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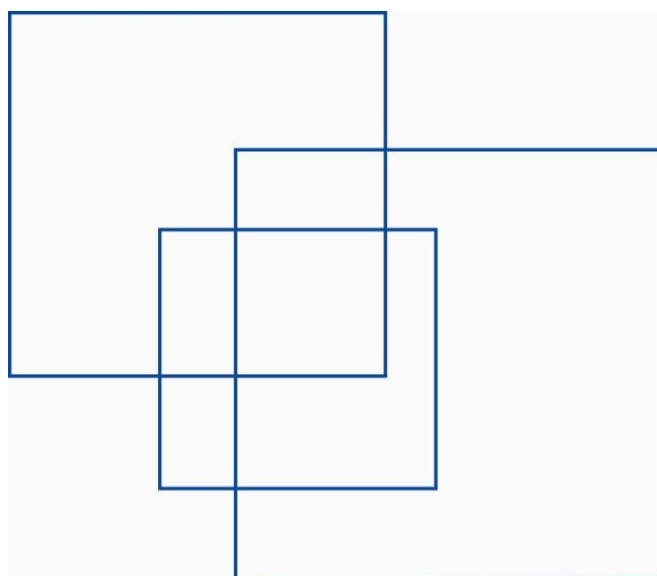
WORKSHOP REPORT

ILO Action Programme:

Strengthening Social Dialogue in the Utilities Sector

Blantyre, Malaŵi

21-24 September 2009



About the Report

The Conclusions adopted by the ILO Tripartite Meeting on Challenges and Opportunities Facing Public Utilities (Geneva, 19-23 May 2003) note that “the best way of addressing the issues in the utilities sector would be through national and regional activities.” Furthermore, the Resolution adopted by the Meeting requests the ILO to “facilitate national, regional and sub-regional meetings of the social partners to promote social dialogue in responding to the current challenges to public utilities in order to meet basic human needs in water and energy, and implement the UN Millenium Declaration” and, also, to “facilitate social dialogue by including municipal utility operators and local authorities in appropriate forums and by facilitating the dissemination of best practices and guidelines on the restructuring of utilities”.

This report is designed to allow the participants of the workshop to communicate the message of social dialogue to their constituents— union members, employers and government officials—with ease. This purpose follows the assertion in one of the presentations, that after attending the workshop each of the participants is a resource, and that the ILO views people not so much as “human resources” but as *resourceful humans*.

We invite you, the readers, to review the presentations contained in this report and speak to your colleagues about them, discuss the ideas and use the checklists. Particular attention should be paid to the presentation on Social Dialogue in Organizational Change and the information on Gender Mainstreaming, since they address the main purposes of Social Dialogue: to empower the human component of the utility companies to make reforms successful, for the sake of water and electricity users.

I hope that you will find this report to be a useful tool.

Carlos Carrión-Crespo
Utilities specialist
Sectoral Activities Department
International Labour Office

LIST OF ACRONYMS

BWB	Blantyre Water Board
CBA	Collective Bargaining Agreement
CDC	Community Development Committee
DWSF	District Water Supply Fund
ECAM	Employers Consultative Association of Malawi
ESCOM	Electricity Supply Commission (or Corporation) of Malawi
ESCOM	Electricity Supply Commission of Malawi
ESKOM	Electricity Supply Company (South Africa)
ESU	ESCOM Staff Union
HCWM	Home and Community Water Management
HIV	Human Immunodeficiency Virus
ICEM	International Federation of Chemical, Energy and Mine Workers Union
ILO	International Labour Office
JCC	Joint Consultative Committee
LWB	Lilongwe Water Board
MCTU	Malawi Congress of Trades Union
MERA	Malawi Energy Regulatory Authority
MIWD	Ministry of Irrigation and Water Development
NECO	National Electricity Council
NGO	Non Governmental Organisation
NHSP	National Hygiene and Sanitation Programme
NIPDS	National Irrigation Policy and Development Strategy
NSO	National Statistical Office
NSO	National Statistical Office
NSP	National Sanitation Policy
NWDP	National Water Development Project (Programme)
PERMU	Public Enterprises Reform and Management Unit
PIL	Petroleum Importers Limited
PPP	Public Private Partnership
PRSP	Poverty Reduction Strategy Papers
PURP	Privatisation and Utilities Reform Project
RBM	Reserve Bank of Malawi
SADC	Southern Africa Development Community
SAEN	Southern African Energy Network
SAPP	Southern Africa Power Pool
SBU	Strategic Business Units
SDR	Special Drawing Rights
SIDA	Swedish International Development Association
Ufw	Unaccounted-for water
UNDP	United Nations Development Program
UNDP	United Nations Development Programme
WETUM	Water Employees Trade Union
WPO	Water Plant Operators
WRMP	Water Resource Management Policy
WSS	Water Supply and Sanitation

Contents

Background	1
DAY 1: Workers Workshop	5
INTRODUCTION TO THE ILO.....	6
PRESENTATION OF WATER AND SANITATION REPORT	9
Situation Analysis	9
Privatisation and Utilities Reform Project	10
Impact of Reforms on Employment and Working Conditions	12
Social Dialogue	15
Way Forward	17
PRESENTATION OF ELECTRICITY REPORT.....	19
Situation Analysis	19
Policy and Legal Framework	20
Social Dialogue in Electricity	23
Recommendations.....	25
PRINCIPLES OF SOCIAL DIALOGUE	26
Some of the possible benefits of Social Dialogue	28
SOCIAL DIALOGUE IN SITUATIONS OF STRUCTURAL REFORMS.....	29
Addressing Gender Issues: A Priority.....	33
PLANNING FOR SOCIAL DIALOGUE	35
WORKER PRIORITIES IN SOCIAL DIALOGUE	39
INITIATING AND IMPLEMENTING SOCIAL DIALOGUE.....	40
IMPLEMENTATION.....	42
MONITORING AND EVALUATING SOCIAL DIALOGUE	43
GROUP DISCUSSION	44
DAY 2: Employers Workshop.....	46
DAY 3: Government workshop.....	48
PARTICIPANTS	54
APPENDIX.....	56
Checklist- Planning for Social Dialogue.....	56
Checklist: Initiating Social Dialogue	59
Checklist for Needs Assessment on Gender Issues	61
PROPOSED OPERATIONAL PLAN.....	62

Background

The first meeting of the National Steering Group for this programme was held on 13 May 2008. The participants approved terms of reference for two studies on the water and electric utilities in Malaŵi, and agreed that Professor Winford Masanjala would perform the studies. After the report was delivered, a second meeting of the NSG was held on 26 May 2009 to provide feedback, followed by a validation workshop with wider participation from social partners held on 27-28 May 2009, to make proposals for a plan of action. The social partners outlined their proposals to plan for social dialogue and proposed to perform the following activities:

I. GOVERNMENT

- A. Create needs awareness within government machinery
 - Ministry of Energy
 - Ministry of Finance
 - Ministry of Justice
 - Ministry of Water and Irrigation
 - Statutory Corporation
- B. Needs awareness and education to unions and employers
- C. Needs awareness and education to utilities companies
- D. Set up a task force to conduct reviews of progress made towards structural reforms
- E. Hold forum to share notes, strategize the way forward
- F. Hold tripartite meetings
- G. Task force to verify compliance with labour standards in terms of packages, repatriation, and deployment.

II. WORKERS

- A. Constitute networking forum- 12 members MCTU, ESU, WETUM, MAMWU
- B. Training of trainers for the network members- Awareness on issues that have been raised
- C. Collection of data necessary for all activities
- D. Work plan formulation and development
- E. Procurement of office equipment and other necessities
- F. Capacity building:
 - Training and understanding legal framework (industry and labour relations)

- Strategic Management
- Lobbying
- Privatisation and globalisation
- Negotiating skills/Collective bargaining
- Gender mainstreaming
- HIV/AIDS
- G. Exchange with at least six selected countries
- H. Meeting with civil society organisations
- I. Review of union constitutions to conform with current reforms
 - Organisational structures
 - Updating
- J. Launch lobbying/Awareness campaigns, targeting workers and other stakeholders.
- K. Training program for stakeholders on mainstreaming social dialogue at workplace, regional and national levels.
- L. Carry out monetary and evaluation exercise
- M. Constitute tripartite forum for negotiating
- N. Carry out M & E (mid term and end term)
- O. Constitute a National tripartite forum for negotiating in the utilities sector
- P. Training industrial relations specialists to provide training
- III. EMPLOYERS
 - A. Bring awareness on social dialogue in the utilities: hold workshop with local governments, Statutory Corporation, others (invitations to Board of Directors, Ministries of Finance, Water and Irrigation, Forestry and Environment, etc.)
 - B. Create a structure for social dialogue, help Ministry of Labour to coordinate activities, members to go on study tour
 - Prepare terms of reference to enable this activity
 - Capacity building for social dialogue
 - i.e. Training of the members
 - C. Links with related enterprises in the energy and water sectors and in other sectors
 - D. Conduct sectoral social dialogue meetings at national as well as regional level
 - E. Create interest reconciliation Forum with the coordination of Ministry of labour

There are several common elements in these proposals:

1. The three groups seek to conduct activities to raise awareness for social dialogue. The workers and employers seek to create

consciousness about needs, the employers about the relevance of social dialogue.

