

Decent Work Pilot Programme

Country Brief: Ghana

I The National Context

Ghana is among the U.N.'s least-developed countries, with four out of 10 people living in poverty. It ranks 131 out of 177 countries listed in the 2004 Human Development Index, reflecting insufficient progress in improving its citizens' levels of health and education. The country's population has tripled since 1960, and this rapidly expanding work force has limited opportunities for formal employment. Despite its relative wealth in mineral and other natural resources, Ghana's economy has performed very poorly for much of the period since independence in 1957. The country is heavily reliant on international financial and technical assistance and in 2002 opted for debt relief under the Heavily Indebted Poor Country (HIPC) programme.

Despite some improvements on the economic and political front in recent years, Ghana continues to face considerable challenges. A return to multi-party democracy in the 1990s was followed by the transfer of power in free and fair elections. After years of contraction or erratic growth, the economy is now growing more steadily. This has helped to bring a drop in the overall level of poverty. However, the decline was partially offset by fast population growth and unevenly spread according to geography and occupation. Poverty has continued to deepen among some groups and areas.

As in many African countries, poverty is concentrated among farmers and those working in the informal economy, which is growing in size. There is a clear gender-dimension, with relatively more women underpaid and working in precarious conditions.

Economic Difficulties

With 56 per cent of its 21 million people living in rural areas, Ghana's economy remains heavily reliant on farming. Subsistence agriculture accounts for 34 per cent of gross domestic product and employs about 60 per cent of the work force. Apart from an expansion of the service sector, there has been little change in the structure of the economy since independence.

At \$320 per capita, national income was less in 2003 (after adjustment for inflation) than when Ghana gained independence in 1957.

This reflects the country's deep and lengthy economic problems. Ghana saw nearly two decades of economic decline beginning in the 1960s. By 1983, the country faced stagflation, with inflation running at 123 per cent and output declining by an average of about one per cent a year. There was a shortage of many items, including food and raw materials.

Ghana's persistent dependence on export of a few primary products, such as cocoa, gold and timber, has made its economy vulnerable to external price fluctuations. Low earnings from these primary products made it harder to generate wealth. In addition to such unfavourable terms of trade, mistakes in the management of repeated economic crises and political instability have compounded Ghana's difficulties.

In an effort to stem the economic decline, the Ghanaian government adopted an IMF-World Bank supported economic recovery programme in 1983. This involved a series of policies aimed at creating a stable macro-economic environment, including restructuring of public finances and price liberalization.

Extensive liberalization and adjustment in the 1980s brought some growth in services and mining but did little to produce and sustain growth in agriculture and manufacturing. Moreover, it was soon recognized that there were social costs to the structural adjustment programme. This led to a series of specific programmes and policies to alleviate poverty, particularly among vulnerable groups, beginning with the 1987 Programme of Action to Mitigate the Social Consequences of Adjustment.

The 1990s in Ghana were characterized by high rates of inflation, high interest rates, continuous depreciation of its currency (the cedi), dwindling foreign reserves, excessive public debt and insufficient economic growth. By the beginning of 2000, interest payments on Ghana's domestic debt were more than national expenditure on health and education combined. The country is now receiving debt relief under the Heavily Indebted Poor Country programme. It is very dependent on financial aid.

Persistent Poverty

Real growth in gross domestic product averaged about 4 per cent a year in the 1990s after contracting in 1970-1984. By 2003 and 2004, GDP growth had accelerated to 5.2 per cent and 5.8 per cent, respectively.

These growth rates, especially when coupled with a rapidly expanding population, have not been enough to produce deep and widespread reductions in poverty. Measured against the national poverty threshold, overall poverty levels decreased from 52 per cent in 1991-92 to 40 per cent in 1998-99. Extreme poverty declined from 37 per cent to 27 per cent over the same period. Despite these drops, about one-quarter of the population was unable to meet basic nutritional requirements even if they devoted their entire consumption budget to food. Based on the threshold of US\$1 a day referred to in the Millennium Development Goals, 44.8 per cent of the total population of 21.2 million (2003) live in poverty (UNDP 2005).

In addition, there are significant geographical differences, with extreme poverty ranging from 2 per cent in Greater Accra to 59 per cent in Rural Savannah, which spans much of the Northern, Upper West and Upper East administrative regions. In 1999, poverty levels were highest in the three northern savannah regions (the Upper East, Upper West and Northern Regions), ranging between 69 per cent and 88 per cent.

