

# Rich in poverty – the African challenge

*Of the world's 20 countries with the lowest purchasing power per head, 16 are in Africa. How can organized labour tackle this daunting challenge?*

“Every so often, hundreds of them storm the fences, equipped only with makeshift ladders hewn from the branches of trees, and with cloths tied around their hands – to ease the pain of razor wire slicing through flesh.”<sup>1</sup>

In October 2005, media reports from the Spanish enclaves of Melilla and Ceuta shocked the world. These are the European Union's only land borders with Africa. Thousands of Africans are risking their lives to reach them and cross them. Why? The answer is simple: poverty.

“Africa is a continent rich in poverty,” says ironically a new ACTRAV report.<sup>2</sup> “Average income per capita is lower than at the end of the 1960s. About 49 per cent of Africa's population (some 323 million people) live below the region-wide poverty line.” And it is getting worse. An extra 2 per cent of Africans, some 81 million people, descended into poverty during the 1990s. Meanwhile, HIV/AIDS and climate change are pushing Africa into even deeper misery.<sup>3</sup>

Poverty is unevenly distributed across the continent. It is at its lowest in Algeria, with 15 per cent of the population living on less than US\$74 per person per month. At the other end of the scale, 70 per cent of Guinea Bissau's people are below the local poverty line of US\$26 per person per month.

In sub-Saharan Africa as a whole, 47-52 per cent of the population are estimated to be living beneath the poverty threshold. Extreme poverty affects 43 per cent of the people in its urban areas and 59 per cent in the countryside. “Averaging between 67 per cent and 70 per cent, school enrolment in sub-Saharan Africa is among the world's lowest. The same goes for the glaring inadequacy of health services in many

countries of sub-Saharan Africa, which are seriously out of step with demand.”

In short, “Africa has entered the twenty-first century as the world's poorest, most indebted and marginalized region, and the one lagging furthest behind in new technologies.”

This continent is often seen as globalization's biggest failure. “Unlike any other region in the world, African economies have experienced little structural transformation to warrant any significant dent in the poverty quagmire. One of the major manifestations of this problem is limited export diversification. Most countries in Africa remain highly dependent on primary production and export.” In fact, “reliance on one or two low-value agricultural export commodities has left African economies extremely vulnerable to volatility in commodity prices”.

And yet there is hope. “Despite the daunting statistics, the African people and the international community believe that the poverty challenge is not insurmountable. The *Economic Report on Africa 2004* published by the UN Economic Commission for Africa finds that in 2003 Africa recovered from the economic downturn of the previous year with real GDP growth of 3.8 per cent, compared to 3.2 per cent in 2002. This encouraging increase reflects Africa's progress in a number of critical areas: the continent has continued to exhibit good macroeconomic fundamentals; fiscal deficits have been kept under control; inflation has largely stabilized; and the region's current account deficit fell.”

Nonetheless, “faster overall growth is needed if Africa is to make progress toward achieving the Millennium Development Goal of halving poverty by 2015. In 2003 only five countries – Angola, Burkina

Faso, Chad, Equatorial Guinea and Mozambique — achieved the necessary 7 per cent growth to make this possible”.

## Union action

Clearly, those who set out to tackle poverty in Africa have a daunting task ahead of them. Yet many organizations do, and the continent's trade unions are in the forefront of the action. They have to face not only poverty itself, but also prejudices about their role in fighting it. According to one of the ACTRAV surveys, African unions “condemn the very widespread idea that the fight against poverty is the prerogative of politicians, governments and NGOs”. Which implies that trade unions in Africa also have to fight poverty at the policy level. Many of them do precisely that, and sometimes draw on international expertise in the process. So we will first look at unions' policy approach to an issue that is highly political. Then we will describe some practical union projects to roll back poverty on the ground.

