

In doubt but on board – Ghana's unions and the PRSP

Ghana's unions had serious doubts about their country's PRSP, especially as key talks between the Government and the international financial institutions seem to have taken place in Washington, without the participation of civil society. Nonetheless, the unions committed themselves to full involvement. Why? How? And what lessons can we learn?

Anthony Baah

Policy & Research Department
Trades Union Congress (Ghana)

Ghana is one of several poor countries, in Africa and other parts of the world, that have prepared Poverty Reduction Strategy Papers (PRSPs) as a precondition for accessing the IMF Poverty Reduction and Growth Facility (PRGF) and other financial assistance from the international financial institutions (IFIs).

The preparation of the Ghana Poverty Reduction Strategy (GPRS), as Ghana's PRSP is known, began in 2001. By February 2002, the GPRS was ready for implementation. Initially, the strategy covered a three-year period from 2002 to 2004. The period has now been extended to cover 2005. The aim of the GPRS is "to create wealth by transforming the nature of the economy to achieve growth, accelerated poverty reduction and protection of the vulnerable and excluded within a decentralized, democratic environment". This goal is to be achieved through:

- sound economic management
- increased production
- support for human development
- the provision of basic services
- programmes to support the vulnerable and excluded
- good governance
- the active involvement of the private sector as the "main engine of growth".

Like all other programmes supported by the IFIs, the underlying principle of the poverty reduction strategy is the Washington Consensus, based on the free market ideology. Consequently, the objectives of poverty reduction, as outlined above, have been given different weights upon the advice of the Washington-based "experts".

A cursory look at any PRSP, including Ghana's, reveals that more weight is given to the same macroeconomic policies that were pursued under structural adjustment programmes. So what is different? The IFIs and their collaborators in government maintain that there are fundamental differences between the PRGF and the structural adjustment policies. They argue that the PRGF, unlike the structural adjustment policies, promotes broad participation and greater country ownership. They also claim that the PRGF:

- promotes pro-poor and pro-growth national budgets
- is more flexible in fiscal targets
- is more selective in its conditionality
- emphasizes prudent public resource management
- above all, promotes social impact analysis of major macroeconomic adjustments and structural reforms.

These features are supposed to be reflected in the PRSPs. But that is not the case with Ghana's PRSP. What is obvious is the bias towards the implementation of stringent macroeconomic policies, irrespective of the social consequences, and the low weight attached to important socio-economic issues such as income redistribution which, in the view of the trade union movement, should be central in any credible and genuine poverty reduction strategy.

This was the main reason why the Trades Union Congress (Ghana)¹ initially opposed any initiative rooted in the PRGF. In the TUC's submission to the Government on the GPRS, it expressed doubt about the Government's commitment to achieving the social development objectives in the GPRS, given that the same structural adjustment policies are being implemented under different names. In particular, the TUC expressed doubt about government's commitment to the principle of country ownership (which is purportedly the key principle underlying the PRGF and the PRSPs), given that civil society was totally excluded from the parallel consultations that take place in Washington between government and the IFIs. These consultations, in fact, determine the policies to be implemented and the criteria and benchmarks for measuring economic performance in the country.

Despite the initial doubt expressed by the TUC, it committed itself to full participation in the poverty reduction strategy alongside other civil society organizations. What factors motivated the labour movement in Ghana to participate in the process despite its initial opposition? What form did the participation take? What were the challenges and what lessons has the labour movement learnt from the process? These are the issues addressed here. But first, it is appropriate to give some idea about the extent of poverty in Ghana, since this is the key motivating factor for the TUC's participation in the PRSP process.

Poverty in Ghana

It is estimated that four out of every ten Ghanaians are below the official poverty line.² Based on the dollar-a-day poverty line, about 45 per cent of the population are classified as poor, and 80 per cent are considered to be under the two dollars-a-day poverty line. The incidence of poverty is worse in some regions and among some socio-economic groups. In the northern part of the country, it is estimated that, on average, eight out of every ten people are poor, based on the national poverty line.

