INAUGURAL SESSION

Ms. Claudia Coenjaerts, Director of the ILO/Colombo welcomed participants to the workshop. She noted that the ILO was pleased to have been able to mobilize this group of social partners to discuss the poverty reduction strategy. She stressed the importance of an active labour market policy for any effective growth strategy and commended the Minister of Employment and Labour for his efforts during the past year to develop a National Employment Policy and the National Productivity Policy during the past year through a participatory process that involved all stakeholders. She expressed her pleasure at learning that these documents will be linked to the poverty reduction strategy and hoped that it would integrated in a skillful manner. Ms Coenjaerts stated that the Poverty Reduction Strategy is by far the most important policy document development by a government and would form the basis for all development assistance in the future. She was therefore pleased that with support from the Dutch Government, the ILO has been able to strengthen its constituents’ participation in the PRSP process. Although the process was at a fairly advanced stage when the ILO became involved, she noted that employers and workers were keen to get involved and they had gone far beyond her expectations in establishing a position on the PRS. Since the strategy is in its final stages, Ms. Coenjaerts hoped that the Government would take on board the comments emerging from the two position papers and from the day’s deliberation and more meaningfully, with continued donor support, hoped that the tripartite partners could be represented in monitoring structure that will overlook the implementation of the poverty reduction strategy in the future.

Mr. Peter Harold, Director of the World Bank’s Colombo office, introduced the general concept of the Poverty Reduction Strategy and conveyed his expectation that it would become the center of development approaches in most countries, as the blueprint that all development partners would follow. He informed participants that in his view the Poverty Reduction Strategy was extremely simple – it is a framework whereby development partners jointly identify the poor, the sources of their poverty and then devise a strategy to do something about it. It inevitably contained a growth strategy as its primary component, since economic growth must be the foundation of any effort at poverty reduction. However, the PRS must also contain a strategy for equipping the poor to lift themselves out of poverty in the future – investment in education, health, skills development and training – and to create structures for employment creation and improved labour market information. The PRS would further contain strategies for protecting the vulnerable and ensuring that they are not excluded from the process. Strategies of this type have historically been devised in backrooms of Ministries of Finance between the local “economic team”, the IMF and the World Bank but very few stakeholders would have any knowledge or ownership of it. The PRS as it is being handled now puts primary emphasis on participation of stakeholders both at the formulation and implementation stages. Mr. Harold concluded assuring participants that mechanisms would be established to enable tripartite participation in the implementation process.

Honorable Mahinda Samarasinghe, Minister of Employment and Labour, in his introductory remarks, stressed the important strategic role that the Ministry has to play in a poverty reduction process in this country. He commented on the numerous strategies that the Ministry had embarked on in support of the poverty reduction strategy including those related to productivity and employment generation which have a very positive correlation with the PRS. The Minister stated that in his view development must be seen as “economic growth which enhances social justice” to be effective. He felt that this was a good forum for social partners to debate their views of the development needs of the country and contribute their thoughts to the evolution of this development strategy. He believed that resources should be targeted and clearly removed from politicization, made available on a level playing field and must reach the people who need assistance the most with government playing a
simply a facilitative role. The Minister noted that he is presently in the process of establishing job service centers (JobsNet) in 17 districts in the country as a private-public partnership with the Ceylon Chamber of Commerce. He also mentioned the post conflict scenario and the importance of having an income generating and job creation strategy for the North and East to ensure that the “people-driven” peace process stays on track and that there is a visible dividend from the peace process. He anticipates that there will be bi-partisan support for such an initiative.

Mr. Charitha Ratwatte acknowledged the Government’s commitment to the poverty reduction and growth strategy (PRGS), noting that it was initiated by the previous regime yet is being continued with equal commitment. He illustrated how many analysts have noted that Sri Lanka has sought to reap the benefits of growth prior to realizing its full growth potential by citing, among others, Joan Robinson’s oft quoted remark that Sri Lanka “ate the fruit before planting the tree…” He commented that such “short-term-ism” has been the bane of Sri Lanka’s development history. This government would like to have it broadly understood any strategy that focuses on poverty reduction must be based firmly on achieving economic growth, more specifically growth that is equitable and that generates a surplus that is reinvested. Unlike other processes which have “marginalized” large segments of the Sri Lankan population and thereby prevented the achievement of Sri Lanka’s full growth potential, the PRGS has been an open, inclusive and enriching process. The Government anticipates that the key to achieving the objective of economic growth is in private sector initiative, which is expected to “jump start” the growth process. With this in mind, the Government has recently launched an important policy statement which seeks to “get industry going”. Mr. Ratwatte described this program as a sub initiative of the PRS process which he views as a vital component of the PRGS, yet one which is flexible and adaptable in a practical manner. He pledged the Government’s support to ensuring that there are definite benefits to growth and concluded that Sri Lanka will only be able to “reap its harvest” after “having planted the tree firmly”.

