

Public Forum on the Role of International Financial Institutions (IFIs) in Ghana's
Development Process

Organised by ISODEC-Ghana

At the Tohadzie Hotel Tamale
October 1 – 2, 2003

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Day One

Introduction

Mr. Alidu Baba a participant from Tamale started the forum with an opening prayer at 10.05 a.m. Thereafter, an opening address was delivered by Emmanuel Kuyole of ISODEC Tamale Office. In his address, Mr. Emmanuel Kuyole stressed three objectives of the two-day forum, which included the following:

- Firstly, civil society is worried that there is marginalisation of the development process in the north. Paradoxically, the CSOs in the north are the least active. There is therefore a need to understand the policy process in the country and to find ways to meaningfully engage with it.
- Secondly, the key partners in International Financial Institutions are the IMF and the World Bank and there is therefore a need to understand the philosophy of these organizations and they way they operate.
- Thirdly, it is critical to be able put forward an alternative development framework for northern Ghana and civil society organizations have to play an active role in the governance process.

Mr. Kuyole hoped that the findings of the two-day forum would pave the way for an alternative development forum. He also drew the attention of participants to the fact that there was a slight change in the programme. This was due to the fact that the World Bank representative who was invited to the forum could not be present in view of a similar forum elsewhere. He assured the participants that next time they would be able to attend the forum. Finally, he hoped that the two – day sessions would be as interactive as possible.

Film - “Two Trevors Go To Washington.”

The film depicts the dilemmas of the role of the IMF/WB in influencing countries’ development. It compares the viewpoint of one Trevor Manuel who is a Minister of Finance and believes that globalization is an inevitable fact with another Trevor Ngwame who is an anti-corporate globalization activist from Soweto. Both Trevors travel to Washington DC for the IMF/WB meetings—the former to participate in the meeting, the latter to protest the meeting. Through interviews with both Trevors, activists and IMF/WB officials, the film documents the many sides of globalization. For instance, the privatization measures that South Africa undertook in order to cut the budget deficit led to half a million jobs being lost and a severe deepening of economic inequality to a degree worse then under the apartheid regime. On the other hand, an IMF representative reported that countries would have the highest growth rates through integration into the global economy. He stated that globalization might pose problems, but that the process of globalization is fine. An activist on the streets of Washington highlighted the irony of the World Bank’s business practices. He mentioned that the new World Bank building in Washington had extremely high cost over-runs and that the World Bank fought union organizing of the janitors in the building. The film also showed several scenes from the protests including the arrests and detainment of protests by the police and the protest convergence space where activists met for meetings and legal trainings.

The activists called for the annulment of third world debts. One particular activist observed that 34,000 children die daily from preventable diseases. They observed that in most parts of the developing world the basic essentials of life are lacking and that unless the IFIs are totally transformed, the pressure will continue. In the documentary, poor people in the streets complained about the inability of the government to help. For Trevor Ngwame therefore, South Africans are paying double for apartheid. Most of the street protesters in the documentary demanded a new set of rules for the global order. The documentary also brought to light the failure of the twenty - year adjustment programme to bring about significant improvement access to Africa. The film ended at 11.00.a.m and was followed by a fifteen minutes coffee break

The IFIs and the Globalization of Policy Making A presentation by Rudolf Amenga-Etego, ISODEC

Mr. Rudolph Amenga presented the first paper of the day on IFIs and Africa at 11.25 a.m. He stressed that globalisation whether in political or trade terms is not a new phenomenon. Consequently, globalisation can be traced as far back as the early years of industrialization in the US when there was a need for African cheap labour. Globalization was an issue even during the slave trade according to Mr. Rudolph. Indeed this extended to the quest for direct access to resources in 1800 onwards which together represent integration into the global system. According to Rudolf, the establishment of the UN and Bretton Woods institutions in the 1940s allowed the West, and especially the USA, to maintain and exercise its hegemony over the world. This hegemony has allowed the USA to determine resource development policies since 1941.

Rudolf observes that after decades of unsubstantial development results from IFIs, they are still persistent in controlling development processes. Although new ways have been found to appease people in developing countries, there have been no fundamental changes since 1941. Consequently, northern Ghana exemplifies the detrimental role of IFIs in policy making. He observed that in the 1970s, there was a rice boom in the Northern regions. Paradoxically, the IFIs proposed a policy of disallowing government subsidies to rice farmers, which subsequently led to the withdrawal of subsidies and the collapse of the market a decade later. He explains that the IMF takes away national sovereignty and local influence in development policies.

Rudolf warns that if the public is refused the power to influence national development policy, then we cannot create alternative development programs. He questions whether if we wanted to revamp the rice and cotton industries, if our government would be willing to stand up to IFIs and increase the agriculture subsidies. He emphasized the need to discuss how to get the government to stand up to IFIs. He explains that the WTO, IMF and WB are moving towards profit motives and conditionalities. As such, the next IMF/WB policy will include the mandate to create a four percent domestic surplus; which means cutting social expenditures to increase savings, which will directly impact national development choices. The refusal of the North to withdraw subsidies in the Cancun negotiations led to a break down in the negotiation process. Poor countries are beginning to see that they need to challenge globalization. Rudolf explains further that IFI policies are of negotiation, not of prescription. He cautions that we should begin to see ourselves with clear points of policy convergence, which will challenge the antithetical position of non-confrontation proposed by others. He suggests that for donors to be able to assist developing countries more meaningfully, they

would need to have a common basket where monies are put and governments of developing countries be allowed to use the funds as they see fit. Rudolf is sad that the IMF still sets the parameters for Ghana to comply with. According to him this new system is not really anything new because Ghana cannot make fundamental decisions without the IMF filter.