## Influencing policy

The African trade union movement “strongly believes that the best approach to the eradication of poverty is through social dialogue”, notes one of the ACTRAV reports. “Trade unions see the lasting solution to addressing poverty in reviving the productive sectors of the economy and creating jobs. The starting point is to come up with a framework for labour market policy that will fit in the overall macroeconomic policy framework.”

These days, of course, much of that framework is global, and unions have to respond globally. “African trade union leaders, together with their counterparts in the industrialized countries, have consistently argued that more vigorous concerted action by governments is required to promote recovery and to reform the international economic and social system to reduce the risks of future recessions. Trade union del-

egations have brought to the attention of the international financial institutions that there is a need to build a much stronger social dimension into the process of international market integration...”

## National ownership of poverty reduction strategies

Much criticized for their harsh impact on developing countries, the structural adjustment policies imposed by the International Monetary Fund and the World Bank were replaced in 1999 by Poverty Reduction Strategy Papers (PRSPs). Ever since the introduction of structural adjustment in the early 1980s, national trade union centres in Africa had been calling for the institutionalization of high-level stakeholder structures in which major economic and social policy issues could be articulated. The austerity imposed by structural adjustment had hit African unions and their members very hard. The cost of living increased and social infrastructure deteriorated, while privatization and retrenchments reduced union membership.

So Africa's unions, and the international trade union movement as a whole, welcomed the September 1999 commitment by the IMF and the World Bank that all their concessional lending would henceforth be based on poverty reduction strategies “owned” by the countries concerned. This implied, among other things, that IMF and World Bank policies would have to move away from focusing exclusively on economic growth. They would also have to tackle distribution and access to resources and services in order to raise the living standards of the poorest members of society. Unions were particularly pleased by the invitation to the labour movement and other civil society organizations to work with governments in preparing and implementing the PRSPs.

But how have things turned out in practice? In English-speaking Africa, one of the ACTRAV surveys looks at the cases of Ghana and Zambia.

The Ghana Trades Union Congress (TUC) “has traditionally been active in the social and economic policy reforms” and was a “strong partner” in the formulation of Ghana’s PRSP. The unions emphasized “labour standards, equity, tax policies, and new investment involving the poor, food crop growers, and women”. In fact, Ghana’s is “probably one of the few PRSPs in Africa that explicitly identify a role for trade unions”. It defines that participation in the following terms: “Assessment of the role of organized labour; assessment of the effects on employment levels; concerns on incomes.”

In Zambia, on the other hand, unions “felt that governance issues during the implementation of PRSP programmes remained poor, thus also undermining democracy”. The views of the unions and other stakeholders “had to be consonant with the Government position” if they were to find their way into the final policy documents. “It was further observed that the poor were not consulted in the PRSP process, as reflected in the absence of pro-poor measures.” The Zambian trade unions are now networking with civil society organizations to ensure effective people’s participation in the PRSP process. The network has come up with its own PRSP as an alternative to the one produced by the Government. This is a technique increasingly favoured by African trade unions frustrated with the “consultation” process.

In French-speaking Africa, too, unions’ experiences of PRSPs have been very mixed. “The insistence of the ILO and the contributions of its structures have, to a great extent, assisted in getting union concerns taken into consideration in some countries” – for example, Côte d’Ivoire. But in others, “trade union participation in the PRSP process is purely symbolic. The governments of these countries, in order to comply with the rule about involving the social partners, invite them to the working sessions for drawing up the PRSP but are not very interested in either the content or the quality of their contribution – if, indeed, there is one, which is unfortunately not always the case”.<sup>4</sup>

Meanwhile, government–union agreements in some African countries are still clearly subject to approval by donor institutions. For recent evidence from Niger, see our box “A not-so-helping hand”.

### **Bargaining against poverty – and for productivity?**

On poverty, as on other issues, unions can try to influence government policy, but that cannot be their only or even their main focus. Collective bargaining remains crucial. Unions’ membership includes “the working poor in Africa”. And due to the extended family system, a formal sector wage – even a poor one – may help to sustain several households. So “collective bargaining for productivity-related wage increases is the most direct contribution of trade unions to poverty reduction”.

