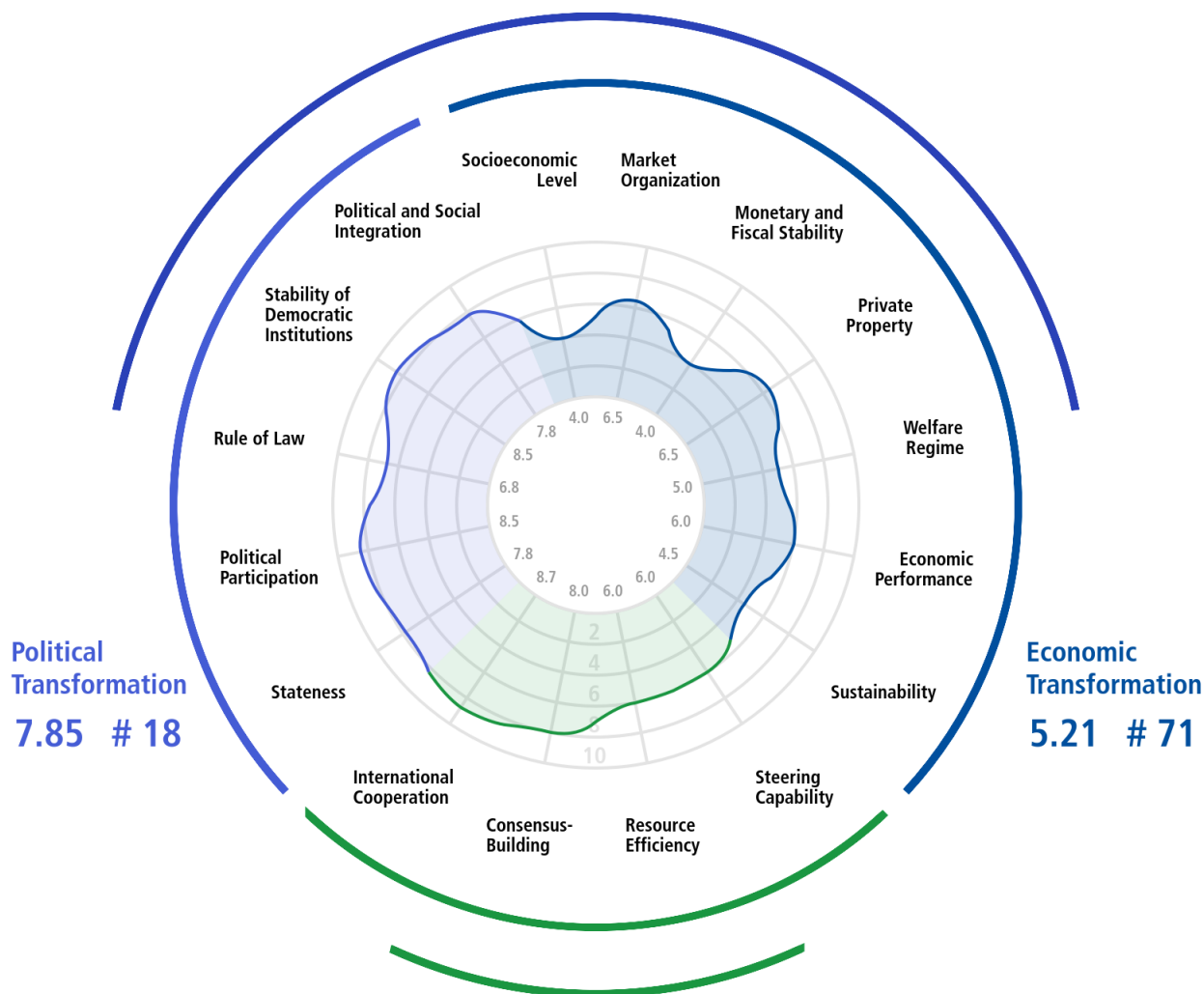


Ghana

Status Index

6.53 # 31

on 1-10 scale out of 137



Political Transformation
7.85 # 18

Economic Transformation
5.21 # 71

Governance Index

6.34 # 17

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2024**. It covers the period from February 1, 2021 to January 31, 2023. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	33.5	HDI	0.632	GDP p.c., PPP \$	6498
Pop. growth ¹	% p.a.	1.9	HDI rank of 189	133	Gini Index	43.5
Life expectancy	years	63.8	UN Education Index	0.612	Poverty ³	% 48.8
Urban population	%	58.6	Gender inequality ²	0.529	Aid per capita \$	37.4

Sources (as of December 2023): The World Bank, World Development Indicators | UNDP, Human Development Report 2021-22. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

The period under review has been challenging for Ghana, both economically and politically. The country is still grappling with the effects of the COVID-19 pandemic as well as those of the Russian invasion of Ukraine. Additionally, the political landscape has been dominated by internal party primaries, several by-elections, and constitutional debates concerning dual citizenship and representation in the country.

