

# PORT REFORM TOOLKIT

SECOND EDITION

M O D U L E 7

## LABOR REFORM AND RELATED SOCIAL ISSUES



THE WORLD BANK

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# Labor Reform and Related Social Issues

## SECOND EDITION

This module is the seventh of eight modules comprising the Port Reform Toolkit. The Toolkit is designed to help government officials and private interests alike navigate the process of port reform to achieve more modern, efficient, and financially viable seaports and related intermodal facilities and services.

The labor reform module deals with some of the most critical elements of port reform: the many labor related issues associated with port ownership and operations. It is designed to help government decision makers identify the key forces affecting port labor today, understand the need for reform in a competitive environment, evaluate alternative ways of approaching labor reform, and pursue reform in a way that maximizes efficiency and minimizes labor dislocation and risks to potential port investors and operators.

### 1. CONTEXT FOR LABOR REFORM

Port labor from crane and equipment operators to stevedores to harbor pilots is one of the keys to success or failure in today's competitive port and international trade environment. Too often port labor is blamed for a port's failure to play an appropriate and productive role in port operations and its nation's economic development. Overstaffing, outdated and inefficient work rules, poor skills and training, inflated pay scales, and unreliability are among the most prominently cited problems contributing to high costs and inefficient operations in many ports. To be fair, outdated management practices can sometimes add to these problems by overlooking

the benefits of a more participatory approach to port management.

Ports and port labor do not exist in isolation. They are an integral part of, and in turn are affected by, national economic and trade policies, changes in markets and services, and technological advances. Box 1 illustrates how changes in economic policies occurring over the last decades have affected port labor.

These changes in economic policies have been accompanied by other developments in technology, logistics, and transportation that have led to further reductions in the demand for dock workers. The shift from "port to port" to "door to door" cargo delivery systems, for example, and the use of inland container facilities have led to

**Box 1: Changes in Economic Policies: Impact on Port Labor**

Economic Policies	Characteristics	End Result
Semiautonomous economic policies (until mid 1980s)	<p>International trade:</p> <ul style="list-style-type: none"> <li>• Freedom in the selection of inputs, finished goods, services, funds, and labor, usually on a domestic or local basis.</li> <li>• National markets were reserved for domestic producers, inefficient production methods, trade barriers, currency exchange restriction, bias against exports.</li> </ul>	<p>Labor-intensive technologies:</p> <ul style="list-style-type: none"> <li>• Limited degree of specialization required to operate single function lifting equipment.</li> <li>• Cargo handling and warehousing monopolies.</li> <li>• Direct and cross subsidies.</li> <li>• Increasing wages, avoidance of new technologies, and low productivity were all institutionalized as measures that protected national producers.</li> <li>• Political influence on decisions as to which and how much cargo handling equipment to acquire. Capital-intensive equipment not viewed as socially acceptable.</li> <li>• Expansion of the labor force simultaneously with demand, fragmentation of functions, and dock worker registration systems. More cargo, more workers.</li> </ul>
Export-oriented economic policies (from mid 1980s onward)	<p>Global trade:</p> <ul style="list-style-type: none"> <li>• Economic activities restructured, customs duties reduced, competition intensified, domestic producers meet the demands of international markets locally</li> <li>• Freedom in the selection of inputs, finished goods, services, funds, and labor, usually on a worldwide basis.</li> <li>• Vigorous worldwide competition for goods and services requires labor to respond to the needs of port customers.</li> </ul>	<p>Capital intensive-technologies:</p> <ul style="list-style-type: none"> <li>• Ports can provide services that are competitive and commercially attractive.</li> <li>• Productivity increased and costs reduced by exposing port labor to market mechanisms.</li> <li>• Workforce reduction, more cargo, less direct port workers. Training and retraining programs to enhance skills of workers and safe working conditions.</li> <li>• New techniques and work organizations introduced to motivate the labor force. Participation of workers in workplace decisions. Monetary incentives granted on the basis of customers' satisfaction, performance of cargo handling gangs, and participation in enterprise profit share linked to individual and team efforts.</li> </ul>

Source: Author.

many containers being stuffed and stripped by consignors' or consignees' employees on their own premises, often distant from the port. Handling systems have been extensively mechanized and are also increasingly automated.

Box 2 shows how the size of work gangs in a number of ports has changed, or not, in response to changing economic and competitive markets. In many of the ports shown in Box 2, the number of workers per gang was very large, and remained mostly unchanged between 1970s and 1980s despite the fact that cargoes increasingly were being transported in containers with the use of modern equipment. In developing countries, where ports were operated for the most part by the public sector, a combination of factors such as surplus labor, strict application of union discipline, limited resources to acquire modern cargo handling equipment, poor training, and government policies to maintain or create employment contributed to overmanning in ports.

In the 1990s, private interests made significant capital investments in ports around the world. Continued imposition of large work crews and rigid work rules in many ports, however, have undermined the value of these investments, and, hence, the commercial feasibility of ports and terminals, both in developing and developed countries. For example, until April 1998, in various Australian ports there were typically 11 or 12 workers per shift per gantry crane. With the new enterprise agreement, this number was reduced to six workers per shift per crane, and substantial productivity gains were achieved (see Box 2). In the Port of Santos, Brazil, in 1997, labor and management reached an agreement reducing from 12 to 10 the number of workers per shift per crane. As a general matter, port terminal operators would rather employ a smaller number of workers per shift while complying with safety and health regulations, and pay higher wages for a highly efficient, lean team.

Port labor reform presents a difficult challenge for government decision makers and therefore it is unlikely to take place unless forced by unfavorable existing conditions. As a result, the port

labor reform process is typically initiated only when at least one, or more likely a combination, of the following three influences are present:

- *Competition:* Challenges a port or a terminal faces from competing terminals, either within the same port or from other ports in local or regional markets, often lead public officials, port users, and shippers to press for reforms to improve efficiency and lower costs (see Box 3).
- *Community pressure:* As a result of competitive challenges, the port and trade community can be expected to object to restrictive port labor work practices, agreements, and regulations, all of which lead to high labor costs, low productivity, and high prices for port services.
- *Political commitment:* When the two foregoing factors exist, they can galvanize remedial action in the form of a plan undertaken by a public authority or proposed by a candidate for public office as part of a political platform. The intent is to reform port labor regimes to make the port more efficient and cost effective and thus improve competitiveness while reducing the fiscal burden of the public sector.

Competition is the principal motivating force behind labor reform. In cases where ports serving the same hinterland already face competition, the propensity to undertake reform is usually higher (see Box 3). Regardless of whether there is direct port or terminal competition, global competition in its broadest sense compels port stakeholders, including labor, to assess their organizational and operational cost structures, work methods, and procedures. From this perspective, ports may be viewed as just one of several factors that contribute to a country's or a region's competitiveness. As such, it is in a country's overall economic interests to improve port efficiency through labor reform and other measures.

The port and trade community, which includes manufacturers, exporters, importers, and land and ocean carriers, because of its close business relationship with the port, can sometimes press

**Box 2: Trends in Gang Strength, 1970s and 1980s**

Port	Date	Gang Strength	Date	Gang Strength	Change
Aruba	1979	21	1983	12	-9
Auckland	1971	14	1982	14	Nil
Bahrain	1970	15	1982	10	-5
Beirut	1974	50	1983	15	-35
Bombay	1970	Ashore 13 In hold 8	1980	Ashore 13 In hold 8	Nil Nil
Chittagong	1970	14	1982	14	Nil
Cochin	1973/74	Ashore 8–18 On board 10	1982/83	Ashore 12 On board 10	(average)
Doula	1970	14	1982	14	Nil
Freetown	1976	14	1983	14	Nil
Gothenburg	1976	9–13	1983	8–13	Nil
Guam	1970	14	1983	9	-5
Lagos	1970	16	1982	16	Nil
Madras	1970	24	1980	27	+3
Melbourne	1970	10–21	1983	10–21	Nil
Montreal	1970	3–14	1982	3–14	Nil
Oslo	1970	10	1982	"as required"	-
Panama	1971	18	1982	18	Nil
Pinang	1970	9	1982	9	Nil
Port-au-Prince	1977	8	1982	12	+4
Puerto Rico	1970	22	1982	22	Nil
Rangoon	1972	26–30	1982	15	-(11–15)
Recife	1970	4–15	1983	4–16	+1
Rotterdam <sup>1</sup>	1970	6–14	1981	6–14	Nil
Tai-chung	1970	4–20	1982	4–20	Nil
Shuwakh	1980	12	1982	12	Nil
Singapore	1970	15	1982	10	-5
Turkey (all ports)	1970	11–13	1982	7–9	-4
A (Sweden)	1970	11	1982	9	-2
B (Norway)	1979	7–9	1982	5–7	-2
I (North Africa)	1971	17	1981	17	Nil
J (Australia)	1970	11–15	1982	6–15	-3
E (Taiwan, China)	1970	22	1982	12	-10

Source: Couper, A. D. 1986. New Cargo Handling Techniques: Implications for Port Employment and Skills. ILO.

governments to modify restrictive labor regulations that govern work practices in ports.

Transforming these requirements into effective modernization plans may depend on other factors, but presenting a common voice can consti-

tute an important force to initiate the labor reform process.

Finally, political commitment is essential to initiate labor reform. Without strong support

### **Box 3: Labor Competition in India and Brazil**

In 2000, Western India's main container port, Jawaharlal Nehru Port (JNP), located within Mumbai Bay, used gangs of 4 workers for container handling while the Port of Mumbai used gangs of 15 workers to perform the same task, putting more pressure on the latter to undertake labor reform sooner than the Eastern Indian port of Calcutta, which used gangs of 28 workers and had no competing port in the vicinity at that time.

Likewise, competition arising due to the proximity of the Port of Sepetiba to the Port of Rio de Janeiro, Brazil, has encouraged the latter to negotiate more flexible labor arrangements and tariffs than the Brazilian Port of Santos, which at the time had no nearby competing port (now the container terminals have been privatized and multiple competing terminals exist in the same port).

Source: Author.

and reassurance from government decision makers for labor reform, the chances for reform to succeed are slim. Similarly, promises from aspiring political leaders could fall short after an election is won. Moreover, the need to reduce government subsidies or the desire to obtain a one off cash injection by tendering concessions, have in the recent past been common incentives for reform and port labor reform.

### **Box 4: Factors Prompting Port Labor Reform**



Source: Author.

While a port labor reform process may be instigated by either competition, community pressure, or political push, the most favorable condition occurs when all three forces are present simultaneously (the shaded area in Box 4).

