

# Ghana

## Beyond the Model Nation Image

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### Abstract

*The IMF and the World Bank have called Ghana a “model nation” regarding the political and economic developments in the country since the late 1980s. At the center-piece of these developments are economic liberalization, institutionalization of multi-party democracy and an improved relationship between Ghana and western donors. Even though these changes have brought some benefits to Ghanaians, this paper utilizes published statistics and evidence to argue that Ghana’s model nation image exaggerates Ghana’s success and hence untenable. First, it overlooks both the perennial social and economic challenges facing average Ghanaians decades after reforms were instituted. Second, Ghana’s on-going development is largely dependent on the inflow of development assistance. If the inflow of Western assistance was to cease, it will be the end of the on-going political and economic reforms in Ghana. The paper asks; why do the IMF and World Bank tout Ghana as a model nation? Also, for whom is Ghana supposed to be a model? The paper speculates that Ghana’s model nation image perception is perhaps part of a hidden agenda by the IMF and World Bank who single out Ghana as a model in an effort to chastise other African nations.*

**Keywords:** Socio-economic Development, Ghanaian Society, Development Assistance, Social Problems

### Introduction

The International Monetary Fund (IMF) and its sister institution, the World Bank (The Bank), look at recent economic and political developments in Ghana and conclude that Ghana is a “model nation”. That perception began in the late 1980s, when the two institutions praised Ghana for leading other West African nations in the vigorous implementation of the Structural Adjustment Program (SAP). One of the first articles entitled, “Ghana: A Success Story” written by World Bank experts appeared in the

Bank's publications of 1989. "Ghana's economic restructuring program in the 1980s was successful and a model to be emulated by her West African neighbors", the article stated. Three years later, the IMF /World Bank Consultative Group noted "with a stable political climate and an average annual GDP growth of nearly five percent over the past ten years, Ghana is poised to lead Africa into a new century of stability and economic prosperity (World Bank, 2005)." Also, Ghana was ranked first in Africa and ninth in the world among economies that had implemented massive reforms to improve on the ease of doing business <sup>3</sup>(World Bank, 2007). Numerous other articles published since the late 1980s have continued to tout the achievement of Ghana, especially the transformation from military dictatorship to constitutional democracy, institutionalization of multi-party democracy, and a rise in per capita economic growth (World Bank, 1999, 2007).

This paper examines the validity of the IMF and World Bank claims regarding Ghana's model nation status. The paper relies on published evidence from independent sources to show that the IMF and World Bank's perception of Ghana as a model nation exaggerates Ghana's success. It argues that that perception is not compatible with the existential conditions in Ghana including poverty levels, inadequate healthcare, gender inequalities, collapsing infrastructure and many other social problems which characterize the daily realities of the average Ghanaian.<sup>4</sup> Moreover, decades after neo-liberal reforms were instituted in Ghana, the domestic economy is still weak, social underdevelopment is widespread and the country is still dependent on foreign aid for meeting budgetary shortfalls. While there are several reasons for disagreeing with Ghana's model nation image, here are four core characteristics of interest. The first and most important of these characteristics is Ghana's chronic economic problems as demonstrated by widespread poverty and low productivity decades after the implementation of reforms. The second is social inequities as demonstrated by gender and regional disparities, inadequate infrastructure, and the prejudicial attitudes towards social minorities. Third is the prevalence of political tensions as demonstrated by low key but persistent ethnic conflicts, and forth and finally, the continued dependency on inadequate foreign assistance. These four core areas will form the basis for challenging the IMF and World Bank's perception of Ghana as a model nation.

The paper's format is as follows. First, it examines the conditions in Ghana in the immediate post-independence era from 1960 to 1979. In the process, it highlights the economic and political instability in order to establish a context for discussing the reforms instituted in Ghana onwards from 1980. Next, the focus turns to reforms in Ghana subsequent to the 1980s, especially the economic restructuring and the return of multiparty democracy that has led to the perception of Ghana as a model nation. The

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3 This disclosure was made by Michael Klein, World Bank and IFC Vice President for Financial and Private Sector Devt. in Accra during the Ghana launch of the Doing Business report for 2007.

4 The term average Ghanaians is used here in reference to the majority of Ghanaians who are peasants, industrial workers, unemployed, teachers, civil servants and all others who struggle to afford the basic necessities of food, shelter, and medicine.

inflow of western aid and initiatives to improve the living conditions of Ghanaians are also discussed. Analysts have referred to these social, economic and political developments as “neo-liberal reforms” (Ayittey, 1998; World Bank, 2005). This is followed by an assessment of the impact of the reforms for the average Ghanaian. Here, the paper rely on evidence from published sources about the chronic economic problems, social inequities, ethnic conflicts and Ghana’s dependency on foreign assistance to show that the IMF and World Bank have exaggerated conditions in Ghana.

## **Understanding Ghana’s Development and “Model Nation” Status**

The IMF and World Bank who call Ghana a model nation have offered various reasons to explain that perception. However, in this analysis, I show how none of the reasons sufficiently reflects the reality of average Ghanaians. Initially, the two institutions claimed that Ghana was a model nation because it was doing better than all her West African neighbors socially, politically and economically (World Bank, 1989). Subsequently, the IMF and World Bank claimed that Ghana was doing better than all Sub-Saharan countries (FAO, 2006<sup>5</sup>). However, African nations that are well governed and are growing steadily, such as South Africa and Botswana are not referred to as model nations. In spite of the different rationales that have been articulated, the IMF and World Bank appear to be stuck with a core set of explanations that I find inadequate.