2. The three groups seek to hold workshops amongst themselves at different levels to prepare for social dialogue.
3. The three groups propose to create a forum for social dialogue.
4. Workers and employers seek to establish links within their ranks.



National Steering Group meeting, Lilongwe, May 2009

Representatives from the social partners and the government met during the 2009 International Labour Conference and agreed to hold workshops to assess their needs in Blantyre, followed by a third meeting of the NSG. In March 2009, the Governing Body of the ILO authorized the Sectoral Activities Department to develop follow-up activities during 2010-11.

Workshops held in Blantyre, Malaŵi, 21-24 September 2009

Activities: Three workshops were held with worker, employer and government representatives, to develop capacity and establish priorities for social dialogue. Each workshop included the following sessions:

- 1. Introduction to the ILO**
- 2. Presentation of Masanjala reports**
- 3. Principles of Social Dialogue**
- 4. Brainstorming on worker needs**
- 5. Planning for social dialogue**
- 6. Discussion on issues prior to social dialogue**
- 7. Discussion of agenda for social dialogue**
- 8. Implementing Social Dialogue**
- 9. Discussion on proposal for social dialogue**
- 10. Monitoring/Evaluating social dialogue**

The third meeting of the National Steering Group was held on the day after the workshops were finished.

Purpose: The objective was to enable the social partners to establish priorities for future activities to strengthen social dialogue in the utilities sector. The materials used on sectoral social dialogue had been developed by Professor Peter Turnbull for the workshops delivered earlier in the year in the ports sector.

ILO Resources: Carlos R. Carrión-Crespo, Sectoral Specialist for Utilities of the Sectoral Activities Department, and Belinda Chanda, Programme Officer of the ILO Lusaka office assigned to Malaŵi. Ms. Chanda represented the Director of the Lusaka office.

DAY 1: Workers Workshop



Attendees: The workers workshop was attended by 16 representatives of the Malaŵi Trade Union Council and the water and electricity unions, six of whom were women.

Opening: MCTU Treasurer Mr. Prince Mudolo introduced the workshop and requested a volunteer to open the day with a prayer.

The following is a summary of the presentations made and discussions held during this workshop.

INTRODUCTION TO THE ILO

The ILO was founded in 1919 at the end of the war, and joined the UN system in 1946 as its first specialized agency. The ILO has 183 member states. The ILO promotes social justice and internationally recognized human and labour rights. The ILO formulates and promotes international labour standards in the form of Conventions and Recommendations setting minimum standards of basic labour rights. It also develops and promotes the implementation of codes of practice, guidelines, manuals and training materials and provides relevant technical assistance.

In 1969, the ILO was awarded the Nobel Prize for Peace in recognition of the fifty years of work for social justice as the best deterrent for wars.

The ILO has a tripartite structure, unique within the UN system, in which workers and employers participating as equal partners with governments in the work of its governing organs.



The three keys used for the inauguration of the ILO offices in 1926, which symbolize the tripartite character of the ILO

The International Labour Conference gathers representatives of all groups in all countries once a year to consider labour standards and reports from the countries and committees, including the Committee on Freedom of Association. Participants also elect the members of the tripartite Governing Body, which will run the affairs of the ILO for the following year. The Governing Body is composed of 28 government representatives, 14 employer representatives and 14 worker representatives and meets three times a year to design the activities of the ILO. Every five years, it also elects the Director-General. The Director-General, in turn, supervises the work of the International Labour *Office*, which is composed of the staff who perform the day-to-day work of the ILO.

The ILO'S "Decent Work for All" agenda seeks to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity. The ILO formulates and promotes international labour standards in the form of Conventions and Recommendations setting minimum standards of basic labour rights. There are four fundamental principles that the ILO promotes through eight fundamental conventions:

1. Freedom of association and effective recognition of the right to collective bargaining (Convention Nos. 87 and 98);
2. The elimination of all forms of forced or compulsory labour (Convention Nos. 29 and 105);
3. The effective abolition of child labour (Convention Nos. 138 and 182); and
4. The elimination of discrimination in respect of employment and occupation (Convention Nos. 100 and 111).

Malaŵi has ratified 29 ILO Conventions, including all 8 fundamental Conventions.

The ILO also develops and promotes the implementation of codes of practice, guidelines, manuals and training materials and provides relevant technical assistance.

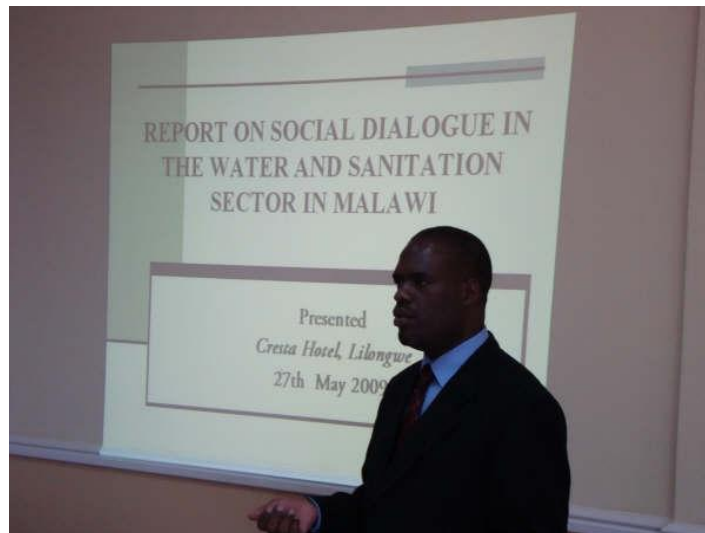
The Sectoral Activities Department carries out activities in 22 economic sectors. This approach enables the ILO:

- ✓ To get close to constituents: those who work, and their employers
- ✓ To address targeted, practical issues
- ✓ It reflects growing importance of sectoral social dialogue, and encourages it
- ✓ To promote and implement many Conventions that are sector-specific
- ✓ To promote Decent Work at the sectoral level
- ✓ To get messages from the “real world”



PRESENTATION OF WATER AND SANITATION REPORT

Mr. Carrión-Crespo delivered a presentation summarizing Professor Masanjala's report on the state of social dialogue in the Water and Sanitation Sector in Malaŵi.



Prof. Masanjala presented the report in the validation workshop held in May 2009.

Situation Analysis: Malawi is heavily reliant on agriculture (36% of GDP), and recently experienced de-industrialisation and share of manufacturing fell. 80 % of population relies on agriculture. In 2007, national access to safe water was estimated at 81%, with significant regional variations. National Access to sanitation is 47 percent, but significant rural-urban differences exist. Since the 1980s, there have been moves to invite private sector participation to increase commercial viability and investment.

Challenges in Sanitation Sector

1. Low Prioritisation
2. Lack of Relevant Technical Options
3. Attitude and Insufficient Capacity

Challenges in Water Sector

1. High non revenue water
2. Poor Operational Performance due to delayed approval of new tariff increases,
3. Ever increasing operating costs due to rising cost of inputs
4. Declining commercial performance due to ever increasing debtors.
5. High foreign debt
6. Lack of capital investment of new raw water sources development
7. Lack of enforcement capacity by the Water Resources Board,
8. Suppressed and increasing demand
9. Moral Hazard Problems (Community Water Points)
10. Impact of HIV and AIDS epidemic
11. Lack of professional training facilities
12. Intermittent water supply

Privatisation and Utilities Reform Project

1. **Strategy:** To prepare for privatisation and then privatise parts of public utilities including Lilongwe and Blantyre Water Boards. Also, to establish regulatory capacity in those sectors.
2. **Timetable:** In April 2004, the Government approved plans to proceed with Private Sector Participation in the urban water sector and announced its intention to appoint Transaction Advisors. After elections, the new Administration suspended implementation pending a thorough Poverty & Social Impact Analysis. National Water Development Programme became effective in 2008. The World Bank provided US\$50 Million to help privatise the City Water Boards,

Urban Water Supply and Sanitation for City Water Boards

1. **Objectives:**
 - a. To prepare the institutional framework for private sector participation in the City Water Boards.