But bargaining has to keep up with the times. “Trade unions in the eastern and southern African sub-region have instituted deliberate attempts to come up with home-grown solutions to the challenges of globalization on the collective bargaining processes. To a large extent trade union actions have been in the form of educating all workers in general, and trade union members in particular, on new and emerging challenges brought about by globalization on the collective bargaining processes.”

In addition to wage bargaining, “better housing, health and safety conditions, education for the children, and income distribution – the very factors used in assessing the levels of poverty in a given population – have been attributed to the collective efforts of unions”.

In most of French-speaking Africa, “several elements in unions’ bargaining packages refer to:

- payment of wage arrears
- wage increases
- revaluation of the minimum wage
- increased family allowances
- upgraded pensions
- reduced taxation

## A not-so-helping hand: Niger and the IMF

"The agreements with the International Monetary Fund have been a failure. In 2005, people still don't have enough to eat."

Quietly, but with a hint of bitterness, Sako Mamadou tells his tale. As President of the Niger Confederation of Labour (CNT), he has seen at first hand the dire effects of economic policies imposed from outside upon one of the world's poorest countries. And he has fresh proof that, for all the rhetoric, Niger's relationship with the international financial institutions is still the same. Each change of economic course, however small and however necessary, still requires a nod from across the ocean. He knows, because he has just been asked to plead the Niger Government's case.

"Since 2001, when the poverty reduction strategy was launched in Niger, we have not noticed any improvement in people's living conditions," Mamadou insists. "Worse still, following an agreement with the IMF, the State pulled out of retail goods, the textile industry and food and agriculture. The State also gave up a big part of the capital in strategic sectors – telecommunications, water, electricity – and it will soon be doing the same for hydrocarbons." The impact on the country's scarce wage-paying jobs has been devastating. "In all these sectors, we have lost thousands of jobs. And in Niger, at least ten people are dependent on every wage-earner."

It was the IMF that told the Government not to recruit any more public sector workers, Mamadou insists, and this has also led to a waste of development aid. "Schools are being set up without any teachers. Hospitals are being set up without any nurses. The Government admits that, as far as recruitment is concerned, there is a blockage with the IMF. So the Government is asking us, the trade unions, to present a plea to the IMF, so that the State can recruit!"

For many people in Niger, the last straw came in March 2005, when "the IMF obliged the Government to put VAT (value-added tax) on basic necessities – flour, sugar and milk". The rate imposed on these basic foodstuffs was 19 per cent, in a country where most people already live on the edge of hunger, and many starve.

So, allying themselves with consumers, traders and other parts of civil society, the unions shut everything down for a day: shops, transport, industries, the airport. Nothing opened, nothing moved. They called it "ville morte" – dead town. And it worked. At first, the union leaders were arrested and jailed, but the Government soon opted for dialogue instead. It agreed to get rid of the VAT on basics. But not before going through one little formality: "The Government was obliged to get in touch with the IMF, in order to bring in a corrective finance law."

Nonetheless, the dialogue between the unions and the Government continued, and on 16 September 2005, they signed a protocol of agreement. Among other things, it provides for a 10 per cent wage increase – the first raise in 25 years. The current minimum wage is about US\$30 a month, Mamadou says. That is the price of a sack of rice. One sack lasts between two and four weeks, depending on the size of the household. And Niger's households tend to be big.

Clause 2 of the protocol heralds the scrapping of a statute that abolished public workers' right to take early retirement after 30 years. The unions are glad to see the back of that statute, which would have further reduced young people's already slim chances of ever finding a decent job. But the clause is curiously worded:

- "the Government declares itself in agreement with the principle of abrogating the statute;
- to this end, a plea in which the representatives of the trade union centres will take part will be presented to the development partners."

