese, a rigid Communist style command economy and 17 years of civil war, the social dialogue process has had few opportunities to grow in Mozambique. In addition the size of the modern, formal sector is very small. This, however, does offer great opportunities for social dialogue. If any country needed social dialogue it is Mozambique. It has successfully liberalised and privatised its economy and has been able to attract substantial foreign direct investment. It is now that genuine dialogue between employees, employers and government is needed and this needs to be extended to the informal sector. President Armando Guebeza recently called for a “ ..... *full functioning of the social dialogue in Mozambique*”.

It may well be that South African experience of developing social dialogue since 1994 could be very relevant for Mozambique, although language could constitute a barrier (most union members do not speak English) .

## SOUTH AFRICA

<b>Population</b> ( <i>million</i> )	<b>50.5</b>
<b>Dependency ratio</b> ( <i>per 100 people ages 15-64</i> )	<b>54.5</b>
<b>Median age:</b>	<b>24.3</b>
<b>Gross National Income (GNI) per capita 2009</b> ( <i>USD</i> )	<b>5770</b>
<b>Human Development Index (HDI) Ranking</b> ( <i>of 169</i> )	<b>110</b>
<b>Informal sector share of total employment</b> ( <i>percent</i> )	<b>31</b>
<b>Gender Inequality Index ranking</b> ( <i>of 169</i> )	<b>82</b>
<b>Doing Business Ranking</b> ( <i>of 183</i> )	<b>34</b>
<b>Corruption perception index</b> ( <i>of 178</i> )	<b>54</b>
<b>Foreign Direct Investment (FDI) per capita</b> ( <i>USD</i> )	<b>112</b>
<b>EIU Democratic Index Ranking</b> ( <i>of 167</i> )	<b>30</b>
<b>Free to join a political organisation</b> ( <i>percent</i> )	<b>60</b>
<b>Norwegian bilateral assistance</b> ( <i>NOK million</i> )	<b>227</b>

### 1. South Africa: the Basics

The population of South Africa is now over 50 million and has increased 37% in the past 30 years at an average annual rate of 1.1%. The dependency rate is low at 54.5 which means the country has a large young dependent population. The median age is 24.3 years. It is a middle-income country with a per capita GNI (Gross national income) of USD 5,770. Its Human Development Index ranking has fallen considerably in relation to other countries in the past 5 years. In terms of democracy South Africa is a free country. According to Afrobarometer 60% of the population think they are completely free to join whatever political organisation they want. For a developing country South Africa has a relatively small share (31%) of its workforce in the informal sector. In terms of gender inequality, South Africa is still lagging behind to some extent. In economic terms, South Africa is a good place to do business, relatively incorrupt with a high level of Foreign Direct Investment. All in all South Africa ought to be a good place to foster social dialogue.

### 2. The Emergence of Social Dialogue in South Africa

With its troubled history of continuous and institutionalised racial conflict, South Africa's prospects for stimulating or establishing a workable social dialogue process would seem difficult at the outset. Only since 1994 has the country enjoyed majority rule. Yet according to almost all informed observers South Africa has been able to establish a workable system of social dialogue in order to regulate working life and welfare. It is difficult to say whether social dialogue has contributed to stable economic progress and government, or whether economic growth in itself has fostered the social dialogue process. It is probably a bit of both.

In South Africa "social dialogue" is interpreted to be the successful tripartite co-operation between powerful trade unions, powerful employers' organisations, representing the wealthy mining sector and a powerful

government. In fact the system in South Africa has been described as “tripartism plus” as it also involved a fourth party i.e. community organisations representing the poor <sup>34</sup>.

