BTI 2022 Country Report

Ghana

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Political Transformation
8.00 # 17

Economic Transformation
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Key Indicators

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<tr>
<td>Population</td>
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<td>HDI</td>
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Sources (as of December 2021): The World Bank, World Development Indicators 2021 | UNDP, Human Development Report 2020. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than $3.20 a day at 2011 international prices.

Executive Summary

Despite the havoc caused by the COVID-19 pandemic, Ghana enjoyed both political and economic stability in the period under review. Politically, the presidential and parliamentary elections dominated the years under review. The campaigns were heated and volatile at times, but the elections themselves were relatively peaceful. While the demand of the opposition, the National Democratic Congress (NDC), for a review of the results are under court consideration, local and international observers declared the elections free and fair.

The administration led by Nana Addo Dankwa Akufo-Addo has continued its market-oriented policies that blend with various social policy interventions to spur economic growth in the country, such as introducing tuition-free secondary education in all government schools. The New Patriotic Party (NPP) government retained power in 2020 and is continuing with fiscal consolidation and striving for both effectiveness and efficiency in delivering public services, although fundamental challenges persist. These efforts, if sustained, bode well for future development.

Economically, after a difficult year in 2020 mostly due to COVID-19, which slowed down economic growth, the economy is projected to grow by 4.8% in 2021, according to the IMF. The government has implemented several interventions to reduce the effects of the pandemic. It introduced new taxes and established the Coronavirus Alleviation Program to facilitate economic recovery. It has also lowered the cap on the Ghana Stabilization Fund, reduced policy rates, and lowered the regulatory reserves requirement. Gradually, the economy seems to be diversifying. It enjoyed growth not only from donor support, but also Ghanaians in the diaspora, as well as oil, mining, agriculture, tourism revenue, among various sectors.
Inequality continues to be a major challenge in Ghana. To address this, particularly with regard to the economic disparities between the north and south and rural urban wealth differentials, additional policies targeting poor communities are urgently required to avoid lasting damage to the fabric and stability of Ghanaian society. In a nutshell, Ghana has positioned itself as an oasis of political and economic success in the region. However, for such success to be felt, the government must endeavor to sustain growth and ensure equality.

History and Characteristics of Transformation

Ghana’s first steps toward economic transformation, which could be described as a classic “development dictatorship,” preceded political reforms. After independence in 1957, the high hopes of the father of independence, President Kwame Nkrumah, were negated by socialist experiments and an increasingly oppressive state apparatus with a high degree of personality cult centered on the president. These circumstances led to Nkrumah’s downfall in a military coup in 1966, the first of many. Ghana then suffered several regime changes which mostly resulted in military dictatorships.

From this point on, aside from the current civilian leadership, there have been only two short periods of civilian rule in Ghana – from the late 1960s to the early 1970s, and from 1979 to 1982. Neither military nor civilian leadership has been able to stop the continuous decline of one of the world’s biggest cocoa producers after prices fell in the 1960s and never again reached the heights of the 1950s. During this period of economic decline, the political situation worsened, accompanied by a considerable increase in corruption and human rights abuses, and by inept efforts to stem the accelerating downturn in all areas of life.

After the second coup d’état by Jerry Rawlings on New Year’s Eve in 1981, an era of political stability was established, the first “revolutionary” years of the regime notwithstanding. Succumbing to pressures both from economic realities and international monetary institutions, Ghana’s government decided to pursue a structural adjustment program “to the letter,” including a strategy for curbing rising social violence through prosecution. After initiating economic reforms, the Rawlings regime hesitantly bowed to calls for political reform. This was due in part to the growing self-confidence among the political opposition after the end of the Cold War and to the acceleration of the political reform process in neighboring countries like Benin. The introduction of a multiparty political system was accompanied by strong criticism of Rawlings’ tight control over the political process.

Unsurprisingly, the first democratic election of 1992 was characterized by certain irregularities. Nevertheless, despite fears of another period of dictatorship dressed up in civilian disguise, the Rawlings administration, now fairly elected, proved different. As a civilian president, Rawlings was generally willing to adhere to constitutional procedures and accepted the separation of powers that enabled the establishment of a thriving free press and an independent judiciary. Rawlings was re-elected in 1996. He did not follow the example of some other African presidents and change the constitution to allow him to serve a third term.
The New Patriotic Party (NPP), the sole non-Nkrumahist party, emerged as the only relevant opposition in the 1990s but boycotted the elections in 1992. In 2000, the NPP won the election, marking the first, but not last, change of government by means of democratic election since independence. Rawlings’ National Democratic Congress (NDC) candidate, John Atta Mills, conceded defeat and settled into his role as leader of the opposition. The Fourth Republic survived this crucial development without difficulty, and President Kufuor’s new administration embraced an accelerated political and economic reform program. It did away with the last remnants of dictatorship – especially certain limits to the freedom of the press – and refocused its concerns on economic development, to spur growth after a stagnant period and a major economic setback in 1999. While these reforms continued after Kufuor’s re-election in 2004, the lack of immediate benefits to a large portion of the population led to the second democratic change in power from December 2008 to January 2009. The NDC’s Atta Mills defeated the NPP’s Akufo-Addo by a very narrow margin in the second round. After Mill’s untimely death in 2012, former Vice President John Dramani Mahama was sworn in as president and narrowly won as the NDC candidate in December 2012. In the most recent election of 2016, the NPP returned to power, marking another peaceful transition of leadership.

The economic reform program Rawlings first initiated in the 1980s, which the Bretton Woods institutions financed and monitored, was one of the most ambitious in African history. Its negative social side effects, which the regime controlled in a decisive manner, as well as its positive effects in stopping the economy’s decline and returning Ghana to a period of relatively stable economic growth, have been widely discussed. The program, which included the classic liberalization and privatization approach, especially with regard to the highly controlled cocoa market, was executed with diligence. However, it was carried out with less enthusiasm after the return to democratic rule.

Progress has been made in many areas, particularly with regard to the import/export regime, regulations controlling economic activities, and the establishment of a thriving stock exchange. The discovery of oil and gas in commercial quantities has also boosted the economy. However, problems persisted. The banking sector continued to be a problem for years, and subsequent governments have never managed to control inflation up until now. Both issues have been tackled with some vigor, but only the banking sector has shown signs of recovery, while inflation remains a challenge. Nevertheless, this has had adverse effects on exchange rates, and on the country’s dependence on the export of cocoa, and to a lesser extent, gold. Dependency on the export of raw materials has lessened as a result of the emergence of a thriving tourism industry but has increased with the beginning of oil-exports. Foreign debt management has caused some questions as liabilities rise continuously. Corruption and bureaucratic ineptitude remain a challenge. Politically motivated overspending, especially in election times sometimes outweigh gains accomplished earlier.
The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

**Transformation Status**

I. Political Transformation

1 | Stateness

Ghana’s government has a monopoly on the use of force; this authority has not been seriously challenged in the period under review. Although the Western Togoland secessionist groups have called into question the territorial composition of Ghana since 2017, stateness is still high compared to other African countries. The groups have allegedly attacked some communities and police stations in the eastern and Volta regions but this was not a serious challenge to the state’s monopoly on force.

Crime remains a concern, especially in urban areas. However, the general atmosphere is one of overall security. Law enforcement agencies, especially the police, are generally not trusted, as noted in the Afrobarometer 2019 survey. Regardless of this perception, the police have instilled a certain degree of law and order in most parts of the country. In the rural areas, where the security forces are less visible, traditional leaders maintain law and order. In recent years, armed and highway robberies have become rampant in some rural communities due to inadequate police presence. Border control is porous, leading to a weak migration regime, but there are no current border disputes with neighbors.

There are no serious problems regarding the definition of citizenship or who is a citizen as defined in Chapter Three of the 1992 constitution, although documentation of citizenship can be a challenge if someone’s documents are incomplete. To address some of these shortfalls, the National Identification Authority was established to provide national identity credentials to Ghanaians and foreigners living in the country. There is no systematic policy of denying certain groups their constitutional rights.

Ghana as a nation-state is accepted by a large majority of its population. Although the Western Togoland secessionist groups have tried to challenge Ghana’s state unity by promoting ethnic nationalism and threats of seceding, they do not have a regional or national appeal needed to fundamentally alter the idea of the Ghanaian
nation-state. Ethnic conflicts, mostly over land use in traditional leadership settings, continue to happen periodically. While there is no state-driven discrimination against certain ethnic groups, the politicization of ethnic loyalties remains a disturbing and potentially dangerous feature of Ghanaian politics. The dividing line between a political, socioeconomic, and ethnic conflict is not always clearly drawn.

Ghana is constitutionally a secular state, although religious beliefs and practices have become part of the state’s identity. Chapter Five of the 1992 constitution grants fundamental human rights, including religious liberty to citizens. Ghanaians are free to believe and manifest any religious faith. Due to historical reasons, the country is broadly divided into a poorly developed Muslim-dominated north and a better developed Christian majority south. This division continues to cause migration to the megacities of Kumasi and Accra, with incalculable risks and potential for conflict, which can be exploited for political means.

Politicians of all parties are careful to avoid allowing religious sentiments to spill over into political discussions, and a measure of religious balance is respected concerning top government appointments. Ghanaian society is deeply religious, and the emergence and strength of the Pentecostal and Charismatic churches have contributed to this characteristic. No politician can survive politically without portraying himself as a devoutly religious person. Religious dogmas continue to play an important role, at least verbally, and have to be invoked persistently for politicians to be successful, sometimes leading to divisive speech.

Because of the strong religious beliefs most Ghanaians hold, discrimination is possible in everyday life and takes place, sometimes also inside state institutions, and checks against prejudice do not always work properly. Some liberal political beliefs – like decriminalization of homosexuality – are frowned upon for religious reasons.

The state’s administration extends to the entire country but varies in quality. It is mostly concentrated in urban areas but remains advanced by sub-Saharan African standards. Despite administrative reforms in recent years, the visibility of the state is limited in rural areas. Public services such as access to health care and sanitation are limited in rural areas. The functioning of the administration is at times deficient due to inadequate resources, poor infrastructure and a lack of accountability for officeholders.