Mr. Guiseppe Casale, Director of the ILO’s “In Focus Programme on Social Dialogue”, focused his introductory remarks on the lessons that the ILO had learned from its ongoing association with the World Bank’s PRGS process throughout the world. (specifically in Nepal, Mali, Honduras, Tanzania and Cambodia) He commented that the process itself is extremely challenging for all parties concerned as objectives that have been set are difficult to achieve and often, notable tensions exist between such objectives. The process also focuses too much on growth and insufficient attention has been placed on equity issues. Particularly in lower income countries, growth is not possible without addressing equity issues. He also observed that, in most cases, the PRSP does not contain a deep analysis of employment issues, labour markets and core labour standards and recommended that more attention be paid to maximizing the impact of growth on poverty by analyzing equity issues (land rights and fundamental rights at work, for example). Furthermore, Mr. Casale stressed the importance of improving the participatory process used in the PRSP (trade unions, ministries of labour and worker organizations have had considerable difficulty in participating in the PRS process and must be involved more systematically in the process) and integrating it with other government processes. He recommended that speed be balanced with quality and that donor processes should be aligned more closely with the PRSP to ensure real implementation, updating and achievement of the objectives. He illustrated these observations with a more detailed description of the PRS process in Nepal and Cambodia.

Mr. Gotabaya Dassanayake, Employer’s Federation of Ceylon, presented the employers’ perspective, stating that there was no dispute in their minds regarding the value of reducing poverty and pledged the employers support to facilitate implementation of the strategy. The employers proposed six pillars from their side which were important to be able to achieve growth and reduce poverty. These included – peace (with highest priority), law and order, good governance, an employable skilled workforce, adequate infrastructure, supportive institutional structure and labour market flexibility. Mr. Dassanayake also noted that there are other parallel processes which identify many of the same issues as the PRSP which should be taken into account and coordinated with to ensure that the PRSP is more effective. These include the National Employment Policy and the National Productivity Strategy.
Mr. D. W. Subasinghe, Secretary General of the Ceylon Federation of Trade Unions, cited the mixed reaction by trade unions to the PRS process although they had submitted their comments in an effort to be as constructive in their engagement as possible. He recalled the hostile reactions that confronted initial ILO efforts when the PRSP was first introduced to trade unions several months previously and stated that the unions continued to be skeptical of the entire process, considering it as part and parcel of unacceptable policy prescriptions promoted by the Bretton Woods institutions, particularly the International Monetary Fund (IMF). Mr. Subasinghe then noted that several economists have recently departed from the traditional IMF/WB prescriptions, and some, notably Dr. Joseph Stiglitz, have been openly critical of their policies and undue influence by US Treasury interests. Mr. Subasinghe viewed this divergence of thought among economists as a window of opportunity in the evolution of international development theory and one which trade unions should take advantage. He viewed the introduction of the “participatory” PRS process as an effort to make individual countries take on a semblance of responsibility for embarking on policy prescriptions which in effect appeared to be indirect admission of failure on the part of these institutions and their development theories. Yet, Mr. Subasinghe conceded that the capitalist system continued to prevail and that unions have no illusions about growth and equity issues - growth was clearly an essential priority. However, Mr. Subasinghe encouraged the participants, and challenged unions, to gain a better understanding of economic theory and growth issues, taking into account new theories as they emerge, so that they can comment more substantively and constructively to this ongoing process.