There is a very large bulk of literature on the social dialogue process in South Africa and there is general agreement that the current system which works well emerged from the transition from the Apartheid system to democratic government in 1994. Liv Tørres in her new book (in Norwegian) “Behind the Banners” <sup>35</sup> describes the process as a “... negotiated revolution ...” between the government (together with the employers) and the largely black trade unions and says:

*“In 1994 victory finally emerged. Democracy has literally pushed apartheid aside with the mass mobilisation by the Congress of South African Trade Unions (COSATU) at the forefront”.*

COSATU was formed in 1985 and quickly allied itself with the political organisations, the African National Congress (ANC) and the South African Communist Party. This alliance initiated the social dialogue process in 1990 after the “unbanning of organisations” and was able to negotiate with the ruling party and the major employers complete political and economic reform in 1994. After that the National Economic Development and Labour Council (NEDLAC) was established by Act of Parliament. This included government, trade unions, employers and community organisations. The community organisations were women’s, youth, disabled and civic organisations.

The influence of organised labour in the social dialogue process in South Africa has been enormous. <sup>36</sup> It has had effects in many different parts of society e.g. democratisation, trade liberalisation, restructuring of the labour market, competition policy, social policy, housing and electricity provision. However there have been criticisms that the trade unions are too closely identified with the current ANC government.

One issue which has challenged the social dialogue process in South Africa has been that of migrant workers. Unemployment in South Africa is high (30% in the formal sector) and there has been much resentment against new immigrants. The Social Dialogue on promoting tolerance through diversity was introduced in 2008 to combat this problem.

### **3. South Africa: Some Conclusions**

There is no doubt that South Africa can serve as a model in social dialogue for other African countries. It has concrete experience of introducing more

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<sup>34</sup> Edward Webster and Dinga Sikwebu, “*Tripartism and economic reforms in South Africa and Zimbabwe*” in “*Blunting Neoliberalism – Tripartism and Economic Reforms in the developing world*” edited by Lydia Fraile, London 2010

<sup>31</sup> Liv Tørres, “Bak Fanene”, Oslo, 2010

<sup>36</sup> Tayo Fashoyin, “*Governance and the Labour Market in South Africa*”, in The International Journal of Comparative Labour Law and Industrial Relations 25, no.2 (2009)

democratic government and economic reform through social dialogue. South Africa could well serve as a model for other African countries. As Debbie Budlander<sup>37</sup> says:

*“South Africa is perhaps unique in the continent in respect of industrial relations. It was not subject to a Structural Adjustment Programme and has relatively well developed industrial relations institutions with strong trades unions and employers’ organisations”.*

South Africa is already looked to as a model because of its economic performance, and because of its successful holding of the Football World Cup in 2010. It has just been invited to join the BRIC (Brazil, Russia, India, China) countries and this will strengthen the respect it enjoys in other African countries.

South Africa also has a strong, well established and articulate women’s movement well capable of providing lessons on gender mainstreaming of the social dialogue process elsewhere in Africa.

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<sup>37</sup> Debbie Budlander, *“Industrial Relations and collective bargaining: trends and developments in South Africa”*, ILO, May 2009

# VIETNAM

<b>Population</b> ( <i>million</i> )	<b>89.6</b>
<b>Dependency ratio</b> ( <i>per 100 people ages 15-64</i> )	<b>46.4</b>
<b>Median age</b> ( <i>years</i> )	<b>27.4</b>
<b>GDP per capita (PPP)</b> (USD)	<b>2,900</b>
<b>Human Development Index (HDI) Ranking</b> ( <i>of 169</i> )	<b>113</b>
<b>Informal sector share of total employment</b> ( <i>percent</i> )	<b>34</b>
<b>Gender Inequality Index ranking</b> ( <i>of 169</i> )	<b>58</b>
<b>Doing Business Ranking</b> ( <i>of 183</i> )	<b>78</b>
<b>Corruption perception index</b> ( <i>of 178</i> )	<b>116</b>
<b>Foreign Direct Investment (FDI) per capita</b> (USD)	<b>452</b>
<b>EIU Democracy Index Ranking</b> ( <i>of 167</i> )	<b>140</b>
<b>Norwegian bilateral assistance</b> (NOK million)	<b>100</b>