So once again, the Government is saying "All right – if you can convince the international financial institutions."

Mamadou draws the obvious conclusion: "We ask the IMF, before signing a new agreement with the Government, to come and see us, so that we can tell them what the people think."

He also believes there is a lesson in this for developing countries everywhere: "If you're not independent economically, you're not independent politically. We've learnt that the hard way."

- the establishment of a support mechanism for the creation of new jobs for young people and women".

But is this just special pleading by a wage-earning elite?

In countries where the formal, waged economy includes only a minority of the workers, can collective bargaining really push back poverty? Yes, it can, one of the ACTRAV papers says: "On closer examination – given that an African wage-earner

supports, on average, about ten people – the achievement of wage claims and similar demands would directly or indirectly benefit a considerable part of the population, and thus even the worst-off.”

Of course, collective bargaining is never easy in Africa. In a continent with low rates of formal employment and little new investment, unions’ room for manoeuvre is often limited. So they often tackle poverty at the consumer end of the equation, by organizing protests against price increases on basic necessities. Here too, “the outcomes of such action profit all members of society” (see our box “A not-so-helping hand”).

Another recent approach, although not without its critics, is for African unions to play an active role in boosting the continent’s productivity.

“In French-speaking Africa, some labour unions have, in recent years, set out to redefine the orientation of their action – precisely, they say, in order to prove that they do not just make demands, but that they are also builders who can become a credible counter power. And so here and there, coming out of congresses, one hears of new trade union policy orientations – ‘development trade unionism’, ‘responsible trade unionism’, etc. These aim to strengthen workers’ purchasing power by improving productivity within firms, as well as worker enterprise and the social, solidarity-based economy.”

All well and good – if the fruits of increased productivity really are distributed widely enough to reach the poor. But that is rarely the case. “Quite a few trade union structures firmly believe in the important role that they can and must play in improving productivity within enterprises, in order to ensure a better distribution of productivity gains. The will to do so certainly exists, but very few results have been recorded in terms of improving the quality of life, working conditions and well-being of workers and their families, as well as of consumers in general, in consequence of action undertaken by trade unions on their own or together with the employers to improve the productivity of enterprises. Trade

union action for a productivity growth that can lead to employment growth must be initiated and supported.”

### Generating income: The “social economy”

Many experiences have shown that “trade unions’ non-bargaining activities, generally known as the ‘social economy’, are better suited than either the State or the market to reducing social exclusion and poverty in a progressive and sustainable way. To fight against unemployment and exclusion and mitigate the continual degradation of public sectors that are unable to meet the ever-growing demands made of them, workers – both those in the informal economy who have precarious incomes or no income and those in the formal economy who are living on poverty wages – must get organized and set up networks to meet their basic need for decent accommodation, food, health care, education, transport, etc.”

Some of these efforts are already well advanced. “Under ILO aegis, through technical cooperation projects, trade unions have acted to create credit and savings cooperatives and mutual health insurance funds for workers in the formal and the informal economy.”

In French-speaking Africa, for instance, “functional cooperative and mutual structures established through trade union action can be found in Burkina Faso, Niger and Senegal. Similar initiatives are under way in Benin”.

There is also an important link between socio-economic projects and drives to organize workers in Africa’s vast informal sector. “Alongside these cooperative and mutual structures, the unions in Burkina Faso and Niger, grouped around an ILO cooperation project supported by the Danish and Norwegian trade unions, have organized several categories of informal sector workers in their countries into national trade unions, which are now recognized and operational. Generally, the people who are trade union activists

within the informal sector are the same ones who are members of cooperative and mutual structures.”

And the development of these informal sector labour unions will serve to strengthen trade union action as a whole in their countries. “They will become a real launch pad and source of potential for formal sector trade unions, and various types of relationships will be woven between the two types of union, the better to influence their countries’ development policies. And it is precisely through their strength and weight on the national playing field that the trade unions manage to secure their demands, which also make a very substantial contribution, directly or indirectly, to the fight against poverty.”