Moreover, the Upper East, Northern and Central regions experienced increased levels of poverty and extreme poverty during the 1990s. This rise was mainly a rural phenomenon, with the poor getting poorer.

There are also disparities according to occupation, with food crop farmers recording poverty levels of about 60 per cent. After farming, poverty is most prevalent in the informal economy. About 29 per cent of those working as self-employed in micro and small enterprises live below the poverty line. The number of people engaged in informal work is rising rapidly, particularly in non-farm employment. The Ghana Living Standards Survey 2000 found that of the labour force aged 15-64 years in 1998-99, 52 per cent were self-employed in agriculture, 34.3 per cent worked in the informal economy and only 13.7 per cent were formally employed in the public or private sector.

Funding for social programmes that help to reduce poverty has been low. For example, at 2 per cent and 2.8 per cent of GDP respectively, spending on health and education is well below African averages. In addition, a disproportionate amount of these resources go toward civil servants' salaries and administrative costs.

Social indicators showed mixed results in the 1990s, and point to deep geographical disparities. Although infant mortality rates declined, they are two to three times higher in the three northern regions than in greater Accra. Nutrition-based measures of poverty reveal similar regional patterns.

Regarding levels of education, the rural/urban gap is accompanied by wide differences between men and women. This gender dimension is more marked in the countryside than in cities. Countrywide, about 32 per cent of adults and nearly twice as many females as males had never been to school, according to the 2000 survey, which covered 1998-99. However, non-attendance of girls is much higher outside of urban areas. For every 100 girls who completed secondary school, there were 201 boys in urban areas and 417 boys in rural areas. In addition, the poorest regions have the highest dropout rate for girls at primary and junior school level.

Gender disparities

In addition to such education differences, poverty in Ghana has a significant gender dimension. Females represent 50.5 per cent of the total population, with regional variations ranging from 49 per cent to 52 per cent. Regions experiencing the least reduction, or increases, in poverty tend to have female population in the range of 50-52 per cent. These regions also have greater rural populations.

According to the Ghana Poverty Reduction Strategy, studies show that women experience greater poverty, spend more time on household duties, have less access to productive resources and have lower rates of literacy. Lack of start-up capital and resources to generate income and a heavy workload in smaller households prevent women from escaping poverty.

Statistics on female poverty, including data based on the Core Welfare Indicators Questionnaire Survey 1997, also point to a spiral, in which lack of education and earning capacity among women leads to further deprivation, such as child hunger and infant mortality.

Moreover, the incidence of HIV/AIDS is twice as high among women of childbearing years (15-49) than for men in the same age group. There is therefore a significant gender dimension to the epidemic's heavy social and economic toll.

I.1 National Priorities

The country's key framework for policies and allocating resources is the Ghana Poverty Reduction Strategy (GPRS). The first version of this strategy, referred to here as GPRS I, covered the period 2003-2005. The poverty strategy seeks to foster private sector-led growth while at the same time investing in human and physical infrastructure. It was adopted in 2002 after a lengthy consultation process. Updating and revision of the GPRS I began in late 2004, resulting in GPRS II covering 2006-2009.

The GPRS I is structured around five pillars:

- Macro-economic stability
- Productive and gainful employment
- Human resource development and basic services
- Programmes for the vulnerable and excluded
- Governance

The policies and priorities outlined in the GPRS I are designed to stabilise Ghana's economy and lay the foundation for sustainable, accelerated and job-creating growth. It is wide-ranging strategy, covering Ghana's major development problems, both economic and social. By creating the conditions for access to productive and gainful employment and income generating opportunities, the GPRS I is meant to translate economic growth into broad-based wealth creation. In its introduction, the GPRS I says that it will "focus on providing the enabling environment that will empower all Ghanaians to participate in wealth creation and to partake in the wealth created."

For example, the GPRS I aims to improve the entrepreneurial capacity of the private sector by facilitating access to fertilizers and other farming inputs as well as helping to develop marketing channels for agricultural produce. The strategy also calls for companies to have improved access to communications, technology and training and for a vigorous national effort to promote tourism. In addition, the Government is to provide support for the private sector, including through reduced bureaucracy.

Regarding human development, the strategy stresses the need for greater access to basic education and health care, including prevention of the spread of HIV/AIDS. Efforts to reduce rapid population growth are also on the agenda. Given the wide geographical disparities in poverty, there is greater emphasis on rural development and specific programmes targeting the most vulnerable and excluded.