- b. To aid in preparation of strategic plans so as to improve operational efficiency,
- c. To engage in infrastructural rehabilitation, replacement of worn out equipment and expansion of the distribution networks,
- d. To identify and develop new sources of water supply for the cities.

2. Strategic Proposals

- a. Conversion of the Lilongwe and Blantyre Water Boards to public limited liability operating companies
- b. Creation of a Government owned asset holding company
- c. Establishment of water regulatory capacity.

Outcomes of Reforms

The first NWDP resulted in the formation of three regional water boards and streamlining the activities and services of the City Water Boards. Following the Private Sector Participation (PSP) Option Study, the city water Boards were divided into Zones each of which is an autonomous cost centre and is expected to deliver services to areas under its jurisdiction. These zones are presumably in anticipation of the forthcoming concessioning of the Boards under the PSP.

In the regional water Boards, the corresponding arrangement has resulted in creation of Water Schemes. Unlike the water zones in the cities, under the NWDP II the schemes have been given further mandate to supply water to town centres which were previously under district assemblies. Under contract, the Regional Water Boards will undertake infrastructure development on behalf of communities and subsequently hand over the operation and maintenance of the infrastructure to district assemblies and community based organisations, especially the Water Users Associations.

Steps in Restructuring

1. Sector Restructuring and unbundling
2. Regulatory reform
3. Prequalification
4. Competitive Bidding (or Auctioning) Mechanism
5. Award of the concession contract; and
6. Concession contract enforcement and Regulatory oversight

The legislation that would enable the restructuring has not yet been promulgated. Neither the government, current managements of board nor workers know for certain how the reforms will be implemented. It is not yet clear whether the operating company will be wholly new, or in the form of a management buy-out, workers' company or as is more likely a foreign company.

Impact of Reforms on Employment and Working Conditions

Impact on Job tenure

The Waterworks Act provided that employee in the Department of Water should choose between becoming board employees, public servants or even retirees. "A person who becomes an employee of the Board . . . shall enter such service on such terms of employment and under such conditions of service as may be applicable to employees of the Board: Provided that in no case shall such terms of employment or conditions of service be less favorable than the terms and condition he enjoyed, or were applicable to him while employed in the Department of Water immediately prior to the commencement of this Act." The reforms had no impact on employment.

When the Blantyre and Lilongwe Water Boards were reconstituted under the Waterworks Act of 1995 the Act required the new Boards to inherit the assets and liabilities of the former boards including employees. Although the consultants recommended downsizing by about 25 percent of the staff establishment, both Boards opted for partial employment freeze and downsizing using voluntary retirement.

The situation was slightly more complicated with the Regional Water Board which partly morphed out of the District Water Supply Fund (DWSF) in the Ministry of Water. In the end only 30% of the workforce could be absorbed into the Regional Water Boards and the rest were reassigned to other sections within the Department of water.

Impact on Social Protection

The reforms had significant impact on the social protection of workers who joined the Boards from the Ministry of Water in three ways:

1. Employees who joined the boards experienced an implicit increase in salaries since Water Boards remunerated at a higher level than did the public service for an equivalent job.
2. Whereas civil servants are entitled to gratuity and non-contributory pension based on length of service upon retirement, all water Boards maintain contributory pensions.
3. Water boards offer medical and life insurance to their employees and some have clinics, in contrast to civil servants who are not covered by any medical or life insurance.

Training

Managers have received information about external and internal training provided under different projects, but not staff. Since 2004, a many people in middle to upper management have attended external training and MBA courses. Technical and clerical staff felt that some of the training undertaken by senior staff was at a level befitting lower level technical staff. Second, Malaŵi lacks a specialized training center for water personnel for the lower class of workers: the one in Zomba was closed.

HIV/AIDS Issues

In all Boards, there are HIV Workplace policies and also trained peer educators and counselors. The City Water Boards have clinics which offer general medical treatment, voluntary counseling and testing for HIV and free Antiretroviral Treatment to workers that test positive for the HIV. The clinics have yet to begin offering recommended food supplements to the HIV positive workers.

Gender issues

Although women comprise 20 percent of the workforce in the water and sanitation sector, they comprise less than 5 % of top management.

Future Issues

- To what extent will the proposed law bind a private local or foreign owned company to take over workers currently employed in the sector? What fraction is “politically acceptable?”
- What safeguards will be put in place to protect workers who are either not absorbed in the new set up or indeed are absorbed in the commercially oriented firms.

Social Dialogue

Union membership

The BWB and LWB have unions which morphed out of Joint Consultative Councils. WETUM was formed in 1999 and registered in 2000. It now has a membership of about 2,000 from all water boards, of which 20% are women. Employees of the city assemblies, including those in sanitation departments, are members of the Malawi Municipal Workers Union, formerly the Local Government Union. The Union has chapters in all 28 district assemblies, four city assemblies and 8 town assemblies, and 5000 paid up members out of a potential membership of 20,000.

The Role of Unions and the Reform Process

There was no pre-reform consultation with unions during the first and second National Water Development Programmes, nor regarding the design and implementation of future reforms in the water sector. WETUM issued resolutions but it only learnt afterward that Private Public Partnerships would be part of the reform. WETUM's approach to issues of reforms in the water has neither been strategic nor pro-active. Although the Water sector employees belong to WETUM, the member unions are unequally yoked. Government's approval of the salary adjustment is based on financial performance of individual Water Boards, not common economic conditions faced by the sector.



Collective Bargaining

The good news is that unions in the sector were given recognition agreements. In principle, this signifies that channels for social dialogue exist and the parties can enter into negotiations and end up with collective bargaining agreements (CBA). However, the Water Boards cannot make any CBAs that have financial or pecuniary implications because any such CBAs are subject to a government veto. The climate for industrial relations is not healthy owing to government vetoes of financial agreements between employees and management. It is not clear if workers in water can go on a legal strike (being workers in essential services).

A case in point is that as negotiations with government protracted, workers of Lilongwe Water Board went on industrial action in December 2008 and disrupted the water supply for four days. Some union leaders were arrested and charged with various crimes.

Social Dialogue in the Sanitation Sector

Although the Waterworks act seems to have transferred jurisdiction of water borne waste disposal systems to Water Boards, in reality sewerage systems have remained in the hands of the local assemblies. The approval only in 2008 of a sanitation policy has not allowed time as much reform or restructuring in the sanitation sector. Although decentralisation has sought to devolve decision making and responsibility to the local assemblies, much of this process has been driven by Local Government Decentralisation Commission. Yet, the local assemblies have experienced their fair share of volatile industrial relations. Most of the disagreements are on traditional bread and butter issues of salaries but in some cases there have been deeper underlying policy and management style issues.

Way Forward

Recommendations for Stakeholders

1. Government

- a. Appointing Transactions Advisors who should design and recommend the stages through which the process should pass and associated regulatory framework.
- b. The Ministry of Labour, should initiate tripartite dialogue which would educate workers and managers about the nature and implications of the reforms.
- c. Creation of Interest Reconciliation Forum which can be a unique tripartite forum for negotiations between management, workers and the State (not the Ministry of Labour but as the sole-shareholder, regulator and single largest consumer).

2. Workers

- a. Union Level Collaboration among affected public utilities workers
- b. Joint Training for Union Officials
- c. Joint exchange Programs

3. Employers

- a. Industry wide representative organisation
- b. In waterworks and sanitation services there is no representative employer alliance.
- c. When the government designs reforms it considers the sector as a whole, yet since managements of different water boards are unequally yoked,

- d. An industry-wide representative organisation for employers can harmonize the organizations in water and sewer services who want to do something for the profession, to negotiate and represent the interests of its members on the basis of technical, economic and legal aspects.



PRESENTATION OF ELECTRICITY REPORT

Situation Analysis: Malawi is heavily reliant on bio-fuel for its cooking energy requirements. Nationally, paraffin (kerosene) is the predominant source of energy for lighting with electricity coming as a distant second (7.6 percent). In urban areas, although only 20 percent use electricity for cooking, up to 52 percent of households use electricity for lighting and 38 percent rely on paraffin.

ESCOM is the sole generator, transmitter, distributor and retailer of electricity in Malawi. The the electricity grid supplies only 4 percent of the population. ESCOM also exports electricity. The Head Office Acts as a Holding Company. ESCOM has three levels:

1. **Generation:** Nearly 95% of Malawi's electricity supply is provided by hydropower from three interconnected hydroelectric power plants situated at Nkula, Tedzani and Kapichira on the Shire River. The total present installed capacity for the ESCOM system is about 299.65 MW: 282.5 MW is installed capacity of the hydropower plants, 15 MW Gas Turbine Plant in Blantyre and a 1.1 MW Diesel Power Plant in Mzuzu. The remaining 1.050 MW comes from two separate isolated systems of thermal power plants at Likoma.
2. **Transmission:** ESCOM's transmission network comprises 1250 km of wood pole lines and 815 km of steel tower lines. These lines transmit bulk power at 66 kV and 132 kV, and feed power to over 70 transformers which are located at 39 substations in the country.