The National Democratic Congress (NDC) has re-elected John Mahama as its flagbearer, while the New Patriotic Party (NPP) had yet to hold its elections by the end of the review period. Nonetheless, in a crowded field of candidates, the leading aspirants for the NPP included Vice President Mahamudu Bawumia, former ambassador and trade minister Alan Kyerematen, and businessman and Assin Central parliamentarian Kennedy Agyapong.

The Ghanaian government has returned to the IMF after years of severe economic and financial crisis, as its debt burden is regarded as unsustainable. This decision was necessitated by preexisting vulnerabilities and external factors, including the COVID-19 pandemic, the war in Ukraine, a depreciating currency, declining international reserves, slowing economic activity and high inflation. These factors are expected to have an impact on the upcoming elections next year, making the outcome of the IMF bailout crucial in shaping the outcome of the forthcoming elections.

According to the Ghana Statistical Service, the country's economy grew by 3.1% year-on-year in 2022, compared with a growth rate of 5.1% in 2021. The government has introduced several policies to spur economic growth. The fiscal policies presented in the 2022 Budget Statement are intended to broaden the tax base and increase government revenue in order to finance various government programs, support entrepreneurship, and create jobs to curb unemployment. The effect of these policies on the country's overall growth remains to be seen, since the economy is highly susceptible to external shocks. Ghana's economy is also supported by its diaspora community, the mining sector, agriculture, tourism, oil, nontraditional exports and other sectors.

Systemic challenges, including corruption and economic mismanagement. These issues have deepened inequality in the country, as evident in the standard of living disparities between rural and urban areas and in the northern/southern divide. The government, along with other stakeholders, must develop sustainable policies to address these challenges. In summary, Ghana has strategically positioned itself as an economic hub and a political torchbearer in the region. However, the government and stakeholders must also tackle the country's economic, political and social challenges.

History and Characteristics of Transformation

Ghana is frequently praised as a model of democracy in Africa. Since 1992, it has garnered acclaim from various sources for its democratic credentials. Although it initially faced challenges, Ghana's democracy appears to have solidified after the completion of eight elections, a few of which entailed a transfer of power from incumbent governments to opposition parties.

Ghana has had a troubled pre- and post-independence history and has experimented with various governance mechanisms. This demonstrates that instead of these past upheavals becoming an impediment to the country's growth, they have become a reference point for what is generally perceived as undesirable in Ghanaian society. The excesses of some of the regime types depicted below, and the relative successes of the democratic experiment, have ignited in Ghanaians a certain political consciousness, translating into a collective desire to consolidate sound democratic principles.

Between 1966 and 1992, with the exception of five years (1969 – 1972 and 1979 – 1981), Ghana was governed by various military juntas that had poor human rights records. During the early 1980s, the Provisional National Defense Council (PNDC) regime faced increasing economic difficulties as initial efforts to address the country's economic crisis failed. Consequently, the PNDC abandoned its revolutionary and populist political and economic policies in favor of embracing the neoliberal orthodoxy of the structural adjustment programs (SAP) and economic recovery program (ERP) promoted by international financial institutions – the World Bank and IMF – beginning in April 1983. Ghana's main source of foreign earnings at the time was cocoa exports. However, inadequate agricultural policies, along with a lack of incentives for agricultural production, the excessive exploitation of cocoa farmers and a flawed agricultural pricing policy, all contributed to a significant decline in cocoa production, with totals dropping from 403,000 tons in 1970 to 179,000 tons in 1983. Additionally, state-owned enterprises that were not performing well posed a significant drain on government finances. Following the shift in economic direction, Ghana implemented six reform packages recommended by the IMF between 1983 and 1992, which included the implementation of severe austerity measures.

However, since 1992, Ghana has experienced relative stability under various democratically elected governments. These 30 years of uninterrupted democratic rule are unprecedented in West Africa. Thus, Ghana's accolades as a model of democracy in Africa are justified.

Progress was made in many areas, particularly in the import/export regime, the regulation of economic activities, and the establishment of a thriving stock exchange. The discovery of oil and gas in commercially exploitable quantities also bolstered the economy. However, problems persisted. The banking sector has been a persistent issue for years, and subsequent governments have never successfully controlled inflation. Both issues have been tackled with some vigor, but the banking sector continues to exhibit signs of weakness, and inflation remains a challenge.

Government actions aimed at reducing public debt, supporting the economic recovery process and joining an IMF program have resulted in substantial setbacks, as the measures implemented have been regarded as excessively drastic. The banking sector is currently in turmoil, and Ghana's middle class, which had invested in government bonds, is facing the consequences of government debt restructuring.

Weaknesses in the banking sector and the high dependency on foreign goods have adversely affected exchange rates. The country's dependence on the export of cocoa, and to a lesser extent gold, has left its foreign exchange reserves weak. Dependence on the export of raw materials has lessened due to the emergence of a thriving tourism industry but has increased with the commencement of oil exports. Foreign debt management has raised some questions as liabilities have risen continuously. Corruption and bureaucratic ineptitude remain challenges. Politically motivated overspending, especially during election periods, sometimes eliminates 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 over the use of force, and its authority is not in question. The activities of the minor successionist group, the Western Togoland Restoration Front, which has tried to challenge the state's authority since 2017, have been curtailed by security forces.