Underlining the needs for effective implementation of these policies and programmes, the GPRS I calls for improved governance. This includes establishing and strengthening the leadership and oversight functions of the executive and parliament.

Growth and Poverty Reduction Targets

According to the GPRS I, Ghana's gross domestic product needs to grow by more than 7 per cent a year for real reduction in poverty to take place. The government's long-term strategy is to increase annual economic growth to an average of 8 per cent by 2010. In the short-term, the government is seeking to reduce the nation's poverty rate to 32 per cent in 2005 from 39 per cent in 2000. To make this possible, GDP should grow by about 5 per cent a year over the three-year period, with per capita growth in national income rising from 1.4 per cent in 2001 to 2.4 per cent in 2005.

Moreover, the GPRS I aims to reduce the incidence of poverty among food crop farmers to 46 per cent in 2005 from 59 per cent. The mortality rate for children under five is planned to drop to 95 per thousand from 110 per thousand. Enrolment in junior secondary school should rise to 65 per cent from 61 per cent. Primary school enrolment should go up to 80 per cent from 71 per cent.

Gaps in Strategy

Although the GPRS I addresses most of country's development challenges, the current version has shortcomings in content and implementation, especially regarding employment and the informal economy.

Despite the inclusion of an employment chapter, there is no focus on employment targets. Moreover, the strategy takes a fairly narrow and sectoral view of employment, seeing job creation in agriculture and industry as a by-product of economic growth. Employment is not consistently considered as a means to improve access to income and lower poverty rates. In particular, there is not enough attention given to the growth and employment potential of the informal economy. As a result, the constraints and obstacles faced by people in informal employment are not addressed.

In addition, there are gaps in ensuring implementation of the policies and programmes outlined in the GPRS I. For example, the decentralized planning system that accompanied the strategy's introduction provides district governments with the opportunity to pursue coherent, demand-driven development. In practice, however, development planning remains rather centralized and local government has little capacity and means to respond to these new responsibilities. The strategy also lacks mechanisms for tackling other problems, such as insufficient coordination between ministries and agencies.

While employers and unions were among those consulted when the GPRS I was drawn up, their involvement was somewhat ad hoc and the GPRS I does not refer explicitly to key inter-relationships between poverty and decent work. A bigger role for the social partners would help in translating the poverty reduction strategy into real progress on the ground.

These are among the issues that are being tackled through the Decent Work Pilot Programme, which was designed through extensive discussions with the government, employers and unions as well as other key stakeholders in 2002.

I.2 Decent Work Trends

The ILO decent work agenda provides a framework for development that promotes opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity. It calls for policies and measures in four inter-related areas:

- Respect for, and protection of, basic human rights at work;
- Promotion and creation of opportunities for full, productive and remunerative employment;
- Broad social protection;
- Sustained social dialogue among social partners representing workers, employers and government.

The DWPP aims to help countries integrate decent work into their policy agenda, structures and wider society. This involves reinforcing capacities of governments, employers and workers through a range of activities. The pilot programmes are developed together with these constituents and tailored to each country's specific needs.

This process includes gathering and analysing information on the decent work trends in participant countries. Such fact-finding is often a component of the DWPP, typically through the commissioning of papers by academics or other experts, discussions with the social partners and work by the ILO secretariat. In addition to helping to ensure that pilot programmes are tailored to the needs of individual countries, the research is part of the ILO's efforts to develop and test statistical indicators for decent work.

Changing Labour Landscape

The quick growth in Ghana's population over the past 40 years has meant a rapidly expanding work force, which is currently increasing by about 230,000 a year. This has not been accompanied by a similar expansion in formal, waged employment, however.

As a result, unemployment and underemployment have grown. According to the 2000 census, about 10.4 per cent of the economically active population (age 15 and over) were jobless. As in other developing countries open unemployment is not a good indicator of the employment situation. In the absence of a social security system, few people can afford not to work. The real employment is thus the large proportion of working poor, found increasingly in the informal economy.

Ghana has a relatively young population, with about 45 per cent of its people under 15 years old. People are entering the work force at a much faster rate than they are leaving, adding to the pressure on employment. Moreover, the education reform programme

started in the mid 1980s created more demanding job seekers with diverse backgrounds, including university graduates.

The 2000 census put youth unemployment at 16.5 per cent, with the rate slightly higher for women than men. Stagnant growth in formal employment has meant that many young people end up in the informal economy, either as employees or as self-employed.