A popular explanation is in the area of policy success which dwells of perceived impacts. Ghana is said to be a model nation because neo-liberal policies have promoted economic growth, civil liberties and better social conditions for Ghanaians; and that Ghana is on its way to becoming a middle income country. In making this argument the IMF and World Bank point to growth in Ghana’s GDP, inflow of international aid, and the support for multi-party democracy. However, the paper argues that the claims of a Ghanaian political and economic renaissance should be examined not only in the context of the broad trends and development goals touted by the IMF and World Bank, but within the context of the actual consequences of these changes for average Ghanaians; and from how the average Ghanaian sees or experiences the transformations in the society.

There are conditions under which a country can be assumed to be a model for her neighbors. Sociologists employ the concept of “life chances” to measure people’s opportunities to provide themselves with material goods, positive living conditions and favorable life experiences. According to the UNDP, life chances are demonstrated by access to basic needs such as housing, education, and health. That is, for Ghana to be deemed a model nation, average Ghanaians—including millions of peasants who are caught in multi-dimensional poverty, millions of low-wage workers and the unemployed and displaced urbanites—must experience a measurable improvement in their life chances. As significant proportions of Ghanaians at the fringes continue to have lower life chances, it is untenable to view Ghana as a model nation. This framework would be applied towards

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5 This appears in Ghana Review International December 2006.

discussing the situation of average Ghanaians and to question the perception of Ghana as a model nation below.

### **Unstable Political, Economic Socio conditions in Ghana pre-1980**

The view that Ghana is a model nation rests on the evidence of unstable conditions in Ghana prior to, and claims of stability subsequent to the 1980s. By the late 1960s, for most Ghanaians, the hope and anticipation of a stable society in the postcolonial period had turned into despair. This was because Ghana was experiencing chaotic economic conditions and period of protracted political instability. In addition, like other African nations, Ghana had been incorporated into the global economy as producers of raw materials whose prices were fluctuating on the world market (Ayittey, 1998). As an example, in the 1980s, the average price of cocoa Ghana's main export crop, fell from US\$2,300 per ton in July 1987 to \$1,800 in July 1988; it fell again to under \$1,400 per ton in 1989 (World Bank, 1992).

Drastic shortfalls in export earnings created shortages of inputs for industries, schools and Ghana's healthcare system. The movement of cocoa from rural areas to the ports and distribution of agricultural inputs to farmers were hindered by transportation problems (World Bank, 1992). In 1990, Ghana's population was 14.4 million (World Bank, 1992). This served to increase the pressure on existing health and educational institutions. Ghana faced a debt crisis with external debt at US \$1.3 billion in 1980 (World Bank, 1992). During the 1980s, a substantial portion (about 40 %) of Ghana's foreign exchange earnings was consumed by foreign debt servicing (World Bank, 1992). Food shortages often led to queuing for consumer goods such as sugar, rice, milk, soap and flour. The national infrastructure including highways, schools and telecommunication apparatus bequeathed to the nation by the colonial regime had collapsed due to the general lack of maintenance. Generations of Ghanaians were growing up with very little or no basic education.

Politically, Ghana was unstable throughout the 1970-1980 decade. Following the military overthrow of Ghana's first and second republic in 1966 and 1972, the country saw a succession of short-lived regimes. Between January 1972 and June 1979, Ghana was ruled by a series of military regimes: the National Redemption Council (1972-75), the Supreme Military Council I (1975-July 1978) and the Supreme Military Council II (July 1978-79) and Armed Forces Revolutionary Council June-September 1979. These were followed in the next decade or so by a quasi-military system of government under the Provisional National Defense Committee (PNDC), composed of civilian and military leaders that ruled by unconstitutional means, from December 1981 to January 1993. Despite rhetorical statements about socialism and anti-imperialism, these semi/military governments were marked by greed, economic mismanagement and political chaos (Ayittey 1998). The military personnel also terrorized a section of Ghanaian society. In particular, under the PNDC, critics of the harsh economic conditions such as the Association of Recognized Professional Bodies, University Teachers Association (UTAG) and National Union of Ghana

Students (NUGS), previous allies, became targets of abuse, surveillance and military terrorization. The impact of the economic hardships and repression during Ghana's post-independence era explains how the decade set Ghana on a dramatic new course of reforms in the years that followed (Shillington, 1992).

## **Political, Economic and Social Reforms Subsequent to the 1980s**

Beginning from the 1980s decade, concerns about the political and economic instability and the growing gap between rich and poor nations fuelled new concerns that the world's poorest nations in Africa were being left even behind. These new concerns ushered in reforms and re-invigoration of foreign assistance that served as a foundation for neo-liberal reforms in Ghana. As shown below, the reforms necessitated a new form of governance, economic liberalization and efforts to improve the objective living conditions of Ghanaians. The IMF and World Bank maintain that the reforms have been successful, and that Ghana is a model nation; the paper disputes the validity of that label.