## 1. Vietnam: the Basics

The population of Vietnam is now just on 90 million. It has increased by 1.8% per annum from 53 million in 1980. Almost 70% of the population is in the working age group of 15 to 64. Its low HDI ranking is due to its relative low level of school provision. For a country with a relatively rigid form of authoritarian government, Vietnam has a surprisingly high share of its labour force in the informal sector. Vietnam has a high Gender Inequality ranking which means that women's role in society is well taken care of. Vietnam has a very low rating on the Democracy Index as Vietnam is not a democratic country and the Communist Party of Vietnam is the only legal political party, brooking little opposition. Despite, or perhaps because of, strong political control, Vietnam is not an especially easy country in which to do business and it is regarded as relatively corrupt. Nonetheless the country has been able to attract a relatively high amount of Foreign Direct Investment.

## 2. The Emergence of Social Dialogue in Vietnam

Vietnam is a one-party state. Thus, by definition, its capacity for social dialogue is limited. Within such a political system, at least in theory, the interests of Government, employers and workers are identical. The three-way division of tripartism familiar elsewhere in the world is thus something of a logical paradox. The Norwegian government describes the issues of political and civil rights in Vietnam as "problematic" and this clearly impacts the possibilities for stimulating social dialogue. Nonetheless Vietnam has made major strides in reducing poverty (according to the World Bank it has been reduced from 70% of the population in 1985 to 20% in 2009), and this has been due at least in part to exceptionally high annual economic growth rates of around 8% making Vietnam one of the most successful economies in Asia. But this has not been without significant costs in terms of governance and democratisation.

Perhaps the most important economic event in Vietnam since the ending of the Vietnam War in 1975 has been “*Doi Moi*” (renovation), that is the economic reforms initiated at the Sixth National Communist Party Congress in December 1986 which permitted the establishment of private enterprises and started dismantling the collectivisation system in agriculture.<sup>38</sup> Six major policy reforms were associated with “*Doi Moi*”. Surprisingly however, none of these policy reforms make any mention of the role of social dialogue in economic reform. In almost every other country where major economic reform has taken place, it has been accompanied by a process of social dialogue which has helped to smooth the path.

One of the most important means of promoting economic reform after 1986 was the establishment of State Owned Enterprises (SOEs). These emerged in tourism, real estate, foreign trade, gold, distribution, banking etc. By their very nature such enterprises combined all three elements of a tripartite system of government, employer and employee into one entity. Thus any social dialogue process which happened, took place within one company at company level, and not at national, sectoral or even branch level. Many of these SOEs were very successful and contributed to Vietnam’s great rate of growth.<sup>39</sup>

The principal trade union confederation (equivalent to LO in Norway) in Vietnam is the Vietnam General Confederation of Labour (VGCL). It is part of the only permitted political party in Vietnam, the Vietnam Fatherland Front. All trade unions in Vietnam are required to affiliate to the VGCL so that all trade unions in Vietnam are very closely associated with and allied to the sole ruling political party in Vietnam. The Norwegian LO has an on-going programme (2010-2014) of cooperation with trade unions in Vietnam, Philippines, Thailand and Kampuchea. In Vietnam LO works with VGCL which had over 6 million members in 93,000 local unions. LO recognises that there are problems with the very close association between VGCL and the ruling political party.

Discussing the urban working class in Vietnam Gainsborough says:

*“In terms of organised labour the urban working class has yet to flex its muscles ..... organised labour has been kept weak by a combination of an uncertain legal framework governing its activities and an official trade union, which, given political pressures on it cannot represent workers adequately ...”*

The traditional tripartite social dialogue consisting of Government, employers and employees is thus difficult to promote under the current monolithic system. However another form of dialogue i.e. public-private partnerships (PPP) could perhaps be construed to be an alternative to the social dialogue process has been proposed to be Vietnam’s form of social dialogue. This consists of a bipartite dialogue between government and a private sector company in order to provide a public service e.g. road infrastructure or a hospital. Several donors including

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<sup>38</sup> Martin Gainsborough, “*Vietnam: rethinking the State*”, London 2010

<sup>39</sup> Economist Intelligence Unit (EIU), “*Vietnam Country Report*”, London, December 2010

Norway, Germany, USA and the Asian Development Bank have supported PPP programs in Vietnam.