An innovative strategy by Zambia’s trade unions, for example, is the creation of the Centre for Informal Sector Employment Promotion (CISEP). Today, nine CISEP branches operate in Lusaka and the Copper-belt provinces, and there are plans to open more in other parts of the country. They provide informal sector associations with business information, needs assessment, short-term technical and management courses, business counselling and organizational support. The main beneficiaries are retrenched workers and retirees. The CISEP was set up by the Zambia Congress of Trade Unions (ZCTU) in cooperation with the country’s Technical, Education, Vocational and Entrepreneurship Authority (TEVETA). Support comes from German Technical Assistance to Zambia (GTZ) and the Friedrich Ebert Stiftung (FES).

Income-generating activities can also tie in with other forms of organizing. In Namibia, for instance, about a third of domestic workers are already unionized and the Namibian Domestic Allied Workers’ Union (NDAWU) is continuing to recruit. It helps its members to negotiate with their employers and provides trade union education. But more recently, it has also established a catering service as an income-generating activity for domestic workers who lost their jobs. The union has received support from the Finnish SASK and Oxfam.

For two other examples of union-led “social economy” projects that are helping to tackle poverty, see our boxes on Rwanda’s Union des Caisses des Travailleurs and Ghana’s Labour Enterprises Trust.

## Human development campaigns

Trade unions in Africa “are proactively involved in a number of human development campaigns: raising awareness and monitoring child labour; promoting gender equity; providing education and training for members; improving national government accountability and fighting corruption; protesting arms proliferation and aiding in conflict resolution; and educating members about HIV/AIDS”. Unions are also “instrumental in pres-

### Rwanda: Saving with the union

Defending the Rwandan workers’ socio-economic interests is the aim of the savings and credit cooperative “Union des Caisses des Travailleurs” (UCT).

Set up in 1993 by the Workers’ Union Centre of Rwanda (CESTRAR), the cooperative works to:

- promote savings
- facilitate access to credit under less coercive, more flexible conditions
- strengthen the autonomous management of worker savings funds within enterprises and train and assist their members
- encourage entrepreneurship by assessing projects and their financing
- reduce unemployment by creating income-generating jobs and strengthening worker solidarity.

Some 110,000 workers are now members of the UCT. It reaches out to the informal sector, where many of the workers are survivors of the genocide. UCT loans are available for equipment, rehabilitation and re-installation.

CESTRAR has also set up pharmacies in five provinces. These give workers access to cut-price medication in a country where there is no general health insurance system.

## Workers as employers: Ghana's LET

In February 1997, Ghana's Trade Union Congress (TUC) registered the Labour Enterprises Trust Company Limited (LET). Its mission was to "create jobs and quality employment through the development and maintenance of sustainable, productive and profitable enterprises of all sizes operating in all sectors". Ninety-nine thousand trade union members signed up as shareholders. This was much fewer than initially hoped, and the seed capital raised was 5.7 billion cedi, representing only 20 per cent of the estimated capitalization needed.

But the TUC pressed ahead with the project, and the 99,000 workers who signed up for the company are the shareholders and the ultimate financial beneficiaries of returns on its investments. LET has a nine-member board of directors who govern the company. Five of these, including the chairman, are representatives of TUC, and the other four are from the private sector and the academic community.