Box 5 describes the efforts of port labor reform in the European Union.

## **2. KEY LABOR ISSUES**

In numerous developing countries, as well as in some industrialized ones, existing port labor regimes, collective agreements, and management and labor practices are inflexible, outdated, and inefficient. Consequently, they hinder the development of the commercial and operating environments that ports require to respond to the increasing demands of customers and competitive markets. Governments, as a result, must appraise, in consultation with other port stakeholders, the extent to which labor regimes, collective agreements, and labor and management practices serve as a barrier to the achievement of the port's commercial goals.

In conducting this appraisal, many issues have to be addressed, including, but not limited to:

- Restrictions on which entities can offer cargo handling and other services in the port.
- Reducing overstaffing by adapting gang sizes and other staffing to generally accepted levels.
- Rigid and outdated job descriptions and duties.
- Limitations on working hours and days.
- Inefficient overtime allocation at excessive wage rates.
- Hiring of port labor exclusively through the unions.
- Restrictions on output.
- Unsettled and combative workplace culture.
- Insufficient training and retraining opportunities.

**Box 5: Port Labor Reform in the European Union**

The European Commission attempted numerous times (2001, 2003, and early 2006) to adopt a proposed directive on market access to port services. The aim was to establish clear rules and to set up an open and transparent procedure for access to port services. The proposal sought to reinforce quality service in ports with a strong focus on port labor and concession terms. Port labor, however, supported by several industry stakeholders, fought strongly against the proposals, which included dock worker strikes in Germany, the Netherlands, Portugal, and France.

The key objective of the commission's initiative, namely to increase port efficiency, would also allow a port service provider to employ personnel of its own choice. Self-handling would be allowed and self-handlers would be treated neither more nor less favorably than other providers of a comparable service. Self-handling is when a port user provides for itself one or more categories of port services, for example when ferry operators carry

out their own loading operations. Services include cargo handling, towage, mooring, pilotage, and passenger services and represent a major part of total costs of port calls for ships and of cargo transported through ports. There are, in the opinion of the commission, no reasons why self-handling should not, in principle, be allowed if operators believe that such action provides better use of their resources and increases efficiency.

Many port stakeholders (port unions, operators, and shipping lines) felt that this type of liberalization would not only undermine the position of the regular port workers, but would also open the door for inexperienced, poorly trained, and underpaid port workers on an on call basis, giving rise to the emergence of malafide employers who would diminish the quality of port services.

The most recent proposal in January 2006 was rejected by the commission on a vote of 532 to 120.

Source: Author.

- Lack of clear and meaningful productivity objectives.
- Inadequate occupational health and safety procedures.

Some port reformers have opened labor markets to competition as an approach to address these issues. In this context, the existence of inflexible and exclusive dock labor boards or union labor pools runs counter to the desire to increase management discretion over the recruitment, qualification, and use of specific employees.

Many government-owned and operated ports face not just one of these issues, but a combination of them. And solving these issues is critical to any successful port reform strategy. Simply shifting the burden of these issues from a public authority to the private sector, however, will do little or nothing to resolve them. Box 6 shows how certain port reforms can affect employment conditions and labor management relations.

### 3. LABOR INVOLVEMENT IN PORT REFORM

A realistic and responsible port reform initiative must recognize and deal with the possible

adverse human and social effects that may result from implementation. To ensure that dock workers' rights and interests are properly taken into account, the International Transport Workers' Federation (ITF) recommends that policy makers should involve labor at all stages of port reform.

The principal areas of interest for port labor include, but are not limited to:

- Stable and fulfilling employment.
- Reasonable incomes.
- Decent working conditions.
- Social security and pension provision.
- Education and vocational training.
- Health, safety, and the environment.
- Workplace democracy.
- Freedom from discrimination on the basis of race, religion, social status, or gender.
- Freedom from corruption and coercion.

Historically, trade unions have worked to advocate these interests. And trade unions can be

**Box 6: Possible Effects of Reform on Employment**

Employment effects	Employment conditions	Management labor relations
<ul style="list-style-type: none"> <li>• Reclassification of posts.</li> <li>• New job patterns.</li> <li>• Labor retrenchment and direct job losses.</li> <li>• Gender-based employment policies.</li> <li>• Discrimination against shop stewards and other labor representatives.</li> <li>• Medium- and long-term employment gains due to increased investment, growth, privatized firms, and diversification of services.</li> </ul>	<ul style="list-style-type: none"> <li>• Greater job mobility.</li> <li>• Diminished guarantee of tenure and job security.</li> <li>• Need for retraining and skill upgrading.</li> <li>• Longer working hours and/or increased work load.</li> <li>• Payment by results schemes and pay freezes.</li> <li>• Loss of seniority and service grades.</li> <li>• Wider wage differentials with greater incentive components.</li> <li>• Loss of pension rights.</li> <li>• Loss of social benefits (for example, housing, transport, child care, and health insurance schemes).</li> <li>• Abolition of ban on undertaking strikes and industrial actions.</li> </ul>	<ul style="list-style-type: none"> <li>• Greater emphasis on professionalism.</li> <li>• More discretionary power in making management decisions and formulating enterprise policies.</li> <li>• More emphasis on strict implementation of these decisions and policies.</li> <li>• Marginalization of unions' influence and bargaining power.</li> <li>• More tedious wage bargaining with preferences for individual rather than collective agreements.</li> <li>• Tougher stance of management on workers performance and work discipline.</li> <li>• Efficiency arguments and profit-making gain importance over social objectives.</li> </ul>

Source: UNCTAD. 1995. Comparative Experiences with Privatization: Policy Insights and Lessons Learned.

expected to continue to play an important role in the port community during and after the period of reform implementation. Government authorities, when undertaking reform, must recognize this legitimate and important role and should not view port reform predominantly as an opportunity to break trade unions or otherwise undermine their role in protecting workers' interests.

Despite the critical role that labor plays in ports, many countries have designed and implemented port reform adjustment programs without the involvement of workers' representatives and unions.

Failure of governments to secure constructive labor involvement in port reforms can typically be traced to:

- Mistrust stemming from historic disputes and the recurring conflicts over capital-labor tradeoffs.
- Inadequate and untimely preparation of port reform proposals, making it difficult for labor to take part in consultations and negotiations.
- Financial resources that are too limited to cover training needs created by port reform.

Governments, however, have much to gain from involving labor early and effectively in the port reform process. Port labor is one of the most valuable assets of the port community. This pool of trained personnel is a deep source of practical knowledge with vast experience in port operations. This source can be tapped to contribute problem-solving expertise and innovation to add value to the goods and services of customers.

On the other hand, labor unions themselves must face a number of crucial challenges to adjust and optimize their own effectiveness when dealing with reform. As listed by a former ITF official, the main challenges include:

- *Union participation.* The participation of trade unions in the reform process is a big challenge because it requires a commitment from trade union leaders. Negotiation implies compromise and this may not always be to the liking of all affected trade union members. Union leaders must accept that once they have negotiated the best deal possible, it is their responsibility to defend it strongly to their members.
- *Unification of workers' short- and long-term interests.* The issues confronting labor during the transition period to reform versus the period following the introduction of reform are different. In the transition period, the challenge for trade unions is primarily to defend the short-term interests of workers. At the same time, trade unions have to look to the future and to defend the workers' long-term interests. This means that they have to understand longer term trends affecting the port industry and to be able to develop appropriate policy and a strategy for the future.
- *Increase expertise within the union.* Participating actively and effectively in a reform process requires trade unions to become thoroughly knowledgeable about shipping, ports, and international trade,
- and to commit significant human resources to the reform process. In addition, trade union structure must allow for the internal exchange of information and debate. In some cases this expertise needs to be developed, as it has been within those unions more experienced in reform processes. There are several ways to develop this expertise within a union, including training.
- *Introduction of new trade union structures.* One obstacle to successful port reform could lie in outdated union structures that divide workers into many small, different unions, that sometimes compete among themselves for membership. Efficient trade union structures, covering the whole industry, should be created to enable union officials to exchange information within the union, to organize the necessary internal debate, and to present a consistent approach in their dialogue with public authorities.
- *Finding solutions to social problems caused by reforms.* The main source of port workers' opposition to reform is uncertainty. Faced with the fear of unemployment or major cuts in income, labor's first reaction is always to say no. Unless workers can be given an interest in the results of the reform, they will resist any change. Employment and income guarantees for port workers affected by reform are, therefore, essential in creating the climate required for successful and lasting port reforms. The costs of severance pay, unemployment benefits, pensions, cash payments for early retirement, or other measures must be considered a legitimate part of the overall cost of reform. The challenge for the trade unions, which comes prior to solving social problems, is to develop their own policy on those issues and to reach common ground with public authorities and private employers.
- *Reform acceptance.* Unions increasingly recognize the need for a differentiation of

their policies on reforms and reform. Resolutions adopted at ITF's Latin American and Caribbean and African Regional Dockers' Conferences in Lima (November 1996) and Mombasa (December 1996) indicated for the first time that unions acknowledged that there is no standard model for port restructuring and that increased involvement of the private sector is an option that cannot be discarded. The basis for this changing attitude toward reform was the increased awareness that it is not reform that threatens working conditions, but the process through which it is implemented.

- *New culture of competition.* A major consequence of reform is an increase in competition. This usually calls for new flexibility in working practices. There are many forms of flexibility, and trade unions should understand this aspect of reform and competition thoroughly to again find a balance between what is presented as necessary and what is recognized as socially acceptable.
- *Understanding the need for new labor relations.* Reform brings with it a complete realignment of labor relations. In the case of state-owned ports and related companies, the relationship is between only two parties: government and labor. Reform means that a third party is introduced: the private entrepreneur or employer. For many trade union officials this change requires a complete overhaul of the way they used to think about labor relations. Moreover, it also requires from managers a completely different attitude and approach. Trade unions, employers, and would-be entrepreneurs can no longer rely on governments or other authorities when decisions need to be made. In many instances, entrepreneurs have to make their own decisions, in some cases in consultation with labor representatives and in some cases in consultation with authorities. Authorities

must learn that the state, on many occasions, should no longer take the lead, but should provide an environment in which entrepreneurs are encouraged to make their own decisions and in which trade unions and employers are encouraged to develop joint approaches to addressing labor issues. Box 7 describes Ghana's approach for addressing a number of these challenges.

Box 8 presents an example of the reference to the port labor clauses in a concession agreement.