### **3. Vietnam: Some Conclusions**

To some extent governance in Vietnam is a throwback to the heyday of Socialist command economies which existed in the Soviet Union and its allies before 1990. This rigid system of centralised political control is now only maintained in China, Cuba and Vietnam. Such a system of governance could be described as being antagonistic to the social dialogue process. Social dialogue requires a pluralistic system of democracy where the main parties e.g. civil society, workers, employers and Government are equal partners whose opinions are of equal weight. In a country like Vietnam it is difficult for such a system to operate. The interests of employers in State Owned Enterprises are often identical with Government and trade unions are often regarded as an integral part of Government. The lesson which Vietnam shows is that it is difficult to employ the techniques of social dialogue in centrally directed command economies where the interests of tripartite partners are often regarded as identical.



## ZAMBIA

<b>Population</b> ( <i>million</i> )	<b>13.3</b>
<b>Dependency ratio</b> ( <i>per 100 people ages 15-64</i> )	<b>90.1</b>
<b>Median age</b> (years)	<b>16.5</b>
<b>GDP per capita (PPP) USD</b>	<b>1,400</b>
<b>Human Development Index (HDI) Ranking</b> ( <i>of 169</i> )	<b>150</b>
<b>Informal sector share of total employment</b> (percent)	<b>88</b>
<b>Gender Inequality Index ranking</b> ( <i>of 169</i> )	<b>124</b>
<b>Doing Business Ranking</b> ( <i>of 183</i> )	<b>76</b>
<b>Corruption perception index</b> ( <i>of 178</i> )	<b>101</b>
<b>Foreign Direct Investment (FDI) per capita</b> (USD)	<b>72</b>
<b>Freedom to join a political organisation</b> (percent)	<b>72</b>
<b>Norwegian bilateral assistance</b> (NOK million)	<b>394</b>

### 1. Zambia: the Basics

The population of Zambia is now over 13 million and has increased from 5.6 million in the past 30 years at an average annual rate of 2.9%. The dependency rate is low at 52.6 which means the country has a relatively young, productive population. The median age is 16.5 years. Zambia is a low income country with a GDP per capita of USD 985. Its Human Development Index has improved considerably in recent years. In terms of democracy/governance Zambia seems to be a free country. According to Afrobarometer, 17% of population discuss politics frequently with family, 55% think they are completely free to say what they think and 72% think they are completely free to join whatever political organisation they want. About 90% of Zambia's employment is in the informal sector which is quite typical. Its Gender Inequality Index is high mainly because of a high maternal mortality rate. Zambia is a moderately easy place to do business, but its corruption perception index is on the high side.

### 2. The Emergence of Social Dialogue in Zambia

The structure of the Zambian economy is the most important determinant factor in its progress towards social dialogue. Since independence in 1964 Zambia has been highly dependent on its copper mines. These went through difficult times in the 1970s and 1980s, but privatisation in the 1990s seems to have improved the position. But the dominance of copper mining has made for a very lop-sided economy. Today 85% of the labour force work in agriculture which is only responsible for 20% of the Gross Domestic Product. Mining which accounts for 32% of Gross Domestic Product employs only 6% of the labour force. Copper output and copper prices have increased considerably since 2004.