### ***Political Reforms***

Ghana has made remarkable strides in the political sphere since the 1990s. A multi-party democracy has thrived in Ghana since 1992. In 1993, J.J. Rawlings effected a peaceful transition from military ruler to become the elected president of Ghana's fourth Republic. Since then the majority and minority parties have worked together in Ghana's parliament to enhance democracy in the country. In 2000, the National Patriotic Party (NPP) came to power under a democratic constitution that guaranteed fundamental human rights, independence of the media and the rule of law. The National Democratic Party (NDC) was the opposition party and they served as a check on the activities of the NPP<sup>6</sup>. In December 2009, Ghanaians elected the NDC and its leader John Atta Mills, to lead the country for the next four years. Not only is freedom of speech guaranteed to average Ghanaians, it is also freely exercised by average Ghanaians on the myriads of FM stations across the country daily. A key aspect of Ghana's constitution is the concept of power-sharing between a president, unicameral parliament, a council of state and an independent judiciary.

Civilian oversight bodies including the Committee of Human Rights Administration and Justice (CHRAJ), and the Ghana Centre for Democratic Development (GCDD) have been established to protect the rights of average Ghanaians. Moreover, Ghana is a supporter of the African Peer Review Mechanism (APRM) which assists participating countries to assess the performance of their governance institutions and to work toward achieving the following bench marks of good governance: democratic elections, decentralization, the rule of law and the general respect for human rights especially of religions, minority groups and the media. Ghana completed the first review in 2005 with high commendation from the APRM committee for making progress on all the benchmarks (Ghana News

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6 The NPP had been in power while the NDC had been in opposition 2000-2008.

Agency 2006). In February 2011, President John Evans Atta Mills stated that Ghana is ready for the second APRM<sup>7</sup>. Overall the political reforms have created a solid foundation for stability, a deepening democracy and good political governance in Ghana.

## **Economic Reforms**

In 1983, the PNDC regime began a recovery program as part of an IMF's economic restructuring program. World Bank loans in excess of \$2 billion, including \$1 billion for adjustment operations, supported Ghana's economy for the following thirteen years (Ayittey, 2004). Ghana's GDP growth averaged over three percent a year following the implementation of the program. Yet, the plummeting negative growth of the 1970s had left its mark; throughout the 1990s per capita income remained at \$390 (World Bank, 2000).

Since the 1990s, the governments of Ghana have been keen on modernizing agriculture through improved irrigation, storage and marketing facilities. As part of this effort, in 2000, over 1,000 tractors were imported from USA and sold to key foodstuff growers at subsidized prices. Technical assistance such as mass spraying had led to a significant rise in the annual cocoa yield from 500,000 tons in 1994 to over 700,000 tons in 2005 (State of the Nation, 2006). In 1994, the existing Ghana's Investment Promotion Act was amended to permit foreign investors to establish enterprises such as hydropower projects, food processing, production of agro chemicals, pharmaceutical and information technology. The revised policy offered foreign investors incentives towards doing business in Ghana, particularly the right to repatriate their profits (Ghana Government, 1994). This led to a significant inflow of US investments to Ghana including Coca Cola \$19 million in 1995, Heinz \$20 million in 1995 for canning tuna through its Star-Kist subsidiary, and Coleman \$23 million in 1998 in freshwater fish farming. Other foreign investors in Ghana included international conglomerates such as Caterpillar, Unilever, IBM, Deloitte and Touché, AT&T, 3M, Motorola, National Cash Register, Eveready Battery and more (Ghana Government, 2006).

Following the liberalization of the mining industry in 1987, investors from the USA, Canada, Australia, Britain and South Africa took over underperforming state owned mines and also opened new mines (Ghana Government, 1994). Incentives were given to these foreign investors including exemption from paying duties on imported equipment and the right to own any business in Ghana outright (Ghana Government 1994). Among Ghana's new investors included Newmont Ghana Gold Limited, Golden Star Resources Ltd and Goldfields Ltd. These were an addition to AngloGold Ashanti Ltd which has been in Ghana for decades. It is estimated that the three largest mining companies—Newmont, Golden Star and AngloGold have invested over \$3 billion towards their mining operation in Ghana (State of the Nation, 2006). Mining has now emerged as a leading contributor of export

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7 The President made the announcement at the APRM meeting held during the 16th African Union summit in Addis Ababa, Ethiopia (Ghana News Agency Feb 4, 2011).

earnings to Ghana. In 2003, gold replaced cocoa as the Ghana's primary export, while diamonds, aluminum and bauxite also accounted for large part of the country's export (Ghana Government, 2004). Both public and private investment in telecommunication networks in Ghana grew between 1990 and 2003, and laid the foundation for expanded telephone services (Databank, 2001). However, since 2003, the rate of investment has fluctuated.

The economic liberalization policies vigorously pursued by Ghana's successive administration have led to economic growth since 1983. The country's industry sector grew 8% from 2006 to 2010, and the soaring price of gold generated more revenues for investors (Davies, 2011). Ghana's real GDP has seen positive growth since 1983. Inflation which hovered around 120 % percent in the 1980s fell significantly to 21% by 2001 (Presidential Address 2005). Industrial expansion has opened up employment opportunities for Ghanaians outside the traditional agricultural sector (State of the Nation, 2005).

In 2000, Ghana adopted the Millennium Development Goals (MDGs) as its long term minimum development objectives (UNDP, 2000). The goals centered on eight key objectives including eradication of poverty, provision of universal education and promotion of gender equality. Following the adoption of the MDG, foreign aid to Ghana rose 200% in 1999 to 500% in 2005, and Ghana became one of the major recipients of foreign aid in Africa in that period (State of the Nation, 2006). Aid from the Paris club comprising the USA, France, Britain, Germany, Canada and Japan reached an unprecedented level of nearly \$1 billion in 2002 (State of the Nation, 2006).