He explains that the issues of health and water cannot be separated. Invariably, there is a rise in privatization of health services in Ghana. He notes that some think that self-help is key and cautions whether self-help can really help poor communities? Consequently, if the answer is no then we must revisit the business of state provision. Rudolf observes that the state cannot be replaced in poor places for social services and we must ensure that the state has a fundamental role to provide social services. Accordingly, there is a need for policy convergence.

Rudolf explains that we need a priority list of how Northern Ghana develops to get out of poverty. In particular, there is a need for a Northern Ghana discourse on the most valued sectors. He observes that the policy matrix of the budgetary support system is an emergency call to civil society. Rudolf concludes that the policies of the IMF/WB in the last 20 years were objectively proven to have failed. In view of this, he suggests a call to action to build bridges in the world with people who are disgusted by globalization policies. Finally he reiterates his claim that globalization is not a new phenomenon and we can do something about it with an active civil society.

Questions and Comments

Rudolf Amengo-Etego, questions whether local assemblies consult people? He explains that in Northern Ghana, agricultural actors come in from the outside and wonders whether any assemblies presented to central government that Ghanaian farmers need subsidies? He questioned why assemblies do not take initiative on key issues and whether decentralization is working in a particular direction that is contrary to the goals we expected.

Tanko Computer a Member of the NDC, is worried that the government's manifesto to the citizens is different from what the government does with the IMF/WB. He laments that initially, people were happy with the new government. However, the government kept HIPC conditionalities secret and the people thought HIPC was going to improve their livelihoods and so many people thought the IMF/WB program was OK. Mr. Tanko notes that assembly members get sacked if they tell the truth to the government in Accra. He expressed the need to complain about HIPC/IMF/WB.

Baba Adam Sadique, questions whether we are convinced that the conditionalities are pushed down our throats and whether our politicians are not aware of the bitterness of the conditionalities or that their hands tied? He explains that Somaliland broke away since early 1990s and has managed to survive without international support. He questions why we cannot divorce ourselves from the IFIs and stand on our own or is it that our leaders are just interested in being in power?

Mohammed Mu'Alimu Tamale Poly, explains that we need policies that will address IMF/WB and generate revenue internally. He is of the opinion that we need to widen the tax-base, but regrets that we are losing the taxes collected from people through dishonesty and lack of transparency. He explains that people would be willing to pay taxes when the money is properly used and not stolen by politicians.

Nasamu Asabigi - a former deputy minister for the Northern region, reacting to the comment on district assemblies and subsidies, explains that the issues raised by Rudolf were in the past discussed by many assemblies. Mr. Asabigi observes that the assemblies have called on the government to reintroduce subsidies, but the government maintains that there is no money to do this. Another reason advanced by the government against subsidies according Mr. Asabigi is that if they subsidize local production donor companies will leave, so their hands are tied. He suggests the need for pressure groups on the streets similar to the people's protest in India against the IMF, which made it easier for the government to resist the international financial institutions. According to Asabigi, we need to raise the level of our voices and pressurise the government so that it won't be bullied by the IFIs.

Emmanuel Abeliwine, Mapronet – Tamale, observes that the prescription to increase taxes is exactly what the IMF is prescribing. Mr. Abeliwine explains that we can disagree with the IMF/WB through reason. Consequently, we can just say our right is that of life. He cautions that the IFIs have more researchers than us and as such very few governments have power or can stand up to the IMF. Mr. Abeliwine suggests the need for civil society to mobilize the masses to demonstrate and declare our right to life. According to him, the need to do this has become more imperative because the hands of the politicians are tied.

Kizeeto Abarbor, thinks that the IMF/WB are not going to lead us anywhere and that their agenda is clear. He explains that if we cannot argue with the IMF/WB, then what can we do? Mr. Abarbor explains that the priorities of USA/IFIs are different from our priorities (i.e. communication technology vs. food) and questions how the Northern regions in particular can benefit from communication. He is worried that the IFIs are only interested in developing markets and not in improving the livelihoods of poor people.

Samuel Zan, the Executive Director of the SEND – Foundation, is of the opinion that we need an alternative national resource mobilization. According to Mr. Zan, the solution is not 100% in expanding taxes. He is of the opinion that government should tap the potential that is here because migration or brain drain is not entirely evil and it needs serious reflection. He is the opinion that multi – donor initiatives on the HIPC debate influenced the action of government in speeding the signing of the HIPC agreement before civil society organisations could react. Mr. Zan specifically questions how should we approach these policies given the speed at which they are carried?

Adamu Tanko Baba former UST student, thinks that we need to mobilize banks domestically and use funds judiciously to get government to breakaway from IFIs. Mr. Tanko Baba explains that we should sacrifice in the short - term to break away and create our own initiatives. He urges that members of parliament from different parties should find commonality and address the issues that affect the northern region.