There are two main social dialogue institutions in Zambia today. The Tripartite Consultative Labour Council (TCLC) established under the Industrial and Labour Relations Act in 1993 consists of 21 members from government, the trade unions

and the employers. The National Economic Advisory Council (NEAC) was also established in 1993 and has 18 members from government, business, the unions and universities. These are said to be effective in promoting tripartite social dialogue. There are two trade union federations in Zambia today i.e. the Zambia Congress of Trade Unions (ZCTU) with 250,000 members and the Federation of Free Trade Unions of Zambia with 50,000 members. About 70% of those in formal employment in Zambia are unionised.<sup>40</sup>

Because of privatisation there has been a huge reduction in employment in the copper industry and the civil service with thousands being laid off. Because of the existence of the copper mines, Zambia always had relatively strong tripartite institutions i.e. trade unions, employers' federations and the Ministry of Labour since independence. However with mis-management and low copper prices, there was a degree of disillusionment by 1990. By then the economy was radically liberalised and the copper mines privatised. This gave rise to economic growth, but also to retrenchment and to reductions in the size and number of trade unions. Thus the major institutions for social dialogue have been considerably weakened, and the informal sector has expanded at the expense of the formal sector. LO has pointed out another negative effect of privatisation on social dialogue. When industries were under public management the employers were represented in the social dialogue process. However with privatisation there are now many new (often foreign) employers who are often unwilling or unable to participate in the social dialogue process.

With almost 90% of the labour force now in the informal sector the need for social dialogue is intense. Fashoyin<sup>41</sup> points to a number of problems associated with a large informal sector in a country like Zambia. Firstly in periods of retrenchment the most vulnerable labour market participants i.e. women are most likely to suffer and this happened in Zambia during privatisation. There was therefore special need to protect women workers. Secondly Fashoyin points to the lack of representation of the informal sector in the social dialogue process. Only 4,000 (less than 1%) of the 1 million small and micro-enterprises in Zambia are represented on the Small Enterprise Development Board (SEDB).

Another issue raised on the consultant's visit to the International Labour Organisation (ILO) in Geneva was the issue of Chinese and other foreign investors in Zambia and other African countries. China and Zambia have established a Special Economic Zone (SEZ) at Chimbashi to exploit the country's non-ferrous metals and by November 2009 it had attracted 11 companies and USD 760 million in investment. It was alleged the Chinese investors were unwilling to honour the country's international labour commitments and were unwilling to discuss collective bargaining issues or to meet with trade unions. There are numerous reports over the past 5 years of clashes between workers, trade unions and Chinese companies and supervisors in Zambia including the shooting of 11 Zambian coal workers in October 2010.

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<sup>40</sup> LO, "*LO-Norway/ZTCU Cooperation Report 2010-2014 - Baseline Study Report*", Oslo, 2010

<sup>41</sup> Tayo Fashoyin, "*The Contribution of Social Dialogue to Economic and Social Development in Zambia*", ILO, Geneva, January 2002

### **3. Zambia: Some Conclusions**

Despite the fact that there are strong and well established social dialogue institutions in Zambia, the social dialogue process has been weakened by privatisation and liberalisation of the economy and by extensive corruption. Many new employers are not engaged in the social dialogue process. Unemployed workers have been forced over into the informal sector where there is even less protection. There is therefore a great need to investigate how to extend protection to the informal sector. Foreign Direct Investment can also pose a direct threat to the social dialogue process where outside investors are not interested in promoting such dialogue. China's establishment of Special Economic Zones in Zambia is a case for careful and sensitive social dialogue to avoid clashes on labour rights and conditions. There is also limited scope for a social dialogue process in a country where almost 90% of the population are engaged in agriculture.

# 3. CONCLUSIONS AND RECOMMENDATIONS

## 1. General Conclusions

What this brief study shows more than anything else is that there is no prescription for successful social dialogue. The status of social dialogue in any one country is totally dependent on that country's own particular political, economic and social history and development. And every country is different. And every country is unique.

If social dialogue consists of measured discussions between opposing interests seeking to achieve mutual political, social and economic goals, then what is needed more than anything else is a degree of political stability, and respect for the counterpart's opinion.