Ghana also has the potential to accelerate economy-wide growth using oil revenues. The total reserves of Ghana's Jubilee oil field are estimated at between 500-1,500 million barrels and the potential for future government revenues is estimated at around 1-1.5 billion annually (US State Dept, 2010). It is anticipated that the oil industry will contribute around 30% to government income and constitute between 6-9 percent of GDP (Breisinger et al, 2009). The industry has recently begun contributing resources towards Ghana's development<sup>8</sup>. Overall, Ghana has achieved some success in attaining macroeconomic stability and recovery in economic growth since adopting the reforms; nonetheless, as the later section will show, chronic economic problems remain and more needs to be done.

## **Social Sector Reforms**

Since 1982, the governments of Ghana have embarked on several infrastructure projects including improvement of highways and expansion of the electricity grid to rural areas in an effort to improve the quality of life for Ghanaians. In 2001, the NPP-led government opted for the Heavily Indebted and Poor Country (HIPC) program—a World Bank program

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8 The first 5% royalty (US\$31,055,937.86) from oil was paid to the government by on April 13, 2011 (Ghana Oil Watch Wednesday, 04 May 2011 16:37).

that provides relieve to poor countries from their external debt. Four years later the administration announced that HIPC had enabled the government to channel much needed funds from debt repayment towards infrastructural development and poverty alleviation initiatives. Expansion of major highways, including Accra-Aflao, Accra-Yamoransa, and Accra-Kumasi, and Kumasi–Tamale has linked distant points in the country. Construction of feeder roads facilitated the movement of foodstuff to urban markets and exports to the ports. By 2006, a rural electrification program had connected over 2000 communities to the national electricity grid (State of the Nation, 2006). Also, Ghana signed up as a partner in the West Africa Gas Pipeline Company (WAPCO) in order to transport natural gas from Nigeria to Ghanaian consumers. According to WAPCO (2011) its pipeline has been delivering natural gas to major customers in Ghana since April 2009. However it is unclear whether the supply and cost of gas has fallen for Ghanaians as was anticipated by the government<sup>9</sup>.

Since 1995, Ghana’s spending on education has seen a steady rise reaching between 28 and 40% of the annual budget (State of the Nation, 2006). As shown in Table 1 below, this has expanded educational facilities at all levels of education. The country now has 12,630 primary schools, 5,450 junior high schools, 503 senior high schools, 21 colleges, 18 technical institutions, ten diploma-awarding institutions, seven public universities and several private universities. Twenty-one private institutions are also accredited by the National Accreditation Board to award Bachelor’s degrees.

Table 1: Comparative Selected Educational Enrolments

School Type (No.)	1990-91	2005-2007	Change
Primary	9,300	12,130	2,830
Junior High	5,200	6,418	1,218
Senior High <sup>1</sup>	250	503	253
Teacher Training	n/a	21	?
Technical	n/a	18	?
Diploma	n/a	10	?
University	3	7	4

Sources: Ghana Government 2005, US Dept. of State World Fact-book 2005, 2011.

Overall, the series of reforms appear to have engendered positive results for Ghanaian society. According to the PIA Report of 2010, Ghana’s poverty reduction efforts have been

9 In June 2011, the United States Trade and Development Authority (USTDA) granted Ghana a grant to study how to reduce the fuel shortages and supply disruptions plaguing the Ghanaian energy sector. (US Embassy Public Affairs Section June 11, 2011).



so successful that the country “will meet the Millennium Development Goal of halving its poverty rate even before 2015”. These series of social and economic reforms suggest that Ghana is doing well. However, as shown in the following discussion, inequality remains a problem; Ghana’s ability to meet the other MDGs and whether Ghana can be called a model nation are all in question.

## **Taken Together, How has Ghana Performed?**

This section examines the consequences of the economic and social reforms for average Ghanaians decades after the reforms were instituted. The IMF and World Bank claim that the reforms have made Ghana a model for her West African neighbors. The paper does not dispute the fact that the reforms have engendered political, economic and social progress in the post 1980s. What is disputed is the interpretation the progress, especially with regard to Ghana’s model nation status on the basis of what has been achieved so far<sup>10</sup>. It may be imaginative for the IMF and World Bank to perceive Ghana as a model nation based on what has been achieved so far. However, it is untenable, considering as discussed below, Ghana’s chronic economic problems, growing disparities, poverty, foreign aid dependence and simmering ethnic tensions.

### **Chronic Economic problems**

Ghana has reaped some benefits from the reforms instituted since 1983. Nonetheless, key indicators suggest that decades after the reforms, like many of its neighbours, Ghana remains marginalized in the world economy. The number of Ghanaians living below the poverty line is about 28.5% (CIA, 2011). This significant improvement within a decade remains high. Also, Ghana’s per capita income has barely doubled over the past 45 years. Despite the debt cancellations under the HIPC program, the national debt still stands at \$6.48 billion dollars (CIA 2011). “Unemployment is gradually assuming an inexorable position in Ghana,” the APRM (2005) report noted. Moreover, initiatives for job creation, apprenticeship, training and capacity building by corporations are few in number (Social Watch, 2009). At the same time those sub-sectors that would greatly benefit the poor (food crops and livestock, manufacturing, and wholesale and retail trade) have fared badly (APRM, 2005). Aryeetey (2004) argued that although Ghana has seen an upward trend in the level of domestic savings since the dismal levels of the early 1990s, much higher levels are required for any sustained growth in investment.