The Secretariat of LET was set up in August/September 1999, and since then it has engaged in a number of long-term investment activities:

- Unique Insurance Company Limited. This is a composite insurance company licensed to underwrite insurance business in Ghana. The main promoter is LET, which contributed €2.1 billion of the share capital of €2.40 billion and thus holds 86 per cent of the shares. The other major shareholder is the TUC, which contributed a 10 per cent share. In August 2002, the Teachers' Fund took up 10 per cent of the shares from the LET holding.
- City Car Parks Limited. LET holds 20 per cent of the shares in this multipurpose car park situated in the Central Business Area of Accra. The park has capacity for 545 cars and was constructed at the cost of US\$5 million. LET paid €1.78 billion for its shares in the company.
- Water Tanker Service. This venture is LET's corporate contribution to the welfare of workers. While the service is commercially oriented, it makes a conscious effort to keep its margins to minimum levels. The four tankers distribute an average of 30,000 gallons of water a day to deprived satellite communities. Water is delivered at prices lower than those charged by the private operators. LET invested €552.3 million in this project.
- Radio Taxi Service. LET has successfully reintroduced metered cabs into the country. Currently, the service operates 17 cabs and two minibuses from the Kotoka International Airport. It was introduced to enhance ground transportation at the airport and give travellers reasonable comfort and security. LET invested €781 million in this model project.
- Workers' Property Ownership Scheme. This scheme was introduced in June 2004 to enable workers to purchase durable household items and pay for them over a one-month period. The initial capital in the venture was €150 million.

Since 1999, LET has created 186 jobs:

Head Office	6 full-time
Unique Insurance Company	40 full-time, 50 part-time agents
City Car Parks	55 full-time
Water Tanker Service	10 full-time
Radio Taxi Service	25 full-time

asuring their governments to adopt employment-intensive economic policies and adequate social protection schemes". Through strengthening union structures, capacity building, education and policy formulation, unions "call on their members to be involved in national development programmes". African unions "have been calling for the institutionalization of high-level national stakeholder structures in which major economic and social policy

issues are articulated. In such organs, trade union views, along with those of other stakeholders, are arrived at through consensus and dialogue. Such structures could be instrumental in checking the excesses of corruption, allocation of tenders and nepotism".

## **Bargaining against child labour: Ugandan unions show how**

Child labour is both a cause and a result of poverty. So in Uganda, the National Organization of Trade Unions (NOTU) decided to make the fight against child labour a focus of its anti-poverty drive. In doing so, it took advantage of the workers' education activities coordinated by the ILO Bureau for Workers' Activities (ACTRAV) through its project Developing National and International Trade Union Strategies to Combat Child Labour. The presence of the ILO's International Programme for the Elimination of Child Labour in Uganda was another big advantage. Together with its 17 affiliated unions, NOTU has "created a high level of enthusiasm and interest on the part of the workers to learn more and also share experiences".

Trade union action against child labour centres on "fact-finding, awareness creation and campaigning against child labour, collective bargaining, and the use of international labour standards".

The first step is "exposing child exploitation and abuse" to the union membership and the larger community. With ILO support, NOTU has "undertaken various rapid assessment surveys so as to act as a one-stop information file for major issues relating to child labour and workers in Uganda".

Not surprisingly, collective bargaining is one of the unions' main weapons against child labour. "Depending on the nature of the employment situation and the level at which collective bargaining takes place, issues to be put in the agreement are to reflect the ILO Conventions and national legislation on minimum age." For instance, the agreement between Uganda's Kakira Sugar Works and the National Union of Plantation and Agricultural Workers (NUPAW) stipulates: "No person under the age of 18 shall be employed by the company and employees shall not be allowed to bring their children who are under the same age to the estate to work their tasks."

Collective bargaining agreements can extend beyond the direct elimination of child labour to deal with such issues as support for education and vocational training. The agreement between the Uganda Tea Association and the National Union of Plantation and Agricultural Workers (NUPAW) provides that "employers shall endeavour to provide facilities for Primary Education on the Tea Estate to cater for employees' children's education".

## **Fighting child labour means fighting poverty**

Africa has the world's highest percentage of children who are "forced by circumstances to participate in economic activities". Child labour is a result of poverty, but also one of its causes. "The participation of children in economic activities aggravates poverty by degrading the stock of human capital necessary for economic development as it simultaneously increases unemployment and underemployment of adults. Unions are aware that child labour is exploitative, detrimental, hazardous and abusive, thus affecting the children's overall physical, mental, spiritual, moral and social development. It is discriminatory and inconsistent with democracy, human rights and social justice as it adds to the burden and disadvantage of individuals and groups already among the socially excluded, while benefiting those who are privileged. In Africa's case, fighting child labour is a major contributor to fighting poverty." For an example from Uganda, see our box "Bargaining against child labour".