Denis Chewara, is of the opinion that there is a general sense of helplessness among the people. He believes that we have to devise solutions to our own problems. This according to him would require strong alternatives. He does not particularly believe that the government cannot do anything in the face of the IMF/WB and thinks that a lot can be done. He cites the GCB as an example of people standing up against privatization with facts that compelled both the government and the IFIs to backed down. Mr. Chewara believes that we should not easily succumb to external pressure and that we have the capability to resist external IFI pressure.

Patrick Apoya, CPHD, explains that the IMF/WB policies have made all of us feel helpless and it appears that there is nothing that can be done. He observes that when it comes to finding a solution, the IMF is a virtual problem. Mr. Apoya thinks that the IMF would not go alone, but would do so with those who are behind it. He thinks that we need to go to the roots and not just deal with the virtual issues. He is of the opinion that bilateral donors will go with the IMF if we desert them and as such we need to think of how to deal with bilateral donors. He observes that the IMF has no right to determine conditionalities. Nevertheless, he thinks that the connection between IMF and donors is a problem.

Baba Sule, Oxfam, thinks that the general belief that our governments cannot do anything about the IMF is wrong. He is of the opinion that the pressure on the IMF led to HIPC and that is somewhat better than the previous debt-servicing alternative. He suggests that African governments must link up with the rest of the world to put pressure on the IMF.

Lance Robertson, believes that there is insufficient debt relief and unfair double standards in terms of subsidies. He is particularly interested in knowing those pulling the strings behind IFIs. Nevertheless, he thinks that the IMF/WB are different institutions. He believes that the WB has changed but that the right targets should be the US Senate, USAID, and the parliament of the United Kingdom.

Yakubu Zakaria, cautions about the need to target resource outflow. He explains that Africa needs an annual support of US\$64 billion for development, but ironically gives out US\$75 billion annually to the advanced world. Part of Africa's problem he explains is that of resource leakage. He notes that the WTO brings an annual loss of \$60 billion to Africa through unfair prices for agricultural produce and the remaining US\$15 billion loss is through debt repayment. He suggests the need to plug these holes and develop our own resources.

Rudolf Amenga-Etego, observes that he has worked for the IRS for 12 years and noticed that tax holidays create huge capital allowances/deductible items that are milked out annually. He explains further that the tax law is structured to fit into the global system. Consequently, he suggests the need to address policy imbalances. He explains that there is a need to hold governments accountable and be vigilant. In reference to the Multi-Donor Policy Budget Initiative, several NGOs went to ActionAid for discussion. There were few national NGOs there. We need to claim our space in the policy-making processes. The IMF/WB and governments are important targets and the people have a role to play in influencing them. The US Treasury has huge influence on IMF/WB policies. The charter issues must be revisited. It determines who votes. The IMF/WB are supposed to be public institutions, but they are run as private institutions of the US Treasury. Something can be done. Governments are powerless when there are no citizens behind it. Citizens need to be active. International solidarity plays a big role. Civil society in the North is crucial and needs to confront their governments and we need to convey our subsidy issues to the government.

Abdullahi Sadique, thinks that the IMF/WB are not the right targets. Rather, he believes that the government should be the target. He emphasises the need for broad consultations between the government and society before policies are implemented.

Saka Abdullai, notes that the IMF is working around the principle that Africa has no development model. Consequently, the IMF holds closed-door meetings about the need to open markets. Mr. Abdullai explains that 70-80% of the Northern region is poor and we need to make this part of the policy making process.

Wrap Up- Rudolf Amenga-Etego

Rudolf thanked the participants for their comments and expressed optimism that serious discussion and outreach in communities will be effective. He explains that the problems (i.e. of corruption and accountability) are not peculiar to us, but that they happen in developed countries. He observed that we are not always at the receiving end as we are often givers, as there is a net outflow of money that goes to the West, giving us the clout to negotiate. He warns that it is not a question of even ground. He suggests that there is the need to go to farms to speak with farmers about agricultural issues and connect them to the larger political and economic issues. He emphasised the need to link up with the grassroots and warns that northern Ghana must move faster on the issue of convergence.

Afternoon Session

Panel One: The GPRS, The Policy Dilemmas and the Realities of Poverty in Northern Ghana

Dr. Sule Gariba

Dr. Gariba introduced the discussion by explaining that the World Bank's representatives could not attend the forum because there was a similar forum to be held on October 20th, 2003. He is therefore of the opinion that later in the month the dialogue with the World Bank and the IMF will continue. He explained the context in which the GPRS document was developed and the principles it had to adhere to. He observes that several things happened when the government changed. The new government had to renegotiate the principles and as such there is a policy dilemma in writing and applying the document.