As an introduction to the second session, Mr. Rainer Pritzer of the ILO’s Geneva office, spent a few minutes going over the methodology through which the workshop proposed to develop a common position. He noted that although ILO had entered the process somewhat belatedly, the initiative was extremely timely as the PRS had not been finalized and was expected to be submitted to the World Bank in March, 2003. He therefore anticipated that there was sufficient time to influence the process based on the day’s deliberations. He noted that a consolidated position paper based on the tripartite group work at the workshop would be presented to the World Bank. He further encouraged the participants to ensure that workers and employers remained engaged in the process through the implementation and monitoring stages which were yet to come.

Mr. Pong Sul Ahn, Senior Worker Specialist of the ILO’s New Delhi office, served as the moderator of the second session. He encouraged the participants to focus their discussion on common objectives which they could have ownership over and express their joint commitment. Speaking to the employer representatives, he advised that they should try to engage with trade unions as “genuine” partners to generate true participation and concurrently advised union that to contribute effectively they needed to strengthen their internal collaboration, harmonize the union viewpoint and speak with a collective voice. Mr. Ahn then outlined broad areas in which he considered that there was potential to develop a common consensus. These included unemployment/underemployment in the informal sector, reform of the civil service, labour market flexibility and privatization. He encouraged the strengthening of the National Labour Advisory Committee (NLAC) to achieve better social dialogue and enable more effective monitoring.

SESSION 2 – WORKERS POSITION PAPER
National Association on Trade Union Research (NATURE)

Mr. Rasdeen presented the main areas of concern to workers, noting at the outset that the Poverty Reduction Strategy was basically “old wine in new bottles”, or traditional structural adjustment policies clothed in new terms. The unions had no expectation that international organization perspectives would change overnight and they remained as skeptical about the ability of the PRS to have an impact on macroeconomic conditions as with previous policies. Nevertheless, given the high incidence of poverty among employed persons (particularly those living in remote areas) and informal sector workers (farmers on small holdings, paddy farmers, individual craftsmen, livestock and fisheries sectors) it was clear to the unions that the PRS must affect all workers and therefore they could not turn a blind eye to the process. Although it is difficult to get consensus among the trade
unions, an effort has been made to present their viewpoint and ensure that the rights of workers remains high on the PRS agenda. Mr. Rasdeen then presented the unions’ position on labour market reform, freedom of association, monitoring and evaluation, the plantation sector, education, garments and tourism stressing the importance of true bottom up consultation processes in setting objectives and encouraging tripartite representation on monitoring and evaluation mechanisms. He remained uncertain as to whether a true social dialogue would be possible, given recent experience in discussions with the revision of the Termination of Workers Act and commented that the views of stronger social partners tend to prevail in most fora, and, as such, most unions have lost faith in mechanisms of collaboration like the NLAC. Unions want a genuine social dialogue and want to ensure that the working poor have the right to affect policies that have an impact upon them.

DISCUSSION

A very fruitful discussion followed the presentation. A representative of the Department of Labour stressed the importance of specifically identifying areas of concern to the group so as to be able to make constructive recommendations that can feasibly be considered in any revision to the PRPS document. Concrete proposals must emerge as a result of the day’s deliberations.

*Need to balance free market and government oriented policy:* One participant questioned the approach of the PRSP, stating that it was too ideologically centred in the free market system projecting the latter as being the solution to all problems faced by poor countries, when in fact, World Bank trickle down policies had failed miserably with very little, if any, explanation as how this came about. It was his opinion that two decades of focus on the market economy has induced rather than reduced poverty. This position was widely supported by a number of trade union representatives. The participant encouraged the Sri Lankan government to take a more practical and balanced approach appropriate to the Sri Lankan context rather than to accept ideological perspectives. He recommended that the Government should maintain a balance between free market ideology and the historically supportive role that many Governments, including those in newly industrialized countries, have effectively played to prevent market forces from taking precedence over all else. Government can become a complementary force to private sector growth by supplementing the efforts of the private sector with effective regulation, appropriate safety nets and protection for workers.

Other participants supported this position, recommending that unions demand continued Government involvement and protest the shift of responsibility for growth solely to the private sector. It was noted that in the 1978-81 period in Sri Lanka, the impetus for increased economic activity came from Government investment in infrastructure. One participant questioned the PRS objective of promoting the reduction of taxation, saying that he felt it would restrict the ability of the Government to engage in an effective manner. There appeared to be a general consensus among the trade union representatives that the PRSP should not be solely private sector driven and that the two sectors should be promoted as equal complementary partners.