In the developing countries which have been the subject of this Desk Study, the stability and respect needed to foster social dialogue have been very much the exception than the rule. Angola and Mozambique have experienced decade-long, crushing civil wars until very recently. Brazil, Ghana, Indonesia and South Korea have suffered many years under authoritarian rule. South Africa shook off the evils of Apartheid in 1994. Kenya and Zambia have suffered decades of virtual one-party rule which brooked little opposition. Vietnam still suffers from this. Only Costa Rica and India seem to have managed to maintain the democratic institutions necessary to promote social dialogue. But in Costa Rica this has been thwarted by powerful land-owning interests and in India bitter political divisions have given social dialogue a rough ride.

Our review of the situation with public-private social dialogue on socio-economic issues in 12 developing countries demonstrates that, because of political conditions i.e. war, instability and authoritarian regimes, social dialogue as we have interpreted it, is a relatively new phenomenon. It has not had much time to take root in most of these countries so that it is difficult to say whether social dialogue reduce political, gender, ethnic, religious or other tensions. However there are indications that an absence of social dialogue within society may heighten such tensions.

A basic question which this Study also raises is whether the existence or presence social dialogue can resolve or reduce social strife? Conversely is an absence of social strife a precondition for social dialogue? It is difficult to answer but it is significant that authoritarian regimes which have experienced civil unrest are also those which have rejected the adoption of the Decent Work agenda. It seems unlikely that a meaningful Decent Work agenda and social dialogue process can co-exist with an authoritarian regime. Similarly it seems clear that a meaningful social dialogue process can mitigate the worst effects of unemployment and under-employment, especially amongst the young, but this takes time to take effect.

From the study of the 12 developing countries it became very clear that the conditions for social dialogue in almost every country have improved greatly in the past 10 or 20 years when civil wars have ended, authoritarian governments have been overthrown and democratic government has been re-instated. Before 1990 meaningful social dialogue was almost impossible in most of the countries studied either because ruling governments would not permit dialogue, or because the population had no control over their territory (Angola and Mozambique). Now the situation is very different and much more hopeful, and social dialogue has real prospects in most of the countries studied. In fact it is safe to say that social dialogue has been a useful tool in several countries e.g. Indonesia, South Africa and South Korea for assisting in economic reform after financial crises.

It is very evident that social dialogue has been an important tool in promoting economic reform, or even combating the financial crises. In South Korea after the Asian Financial Crisis people seem to have seen social dialogue as a sensible way out of crisis. Indonesia experienced the same phenomenon. The same thing seems to have happened in Chile (not studied in this Study) when the fall of Pinochet left a political and economic vacuum. In South Africa, social dialogue and the efforts of the trade unions seem to have had a part in the fall of Apartheid and the subsequent economic reform. A similar development towards reform may be happening in Kenya today.

One alarming trend which may threaten to reverse the gains of social dialogue made in the past three decades emerged from this study. This was the apparent reluctance of some foreign investors (and here the Chinese in Africa and elsewhere were especially mentioned) to bide by the principles of Decent Work. This threatened to undercut the progress on social dialogue which had been made in recent years. It is perhaps significant that the People's Republic of China has not ratified the two ILO Conventions referred to above concerning Collective Bargaining and this may affect its attitudes to Decent Work and social dialogue in its overseas investments in Africa.

Attempts were made during the Study to identify other donors interested in supporting social dialogue and the Decent Work agenda, but they resulted in little. It seems the British government is not particularly interested. The European Union and the German government have indicated an interest but provided no details. The Swiss Government is involved in supporting the Decent Work Agenda through its Ministry of Labour. Neither Denmark nor Sweden appear to have the interest or commitment which Norway has shown towards the Decent Work Agenda and social dialogue. One organisation i.e, the Friedrich Ebert Foundation in Germany has shown a consistent interest in supporting the social dialogue process through its support for democratisation. It is also noteworthy however that the Financial Mechanism Office (FMO) which administers the EEA Grants and Norway Grants made available by the European Free Trade Association (Norway, Iceland and Liechtenstein) has established a Global Fund for Decent Work and Social Dialogue which will be used to support decent work and social dialogue in Europe in the period 2009 to 2014.