Decentralization efforts have advanced in recent years. The current process, which started during the NDC Party’s rule, with the aim of transferring certain responsibilities and authority to the districts, has not yet improved the delivery of services to the rural population. There is still a shortage of skilled personnel, competency and training at the local level. The NPP government’s effort to amend Article 243, Clause (1) and Article 55, Clause (3) of the constitution to allow, for the first time, popular election of Metropolitan, Municipal and District Chief
Executives (MMDCEs) – or mayors as they are frequently called – and to open all local government elections to participation by political parties and party-sponsored candidates failed in December 2019.

The civil sector is, in some areas, bloated to accommodate unemployed professionals, and is expanded primarily in election years, with subsequent, and sometimes painful reductions after elections. The Country Policy and Institutional Assessment (CPIA) quality of public administration rating rated Ghana at 3.6 in 2019 (6 = highest quality, 1 = lowest quality), up slightly from 3.5 in 2018, and well above the African average. Basic infrastructure varies across the country; for instance, according to a 2020 UNDP report, about 50% of Ghanaians in the north of the country do not have access to clean drinking water. The World Bank in 2018 estimated that 94.1% of the urban population and 64.3% of the rural population have access to electricity. The COVID-19 emergency has also disrupted the provision of certain basic services such as immunization, daycare and civil registration services.

Corruption remains a challenge, even though salaries are paid regularly. It is challenging to find civil servants willing to accept a post in rural areas, a problem that has hindered administrative effectiveness. Frequently, the legitimacy and image of state officials are questioned. Moreover, the north-south divide also applies to public services, even though more resources were allocated to the north to improve the situation.

2 | Political Participation

Universal suffrage, the right to campaign, and democratic elections are assured and enshrined in Chapter Seven of the 1992 constitution both de jure and de facto. There have been no serious violations of the principles of free and fair elections during the last eight elections from 1996 to 2020. Ghana is one of the few African countries with several peaceful government transitions through the ballot box.

Despite the threats the coronavirus posed, the 2020 presidential and parliamentary elections were held on December 7. However, for the second time in Ghana’s Fourth Republic, the opposition rejected the presidential results. The flagbearer of the opposition NDC, John Mahama, is contesting the results in court and is yet to concede defeat.

Similarly, both the ruling and the main opposition parties have rejected the results of 16 parliamentary elections (the NDC is disputing 8 and the NPP is contesting 8). The NPP lost most of its parliamentary seats, winning as much as the opposition NDC (NPP=137, NDC=137, Independent=1; the independent candidate decided to caucus with the NPP, giving it a slim majority in parliament). For the first time in the Fourth Republic, the eighth parliament has a speaker from the opposition party. The process is regarded as mostly free and fair. Media access to the whole election process is ensured.
There were some concerns over voter registration in the runup to the elections as it was feared that citizens from neighboring countries would register. The government closed and tightened security around the country’s borders. The NDC accused the NPP-led administration of using security personnel during the closure to intimidate residents. Five presidential candidates were disqualified before the election.

Due to the creation of additional regions, the parliamentary election was suspended in the yet-to-be-created Guan Constituency (comprising Santrofi, Akpafu, Likpe and Lolobi) of the Oti Region. The electoral commission is yet to set a date for this election to take place.

The political structure of Ghana – a unitary state and a presidential system – concentrates significant of power in the presidency. There is no strong veto power in parliament and the courts. Officeholders, especially presidential appointees, are subordinate to the president. The elected government enjoys both legitimacy and the effective power to govern, though within the limits of a fairly inefficient civil service. The opposition generally accepts the rules of the game although the main opposition party (depending on which party is in power) accuses the government of electoral fraud and intimidation.

Parliament and the president have real power and are not subject to any outside veto power aside from the normal interdependencies of a developing country (e.g., dependence on the good will of foreign, Western donors). The military, a key player in previous administrations in Ghanaian politics, has lost influence during the last decades, and no longer exercises any leverage over civilian authorities, although it is among the country’s trusted institutions, according to Afrobarometer surveys. As important economic players enjoy some influence in party finances and a good degree of wealth is needed for efficient campaigning in and outside political parties, economic interests have come to play an increased role in party politics.

Chapter Four of the Ghanaian constitution guarantees freedom of association and assembly. In practice, political and civil organizations can develop, meet, organize, and campaign for their issues freely without state interference. Freedom of assembly to demonstrate exists and permits are not required for people to demonstrate or hold meetings.

Ghana has not declared a state of emergency due to coronavirus but opted to enact emergency legislation through the constitution and Emergency Powers Act, 1994 (Act 472), which provides the means to deal with situations such as COVID-19 effectively. On March 23, 2020, the president exercised the authority conferred on him by Act 1012, issuing the Imposition of Restriction Instrument, 2020 (EL 64). He imposed restrictions on assemblies such as public gatherings. As of January 2021, a limited number of people can gather. Large public gatherings such as funerals and sporting events are not allowed.
Freedom of expression is generally guaranteed, and Ghanaians can freely express their opinions in written or spoken form. There is no organized repression of the media either. Occasional violence against and intimidation of journalists occur, like the assassination of an investigative journalist, Ahmed Hussein-Suale, in January 2019 and the threats received by journalists like Manasseh Aure Awuni. However, these attacks are usually not organized by the state. There is a danger of capable journalists being attracted away from the media by better-paid positions in the civil service, especially with every government change, therefore diminishing the vibrancy of independent media outlets. The state-owned media has established a certain degree of autonomy, but outright criticism of government policies is rare or relatively weak.

Notably, the Supreme Court has intervened in any attempt by lawmakers to introduce laws related to censorship. An example is the December 2016 case by the Ghana Independent Broadcasters Association against the National Media Commission in which the court declared the content regulation law unconstitutional. In May 2019, the president signed the Right to Information Act into law, granting Ghanaians the right to access information from public and some private institutions. Opposition viewpoints are reflected equally, especially that of the major opposition party in parliament. The quality of reporting has been an increasingly contentious topic, especially in sensationalist tabloid papers. Electronic media, especially radio stations and the internet, have come to play a critical role. Internet access is freely available in most urban areas and increasingly so in some rural parts of the country, depending on the availability of sending masts for mobile telecommunication. According to the most recent World Bank data, almost 38% of Ghanaians had access to the internet in 2017. Classifying Ghana as “free” in 2019, Freedom House gave the country an overall score of 82 and three out of four points for media freedom and independence.

3 | Rule of Law

In Ghana’s presidential system, checks and balances generally prevail, though the executive branch has a tendency to dominate the system, especially if an energetic individual fills the position of the president. Furthermore, the inherent attitude of “the winner takes it all” in election campaigns forecloses any meaningful cooperation between parties not in a coalition. A very dominant parliamentary majority of any ruling party causes parliament to be less assertive in scrutinizing the government as the ruling majority has a tendency to support the government at all costs, despite the fact that party discipline is not an overarching feature of any party. This might not be the 8th parliament’s fate because the ruling party has no clear majority, and the speaker of the house is from the opposition party. Infighting is clearly visible in both major parties, which are highly fragmented into different factions, a feature that is believed to have caused the ruling NPP to lose its majority in parliament and also the speakership.
The next parliament will be a litmus test of democratic consolidation in terms of Ghanaian cooperation between parties and the separation of powers. Sometimes internal conflicts erupt into political violence. Parliamentary discourse is marked by dissent. With the continued dissolution of the small Nkrumahist parties, Ghana can now be described as a stable two-party system. The hurdles that new parties must overcome to enter parliament are high, mainly because new parties are often dismissed as irrelevant by the populace. Courts, especially a very assertive Supreme Court, often provide quite effective control over the executive.

The three main branches of government activities were not adversely affected by the restrictions the president imposed using emergency legislation. The legislation was based on the constitution (Act 472) and followed procedures and was subject to review.

Judicial independence is constitutionally and legally enshrined in Chapter Eleven of the 1992 constitution. These traditions were developed as far back as the Rawlings era. The system seems to be stable and well respected. The Supreme Court has repeatedly interfered in matters if basic rights were endangered or procedures in question, such as accepting additional candidates for presidential elections in 2016 and repealing any attempt to curb the freedom of the press in 2016. In its 2020 ranking, the Rule of Law Index by the World Justice Project ranks Ghana 51st out of 128 countries and sixth in sub-Saharan Africa. While this doesn’t preclude individual corruption cases or judicial mismanagement, Ghana remains among Africa’s highest-ranked countries. There has been no apparent evidence of government meddling in judicial procedures, but the use of civil libel laws against critical journalists by individual politicians remains a problem. Corruption and limited administrative capacity continue to pose the most significant challenges, exemplified in unduly lengthy legal procedures and sometimes incomprehensible verdicts. A case in point is the ongoing trial of Daniel Asiedu, the man accused of killing Member of Parliament J. B. Danquah-Adu in 2016. Going to court is too expensive for the average citizen. Only those with financial means can afford legal proceedings. To address some of these shortfalls, automation and fast track courts have been introduced. Informal procedures of arbitration (e.g., through traditional rulers or elders) are more easily accessible and still play an important role, especially in rural areas.

While high-ranking officials and politicians still enjoy a high degree of protection against prosecution, recent instances in anti-corruption activities show that even newly appointed officials of government are not safe from public scrutiny if they are found to be involved in illegal activity. Aggravated by economic problems during the last years, corruption seems to be increasing and public perception of how cases are dealt with has become more and more negative. With the advent of oil money into the system, public awareness of high-ranking cases of corruption has been heightened. Public discourse has become more heated. Prosecution of known
corruption cases takes place, but the proceedings are lengthy, and convictions have been slow in coming. The first Special Prosecutor against corruption, sworn in February 2018, resigned in 2020, citing political interference from the government and a lack of cooperation in fulfilling his duties. While there is a Whistleblower Act (Act 720) to protect witnesses in corruption cases from prosecution once they come forward with pertinent information, it is rarely implemented as potential informants frequently fear losing their well-paid employment or harassment.

Ghana has a relatively strong civil liberties tradition. These rights are enshrined in and protected by the 1992 constitution. However, significant human rights abuse still exists. There are credible reports of police brutality and abuse of citizens. For instance, in July 2019, prosecutors charged a police officer with assault for allegedly beating a customer on the premises of a bank while she was trying to withdraw her money. The police officer was initially suspended while an investigation took place, but later the case was dismissed. It was subsequently reported that the parties reached an out-of-court settlement.

Efforts are also made to promote and protect members of the LGBT community, women and the physically challenged, although some level of societal discrimination occurs.