There are also other indicators that can challenge Ghana’s model nation image. Ghana’s economic growth of about 4-5% per annum is far short of the 8% predicted in Ghana’s Vision 2020, and of what the GPRS envisaged as necessary for lifting the country from

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10 In his address to the Royal Institute of International Affairs in London in March 2009, President Atta Mills noted that “Ghana’s economy was facing worrisome challenges, adding that the “economic downturn will result in very, very serious repercussions for our economy” (quoted in Social Watch 2009).

the poverty trap. In part this stems from the fact that there has been little success in either raising agricultural productivity or advancing general industrialization of the economy. Given the large share of agriculture in GDP, Ghana needs a green revolution type of agricultural growth as a main driver in order to achieve the projected growth rates (Breisinger, 2007). However, the annual budget allocation is about 8%; this is insufficient leading to shortages of inputs and dependency on food imports (Social Watch, 2010). As manufacturers set up industries in Ghana they found out that the poor nature of the domestic infrastructure and the general business environment tend to increase the cost of doing business in Ghana; while supply of energy remains unreliable and electrical brownouts remain a chronic problem. Many of the industries have high import and capital intensities and relatively low domestic value added (APRM, 2005). Hence Ghana's industries cannot compete with cheaper imports (Aryeetey, 2004). These problems have led to a decline in industrial growth in Ghana.

Ghana opened its mining sector to foreign investors in the 1980s, decades later the real contribution of the sector is questionable. Even though the sector has been beneficial to Ghana with respect to technology transfer and revenues, however, there are several areas of concern. Ghana only receives royalty of between 3 to 5 percent; this is low by world standards and also relative to the cost to the environment (Aryeetey, 2004). In 2010, gold mining companies earned about US \$2.1 billion in profits, while Ghana raked in just \$130 million in royalties (Yeboah, 2011). Ghana also loses revenue (36million Euros between 2007 and 2009) as a result of tax evasion and underreporting of earnings<sup>11</sup>. Aryeetey (2004) noted that employment generation by Ghana's mining sector has been weak after reforms in the sector. He noted that available data suggests that total direct employment in the mines decreased from 22,500 in 1995 to 14,300 in 2002. The specialized skills required in the mining sector are frequently recruited outside Ghana (Aryeetey, 2004); leaving the mining communities with mainly unskilled jobs with relatively low returns. Legislation protecting the environment is weak and penalties for environmental degradation by mining companies is outdated and not in line with current trends of inflation (APRM, 2005). Discontent in many mining communities over royalties' distribution, land use, resettlement and the survival of small-scale mines have become a constant concern in Ghana; this is the opposite of what Ghana expected.

Ghana's new oil sector provide new opportunities for accelerating growth, however as argued by Bresinger et al (2009) several challenges remain. It will require fiscal rules such as controlled government spending, and the creation of an oil fund to support the nation's budget while, at the same time, building up buffers for future shocks to foreign exchange inflows. Even though the Ghana government has proposed to establish a permanent income fund, the details of the plan regarding what proportion to save and what proportion to spend have not been declared (Bresinger et al, 2009). Also, the public consultation process on the oil fund is limited. In short decades after neo-liberal reforms

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11 DanWatch and Concord (2010) Golden Profits on Ghana's Expense – An example of incoherence in EU policy” Report released in Copenhagen May 26, 2010

were adopted in Ghana, some gains have been made, yet the domestic economy remains seriously fragile; this is not a good model for others to follow.

## Social Inequities

As noted in the previous section, Ghana has made efforts to address social underdevelopment. However, the evidence from a sweep of literature suggests acute problems in key sectors of Ghanaian society. The paper maintains that this challenges Ghana's model nation perception. Here is a summary of some key social indicators. The country is low on the UN Human Development Index, ranking 130 out of 168 countries in 2010 (UNDP, 2010); a drop from 129 in 2003. Ghana imports 40% of its food; at the same about two million Ghanaians are food insecure (UN/WFP, 2009). While the National Health Insurance Scheme has increased access to primary health care, the sector is still plagued by congestion, shortage of drugs and high maternal mortality rates (Social Watch, 2010). Ghana has only 1,439 health care facilities and 1,500 doctors for a population of 22 million (Social Watch, 2010). These patterns are consistent with underdevelopment and cannot be a model for any nation.

A World Bank (2011) Report on education conceded that Ghana has failed to hire enough qualified teachers to keep up with the rapid expansion of enrollments and has had to rely on many new teachers without training<sup>12</sup>. The Report notes that Ghana now lags behind the Sub-Saharan average of 85% trained teachers. Investment in information technology in Ghanaian schools is so abysmal that it continues to hamper computer literacy among even university students<sup>13</sup>. Access to universities and colleges has reached the maximum capacity with the available infrastructure (US State Dept, 2010). As discussed below, the impact of these challenges is uneven; gender and geographical location contributes independently to social inequities in Ghana.