## **HIV/AIDS**

Sub-Saharan Africa is "home to 29.4 million people living with HIV/AIDS. Approximately 3.5 million new infections occurred in 2002, while the epidemic claimed the lives of an estimated 2.4 million. In this same region ten million young people (aged 15-24 years) and almost 3 million children under the age of 15 were living with HIV. Rampant epidemics are under way in southern Africa where, in four countries, the national adult HIV prevalence has risen higher than was thought possible, in excess of 30 per cent".

The worst affected age group is 15-49 year-olds – in other words, the active working population. Small wonder that action against this pandemic has become another major focus of the African unions' fight against poverty. "Through proactive measures and initiatives to deal with the HIV and AIDS pandemic, trade unions in

## Being BIG about it – a basic income for all South Africans?

Could a guaranteed minimum income really help to banish poverty? South Africa's Basic Income Grant Coalition thinks so. The group includes the Congress of South African Trade Unions (COSATU).

In 2002, a government-appointed inquiry into the South African social security system called for a range of measures, including a universal Basic Income Grant (BIG) which should:

- be set initially at no less than R100 per month (about US\$15.34 or € 12.77 in mid-October 2005)
- be paid to every person legally resident in South Africa, regardless of age or income
- supplement existing grants to households so that no one would receive less social assistance than before
- be financed primarily through the tax system.

This proposal came against the background of continuing real poverty in post-apartheid South Africa. At the end of 2003, the Basic Income Grant Coalition held a meeting of the BIG Financing Reference Group. Its main paper noted that "roughly half of our population – including two-thirds of all children – continues to live in poverty, despite a significant expansion of social service delivery".<sup>1</sup> The country's present social security system had "shown the effectiveness of income transfers in combating poverty", but "the social safety net inherited from the apartheid era was modelled on the 'welfarist' programmes developed for industrialized countries, which assume close to full employment and are designed to address special contingencies and fluctuations in the economic cycle". Poverty at the levels experienced by South Africa could also have knock-on effects: "By threatening long-term social stability, extreme poverty and inequality also discourage investment and inhibit economic growth. Failure to reverse the trend of deepening poverty could trigger a downward spiral of economic decline and social conflict."

Although a growing alliance of civil society organizations had endorsed the BIG proposal as part of a comprehensive social protection package, the conference noted that "government has yet to adopt an official position on it". Concerns had focused on "the potential developmental impact of the grant and the State's capacity to deliver a universal grant".

Affordability was obviously a major issue. To address it, the coalition brought together four prominent South African economists who had previously conducted research on the feasibility of a BIG and "had proposed raising the necessary funds from different sources, including personal income tax, value-added tax (VAT), company tax and excise taxes". Reviewing their own and each other's work, the economists set out to reach a broad consensus on the financing of a BIG.

They unanimously concluded that it was within South Africa's means, and that it would stimulate new growth: "The net cost of the Basic Income Grant represents between 2 and 3 per cent of South Africa's national income. Cross-country tax analysis documents that South Africa can afford to raise taxes by at least 5 per cent of national income. South Africa's tax structure has the potential to finance the entire cost of the programme without recourse to deficit spending. The long-term growth implications of the developmental impact further support macroeconomic stability and fiscal affordability. The Basic Income Grant is clearly affordable."

<sup>1</sup> "Breaking the poverty trap": Financing a Basic Income Grant in South Africa, BIG Financing Reference Group, March 2004.