3. **Distribution:** ESCOM has about 200,000 customers and is connecting in excess of 15,000 new customers annually. Distribution operates and maintains medium and low voltage (33kV and 11Kv) lines as well as the 400/230 volts lines together with associated equipment. ESCOM exports power to some border towns of Lundazi in Zambia, Milanje, Mandimba, Zobwe and Villa Ulongwe in Mozambique.

Challenges facing Electricity

1. Unsustainably High Debt Burden
2. Exchange rate and interest rate risks
3. Technical problems arising from environmental conditions
4. Obsolescence of technology and lack of spare parts
5. inherited design and installation problems
6. Capacity Constraints:
 - a. Transmission system losses (21%)
 - b. Vandalism of infrastructure and installations.
 - c. Problem of termite attacks, bush fires leading to burning of wood poles.

Policy and Legal Framework

The Department of Energy Affairs is in the fifth year of implementing the National Energy Policy, 2003. The Energy Regulation Act calls for the establishment of a sector-wide regulator and empowers the regulator to conduct economic, technical and legal regulation. It also restricts the role of the state to governance, policy guidance and strategic planning.

The policy seeks to establish a multi-sector Energy Regulatory Authority to regulate the energy sector and licenses for energy undertakings. It also establishes a Rural Electrification Committee which will administer a Rural Electrification Fund to fund capital, operational and maintenance cost associated with rural electrification and solar home systems. It also envisages the possibility of Concessionaire operating within a concession area for a period up to 20 years.

Privatisation & Utilities Reform Project

In 1997 GoM and WB put together a four point action plan:

1. Liberalization of markets where competition was feasible;
2. Privatization of public enterprises;
3. Establishment/ strengthening of regulatory institutions to monitor compliance with new sector policies and licensing; and
4. Improving access to services, especially by the rural population.

The Privatization and Utilities Reform Project sought to assist Malawi in the reform and preparation for commercialisation of the major public utilities, with the goals of increasing the reach of the grid-based electricity from 4 percent to 6 percent by December 31, 2004.

Activities

1. Establishment of strategic business units;
2. Conversion of outstanding government loans into equity; and
3. Corporatisation of the Electricity Supply Commission by replacement with limited liability company under the companies Act (1984).

4. ESCOM implemented a new organogram, and began commercializing transactions between the different levels in the electricity supply industry. In the mid 1990s, Malawi was founding member of the Southern Africa power pool (SAPP) was founded with ESCOM
5. There was a vertical separation of the [Electricity Supply Industry - ESI] into generation, transmission and distribution markets
6. When the ESCOM was indeed broken down into SBUs in 2000, metering facilities at the interfaces between the generation, transmission and distribution units were had not been procured.
7. SwedPower was hired to update a study on a 200 kilometer 220kV transmission line from Matambo in Mozambique to Blantyre in Malawi.
8. The World Bank approved a loan in 2007 for the Mozambique-Malawi Transmission Interconnection Project.
9. Under the Business Environment Strengthening Technical Assistance Project (BESTAP) the IDA is also funding the setting up of a Public-Private Partnership (PPP) framework, enacting of a PPP Act and also financing capacity building for professionals in the PPP Unit.



Social Dialogue in Electricity

Management of ESCOM and Reform Process

ESCOM is a member of the Employers Consultative Association of Malawi (ECAM) the Malawi Chambers of Commerce and Industry. In the restructuring process it appears that ESCOM's top management has been well informed, was widely consulted and acted strategically. ESCOM's management contributed to the sector policy. It also appears that many in management have vested interests in the reforms and seem to be staking their territory in the post-ESCOM companies, whether as future managers or even shareholders in new electricity companies.

ESCOM has been characterized by instability and high turn-over rates of management. ESCOM's management has not given a good account of itself to the public. ESCOM's motto of "Power All Day, Every Day" is being contested under litigation from consumer groups. In addition, some senior ESCOM staff have been probed, arrested and prosecuted by the Anti-corruption bureau for corrupt practices and flouting procurement procedures.

Unionism in Electricity Sector

ESCOM employees are currently unionized under the ESCOM Workers Union (EWU) affiliated to the Malawi Congress of Trade Unions (MCTU) and the International Federation of Chemical, Energy and Mine Workers Union (ICEM). The Union was also a founding member of the Southern African Energy Workers Network (SAEN) and provided the Network's Secretariat.

Collective Bargaining

When the EWU was formed it signed a Recognition and Negotiating Agreement with Management which was executed in 2002. The Union has had some achievements of note, like overhauling the pension scheme and setting up of self-managed ESCOM Pension Fund.

The state of industrial relations has generally been stable. Usually there have been permanent Union and Management negotiating teams which met periodically. The EWU succeeded in lobbying for procedural and substantive changes to ESCOM's grievance handling procedures and the setting up of disciplinary committees at all levels. Yet in 2006 and 2008 there was a sit in due to communication breakdown.

At the turn of the century, ESCOM's union was very powerful and management encouraged formation of a competing union and transferred monthly funding from the original union to fund the new one.

The process ESCOM's privatization has just completed the second stage since the corporation was unbundled and a regulator (MERA) has been established. According to the Policy of 2003, after the initial vertical separation of ESCOM, the first level to be privatized would be distribution.

Potential Challenges to restructuring:

1. How to make ESCOM an Attractive Investment
2. ESCOM's Privatization and Social Policy
3. Investment and Performance
4. Privatization and Monopoly Power
5. Privatisation and Private sector Governance

Recommendations

1. The ILO

- a. Experiment with an education and information campaign which would capacitate workers and managers in the public utilities to meaningfully contribute to the design and implementation of subsequent levels of sectoral reforms
- b. The ILO can help in capacity building aimed at assisting current chapters to grow into fully fledged unions upon privatization.

2. Government

- a. Retirement of ESCOM's Debt by converting it into equity
- b. Strategizing on Privatization Roadmap
- c. Creation of Interest Reconciliation Forum
- d. Anti-monopoly Policy

3. Workers and their Representatives

- a. Re-organization of Union Structure
- b. Create Union Level Collaboration in Public Utilities
- c. Joint Training for Union Officials
- d. Joint exchange Programs

4. Employers

- a. Create Employment Reallocation Roadmap
- b. Create Industry wide Employers Representative Organization

PRINCIPLES OF SOCIAL DIALOGUE

Mr. Carrión-Crespo outlined the ILO's requirements for an effective social dialogue; communicated the need to determine each partner's interests, authority and willingness to compromise before engaging in social dialogue. The materials used had been developed by Mr. Youcef Ghellab, of the Industrial and Employment Relations Department of the ILO.



Social Dialogue is a strategic objective and a key value of the ILO. It includes the exchange of information, consultation, and negotiations among the social partners and government. It is a distinctive feature of ILO structure and functioning, as well as a tool of delivery for decent work at national level.

The Prerequisites for an effective social dialogue are:

- Independent, representative and strong social partners enjoying Freedom of Association in law and in practice
- Will to recognise and deal with each other
- Political will of the government to reach out to social partners and support them in the effort
- Effective Social Dialogue institutions
- Effective rules and procedures
- Practice and experience

The Basic Enabling Conditions for Social Dialogue are:

- Freedom of association
- Democratic foundations
- Legitimacy
- Political will and commitment
- Social acceptance
- Technical competence
- Capacity to deliver

The promotional work of the ILO seeks to enable tripartite social dialogue on an Equal footing, encouraging broad consultations at the national, regional, and sectoral levels. Mr. Carrión-Crespo provided participants a series of questions to study the state of social dialogue regarding government, social partners and other stakeholders:

- What interest organizations exist to represent the social partners?
- How inclusive, comprehensive and representative are these interest organizations?
- How are any differences resolved within and between the different interest organizations?
- What mechanisms exist for the ratification and enforcement of agreements reached between the social partners?
- Who are the other stakeholders with an interest in the utilities?
- What mechanisms exist to involve other stakeholders in dialogue with the social partners?

To end the presentation, the participants held discussions on these questions, as they relate to their workplaces.



Some of the possible benefits of Social Dialogue

- *Democratization of economic and social policy-making*

Social dialogue is an inclusive and democratic way of decision-making. More recently, social dialogue in its explicit or implicit form has become part of the approach to dealing with economic growth and development. This has worked, not just in more industrialized countries, but in quite difficult situations such as Panama and South Africa.