Decades after neo-liberal reforms were instituted Ghanaian women remain vulnerable to poverty because they are precariously employed and most have only a basic level of schooling (Social Watch, 2005). The APRM (2005) report raised gender issues such as stereotyping and discrimination against women. It noted that in many cases, female workers earn less than their male counterparts do since there is no equal pay for equal work. Additionally, the top echelons of corporate Ghana are dominated by males; women work mainly as junior office staff with little room for advancement (APRM, 2005). Women are driven to petty trading because sexism has excluded them from most areas of employment (Social Watch, 2009). The gender parity index in tertiary education has been stagnating and has even declined in recent years, dipping to 0.49 in academic year 2007/08 (World Bank, 2011). Adult literacy rate for men is 80%, but 69% for females (PIA,

12 Education spending increased significantly, from 4.7% of GDP in 2002 to 10.6% in 2006, however the proportion dropped to 8.4% in 2009 (Social Watch Report 2010).

13 Professor Jophus Anamuah-Mensah, the vice chancellor of the University of Education in Winneba—commenting on the state of education in Ghana as part of the activities marking Ghana's 50<sup>th</sup> independence anniversary.

2010). The trend towards egalitarian male-female relationships is slow; as the tenacious institutionalized disadvantages and inequalities created by Ghanaian traditions continue to hinder the advancement of Ghanaian women.

The myth of Ghana's model nation image is also obvious from the profound economic inequalities that have accompanied the neo-liberal reforms. Ghana's paradox is that a small but a new class of Ghanaians has moved up economically but a large number of people also live in abject poverty (Hutchful, 2002). Ghana's new class includes the executives of multi-national corporations, and a small group of Ghanaian professionals (such as physicians, lawyers), business-owners, politicians, and state and local officials. Some have attained their positions through achievement. On the other hand, allegations that some of Ghana's new class made their money through corruption are rampant (see Ghanaweb.com 2006, 2007; APRM, 2005).

While Ghana's new class are doing well, average Ghanaians who work as teachers, public servants and nurses can hardly afford the skyrocketing cost of food, shelter and electricity. Then there are also millions of Ghanaians who are either unemployed or work as unskilled laborers who can barely maintain even a poverty level income. Those with families struggle to keep their households together on incomes of less than a few dollars a day. They are among those who often feel the brutal impact of Ghana's economic downturns, inflation, and high unemployment. Ghana's poor are also dying from HIV/AIDS and tuberculosis (GSS, 2007). Available data suggests that HIV/AIDS prevalence rate rose from 2.9 in 2001 to 3.1 in 2004. Tuberculosis detection rate per 100,000 populations continued to fluctuate around 58.4% with a cure rate of 61% in 2003 (GSS, 2007). Hence, there is tremendous amount of disillusionment and despair among average Ghanaians who see fewer possibilities of breaking out of their economic and social deprivation.

The woes of rural dwellers underlines further, the diverging fortunes of average Ghanaians, and Ghana's new classes. Access to electricity in the rural areas is 16%, relative to the urban areas 75%; access to pipe-borne water is estimated at about 71% and 16% for the urban and rural populations respectively (APRM, 2005). In addition, the rural poverty incidence is 39%, compared with 11% in the urban areas (PIA, 2011). Funding for rural schools are marginal, and library and laboratory science resources are not as available to rural children as it is for those in the cities (World Bank, 2011). Social underdevelopment in Ghana has also created north-south dichotomies in poverty. Northern Ghana continues to lag behind the rest of the country in most development indicators including education<sup>14</sup>, healthcare and gender parity (Al-hassan, 2007). Should the current trends continue, by 2015, more than half the population in the Northern, 70% of populations in the Upper East and 67% in the Upper West regions will remain poor, Al-hassan (2007) noted.

In spite of the public claims of respect for human rights, homosexuals in Ghana have been objects of discrimination, and their life chances when compared with other Ghanaians

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14 The Northern region presents the lowest ratio of girls to boys in primary school (World Bank 2011).

are circumscribed. The negative attitude towards homosexuals became evident when in September 2006, the Ghana government invoked the “unnatural canal knowledge clause” to ban a gay and lesbian conference for fear it would encourage homosexuality and undermine the country’s culture and morality. Following the government’s action, condemnation of homosexuality as a “disease” imported from the West within Ghanaian society surged (Ghanaweb.com 2006). Ghanaian churches and religious sects openly reject homosexuality as a sin and immoral. Hence Ghanaian society through the law, traditional beliefs, and religion deny homosexuals human rights protection, and also stigmatizes homosexuals as despicable. In short, in spite of reforms instituted since the 1980s, Ghana depicts worrisome features of underdevelopment including poor healthcare, chronic poverty, regional and gender disparities in access to social and economic opportunities. Is this a good model for anyone? No, these are symptoms of social underdevelopment that are not worthy of emulation by any other nation.

### **Ethnic Tensions and Conflict**

Since the 1960s, Ghana has experienced ethnic violence that has led to loss of life and property. This challenges the common view of Ghana as a peaceful country, exempt from ethnic conflicts.<sup>15</sup> Disputes over land and water, along with the quest for empowerment by ethnic minorities<sup>16</sup> have often provided the spark that has ignited ethnic tensions. For example, in February 1994, more than 1,000 persons were killed and 150,000 others displaced in the north-eastern part of Ghana in fighting between the Konkomba, on one side, and the Nanumba, Dagomba, and Gonja, on the other (Ghanaweb.com 2007). The clashes resulted from longstanding grievances over land ownership and the prerogatives of chiefs. Another notable example is the unresolved Dagbon conflict that erupted in 2002 in the northern town of Yendi when the paramount chief of the Dagbon ethnic group was murdered along with 40 of his followers. The Dagbon crisis stemmed from the struggle over Dagomba kingship—a recurrent theme since Ghana obtained independence in 1957, with successive governments siding with either the Abudu or the Andani clan in a complex system of alliances (Nugent, 2004).