*Importance of research and development:* The same participant commented more specifically on the need to develop the work force to meet the needs of the market. He recommended that the private sector engage in more strategic research and development activities to study new sectors where value addition is possible and develop the workforce with the needs of these sectors in mind. Another comment in this regard suggested that the development of multi-skilled workers to meet competitive market requirements was best accomplished by introducing company level social dialogue.

*Growth vs Equity:* Employer representatives focused their comments on the importance of facilitating an environment conducive to growth. However, trade unions felt that growth should not be discussed without considering equity concurrently. It was suggested that employment generation was the key and given that poverty appears to prevail in the informal sector, it was important to create an environment conducive to generating employment within the formal sector. Employers noted that growth must be the primary force and that inequitable growth would not be sustainable and therefore they agreed that equitable growth should be the focus.
Labour Market Reform: One participant commented specifically on the importance of labour market reforms to promoting growth, stating that it has been the “Achilles heel” of the Sri Lankan economy. Quoting the Central Bank’s recent Annual Report, he noted the importance of recognizing that labour market flexibility is the key to enhancing economic performance. He noted that it is necessary to come to a consensus on this issue and to consider a more comprehensive approach rather than undertaking labour market reforms in an ad-hoc, piecemeal manner. Another participant noted that the PRPS documents lacked an analysis of the labour market and noted that one significant contribution that the assembled group can make is to stress the link between poverty issues and labour market constraints.

Focus on Employment: The fact that virtually all sectors highlighted as being below the poverty line were in the informal employment was stressed. A participant commented that these sectors should be brought into the formal structure and then efforts could be focused on making the environment conducive to generating employment within the expanded formal sector.

A discussion of the causes of poverty in the plantation sector resulted. A participant commented that plantation workers have received a 20% wage increase in recent collective bargaining agreements. There was concern that poverty in the plantation sector may in fact be the result of poor management of income, alcoholism and drug abuse. Another participant noted that although alcoholism was a serious issue in the plantation sector, drug abuse was not. One participant cited a survey of the informal sector which found that expenditure on alcohol and drugs among informal sector workers is greater than their total family income. Participants were informed that Sri Lanka is known to have the highest per capita use of alcohol and drugs in Asia.

The discussion expanded into a debate regarding the nature of poverty in Sri Lanka. A participant commented upon the fact that 40% of rural farm incomes are presently generated from off-farm income and suggested that effort should be focused both on increasing agricultural productivity as well as expanding opportunities for off-farm income. It was noted that almost 90% of private sector engagement occurs in the Western Province, primarily due to the infrastructure facilities. Government revenue in 2002 is insufficient to even meet interest obligations and therefore there is no possibility of the Government broad basing infrastructure development without significant donor and private sector involvement. Access to basic infrastructure facilities at provincial level will encourage the private sector to move out to the provincial areas which in turn will impact upon off-farm income generation. Other participants were concerned about reasons for the rural sector becoming poorer and questioned whether increases in off farm income were what the people actually wanted. It was suggested that with a large segment of the population being involved in farming, every effort should also be made to improve agricultural productivity and improve farm income. Participants cited the high cost of agricultural inputs, the absence of effective and open marketing systems for farm produce which have resulted in migration from low income to high income areas. A Government representative noted that efforts are underway both to study constraints in the agriculture sector as well as to provide infrastructure linking isolated areas through various donor projects.

Privatization: A trade union representative brought up the issue of privatization, stating that, particularly with reference to the banking sector, trade unions were strongly opposed privatization. He stressed the importance of social dialogue in this regard, indicating that the President of the Bank Employees Union had heard about the impending privatization of a state bank from external sources and that no effort had been made to communicate internally on why the bank should be privatized. He rejected the concept of privatization on the basis of purely ideological reasons, stating that the narrow confines of ideology and political exigency were the same whether socialist or free-market. He recommended that the Government take decisions solely on the basis of independent assessments by persons who understood the local situation and were in a position to make a considered judgement on the facts. Employees must be informed of the reasons behind the move to privatize. For example, in the banking example, the state banks were in critical condition due to crony capitalism, political mismanagement and interference which has resulted in bad loans. The unions in these banks are fully
supportive of any efforts to make the banks independent and run on a professional basis but not the random decision to privatize for ideological reasons.