- *It adds legitimacy and ownership*

In a democratic society, any unilateral action by the state without the consent of workers' and employers' organizations is often met by their resistance.

- *It reduces social conflicts by facilitating partnership and a problem-solving approach*

Dialogue can minimize adversarial relationships through collaboration and partnership. It can develop a shared understanding of problems; can facilitate discussion of policy alternatives and their implications; and the finding of compromises to achieve common responses.

- *It eases social tensions during economic hardship and transition periods*

Social dialogue can be a very effective means to ease economic and social tensions during economic crisis or transition. But to truly work during the difficult times, social dialogue must also be used during times of prosperity.

- *Sustainable economic and labour market reform*

Social dialogue can facilitate the sustainability of economic and labour market reforms. Having reached consensus, stakeholders' opinions are reflected in reform agreements and they have an incentive and peer pressure to support what they have already accepted by agreement.

Source: ILO, Promoting National Social Dialogue: an ILO Training Manual (2004)

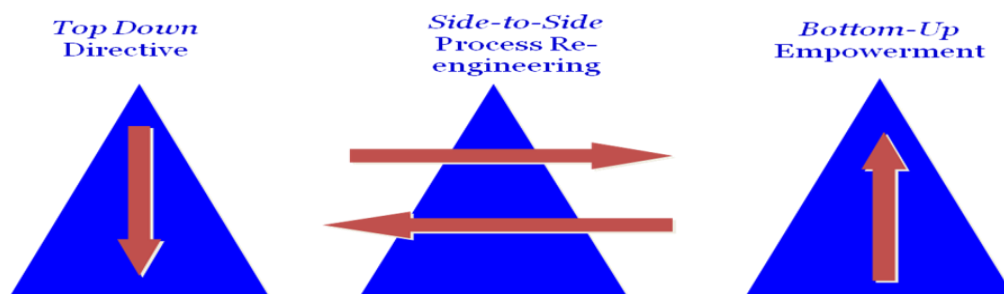
SOCIAL DIALOGUE IN SITUATIONS OF STRUCTURAL REFORMS

Mr. Carrión-Crespo outlined the different approaches to instituting changes in an organization, particularly in the context of private-sector participation schemes in water and electricity supply, and effective approaches to conflict management. He delivered the message that effective change should be based on empowerment of the workforce and cultural change rather than mere behaviour imposed from the top or attitude changes developed through process reengineering; also, that effective dispute management is achieved mainly through seeking consensus, as opposed to exercising power, asserting rights or avoiding conflict.

Organizational Development is defined as an attempt to improve organizational effectiveness by revitalizing and renewing the organization's technical and human resources. Normally, it will focus on the whole organization. It will also use problem-solving and group process approaches, and rely heavily on feedback to participants. It will also provide experiential learning for participants to accomplish their aims, and use outside experts or "change agents" to facilitate change.



There are three forms of implementing change in an organisation. First are the directive measures, which are directed from the top, will have the likely and desired effect of changing the behaviour of employees, because they tend to do as management says because of its coercive capacity. The second form is process reengineering, which seeks to change the way the components of the organisation interact: this is seen as side-to-side change. It is likely to change both the behaviour of employees and their attitude as well, because they tend to see how their work affects other employees. The third form of implementing change is through empowerment of the employees, which is driven from the employees themselves. This participative approach is likely to change the culture of the organisation, not only the conduct and the attitudes of the employees.



Mr. Carrión-Crespo defined organizational culture in the terms that Schein (1985) indicated, as “the pattern of basic assumptions that a given group has invented, discovered or developed, in learning to cope with its problems of external adaptation and internal integration. These have worked well enough to be considered valid and are therefore taught to new members as the correct way to perceive, think and feel in relation to these problems.”

Asking if it is possible for organizations to change their culture, Mr. Carrion-Crespo quoted from Legge (1995): “Managing culture can be likened to ‘riding a wave’ – the best a surfer can do is understand the pattern of currents and winds that shape and direct the waves, then use these to stay afloat and steer the desired path. Clearly, this is not the same as changing the basic rhythms of the ocean.” In the same way, an organisation can seek to identify what forces influence its culture, and harness them in favour of priority goals, for example productivity, job creation or efficiency. He used the example of a culture of corruption, which can be fuelled by prevalent attitudes of individualism that may come from the communities in which employees reside: They cannot be changed but channelled towards a stronger sense of identity with the organisation, which may counter dishonest tendencies. For this, an empowering approach may allow employees themselves to present solutions.

However, attempts at change fail very often because:

- It is not integrated to a strategy
- It is seen as a “fad” or “quick fix”
- A short-term perspective
- Political realities undermine initiatives
- Grandiose expectations
- Inflexible strategy/policies
- Absence of leadership
- Lack of measurable/tangible results
- Fear of the unknown
- It is unable to mobilize commitment to sustain change



The support staff was a crucial component for the success of the workshops.

To make change happen, therefore, it is necessary to:

- Have leaders committed to the change
- Create a feeling of shared need among all members
- Shape a vision that will move the change
- Mobilize commitment to the process
- Modify systems and structures that may impede the change
- Monitor the progress of the change
- Make change last through investment by members of the organisation

The participants held discussions on these issues, as they relate to their workplaces.

ADDRESSING GENDER ISSUES: A PRIORITY

It is obviously much more effective to initially develop project proposals using a 'gender lens' rather than add gender components after project proposal completion or at the project implementation stage. The first stage in developing a gender sensitive project is to ensure that both women and men's needs are articulated at the problem identification stage.

A systematic socio-economic and gender analysis of each target group is one way forward to identify needs.

All target groups should be disaggregated. For example if the context is workers education, workers would have to be disaggregated into men or women workers, and further into older women workers, workers with family responsibilities, male trade union leaders, women's section of trade unions etc. Care should be taken with seemingly gender-neutral terms such as youth, elderly, workers, stakeholders as they tend to hide gender implications and can be misleading in gender analysis.

A very useful method for gender sensitive participatory needs assessment processes is to form focus groups, where different groups can identify needs and priority problems. With gender analysis, we can obtain information about the gender needs of men and women in the given community. Such an analysis frames questions related to who does or uses what, how and why. The objective is to better understand what women and men do, what resources and constraints they have, and what their needs and priorities are so that concrete measures for the promotion of equality of opportunity and treatment between men and women workers can be implemented.

In social dialogue, the constraints of women and men in collective bargaining may be different. A gender analysis would help ensure that both women's and men's perspective would be included, and would perhaps investigate the reasons why

women's participation at the bargaining table is often less than men's. It may reveal that many women believe that workers organizations are still a bastion of male chauvinism and therefore unable to respond to their needs.

The ILO Gender Analysis Framework requires the identification of:

1. The division of labour between men and women
2. Access to and control over resources and benefits
3. The practical and strategic needs of women and men
4. Constraints and opportunities to achieve equality
5. The capacity of social partners to promote gender equality

It is expected that by applying the above analyses, users will be able to develop planning strategies that are gender sensitive, with equality concerns integrated.

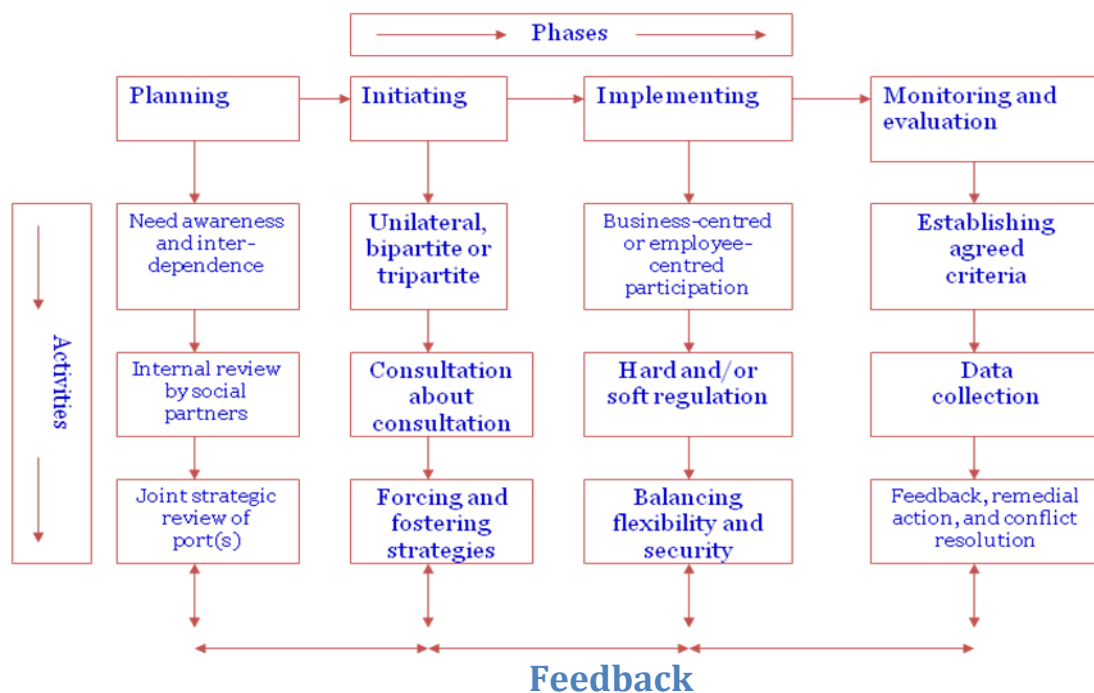
Source: International Training Centre ILO, Gender Mainstreaming course materials