Recently, the protracted conflict between the Konkomba and Bimoba in the Northern Region erupted on the 17<sup>th</sup> of September 2007, leaving in its wake three persons dead and many others injured (Daily Graphic September 18, 2007). A number of houses in various communities of the area were burnt and properties running into billions of cedis destroyed and/or looted. The renewed conflict arose from a misunderstanding between a Bimoba and a Konkomba at the Jimbali Market in the district. The situation degenerated

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15 In Aug. 2011, Ghana was ranked as the 42<sup>nd</sup> most peaceful country in the world by on Global Peace Index. The index noted that potential for terrorist acts, level of violence and number of jailed population per 100,000 people is very low. However, corruption perceptions, ease of access to weapons of minor destruction and likelihood of violent demonstrations are relatively high for Ghana.

16 Brukum (1995) has described these conflicts as wars of emancipation, with one group determined to maintain the status quo and the other fighting to overthrow it.

when other people believed to be from the two ethnic groups in contention, mobilized themselves and attacked one another after news went round that their kinsmen were involved in a fight at the market (Daily Graphic September 18, 2007). Considering that these ethnic conflicts in Northern Ghana have been recurrent, and most importantly the ethnic conflicts remain unresolved, it is erroneous to dismiss these ethnic conflicts as insignificant. Nonetheless, as the APRM (2005) noted, effective governance institutions, resilient traditional leaders and increasing support for democracy among average Ghanaians, so far ethnic tensions have played a relatively minor role as a source of instability in Ghana.

### **Dependence on Inadequate Foreign Aid**

Ghana cannot be a poster child of African development since the country is dependent on international aid for even the modest economic growth that the country has experienced. In a 2006 Report, Social Watch maintained that Ghana has long been the darling of the international development community for adopting a series of reforms and also for maintaining macroeconomic stability; “but behind this façade of success lies a record of rising but disruptive and inadequate levels of foreign aid, contrasted by a declining trend in the domestic share of development spending.” Ghana receives about \$500 million dollars annually which is roughly a quarter of Ghana’s annual budget in support of infrastructural development, to make-up for shortfalls in the public budget, and to alleviate poverty among the rural poor (US State Dept, 2011).

There is a strong case why donors should support Ghana. After all Ghana is a poor nation that depends partially on food aid to feed its 22 million citizens. Ghana has very little foreign reserves towards procuring equipment, imported medicine and advanced technology. Perhaps, the strongest justification for the transfer of development assistance is that it represents Ghana’s reward for pursuing liberalized economic and political reforms. For example, President Bush repeatedly noted that Ghana deserves US aid in return for the political and economic freedoms that then NPP government had promoted. Also, international aid to Ghana is often justified by the claim that the donors are supporting democratic reforms in a region replete with political chaos and economic uncertainties.

The justifications offered for supporting Ghana seems convincing, but it does not guarantee that the current level of aid transfer will be sustained over a long run. Westerners have supported democratic regimes when it was thought to advance their interests. Moreover, the democratic reform argument will be gone, should there be any signs of political instability in Ghana. The inflow of aid has been erratic and has largely fallen short of expectations forcing the government to cut back on development expenditures<sup>17</sup> (Social Watch, 2006). To make-up shortfalls, Ghana have been compelled to mobilize resources from domestic sources particularly through taxation, leading to a

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17 In the 2006 budget, central government allocations to rural water provision were cut by about 50%, against the background of reductions in the public debt and budget deficit (Social Watch 2006).

disproportionate burden on women and the poor Social Watch (2006) noted. The erratic nature of the inflow of aid underscores a need for Ghanaian officials to re-evaluate foreign aid granting criteria along with aggressive self-reliant goals. Given that about 25% of budget support comes from donors, should the inflow of assistance cease or dwindle to very low levels it will not only dent economic growth, Ghanaians can expect profound consequences including scarcity of medicines and food. Ghana will not be able to fight AIDS and other killer diseases. Inadequate donor support will reduce funds for the national budget, job creation and wages for a section of Ghanaians. Hence, as noted by Apusigah (2006), the deep concerns about international assistance offer possibilities for rethinking development in very sustainable ways. She adds that a wealth of knowledge that is practically relevant to the African context that has also been nurtured and preserved by indigenous institutions for immediate benefits and posterity, can be harnessed towards community and national development rather than dependency on charity from abroad (Apusigah, 2006).

### **Implications For Other African Nations**

If the domestic economy depicts chronic weakness while signs of social underdevelopment are widespread decades after neo-liberal reforms were instituted in Ghana, why are the IMF and World Bank touting Ghana as a model nation? Perhaps, this is because it serves an important ideological purpose for the IMF and World Bank; a call for commitment to neo-liberal reforms by other African countries. Consequently, the instability in neighboring West Africa nations has been contrasted with Ghana's stability and progress. Other countries are criticized for not progressing just like Ghana. Ghana's success is touted as evidence that African nations that embrace neo-liberal policies can develop. There is the assumption or perhaps the belief that social, economic and political development is a path that is freely open to all African nations. Other African nations can achieve the same success that Ghana has achieved but they have chosen not to. However, this can be a way of blaming poor African nations and placing the responsibility for development on them rather than the exploitation by the West. Hence, the relative success of Ghana can be used to chastise other African nations.