The media closely monitor the government and state agencies regarding violations of civil rights. Basic human rights are respected and there is no systematic policy of denying individuals’ constitutional rights. Instances of police abuse are connected to poor training and challenging work conditions. Examples of this include police harassment and intimidation of residents of Tema Community 1. In areas without a significant or permanent presence of public security officers, civil rights are often determined and protected based on traditional law, which does not necessarily follow the letter of public law. This specifically refers to individuals and groups who display socially unacceptable behavior or are accused of spiritual crimes that are hard to prove (e.g., “witches”). Many elderly women in northern Ghana flee their homes to live in so-called “witch camps” to avoid physical harm or even death. In 2020, Akua Denteh, a 90-year-old woman, was killed by lynching in Kafaba (northern Ghana) after she was accused of witchcraft. The protection of civil rights is hampered by the judicial system’s inadequacies and the unwillingness of community members to assist in investigations.

Other challenges include inadequate resources available to victims. For example, rape victims must pay an average minimum doctor fees for filing a police medical report of GHS 300. That is twice the average monthly earnings for informal workers. Aside from the trauma and humiliation, the cost alone prevents most rape victims from coming forward.
4 | Stability of Democratic Institutions

Democratic institutions can be described as fully functional and stable. Although the constitution affords the president vast powers, parliament is not a talking shop. The majority of parliamentarians do take their duties seriously. The near-identical number of parliamentarians in the house might give the legislature more authority to scrutinize the activities of the executive. Presidents only exercise control over their own parties, and in some cases not even there, as both major parties are fragmented into various competing factions. Shortcomings in the administration are mostly of structural origin – corruption, education, and underfunding – and are less connected with undue political interference. Legitimate processes are generally followed, and constitutional regulations are adhered to, although disputes about their implementation and accusations of breach of law are frequent. The courts do have an influence on undue behavior and do interfere if needed. The performance of democratic institutions relies heavily on the two major parties’ ability, interest groups and civil society to galvanize political interest and public sentiment. This was evident in how public reaction forced the legislature to suspend construction of a new $200 million parliament house in 2019.

Commitment to democratic procedures and institutions is high, although on different levels. For example, three changes of government through the ballot box, still quite an exception in Africa, have demonstrated the high commitment to democratic institutions by the political elites, as well as the acceptance of court verdicts to electoral disputes once they arose. Still, economic woes have discredited the democratic dispensation of the Fourth Republic, as promises to deliver public goods have been inconsistently fulfilled. Despite the COVID-19 pandemic, voter turnout in the 2020 election was high – 79% compared to 68% in 2016.

Corruption scandals have weakened the legitimacy of democratic institutions among the broader population. The current government seems to be aware of this and tries to implement policies that “deliver,” hoping to restore popular commitment.
5 | Political and Social Integration

Ghana has a distinctive tradition of ideology-based political parties, which is quite unique in an African context. The Fourth Republic can boast a stable two-party system, with active, but increasingly weakened, third parties. The process of establishing a two-party system was solidified during the 2016 and 2020 elections, as no third party was able to retain a seat in parliament.

The two major forces are the ruling NPP founded by Albert Adu Boahen and the NDC, founded by Jerry Rawlings. In addition, a number of parties aligning themselves with Kwame Nkrumah’s socialist tradition exist and have been able to cling to a few parliamentary seats in the past. While the NPP is based on the more liberal-conservative tradition of founding fathers J.B. Danquah, Kofi Abrefa Busia, and S. D. Dombo, the NDC, while claiming its own relationship to Nkrumahism, is essentially a representation of the political vision of its founder, former military dictator Jerry Rawlings. With a moderate (the CPP/Nkrumah faction) and a more radical left wing (the military/Rawlings faction), it comprises two parties in one, already posing an internal challenge to his policies.

Both big parties are fragmented, and splinter groups are formed on a regular basis. Still, no other party has been able to effectively challenge the supremacy of the two major players. Both parties have certain ethnic-regional strongholds (e.g., the NDC in Volta and the NPP in Ashanti), which are evident in all election results and continue to shape internal party politics. The NPP won 71.64% of votes in the Ashanti region while the NDC claimed 84.81% in the Volta region, making competition in a few “swing regions” essential for every election outcome. Both parties have also been able to gain support outside their core regions and are in fierce competition in areas of Ghana where neither of them traditionally claims supremacy. Voter volatility is relatively low but given the two-party system and the first-past-the-post system, even small fluctuations can produce substantial political changes. Clientelism is not absent but does not pose a major threat to stability.

Given the history of consistent civilian rule since 1992, and a growing certainty that democracy has come to stay, civil society and interest groups have asserted themselves and are visible mostly in urban areas. Some politically active, influential groups include the Trade Union Congress (TUC), the Ghana Bar Association (GBA), the Christian Council of Ghana (CCG), the National Union of Ghana Students (NUGS), the Ghana Journalist Association (GJA), the Regional and National House of Chiefs and the Catholic Bishops Conference (CBC). One major reason for this positive development is continued donor assistance for non-governmental organizations (NGOs). Additionally, more citizens appreciate the freedoms of a civil society, and they seem to be prepared to engage themselves outside political parties. Relatively steady economic growth has also placed some financial means into the hands of a small but consistently growing urban middle class, the traditional backbone of NGOs.
The TUC is the main organization for trade unions in Ghana. It consists of 18 affiliated national groups, which are autonomous bodies but pursue their activities under the jurisdiction of TUC. In recent years, trade unionism has become relatively weak and is only visible from time to time in organizing popular discontent. As most economic activity is located in the informal sector, this is not expected to change in the foreseeable future.

No particular interest groups dominate the state, although the government is sensitive to interest groups with large followings. For the most part, these groups cooperate instead of competing against each other, unless they are being partisan or competing for external funding.

In rural areas, traditional forms of organizing persist. The Regional and National House of Chiefs represent more than 32,000 recognized traditional rulers who have great influence throughout the country, especially rural Ghana. Religious organizations, especially the ever-increasing number of Pentecostal and African Independent Churches, with their accompanying institutions, play an increasingly important role, including providing essential social services.

Popular approval of democracy and the basic pillars and norms of a democratic institutional set-up appears to be high. In 2019, 76.5% of the Ghanaians surveyed by Afrobarometer preferred democracy to any other kind of government. Though the non-delivery of promised public goods, especially with regard to crucial economic development, has put a dent in popular acceptance and interest in the democratic process. This has not affected voter turnout, as demonstrated by the increase in voter turnout for the recent election. According to the same survey, the majority of Ghanaians (87.1%) are satisfied with how democracy works in the country. Approval ratings for the work of the current president, as well as for respective members of parliament have not been too negative: 60.6% approved or approved strongly of President Akufo-Addo’s government, while 37.2% approved or strongly approved of their member of parliament. More than 80% expected the government to tackle at least some of the country’s major problems and 69.7% regarded Ghana as a full democracy or one with minor problems. Strong approval for democratic procedures is also shown when asked if public servants in important positions should be elected or appointed, with a clear majority in favor of an election. This notwithstanding, the “delivery” side of politics continues to be judged more negatively.
Self-organization has stabilized at a comparatively high level, particularly in urban areas, and seems likely to be sustained. Economic problems for the emerging urban middle-classes might, in the medium-term, endanger that process. Generally, Ghanaian society is communal in nature. This is evidenced by mutual support and solidarity during events like births, funerals and marriages. Still, 91% of Ghanaians believe that carefulness is necessary when dealing with people and that people cannot be generally trusted, according to an Afrobarometer survey.

Ethnic cleavages can be exploited by politics, and in these cases, trust between citizens is diminishing. The role and influence of religious leaders have been instrumental in fostering unity within certain strata of the population. However, the exploitation of religious differences continues to present a threat as the division between relatively rich and very poor is often aligned both geographically and religiously.

II. Economic Transformation

6 | Level of Socioeconomic Development

Ghana ranked 138 out of 189 countries in the 2019 Human Development Index (HDI), moving up two ranks from the previous survey. This rank places the country in the group of countries with “medium human development” with a score of 0.611, a slight improvement from 2018. In 2016, 30% of Ghanaians lived below the poverty threshold of $3.2 (PPP) a day, according to the World Bank.

Economic development, in general, is still unevenly distributed. Ghana lost 28% of its level of human development as measured by the HDI in 2018, due to inequality, and scored 43.5 in the Gini Index in 2016. This high level of inequality is also reflected in regional disparities. The northern part of the country is considerably marginalized, which unfortunately correlates with the fact that most Muslims live in the north. This reflects inequalities with regard to income as well as access to education, and the infrastructure arrangements are better in southern Ghana. Urbanization, at a rate of 56.7% in 2019 (World Bank), is a major, ongoing trend. Migration from rural areas to cities such as Accra, Kumasi, Tema and Takoradi, and emigration to foreign countries have drastically increased. This migration can be attributed to general economic hardship in the country. The general neglect of infrastructure in rural Ghana and an overconcentration of economic benefits in urban areas have accelerated these phenomena.

In July 2020, Ghana launched its Multidimensional Poverty Index. The index identifies two out of every five Ghanaians as multidimensionally poor. The report focuses on health, education and standard of living, and found insufficient health insurance coverage and educational expenses as the leading contributors to
Multidimensional poverty. Multidimensional poverty is widespread among children under the age of 15. Inequalities among rural and urban people remain a challenge with the incidence of multidimensional poverty in urban areas (27%) being twice as high as that found in rural Ghana (64.6%). According to the report, Ghana has made great improvements in reducing poverty, from 55% of the population in 2011 to about 46% in 2017.

A difficult situation persists in terms of gender equality mainly because of economic and social problems rather than prohibitive laws. Ghana’s score in the The Gender Inequality Index (GII) was 0.538 in 2019, which does not mark a significant improvement in comparison to recent years.