## **2. Specific Conclusions**

- Because of a general improvement in governance in most developing countries the conditions for social dialogue have improved greatly in the past 20 years.
- One of the greatest challenges confronting social dialogue today is how it can engage with the “informal”, “unorganised” sectors. These account for between 60% and 90% of the labour force in most developing countries and are often, but not always by-passed by trade unions and employers’ associations.
- There appears to be an inherent conflict between privatisation/foreign direct investment and social dialogue. It is frequently claimed that investors/developers are not interested in maintaining social dialogue mechanisms. Chinese involvement in Africa was cited as an example of the threat to social dialogue.
- South Africa, Ghana and India have made good progress on promoting genuine social dialogue and these could perhaps serve as models for other developing countries wishing to expand the social dialogue process. All three countries have lessons to teach on how to incorporate the informal sector into social dialogue.
- Despite their history of authoritarian government, both Kenya and Zambia have an active social dialogue which has contributed to both economic and political change.
- Countries like Angola and Mozambique both have rapidly expanding economies. Yet because of war and one-party rule which is authoritarian in character they have had little time to build up functioning social dialogue processes. There may well be scope for Brazil to assist Angola’s social dialogue process.

### **3. Recommendations**

- Through its support to ILO and other multilateral organisations and bilateral programmes of support to LO, NHO and HSH, Norway is a major player in promoting Decent Work and social dialogue in developing countries. This support is needed more than ever and should continue.
- It is recommended that consideration be given to supporting social dialogue institutions in Ghana, India and South Africa to give support to countries in need of support to mobilising social dialogue within the informal/“unorganised” sector. Contact should be made with appropriate trade unions and employers’ associations in these countries.
- It is recommended that Norway increase support to social dialogue institutions e.g. employers’ associations, trade unions, labour inspectorates in countries where foreign investment is threatening to undercut social dialogue processes e.g. Angola, Zambia, Kenya.

## ANNEX 1

### LIST OF MEETINGS HELD FOR DESK STUDY ON SOCIAL DIALOGUE: NOVEMBER 2010 to JANUARY 2011

Date	Participants
1 November 2010	E.Moen (Norad), E.Sletten (Norad), D.Larsson (Norad), T.Evensen (MFA), S.Skaare (MFA), Oslo
17 November 2010	C.Houeland (LO), C.Parker (LO), D.Bøhn (LO), Oslo
18 November 2010	D.Larsson (Norad), Oslo
22 November 2010	L.Tørres (Independent consultant), Oslo
23 November 2010	T.Tveit (NHO), I.Østby (NHO), V.Lindfeldt (NHO), H.Martinsen (NHO), Oslo
25 November 2010	E.Moen (Norad), D.Larsson (Norad), T.Evensen (MFA), Inger Hammermark Ulleberg (MFA), Oslo
6 December 2010	T.Fashoyin (ILO), S.Hayter (ILO), I Chernyshev (ILO) Geneva
7 December 2010	K.Stormark (Norwegian Delegation) Geneva
7 December 2010	M.Berge (ILO), M.Oumarou (ILO), Y.Ghellab (ILO) Geneva
7 December 2010	V-Berset-Bircher (Swiss State Secretariat Economic Affairs) Berne
9 December 2010	I. Østby, (NHO)
17 December 2010	E.Moen (Norad)
5 January 2011	C.Parker (LO)
6 January 2011	H.Martinsen (Hydro)
7 January 2011	E.Moen (Norad)
12 January 2011	D.Bøhn, LO
19 January 2011	C.Houeland, LO (telephone interview)
24 January 2011	C.Anderssen, S.Skaare (Ministry Foreign Affairs)

## **ANNEX 2: BILATERAL NORWEGIAN ASSISTANCE TO THE SOCIAL DIALOGUE PROCESS IN ANGOLA AND BRAZIL**

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### **Introduction**

The Study showed that, largely because of Norwegian trade and commercial interests, considerable interest had developed in developing bilateral relations on corporate social responsibility, decent work and social dialogue between Norway, Angola and Brazil. This Annex describes this work.