Among food crop farmers, the incidence of poverty is put at 59 per cent. Poverty is also high among formal sector workers. The last Ghana Living Standard Survey, conducted in 1998/1999, revealed that nearly 23 per cent of public sector workers and 11 per cent of private formal sector workers were poor. Analysis of the incidence of poverty between 1992 and 1999 shows that it increased in some regions during that period. For instance, the incidence of poverty increased from 70 to 88 per cent in the Upper East Region; from 63 to 69 per cent in the Northern Region; and from 44 to 48 per cent in the Central Region. Infant mortality is estimated at 57 deaths per 1,000 live births and about one in nine children born in Ghana dies before its fifth birthday. Less than 50 per cent of births are supervised in health facilities. Maternal mortality in Ghana ranges between 214 and 740 per 100,000, even though the causes of such deaths are preventable. One-third of Ghanaian children are not fully immunized before their first birthday. About a quarter of children under five years are stunted. A third of the Ghanaian population still has no access to potable water and over 50 per cent have no access to adequate and safe sanitation. HIV/AIDS is increasing at an alarming rate. Malaria, acute respiratory infections, diarrhoea, malnutrition and measles remain the five main killer diseases of children in Ghana.

Given the extent of destitution and the potential for the incidence and depth of poverty to increase, one can appreciate

why the Government,³ which had just been voted into power, rushed to join the Heavily Indebted Poor Countries (HIPC) and PRSP initiatives. It is difficult to evaluate the PRSP now, mainly because of the long lag between policy implementation and outcomes. What is true, though, is that the Government has, within the PRSP framework, put in place a number of measures aimed at reducing poverty. These programmes cannot be discussed here, due to limitations on space. Our main concern in this article is the role trade unions are playing in the PRSP process and the lessons they have learnt from it.

Why are the unions taking part?

The *raison d'être* of the trade union movement is the improvement of the social and economic conditions of workers in particular and the people of Ghana in general. Since independence, the TUC has not only served its members, but has effectively become the mouthpiece of the entire civil society in the country. In its Human Development Policy, adopted at its 6th Quadrennial Congress in 2000, the TUC pledged its support for all initiatives and policies aimed at creating opportunities that enhance individual capabilities and enable them to live satisfying lives. As the TUC recognizes in its Human Development Policy:

The onus lies on the civil society to draw the attention of the managers of the economy to the social and economic woes that await the country should we continue to be preoccupied with the policies that only emphasize economic growth without any consideration, whatsoever, for the plight of the ordinary people, under the false pretext that benefits from economic growth will, in the long term, trickle down to the large and increasing sections of the population who suffer abject poverty and social exclusion.

Therefore, the first motivating factor for the TUC's participation was to ensure that the economic policies in the PRSP are designed to enhance people's ability to:

- have adequate incomes through decent employment
- have access to the world's huge stock of knowledge through quality education and training
- participate fully in the decisions that affect their lives and the lives of their communities, through participatory democracy
- most importantly, ensure that the ultimate aim of policies is to enable every individual to live a healthier, longer and satisfying life.

Based on labour's bitter experience of almost two decades of structural adjustment in the country, and the fact that our domestic policies are heavily influenced, if not wholly designed by the IFIs, the TUC leadership realized that the PRSP will become the key policy instrument for managing the country. Therefore, the only means to ensure that human development issues are fully integrated into the policies was to commit itself fully to the process and to encourage other civil society organizations to do the same.

The TUC has always maintained that nobody can represent workers better than workers themselves. Therefore, failure to participate in the process would not only mean the labour movement had sold its "birthright", but more importantly, it might result in a situation where social and labour market issues regarding decent work, the safety and health of workers, collective bargaining rights, freedom of association and other internationally recognized labour standards would not be addressed in the policy document. Again, labour's experience of structural adjustment provided a guide. So the TUC leadership took a firm decision that the labour movement should no longer watch from the sidelines as such socially unfriendly policies were implemented in Ghana. In short, the TUC decided to participate in the process to ensure that workers' concerns are addressed in the GPRS.