Africa have facilitated access to affordable medicines by the poor. Trade unions have targeted education and sensitization programmes for working women and men. They have also campaigned for African countries to override the patent rights in order to provide affordable generic HIV/AIDS drugs."

In Burundi, for instance, workers and their unions have set up a number of workplace-based solidarity funds to

support HIV-positive fellow-workers and AIDS sufferers and to promote prevention. Activities include HIV/AIDS awareness training for all employees; voluntary, anonymous testing; promotion and provision of condoms; counselling; anti-retroviral treatment; discussion groups; meetings to exchange experiences and give mutual psychological support; and the design of income generation and financial support projects for sufferers.

## Poverty and gender

In Africa, as everywhere else, a disproportionately high number of women are poor. There are various reasons for this. In some societies, women are excluded from many forms of waged employment. Elsewhere, they tend to be concentrated in the lowest-paid jobs, or to be paid less than men for the same jobs or for work of equal value. Consequently, many women and their families are dependent on a male breadwinner. If, for any reason, that source of income disappears, rapid impoverishment may result. Due to the extended family structure, and to polygamy in some countries, several households may be affected. Women may also have unequal access to social security and health care, where these exist at all.

The informal sector has a particularly high proportion of women workers, notably home workers. Here too, they tend to be concentrated in the lowest-paid jobs. "Unprotected workers in the informal economy, the majority of whom are women and children obliged to perform precarious tasks, constantly vegetate in poverty and misery, and their future does not look bright."

In English-speaking Africa, "women have had their statuses enhanced as a result of membership of unions". Unions have sought to involve women at all levels of their organization. "Education programmes and activities that ensure women's participation in national development have been part and parcel of the trade union movement. Unions have been known to fight for the rights of women at all levels in society."

Similarly, in French-speaking Africa, "a large number of women" are involved in the unions' income generation projects for workers in both the formal and the informal sectors. "Concrete results have

been noted in Benin, Burkina Faso, Mali, Niger and Senegal. This trade union action has been supported by the ILO in certain countries. The convincing results achieved in the countries mentioned should stimulate the continuance and development of such initiatives, which radically improve household incomes and help certain categories of citizen to extricate themselves from extreme poverty."

## Notes

<sup>1</sup> Chris Morris, BBC News, 8 October 2005.

<sup>2</sup> The present article draws mainly on two documents: *Trade union actions against poverty and social exclusion in Africa*, by Mohammed Mwamadzingo, Regional Specialist on Workers' Education, ILO, Pretoria (draft text, September 2005) and a draft report by Ibrahim Mayaki, Regional Specialist on Workers' Education, concentrating on union action against poverty in French-speaking Africa. Both papers were prepared for the ACTRAV symposium held in October 2005. The quotations and figures are taken from both reports.

<sup>3</sup> In July 2005, at their Gleneagles summit, G8 Heads of State agreed to boost their assistance to Africa. But three months later, a leading scientist warned that "as long as greenhouse gas concentrations continue to rise, there is the very real prospect that the increase in aid agreed at Gleneagles will be entirely consumed by the mounting cost of dealing with the added burden of adverse effects of climate change in Africa". In an open letter to G8 energy and environment ministers, Lord May, President of the Royal Society, cited 17 recent international studies of the impact of climate change on crops. "The papers point out that poverty is the principal cause of increasing food insecurity in Africa, along with frequent and extreme weather and climate variability. Africa is now in a critical situation with respect to drought because of population increase, disease and conflicts. Overall, Africa has very little resilience to cope with a widespread drought now, let alone in the next 50 to 100 years." The Royal Society's worldwide membership of eminent scientists includes 42 Nobel Prize winners. Lord May's letter is online at [www.royalsoc.ac.uk/page.asp?id=3834](http://www.royalsoc.ac.uk/page.asp?id=3834)

<sup>4</sup> The role of trade unions worldwide in poverty reduction strategies and the very mixed results achieved so far, were analysed in detail in *Labour Education*, 2004/1-2, No. 134/135.