He explained that the preparation of the GPRS started in 1999, when the SAP was starting to fail. He observes that instead of accepting the failure, the development partners started the GPRS. He notes that there was a problem of admission of Ghana's heavy indebtedness. Consequently, there was no agreement on how to proceed, so the government focused on the GPRS which was chaired by the UNDP. The interim GPRS, he observed, did not tackle major policy issues and donors informed them on what they had to do immediately for HIPC. According to Dr. Gariba, there was much pressure from IFIs and others for HIPC. He observes that after the first draft of the GPRS was prepared, senior government officials decided the "G" should stand for "growth" and not "Ghana." This became an important debate. He notes that the NPP promised to launch the Golden Age of Business. According to him, the NPP wants to focus on business and trickle down wealth instead of on poverty reduction. Thus, the NPP consistently speaks of business over poverty. Consequently, the government launched a national economic dialogue to talk about business and a small committee to deal with poverty.

Dr. Gariba explained that Chapter One of the document focuses on the macro-economy and the requirements of the GPRS. He notes that this creates the parameters of structural adjustment conditionalities. He observes that there is much donor influence on the GPRS, but Ghanaians wrote much of the content. Consequently, several important choices were made in the GPRS, and it is considered to be one of the largest official poverty documents.

Dr. Gariba also talked about a number of policy dilemmas. First, he notes that the NPP

government stated that its priorities were infrastructure, modernizing agriculture, good governance and private sector development, which are different from GPRS priorities. Second, he observes that there is also a problem of resource allocation to the poorest areas in Ghana. Third, there is a dilemma between centralised agencies and district assemblies. There is the need to disperse resources through settlements as against district assemblies that are closer to rural communities. Not surprisingly, more money under HIPC fund is going through departments and ministries than to the poor.

He explains that multi-donor aid is being supplied by many countries, except for Japan which is losing the most from the HIPC. Currently, the aid is supplying \$1/4 billion for the national budget and should be used for poverty reduction. According to Dr. Gariba, civil society and labor groups are restless about the government's refusal to commit to any social agenda in the GPRS. He observes that the NHIS issue is about the absence of a social policy scheme. He observes that marginalized groups are losing faith in the GPRS in geographic and economic terms. Consequently, the GPRS needs to be deepened in terms of including the participation of people in the North. He urges development partners to go out and evaluate the situation--like HIPC watch—and then public policy makers will need to think twice. Dr. Gariba's presentation ended at 3.00 p.m. and was followed by another conducted by Mr. Sagito a Regional Economic Planning Officer.

2. Mr. Sagito, opened his presentation by describing the economic situation in the North. He explains that nine out of ten people in the Upper East are poor and earn only 900,000 cedis a year. Invariably, eight out of ten people are poor in the Upper West and five out of ten people are poor in the Central Region. He observes that crop producers are poorest among all the groups. Consequently, the three Northern regions are home to the poorest of the poor in Ghana. Mr. Sagito is worried that there are no clear-cut strategies to deal with poverty in the country. He explains that the three planning offices in the North tried to identify development strategies and priorities with GPRS as a base with little success. He observed that it would be interesting to know how much the three northern regions are contributing to the national economy and this use this figure to bargain. Paradoxically, the Northern regions do not know the percentage of their contributions. According to him, this is a critical tool to pursue. He explains that the assemblies do not have good mechanisms to coordinate funds. Mr. Sagito observed that in terms of production and employment, the GPRS is just a framework. Consequently, it needs to include human resource development, involve civil society in a public expenditure management system, and have a better vision of who is marginalized and where they are. He explains that the implementation of the GPRS is also a problem in terms of conforming to district plans and organizations in the general GPRS program.

He explains that donor funding and money from HIPC funds are sent to the districts. Mr. Sagito is not happy with the fact that every district is given one billion cedis, instead of giving the more needy districts higher funds. He also questions if the funds are sufficiently used to reduce poverty. He notes the example of one district using HIPC funds for butcher shops and cautions that there is bad distribution and lack of coordination in the disbursement of the HIPC funds. Equally worrying to him is the fact that the assemblies do not know what monies they have in their accounts. Finally, Mr. Sagito observes that, there has been success in getting certain donors (such as Canada) to focus on the North, but the main problem is to convince the group to handle the money well.

Questions and Comments

The first speaker who failed to mention his name was concerned about the issue of relief. During the PNDC/NDC era, there was much talk of “relief for the poor.” He explains that there are now the brackets of HIPC and the framework of the GPRS and questions the strategies we are using to bring about economic development to carry us out of the relief framework. He also wants to know what are we doing to harness sustainable income in the North and how we can transform our resource base? He praised ISODEC for carrying out extensive research on resources of the North. He talks about the discovery of two oil wells in the Wale Wale district and observed that nothing concrete has been done about it.

The speaker voiced his concern that the funds dispersed to the districts are shrouded in secrecy and questions whether governments really research the problems of people.

Mr. Asabigi is worried that qualified people do not want to go back to the districts to live and work.

Responses

Dr. Sule Gariba explains that there are too many priorities in the GPRS, which allows the government to focus on anything and not necessarily be pro-poor. The GPRS is too broad he notes and there needs to emerge an independent movement about HIPC, not an institution. He observed that we cannot expect the government to monitor itself. He explains that the vision in the GPRS allows the government to think of wealth creation over national poverty reduction strategy. Consequently, investments are not pro-poor investments. According to Dr. Gariba there has not been any changes in the Structural Adjustments Programme (SAP), rather it is just a change in language. Consequently we now have a term such as “Trigger” which is another name for conditionalities.