#### **4. ORGANIZING TO ADDRESS LABOR REFORM: A TASK FORCE APPROACH**

Successful port labor reform requires governments, labor, and private interests to grapple with a wide range of economic, operational, social, safety, and cultural issues. To come to grips with these myriad issues, some governments have established a labor reform task force, often headed by the ministry of labor, to consult with port stakeholders regarding any changes that might be made in government policies and practices to improve port productivity and cost effectiveness.

The labor reform task force should include representatives of all government agencies and private sector stakeholders affected by port reform, including:

- Ministries of transport, labor, finance, economics, and planning.
- Port authorities.
- Port labor representatives.
- Main port customers and users, including exporters, importers, carriers and agents, freight forwarders, and multimodal transport operators.
- Private investors, terminal operators, and cargo handling and stevedoring companies.

The labor reform task force should conduct its activities in an open and transparent manner.

**Box 7: Working with Labor Unions: The Ghana Case**

**A**s a strategic option to achieve its development objectives, the government of Ghana designed in 1998 the Ghana Trade and Investment Gateway Project (GHATIG) with the support of the World Bank. The primary objective of GHATIG is to create an environment conducive to economic growth and development led by private sector initiatives.

Within this context, the government of Ghana has approved a policy to further improve the operation of the ports, which will reduce the cost of operations and shorten the turnaround time of ships. The policy entails increased private sector participation in the management of ports. The Ghana Ports and Harbours Authority (GPHA) will be converted into a “landlord” port authority while the private sector will participate in port operations, particularly container handling operations, dock-yards, and sites’ maintenance and services.

The port reforms that are sought through the implementation of the GHATIG Project constitute a major change in the port sector of Ghana. The most critical issue in managing change (that is, making change work) is overcoming the resistance to change in many of the stakeholders in the port industry. However, in the case of the proposed port reforms in Ghana, due to the proper, professional, and timely and proactive actions of the government (particularly the initiatives of the Minister of

Roads and Transport) and the GPHA management, the strength of the resistance to change has been minimized. The avoidance of any autocratic approach and the consultative, persuasive, and participative style that has been adopted by the government in promoting the port reform process has resulted in a very positive atmosphere among the port community for the implementation of the port component of the GHATIG Project. The public consultation through a national workshop on the acceptability of the government’s policies pertinent to port reforms and the personal site visits of the Minister of Road and Transport to the ports to speak, and more importantly listen, to the port workforce and the port labor unions, coupled with the constructive work that has been undertaken by the GPHA management, has secured the collaboration of the majority of the stakeholders in the port sector. It is interesting to note that representatives of the Maritime and Port Workers Union (MDU) have joined forces with the GPHA management in its effort to address the port rationalization issues in relation to the port reform process. MDU representatives are now members of the organizational restructuring and labor rationalization working team of the GHATIG Project Implementation Committee and attend its meetings on a regular basis.

Source: Author.

Its main areas of activity should typically include:

- *Commissioning or conducting studies:* Many governments prefer to be assisted and guided by expert professionals, retaining consultancy services to work closely with management, workers, and other port stakeholders in assessing the weaknesses and strengths of labor regimes, collective agreements, and work practices.
- *Organizing seminars and workshops:* These help to build consensus by allowing all port stakeholders to share their views and concerns on various issues. These events also permit employers to explain to workers what sort of competition they face, their firms’ financial performance, and the need to address competitive challenges.
- *Informing the community and consumers:* Using the media to disseminate the results of studies and workshops helps to keep the community and consumers at large informed, making it easier to gain their support for necessary changes. The community and consumers need to be enlightened as to why port labor reform is needed, what is involved, how the main difficulties will be mitigated, and what the expected benefits are to the entire economy or country.
- *Fostering the creation of joint committees:* Such joint committees between unions and private terminal operators

### **Box 8: Sample Reference Clauses in a Concession Agreement on Employee Transfer**

1. The Operator shall employ the employees engaged in container handling operations in whatever way who desire to work for the Operator on terms and conditions that are overall not less than those such employees were drawing at the time of their termination as employees of the [name] Ports Authority. To this purpose the Operator shall source not less than [number] employees employed by the [name] Ports Authority with the required skills:
  - (a) Initially from staff working on the [name] Container Terminal; if unable to source the total number required, then
  - (b) From staff working at other locations of the [name] Ports Authority, employed in the port of [name]; and if there still is a shortfall of the total number required and the Government is satisfied that the Operator is unable to obtain the required number of employees from the [name] Ports Authority, employed in the port of [name], then
  - (c) The Operator may source its employees from outside the [name] Ports Authority.
2. The Operator shall undertake such consultation with employees and employees' representatives as the Operator in its discretion deems fit. In so doing, the Operator shall have due regard to and observe:
  - (a) Any applicable law.
  - (b) Any other agreements relating to the employees or employees' representatives concerned.
  - (c) The relevant contracts of employment of said employees.
  - (d) All relevant consultation provisions and obligations concerning the said employees or employees' representatives.
3. Subject to applicable law, the Government shall transfer to the Operator such employment records relating to those former employees of the Government who are employed by the Operator upon hand-over as the Operator shall reasonably require.

Source: Author.

might address issues affecting operating efficiency and safety and can help resolve on-the-dock problems and disputes without formal government intervention.

- *Defining government's role regarding ports:* Governments should play an active and focused role in regulating and monitoring companies that operate in the port system to ensure that safety and health laws and regulations are followed. Governments can assume an active and effective role in promoting the use of ports for the benefit of the entire community and economy.
- *Developing a workforce rationalization plan:* The task force should draw up and explain programs for staff restructuring and rationalization. In developing these programs, the task force should evaluate a range of measures including incentive schemes for early retirement, voluntary separation, provision of training and retraining, and career development as well as assistance in job search and outplacement.

For the task force to be in a position to work effectively, sufficient budget must be allocated by all participants' organizations to make it possible for the team to complete its tasks and work schedule. Box 9 describes Australia's approach to creating a port reform task force (Box 10 provides the productivity research conducted by Australia's port reform task force).

## **5. THE INSTITUTIONAL FRAMEWORK FOR LABOR REFORM**

Port labor reform is a balancing act that must consider workers' rights and social equity, port users' and operators' commercial needs, the need to foster competition, and the interaction between governments and port interests.

### **5.1. Redefining the Concept of Social Equity**

The current concept of social equity (that is, job and wage security) was developed at a time when governments believed they could insulate

### Box 9: The Productivity Commission of Australia

The Productivity Commission, an independent commonwealth agency, is the government's principal review and advisory body on microeconomic policy and regulation. It conducts public inquiries and research into a broad range of economic and social issues affecting the welfare of Australians.

The commission's work covers all sectors of the economy. It extends to the public and private sectors and focuses on areas of commonwealth as well as state and territory responsibility.

The commission performs its role through the following key activities: holding public inquiries and reporting on a variety of matters brought to the commission's attention; initiating research on industry and productivity issues; reporting annually on industry and productivity performance generally; assistance and regulation promoting public understanding of matters related to industry and productivity; providing secretariat and research services to government bodies, including developing performance indicators for government provided or sponsored services; reviewing and advising on regulation through the Office of Regulation Review; and investigating and reporting on complaints about the implementation of the commonwealth government's competitive neutrality arrangements.

Source: Author.

their economies from the rigors of fierce international competition. Developing countries, in particular, often pursued policies designed to reserve domestic markets for national entrepreneurs while seeking to create broader export markets through the receipt of preferential treatment under multilateral trade agreements. In this environment, dock workers (and other labor) were sheltered from the full force and effect of international competition, or so it may have seemed.

Similarly, governments were temporarily spared having to make difficult decisions associated with adjusting labor conditions and relation-

ships to conform to global market forces. Governments, therefore, guaranteed dock workers' jobs, purchasing power, and benefits. At the same time, they were often reluctant to make investments in new technology or to take steps to reduce costs and improve productivity. The unfortunate truth is that this interpretation of social equity raised the costs and prices of imported and domestic products in national markets and contributed to a downward spiral of noncompetitiveness. As such, this concept of social equity was unsustainable.

The concept of social equity today has shifted to a commercial opportunity-oriented approach. Under this approach, job security, which ultimately depends on expansion of trade and transport activities, is not achieved through government guarantees of work, but through education, training, and retraining programs. By this means, the enhancement of workforce skills and abilities, together with greater participation in workplace decisions, lead to better job opportunities and improved productivity. Box 11 compares past and present aspects of job security.

For workers displaced as a result of reforms, fair compensation should be granted for the relinquishment of their acquired rights and privileges. To facilitate their early reentry into the national workforce, displaced workers should be offered retraining programs and job search assistance, and above all, an institutional structure that ensures that benefits and privileges given up by these workers will not be appropriated by some other group within the port or trade community. Labor's possible role in this area would be to ensure that training programs become an integral component of the modernization process, promote occupational health and safety, and establish a collaborative process for the selection and introduction of new equipment.

### 5.2. Meeting Commercial Needs

Establishing interport, intraport, interunion, intraunion, and nonunion competition is key to addressing shipping and port companies' needs for improved productivity and cost effectiveness.

### **Box 10: Institutional Framework for Labor Reform Key Findings**

**P**roductivity Commission 1998, Work Arrangement in Container Stevedoring, Research Report, AusInfo, Canberra, Australia

- Flexibility in the allocation and use of labor is critical to stevedore workplace performance given the highly variable demand for stevedoring services at Australian ports.
- The container stevedoring industry is characterized by a system of complex, inflexible, and prescriptive work arrangements that constrain workplace performance. They impede productivity, reduce timeliness and reliability, and increase labor costs.
- The most significant work arrangements are the order of engagement (specifying the order in which different types of employees are engaged for a shift), shift premiums and penalty rates, and redundancy provisions.
- The order of engagement, in combination with relatively high shift premiums and penalty rates, add significantly to total labor costs for a given level of activity. They detract from productivity by creating incentives for permanent operational employees to seek overtime and lead to poor timeliness and reliability. They can also have deleterious effects on the lives of operational employees.

- The high cost of redundancies restricts the ability of stevedores to adjust manning levels of permanent employees. The redundancy agreements also foster skill mismatches and reduce the ability of management to allocate the best person for the job.
- There are a number of factors that impede change, including an adversarial workplace culture, strong union bargaining power, limited competition in the labor market for operational stevedoring employees, and limitations on competition in the industry.
- The Workplace Relations Act of 1996 facilitates change by enabling work arrangements to be determined primarily at the workplace level. Together with the secondary boycott revisions to the Trade Practices Act, it has also reduced some sources of union bargaining power.
- Responsibility for better outcomes ultimately rests with managers and their employees. Greater competition in container stevedoring would increase the pressures on both sides to change work arrangements and improve performance.