### Economic Indicators

<table>
<thead>
<tr>
<th>Economic indicators</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>$M</td>
<td>58845.2</td>
<td>65316.0</td>
<td>67234.3</td>
</tr>
<tr>
<td>GDP growth</td>
<td>%</td>
<td>8.1</td>
<td>6.2</td>
<td>6.5</td>
</tr>
<tr>
<td>Inflation (CPI)</td>
<td>%</td>
<td>11.7</td>
<td>0.4</td>
<td>7.2</td>
</tr>
<tr>
<td>Unemployment</td>
<td>%</td>
<td>4.2</td>
<td>4.2</td>
<td>4.1</td>
</tr>
<tr>
<td>Foreign direct investment</td>
<td>% of GDP</td>
<td>5.5</td>
<td>4.6</td>
<td>5.8</td>
</tr>
<tr>
<td>Export growth</td>
<td>%</td>
<td>16.5</td>
<td>10.3</td>
<td>6.7</td>
</tr>
<tr>
<td>Import growth</td>
<td>%</td>
<td>7.9</td>
<td>4.6</td>
<td>1.7</td>
</tr>
<tr>
<td>Current account balance</td>
<td>$M</td>
<td>-2002.6</td>
<td>-2044.6</td>
<td>-1864.0</td>
</tr>
<tr>
<td>Public debt</td>
<td>% of GDP</td>
<td>57.0</td>
<td>62.0</td>
<td>62.6</td>
</tr>
<tr>
<td>External debt</td>
<td>$M</td>
<td>22326.3</td>
<td>23262.0</td>
<td>26605.5</td>
</tr>
<tr>
<td>Total debt service</td>
<td>$M</td>
<td>1980.5</td>
<td>2729.0</td>
<td>2184.4</td>
</tr>
<tr>
<td>Net lending/borrowing</td>
<td>% of GDP</td>
<td>-4.8</td>
<td>-3.8</td>
<td>-4.3</td>
</tr>
<tr>
<td>Tax revenue</td>
<td>% of GDP</td>
<td>11.9</td>
<td>12.6</td>
<td>12.2</td>
</tr>
<tr>
<td>Government consumption</td>
<td>% of GDP</td>
<td>8.8</td>
<td>9.0</td>
<td>8.8</td>
</tr>
<tr>
<td>Public education spending</td>
<td>% of GDP</td>
<td>3.6</td>
<td>4.0</td>
<td>-</td>
</tr>
<tr>
<td>Public health spending</td>
<td>% of GDP</td>
<td>1.1</td>
<td>1.4</td>
<td>-</td>
</tr>
<tr>
<td>R&amp;D expenditure</td>
<td>% of GDP</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Military expenditure</td>
<td>% of GDP</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Sources (as of December 2021): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.
7 | Organization of the Market and Competition

Ghana has maintained a sturdy, steady, and functional market structure that facilitates competition, and the private sector continues to play a crucial role in the economy. In the 2019 World Bank Doing Business report, which scrutinized the ease of doing business in 190 countries, Ghana ranked 118 (compared to 108 in 2016), which does not fully reflect the ongoing reform process. Starting a business in Ghana takes 13 days and eight procedures with a cost of 12.3% of GNI per capita.

A new companies act was passed in 2019 (Act 992). Among other things, this act created a new independent office – the Office of the Registrar of Companies, which will oversee all businesses’ registration and regulation. The new office is expected to be in operation in 2021, taking over the registration process from the Registrar General’s Department. In 2017, the government launched the Business Regulatory Reform, but implementation has been slow. The aim is to improve the ease of doing business in the country. There is a relatively high degree of market competition, hindered mostly by limited access to affordable loans and some red tape and, mostly, corruption. In the 2019 Global Competitiveness Index, Ghana was ranked 111 out of 140 countries in the world and 8th in sub-Saharan Africa, a decline compared to its ranking of 105 the previous year.

Market distortion by subsidies still exists, although it has diminished considerably with the removal of fuel subsidies. Reducing subsidies remains a complicated task to accomplish politically due to fear of losing elections. The pricing regime is market-oriented and liberal. In general, the state still plays a major role as a contractor of private businesses and the biggest provider of formal employment in the country. Labor laws remain quite restrictive, though the effectiveness of regulations is doubtful in view of the strong informal economy (the share of informal employment amounts to more than 90%). Many of the problems businesses in the formal sector encounter do not stem from regulations, but rather from administrative inertia and corruption.

For most of the urban poor and rural dwellers, who do not participate in the production of cash crops, the unregulated informal sector remains a major source of income. There is a certain degree of discrimination with regard to ownership between local and international investors, especially with regard to land use and property. State-run enterprises remain a burden, with only a few profitable exceptions, and consume a disproportionate part of government resources and attention. Private entrepreneurs produce and trade in major commodities with the major exception of oil, where production and sale are highly concentrated in the hands of the state, and cocoa, where marketing is heavily influenced by a state-run cocoa board.
The government of Ghana has made foreign direct investment (FDI) a priority, and the influx of FDI has persistently increased over the years, hovering between $3 billion and $4 billion yearly. The role of foreign companies is dominant in important sectors, such as trade and banking services, making local entrepreneurship less successful in comparison.

The formation of monopolies or oligopolies is generally not regulated. There is no general antitrust or competition law in Ghana. A draft bill, the competition and fair trade practices bill, has been in existence since 2004 and has not yet been passed into law. Currently, the only legislation that makes some references to “competition” in Ghana is the 2000 protection against unfair competition act. In 2018, Ghana started the process of formulating a competition policy. This new bill is still under review. The general absence of a competition policy and legislation in Ghana was leading to increased unfair trade and competition practices. However, government monopolies have dwindled in size and reach, although state influence in marketing activities remains significant, particularly regarding cash crops like cocoa and through its system of subsidies. Also, state-run enterprises still play an important role in distinct economic areas, especially utilities. Foreign direct investment continues to play an important part in Ghana’s economy, and totals have persistently increased over the years. Foreign companies are dominant and play important roles in sectors such as banking and the service industry.

The government has maintained its policy of openly attracting and allowing the private sector to play a crucial role in the economy. Foreign direct investment has also played an important role in Ghana’s economy, although, according to the World Investment Report 2020, FDI flow into Ghana decreased from $3 million to $2.3 million between 2018 and 2019. The mining and petroleum sectors are the main areas that attract FDI.

According to the WTO, Ghana’s simple average applied MFN rate was at 12% in 2018. Relatively low formal barriers have been a policy of all the country’s governments. The most protected economic area remains agriculture, followed by manufacturing. At the same time, Ghana grants a number of duty and tax concessions under various incentive schemes aimed at vital commodities and capital goods. In general, there is a trend toward slowly lowering tariff barriers, and this trend may accelerate as soon as other forms of income (especially oil revenue) can replace the income from tariffs. This process is expected to gain momentum once current economic problems have been overcome. Recent trade policy reforms have particularly emphasized improving the competitiveness of export companies and supporting export companies in diversifying and penetrating new markets, without introducing export subsidies, which Ghana has not pursued for many years. The Ghana Export Promotion Authority (GEPA) is tasked with implementing these policies by providing services to exporters, both with regard to directories and tools, as well as individual advice. A number of decisions, especially regarding trade barriers, tariff reductions, free movement of goods and persons, are discussed...
within the Economic Community of West African States (ECOWAS) subregion agreements. While the Ghanaian Trade Union Congress (TUC) has repeatedly criticized the government’s trade policy as being “too liberal,” the government has continued to open its market, particularly for mining and agricultural products. This has at times created misunderstandings between local traders and their foreign counterparts, particularly those from Nigeria.

Ghana is a member of the World Trade Organization (WTO) and a signatory of the Africa, the Caribbean and the Pacific (ACP)-EU Partnership Agreement, which replaced the Lomé Convention. The country has an interim Economic Partnership Agreement with the European Union, which will provide duty-free and quota-free access to the EU market once it becomes operational. Ghana also enjoys duty-free access to the U.S. market under the Africa Growth and Opportunity Act (AGOA) agreement. The country has ratified the African Continental Free Area (AfCFTA) Agreement and is hosting the Secretariat of the AfCFTA. Ghana is trying to diversify its economic and trading partnerships, for instance, by entering into different trade agreements with China, which has become an important partner in the country’s development effort.

Ghana still maintains a list of products that require licenses to import and a number of fees apply to the trade of certain goods. A relatively high “inspection fee” is charged for all goods entering the country. In order to protect local industries, short-term bans on the import of certain goods (like canned fish or frozen chicken) are enacted from time to time, with sometimes very limited success because of the weak border regime and easy access to smuggling. Despite the existence of intellectual property laws in Ghana, such as those governing copyrights, patents and trademarks, intellectual property rights are very weak.

The legal underpinnings of the banking sector and the capital market are well designed, although some weaknesses persist, especially in the connection between central bank directives and the responsiveness of private banks (e.g., the effect of the interest prime rate set by the central bank). Non-performing loans have increasingly become an issue, especially with regard to state-run enterprises. In 2018, the share of non-performing loans was 18.2%, a decrease from 21.6% in 2017, according to the World Bank. The adjustment to Basel II and III regulations has been formally concluded on January 1, 2018, with the adoption of the Capital Requirement Directive (CRD), with the first reporting based on the directive commencing from July 2018. Since the end of 2018, Ghanaian banks are to meet the minimum capital requirement of GHS 400 million. According to the World Bank, Ghana’s bank capital to assets ratio stood at 15.7% in 2018. Observers expect further mergers in the banking sector, as not all the banks will be able to meet that target.

The final outcome of the Bank of Ghana’s recapitalization process, which started in 2017, is a smaller but sustainable banking industry, although this came with a price. The Bank of Ghana estimates a cost of $2.1 billion for its clean-up, equivalent to
just over 3% of the country’s GDP in 2019. Despite a challenging economic and regulatory backdrop, Ghana’s banks have shown steady growth in operating assets in recent years. For instance, the total assets of the banking sector grew by 14.5% year-on-year to GHS 108.90 billion at the end of February 2019, according to the Bank of Ghana. Investment in the banking sector also grew by 5.6% from 34.3 % in 2018 to 39.9% in 2019.

The market-driven approach has increased competition in the private banking sector and the availability of banking services beyond major urban areas. In addition, credit growth has been remarkable, thus giving further incentives to local businesses to invest. The major problem remains the “missing middle,” as microfinance institutions take care of the poor’s credit needs and banks to cater mainly to very big corporations and multinationals, leaving a visible gap for small- and medium-sized businesses, a total market share of about 30%, to obtain easy access to loans, according to the World Bank.

The Bank of Ghana enjoys a good degree of autonomy in the system but is not always effective at influencing the banking sector. In April 2020, Moody’s changed Ghana’s outlook from positive to negative, citing rising risks as a result of the coronavirus outbreak.