### **Angola**

Norway has become a major player in the Angola petroleum sector. Statoil, Hydro, Yara, Veritas and Odfjell Drilling are all major players in the Angolan economy. In 2009 Angola accounted for 37% of Statoil's oil production outside Norway, and Statoil has been involved in the oil sector in Angola since 1990.

In November 2009 Norway's Foreign Minister Jonas Gahr Støre visited Angola to address a seminar on Corporate Social Responsibility (CSR). Støre emphasised that there were several large Norwegian companies operating in Angola and that these certainly had distinct responsibilities towards the communities within which they operated. Støre referred to the Norwegian government's White Paper on Corporate Social Responsibility.<sup>42</sup> He said the White Paper made it clear that tripartite dialogue was a key component in creating an enabling environment for corporate social responsibility. He said he believed that Norwegian companies in Angola were contributing more to CSR in Angola than the Norwegian development aid to Angola (NOK 112 million per annum).

The Foreign Minister's speech has set the tone for Norwegian assistance to Angola on decent work and social dialogue. By setting examples, Norwegian companies can show Government, trade unions and the private sector the potentials for CSR, decent work and social dialogue in Angola. Both the Confederation of Norwegian Enterprise (NHO), on the employers' side and the Norwegian Confederation of Trades Union (LO) have developed programs of assistance on promoting social dialogue in Angola. NHO has worked in Angola since 2006. NHO cooperates with the biggest employers' organisation in Angola i.e. The Chamber of Commerce and Industry of Angola (CCIA) which has 3,500 members. NHO is helping CCIA to open provincial offices in all 18 provinces (on the model of NHO's 15 regional offices in Norway). They are also providing training on corporate social responsibility, health, environment and safety and anti-corruption work. With support from the Ministry of Foreign Affairs, NHO is organising a seminar on social dialogue in Angola in February 2011. LO has been working on assisting unions involved in the oil industry through the Norwegian "Oil for Development" programme. However there is a recognition that the two main trade unions in Angola are very closely allied with the government and with the ruling MPLA party.

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<sup>42</sup> Government of Norway, "*Corporate Responsibility in a Global Economy. Report No.10 (2008-2009) to the Storting*", Oslo, 2009



## **Brazil**

The Norwegian King and Queen made a state visit to Brazil in October 2003 intended to cement commercial and trade links between the two countries. Traditionally Norway has had major and growing trade interests in Brazil in the shipping, fish (bacalao) and oil and gas sectors. With the growth of Brazil's offshore oil and gas industries there has been particular interest from the Norwegian side. There are now more than 70 Norwegian companies established in Brazil and Norway's Ministry of Trade and Industry is currently working on a Strategy for Economic Cooperation between Norway and Brazil. This should be completed at the beginning of 2011.

Both the Norwegian Confederation of Trade Unions (LO) and the Norwegian Confederation of Enterprise (NHO) have been active in cooperating on assisting Brazil. It is thought the experience of Norwegian workers' and employers' organisations at company level has particular relevance for Brazil. The process was started off by a visit to Brazil in August 2006 by Norwegian Minister for Environment and Development Cooperation and has been followed up over the next 5 years. Major workshops were held in Brazil and Norway in October 2009 and May 2010. <sup>43</sup> NHO describes the process as seeking "arenas for dialogue". Of particular interest is Norway's experience of social dialogue in remotely situated, isolated one industry "company towns" e.g. Odde (aluminium) in Norway. Brazil has many such raw-material based towns where Norwegian experience may be relevant.

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<sup>43</sup> Gunnar Zachrisen, "*Den norske modellen til Brasil*" in "Bistandsaktuelt", Oslo, 18 May 2010

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