SESSION 3 – EMPLOYERS POSITION PAPER

_Employer’s Federation of Ceylon (EFC)_

The Employers position paper focused primarily on the impediments to employment generation on the basis that the most effective strategy available for the reduction of poverty is the creation of productive employment and through it access to a regular source of income for employees to sustain an acceptable standard of living.

The presentation then detailed general observations and comments regarding the formal and informal sectors. Within the formal sector, the issue of productivity was highlighted, emphasizing that Sri Lanka is becoming increasingly uncompetitive at global level when matched against the unit labour costs in India, Vietnam and China. Employers commended the ongoing efforts of the present government to adopt a National Policy on Productivity, but also recommended the need for research institutions to assess the business environment, the need for a more flexible labour market, and the importance of retraining and skills development to upgrade and improve worker skills, as well as training of government officials on competitiveness and the free market economy. Employers recommended that minimum wage laws be reviewed and that a system which permits payment of a base wage and performance related rewards such as bonuses be instituted. In the industrial sector, employers noted the importance of improving infrastructure facilities, including transportation, electricity, water, communication. Specific reference was made to development of the airport system and the port system and to taking greater advantage of Sri Lanka’s strategic geographical location. In the service sector, employers stressed the need to move to a 24 hour access culture to remain competitive, one which is difficult to implement in Sri Lanka, both due to the existing work culture and constraining legislation. In terms of the informal sector, employers suggest that a distinction be made between urban and rural poverty with appropriate interventions made in each.

The employers listed eight broad areas which they feel are “crucial” conditions for attraction of investment and employment generation. These include – peace, law and order, good governance, an employable skilled workforce, a flexible labour market, adequate infrastructure and a broad supportive institutional framework for development within in a market economy. In this background the employers highlighted the following:

- The need for a greater degree of labour market flexibility
  - Amendment of the Termination of Employment Act
  - Pre-established formulas for compensation
  - Ability to reduce workforce with prior approval
  - Review the powers vested in labour tribunals

- Review legal framework related to terms and conditions of employment
  - Revise restrictive provisions of labour law pertaining to night work, work conditions for women and overtime.
  - Reduce and introduce uniformity in holidays among sectors.

- Move toward a performance based flexible wage structure.
  - Review existing wages board framework.
  - Introduce minimum wage legislation.
  - Extricate government involvement in wage determination.

- Recognize and encourage the use of outsourcing and subcontracting arrangements

- Promote non adversarial labour management relations at enterprise level.
  - Introduce a more balanced labour relations system that does not favor the worker.
  - Regulate the right to strike by requiring conditions such as prior notice or a specific procedure for strike declaration.
- Reduce multiplicity of unions and encourage a unified voice.
- Curtail the use of unfair labour practices
- Identify "go slows", "gheraos" etc as unacceptable extra legal labour practices and establish clear sanctions in law to prevent their use.

The employers further highlighted their concerns with regard to four selected sectors of the economy – plantations, garments, tourism, education. In the plantation sector, which the employers concede remains a major force from the point of view of export earnings and employment, one of their primary concerns is the improvement of productivity. However, they note that plantation companies are compelled to raise wages under threat of union action and feel that political considerations inevitably override economic considerations in this sector. Within the garment manufacturing sector, employers felt that Sri Lanka can meet global challenges by projecting itself as a socially responsible manufacturer, by creating an upmarket image through developing innovative local design capability, become a total service provider to the global apparel industry and by targeting regional markets. In the tourism industry, employers recommend improved marketing of Sri Lanka as a tourist destination, improving infrastructural facilities for the tourist industry, diversification away from the “sun and sand” concept and targeting regional tourist demand. Employers put great emphasis on the importance of the education sector both for purposes of upgrading the skills available for the private sector but also to meet overseas employment demands. They believe that Sri Lanka can project itself as a regional training hub for information technology and that private education should be encouraged so as to maintain education standards and make quality education accessible to the entire population.