In 2019, The Payment System and Service Act (Act 987) established new requirements for the licensing and authorization of electronic payment services. According to the Bank of Ghana, nearly one in five Ghanaian is an active user of mobile money.

The Ghana stock exchange in Accra has continued to play an important role in attracting investment and raising capital. It is the second largest in West Africa after Lagos. In 2019 it had a market capitalization of close to GHS 57 million, a significant increase from GHS 52 million in the preceding year.

8 | Monetary and fiscal stability

The Bank of Ghana, the country’s central bank, has maintained its commitment to monitoring inflation and safeguarding a stable foreign exchange policy closely. However, it is highly dependent on sound budgetary policies, which have lacked sufficient control and are highly reliant on external conditions. Although inflation dropped in 2019 below 10% for the second time in a row since 2013, the challenge persists and confidence in the cedi remains low.

The interest rate set by the central bank fell to 16% as of June 2019, still much too high to enable banks to offer much-needed loans on an affordable basis. The central bank’s influence in keeping exchange rates in check remains limited, but rates remained relatively stable during the period under review at about GHS 5 to 5.9 to
the USD throughout 2020. According to the World Bank, in 2019, the real effective exchange rate score was 69.2. Still, because of more sound government policies, depreciation of the cedi continued only moderately in the reporting period, especially with the influx of additional money through issued bonds. Due to high demand in 2019, the cedi came under tremendous pressure. It depreciated cumulatively by 8.2% by July 2019.

The situation regarding foreign reserves has stabilized somewhat following recent downward movement, although observers still regard the current amount of reserves as too small. The IMF program, (Extended Credit Facility) which started in 2016 and extended into 2018, has addressed many of the issues. While some progress has been made, structural problems of an economy still importing more than exporting cannot be solved in a short time. Nevertheless, if the policies enacted during the outgoing IMF program continue, the outlook can be described as positive. As a result of COVID-19, the Monetary Policy Committee cut Ghana’s policy rate by 150 basis points to 14.5%. It also announced different measures to reduce the impact of the pandemic, including lowering the requirement from 10% to 8%.

Fiscal policy in Ghana continued to be problematic in the period under review. The fiscal deficit shrunk, reaching 7.2% by the end of 2019, and then increased to 16.4% in 2020. The new budget for 2021 plans for a deficit of 9.2%. This is partially due to the impact of COVID-19. The debt burden has increased steadily. It stood at around $44 million at the end of 2020, an increase of around $2 billion from the preceding year. Public debt made up 68.3% of the GDP in 2020. Debt management has improved in the period under review, especially with regard to formerly uncleared arrears accumulated especially in 2016 (mostly due to liquidity problems). The current debt is only manageable with consistent economic growth and an increased tax base, progress in the latter area has been painfully slow though.

Reserves of foreign currency have been very unsteady during the period under review, they decreased to $8,469 million in September 2020 from $8,561.92 million in August 2020, revealing volatility. Overall, foreign reserves are regarded as inadequate, as they do not yet cover at least three months of imports.

In April 2020, the IMF approved a $1 billion loan to Ghana to address some of the challenges of COVID-19. The Ghanaian government has committed GHS 11.2 billion to address some of the challenges posed by COVID-19. To compensate for the huge spending the pandemic caused, the government plans to cut spending in goods and services, and transfer capital investment for a total of at least GHS 1.1 billion. The government has also agreed with investors to delay interest payments on non-marketable domestic bonds held by public institutions to fund the financial sector cleanup at about GHS 1.2 billion. It has also drawn $218 million from the stabilization fund and plans to borrow GHS 10 billion from the Bank of Ghana.
9 | Private Property

Property rights are adequately defined in legal instruments and case law and generally protected. The land tenure system is a based on a pluri-legal system in which statutory and customary law operate simultaneously. Roughly 20% of the land is owned by the state and traditional authorities govern the remaining 80%. In rural Ghana, private property rights are occasionally overshadowed by traditional or communal distribution and usage. According to the 2019 Prindex survey, 27% of respondents felt insecure about their land tenure rights. Shortcomings in the rule of law lead to lengthy legal procedures and corruption. Therefore, access to formal judicial proceedings is limited to the economically advantaged who can afford to pay for expensive litigation. Foreigners, including investors, are not allowed to purchase land, but can lease it. According to the Doing Business Report 2020, it takes five procedures and 33 days to register property. In 2003, the government started a large-scale reform project to establish fair and efficient processes for land registration, institutional capacity-building, harmonizing statutory and customary law and improving land-dispute resolution. Not much success has been achieved.

Private companies continued to play a significant role in economic policy. Still, the desire for a more liberal NPP government to “plan” investment, as exemplified by the “one district, one factory” policy, shows a continuing, limited willingness to defer to market rules. Access to credit remains a challenge, especially as banks are reluctant to give loans to SMEs, interest rates are high and public support (e.g., through affordable loans) is limited. FDI is concentrated in specific sectors and only affects medium to large-scale companies. Privatization is mostly an issue with regard to the remaining major state enterprises, especially regarding utilities, and the process has more or less stalled as this is regarded as highly unpopular. A major challenge for any private enterprise remains the structural weakness of the material infrastructure – especially transport, and the unreliability of energy sources. There are some improvements in road infrastructure, although such developments occur primarily in cities.

10 | Welfare Regime

Ghana has a relatively limited public welfare regime, which consists mainly of indirect contributions. This mostly covers employees in the formal sector through the Social Security and National Insurance Trust (SSNIT). This means most Ghanaians who work in the informal sector are not covered. There are other direct subsidies to essential commodities such as food, which is exempted from Value Added Tax (VAT). In recent times, this has been diminished as a variety of subsidies are either under consideration to be abolished or have already been, like the subsidy on fuel.
In addition, special programs are available to certain targeted groups in health sectors (e.g., malaria or AIDS) and education (e.g., free meals and transport for pupils from marginalized communities). Furthermore, a National Health Insurance Scheme (NHIS) exists, which is quite exceptional in the region, despite not being compulsory and underfunded. The most important public program in this field is LEAP (Livelihood Empowerment Against Poverty), which was established in 2008, and now provides 250,000 households with financial aid and supports to access health care. In addition, a Planting for Food and Jobs campaign in rural areas is supposed to provide a livelihood to impoverished rural communities. All these programs suffer from underfunding and significant bureaucratic inertia.

Aside from the informal sector, which is still the primary avenue of making ends meet for many, private remittances from abroad have an important impact on the livelihood of many Ghanaians, both through direct consumption as well as through the secondary effects of investments. The World Bank estimates that, in 2019, Ghana received $3.521 billion in personal remittances.

In the initial stages of the country’s lockdown due to the COVID-19 pandemic, the government, religious bodies, civil society groups and individual Ghanaians made various contributions to support those badly affected by the pandemic. The government focused on distributing food and relief items to lockdown areas. Some religious bodies, civil society organizations and individuals went a step further and provided monetary assistance. Most of these measures have ended as life is gradually returning to normal.

As has already been mentioned, some achievements have been made with regard to equality of opportunity in education. Primary, and recently secondary public schools are free and the government provides both free meals and free transport in marginalized areas. The increase in school enrollment has put a heavy burden on important indicators like the teacher to pupil ratio and the infrastructural condition of primary and secondary schools. The increase in enrollment in secondary institutions is also putting pressure on the over-burdened tertiary institutions. It is to be expected that girls, who have been denied access to secondary schools by their family’s preference for boys due to economic reasons, will now have a higher chance for a proper education than previously.

Nevertheless, gender inequalities persist. The general literacy rate stands at 79%, according to the most recent World Bank data (2018) but is higher for males than females (83.5% compared to 74.4%). As of 2019, tertiary education enrollments show that the ratio of female to male enrollment is only 0.8, the female and male enrollment rates at the primary level is 1.0, while secondary education is equal at 0.9.

Outside the education system, inequalities persist mainly because of economic and social problems rather than prohibitive laws. Public perception with regard to gender equality is slowly moving against structural discrimination, as the
Afrobarometer surveys have indicated persistently. Still, traditional values of family life and the role of women in society prevail even in modern urban areas, putting pressure on women to pursue a career while shouldering the full responsibility of housework and raising children. In recent times, discussions about the treatment of homosexuals have been taking place, mostly induced from abroad. The deeply conservative and discriminatory attitude of the majority of opinion leaders in both the political arena and in civil society has become quite apparent in this case, spurred by very discriminatory beliefs of important religious bodies and their representatives. Tolerance of homosexuality is negligible.

Employment statistics are scarce and unreliable, especially with regard to the informal sector. Studies of the informal economy suggest that women carry the major burden of working for subsistence wages in this sector, a pattern consistent with other African societies. A legal framework for labor and employment regulation exists, but its enforcement is difficult and mostly inadequate.

With regard to public office, subsequent governments have made it a point to include the diversity of ethnic backgrounds and a substantial number of women in the hierarchy of all levels of public administration and politics. The 2020 parliament of 275 members includes 40 women, up from 37 in the last parliament, the highest number yet in the history of Ghanaian parliamentarism.

While ECOWAS nationals have certain rights to work in Ghana as stipulated in the various agreements and protocols, these rights at times conflict with local laws. This has led to various clashes between Ghana traders and their Nigerian counterparts in particular. However, in Ghanaian society there is no discrimination against foreign nationals.

11 | Economic Performance

Despite the many challenges, the Ghanaian economy was never in danger of dropping into a recession. After a slump in 2020 because of the coronavirus, the economy is projected to accelerate in 2021. Corruption and mismanagement have plagued economic performance for several decades and continue to hinder development. Historically, low revenues from cocoa and gold due to global markets, as well as extensive smuggling and corruption, have caused an estimated loss of $10 billion annually in national revenue.

Economic growth has been unstable. The economy grew by 8.7% in 2017 and growth remained above 6% in 2018. Growth in 2019 and 2020 was 6.5% and 0.4%, respectively. The IMF expects the economy to grow by 4.2% in 2021. Oil has replaced gold as the country’s second highest income earner, only surpassed by cocoa. Other economic activities likewise remain vital to the country’s economic future.
Continued and persistent donor support and high levels of remittances from abroad have added stability to the economy, although the total percentage of Official Development Assistance (ODA) to GDP has diminished significantly over the years. The challenges to economic growth include persistently high inflation, although below 10% in 2019, as well as the weakening of the cedi vis-a-vis major currencies. The fiscal deficit and debt burden have diminished the government’s ability to make necessary adjustments. Public debt amounted to 62.8% of GDP in 2019. Yet, slow progress in these areas is discernible. The cooperation agreement (Extended Credit Facility Agreement) with the IMF, in full implementation since 2015 and ending in 2018, has improved government competency and restored trust in fiscal policy.