This is part of a wider transformation in Ghana's labour market in recent decades brought about by structural adjustment reforms, globalization, technological change and the changing role of women, as well as the population patterns mentioned above. In addition to higher rates of joblessness and underemployment, the informal economy has grown significantly in size. It encompasses self-employment in informal enterprises and paid employment in informal jobs. Many of the self-employed are women. Types of work vary widely, from street hawkers to paid employment in small enterprises.

Low Quality and Unacceptable Work

Job quality tends to be low in the micro and small enterprises operating in the informal economy. Most workers and employers labour under unsafe and unhealthy conditions. Remuneration is low, often below what is needed to escape poverty, working hours are long and few receive paid leave. Workers seldom are given formal skills training or other incentives to contribute to the success of enterprises. Most workers and employers are not covered by health insurance or pensions schemes.

Trade unions are active in the formal economy, but largely absent in the informal economy, where most Ghanaians work. The Trades Union Congress (TUC) estimates that unionised workers accounted for less than 10 per cent of the labour force in 2003. While employers are better organized, many business associations do not meet their members' expectations. When small business associations affiliate to national federations, they are usually members of the TUC. This may be about to change, however. The Association of Small Scale Industries (ASSI) and the Council of Indigenous Business Associations (CIBA) have both recently joined the Ghana Employers' Association. While these two groups have not been very active in recent years, local associations in Ghana have wide geographical coverage.

There is considerable gender-based discrimination and child labour is of concern. Ghana's statistical services estimated in 2001 that two in every 5 children aged 5-17 years were engaged in an economic activity. An overwhelming majority of these working children (88%) were unpaid family workers and apprentices. Nearly 65 per cent of those engaged in economic activity were also attending school. Children in paid employment are engaged in a variety of activities, including street vending and agriculture.

Ghana's government has been working together with the ILO in recent years to combat child labour and prevent trafficking in children. This effort involves employers, trade unions and non-governmental organizations, which are part of a steering committee set up by the government in 2000. While Ghana has ratified the ILO Convention No. 182 on the Worst Forms of Child Labour, the country has not ratified Convention No. 138 the

Minimum Age for employment. This is the only one of the eight conventions on core labour standards not ratified by Ghana. While the Convention has not yet been ratified, Ghana's labour law is in line with it.

Poor Productivity

Such conditions cause extreme hardship to individuals and their families. They also have a negative impact on the productivity and competitiveness of the businesses and self-employed people operating in the informal economy. Both workers and employers are caught in a vicious cycle of low job quality leading to low productivity, leading to lower profits, greater poverty and again to lower job quality.

There is growing recognition that the mushrooming of informal activity often reflects people accepting employment of last resort rather than being a sign of "flexibility" of private sector entrepreneurs. This situation underscores the way in which different elements of decent work are inter-connected.

II Focus of the Decent Work Pilot Programme

In 2001, there was a receptive environment in Ghana for the ILO's decent work agenda. The newly elected government of the National Patriotic Party (NPP) had initiated a national debate on poverty reduction, Ghana's Poverty Reduction Strategy was being drawn up and the government, employers and trade unions were interested in pursuing various aspects of decent work. These included combating child labour, revamping the social insurance scheme and addressing the problem of low productivity, particularly in the informal economy. Unions and employers also wanted their concerns to be better reflected in the country's strategy for reducing poverty.

A round of broad-based consultations in 2002 led to agreement among national partners that Ghana's Decent Work Pilot Programme should consist of two main and complementary elements:

- A national component aimed at influencing the socio-economic policy environment for poverty reduction.
- A local component to develop and test an integrated approach to reducing poverty in the informal economy.

By connecting national policies to action at the local level, Ghana's DWPP aims to help produce policies that work. The DWPP takes a three-stage approach.

- The starting point is to build capacity within relevant institutions and create a link between national and local levels.
- The enhanced technical and institutional capacity that results is then used to develop and test approaches and policy tools in partnership between national bodies and two pilot districts.
- The experience gained through such efforts serves to formulate and advocate policy proposals that have shown to be effective.

Lessons from the two districts will be built into a revised Ghana Poverty Reduction Strategy. This way, methods that promote decent work can be extended to more of Ghana's citizens.