Source: Productivity Commission. 1998. Work Arrangement in Container Stevedoring, Research Report, AusInfo, Canberra, Australia.

Creating this competition usually requires economic regulatory reform, including the elimination of bureaucratic obstacles to the free interplay of market mechanisms affecting the supply and demand of dock workers and decentralization, including the assurance that labor responds to local market signals without cross-subsidies among related labor organizations in competing ports.

Labor's possible role in this area would be to negotiate with port employers to establish job education and experience requirements and provide training courses that address local market needs.

### **5.3. Fostering Competition**

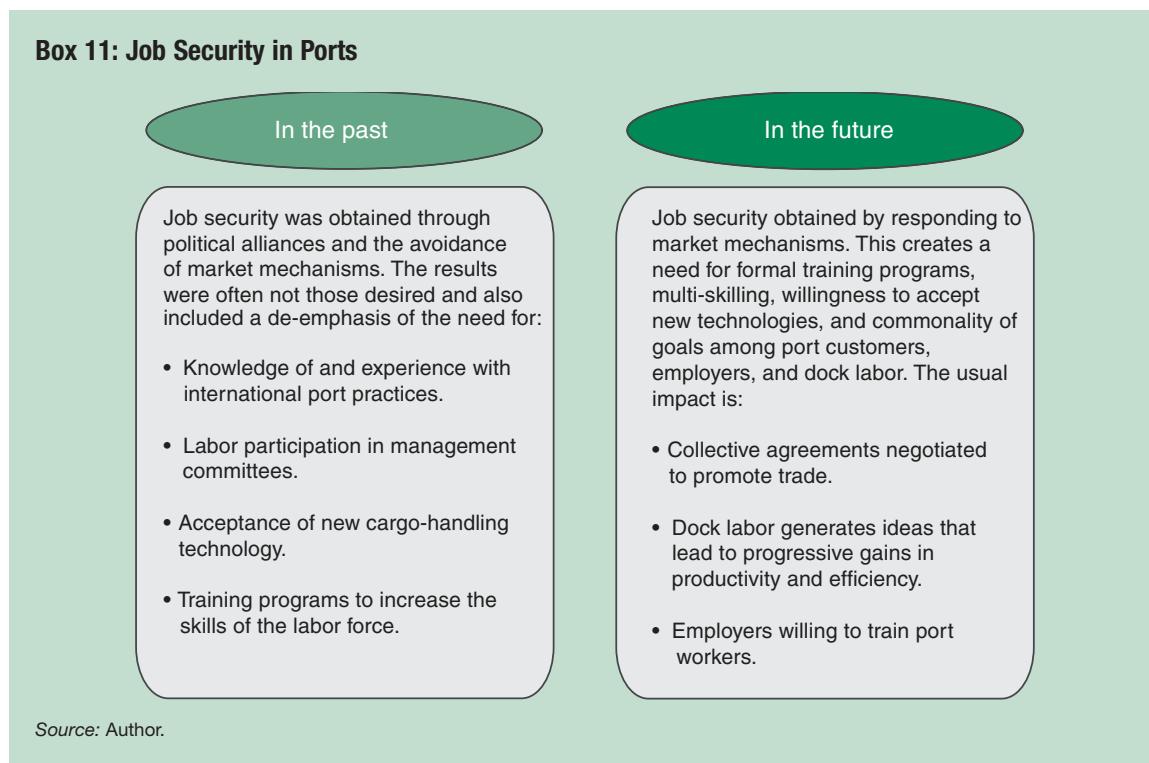
Antimonopoly laws must be applied to terminal operators and dock labor alike to ensure that market mechanisms do not result in the creation

of cartels. Labor's possible role in competition should be to ensure that market mechanisms are used to compete fairly and that port operators do not abuse their market power.

### **5.4. Government's Role**

To avoid pressures to modify market outcomes, governments should remove themselves from direct involvement in port labor relations, collective negotiations, and informal dispute resolution. A proper commercial setting should be able to function without political influence, although the government has a major role to play in labor rationalization and its funding.

Labor's possible role in this area would be to negotiate on a transparent basis without political manipulation; suggest measures to improve productivity, facilitate work, and reduce costs; and share decision authority at the operational level.

**Box 11: Job Security in Ports**

### 5.5. Time Frame for Port Labor Reform

Port labor reform is an economically and politically challenging process. As such, it can be expected to elicit strong political emotions both for and against. Consequently, the port labor reform process should be begun and completed within the term of a single public administration. The reason for this is that the changes to existing labor regimes that are considered “objective” by one administration could be judged to be “biased” by succeeding administrations. Trying to carry over this reform process from one administration to the next often results in significant delays or even the discontinuation of the entire reform process.

Further, if port reform includes inviting potential investors to operate state-owned port facilities, it would be advantageous to conclude the labor reform component before the project is marketed and a request for bids is tendered. This will clarify the potential investors’ future labor relations and costs,

thereby reducing the degree of uncertainty and risk and, with the right labor reforms, making the offering more attractive to reputable investors and operators.

Nevertheless, one can expect that labor reform will be a continuing process that will involve adjustments to respond to changing market conditions.

## 6. DEVELOPING THE WORKFORCE RATIONALIZATION PLAN

An effective workforce rationalization plan must be built on accurate and relevant information and must consider the full range of rationalization alternatives, not just dismissals.

The design of a port labor rationalization plan and program is one the most important phases of the overall port reform process. To be designed correctly, the plan and associated programs should be based on detailed, reliable information on the port enterprise, the workforce, and local markets. In this respect, it is

useful to review the lessons learned from previous government labor rationalization programs.

Before developing a rationalization plan, the labor reform task force should assemble the following information:

- Port master plans and strategic goals for the short, medium, and long terms.
- Estimates of required activity levels (throughput forecasts).
- Demographic information about the current port workforce, including data on employee age, marital status, number of dependents, level of education, length of service, and accumulated benefits (for example, employer's pension fund contributions, life insurance benefits, and accumulated holidays).
- Current staffing levels by operational, administrative, and management categories, and descriptions of job requirements.
- Estimates of minimum staffing levels by operational, administrative, and management categories, and descriptions of new or modified job requirements.
- National and local laws, regulations, and policies relating to labor rationalization.
- All relevant collective bargaining and employment agreements that describe work rules, compensation, benefits, training, contracting out rules, exclusive staffing provisions, and so forth.
- Training needs and skills of workers who will be seeking alternative employment.
- Existing government and private sector organizations capable of assisting with retraining and job searches, and their capacity to provide training at the required levels.

In developing a realistic labor rationalization plan, appraising the local labor market situation and conditions will be as important as assessing the specific enterprise being restructured.

Displaced workers will need to be reintegrated into local and regional markets. To facilitate their reentry, the labor reform task force will have to gather information about and carefully consider the following factors:

- The overall macroeconomic situation of the country and, more specifically, the economic and social condition of the area or region in which the port is located.
- Existing employment and unemployment patterns, job creation schemes, and the growth of sectors within regions.
- The labor absorption capacity and growth potential of different sectors of the economy.
- The skills and experience of the workforce.

This information should be available to all parties affected by port reform because it will become the basis on which many decisions will be made.

### **6.1. Alternatives to Dismissals**

Too often, labor rationalization has been equated to wholesale dismissals. Labor forces can be rationalized in a number of ways, however, and the immediate dismissal of employees is not always necessary. In a climate of cooperation and mutual respect, labor and management have been able to implement agreements involving flexible work arrangements that preserve jobs or reduce the workforce through means other than involuntary dismissals. Some of these arrangements and measures include:

- Normal attrition of the workforce as a result of retirements, deaths, or resignations.
- Part-time employment, flexible working hours, reduction in working hours, variable work weeks, job sharing, and overtime restrictions.
- General or job category-specific hiring freezes.

- Absorbing cost reductions across the organization by sharing reductions in hours of work and pay.
- Work rotation among other government departments in cases where the port is the main employer of the city and jobs in the surrounding areas are very scarce.

Each of these alternatives merits careful consideration in the development of a labor rationalization plan. Box 12 describes one company's approach to labor rationalization.

## 6.2. Elements of a Staff Retrenchment Program

Measures such as the flexible work arrangements described above may prove insufficient to attain workforce reductions needed to make the port enterprise commercially feasible or attrac-

tive to new investors. In such cases, policy makers have to adopt other measures. A staff retrenchment program is an option that permits governments to reduce large numbers of workers in an operationally rational and socially responsible manner. To be viable, this kind of solution should be the result of negotiations with trade unions or workforce representatives. Such programs typically include various measures aimed at cushioning the adverse affects workers may suffer as a result of dislocations.

The main components of a staff retrenchment program normally include:

- Compensation, with incentives for early retirement and voluntary separation. Retrenchment programs often permit employees to retire with either full or reduced pension benefits at an earlier age

### Box 12: Social Plans at Moulinex

Social plans can be described as agreements reached between labor and management to develop an organized set of measures seeking alternatives to dismissal, assistance in arranging reemployment elsewhere, and compensation in an effort to limit the number of planned redundancies and minimize the impact on workers and communities. The social planning process typically begins after an organization has announced that it intends to scale back the size of its workforce or even shut down operations entirely.

Following such an announcement, the social partners meet to find workable alternatives to mass redundancies. These alternatives tend to involve such initiatives as early retirement schemes, incentives for voluntary redundancies, natural attrition, conversion from full-time to part-time status, reduction in working hours, wage moderation or cuts in compensation, relocation to another work site within the organization, and worker retraining. If redundancies cannot be avoided, the social plans address such matters as an orderly process for layoffs, redundancy payments, job counseling, job search assistance, and training for new and expanding occupations. In France, for example, companies employing more than 50 workers are legally required to

draw up a social plan to limit the number of redundancies. Moulinex announced its intentions in June 1996 to make 2,100 workers redundant over three years, close two sites in Normandy, and transfer the head office west of Paris. It then signed an agreement with its five trade unions in January 1997, which reduced the number of planned job cuts from 2,100 to 1,468 through a combination of reductions in working time and early retirement. Working time will be reduced by 15 percent for 750 workers, from 39 hours to 33 hours and 15 minutes per week, paid at 97.2 percent of the base salary and organized on a voluntary basis. Early retirement will be offered to 718 employees from age 56. To prevent the loss of 600 more jobs, Moulinex will offer a relocation package of 12,195 to encourage workers to move to other locations within the company. The primary objectives of social plans such as that concluded at Moulinex are to maintain employment levels wherever possible, reduce disruption, and facilitate reemployment when layoffs are unavoidable.