Moreover, the relative peace in Ghana is often contrasted with the ethnic and other forms of instability in West Africa as proof that Ghana is a model for West Africa. However, a more objective approach should begin by understanding the factors behind those conflicts. The perception of Ghana as a model nation appeared at a time of intensified demands by oppressed populations in neighboring West African nations who called attention to their plight and resolution of historical and contemporary injustices towards them. Here are some examples. Since the mid-1990s, the oil and gas producing Niger Delta in Nigeria has experienced continuous violence due to allegations from citizens about corruption and inequities in the distribution of oil resources (Tuschi & Ejibunu, 2007). These citizens have been rejected as rebels for demanding accountability and equity in the distribution of national resources. Clashes between the government and rebel forces

over electoral misconduct since the late 1990s rendered Ivory Coast ungovernable up until 2011. However, the relative stability in Ghana has been touted in contrast to demands by oppressed groups in Nigeria and Ivory Coast for resolution of their predicaments.

Moreover, the basis for the model nation recognition is unclear. As noted in the first part of the paper, some observers have implied that Ghana is doing better than all other West African countries or even most Sub-Saharan countries socially, politically and economically. However, this approach is suspicious since African nations that are doing well politically and economically have not been praised as model nations. Also, those countries within the middle ranges such as Mozambique, Tanzania and Uganda are not doing too badly, no such attribution have been made. At the extreme are countries such as Somalia and Democratic Republic of Congo which have collapsed and do not have any effective administration. These are ineligible for recognition as model nations. Rather, a more productive way to conceptualize developments in Ghana is to view it as a continuous process which is perhaps proceeding faster in Ghana relative to its neighboring countries in Africa. In this respect, one can identify specific thresholds and then compare Ghana and other African nations in terms of where they are.

## **Conclusion**

Comparisons between the social, economic and political conditions in Ghana prior to 1979 and post 1980s have led the IMF and World Bank to call Ghana a model nation. The analyses above depict a different version of Ghana's success story. To crown Ghana a model nation based on the neo-liberal reforms adopted since 1980 decade would seem the obvious answer because of the breadth of political and economic policies that have been instituted, and the encouraging manifestations of domestic economic and political progress. The problem is that these reforms have not ended many of the deep-seated social and economic hurdles facing the average Ghanaian. Decades after the reforms began, and after the IMF and World Bank called Ghana a model nation, to be a Ghanaian does not mean that one is living in a society that is beyond poverty, beyond escalating unemployment, beyond shortages of food and medicine, beyond ethnic-inspired conflicts, and several other symptoms typically associated with underdevelopment.

The alleged "failure" of some West African nations is contrasted with Ghana's success story by the IMF and World Bank. What might appear to some to be comparative analyses of Ghana and other West African nations is perhaps an argument about the quality of life for most Ghanaians, fairness and value system of Ghanaian society. What is not in dispute is that the reforms have generated some gains to Ghana, and also that a segment of Ghanaians have benefited from the recent changes in the country. However, democratization and expansion of governmental institutions have not necessarily translated to an improved quality of life for a large segment of Ghanaians. Relaxation of investment policies such as mining has privileged western mining conglomerates who are extracting Ghana's gold and diamonds at unprecedented levels. At the same



time the economic liberalization policies have engendered the rise of a new class of Ghanaians whose income and quality of life have improved significantly as a result of the reforms. But for average Ghanaians the economic liberalization has not led to any remarkable improvement in their lives. New mining activity has led to social disruption and environmental degradation to the demise of Ghanaians in the mining communities. The economic success of a new class of Ghanaians obscures the poverty and plight of poor farmers in remote parts of the country. As at 2011, peasant farmers in the Upper West and Upper East are as likely to be poverty-stricken and to be living in slums as it was in 1980 when Ghana's new era began. A significant proportion of Ghanaians including rural dwellers, rural-urban migrants have not escaped poverty, but it appears they remain invisible to those touting Ghanaian as a model society. The scars and stains of sexism are still embedded in Ghanaian society.

A critical observation of Ghana's recent development reveals that it is the result of the way in which Ghana has been appendage to the international economic system, and not so much what Ghana has achieved through what Millar, Kendie, Apusigah and Haverkort (2006) have termed "endogenous development strategy." The economic reforms opened Ghana's economy, especially the mining sector, which was previously closed to western investors, to foreign mining companies. In return, Ghana has been rewarded by unprecedented levels of foreign assistance. Without development assistance from the West Ghana's economic liberalization and political development cannot be sustained. It is anticipated that the investments in mining and foreign assistance would create better opportunities for all Ghanaians, but in reality, the developments have accentuated social and economic inequalities in the country.

If the IMF and World Bank are correct in referring to Ghana as a model nation, what would other nations learn from the Ghanaian experience? Ghana has made an impressive, but incomplete transition to democratic statehood and economic recovery from a prolonged period of political instability; but the country is hardly a model for other developing countries. A country that has high levels of poverty, limited domestic resources, and also among an international underclass of states hanging on the fringes of the globalizing economy is not a model for developing nations. Whether Ghana can overcome the multiple social and economic challenges average Ghanaians hinges on real innovative solutions from Ghanaians and not on symbolic labels imposed by the IMF and World Bank.

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