PLANNING FOR SOCIAL DIALOGUE

Mr. Carrión-Crespo delivered a presentation, with the main message that social dialogue is a complex enterprise that requires much preparation and a participatory approach, and advised participants that they should take necessary measures to ensure needs awareness, cohesion and preparedness for engaging in social dialogue. Only with the necessary preparation will the efforts at dialogue accomplish improvements and reduce conflict in the implementation of structural change, such as in private sector participation schemes.

The following picture depicts the four phases of social dialogue, how the phases relate to each other, and the activities that constitute each phase:



The diagram shows how Social Dialogue begins with planning activities, which is followed by initiating measures, implementing activities, and monitoring and evaluating results. The latter activities provide feedback which is used for further planning.

There are three activities involved in planning for social dialogue: Needs Awareness & Interdependencies, Internal Review by the Social Partners, and Joint Strategic Review of Utilities.

As an **Introduction**, the social partners should:

- Acknowledge and define the problem
- Develop appropriate conditions, perceptions and attitudes
- Understand the problem solving process (diagnosis, prescription and action)
- Agree ground-rules, including: not interrupting one another, respect one another, indicate by hand desire to speak, maintain order of speakers

In the second step, the **Diagnosis**, the social partners should:

- Give each party the opportunity to present their arguments regarding the problem
- Identify all current symptoms of the problem
- Establish all the causes of the problem
- Explore all the needs of the parties
- Extract all the issues that need attention
- Group the issues in themes
- Prioritise the themes

In the third step, the **Prescription**, the social partners should:

- Generalise all possible solutions to each issue without evaluating them (using brainstorming, surveys, experts, etc)

- Identify objective criteria to evaluate each possible solution (e.g. in relation to costs/benefits, consequences, practicality, meeting of needs, addressing causes, dis/advantages, eliminating symptoms)
- Evaluate each possible solution using the agreed criteria
- Narrow the range of solutions
- Decide on the preferred solution or combination of solutions

In the fourth step, the **Action**, the social partners should:

- Determine acceptable action steps for the implementation of each solution
- Determine acceptable responsibilities and deadlines
- Determine acceptable monitoring and feedback steps
- Determine a review process
- Legitimacy and authority

Each party must be confident that the other parties:

- Are truly representative of their constituents or members,
- That they have a mandate and speak with authority, and
- That their commitments will be honoured
- Co-operation with other stakeholders
- Identification of stakeholders in the service other than workers and employers
- Are there organisations that can speak for them?
- Define a role for these organisations in the process

The social partners should also devise mechanisms to reconcile conflicting interests, be it through high-level dialogue or the intervention of third parties, like a specialized entity, mediators, arbitrators, court, etc.

If these questions are not addressed at the planning stage it will likely undermine subsequent phases of social dialogue.

Trade Unions should engage in their own Internal Review, to evaluate:

- Their commitment to make compromises
- Their strategy to develop the necessary expertise
- How representative are their own structures
- How they will protect workers' interests
- How they will accommodate to new management practices

(Source: International Transport Workers' Federation (ITF))

Finally, the parties should engage in a Joint Strategic Review of the proposed changes. They may incorporate expert advice, but should not take as a blueprint, but rather build on their advice. Creating their own plan builds ownership of the process and outcomes by the social partners. They should also agree to a timetable.

WORKER PRIORITIES IN SOCIAL DIALOGUE

Based on the previous presentations, the participants brainstormed on what should be a priority in any process of social dialogue. The participants then grouped the issues into three themes, and voted on the order of priority of the themes. Information, transparency and working conditions were chosen as priority themes, in that order, in the hope that social dialogue will be more focused. The detailed list is as follows:

A. Information sharing:

1. Need for wider consultations encompassing all the players
2. Awareness employees need more information
3. Implementation/MGT of service contracts

B. Issues of political will:

1. Adherence with agreements
2. Political motives should be spelt out
3. Transparency in the progress (no consultations)
4. Implementation should be free of interference both parties should be satisfied

C. Impact of the proposed reforms on workers:

1. Movement of workers into new structures
2. Conditions of service: will they change?
3. Job security
4. Outsourcing: Operator/Contractors are rigid towards collective job action (freedom of association)
5. Low productivity due to fears related to job security
6. Loss of employment due to reforms

INITIATING AND IMPLEMENTING SOCIAL DIALOGUE

Mr. Carrión-Crespo delivered a presentation on initiating and implementing social dialogue. The main message was that in order to do so effectively, the initiative must be tripartite and centred around the workers, as opposed to unilateral, enterprise-centred or used only in task-related issues or when the management of the enterprise seeks a specific benefit. Also, the environment must balance the flexibility of the enterprise and the diverse forms of worker security that the ILO promotes.

a. Source of Initiation

- Unilateral ⇒ state or employer(s)
- Bilateral ⇒ state and labour or management and labour
- Tripartite ⇒ specially created task force or established consultation

b. Consultation about Consultation

- Purpose of social dialogue
- Roles and responsibilities of the partners
- Accountability for actions and reactions
- Supporting each other
- Acceptable and unacceptable behaviour
- Level and form of social dialogue
- Conflict resolution

c. Typical Approaches to Dispute Resolution

- the exercise of power
- the assertion of rights
- the avoidance of conflict
- the search for consensus

As the social partners abandon the search for Consensus in favour of asserting their Rights or exercising their Power, they are more likely to lose:

- control of the outcome
- satisfaction with the outcome
- resolution of real causes
- compliance with the outcome
- trust between the parties

They are also more likely to increase the:

- alienation of the parties
- time and cost involved

Forcing vs. Fostering Strategies

	Forcing	Fostering	-
Bargaining	<i>Distributive</i>	<i>Integrative</i>	
Inter-group attitudes	<i>Uncertainty</i>	<i>Positive affect</i>	
Internal differences	<i>Own = solidarity</i> <i>Opponent = division</i>	<i>Consensus in own + partner</i>	

IMPLEMENTATION

a. Business-Centred Implementation

- It depends on the generosity of management
- It is conditioned on what the enterprise believes that dialogue will contribute
- Worker participation is limited to issues related to their work Tasks

b. Employee-Centred Implementation

Direct forms of involvement and employee participation are focused on

- “where it’s happening”,
- Issues most immediate to employees
- Most workers can make a direct contribution to the organization and their own conditions of employment
- Indirect or representative forms of employee involvement:
- ensure “legitimacy”
- build employees’ confidence and trust in the process

c. Forms of Security to Ensure Decent Work

- *Work* security- – protection against accidents and illness at work, through safety and health regulations, regulated limits on working time, unsociable hours, and a reduction in stress at work
- *Job* security- niche designed as an occupation or “career”, the opportunity to develop a sense of occupation
- *Skill reproduction* security- opportunity to gain and retain skills, through means like apprenticeships and training
- *Income* security- providing adequate incomes

- *Representation* security – protection of collective voice through independent trade unions, employer associations and other bodies able to represent interests

MONITORING AND EVALUATING SOCIAL DIALOGUE

This is an ongoing process that informs and improves future social dialogue. A systematic review should follow the implementation phase, to measure success. However, there should be self-reflection by the social partners during every phase and an on-going review of agreements: E.g., joint strategic review in planning phase and ground rules in initiating phase.

Data collection should be a matter of routine. When major structural changes are in progress, specialists may be required to collect and analyse data and provide feedback. The key elements for successful monitoring are:

- feedback
- remedial action
- conflict resolution

The criteria to be used to measure success must be agreed between the participants. Both the process and the outcome should be evaluated.

- Possible criteria for evaluating the process: trust, reciprocity, credible commitments, democratic involvement, efficient bargaining.
- Possible criteria for measuring the outcomes: operators, users, public interests, employment-related

When evaluating the process, we must separate the “process” from the “outcomes.” If the “success” of the process is judged by the outcomes, as often happens, we miss elements necessary to monitor social dialogue. Many outcomes, however, may be good indicators of success: improvements to the efficiency of operations, a better service, economic growth, efficient use of public assets, or employment-related outcomes like health and safety or training, etc.