Source: ILO. 1998. "The ILO's Response to the Financial Crisis in East and South-East Asia." Technical paper for the ILO's High Level Tripartite Meeting on Social Responses to the Financial Crisis in East and South East Asian Countries, Bangkok, Thailand, April 22–24, 1998.

than normal. Numerous public enterprises have either reduced the minimum retirement age by five years or added five years to length of service. Financial incentives are normally calculated based on the number of years of service, each year of service entitling the separated employee to one month's salary, with a ceiling of possibly 24 months of wages.

- Compensation for involuntary separation. When the targeted workforce reduction is not reached through voluntary programs, and workers have to be dismissed or laid off, they normally receive a lower severance payment, for example, 80 percent of the amount received by workers who left voluntarily. Dismissed workers are also entitled to training and outplacement assistance. Criteria to decide who should be dismissed could be based on: workers' records of attendance; frequency of penalties or suspensions; overall performance evaluations by immediate supervisors; and family situation (for example, marital status or number of dependents). In some countries, the standard is still "first in last out" when making redundancy decisions.
- Provision of training and retraining. The training and retraining component of the retrenchment program is aimed at facilitating the return of displaced workers to gainful employment. Experiences in various countries, however, have revealed that in many cases only 20 percent of the displaced workers take advantage of the retraining programs being offered. The main reasons for this low level of participation include timing delays, weak institutional capacity of the local public sector, and low educational level. To have a greater chance of success, retraining programs should be demand driven, not supply driven.
- Guidance and assistance in job searching and outplacement. This component is closely linked to retraining and is aimed

at assisting displaced personnel who will be seeking employment. However, displaced personnel should be able to take advantage of this service regardless of whether they have been retrained. Services could include resume assistance; providing information about employment opportunities; sharing information on how to start one's own business; establishing cooperatives; and other measures.

### **6.3. Pitfalls in Designing and Implementing Severance Packages**

Retrenchment efforts involving significant staff reductions often face considerable political opposition. As noted above, to overcome opposition and to fairly treat public employees who lose their jobs, governments often offer severance pay to those workers forced to leave public employment. But problems in the design and implementation of these compensation schemes often reduce their efficiency and may not achieve their objectives.

Potential problems include:

- *Paying too much.* Workers are paid more than would have been necessary to induce them to leave. These increased costs may bring a retrenchment program to a halt because funds run out.
- *Adverse selection.* Severance pay packages do a poor job at targeting redundant workers; often the best workers tend to accept the buyout because they have readily available alternatives, while the worst tend to remain.
- *The revolving door.* Workers accept severance pay but are later rehired when it is determined that their skills are needed. As a result, the severance package is wasted and downsizing is not achieved.

How do ports accurately measure the portion of the labor force that is excessive? Typically, a government- or state-owned enterprise, allowed to restructure on its own, may cut more workers than is socially optimal, particularly if the cost of downsizing is borne by another agency. When

wages are higher in the public sector than in the private sector, governments tend to overestimate redundancies. Cuts are also exaggerated when employment in a given government agency affects the earnings of those it does not employ; for instance, in communities where the government agency being reformed is the primary source of direct and indirect employment. However, agencies tend to underestimate the number of necessary redundancies when heavily subsidized by the general budget. Although each port's situation is unique, applying certain rules

of thumb can help ports and governments identify where they may be overstaffed or where their productivity significantly trails other ports. Box 13 identifies a number of these benchmarks.

From a financial point of view, shrinking bloated governments appears to be a very profitable undertaking, even when employees get substantial severance pay. Practice shows that if employees are given two to three years of salary to leave, for example, then in a mere two years the money spent is recovered through cost

### **Box 13: Port Staffing Benchmarks**

Size of the port authority	Recommended staffing level
Small authority: a few million tons	About 50
Average port authority: 10–20 million tons	From 150 to 250
Large ports: example: 100–300 million tons	1,000
More generally, and indicative ration would be:	100,000 tons per staff per year, with large variations: small ports require more than this proportion, large ports gain from scale economies and require relatively less staff; general cargo requires more staffing than bulk traffic.
Type of cargo	Performance
Containers (including operational, administrative, and management staff) Source: Drewry Shipping Consultants, World Container Terminals 1997.	1,000 TEUs of staff per year (for a large array of yearly throughput, from 150,000 up to 600,000 TEUs). Comment: also here there are economies of scale $150,000 \text{ TEU} / 600,000 \text{ TEU} = 500 \text{ people}$
Breakbulk Cargo Boxes on 2 ton pallets built in the hold (fruits, frozen goods, and so forth): Gang: 15 to 17 dockers (excluding transfer and storage crew, crane driver, maintenance staff)	40 tons per hour 2.5 tons/hour/docker
Prepalletized boxes, handled with cages: Gang: about 13, including transfer (excluding storage crew, crane driver, maintenance staff)	160 tons per hour 14 tons/hour/docker
Exotic wood in logs, handled with slings: Gang: 12 to 15 dockers (excluding transfer and storage crew, crane driver, maintenance staff)	80 tons per hour 6 tons/hour/docker
Exotic wood in logs, handled with hydraulic clamps: Gang: 10 dockers (excluding transfer and storage crew, crane driver, and maintenance staff)	140 tons per hour 14 tons/hour/docker

Source: Author.

savings and productivity improvements. However, research has found that governments must take care to avoid losing the best employees, so as not to have to rehire them later.

Ironically, severance packages often have the adverse effect of inducing the most productive people to leave. Quite often, the best public employees have to be rehired, an expensive way of getting back to “square one.” World Bank research has found substantial rehiring in about a quarter of the surveyed retrenchment programs. What, then, are the best mechanisms for shedding redundant public sector workers? If severance packages are offered to induce voluntary departures, how should they be designed to minimize the total cost? And are there ways to structure such packages to induce least productive employees to depart while encouraging to most valuable employees to stay?

Too often, severance pay is offered indiscriminately, without an overall plan for continued operations. Some public sector employees take the package, others stay, and only later do governments know which personnel and skills remain. The sequence should be reversed, first identifying the services to be cut or transferred to the private sector; second, identifying the specific overstaffed jobs; and meanwhile enforcing work hours and attendance recordkeeping to chase away “ghost” workers. Only then should those specifically targeted to leave be offered a severance package.

Tailoring severance packages to observable characteristics, such as age, education, number of dependents and the like, may substantially reduce the costs of downsizing. Care must be taken, however, not to discriminate against particular categories of personnel in a manner contrary to human rights and labor law.

Usually, the packages involve a multiple of the separated worker’s current salary in the public sector, the multiple being related to seniority. But these packages tend to overcompensate the people who accept them. World Bank research estimates overcompensation in selected countries at about 20 percent.

To keep the best employees, the research findings suggest developing a menu of alternatives to the standard severance package. For instance, public employees could be given the following choices: (a) keep their jobs; (b) leave and get severance pay; or (c) keep their jobs, but with a higher salary and on a fixed term contract. This last option would help retain the more productive public employees who have good outside alternatives and are not afraid of losing their jobs. Without the third option, those employees would tend to take the severance pay and leave.

Box 14 depicts a decision tree that can help port reformers carefully think through the process of workforce rationalization.

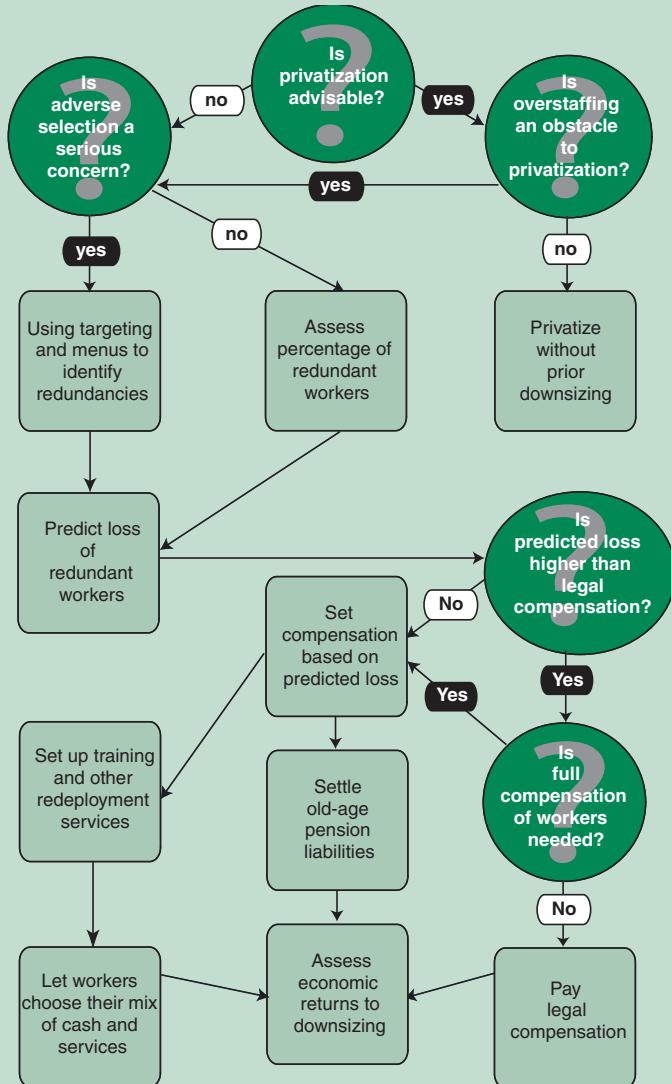
#### **6.4. Rationalizing the Workforce: When and By Whom?**

Workforce rationalization can take place at a number of points along the path to port reform and, depending on when it takes place, can be implemented by either the government or by the private sector. There are pros and cons to each of the various approaches.

##### **6.4.1. Prereform Rationalization**

Having the government initiate workforce rationalization prior to reforming other elements of port ownership and operation in most cases has several advantages:

- Presents potential concessionaires and investors with a “cleaner” business decision.
- Reduces uncertainty and certain risks associated with the project, permitting the government to get the best price for the concession.
- Places the expense of rationalization on the government, which in most cases is the entity that contributed most heavily to the overstaffing, rigid work rules, and other conditions that reduced efficiency.
- May result in less disruption to port operations as a result of work stoppages, sick outs, slow downs, and other actions.