II.1 Priorities and Policy Responses

National Component

Discussions on the DWPP revealed a strong desire among government, trade unions, employers and other key players in Ghana for a bigger role in shaping the policies and strategies for reducing poverty. These partners called for the GPRS I and other policy documents and laws to place greater emphasis on employment-related issues. Specifically, they identified five areas for policy development.

- More and better jobs in micro-and small enterprises – a strategy to address the problems of the informal economy
- Developing skills
- Ensuring that infrastructure projects create as many jobs as possible
- Integrating people with disabilities into the economy
- Increasing productivity and fair wealth distribution through a wages and incomes policy

The central objective of the DWPP is to reinforce the capacities of the national ILO constituents and their partners so they can participate effectively in the review of the GPRS I and formulation of GPRSII as well as other policy frameworks. Key among these constituents are the Ministry of Manpower Development and Employment (MMDE), the Ghana Employers Association (GEA), the TUC and the NGOs that work with these social partners.

Through the DWPP, these partners are working with the ILO to define the policies and programmes that can help to bring progress in the five areas listed above.

For example, micro- and small enterprises, particularly those in the informal economy, have specific needs that go beyond the “enabling environment” useful for all businesses. These include: access to essential resources, such as technical and entrepreneurial skills, technology and credit; and access to services, such as market information, business training and counselling, social security and health insurance.

Often, special efforts must be made to get such resources and services to small and micro- businesses. The DWPP is involved in several initiatives in this context, including reinforcing small business organizations and establishing local development plans, partnerships and innovative forms of outreach, such as radio campaigns. The DWPP is also collaborating with the University of Cape Coast to develop methods of assessing these programmes and strategies.

Regarding skills development, the DWPP is providing assistance to the Ministry of Manpower Development and Employment, with particular emphasis on improving and extending the coverage of its Skills Training and Employment Placement (STEP) programme to meet the needs of the informal economy and to seize opportunities for local development.

Local Component

In tandem with these national efforts, the DWPP is working at local level to translate policies and strategies into real progress. Drawing on a broad spectrum of ILO expertise, this part of the DWPP seeks to develop and test an integrated approach to poverty reduction at the district/community level in cooperation with the national constituents.

Under the GPRS I, districts are to become the key level of planning and implementation for development programmes. They have been hampered, however, by lack of clarity about their role and insufficient knowledge concerning local economic development. Also lacking are suitable institutions to bring together assemblies, local authorities, the private sector and other members of the community.

Given this situation, the DWPP aims to build capacities of key stakeholders in the local economy to design and implement a Local Economic and Social Development (LESD) strategy. By involving representatives of the district government, the private sector and civil society in dialogue, this process enables groups that are usually excluded from decision-making to be heard. It favours local ownership of the development process and contributes to an integrated and coordinated approach toward poverty reduction in the local informal economy.

A study carried out by the Institute of Local Government Studies defined selection criteria for identifying pilot districts for the DWPP. The programme decided to focus on the Central Region, because it is the fifth poorest region in Ghana and has a diverse and dynamic informal economy, both rural and urban. The development plans and socio-economic profiles of the Central Region's ten districts were screened on the basis of several indicators. These included: decent work awareness and deficits, links between rural and urban areas, the level of organization among those operating in the informal economy and the presence of other development initiatives and organizations.

Ghana's DWPP partners selected two pilot districts:

- Awutu-Efutu-Senya, a coastal and predominantly urban district with a large and varied informal economy. The district capital is Winneba.
- Ajumako-Enyam-Essiam, which is land-locked and mostly rural with an informal economy focussing on agro-processing and services. The district capital is Ajumako.

II.2 Programme Implementation

From the start, the national ILO constituents and their partners drove the DWPP. They set the priorities described above during planning workshops in the second half of 2002. They monitor and direct progress through the National Steering Committee and they are the prime actors in implementation.

Programme preparations began in April 2002, with the setting up of the Steering Committee made up of representatives from the Ministry of Manpower Development and Employment, the Ghana Employers' Association and the Trades Union Congress. Implementation of the programme began in early 2003. There has been progress at national and local levels in the programme's main areas of action: policy formulation and advocacy; development and testing of approaches and policy tools; and building of relevant national capacity in both areas. Part of the pilot programme's work on policy and advocacy involves forging partnerships and alliances. These span the tripartite constituents, other important stakeholders and the ILO's field offices, technical units at headquarters and International Training Centre in Turin. The following describes how the programme is being implemented in various areas.