GROUP DISCUSSION

The participants separated into three groups which discussed proposals for social dialogue on each of the three priority themes selected previously. The reports were discussed and modified by the participants. These proposals would later be presented to the National Steering Group. The proposals are as follows:

A. Establishing a source of Information Sensitisation to all stakeholders e.g.

- 1. Workers**
 - a. Assurance of Job Security**
 - b. Better conditions of service**
 - c. Efficiency of Service Delivery**
 - d. Participation of Workers in the process of change.**
- 2. Users**
 - a. Quality assurance**
 - b. Product affordability**
 - c. Improved efficiency**
 - d. Sustainability of service/product..**
- 3. NGOS,/CSOs**
 - a. To supporting advocacy lobbying**
 - b. Capacity building.**

B. Political will

1. **Board of Directors should be appointed on merit and not on political affiliation.**
2. **Good communication there has to be good communication in both ways, .e.g. horizontally and vertically.**
3. **Organisation Performance analysis i.e. in terms of Financial/operations**
4. **Roles of Government, Ex. Management Employers**
5. **Corruption**
6. **Adhere to implementation of agreements**
7. **Changes should aim at a change in culture, not only in behaviour encompass the whole performance of organization**

C. Impact

1. **Review condition of service to benefit the stake holders**
2. **Train the workforce to meet the new demands of the newcomer and retain them.**
3. **Train the personal to new business ventures for them to cope new environment by Government.**
4. **Give the first priority to the workers to be affected in the case of outsourcing**
5. **Periodic review of the agreements (yearly), after the implementation) with result indicators and interviews with workers**

Closing: Mr. Mudolo delivered final words, and the workshop closed with a prayer.

DAY 2: Employers Workshop

Attendees: The employer workshop was attended by six representatives of the Employers' Consultative Association of Malaŵi (ECAM) and the Blantyre and Lilongwe Water Boards, four of whom were women.

Opening: ECAM Executive Director, Mrs. Gladys Mwale, welcomed participants and invited them to play an active role in social dialogue. A volunteer led the group in prayer.

Discussions

Mr. Carrión-Crespo delivered the same presentations as in the workers' workshop, and facilitated the same discussions that led to the establishment of priorities for social dialogue.

The participants discussed their highest priorities in social dialogue, as follows:

A. Strategic plan

1. **Structures**
2. **Policies**
3. **Change of management**
4. **Performance management process/variety**
5. **Recruitment**
6. **Productivity**

B. Conditions of service

1. **Salaries**
 2. **Compensation**
 3. **Remuneration**
 4. **Pension**
 5. **Occupational Safety and Health**
 6. **Overtime/Holidays**
 7. **Benefits And Welfare**
 8. **Disciplinary Hearings/Procedures**
 9. **Grievance Handling**
-

After establishing the priorities for social dialogue, the participants selected a proposal for criteria suggested to measure a successful social dialogue: an increase in recognition agreements and collective bargaining agreements; that consultation and civic education has taken place; that steps (planning, initiating, implementing and evaluation) have been followed; that employee suggestions have been channelled to an office; and that conflicts have been reduced.

DAY 3: Government workshop



Opening: Deputy Labour Commissioner Michael Mwasikakata welcomed participants and a volunteer led the group in prayer.

Discussions

Mr. Carrión-Crespo delivered the same presentations as in the previous two workshops, and facilitated the same discussions that led to the establishment of priorities for social dialogue.

Following the brainstorming session, grouping and prioritising techniques, the participants d the highest priority, followed by the impact of reforms on the conditions of service and finance resource utilisation:

PRIORITY I

- 1. Formalising Social Dialogue**
- 2. Defining areas to be changed**
- 3. Gender issues**
- 4. Inclusion of all stakeholders**
- 5. Awareness on reforms for employees and employers**
- 6. Sensitising the community**
- 7. Justification for reforms**
- 8. Advantages and disadvantages**

PRIORITY II

- 1. Wages**
- 2. Human Resource utilisation**
- 3. Redeployment/Retraining**
- 4. Conditions of services**

PRIORITY III

- 1. Finance Resource Utilisation**
-

The representatives from the Ministry of Labour expressed their willingness to support a proposal to institute a mechanism for social dialogue in the utilities, when the workers organisations submit it for consideration by the Office of the President and Cabinet.

DAY 4: National Steering Group (NSG) meeting



Opening

Labour Commissioner Mr. Elias Zirikudondo introduced the NSG meeting and requested a volunteer to open the session with a prayer.

The Minister of Labour of Malaŵi, Mr. Yunus Mussa, addressed the NSG. He thanked the ILO for its selection of Malaŵi for the Action Programme, and pledged his support to the initiatives that come out of the meeting.

Mrs. Andrina Mchiela, Principal Secretary of the Ministry of Labour, expressed the government's support for social dialogue as a means to obtain input by the social partners for the government's policies, and the participation in implementing them, in the context of participatory democracy.

Ms. Gladys Mwale, Executive Director of ECAM, and Ms. Grace Nyirenda, Deputy Secretary General of MCTU, expressed the employers' and workers' interest in participating in social dialogue in the process of reforms as equal partners with government.

Ms. Chanda delivered the opening speech on behalf of Mr. Finnegan, welcoming the participants and pledging the ILO's support for the activity.

Discussion

Ms. Chanda delivered a presentation summarizing the proposed actions announced by the social partners and the government in the previous NSG meeting.

Representatives from the workers, employers and government delivered presentations of the priorities and proposals established in their respective workshops, held September 21 to 23.

Mr. Carrión-Crespo informed the participants that the aforementioned workshops advanced several of the needs expressed in the May workshop, such as capacity building, needs assessment and preparing the ground for the creation of social dialogue structures. He stressed the points of agreement observed during the aforementioned workshops: a desire to prioritise information sharing, transparency, groundwork and strategic planning as topics for social dialogue, which would lay the ground for discussions regarding the impact of reforms on working conditions.

Mr. Carrión-Crespo made a brief presentation on the four phases of social dialogue, described the activities that constitute each of the phases, and summarized the resources available for implementing social dialogue. He emphasised the role that the participants could perform in taking the message of social dialogue to their workplaces, using the information and printed materials provided in the workshops. The main issue is that workers should not merely be considered as human resources but as resourceful humans, who can build successful enterprises.

AGREEMENTS REACHED:

- 1. The workers organisations will formulate a concrete proposal for social dialogue in the utilities.**
- 2. The employers will support the workers' proposal**
- 3. The Office of the President and Cabinet will consider the proposal, with the support of the Ministry of Labour.**
- 4. The ILO will provide technical and other support to follow-up activities during the 2010-11 biennium.**

Closing: Mr. Mwasikakata thanked participants for their attendance and contributions, and requested a volunteer to close the activities with a prayer.

PARTICIPANTS

Government

George Chilonga	District Labour Office Blantyre
Hastings J. Kachikopa	Statutory Corporations (OPC)
Wafwile Musukwa	Regional Labour Officer (South)
Lenius T. Daiton	Zomba Labour Office
Violet K. Mpoya	Zomba District Assembly
C. M. Namalueso	Blantyre District Assembly
Wilkes Silema	Department of Energy
S. P. Mitini Nkhoma	Blantyre City Assembly

Workers

Wezzie Shaba	MCTU Secretariat
Steve Phirima	Hotels Union
Chauluka Mwake	MCTU Secretariat
Anthony M. L. Chioko	MAMWU
Prince Mudolo	MCTU Secretariat
Christopher Chaduka	CIAWU
Agnes D. Phiri	WETUM - BWB Branch
James M.A. Monjeza	WETUM - BWB Branch
Martin X. Lole	WETUM - BWB Branch
Precious Kachimanga	WETUM - BWB Branch
Felistas Kazembe	WETUM - BWB Branch
Rosie Malunga	MCTU Secretariat
Batwell Kelemero	COWUMA
Joyce M'mangisa	CSTU
A. O. Banda	MAMWU
Shadrec Banyonga	CSTU

Employers

Lilian Kanjadza	ECAM
Beyani Munthali	ECAM
Gregory Nampota	SRWB
Gloria Likupe	ESCOM LTD
S. P. Mitini-Nkhoma	Blantyre City Assembly