Other factors, such as the union's commitment to participatory democracy,

its role as a *de facto* mouthpiece for civil society and its concerns for social and economic equity, motivated its participation in the process. It is important to mention that the TUC was also motivated by the advice and the technical support given by the International Confederation of Free Trade Unions (ICFTU) to all its affiliates in PRSP countries to get involved in the process, so as to ensure that international labour standards receive the attention they deserve in the document.

How are the unions taking part?

Following the decision to participate in the PRSP process, the TUC has been involved in a number of PRSP-related activities. A few major ones will be mentioned here.

At the formulation stage, the labour movement was represented in some of the so-called core teams that were set up to analyse the poverty situation and to prioritize actions for reducing poverty. As part of its efforts to solicit the views of its affiliates as inputs into the PRSP, the TUC hosted a workshop on employment and human resource development where issues regarding employment, labour rights, social equity and income redistribution, among other labour policy issues, were thoroughly discussed and recommendations were submitted to the National Development Planning Commission (NDPC), which was charged with producing the PRSP.

The labour movement, alongside other civil society organizations, was involved in the forums organized by the NDPC to harmonize and validate priority issues and actions for poverty reduction. When the first draft PRSP was ready for comment, the TUC was among the first civil society organizations to submit its views. In that submission, the TUC raised very pertinent issues concerning labour standards, the need for equity in tax and investment policies, social security and pensions, gender equity issues, the need for right targeting of poverty reduction programmes, and most importantly issues around equitable

income redistribution. These issues were either completely absent in the draft or not explicitly covered.

As part of the process, the Government organized a national economic dialogue to review all inputs gathered during the consultation process and to seek consensus on the priorities in the PRSP. The TUC and all its 17 affiliates were fully represented at the national economic dialogue where the labour movement officially and publicly declared its commitment to the PRSP process. The strategy is now at the implementation stage. Again, the TUC has been part of the project planning and some of the direct social relief activities in some deprived regions.

From the foregoing, it might be thought that the TUC and civil society as a whole were allowed to participate in all the stages, at all levels of the PRSP process. That was not the case. After the national economic dialogue, civil society participation in the process was reduced drastically at the drafting stage, where the specific poverty reduction targets were set and guidelines were developed for the ministries, departments and agencies. Again, when the PRSP was being finalized, for the targets to be included in the national budget, civil society participation was either completely absent or minimal. These stages were reserved for “experts” and the Washington-based, all-knowing advisers.

Labour's challenges and experiences

Has labour achieved its objectives in participating in the PRSP process? The answer is no. What is true, though, is that trade unions have learnt a lot of lessons from the process.

The first lesson we have learnt is that our economy is not being managed by our Government. Despite the fact that the World Bank and the IMF are not accountable to the population, they have been able to strip our democratically elected Government of all its economic and social policy prerogatives. The PRSP, to a large extent, has proved to be a new way of pro-

moting the Washington Consensus – strict and sometimes unreasonable fiscal discipline, directing fiscal expenditures away from social services, unbridled financial and trade liberalization, privatization and deregulation. The fears expressed by the TUC at the beginning of the PRSP process concerning “the autonomy and independence of government in fashioning out the PRSP”, have been justified. The colonial relations of dependence and external conditionality seem unstoppable.

The TUC holds the strong view that the undue influence the Bank and the Fund exert on the domestic policies of developing countries is the source of the evasive policies and programmes in the PRSPs, particularly in Africa. The policies in the PRSPs, particularly those that relate to macroeconomic management, are based on the Washington Consensus and are therefore deemed non-negotiable. These orthodox and outdated macroeconomic policies have been smuggled into all the PRSPs under different names and terminologies, despite fierce resistance from civil society organizations around the world.