1) Policy analysis and formulation

Productivity and Wages

Increasing productivity and distributing the benefits widely through wages and work-related income is a key factor in effective poverty reduction. Workshops were held for the main constituents in October 2002 and May 2003. These led to commissioning of studies in policy areas of concern to the constituents, including income and wages pursued by the TUC and on productivity followed by the GEA. The studies were accompanied by ILO advisory missions and training activities, but commissioned by the respective constituent to national partners. The productivity study analysed the relationship between labour-management practices and productivity in three sectors of the economy (food processing, garment and banking). The study on wages and incomes traced the evolution of incomes, wages and of the minimum wage relative to the poverty line.

The TUC has been pursuing the partnership with the Institute of Statistical, Social and Economic Research that started under the DWPP to elaborate the concept of a 'living wage' for Ghana. Initial discussions on this topic have been taken place in the tripartite commission that revises the minimum wage annually.

The findings of the studies were pooled [a summary is to be published as an INTEGRATION working paper] and used by all national constituents to formulate programme proposals to advance this agenda for inclusion in the revised GPRS.

Vocational Training and Inclusion of People With Disabilities

The then Ministry of Manpower Development and Employment had identified programme and project design and implementation techniques as a priority for capacity

building. The ILO conducted a 1-week training workshop for Ministry officials in September 2003, which combined an introduction to logical frameworks and project design with a hands-on application to two of the programmes of the Ministry under GPRS: the Skills Training and Employability Programme (STEP) and the government's policy on socio-economic integration of people with disabilities.

The results of the workshop revealed a number of shortcomings in the design of STEP, including the absence of a monitoring and evaluation mechanism. At the request of the Ministry, the DWPP assisted in the design and implementation of a computerized database that traces trainees and allows evaluation through sample surveys.

In early 2005, the ILO assisted the Ministry to review the STEP programme and to identify changes to be introduced in follow-up programmes to make it more responsive to employment opportunities and to improve the employability of graduates. The findings have also been used as contributions to revision of the GPRS. In 2006, the STEP programme is to be turned into the skills provision component of the large youth employment programme initiated by the government and coordinated by the Ministry of Manpower, Youth and Employment.

Given poverty levels among the disabled, the DWPP also has helped Ghana's government draw up a strategy for promoting the integration of disabled people into the economy and society. In cooperation with the Ghana Federation of the Disabled, the Department of Social Welfare formulated an implementation strategy for social inclusion at the training workshop. This advocates a departure from the welfare and charity approach in favour of productive economic roles for the disabled. The strategy enabled the Department to identify the key policy areas for mainstreaming inclusion of persons with disability. It used this 'map' for its very active participation in the different working groups for revision of the GPRS to lobby other ministries and agencies, successfully avoiding confinement to the chapter on 'vulnerable groups'.

Labour-based Infrastructure

As in other developing countries, development of infrastructure is a vital part of Ghana's poverty reduction strategy. The GPRS mobilizes substantial resources, especially for road construction. Through the use of labour-intensive methods in construction and maintenance, such spending creates more employment and can provide cost-effective and high-quality results. Studies suggest that the over \$70 million a year that will be invested in feeder roads projects in Ghana could translate into more than 17,000 jobs if such labour-based methods are used.

The DWPP enlisted the support of ISODEC, a local development NGO with expertise in labour-based infrastructure to work with the Ministries of Manpower Development and of Roads and Transport as well as with labour-contractors to formulate a white paper for discussion by ministers. There is consensus between the two ministries on the content, but a change of ministers half-way through the process delayed consideration of the white paper.

The paper has been used by the Ministry of Manpower in its contribution to revision of the GPRS. More recently, it has been informally discussed in cabinet and appears to have been favourably received. There has not, however, been any ‘trickle down’ of this positive attitude to the technical departments implementing infrastructure programmes.

2) Development and testing of approaches and policy tools at the district level

The two pilot districts have been the main ‘laboratories’ for development and testing of policy instruments for decentralized poverty reduction and improvements in the informal economy.

The principal tool has been a combined institutional and technical innovation, creating a local forum for social dialogue to promote local economic development. Following awareness-raising and training for officials, members of the District Assemblies and representatives of small businesses and the community, the two assemblies set up Sub-Committees for Productive and Gainful Employment. These are embedded in the national legislative framework through the country’s local government legislation. The sub-committees have 15 members each, including elected district officials, technocrats, small business association leaders and other representatives of civil society, including the disabled.