Questions and Comments, continued

The first speaker, Mr. **Patrick Apoya** explains that there is a problem of human resources at the district levels. He observes that there are also no district plans. He is of the opinion that if resources move, then people will move too. He is worried that there is no capacity in the North for modern export-oriented agriculture because there are mostly small-scale subsistence farmers. He is equally worried that nothing has been said about the cotton sector, which could potentially be very important. Mr. Apoya observes that there are many contradictions in the GPRS. Northern poverty is used for fundraising, but not for poverty strategies.

The second speaker, Rudolf Amengo-Etego from ISODEC, observes that the World Bank in 1994-1995 expected decentralization and Ghana tried to decentralize, but is not really doing it. He explains that the center is still left with everything and the districts with nothing. He suggests that instead of talking about PSI, we should be talking about community initiatives because the PSIs flopped in Latin America. Rudolf suggests a change of attitude. He questions why should the senior minister have his own budget, and suggests that these are issues that need to be questioned. He stresses the need for transparency in government expenditure so that people can hold the districts accountable. He stresses the importance of funding tertiary education to enhance the manpower needs of the country. He regrets that

because of lack of funds, the University of Development Studies (UD) is becoming a laughing stock.

Responses

Dr. Sule Gariba explains that decentralization was actually resisted by donors. He notes that in 1998, government decentralized and the donors did not support it. Consequently, the election of district assemblies was internally fabricated and the donors did only support it later on. He is however, surprised that now that donors like to have decentralization, it is actually slower in becoming a reality. According to Dr. Gariba, the pressure to democratize and have multi-parties and elections in 1990-1991 made decentralization possible. He notes that in spite of attempts by northern NGOs to hold districts accountable, the government would not take them seriously until there is an active civil society.

Second Panel Discussion- Living the Realities: The Economic and Social Consequences of Austerity Measures on the Poor

Mr. Thomas Issah, ADD

The speaker explains that his presentation focuses on disabled people because they are the poorest of the poor. He observes that the government budget is 60% donor supported with conditionalities that do not favor women the disabled, children and the vulnerable workers in the informal sector. He is of the view that the lack of subsidy is a hindrance to the vulnerable as they are not able to meet basic needs or improve their economic development. According to Mr. Issah, the result is abject poverty. He laments that the health institutions are in deplorable conditions and observes that the only hospital in the North with free services is in Tamale. He thinks that the cash and carry system is a killer and the new system introduced by the government is confusing to all.

According to Mr. Issah, people living with disabilities are the poorest because of societal superstitions and negligence, and unfortunately the government does not attend to them. Invariably, the most hurt are women with disabilities. He explains that many disabled women are spinsters and do not get support from the men for their children. Consequently, they face several education and employment challenges. He notes that poor and disabled people are turned away from banks, because they are considered not credit worthy for loans, and are charged high interest rates. Mr. Issah thinks that the problem of accessibility to loans, schools, etc has to do with policies based on IMF/WB conditionalities. Invariably, the issues of disabilities are not a priority of the government. He explains the need to appeal to NGOs, government representatives and others that disability issues are critical. He is of the opinion that if we have a gender or children focus, we need to have a disability focus too. Mr. Issah observes that we will all have disabilities one day. He cautions that in Ghana, nobody counts the number of people with disabilities because it is an area of neglect. He explains that the WHO estimates that ten percent of the population of peaceful countries is disabled. Twenty-five percent of Rwanda is disabled. He suggests the need to change the negative perception of people with disabilities because it is a rights issue. Mr. Issah says that it is the duty of civil society and the government under the constitution of the 4th Republic to not discriminate. He thinks that buildings need to be made accessible. He thinks that we are better off without the GPRS, because it does not mention disabilities. According him there is a geographical dimension to poverty in Ghana. He explains that cereal crop and peasant farmers are the most poor in Ghana. He observes that small-scale business is hard to operate because of high

interest rates and lack of collateral to access loans and questions how can we capitalize on the little opportunities for development. Finally, he questions what civil society groups should be doing in order to make the voiceless heard?

Questions and Comments

The first speaker Denis Chirawurah of PACT, observes that the GPRS does not look at social issues. He suggests the need for impact assessment that focuses on social issues.

The second speaker, Patrick Apoya from CPHD, emphasizes that nobody knows the magnitude of problems related to disabilities in Ghana. He explains that HIPC programs and buildings are not accessible to the disabled. He suggests that there must be less than 10% of the population living with disabilities because not as many are able to survive since the conditions for the disabled are worse here than in industrialized countries.

There was a general discussion about the credibility of disabled people and how they should be considered credit-worthy and how they should not be separated from society.