**Box 14: A Downsizing Decision Tree**

Source: Rama, Martin. 1999. "Public Sector Downsizing: An Introduction." World Bank Economic Review, Vol. 13.

At the same time, having the government initiate workforce rationalization prior to reforming other elements of port ownership and operation can have drawbacks, including:

- Governments may cut too few from the workforce in response to political pressure, leaving potential concessionaires and investors with an oversupply of labor.

- Governments may not structure cutbacks, severance packages, and incentives to retain the best personnel and critical skills.

#### **6.4.2. Postreform Rationalization**

Delaying workforce rationalization until after other port reforms have been implemented also has strengths and drawbacks.

On the positive side, delaying workforce rationalization until after other port reforms have been implemented means that decisions in this area will be made by private sector concessionaires and investors who are efficiency minded and profit oriented. This, in turn, suggests that their decisions about workforce restructuring will be more attuned to operating needs and customer demands.

On the negative side, forcing the new concessionaires and investors to implement workforce reform can significantly increase the uncertainty and risk associated with the reform initiative. This, in turn, can scare away potential bidders and result in a lower concession or selling price for the government. In addition, port labor might be inclined to pursue work actions against a private employer more readily than against a government employer. Indeed, in some countries it is illegal for public employees to engage in work stoppages and other disruptive work actions.

In cases where overstaffing is not an issue and significant downsizing is not required, it is generally preferable for the new operator and investor to assume the task of rationalizing the workforce. This situation would be unlikely to occur in seaports, however, especially those in developing countries. Indeed, seaports have served for many years as natural shelters to avert unemployment and as a source of political patronage for various public administrations.

Thus, the question for policy makers is: What is the maximum number of workers the prospective concessionaire can be asked to employ without undermining the entire port reform initiative? If too many workers are imposed on the new concessionaire, the business proposition will be less attractive. As a result, few competing bids may be submitted and the sales price or the concession fee most probably will be significantly discounted.

A new terminal operator typically prefers to have the freedom to determine the firm's required number of staff and skill mix. The government will normally have an interest in the new terminal operator absorbing the highest

possible number of workers. In many instances a compromise is reached between the two, but the new terminal operator should be given the option to further adjust the workforce size and composition, which may lead to further dislocations postreform.

For example, in Argentina in 1991, concessionaires of the five terminals at Puerto Nuevo, Buenos Aires, were required to employ 1,350 workers from the public agencies previously operating at the port, or to negotiate an equivalent number of redundancy agreements. The number of workers assigned to each concessionaire was based on the business plan submitted in the bid. For example, 130 workers were assigned to Terminal Five, but most of them were offered and accepted severance packages only a few months after the new firm started operating. Out of the 218 workers assigned to Terminal Three, 119 of them were offered and accepted severance packages. Of the 900 workers assigned to Terminals One and Two, in May 1999, only 419 remained with the firm. Severance payments ranged from \$15,000–\$20,000 per worker.

The terminal operators at the Port of Buenos Aires preferred the compensated dismissal option to retaining an oversupply of workers. This was due in part to the distorting gaps in wages and length of vacation among workers performing the same tasks. Because of their longer length of service, former public sector workers were entitled to higher salaries and extended periods of vacation compared to new private sector hires. In addition, at an average age of 50 years, most of the transferred public sector workers were "worn out" as a result of having worked in the old port under difficult and, in some cases, hazardous working conditions.

### ***6.5. Who Should Pay for the Expenses of Port Labor Rationalization?***

The expenses associated with downsizing could amount to millions of dollars depending

on the number of workers, levels of set compensation, and safety net components such as training and outplacement assistance. Many countries have recognized the convenience of reducing the workforce prior to private sector participation in state-owned enterprises, but offsetting the expenses related to labor reduction has been a difficult task for many governments, especially in view of pressing budgetary constraints.

For the government of Mozambique, for example, the staff rationalization component, which included staff reductions of approximately 14,000, pension fund payments, staff redeployment, and social mitigation as part of the Mozambique Rail and Port Restructuring Project in 1999 was estimated to cost the government \$50 million. Compensation paid to workers laid off in Chilean ports as a result of the deregulation of dock labor in 1981 amounted to a total of \$30 million. Payments per worker averaged \$14,300 and ranged between \$10,000 and \$200,000. In 1991, the government of Colombia provided \$50 million to compensate 8,000 Colombian dock workers for the loss of acquired rights. The restructuring of Venezuelan ports in 1991 led to the layoff of 10,279 dock workers and 2,000 officials in the National Ports Institute. All received double compensation from the government of Venezuela, amounting to \$182 million overall, or \$14,822 per person.

When considering whether and how to pay such sums, governments have to contrast these expenditures with the broader long-term goals of port reform, which are to make ports more efficient and cost effective in support of the overall economy. Therefore governments, as former employers, and the private sector, as new employers, both have an important role to play in the financing of the expenses associated with port labor reductions. Actually, it could also be possible, in view of the benefits to be expected from a quick resolution of the issue, to ask port customers (shipping lines, for instance) to contribute to the modernization costs through a temporary levy on tariffs.

## 7. INTERNATIONAL SUPPORT FOR LABOR ADJUSTMENT

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A number of programs and funding sources can be used to support port labor reform, several of which are described below.

Since 1990, the World Bank (Bank) has supported labor adjustment in reform and enterprise restructuring in about 50 operations around the world. The main elements of Bank support have included:

- Technical assistance for governments to help:
  - ~ Develop staff inventories and profiles.
  - ~ Identify staffing needs.
  - ~ Develop severance and retirement packages.
  - ~ Analyze labor market characteristics and needs.
  - ~ Redeploy workers through active labor market programs.
  - ~ Design employee share ownership schemes.
  - ~ Establish consultative mechanisms.
  - ~ Prepare communications programs.
- Direct financing for severance payments, provided that such financing results in improved productivity of the sector and related enterprises and that social mitigation measures are put in place. The first example of this type of support was the reform of Brazil Railways, where a Bank project financed half the costs of the severance program. For a list of other examples, see Annex 1.
- Poverty alleviation programs such as social funds to provide compensatory assistance, advice and training, placement services, and credit for self-employment. Such funds are typically targeted to the poor, but they have been used for state enterprise workers in cases of extreme economic distress or where large-scale

redundancies occur in concentrated areas (as in the case of mining in Bolivia and Peru).

Education and vocational training are vital to the change process. Training should include not only general education and broad industry-focused vocational training, but also specific job instruction, communication and social skills courses, and health, safety and environmental training. Sufficient and continuing funds are necessary to finance the education and training infrastructure. The need for lifelong training to enable workers to cope with the permanent changes taking place in the industry is recognized in the 1989 EU charter of Fundamental Social Rights of Workers, which states that: “...every worker of the European Community must be able to have access to vocational training and benefit there from throughout his or her working life.”

Moreover, good education and vocational training are increasingly recognized and used as an instrument to improve the quality of the products and services of businesses and thus enhance their competitiveness. Therefore, education and vocational training are in the best interest of the port community as a whole. Furthermore, a lack of education and training means a lack of opportunities to teach the workers the essence of transport economics and policies, the position of ports in the intermodal transport system and its dependency on the other modes of transport, and about the forces shaping the competitive environment.

The objective of the International Labor Office (ILO) Port Worker Development Program (PDP) is to enable governments and port authorities of developing countries to establish effective and systematic port worker training schemes. This training is designed to improve container handling performance, working conditions and practices, safety, and the status and welfare of port workers. See Annex II for a list of training centers or organizations that have acquired the PDP training materials and licenses.

The translation into Spanish of the PDP and the training of PDP instructors and coordinators was undertaken under a German Technical Cooperation Agency (GTZ) project in Latin America. Since 2000, the program is regularly implemented in several Latin American countries. PDP is also being translated into Chinese.

Outreach for training programs has also been improved through the establishment and strengthening of training centers, management training institutes, universities, and cooperation networks associated with the international TRAINMAR Program of UNCTAD (United Nations Conference on Trade and Development) in Central and South America and the Caribbean. This was achieved through the upgrading of local and regional training capabilities and the application of the systematic TRAINMAR methodology for the development and exchange of standard training materials as part of cooperation projects financed by UNDP (United Nations Development Programme), the European Commission, Germany, and France. Since 1988, the three TRAINMAR networks in Latin America and the Caribbean are regularly and successfully developing and delivering courses and management training programs directed at all categories of personnel from the port and transport industry.

Further information on the PDP may be obtained from: Chief, Maritime Industries Branch, Sectoral Activities Department, International Labor Office, 4 route des Morillons, CH-1211 Geneva 22, Switzerland, telephone (41.22) 799-7466, fax (41.22) 799-7050, e-mail: marit@ilo.org.

Further information on the TRAINMAR networks in South and Central America and on the implementation of the PDP in Latin America may be obtained from: ATAS (Asociación TRAINMAR de América del Sur—South American TRAINMAR Association) Montevideo, Uruguay. Web site: [www.atas-trainmar.org](http://www.atas-trainmar.org).

## **8. POSTREFORM LABOR MANAGEMENT RELATIONS**

Once port reform is implemented, port labor and management must continue to cooperate if reform is to achieve its objectives. The proposed changes in labor regimes, collective agreements, and work practices to improve productivity and curtail cost will stand a better chance of success if they are reached with the agreement of all stakeholders. For mutual gains, labor and management have to concentrate on building stronger relationships through better communication and more cooperation. In that respect, it appears appropriate to foster the establishment of joint committees between port workers and terminal operators to resolve operational problems and disputes without having to resort to official intervention.

Participation of port workers in workplace decisions has an enormous potential to motivate workers and to enhance customers' satisfaction. The combination of better communication and working toward agreed objectives can set the stage for improved labor management relations in ports that are undertaking reform. Successful labor reform can only be achieved when the commercial goals (efficiency and growth) of the

employers are balanced with the social goals (equity and fairness) of their employees.