National Steering Group

GOVERNMENT

Hon. Yunus Mussa, M. P.	Minister of Labour
Cullisto Matumbi	Personal Assistant to the Minister
Chimwemwe Kangulu	Secretary to the Minister
Mrs. Andrina Mchiela	Principal Secretary, Ministry of Labour
Mr. Elias Zirikudondo	Labour Commissioner
Linda Mtegha-Kawamba	Principal Labour Officer (Industrial Relations)
Wafwile Musukwa	Regional Labour Officer (South)
Emily Tembo	Principal Administrative Officer
Paul Gondwe	Principal Labour Officer (Employment)
Tiyanjane Butao	Labour Officer
William Silema	Department of Energy
Christopher Mwafulirwa	Blantyre Water Board

EMPLOYERS

Ruth F. Takomana	Controller of Human Resources
Andrew Kufeyanji	Human Resource Manager
Gladys Mwale	Executive Director

WORKERS

Grace Nyirenda	MCTU - Deputy Secretary General
Kondwani Kazembe	ESCOM Staff Union
Martin X. Lole	WETUM - BWB Branch

Appendix I

Checklist- Planning for Social Dialogue

I. Joint Problem Solving

Step 1. Introduction

- ☐ Acknowledge that a problem exists and then define the problem
- ☐ Develop appropriate conditions, perceptions and attitudes
- ☐ Understand the problem solving process (i.e. diagnosis, prescription and action)
- ☐ Agree ground-rules, including: not interrupting one another, respect one another, indicate by hand desire to speak, maintain order of speakers

Step 2. Diagnosis

- ☐ Give each party an opportunity to put their case
- ☐ Identify all the current symptoms of the problem(s)
- ☐ Establish all the causes of the problem(s)
- ☐ Explore all the needs of the parties
- ☐ Extract all the issues that need attention
- ☐ Theme the issues
- ☐ Prioritise the themes

Step 3. Prescription

- ☐ Generalise all possible solutions to each issue without evaluating them (using brainstorming, surveys, experts, etc)
- ☐ Identify objective criteria to evaluate each possible solution (e.g. in relation to costs/benefits, consequences, practicality, meeting of needs, addressing causes, dis/advantages, eliminating symptoms)
- ☐ Evaluate each possible solution using the agreed criteria
- ☐ Narrow the range of solutions
- ☐ Decide on the preferred solution or combination of solutions

Step 4. Action

- ☐ Determine acceptable action steps for the implementation of each solution
- ☐ Determine acceptable responsibilities and deadlines
- ☐ Determine acceptable monitoring and feedback steps
- ☐ Determine a review process

NOTE: it is vital that each party is confident that the other parties are truly representative of their constituents or members, that they have a mandate and speak with authority, their commitments will be honoured, etc. This may well demand an internal review by the social partners before the process becomes too far advanced.

II. Internal Review

- ☐ who will speak for the management of the utilities?
- ☐ What role will local and national political interests continue to play in the management of the utilities?
- ☐ How will the new management of the utilities interact with users and other stakeholders? On what basis will they co-operate with other stakeholders?
- ☐ How will conflicts of interest be reconciled?

III. Internal Review – Trade Unions

- ☐ Need for a commitment to compromise during negotiations (e.g. principle of exchanging concessions rather than demanding political or moral rights when faced with proposals for private sector participation) combined with a strong defence of any agreements concluded by the social partners (i.e. “principled” as opposed to “positional bargaining”)
- ☐ Need to improve expertise within the union through a combination of education and training and the utilization of outside expertise

- ❑ Possible introduction of new trade union structures, including more comprehensive or unified organizations with a commitment to internal democracy
- ❑ Protecting income and employment to allay workers' fear of change
- ❑ accommodating to new human resource management and industrial relations policies associated with private sector firms

IV. Joint Strategic Review

- ❑ Obtaining expert advice
- ❑ Joint review of recommendations
- ❑ Agreement on timeframe for implementation

APPENDIX II

Checklist: Initiating Social Dialogue

I. Labour reform task force, including:

- ☐ Ministries of transport, labour, finance, economics, and planning.
- ☐ Parastatal authorities.
- ☐ Utilities labour representatives.
- ☐ Main utilities customers and users, including exporters, importers, carriers and agents, freight forwarders, and multimodal transport operators.
- ☐ Private investors and utilities operators.

II. Main areas of activity:

- ☐ Commissioning or conducting studies
- ☐ Organizing seminars and workshops
- ☐ Informing the community and consumers
- ☐ Fostering the creation of joint committees
- ☐ Defining government's role regarding utilities
- ☐ Developing a workforce rationalization plan

III. Consultation about Consultation:

- ☐ What is the purpose of social dialogue, both in general and in the context of specific changes such as private sector participation (PSP)?
- ☐ What will be the roles and responsibilities of the social partners?
- ☐ How will the social partners be held accountable for their actions and reactions?
- ☐ How will the social partners support each other?

- ❑ What forms of behaviour are deemed acceptable and unacceptable (e.g. behaviour that demonstrates mutual trust and respect, or the opposite)?
- ❑ What is the preferred level(s) (e.g. workplace, company, port-wide or industry-wide, or some combination of these levels) and form(s) of social dialogue (i.e. what combination of information sharing, consultation and negotiation is preferred over particular issues)?
- ❑ How will future conflicts be resolved?

IV. Fostering strategy based on:

- ❑ Integrative techniques, such as open exchange of information
- ❑ Formation of positive inter-group attitudes, and
- ❑ Promotion of a broad consensus and a constructive use of differences within one's own and the other parties' organizations

APPENDIX III

CHECKLIST FOR NEEDS ASSESSMENT ON GENDER ISSUES

- ❑ Define the objectives of the needs assessment. For example:
 - To find out about the capacity of a social partner;
 - To identify problems in a particular sector or area and the root causes of such problems;
 - To generate data on a specific topic that will be useful for project formulation;
 - To obtain information from the field on priorities for action
- ❑ Identify the necessary data or information that is required in the needs assessment, ensuring that it is sex disaggregated
- ❑ Choose a participatory method for gathering data and information, or use various combinations of different methods
- ❑ Collect the data using different methods and involve a broad range of stakeholders (all those who are directly or indirectly affected by the situation), taking care that marginalized groups in the utilities or area also participate
- ❑ Analyse and confirm the data in collaboration with partner institutions or intended project beneficiaries, cross check with a broad range of stakeholders ensuring that women and other potentially marginalized social groups are also included
- ❑ Prepare a final report that highlights the problems, as identified by stakeholders, and potential needs (both practical and strategic needs) for different categories of project beneficiaries that should be addressed in the project
- ❑ Include the report on the needs assessment in the project problem statement and detailed project proposal

APPENDIX IV

Proposed Operational plan

Strategies	Strategic directions	Actions	2009	2010						2011		2012		Funding source	Responsible body
			XII	I	II	III	III-VI	VII-IX	IX-XII	I-VI	VII-XII	I-VI	VII-XII		
Strategy 1. Establish fundamentals for initiation of social dialogue process for reform of the utilities	1.1. Discuss and agree on the Memorandum of Understanding to ensure the process on social dialogue for reform of the utilities	Develop draft Memorandum of Understanding on social dialogue process													
		Disseminate and discuss among stakeholders													
		Organize joint workshop to discuss and agree on the social dialogue													
		Submit to the Cabinet for approval													
	1.2 Strengthen the understanding and knowledge of stakeholders for social	Based on stakeholders' capacity building needs assessment, organize workshops, seminars, meetings and training of trainers on social dialogue and utilities issues													
		Identify gender issues in utilities reform and in social dialogue													

	dialogue and utilities reform	Publish series of articles and interviews on priority issues of the utilities in Malawi												
		Organize study tours, conferences and meetings on utilities reform												
		Train three experts on social dialogue and consensus building												
		Work with international expert on social dialogue and consensus building												
	1.3 Initiate and materialize the mobilization of financial resources for implementation of the social dialogue process	Submit the Social dialogue/consensus strategy for reform of the Utilities, Memorandum of Understanding to respective donors												
		Organize donor consultative meeting												
		Obtain the endorsement of potential donors in support of the implementation of the Social dialogue/consensus strategy for reform of the utilities												
	Strategy 2. Initiate and advance social dialogue/consensus	2.1 Strengthen the steering roles for social dialogue/consensus building process												
		Set up working group to revise terms of references and membership of utilities social dialogue forum												
		Submit and approve the revised terms of reference and membership of utilities social dialogue forum												

building process for utilities reform		Conduct decision making meetings by steering body												
	2.2. Organize the Support unit	Determine terms of references and structure for the support unit												
	to assist the implementation of social dialogue/ consensus building activities	Estimate financial resources and budget for setting up the support unit												
		Discuss and approve terms of references and structure for the support unit												
	2.3. Regularize activities of technical working groups on utilities reform	Establish technical working groups, develop their terms of references and working plan of the working groups and be approved by the government												
		Determine Utilities reform framework												