The last speaker, Mizane Kristos from ISODEC, explains what must be done by the public to take care of all of society in a fundamental way. He notes that there is a major clash of ideologies. People underestimate that IMF/WB intervenes in poor countries based on ideology, not based on what makes business or practical sense. According to Mizane the ideology of market fundamentalism that they never practice in capitalist USA or Europe is allowed to have space in weak poor countries. He explains the essence of this fundamentalism is that the government needs to do little to ensure the security of investors from angry and hungry people. Consequently, the government needs to ensure that businessmen have their contracts enforced. He questions whether anybody else is going to take care of the center if private companies cannot? He observes that under Thatcher and Bush, the solution was in letting people get very wealthy and charitable. He explains that the World Bank and IMF are of the opinion that NGOs and civil society will take care of the poor. If this really happens the government's role is drastically reduced. Mizane explains that China is very attractive to the private sector, but it has no resemblance to what the IMF/WB prescribes. He believes that the same goes for Vietnam, a country that takes health services very seriously. According to him, it is more important nowadays to address alternatives. He thinks that we need to focus on participation, empowerment, gender, disabilities, and transparency. He observes that the IMF/WB are ideologically driven zealots and as such the firing of Stiglitz, the WB chief economist, is an example of this ideological fundamentalism.

Day Two: Building Strategies for Engagement

Video- Profits of Doom

The video highlights the various political-economic dilemmas facing Ghana. It discusses the impact of an insufficient supply of water on the population, the cash and carry system, mining, and education.

Feedback about the First Day of the Forum

- The feedback shows that people want to discuss more about GPRS, the government's use of the private sector and good governance.

- Participants want the jurisdiction to monitor the District Assemblies' use of HIPC funds, so that they are not misallocated as in the case of the one billion cedis used for the butchers.
- The feedback reveals that IFIs are not helping the development process.
- There is a lack of commitment to the decentralizing process.
- There is a need to hold people at the district level accountable to the law.
- The government should pay more attention to people with disabilities.

DAY TWO

Panel Three: Confronting the Giants- Spaces for Engagement

Moderator for this session was Mr. Zan of SEND Foundation

1. Mizane Krisotos, from ISODEC

The presentation focuses on the role of IFIs in the water and banking sector. Mizane opens his presentation by stating that water is to life as finance is to business and development. He observes that in Ghana, the loss of control of foreign exchange, the restriction of the government, and the stringent foreign reserve requirements are all part of the adjustment program. He notes that among all liberalization and privatization schemes, 25 percent of SOEs (about 300) were liberalized or privatized in this period of adjustment. Invariably, large public utilities (Ghana Water Company, Tema Oil Refinery, Ghana Commercial Bank, electricity, and the cocoa board) constitute 75 percent of the assets held by Ghana and were not successfully divested in the 20 years of adjustment.

He explains that the process of restructuring the water and banking sectors has several similarities. Firstly, the separation of rural and urban sectors and decentralization. This he thinks will create an urban bias, as poor people in rural areas will receive limited services. Second, the compiling of several systems (around 100 in the case of water) into two large monopolies. Third, in the case of water, the separation of water and sewers into two separate sectors. He believes that much water can be recovered from the sewerage system and purified, but the companies separated the two and thereby limited the potential of water recovery. Fourth, defining the terms of the contract so that multinational companies are guaranteed a minimum of ten percent profits, which in turn allows the companies to choose to whom and how it sells its services. This he thinks also includes the loss of government tariff regulation. In the case of water, Mizane believes that the companies receive a ten percent bonus for each new water connection made. He notes however, that in the bidding documents, the multinational companies co-investment was exaggerated and really didn't bring in much money. Invariably, much of the financing was done by the public by borrowing from the World Bank. He explains that the World Bank would not release the money unless there were privatization plans. He notes that presently opposition campaigns scared off private multinational investors. He is of the view that MNCs don't want to be responsible for collection, but wanted management contracts. Not surprisingly, the World Bank required the government to accept the MNC terms for larger sum of money.

On the banking side, he observes that there is a rise in liberalization over time. He notes the final aspect is a new banking law that is supposed to be free to regulate based on the BASEL principles. He is worried that the IMF offices inside the Bank of Ghana and keep daily hands on policies. In particular, he observes that the government-owned banks are needed for

national development and explains that the sale of GCB was diverted because of public opposition and protest. Mizane explains that there was a move in last years budget to separate the rural banks (about 115) and create APEX banks with only 22 branches. According to him, denying government the right to borrow is evident by requiring domestic borrowing to decrease to zero. He explains that the Ministry of Finance is being cut off access to the Bank of Ghana. Nevertheless, he notes that a number of things need no imports, so we should use domestic borrowing in cedis instead of foreign loans in dollars.

Samuel Zan from SEND Foundation

Mr. Zan explains that IFIs are giants and can be intimidating, but we shouldn't be intimidated by them. He believes that we can engage them. He notes that HIPC Watch is one example of civil society mobilization. He explains the need to understand HIPC Watch in its context. He explains that civil society needs to be interested in public policy because public policy affects all and determines what government's will do. Mr. Zan explains that public policy defines resource allocation and who gets what and when. He observes that civil society participation is a right and we should exercise this right. He is also of the view that citizens' participation should be the key indicator in of how the GPRS is addressing poverty.