The Sub-Committees serve as a venue for social dialogue between government, employers, workers and others. They also provide a platform for public/private coordination and consultation, rarely found elsewhere in Ghana. Their role is to identify local development potential, draw up a strategy for realizing this potential to be included in District Development Plans and mobilize local and national resources.

Substantial training has been provided for members of the Sub-Committees for Productive and Gainful Employment as well as for local authorities. This dealt with general issues, such as strategic planning, programming, organization and advocacy. The training also focussed on the relevance of decent work for poverty reduction, the local economic development approach and characteristics of the local economy.

The DWPP has made a deliberate effort to install the necessary technical and training capacity in national providers. The Institute of Local Government Studies as well as other business service providers such as EMPRETEC and FIT Ghana played a key role. They are in the process of documenting the capacity building experience and to consolidate the relevant curricula and teaching materials for replication in other districts.

SPGE training also covered practical topics, such as tender procedures for public procurement and the role and functioning of small business associations. The national social partners, led by the TUC’s informal economy desk, helped adapt ILO training material on strengthening small business associations to the Ghanaian context. The training material on small business associations has been tested with business groups and with other local actors in the districts. Using the final version of the manual, a training of

trainers was conducted. There are a dozen certified trainers in the two districts, some of whom trained 400 leaders of business associations in the two districts.

Following the training, the sub-committees decided to create databases on small business associations in their respective districts on their own initiative and with their own resources. The databases contain complete inventories of all small businesses and identify the respective associations. This has enabled the assemblies to negotiate directly with the associations on matters such as local taxes. In Ajumako, the negotiations resulted in a tripling of district revenue through taxes from local businesses without creating friction. On the contrary, the associations collect the taxes against a small fee.

Both districts have provided the SPGEs with office space in central locations. These offices are being turned into business information centres. Decentralized technical staff, including from the National Board of Small Scale Industries, provide advice, information and referral. To extend the information base, the SPGEs are compiling 'yellow pages' with relevant information, such guidance on industry standards, providers of technology transfer and business development services, micro-finance and credit. For example, the SPGE in Ajumako has helped small enterprises standardize their product and expand their business to the national market by attending the trade fair in the capital and by obtaining bank loans.

The centre-piece for local development are the action plans drawn up by the two SPGEs for the development of economic sectors identified as promising, such as agro-processing, textiles and garments, crafts and fish processing. Feasibility studies have been completed to confirm the viability of the business ideas and plans drawn up to the expansion or creation of small business in these sectors. The sectors and the beneficiaries have been selected by the SPGEs in a gender and poverty sensitive manner. A large proportion of the beneficiaries are poor women. The DWPP has enabled the districts to contract EMPRETEC to provide and coordinate technical and business training for over 300 beneficiaries in these sectors.

A major constraint has been availability of capital for the investment. Commercial banks are reluctant to lend, and rural banks often lack the capital. The districts have decided to use their district development fund largely as a guarantee for loans to approved business plans, thereby leveraging funds from the banking sector. This is a major shift in both effectiveness and governance. Under the grant scheme, entitlements were not based on clear criteria or transparent procedures and recovery rates were correspondingly low. Now the scheme helps to back business proposals that must be assessed by a representative body. In the words of one of the district chief executives: 'the queues outside my office asking for money from the district fund have disappeared'.

The problem of funds is being addressed structurally through a partnership between the DWPP and the Social Investment Fund (SIF), which channels substantial development and loan funding from the World Bank and the African Development Bank. Under a Memorandum of Understanding signed with the SIF, the Fund will provide loans to

applicants whose business plans have been endorsed by the SPGE and who have received relevant training. The SIF is interested in this partnership to improve loan recovery.

The Ajumako district also has won a hotly contested national competition for grants for small business development from DANIDA. This is a sign that capacity building has been effective.

Plans for the future include joint access for small businesses to district mutual health insurances, which are being set up under a new national health insurance scheme. There are also programmes to enhance productivity and working conditions in micro- and small enterprises through low-cost improvements in the working environment and management of human resources.

Creating Links

An important feature of the DWPP in Ghana is the strong connection between the national and local components. This ensures that policy recommendations are relevant and feasible. The insights obtained through the policy analysis at national level can be applied at local level. And the experiences in testing policies and tools locally contribute to the development of appropriate national policies that take into account needs of local communities.

In practical terms, the DWPP can help local communities tap into resources that are available at national level. For example, the pilot districts have obtained funding from the Department of Feeder Roads for the construction of two roads using labour-based methods and local workers as well as from SIF and DANIDA. Resources have also come from the skills training and employment placement programme at the Ministry of Manpower Development and Employment.