Employers also highlighted the changing role of the Ministry of Labour and encouraged it to look beyond its traditional objectives of protecting worker interests and to focus on areas of more critical importance like industrial relations (promoting non adversarial dispute settlement through mediation based on “interest based” problem solving techniques) and worker education, thus viewing their role as more of a partnership with workers and employers. Employers expressed their hope that the National Competitiveness Council would evolve into an exemplary tripartite, apolitical and transparent body which could keep abreast of productivity issues but also play a role in the monitoring of the implementation of the PRPS in the future by coordinating with all relevant authorities and stakeholders with the overall objective of enhancing Sri Lanka’s competitiveness.

DISCUSSION

During the discussion that followed the presentation of the employer’s position paper, Mr. Faiz Mohideen of the Department of External Resources was present in his capacity as the coordinator of the PRPS process. Many questions were therefore addressed to him and the discussion was expanded beyond the employer’s paper to a broader discussion of the PRPS process.

At the outset, a trade union representative questioned the “narrow” approach taken by the Employers Federation of Ceylon, noting that the EFC was not the appropriate representative for the private sector, but was instead itself a trade union representing larger enterprises. He felt that as such the EFC has taken a very “one-sided” approach and encouraged a broader perspective from other representatives of the private sector like the chambers of commerce, particularly the chambers representing small and medium enterprises in Sri Lanka. A comment was also made by another participant that while the Employers Federation claims to be committed to the basic principles of the ILO decent work agenda, this may be true of its membership but there are many employers who are not members of the EFC and do not subscribe to it. Many participants felt that the move toward a set formula for compensation in labour disputes was a move in the right direction, but no one was aware of what the final formula was. Both trade unions and employers had submitted their recommendations and the Government had not made a final decision on the configuration of the new formula. Trade unions also expressed their concern about new subcontracting arrangements which are being supported by the employers, stating that, particularly in labour subcontracting, such arrangements remain outside the purview of existing labour regulations and can be quite dangerous. They felt that the vagueness of the definition of subcontracting has led to its misuse and a means of
circumventing labour laws. Similarly, on the issue of night work for females and the relaxation of regulations regarding working conditions, trade unions were concerned that the prevailing socio-economic environment did not support such relaxation as workers continued to be faced considerable constraints with poor transportation, poor security and other external factors which would jeopardize their personal security.

Responding to questions regarding the PRPS, Mr. Faiz Mohideen informed participants that a set of 12 committees would be set up on a sector-wise basis to supervise the implementation of the PRPS. In each sector, outcome indicators would be developed to measure the impact of implementation through targeted reviews. It is likely that the National Operations Room which is to be set up shortly will take the lead in coordinating play a lead role in these assessments. In response to a question regarding the “Regaining Sri Lanka” document and its relation to the PRPS, Mr. Mohideen noted that the PRPS is a technical document which has been over 4 years in preparation through intensive discussions with stakeholders whereas the RGSL is more of a long term vision for Sri Lanka that was developed solely with private sector engagement. The two documents can be viewed as part of the same continuum and as complementary documents. There was much dissent from the participants about the participatory nature of the PRPS process and Mr. Mohideen was questioned regarding the nature of the participation and how trade unions came to be left out of the non-governmental participants. One participant questioned the authorship of the document and wanted to know who would take responsibility for its contents. Mr. Mohideen noted that the Ministry of Finance had coordinated the framework, that there had been numerous authors and that each line ministry took the lead in developing the consultative process for their area. He anticipated that the PRS would remain a “living document” which would continue to evolve with constant review. It was noted that the Ministry would publish names and contact information for the members of the 12 committees to be set up as part of the monitoring process and any representations could be made directly to the committees on their respective subject areas.

SESSION 4 – GROUP WORK AND RECOMMENDATIONS

The participants were divided into four working groups.

Group I: Social Dialogue, tripartism, modernization of labour administration

The participants acknowledged the key role that social dialogue can play in the formulation, implementation and monitoring of an integrated decent work and poverty reduction strategy for Sri Lanka. They recommended a broadening of the constituencies involved in social dialogue, including not only employee/employer organizations, trade chambers, NGOs, academics and professionals but also community based organizations – social, cultural and religious groups (including cultivation committees, death donation societies etc.)

The participants recommended that the Department of Employment and Labour be reformed at the central and provincial levels. This would involve the expansion of the department, the strengthening of its staff capacity and the creation of a modern secretariat. Further, participants recommended that immediate efforts be made to expedite settlement of pending cases under the Industrial Disputes Act and Termination of Employment Act. Tripartite partners should be educated on international standards. With specific reference to occupational health and safety standards, participants recommended that the labour inspectorate be expanded and provided necessary training and that the public sector be included within the purview of such laws. It was further recommended that the private sector play a greater role in research and training.