According to him, the objective of HIPC Watch is to enhance the impact of GPRS on poor people. He explains that the HIPC Watch uses clear benchmarks. Above all it focuses on research and documentation, education, lobbying and media, and impact monitoring. Mr. Zan observes that the research and documentation component includes compiling newspaper excerpts of what the government and civil society is saying in the HIPC debate. The education component he notes involves workshops to inform the community of GPRS, district level sensitization workshops, and workshops that focus on GPRS through gender lenses. His presentation reveals that the HIPC Watch also produces stickers and posters and is building a think tank of researchers. He disclosed that the lobbying and media component includes the establishment of a lobbying team in each of the three Northern regions and approaching the government in Accra. Accordingly, the HIPC Watch engages in the media through radio shows. Mr. Zan explains that the HIPC Watch developed a monitoring manual and framework to train people to use the manual and is getting District Monitoring Committees.

The strategy of HIPC Watch he observes includes building a coalition of civil society in a broad sense and sensitizing civil society groups, networking and creating partnerships with organizations, capacity building, and constructive engagement with governments. Consequently, there is not just one strategy, but several are needed to engage with such huge forces.

The lessons learned from the HIPC Watch initiative include the following. Firstly, citizens have shown much interest in public policy if they are given the opportunity to understand the policies and if the technical jargon is broken down. A deepening of understanding leads to more interest and engagement. Secondly, governments are willing to listen if they understand you represent a formidable population. In view of this, lobbying in Accra worked better when the government saw the diverse support group and strong constituency. Thirdly, it is important to provide the government with alternatives. Sometimes the government is helpless and is seeking other options and alternatives. Mr. Zan explains that there is the government's eagerness to see a proposal for how to make the GPRS more gender sensitive. Fourthly, policy implementation can be largely influenced by ideology. An example of this is

the dominant ideology that once you create wealth it will trickle down and decrease poverty. Fifthly, the GPRS was not widely consulted by ordinary people. He explains that the IFIs and the government did not want information on conditionalities being made known to the public. He emphasised the need to publicize information to make governments more careful with what they do.

Mr. Zan is of the view that NGOs must accept a paradigm shift. Consequently, governments rely on NGOs to provide social services like education, health and welfare. He warns that NGOs need to sit up and make the shift to approaching development from a “rights perspective.” In particular, he thinks that NGOs need to be more accountable, not just financially, but in their image as well. He observes that NGOs need to strategize and engage with other actors because they cannot be everywhere all the time. He notes that the debate about advocating for the North must continue. He thinks that the capacity to engage and break down things into simple language is crucial. Mr. Zan cautions members of the NGO community to be careful of the ideological trap and remember the image of a person with three heads and two hearts and the issue of value judgment. Finally, he warns all to be careful about blackmail.

Questions and Comments

A participant questions whether the GCB is a management or commercialization issue?

Commenting on HIPC and water privatization a second participant emphasises the need for better dissemination of information.

A third comment commends NGOs and acknowledges the fact that many responsibilities of government have been shifted onto NGOs. However, he observes that in spite of the good works of NGOs poverty problems still abound.

A participant questions that if politics is about ideology, would it be strategic to engage with government and IFIs on the basis of technicalities or ideology and propose alternative ideas.

Responses

In response to the question on GCB, Mizane observes that the government, not GCB, ordered the debt write-off. He explains that reforming GCB will give it increased independence in its management and supervision of projects so that its loans will perform well. According to him, this requires writing banking laws that give GCB freedom from executive arbitrary government decisions. He however, thinks that making GCB a shareholder company bank is not the solution. He notes that even Barclays writes off loans and is still profitable. Mizane explains that GCB’s portfolio looks good but warns that risk aversion by private banks will make rural banks risky and less profitable. Rural banks he thinks will shut down if they fail to look into the future of rural development. According to him, the government needs to have some control over finance because without government, the private sector could starve a whole area by focusing on higher classes. He is of the view that the rules are increasingly being created far from us. Mizane observes that if not for the Asian financial crisis, the OECD and WTO would have made universal financial rules and the MIA would have made portfolio movement rules universal. Nevertheless, he thinks that the Asian crisis brought an end to rules.

Commenting on the water campaign Rudolf observes that it has succeeded so far in halting privatization exercise. He explains that in February 2003, the World Bank and companies met to review the water deal, consequently, the \$70 million offer reduced to \$13 million and then to zero. According to him, the government became reluctant because companies involved had no money, which means the government must borrow money from the World Bank. He observes that in July, the government decided to review and repackage the water deal for three years. In view of this the three-year management contract became a ten-year lease. Rudolf explains that in a meeting at the Ministry of Works office, civil society asked critical questions and got postponement. Similarly, he observes that in the World Bank and TUC meeting, the World Bank could not convince people of a three-year management run by elites and so the meeting failed. He thinks that the government is interested in breaking the stalemate and therefore it is thinking about proposing to decentralize the water services (i.e. the Dutch proposition). Finally, he explains that the water privatization is currently at a standstill.

Mr. Zan cautions that NGOs should never get funding from the government. He observes that the basis of the FOI bill is good. He thinks that there is a need to be more proactive in the policymaking process and not wait until policies are passed to make comments.

Mizane, however thinks that a society needs to know itself, think for itself, get the right evidence and rhetoric and make it the culture of its community. He calls for the need to have strong education and research institutions that are robustly financed. He observes that even poor areas need high education investment. According to him, the impetus for this must come from within communities. Mizane is however, worried that the Parliament has no research institution attached to it. He emphasises the need for stronger research institutions. He explains that since 1996, the World Bank has called itself the “Global Knowledge Bank” and observes this is very imperial and dangerous. He notes most contracts went to consultants abroad as a result of this. He explains that IFIs do not release most controversial policies on time until they are fixed and decided upon. He questions whether Ghana can declare that any donor must declare the draft for district commentary before the board decides.