The DWPP also fosters partnerships between many different actors at national, local and international levels. These span governmental and non-governmental organizations and include international development partners, such as the UNDP, the World Bank and bilateral donors.

3) Policy formulation

The revision of the first GPRS launched in the second half of 2004 and completed in the middle of 2005 has been the critical process for the introduction of policy changes and programmes.

As part of this process, the DWPP participated in a UNDP/ILO initiative to formulate ‘an employment framework for poverty reduction in Ghana’ (GoG/ILO/UNDP 2004). The study made the case for an employment focus in the poverty reduction strategy. It was well received by the Senior Minister and the National Development Planning Commission, which coordinates revision of the GPRS.

The DWPP passed through a critical phase when the revision process started in the second half of 2004, but the Ministry of Manpower did not engage. This turned out to be due to a gap between the technical level and the political leadership. Without the active participation of the Ministry, the social partners would not have been able to make a sufficient impact on the large, government-dominated working groups assigned with revising the strategy.

The real risk of missing this critical period was overcome through a capacity building initiative for the Deputy-Minister of Manpower in charge of employment. She requested a 'personalized briefing' on employment policies and tools. After meeting the relevant technical units in Geneva, she worked with a former head of the ILO Department as 'coach' on an outline for an employment strategy for Ghana and its relationship to the GPRS. On her return, she designated a liaison officer in the Ministry for the review and personally attended meetings of the relevant groups, where she became a very effective advocate for the position of the ILO constituents.

Another important moment was the President's inaugural address to Parliament for his second term in January 2005. At the time of its formulation, the DWPP had been by and large alone in arguing that the informal economy needed attention. Three years later, the President announced that this was one of the priorities for his second term. The DWPP reacted by convening a 'policy dialogue' on the informal economy in February 2005. It provided an excellent opportunity to outline the analysis concerning the informal sector and the potential for a local economic development approach that links up with national policies and programmes. There was high level representation from most relevant ministries, including Agriculture, Industry and Trade, Private Sector Development; development partners including the development banks; and important actors like the Private Enterprise Foundation and the SIF.

The dialogue led to further discussions with the Ministry of Private Sector Development, which the President had put in charge of government efforts to 'turn around the informal sector'. It culminated in the Minister himself requesting ILO technical assistance in developing the approach. A training programme was scheduled for the two heads of the new informal sector unit in the Ministry to take place in February 2006.

III Programme Outcomes

The outcomes aspired to by the Programme were changes in relevant policies and programmes that would promote decent work in the constituents' priority areas. The operational target was to include these in the revised GPRS. This goal has been achieved.

The revised GPRS II, renamed Growth and Poverty Reduction Strategy 2006-2009, was adopted by Government in September 2005 and endorsed by donors. It identifies employment as a central objective and means of poverty reduction. Priority sectors for investment and development have explicitly been selected on the basis of their employment potential. Specific programmes concerning the informal sector, local development, productivity and wages as well as skills development, in particular STEP, are included in the text and the policy matrix. Measures for the inclusion of persons with

disabilities were mainstreamed. The district work was not sufficiently advanced at the time of revision to obtain explicit support for the SPGE model of decentralization. The GPRS II does however maintain the drive toward the principle. Attention will now shift to ensuring that these items are appropriately funded under the Medium-Term Expenditure Framework based on the GPRS II.

The district approach is to be replicated in other regions of the country as part of a USD 100 million youth employment programme to be implemented under the coordination of the Ministry of Manpower starting in 2006. The partnership with the SIF is to be extended to include the additional districts. Technical cooperation resources are being sought to support expansion of the district approach and its consolidation in the two pilot districts. Several donor agencies have signalled interest.

The work of the DWPP was presented to the ILO Governing Body in March 2005 by a delegation led by the Minister. It was used as an example for the successful implementation of an integrated ILO programme for poverty reduction, based on the Global Employment Agenda. The ILO Decent Work Country Programme for 2006-2009 will build on the work of the Pilot Programme and focus on local economic development and women's entrepreneurship to support the youth employment programme.

It has taken more than 3 years, over a million dollars and a lot of commitment from national partners and coordinators, the ILO Area and Regional Offices and technical units to achieve these outcomes. Strong national ownership and a good selection of the priorities at the outset have been also been vital for the positive outcome.

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