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**ANNEX I. WORLD BANK LABOR ADJUSTMENT PROJECTS**

No.	Project Name and Number	Country	Approval Date	Intervention Type	Description and Components	Financing (total, by component and by institutions)		Evaluation (Yes—Report #/No)
						Total:	No	
1.	Railways Restructuring Project (API) No. 28049-TU	Turkey	06/09/2005	Adjustment schemes for retrenched workers; training for retrenched workers	Improve the financial viability, productivity, and effectiveness of railways operations. Components: B/Staff adjustment and social plan finances implementation of the restructuring process and avoids social unrest through social mitigation program (severance payment and compensation incentives; retraining and redeployment, and support services); D/ Staff training and retraining supports the implementation of the training program in railway procedures review and design; operational performance monitoring; improved communication and negotiation skills within the TCDD; and labor regulation on safety and health.	Total: \$221 million (WB \$184.7 million); Component B: Total \$81.5 million (WB \$65.2 million); Component D: Total \$0.6 million (WB \$0.6 million)	No	
2.	Employment Promotion Project (LIL) No. 25665-YU	Serbia and Montenegro	04/30/2003	Adjustment schemes for retrenched workers; public works; labor market information and monitoring	Seeks to improve the efficiency of labor programs by piloting and testing new approaches, innovative labor deployment programs, and employment services in selected areas. Components: 1/ Design of	Total: \$5.45 million (WB \$2.75 million; DFID \$1.75 million; Borrower \$0.95). Component 1:	No	

No.	Project Name and Number	Country	Approval Date	Intervention Type	Description and Components	Financing (total, by component and by institutions)	Evaluation (Yes—Report #/No)
3.	Social Support Project (SSP) No. 19432-MK	FYR Macedonia	06/16/1999	Adjustment schemes for retrenched workers; employment services; labor administration	Labor Redeployment Activities: provide assistance through labor redeployment services, reintegrate displaced workers into the labor market & mitigate the social costs of enterprise restructuring; 2/ Piloting Reforms in Public Employment Services: Design, pilot, and evaluate cost-effective public employment services, to assist the unemployed reenter the labor market, through improved employment services, search assistance programs, and small business advisory services; 3/ Labor market information, and evaluation: Building local capacity to generate, analyze, and use the information for policy formulation, and program design;	total: \$2.41 million (WB: \$1.2 million); Component 2: total: \$ 2.03 million (WB: \$1.02 million); Component 3: total: \$0.4 million (WB: \$0.21 million)	Yes (ICR—No. 27574, 01/15/2003)

4.	Privatization Social Support Project (PSSP) No. 20709-TU	Turkey 11/27/2000 Adjustment schemes for retrenched workers; employment services; training for retrenched workers	<p>project supports completion of enterprises privatization and focuses on poverty alleviation and human capital development by targeting social assistance programs and upgrading social services. Components:</p> <ul style="list-style-type: none"> <li>1/ Labor restructuring: Finances severance payments for workers of MSCEs and limited assistance to develop employment services; 2/ Labor redeployment: Facilitate targeted beneficiaries into the labor force; 3/ Social benefits: Improve social programs effectiveness and develop institutional capacity to evaluate social protection and labor market programs.</li> </ul> <p>Supports achievements of the government's privatization program, mitigates the negative social and economic impact of the privatization of state-owned enterprises, and monitors the social impact of the Economic Reform Program (ERP). Components: 1/ Job Loss Compensation: Provides severance and related payments to displaced workers; 2/ Labor Redeployment Program (LRP): Provides labor redeployment services (job counseling, retraining, temporary community employment, small</p> <p>Component 2: Total: \$6.18 million (WB: \$4.84 million); Component 3: Total: \$0.4 million (WB: \$0.39 million); Component 4: Total: \$0.46 million (WB: \$0.21 million)</p> <p>Total: \$355.3 million (WB: \$250.0 million; Government: \$105.3 million). Component 1: Total: \$322.4 million (WB: \$225.7 million); Component 2: Total: \$28.3 million (WB: \$20.2 million)</p>

## MODULE 7

### Labor Reform and Related Social Issues

No.	Project Name and Number	Country	Approval Date	Intervention Type	Description and Components	Financing (total, by component and by institutions)	Evaluation (Yes—Report #/No)
5.	Second Privatization Social Support Project (PSSP2) No: 31738-TU	Turkey	05/10/2005	Adjustment schemes for retrenched workers; employment services; training for retrenched workers; labor administration	<p>business incubators, small business technical assistance) to displaced workers, and including secondary layoffs, to assist them in rapidly reentering the labor market.</p> <p>Support the government's privatization program by mitigating the negative social and economic impact of the privatization of state-owned enterprises (SOEs).</p> <p>Components: 1/ Job Loss Compensation (JLC): assists workers made redundant (severance and related payments, early retirement); 2/ Labor Redeployment Services (LRS): helps affected workers find alternative employment (finances a variety of LRS, including job counseling, placement services, labor retraining, business advisory services, and temporary community employment through the Turkish Employment Agency [ISKUR], and small business incubators through the Small and Medium Industry Development Agency [KOSGEB]); 3/ Management, Monitoring and Evaluation (MME); ensure effective implementation and assess the social impact of privatization.</p>	<p>Total: \$581.7 million (WB \$465.4 million (\$360 million). Component 1: Total: €420.1 million; Component 2: Total: €27.2 million; Component 3: Total: €0.9 million</p>	No

6.	Hard Coal Social Mitigation Project No: 28061-POL	Poland	03/10/2004	Adjustment schemes for retrenched workers; employment subsidies	Downsize employment and redeploy surplus labor using socially acceptable measures to mitigate the consequences of program implementation and the proposed new employment restructuring. Components: 1/ Severance WB: \$70 million; Payments for underground workers under the 2003–2006 Program; 2/ Severance Payments, Reskilling and Reemployment for surface workers under the 2003–2006 Program, including: severance payments to surface workers and reemployment incentives payments to employers hiring eligible redundant exsurface workers; 3/ Severance payment commitments from previously implemented Miners' Social Packages under the 1998–2002 Program.	Total: \$300 million (WB \$200 million; Government \$100 million). Component 1: WB: \$70 million; Component 2: WB: \$35 million; Component 3: WB: \$95 million	No
7.	Railway Restructuring Project No: 21797-POL	Poland	04/30/2001	Adjustment schemes for retrenched workers; employment services; unemployment assistance/insurance; training for retrenched workers	Aims to restructure Polish State Railways' (PKP) to increase efficiency, improve finances, and privatize selected activities. Components: finance and support: 1/ Income support (severance lump sums; preretirement benefits; railway leave; unemployment benefit); 2/ Labor Redeployment Programs (requalification training as well as professional and social advice and other forms of professional guidance). These include general labor redeployment programs, and special labor redeployment programs.	Total financing \$335.26 million (WB \$101.03 million); Component 1: \$296.2 million (WB \$98.57 million, except for the unemployment benefit); Component 2: \$23.68 million (no WB financing)	No

No.	Project Name and Number	Country	Approval Date	Intervention Type	Description and Components	Financing (total, by component and by institutions)	Evaluation (Yes—Report #/No)
8.	Railway Modernization and Restructuring Project No: 18553-HR	Croatia	12/08/1998	Adjustment schemes for retrenched workers (severance payment)	Seeks to modernize and restructure Hrvatske Željeznice (HZ) to diminish its deficit and financial burden on the budget while creating a company adapted to a competitive transport market. The major social issue faced by the project is related to the staff retrenchment and services reduction components. The project foresees the separation of about 7,000 staff (30 percent of the 1998 staff). Component 6: Redundant staff will be eligible for a redundancy or an early retirement package.	Total financing \$183.0 million (WB \$101 million); Component 6: \$82.4 million (WB \$35.4 million)	IC Report No: 33204 12/19/2005
Asia	1. Enterprise Growth and Bank Modernization Project No: 27979	Bangladesh	05/11/2004	Adjustment schemes for retrenched workers; microenterprises (microcredit); employment services (United Kingdom Department for International Development [DFID]); training for retrenched workers (DFID)	Trigger employment generation through private sector enterprise growth and reforms within the SOEs. Components: 1/ Enterprise growth supports the development of the small enterprise sector through the Small Enterprise Fund (SEF), as a refinancing facility where funds will be on-loan to SME-focused banks to help scale up their small enterprise portfolio;	Total financing \$480 million (WB \$250.0 million); Component 1: \$20 million (WB \$10 million); Component 4: \$372 million (WB \$180 million; DFID \$77.5 million); Component 5: \$10 million	



## MODULE 7

### Labor Reform and Related Social Issues

No.	Project Name and Number	Country	Approval Date	Intervention Type	Description and Components	Financing (total, by component and by institutions)	Evaluation (Yes—Report #/No)
3.	Banking Sector Restructuring and Privatization Project No: 22509-PAK	Pakistan	10/01/2001	Adjustment schemes for retrenched workers	<p>reduce the most critical bottlenecks in the power system to improve the supply and establish the benefits; and to build and develop support among key stakeholders in the state. Component 5 helps develop a VRS.</p> <p>Support implementation of banking reform program to create a competitive private banking system, strong regulatory framework, and an effective banking court system. Component 1: Finances the Nationalized Commercial Bank (NCB) staff rationalization through a voluntary separation scheme, whereby a severance package (consisting of cash compensation calculated on the basis of one month pay per year of service, plus commutation of all annual leave, pensions, and medical benefits) will be provided. The voluntary scheme will be complemented by the outsourcing of noncore</p>	<p>Total financing \$540 million (WB IDA \$300 million); Component 1: \$437 million (WB \$300.0)</p> <p>Yes, ICR (IDA-35710) Report No: 32588 06/15/2005</p>	

4.	Enterprise Reform Project No: 19300-CHA	China	06/28/1999	Training for retrenched workers; employment services (counseling)	<p>The project will help revisit and test ways to foster retraining of laid-off workers in a manner that is targeted at job growth opportunities, especially in the service sectors. One of these ways will be retraining and million; counseling to laid-off state enterprise employees to start their own businesses (reemployment) (Component 3). Each component will be implemented in the following areas: Changsha, Shenyang, Wuhan, and Wuhu.</p>
					<p>Total financing \$8.14 million (WB IDA \$5 million); Cofinanciers \$2.22 million and Government \$0.92 Component 3: Total \$1.24 million (WB \$0.90)</p>
					<p>IC Note Report No. 27454 11/30/2003 No</p>

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### Labor Reform and Related Social Issues

No.	Project Name and Number	Country	Approval Date	Intervention Type	Description and Components	Financing (total, by component and by institutions)	Evaluation (Yes—Report #/No)
2.	Transport Sector Reform and Rehabilitation Project (APL-Phase 1) No: 20395-MAG	Madagascar	05/02/2000	Adjustment schemes for retrenched workers; training for retrenched workers	support to redundant staff in evaluating training needs, finding a new job, and preparing personal business projects; facilitating reinsertion of redundant staff; and technical advisory services to monitor the social impact of redundancies during and after the period of implementation of the social and compensation plan.	\$13.2 million; Advisory services to the unit that will provide support to redundant staff: \$0.16 million	
3.	Private Investment Promotion Project	Senegal			Training for retrenched workers; adjustment schemes for retrenched workers	Postal reforms (\$6.5 million financed by IDA); Finance the preparation of compensation packages.	Training will generally cover individual, group,