There has been some economic improvement, especially in agriculture and the tourism industry. The former has profited from the government Planting for Food and Jobs campaign, while tourism, which has been increasing, experienced a major boost before the onset of COVID-19. The Year of Return in 2019 was well patronized by Africans in the diaspora. According to the Ministry of Tourism, the initiative generated a revenue of $1.9 billion and an estimated one million people visited the country in 2019.

While commodities were the driving force behind recent economic development, manufacturing has been less impressive. Exports of finished goods and imports of capital investment have been hampered by high inflation, a relatively weak currency and a volatile exchange rate, which restricts imports. In addition, for more complex production, qualified staff is not available in the labor market due to the weak vocational training in the country. Ghana continued to have a negative current account balance of -$2,043.9 million in 2018, according to the World Bank. In contrast, the service sector has continued to enjoy growth and diversification. Ghana is now ranked as a lower-middle income country. Foreign direct investment has stabilized somewhat. In 2019, according to the IMF, net FDI was $2.319 billion, a decline from $2.989 billion in the preceding year. Ghana’s unemployment rate was estimated at 4.5% in 2020 by the International Labor Organization. However, official employment statistics have to be taken with a grain of salt, as they do not cover the important informal sector (estimated at more than 90%) and, therefore, only provide a limited view.
Environmental issues continue to be an insignificant aspect of political and economic decision-making, despite public declarations to the contrary. A “National Environmental Action Plan” has been promulgated, as well as a “National Climate Change Policy Framework,” but implementation has still not been impressive so far in most fields. Execution lacks direction, as clear targets and indicators are missing. Ghana lacks an adequate environmental monitoring system, mainly because the responsible ministry’s funding is restricted and not used efficiently. The far more pressing issues of addressing abject poverty and, at the same time, strengthening the performance of state institutions, always override environmental concerns.

Increasingly, human hazards caused by gold mining, lack of community participation, insufficient coordination among government institutions, inadequate personnel and logistics, and lack of political will are factors contributing to the ineffective implementation of environmental policies. The failure of the NPP administration to crack down on the activities of illegal gold miners exemplifies this point. Therefore, the environmental consequences of investments are only scrutinized seriously if and when donor assistance or international agreements are involved. A latent environmental concern is in the emerging oil sector and the possible environmental hazards of offshore production. Environmental protection is rarely discussed, and many policies lack proper implementation. The tax system barely takes environmental issues into account. As long as economic challenges exist, this picture will not change fundamentally. The relative success of tourism and the interest of visitors in a clean environment have at least increased environmental awareness in some areas. Until awareness is further heightened, it will probably be the donor community’s task to act as an advocate for environmental sustainability, as well as that of NGOs dealing with the matter. The fact that the government has, together with private investors invested heavily in hydroelectric power has less to do with environmental concern than with the relative abundance of waterpower. Efforts to utilize natural gas for energy production have also increased. At the same time, vehicular pollution in major cities has worsened considerably, as the emerging middle class acquire vehicles. On the positive side, progress has been made with regard to the availability of clean drinking water and sanitation issues, especially in urban areas. In the Environmental Performance Index (EPI) 2020, Ghana ranked 168 out of 180 countries, a decrease over previous years, as it has scored 27.6 out of 100 (the higher the score, the better the situation). Over the last ten years, the scores for wetland loss, CO2 growth and black carbon growth have deteriorated, while the scores for grassland loss, SO2 and NOx growth have improved. Good results have been achieved in sanitation and drinking water.
Ghana is trying to improve its education system despite all budgetary constraints and institutional shortcomings. The latest step in this endeavor is to make public secondary schools free of charge, therefore offering the full range of education up to the university for all pupils without economic restriction. This has and will continue to cause shortcomings in teacher training and staffing especially in marginalized areas – and will provide challenges for teaching quality as the influx of pupils in an ever-growing population is putting considerable strain on the system. This can only be partially compensated by the expanding sector of private educational institutions.

For the U.N. Education Index, Ghana scores 0.563 as of 2020. The gross enrollment ratio for primary education remains steadily above 100% (because of significant late enrollments from older age cohorts), while for secondary schools, it has been around 70%. Although there is no current data available, free secondary education implementation in 2018 has changed this picture significantly. The government had to run a shift system to absorb the number of students seeking admission to educational institutions. Tertiary education has become more accessible. The government has constructed more universities or upgraded other institutions to university standard. Students also have options now; they can decide to attend private tertiary institutions although those are generally expensive.

Ghanaians with the means to study abroad generally do, especially for masters and PhD degrees. With some exceptions in the areas of agriculture and mining, research and development (R&D) exist only at a very basic level. In 2010, R&D expenditures made up 0.4% of GDP. Experts working in the most productive and technically advanced areas of the economy are generally trained abroad.

Government expenditure for education hovers around 5% to 6% of GDP and normally a little less than 20% to 30% of the overall budget, therefore constituting a large share. Around a third of the education budget goes into primary education, another third into the two tiers of secondary education (junior and senior), a very small percentage into technical and vocational education (around 1%), and the rest into the tertiary system. Teachers enjoy regular pay rises. Though especially in primary education, salaries are still very low, and postings in rural areas highly unattractive for young teachers without extra allowances. Aside from salaries, many schools still lack proper equipment and materials, a situation especially serious in the area of vocational training and in some institutions of higher education. Literacy rate in 2018 was about 79%, according to the World Bank. This percentage is expected to improve due to the implementation of the Free Senior High School policy which started in 2017. Vocational training remains the weakest part of the education system, with a lot of informal and uncertified training. Current efforts by donors and the government are focusing on combining informal and formal vocational education to slowly formalize skills and training.
Governance

I. Level of Difficulty

Ghana shares some of the structural constraints of other African countries, with minimal success in overcoming some of these challenges. Its potential in doing so is closely connected to its economic development and the effectiveness of governance, which continues to have deficiencies. While neither geographical location nor lack of natural resources form an impediment to management, one of the major problems that Ghana faces is persistent abject poverty throughout the country: 30.1% of Ghanaians live on less than $3.20 a day, with the northern regions disproportionately affected. According to the World Bank, multidimensional poverty for Ghana in 2018 (latest) was at 47.8%. Much of the problem is rooted in educational deficiencies, which result in a poorly trained workforce, and a social system that is both underfunded and challenged with an ever-growing population.

The COVID-19 crisis has also aggravated some of the struggles and difficulties the country faces. The Ghana Health Services has indicated that its staff has to work longer hours with limited resources, and to divert more resources, and attention to COVID-19 patients. This has had severe effects on providing health care, especially to other non-COVID-19 patients. The country is also projected to lose at least $1.6 billion as a result of the pandemic.

Administrative inertia and corruption form another cluster of structural constraints. Administrative reform is highly politicized as the government provides the bulk of employment in the formal sector. However, future reforms will likely be hampered by the lack of efficient and effective institutions to fully implement sound policy changes. and the need to keep a significant part of the electorate happy, especially before elections. Ghanaian infrastructure remains largely insufficient. Some efforts have been made to stabilize the energy supply and improve transportation infrastructure (railway), but such capital-intensive projects face several constraints and are limited to urban areas.
Ghana is a country with a relatively well-grounded tradition of civil society, enhanced and supported by both donor assistance as well as a regulatory framework and political culture that allow freedom of organization and expression. Current estimates indicate that there are about 33,000 civil society organizations in the country. Still, the politicization of civil society in connection to a bipolar political system concentrated on two major parties has increased. With strong traditions in self-help and communal support systems, CSOs often find fertile ground for their activities, although more modern groups – that address more complex political issues – are concentrated in urban areas. Civil society groups are outspoken and well trained in using the media to voice their opinions and interact with the government. Still, some are used as instruments of political party interests, and others are merely agencies to channel foreign aid into the country, causing disappointment in their performance, especially in poverty-stricken areas. Therefore, it is not always easy to differentiate “independent” NGOs from those with strong affiliations to a political party and/or a leading politician. In some areas – like health – responsible ministries are actively engaging NGOs in pursuing their goals, including direct delivery of services, exemplifying a good relationship between public and non-public actors. NGOs have played and continue to play an important role in the election process, especially in monitoring elections. In summary, the development of civil society can be regarded as positive. With the obvious lack of trust of a majority of the population in the performance of state institutions, as detailed in Afrobometer’s surveys, CSOs will increasingly be regarded as a viable alternative and should be able to improve their role in the Ghanaian society even further if they manage to deliver on their promises. For this, capacity-building as well as addressing the sometimes precarious funding situation remains a challenge.

Generally, Ghana is not a country of intense and violent ethnic and political conflicts, and this is also the case for the period under review. The social fabric of society and the coercive power of government institutions are strong enough to maintain a certain equilibrium for effectively preventing political or ethnic violence a good part of the time. The National Peace Council, various religious bodies and traditional leaders have all played key roles in promoting and maintaining peaceful co-existence. Outbursts of violence occur, although rarely. The country is clearly split into religious and ethnic groups, although the ethnic card has not been played as strongly as in other African countries. While conflicts persist and can be exploited for political means – something which will continue in the foreseeable future – they do not occur frequently enough to undermine day-to-day life in Ghana.

The major potential conflict remains the dichotomy between the northern and southern regions, influenced by religious and economic differences, which can potentially be exploited. While religious conflict, especially between the Muslim and Christian communities, is not a regular feature of Ghanaian society, the aggravating influence of economic challenges carries the danger of spillovers. In
addition, the government must be vigilant in monitoring potential influences from less stable neighboring countries. The permanent infighting in the two major political parties and their potential to split into many factions remain a potential source of conflict in future. It is difficult to maintain party discipline and instances of intra-party violence and disagreements have been recorded.