Group II: Issues pertaining to “Decent Work” and enforcement of worker rights.

Participants recommended that any poverty reduction strategy should make a firm commitment to fundamental principles of rights at work – freedom of association, right to organize, equal
remuneration, elimination of forced labour and child labour – making employment the central objective of all economic and social policies. Participants were supportive of these fundamental principles as enshrined in the ILO core conventions and accepted that these must be implemented and enforcement strengthened.

Participants recommended that a sub-committee, headed by the Secretary Ministry of Labour, be established under the National Labour Advisory Council to deal specifically with employment issues, promote worker education and social dialogue. This committee could provide a means for the social partners to engage in the PRS process, especially at a later stage of monitoring and evaluation.

Group III: Employment Generation and Labour Market Reforms

The participants recommended that an environment conducive to investment be created as a base for increasing employment generation. Shift to higher skilled capital intensive and high value-added industries. Shift away from investment in traditional areas (like garments and plantations). Make better use of the hub concept focusing on comparative advantages. Labour market reforms should be implemented immediately ensuring that effective safety nets are in place to provide adequate security for workers.

Group IV: Strategic Economic sectors

Plantations – improve living conditions of workers providing them with separate living units; value added products to be introduced to increase income of plantation workers; supplementary income from alternative sources (cultivation of vegetable plots) to increase family income; promote education and training facilities:

Tourism - Aim up market to promote high spending tourist arrivals; increase domestic and regional tourism; have effective monitoring mechanisms in place to mitigate damage to social values as a result of tourism.

Agriculture – restore ancient tank irrigation systems – greater storage facilities – access to market at fair price – subsidies for inputs (high cost of production ) – import controls on agricultural products – introduction of high value farm products – agro-based industries to be developed – reintroduce permit system particularly of rice imports?

Garments – improve living conditions of workers, increase value added products, build up linkages to international markets, modernize small industries, expand labour laws to cover small industries.

Education – education is a right – the responsibility of every Government to provide free, public quality education for all. Prevent all subtle attempts at getting rid of the system of free education in the interest of future generations.

Participants had very strong views on the role of substance abuse in the context of poverty in Sri Lanka. Although many downplayed the significance of drug abuse, there appeared to be a general consensus among participants that one of the root causes of poverty in Sri Lanka is alcohol addiction and the consequent impact on family income and social stability. It was suggested that the National Drug Policy, which has been painstakingly developed by social partners, be implemented to reduce the impact of substance abuse on the development potential of the country.

CONCLUSIONS

The workshop concluded on a positive note with the understanding that the PRS is a living document, as stressed by the World Bank Director, and one which the social partners are finally able to influence. It was suggested that recommendations based on the day’s discussions would be compiled and forwarded to the Ministry of Finance as input into the evolving content of the PRS. Participants
hoped that they would remain engaged with the PRSP consultation process and looked forward to having their input considered in the March 2003 version of the PRSP, and also in have more strategic involvement in the development of the 2003-2005 Poverty Reduction Strategy Document. Partners resolved that through the exercise of tripartism and through social dialogue, they can cooperate more effectively and make their concerns known within the wider development dialogue. In conclusion, it was reiterated that social partners were primarily concerned about issues related to the modernization of labour administration and for the implementation of labour market reforms in a manner which balance social necessities by providing security and economic necessities by providing flexibility. Of the sectors, it was concluded that education and health were the most crucial for a poverty reduction strategy. Alcohol and drug abuse was highlighted as a cross cutting issue of significance. It was decided that recommendations would be developed strategically on the key areas identified at the workshop and recommendations would be made directly to the separate sectoral committees associated with the PRS process.

Ms. Coenjaerts concluded the proceedings commenting on the significantly diminished group of participants and indicating that she felt that the workshop had been a good beginning although there were no definitive outcomes to forward at present. She pledged the support of the ILO in any future efforts but stressed that each tripartite group should give concrete direction and take the lead. She hoped that the future discussions on this subject would be meaningful and hoped that some concrete practical recommendations would be put forward.