As the present writer has argued elsewhere, even if the IFIs did not directly smuggle their free market and monetarist ideologies into the PRSP, the power of their boards to either approve or reject the PRSP gave disproportionate weight to their “recommendations”, especially on macroeconomic policy issues.

Secondly, we have learnt that it is not enough just to participate in the national decision-making process. What is important is how effective such participation is in terms of getting civil society and union concerns addressed. Almost all the specific issues on employment, social equity and redistribution that the union raised during the formulation stage have been watered down in the main document. Usually, such issues are branded as socialist policies that should not be allowed a place among the so-called pro-growth policies.

We also realized that in some cases, before the union was invited to participate in the national policy process, the policy framework and other important policy is-

ssues had been discussed already and in some cases conclusions reached. Unions were, therefore, invited into the process just to fulfil a condition imposed by the donors, but not necessarily favoured by the Government. In such circumstances, there was a high risk of rubber-stamping policies that might only benefit the elite in society at the expense of the majority.

The third lesson we have learnt, which is also a major challenge facing the trade union movement, has to do with weak technical capacity to participate in such complex policy debates. The PRSP is a very comprehensive document covering broad areas of policy including monetary and fiscal matters, employment and human resource development, environment and natural resource management, rural and urban development, gender equity, science and technology, international trade and governance. The biggest challenge the trade unions in Ghana faced during the consultation process was the inadequate technical capacity to participate effectively in all these diverse areas of policy. The TUC leadership has realized that, in order to influence national policy, the unions should be in the position to offer more socially friendly, viable, credible and relevant alternative policies. That requires higher analytical and policy research capacity within the trade union movement.

Influencing policy – unions need skills and information

The trade union movement in Ghana has not been able to achieve much in terms of influencing the content of the poverty reduction strategy. However, we do not regret our participation in the process. Our involvement in the PRSP has revealed the enormity of the challenges facing the movement in this era of globalization. As mentioned earlier, Ghana still relies heavily on the IMF and the World Bank for financial and technical support. Consequently, the direction of the country's economy is determined, to a great extent, by these institutions. For instance, the

Government of Ghana has been under pressure to continue the deregulation of the labour market and to privatize the remaining state-owned enterprises.

In response, the Government has listed a number of state-owned enterprises for divestiture and has recently passed a new labour law to facilitate the further deregulation of the labour market. The new law encourages casual employment and provides for flexible procedures for the termination of employment contracts. Consequently, the labour market is likely to be further liberalized. This will in turn lead to further “informalization” of employment. The implications of these anti-labour policies for poverty reduction are obvious.

We cannot afford to sit back unconcerned as these policies are implemented. Therefore, the TUC is determined to continue to participate in all economic and social policy debates at both national and international levels. We have realized that we need to engage state authorities and the IFIs directly in order to influence policy.

But there cannot be effective engagement on policy issues without the necessary skill, capacity and information. This is our main challenge in the coming years. We are confident that with the support of the International Labour Organization, the ICFTU and our local and international partners, we will get there.

Notes

¹ The Trades Union Congress (Ghana) is the umbrella trade union organization in Ghana. It was formed in 1945. Currently, it has an estimated membership of about half a million.

² Ghana's official poverty line is nutrition-based. The poor are classified into “extreme poor” and “poor”. The extremely poor households are those whose annual expenditure per adult was 700,000 cedis (GHC) and the poor households are those whose annual expenditure per adult was GHC 900,000. Based on the official exchange rates in 1999, these figures were equivalent to US\$292 and US\$376 per annum, respectively – a daily expenditure of US\$0.80 for the lower poverty line and \$1.02 for the upper poverty line.

³ The present Government in Ghana was voted into power in 2001, after almost two decades of a military-turned-civilian regime.