<p><b>4.</b> Economic Reform and Governance Project (federal government) No: 30383-NG</p> <p>Nigeria</p> <p>11/15/2004</p> <p>Training for retrenched workers; adjustment schemes for retrenched workers (from public sector); employment services</p> <p>and on-the-job training of technical staff.</p>	<p>Components: 2/ Pilot civil service administrative reforms support restructuring in four pilot ministries and capacity building for the newly established Bureau for Public Service Reforms (BPSR). Assistance includes: termination benefits and facilitating reinsertion through training activities to aid redeployment toward new activities, adaptation to new jobs, acquisition of skills necessary to develop personal projects, and customized counseling;</p> <p>3/ Pensions reforms.</p>	<p>Total financing \$179.22 million (WB-IDA, \$140); Training \$48.23 Million Severance \$48.23 million</p>	<p>No</p>
<p><b>5.</b> Railways Restructuring Project No: 21073-ZM</p> <p>Zambia</p> <p>10/18/2000</p> <p>Adjustment schemes for retrenched workers; training for retrenched workers</p>	<p>Project aims a substantial restructuring of Zambia Railways, to increase its operating efficiency, reduce operational costs, and configure its freight services, and tariffs.</p> <p>Components 2/ Staff rationalization finances retrenchment compensation through severance payments, and an additional 15 percent contingency will be provided to cope with any variations; and pension obligations and liabilities</p>	<p>Yes. ICR (IDA-34330 TF-23134), Report No: 32520 12/20/2005</p>	

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### Labor Reform and Related Social Issues

No.	Project Name and Number	Country	Approval Date	Intervention Type	Description and Components	Financing (total, by component and by institutions)	Evaluation (Yes—Report #/No)
6.	Privatization and Utility Sector Reform Project No: 20016-UG	Uganda	05/22/2000	Adjustment schemes for retrenched workers; employment services	funded by the pension fund; <b>7/</b> Social mitigation, based on recommendations of the social assessments. Project aims to improve the quality, coverage, and economic efficiency of commercial and utility services through privatization, private participation in infrastructure, and an improved regulatory framework. Component 1: Provides technical assistance and on-the-job training to help the government design and implement the privatization program, and severance payments and redeployment support.	Total financing \$92.1 million (WB IDA \$45.3 million); Component 1: \$71.7 million (WB \$25.5 million)	No
7.	Railways and Ports Restructuring Project	Mozambique	09/14/1999	Adjustment schemes for retrenched workers; employment services; training for retrenched workers	Increase the operating efficiency of three major port-rail systems in Mozambique, and enable share increases in their international freight traffic with neighboring countries. Component 2: The adverse impact of involuntary separations of a large number of surplus staff is minimized through a staff rationalization program that offers specially designed retirement and	Total financing \$120 million (WB IDA \$100.0 million); Component 2: total \$93.5 million, of which, staff redundancy \$84 million (WB \$67 million) and \$7 million	No

				(staff redeployment)
				retrenchment packages; redeployment support to help workers find alternative jobs or become self-employed; social mitigation measures; creation of a pension fund for the remaining CFM employees; a comprehensive pension study for all public enterprises including CFM.
<b>Latin America and the Caribbean Region</b>				
1.	Postal Services Reform Project	Trinidad and Tobago	02/25/1999	Adjustment schemes for retrenched workers
				Seeks to expand the coverage and quality of postal services, achieve major efficiency gains, and, become more responsive to client needs. Component: Voluntary separation assistance, aimed at improving labor efficiency, is government-financed Voluntary Separation Employment Package (VSEP), consistent with the country's labor laws, and granted after consultation with the union.
				Total financing \$23.04 million (WB \$14.85); VSEP component financed by the government only \$2.7 million
<b>Middle East and North Africa Region</b>				
1.	Transport Sector Investment Project	Tunisia	02/21/2001	Adjustment schemes for retrenched workers
				Phase 2 of project that finances investments in urban transport as well as additional investments in railways and capacity building in transport sector management. As a part of the investment program to improve public bus service, project finances severance payments to about 900 redundant employees of public bus companies.
				No
				Total financing \$56.6 million (WB \$37.6); Severance \$36.2 million

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### Labor Reform and Related Social Issues

No.	Project Name and Number	Country	Approval Date	Intervention Type	Description and Components	Financing (total, by component and by institutions)	Evaluation (Yes—Report #/No)
2.	Civil Service Modernization Project No: 20209-YEM	Republic of Yemen	03/23/2000	Training for retrenched workers; adjustment schemes for retrenched workers	Project will establish a mechanism to reduce the number of unqualified civil servants and initiate a restructuring process in individual ministries. Components: 1/ Among other activities, includes extensive training through specific modular courses on new core systems and skills; 2/ Technical assistance will be provided to create a civil service fund and establish its policy framework regarding retirement, redundancy, and severance options.	Total financing \$33 million (WB \$30); * Buy-out packages will be financed by the government	No

## **ANNEX II. LIST OF ORGANIZATIONS THAT HAVE OBTAINED AND RENEWED AN INTERNATIONAL LABOUR ORGANIZATION PORTWORKER DEVELOPMENT PROGRAM LICENSE**

### **List of organizations which have obtained and renewed a ILO PDP License**

Organization/Institution	Acquired License	Valid License	Nonrenewed License
Hong Kong International Container Terminals Ltd. (Hong Kong, China)	YES	YES	NO
TEMPO, Municipal Port Management (the Netherlands)	YES	YES	NO
Shipping and Transport College/International Maritime Transport Academy (the Netherlands)	YES	YES	NO
Mauritius Port Authority (Mauritius)	YES	YES	NO
PORTNET Academy (South Africa)	YES	YES	NO
Sri Lanka Ports Authority (Sri Lanka)	YES	YES	
PNG Harbours Board (Guinea)	YES	YES	NO
JP Training & Development SDN BHD (Malaysia)	YES	YES	NO
MOMAF - Ministry of Maritime Affairs and Fisheries / Shipping and Logistics Bureau (Republic of Korea)	YES		NO
Carriers Container Council, Inc. (United States)	YES	YES	
Colombo Nautical & Engineering College (Sri Lanka)	YES		NO
Jakarta International Container Terminal (Indonesia)	YES		NO
Wubeling and Partners, port safety Consultants, Rotterdam (the Netherlands)	YES		NO
The Hong Kong Polytechnic University (Hong Kong, China)	YES		NO
U.S. Merchant Marine Academy (United States)	YES	YES	
World Maritime University (Sweden)	YES	YES	
Pelabuhan Tanjung Pelepas Sdn Bhd (Malaysia)	YES	YES	
Pacific Maritime Association (United States)	YES	YES	
AMC Search Ltd. (Australia)	YES	YES	
Global Maritime & Transportation School (United States)	YES	YES	
UNCTAD (Switzerland)	YES	YES	
Klang Container Terminal Bhd (Malaysia)			
Chung-Ang University (Republic of Korea)	YES	YES	
Express Maritime Services Ltd. (Ghana)	YES	YES	
Sea Ports Corporation Training Centre (Sudan)			
Instituto de Educacion Nautica y Portuaria A.C. (IENPAC) (Mexico)	YES	YES	
Regional Maritime Academy (Ghana)	YES	YES	
IFIRA Wharf & Stevedoring (1994) Ltd. /(Port Vila, Vanuatu )	YES	YES	
Kelang Multi Terminal (WESTPORT) (Malaysia)	YES	YES	
Hong Kong Logistics Association (Hong Kong, China)	YES	YES	
Thessaloniki Port Authority S.A. (Greece)	YES	YES	
Port and Coast Directory (Maritime Authority) (Brazil)	YES	YES	
Philippine Ports Authority (Philippines)	YES	YES	
Altamira Terminal Portuaria (ATP) (Mexico)			
Internacional de Contenedores Asociados de Veracruz (Mexico)			
Oriental Port and Allied Services Corporation (Philippines)	YES	YES	
Joint Dock Labour Industrial Council (Nigeria)	YES	YES	
Container and RO-RO Terminal (Slovenia)	YES	YES	
Thai Laemchabang Terminal Co., Ltd. (Thailand)	YES	YES	

**ANNEX II. CONTINUED**

Organization/Institution	Acquired License	Valid License	Nonrenewed License
Kerria Ltd. (Russian Federation)	YES	YES	
Shipping & Logistics (Australia)	YES	YES	
P&O Ports Pvt. Ltd. (India)	YES	YES	
Nigerian Ports Authority (Nigeria)	YES	YES	
Malaysian Association of Productivity (Malaysia)	YES	YES	
Indian Institute of Port Management (India)	YES	YES	
Shanghai Maritime University (China)	YES	YES	
Department of Maritime Transport, Ministry of Transport and Communication (Eritrea)	YES	YES	
Arab Academy for Science and Technology, Port Training Institute (Egypt)	YES	YES	
Modern Terminals Limited (Hong Kong, China)	YES	YES	
Consilium Services Inc. (Canada)	YES	YES	
Manzanillo International Terminal-Panama S.A. (Panama)	YES	YES	
Comision Centroamericana de Transporte Maritimo (Nicaragua)	YES	YES	
HZSAFETY B.V. (the Netherlands)	YES	YES	
PSA Corporation Limited (Singapore)	YES	YES	
PLIPDECO (Trinidad and Tobago)	YES	YES	
Fundacion Puertos de las Palmas (Spain)	YES	YES	
Chittagong Port Authority (Bangladesh) Cia. Minera Antamina S.A. (Peru)	YES	YES	
Ministry for Competitiveness and Communications (Malta)	YES	YES	
Arser S.A. (Turkey)	YES	YES	
Sri Lanka Port Authorities (Sri Lanka)	YES	YES	
Bandari College, Tanzania Harbours Authority (Tanzania)	YES	YES	
Panama Ports Corporation (Balboa and Cristobal Terminals) (Panama)	YES	YES	
Kenya Port Authority (Kenya)	YES	YES	
Dubai Port Authority (United Arab Emirates)	YES	YES	
Association TRAINMAR in South America (ATAS) (Argentina)	YES	YES	

Source: International Labor Organisation.