II. Governance Performance

14 | Steering Capability

Like many countries, Ghana does not lack good plans, concepts and strategies, but faces challenges in implementation. Fortunately, because of its close cooperation with the donor community, exemplified by the Extended Credit Facility and Rapid Credit Facility agreements with the IMF in 2017 and 2020, respectively, the government has pursued a pragmatic course regarding the delivery aspects of political planning. This has been intermittently disturbed by the dishing out of election presents, especially before the IMF agreement. Prioritization of goals has been a continuous challenge as the president is forced to adjust to external circumstances, on the one hand, and demands by his own party on the other. It is to be expected that the government will continue to rely on donor support in order to accomplish certain development goals. Prior to the IMF cooperation, there was no long-term plan for a national debt policy. Some reforms – like in the public service or in the banking sector – have gone well so far. In any case, the government is pursuing its goals within the limits of constitutional law.

One of the government’s strategic objectives is to make Ghana a tourism hub in Africa. This objective led to the drive to encourage the African diaspora, especially African Americans, to visit Ghana and possibly make it their “home” as part of the Year of Return, which started in 2019 and was expected to be an annual event. However, due to the global restrictions on travel related to the COVID-19 pandemic, the tourism industry has taken a dip. Although no data are available yet, travel to Ghana in 2020-2021 is unlikely to match the one million tourists in the previous year.

Gaining and organizing expertise is an ongoing challenge. Among other factors, Ghana is not producing the necessary manpower needed for national development. Most skilled experts migrate to other countries, and tertiary education is hampered by quality problems and barriers to access. The government has to rely on external advice in many cases, either provided by the donor community or purchased at great expense. Strategic planning units in ministries and parastatals are chronically understaffed or underqualified and not always up to the task, as has been shown by
the continuous inability of relevant ministries to develop practical and achievable strategic plans. In instances where attempts have been made to develop a strategic plan, such plans can fail to attract the support of a responsible minister and therefore remain little more than paperwork. Agenda-setting and strategic planning are determined by powerful individuals, who often fail to follow up and implement such plans.

Efficiency in implementation is hampered by a relatively inefficient and in some areas, bloated administrative system with serious challenges in expertise and dedication. Generally, systems of implementation feature five major challenges: 1) lack of a clear legislative and regulatory framework for a number of administrative tasks; 2) limited autonomy and authority of executing agencies to react to unforeseen challenges; 3) insufficient risk management measures; 4) weak managerial capacity; and 5) high overhead costs.

The CPIA Quality of Public Administration rating shows Ghana at 3.5 in 2019 (with a maximum of 6), only slightly above the African average. In areas where successive governments wielded their full political will – such as education – long-term goals have been implemented with considerable success, but not always based on a strategic planning process that encourages operationalization, often more in order to score political points. The government’s Free Senior High School program exemplifies this point. The political system is still very much centered on the individual strength, ability and willpower of high-ranking officials and decision-makers. Their individual behavior and priorities significantly influence implementation. Apart from this underlying feature, the effects of capacity development have taken root where donor cooperation has been consistent or where strong economic interest has developed. While the administrative system is still slowed by inertia, change agents can be identified and reform is taking place, although not always at the necessary speed and sometimes stalled once change agents are removed.

The government established a Coronavirus Alleviation Program (CAP) to facilitate economic recovery. It has lowered the cap on the Ghana Stabilization Fund (GSF) from $300 million to $100 million to allow for transfer of excess funds to the CAP. The pandemic also forced the government to reduce its policy rate by 150 basis point to 14% and to drop the regulatory reserves requirement from 10% to 8% to increase supply of credit to the private sector.

In comparison to other African states, Ghana scores relatively well with regard to its ability to implement policies. Corruption fueled by access to “easy money” from resource revenues has developed into a serious problem, especially with regard to politically high-ranking individuals. This has diminished public trust in the government and will have long-term adverse effects on public attitudes toward the democratic system. Efforts by the government to curb this disturbing trend have, so far, not been altogether successful.
Policy learning occurs, but sometimes it is two steps forward and one back, as institutional knowledge is often limited. In 2015, Ghana requested $918 million to help stabilize its economy and implemented strict adherence to its policies. IMF advisers, working with the Ghanaian government, developed a three-part program to restore debt sustainability, strengthen the monetary policy and clean up the banking system. In general, it is still difficult to determine from past experience how many changes and reforms are actually direct consequences of policy learning by the government or a result of external influence or pressure. Generally, the balance has been tilted toward the latter and continues to do so. Having said this, it is apparent that where challenges are identified, public institutions are generally ready and willing to initiate adjustments and to avoid or rectify mistakes of the past, especially in the face of public scrutiny or media attention, as long as such polices do not directly harm any specific socioeconomic group. Here policy formulation is often better than implementation.

At the same time, the recent lack of fiscal discipline shows that past experiences in this area have not resulted in lessons truly learned. There is also little indication that there are institutionalized mechanisms for learning and innovation. The inclusion of academic knowledge in the planning process is visible, although limited, as advice from experts outside the country is preferred in many instances.

On the other hand, the willingness of the government to seek outside help repeatedly, when recognizing that issues have gone out of control, is a sign of willingness to react to mistakes properly. Various ongoing reforms show that the government is generally ready to identify its shortcomings and take steps to improve its policies. Still, as mentioned earlier, Ghana relies significantly on external advice and expertise from development partners in many areas of change management. This is, in itself, not a problem, as employment of this expertise is already an indicator of the general willingness to be innovative. The potential danger is that innovation can be externally driven, and that public institutions only follow along with this external drive, making ownership of change processes at least questionable. This coincides with the relative weakness of strategic planning in some public institutions, and the direct connection between influential individuals and managing change.
15 | Resource Efficiency

The government of Ghana does not make efficient use of all available resources and sometimes misallocates them. If efficiency improves, it can often happen because of outside intervention, as the most recent cooperation with the IMF in 2020 has shown. The lack of progress is mainly due to long bureaucratic delays in implementing policies and a lack of professionalism. The use of resources (material and immaterial) is politicized and can be subject to irrational decision-making. State resources are wasted through corruption and there is a clear lack of customer-oriented service culture, sometimes even in the tourism sector. At the cabinet level, politically motivated dismissals or removals have been evident in the past, especially involving potential contenders for the presidency. Change of government typically entails a reshuffle in the higher echelons of administration as well.

As of September 2020, Ghana’s debt ratio to its gross domestic product was 71%, the highest in the last four years. This was due to three main factors: the havoc caused by the coronavirus pandemic and the cost of cleaning up the banking sector and meeting energy-sector liabilities. This led to abandoning the fiscal rule adopted in 2018 to cap the budget deficit at 5% of GDP in any year. The government plans to cut the deficit to 8.3% of GDP in 2021 and to below 5% of GDP by 2023.

Foreign reserves develop in a volatile fashion, especially as long as the central bank tries to intervene in the market to stabilize the exchange rate. They have not yet reached a healthy level. Despite a central government, the influence of regional and local leaders is still considerable and has been enhanced by a process of decentralization. Still, the allocation of resources from Accra means that the central government maintains a certain degree of control over expenditures at all levels. There has been a serious problem with diversion of funds and the inappropriate use of otherwise designated budget allocations, especially extra-budgetary expenditure, during election periods. Progress in clearing outstanding arrears and diminishing uncontrolled expenditure has since been made. In general, the administrative system is still bloated, as lay-offs are highly unpopular and politically dangerous. Consequently, even well-meaning administrative reforms have only been partially successful.

Once a new government settles in, and with the next elections four years away, policy has been relatively coherent. Policy incoherence is partly due to inbuilt structural problems and divergent political interests, especially due to the regional divisions and those within the ruling party. While competition between ministers and state agencies exists, as in any other democracy, these actors have not seriously blocked policymaking processes when the political will from the center has been strong. The coordination-style is hierarchical and bureaucratic, and quite personalized, focused on the person of the president and his major allies. Some
overlap in responsibilities still exists, especially between ministries, but also between public institutions aligned to certain ministries, as has been shown in the important area of migration policy. An important challenge for Ghana is donor cooperation, which has been partly solved by the multi donor approach employed in the country. To date, the implementation of the 2017 IMF agreement has been done coherently and has not been seriously challenged by internal actors, including the opposition.

Ghana continues to struggle with corruption in the public sector. The country’s anti-corruption policy falls under a number of legal regulations and institutions. In addition to committees of inquiry set up by parliament and the regular work of the auditor-general, the highly important Whistleblower Act of 2006 protects witnesses and informants who reveal corrupt and other criminal practices. In addition, a newly created office of a special prosecutor for corruption has been active since 2018. However, the first office holder resigned in 2020 citing interference political interference from the government and a lack of cooperation in fulfilling his task. An Economic and Organized Crime Office, inaugurated in 2010, provides a specialized police agency with authority to investigate, prosecute, and recover the proceeds of crime, including high-level corruption.

Auditing of state spending is, compared to other African countries, on a quite sophisticated level. However, in recent times, political meddling in the interpretation of results has become evident and safeguards have proven somewhat fragile.

Political parties face serious challenges in financing their organizational structure. They depend heavily on the generosity of party “big wigs” to sustain campaigns and pay the salaries of their leaders. The discussion about registration fees for presidential hopefuls in both the NDC and NPP sheds light on this issue. Fundraising and donations are the major sources of income, and there are no clear public guidelines, nor is there any state-funded financing instrument for political parties.

The transparency of the public procurement system is as questionable as the monitoring of codes of conduct and similar provisions. With the influx of oil revenue, the Public Procurement Act of 2003 has become more important, as it is still one of the most comprehensive legal regulations in Africa with regard to the administration of public tenders, although it is not always implemented to the letter. Scrutiny of the free media has helped to keep officials in check on a certain level, and auditing processes have sometimes led to damning conclusions.

In January 2020, Ghana’s Right to Information law came into effect. The law gives citizens and journalists access to information concerning public offices to hold the government accountable. Still, corruption pervades at all levels of state administration.
16 | Consensus-Building

The political leaders of both big parties have repeatedly voiced their determination to maintain and improve the democratic system of government. All current indicators point to the general acceptance of democracy and the economic principles of the free market. While acceptance of these systems is considerable, economic woes and the relative inability of the state to alleviate the problems have tarnished this image. The biggest danger continues to lie in the areas of corruption and non-performance of state institutions. The Electoral Commission and parliament have come under attack in recent years. If the deterioration of public trust in the government persists, the adherence to democratic values will diminish.

