

NEWS COMMENTARY ON THE HIPC DEBT SAVINGS

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It is heart-warming to hear that Ghana has started enjoying the benefits of the HIPC initiative and that Government has been able to pay a substantial amount of money into the HIPC Account. This news vindicates those of us who called on the government to take advantage of the initiative and gave government the necessary support and helped to explain it to the Ghanaian public. It also dispels the fears of the skeptics. Whatever the case, the truth remains that, in the absence of a complete debt cancellation and the fact that we have to implement the conditionalities whether HIPC or no HIPC, it was the best option in our current circumstances. Some of the targeted beneficiaries have been allocated the funds to carry out their poverty-related projects and programmes. The Minister of Finance, in his Press Conference yesterday, stated that the first allocation of the HIPC debt savings has been released to the Ministry of Employment and Manpower Development, Children and Women's Affairs and Trade and Industry. In addition, the Metropolitan, Municipal and District Assemblies have been allocated a total of ₵117 billion cedis, with the majority of them receiving ₵1 billion cedis each irrespective of their current status of the targeted facilities.

We are told that, at the district level, the funds are to be used to provide infrastructure for basic education, health services, and water and sanitation. The idea is very laudable and the areas broadly agree with those contained in the Ghana Poverty Reduction Strategy (GPRS). However, the question that immediately comes to mind is: What is the rationale behind the allocation? Is it based on need? I don't think so, because the MMDAs are yet to submit proposals for the use of the funds. Is it based on the priorities and targets set in the GPRS? This is doubtful because the three Northern regions and the districts in the Central and Eastern regions determined to be the most deprived areas in the country and requiring more poverty-related expenditures have not got anything higher than the rest of the districts. These deprived areas also have less capacity to mobilize their own resources for development and the delay in the disbursement of the DACF does not help their situation.

The speculation is that the decision was one of political expedience. The available resources in the country, limited as they are, must be equally allocated to all parts of the country, at the expense of equity and social justice. This is in line with the government's thinking that guided the decision to establish model Senior Secondary Schools, health centers in each of the 110 districts and the rehabilitation of one major road in each of the ten regions. This makes strategic sense, especially as the 2004 elections are around the corner but it will continue to maintain the gap in development and access to basic social services between the rich and the poor, the urban and the rural areas, and the endowed and deprived areas of the country. Inequality perpetuates poverty and the goals of our poverty reduction strategy cannot be achieved without a change in this thinking.

The implementation of the GPRS is just taking off and it is already clear that Ghana has not learnt any lessons from the PAMSCAD of the 1980s. PAMSCAD was a well-thought out strategy to alleviate the suffering of the poor and displaced workers as a result of the structural adjustment programme. Specific categories of citizens and areas were targeted for intervention but for political and administrative expedience the available resources were stretched to cover the whole country, drastically reducing the impact of the programme. This is why there is a need for another poverty reduction strategy today and there will be another need for a strategy several years to come.

The distribution of the President's Special Initiative on Cassava and the Emergency Social Relief Fund and the selection of pilot districts for the implementation of the GPRS has already raised some eye brows as it seems to have taken the trend of PAMSCAD, to put it mildly. The proposed costing of the GPRS shows a great concentration on infrastructure and the provision of economic services may bring about growth and poverty reduction in the long run the poor in Ghana would have to wait several years to witness any improvement in their lives, that is, if they stay alive long enough. It is time we draw the government's attention to this lapse, coming so early in the life of the GPRS. It may stretch the period for us to reach the HIPC Completion Point if the donors don't see eye to eye with the government in this shift in policy focus.

Several Ghanaians are not seeing the link between poverty reduction and the emphasis on huge infrastructural expenditure, private sector development and macroeconomic stability. Now a new dimension is being introduced as the implementation is starting. The government has dashed the hopes of the poor, vulnerable and excluded in our society by renegeing in its commitments made in the GPRS. It is not too late to correct the error and reverse the trend. We hope the President would listen.