Film: Documentary on the Water Struggle

The film gave an overview of water conditions in Bolivia (Cochabamba), Ghana (Accra) and America (Detroit). It reveals that over one billion people in the world are without adequate water supply. In Bolivia, the film highlights the anti-water privatization movement in Cochabamba. Bolivia is the poorest country in South America and the poor do not have pipelines, but rely on tankers to fill their water drums everyday. The film shows that in 1999, the company Bechtel received a 14-year water concession with a 15 percent profit guarantee. The water prices increased between 60-200 percent. Bechtel made the government pass a law that banned rainwater harvesting. Each family now needed to pay for water under the new water policy. Bechtel threatened to cut people off from water if they did not pay the water bills. Since January 2000 there were massive protests against the water privatization, which the police and army responded to with repression. Leaders of the protests were arrested and over 175 people were injured. After a state of emergency was called, fires were set to government buildings, and a young protester Victor Hugo was killed, the government finally annulled the contract with Bechtel. The state-owned water company SEMARA is now laying pipelines in Bolivia. The film also exposed the water conditions in Accra, where over 78 percent of the urban poor have no access to water and need to buy it by the bucket. Three buckets of water costs twenty percent of the household income and is less than the WHO

daily minimum intake of water. The film further reveals that if water in Ghana is privatized, the costs for water will soar. The National Coalition Against the Privatization of Water (NCAP) states that the public is blocked from the process of dealing with the water problems in Ghana, and that the government needs include civil society to ameliorate the situation. The film also outlines the water problems in Detroit. Detroit Michigan is surrounded by twenty percent of the world's best water supply, and yet the urban poor have no access to the water. There is massive urban decay and people cannot afford to pay for the water. Disabled people, senior citizens, and households with children have had their water-taps cut off from water due to inability to pay the expensive water bills. The film also reveals that water privatization is posing a public health threat throughout the world.

Group Sessions: Strategies for Collaborations

After the documentary on water privatisation participants were divided into four groups to tackle the issues of how to build greater management systems, information, capacity, and solidarity networks. The groups presented their findings after they met to create action plans.

1. **Group One** focused on institutional structural management within the north and how it is possible for the north to do independent, self-reliant and creative work. The group's presentation used ISODEC as an example of the institution that will manage the process. The group is of the view ISODEC will bring together an executive coordinating committee of existing networks, executive directors of local NGOs, civil society and trade unions, and together they will design a work-plan. Accordingly, these leaders will be responsible for informing their groups of the new decisions made. The group thinks that interested organizations should be members whether they are in a network or not because networks have various interests and the information may not adequately tricked down. Consequently, it is important to include more than just NGOs and networks, but to include ordinary civil society as well.

2. **Group Two** focused on what kind of documentation and resources civil society can use for education. The group observes that it is important to concentrate on laws concerning accountability and to collect and disseminate information at the local government level. In particular, the group thinks that ways and means need to be used to find sources of information. According to the group, international organizations, the national government, and local governments should be the avenues and sources for gathering relevant information. The group is of the view that the budget contains much information, such as government income and expenditures that should be tracked. They think that the media is in bed with the government, so groups should use other sources of documentation like the radio, HIPC Watch, ICT and the Internet. The group also believes that information should be translated into local languages as well. On how information can be converted to public action, the group thinks that NGOs must be involved in disseminating information in sensitive ways.

Group three focused on building strategies for capacity building. The group identified the strengths of the public's capacity in Ghana. Such strength's include this forum on IFIs, the strong human resource base, NGOs and CSOs, and the available information and research findings of ISODEC and SEND Foundation. The group identified weaknesses of inadequate education at the grassroots level, lack of funding, weak resource base, and a lack of proper statistics on human vulnerability. The group is of the view that we should capitalize on the strong resource base and recognise traditional councils and groupings. Important strategies suggested by the group include:

- Maintenance of the forum and networking its activities
- Using workshops to build human resources
- Participatory fundraising at the local level
- Identify resources in northern Ghana
- Conduct thorough research, by recording results and collaborating with the statistical service
- Engage with traditional councils and opinion leaders and sensitize them to policies that affect the poor

4. **Group four** focused on how to build effective national and international solidarity movements. The group thinks that a solidarity movement is needed for a critical mass to achieve its aim, for the development, for the use and distribution of diverse information, skills and resources, and to support and educate others within the movement. The group also suggested the building of a solidarity movement, a platform that must be created, to identify key issues and structures to lead to the development of a structure lead the movement. According to the group, the activities of the movement may include joint advocacy and campaigning, joint research, community outreach and public awareness building, deep and broad monitoring, education, and capacity building. In building a solidarity movement, the group suggests that it is important to mobilise the resources from within to support the more marginalised in the movement while creating effective channels of community.

There was general discussion on ways of moving forward after the various presentations. After the deliberations a final prayer was said and the workshop was brought to a close.