Only those politicians leaning farthest to the leftist traditions of Nkrumahism voice profound criticism with regard to the basic principles of a liberal market economy. These individuals are marginalized, even in clearly outspoken Nkrumahist parties, and have only limited influence in the left wing of the currently ruling NDC. Others representing the smaller parties are marginalized by the dynamics of the two-party system. As liberal reforms and a market-driven approach to generating wealth has in general proven beneficial, the general population is less concerned with the question of whether the market works, but more with the problem that state intervention alleviates discrepancies in the distribution of wealth only on a very limited scale. Dissent, therefore, does exist in some specific areas, especially with respect to privatization of public utilities, the role of foreign investment, the growth of state influence and the expansion of social programs.

Ghana’s democratic experience is almost three decades old. For the most part, extra governmental anti-democratic actors are not a pervasive part of the country’s democratic culture. However, public disillusionment concerning the failure of successive governments to better the lives of citizens and deal effectively with continued economic woes have produced a fertile ground for potential anti-democratic actors, which have, fortunately, not yet surfaced in any organized form. With a large majority of the population (76% according to the 2019 Afrobarometer survey) supporting democracy, political actors must continue to be vigilant in safeguarding the country’s democracy. So far, the government has been able to engage with all important economic actors, despite several persistent problems.

Consensus on the political system and its basic principles is high among the political elite, but has become less so in the general population, although the negative trend has not yet led to any serious crisis. The opposition acts within the constitutional framework. Dissatisfaction is currently channeled either through the courts or by forming new parties, or, in some instances, by political violence of a very limited scale. The election results show that most voters prefer to cast their votes for one of the two important parties (the two parties accounted for 98.4% of votes in the 2020 elections), making opposition candidates outside the two-party system totally irrelevant.
Ghana is a country where cleavages exist and are vulnerable to exploitation, especially with regard to the North-South ethnic division. Most investment is still directed to the relatively developed south, although the country has tried to provide basic services, such as education and health care, to the north with some notable success. Many activities in the north are nevertheless donor driven. While the inclusion of important political leaders from the north remains an active policy, the country’s basic ethnic cleavages are still evident. There was no active encouragement of ethnic and social divisions during the last elections or in daily politics, but politicians exploiting them for electoral gain are discernible. Generally, the previous and the current government did not try to actively exploit cleavages in a clearly visible way. Likewise, the political leaders repeatedly try to reach out to all regions to be elected on a national platform.

At this point in time, cleavage-based conflicts are generally prevented from escalating, but are exploited up to a certain level. The equilibrium maintained is unfortunately not necessarily a stable one and can easily be disturbed if economic problems are not solved permanently. The slight increase in herder conflicts in different parts of the country (Northern and Afram Plains Regions) during the period of observation highlight the fragility of the situation.

Civil society actors are encouraged to participate in agenda-setting and policy formulation up to a certain level, in particular when government wants to display its commitment to transparency or to address certain pressing issues. Civil society is also engaged once it becomes evident that its support is needed to provide necessary services to the population, such as in the health care system. Sometimes, the knowledge of specialized NGOs is used to overcome a lack of expertise in state institutions, especially if they are foreign funded. In the area of education, government has also actively encouraged civil society actors to become stakeholders in the education system in order to accelerate the progress of initiated reforms. However, elected politicians and officials in public administration still show an aloof or even arrogant attitude after elections or try to instrumentalize civil society organizations for their own ends. Cases exist in which criticism or questions by civil society actors are regarded as unwarranted and disrespectful. Generally, though, the political elite has come to accept the role of an active civil society, even if the relationship is sometimes strained. In some instances, politicians actively use civil society organizations for their own means, making it difficult to ascertain the independence of given organizations.
Apart from the alleged crimes committed during Rawlings’ military dictatorship, there are no historic events that might require reconciliation. Rawlings’ past wrongdoing is no longer a “hot potato” in the political discussion as Rawlings’ influence, even within his own party, diminished before his untimely death in 2020. Other political topics dominate the agenda. The overwhelming attitude of Ghanaians, as well as of the political elite, is to allow the past to rest. There is a general consensus that digging up evidence against Rawlings would undermine the peace of the general political situation.

17 | International Cooperation

Without donor support, the government would hardly be able to reach most of its ambitious goals, despite the fact that the official strategy is geared toward achieving a “Ghana beyond aid,” as the current president has described it. The government has therefore continued to rely on the support of international development partners, even if the share of ODA in comparison with other forms of income has shrunk over the years.

The government strategy of reducing hunger and increasing food supply through the Planting for Food and Jobs campaign has received support from World Food Program (WFP). The long-term goal includes an efficient, equitable, resilient and inclusive food system, which will contribute to the reduction of stunted growth and micronutrient deficiencies in the population. Assessing the effectiveness of international assistance can be seen in how the WFP provides technical and policy support to the Ministry of Food and Agriculture to achieve this goal.

While reliance on donor support can be criticized as dependency, the blueprint of international development agreements has helped Ghana to establish and maintain a reputation as a reliable and trustworthy partner in development. This has been proven in recent times by the IMF agreement, which has laid to rest some concerns about the continued fiscal indiscipline of the government. Despite written long-term strategies, short-term decision-making interferes repeatedly, especially when elections are approaching. Road maps exist in the form of a variety of strategic plans, but they are not always followed through and are sometimes victims of political whim.

Ghanaian institutions are not always up to the task of renewing strategic plans and have difficulties in analyzing data and/or generating new data without help from outside. Given Ghana’s role as a model democracy in Africa, deviations and setbacks are tolerated by the donor community and the underpinnings of public policy or rarely called into question.
Despite setbacks with regard to implementation and lapses in political discipline, which occur occasionally, the government is not only interested in international cooperation, but has proven to be a cooperative, constructive and reliable partner in the international arena, if not always a dynamic one. Because of the government’s compliance with IMF policies, specifically the 2015 loan agreement (Extend Credit Facility), in April 2020, the IMF approved the disbursement of $1 billion to be drawn under the Rapid Credit Facility to support the country’s economy against the impacts of COVID-19.

The broad objectives of Ghana’s foreign policy thus include maintaining friendly relations and cooperation with all countries that desire such cooperation, irrespective of ideological considerations, on the basis of mutual respect and noninterference in each other’s internal affairs. Ghana is a critically important peacekeeping partner; it is the fourth largest African peacekeeping contributor nation to multinational peacekeeping operations (PKO) and the tenth largest among all peacekeeping contributing nations (ranked November 2020).

Ghana’s good reputation for democracy and stability has helped to improve the political image of the country in the international arena. The country enjoys good relationships with the Bretton Woods institutions and the donor community as a whole.

Ghana is strident in fulfilling its international obligations, including debt-repayment, and generally adheres to trade agreements and international mediation of conflicts arise. In some cases, the time between signing and ratifying agreements is too long because of concerns over proper implementation, and donor contributions have helped to close that gap, as can be shown with the example of the UN Water Convention.

Ghana’s record in its relations with neighboring countries continues to be for the most part positive. It hosts the headquarters of the African Continental Free Trade Agreement (AfCFTA). At no time during the last two years has the government acted in a threatening way or caused any conflict with its neighbors. Ghana’s relationship with its traditional adversary, Togo, has improved. A conflict with Côte d’Ivoire over maritime borders was resolved in Ghana’s favor by a ruling of the International Tribunal for the Law of the Sea in 2017. Strong ties exist with Nigeria, although the relationship has sometimes been contradictory. Ghana has shown a persistent commitment to the objectives of ECOWAS, but regional integration is not among the highest priorities of the government. Still, Ghana actively supported the community’s effort to restore democratic rule in the Gambia by committing Ghanaian troops to this effort.

Ghana has shown a persistent commitment to the objectives of ECOWAS; regional integration is among the government’s highest priorities. ECOWAS member countries and their citizens are well integrated into Ghanaian society with no
systematic discrimination. Ghana also serves as a hub for landlocked countries like Burkina Faso, Mali and Niger to export and import goods. The country is working with other ECOWAS member states to ensure that the region has a single currency. Ghana actively supported ECOWAS’ effort to restore democratic rule in the Gambia by committing Ghanaian troops to this effort. Currently, Ghana has been at the forefront of mediation talks regarding the ongoing crises in Mali in an effort to ensure peace in the subregion.
Strategic Outlook

Ghana’s strategic challenges in the coming years will continue to be difficult, although compared with other African countries, it has the capacity to do well. While the foundation for growth has been established, Ghana is very much dependent on good governance, an area that is not fully developed. How the government continues to manage the pandemic and its aftereffects will also shape the economy. The consistent lack of fiscal discipline, especially during election seasons, indicates that gains in effectiveness and efficiency can be reversed. The government must manage its revenue effectively to satisfy its citizens and meet the demands of donors and multilateral institutions. The challenge is to renew public trust in the government and devise efficient tools to communicate its achievements. This will help mitigate the perception that the government is underperforming. While democratic governance seems well-rooted in Ghana’s political fabric, it is crucial to ensure that the gains made are consolidated. Events in the subregion, where volatile forms of governments have reemerged, pose a threat to the country’s stability and security. Ghana must maintain a watchful eye over regional security, stability and influence from neighboring counties.

The Ghanaian government has to be vigilant against the temptation of short-term gains through unchecked spending. While it is essential to continue working closely with financial monitoring intuitions such as the World Bank and IMF, the government must look inward and develop homegrown policies with Ghanaian technocrats and the country’s business community. Priority must be given to addressing economic disparities, especially the dichotomies between north-south and rural-urban development. Therefore, sustained efforts must be made to strengthen the planning and implementation capacities of ministries, agencies and institutions. It is also necessary to convince the population of the benefits of democracy and ensure that no anti-democratic actors of significance arise. This can only be done by providing economic benefits.

Regarding security policy, aside from close cooperation within ECOWAS and the African Union (AU), Ghana must invest in its own security apparatus, especially in an effort to ensure effective and easily deployable forces, to avoid spillover effects from regional conflicts and to increase security on its borders. As the COVID-19 pandemic has shown, effective security forces are needed in case of non-military threats.

Although the COVID-19 pandemic has exposed some serious challenges in the general structure of the Ghanaian economy, it has also presented an opportunity to create concrete plans for dealing with future pandemics or crises. As COVID-19 continues to evolve and threaten the lives and livelihoods of Ghanaians, the government has to ramp up efforts to collect, analyze and utilize current data on its citizens and on how to respond to future crises.