Crime remains a concern, particularly in urban areas; however, the general atmosphere generally conveys a sense of overall security. Law enforcement agencies, including the police, tend to lack public trust. According to the Afrobarometer 2022 survey, the police have a poor reputation. Regardless of this perception, the police have managed to establish a certain degree of law and order in most parts of the country. In rural areas, traditional leaders play a key role in maintaining law and order, as the security forces are less visible there. Inadequate police presence has contributed to a surge in armed and highway robberies within some rural communities in recent years. Border control is porous, resulting in a weak migration regime, yet there are currently no border disputes with neighboring countries.

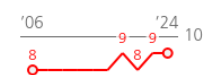
There are increasing concerns about the jihadist threats from neighboring countries. This is coupled with large-scale interethnic conflicts in several communities and an abundance of small arms, which stretches the limited resources of the security agencies.

There are no serious problems regarding the definition of citizenship or who is a Ghanaian, as defined in Chapter 3 of the 1992 constitution. However, some people have difficulty documenting citizenship, and some ethnic groups that straddle Ghana's borders complicate the issue of citizenship. To mitigate some of these shortcomings, the National Identification Authority was established to provide national identity credentials to Ghanaians and foreigners residing in the country. There is no systematic policy of denying certain groups their constitutional rights. Additionally, efforts are underway to streamline citizenship applications for Blacks in the diaspora.

Question
Score

Monopoly on the
use of force

9



1

State identity

9



1

Ghana's state identity is accepted by its population and the international community. Although ethnic nationalism exists in various forms, it does not have a regional or national appeal necessary to fundamentally alter the notion of the Ghanaian nation-state. Periodic ethnic conflicts occur, primarily over land use in settings of traditional leadership and chieftaincy. Additionally, there is an increasing tension between nomadic Fulani herders and local farmers. While there is no state-driven discrimination against specific ethnic groups, the politicization of ethnic loyalties remains a troubling and potentially hazardous aspect of Ghanaian politics. Distinctions between political, socioeconomic and ethnic conflicts are not always clearly delineated.

Ghana's constitution makes a clear distinction between state and religion, although religious beliefs and practices have become part of the state's identity. Chapter 5 of the 1992 constitution grants citizens fundamental human rights, including religious liberty. Ghanaians are free to believe in and practice any religious faith. Consequently, this has led to a proliferation of churches, with the state facing challenges in regulating them. Additionally, Muslims hold influence in the public discourse, expressing their views and presenting constitutional arguments regarding religious freedom issues, such as the wearing of hijabs in Christian schools.

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 drive migration to the megacities of Kumasi, Tema and Accra, creating risks and potential for conflict that can be exploited for political purposes.

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 themselves as a devoutly religious person. Religious dogmas continue to play an important role – at least rhetorically – and politicians must make frequent reference to them in order to be successful, which sometimes leads to divisive speech.

Because of the strong religious beliefs that most Ghanaians hold, discrimination does take place in everyday life and sometimes within state institutions and checks against prejudice do not always function properly. Some liberal political beliefs – such as decriminalizing homosexuality – are viewed unfavorably for religious reasons. Presently, a bill titled Promotion of Proper Human Sexual Rights and Ghanaian Family Values has been introduced in parliament, aiming to explicitly criminalize LGBTQ+ practices.

Although Christians constitute a majority in the country, most Ghanaians strongly oppose the construction of a national cathedral for various reasons.

No interference of religious dogmas

7

'06 '24 10



1

Basic administrative structures exist, but the quality of service delivery varies across the different administrations. The state manages a decentralized system of governance, with administrative functions handled at the district, metropolitan and regional levels. Nevertheless, the national level exerts a strong influence on the local level.

The provision of public services poses a huge challenge for the state. This challenge stems from limited resources and management difficulties. The state alone cannot provide these services at levels that can keep pace with rapid population growth, development and urbanization rates. Attempts have been made to adopt a public-private partnership approach for delivering certain public services, such as water and electricity. However, these attempts have been met with apprehension from citizens, who fear the potential consequences of profit-seeking private-sector entities producing or distributing these essential public goods. As a result, the government remains the primary provider, and citizens continue to encounter difficulties accessing vital public services due to a lack of service facilities or inadequate service quantity or quality.

According to the World Bank World Development Report, only 13.3% of Ghanaians have access to safely managed sanitation, with 23.7% having access to basic sanitation. Indiscriminate waste disposal helps to explain the high incidence of waterborne diseases such as cholera, elephantiasis and malaria.

Additionally, only 44.4% of citizens have access to safely managed water resources, and 85.8% have access to basic water sources. The Ghana Water Company manages the safely managed water resources, but this organization is hampered by a lack of capacity, corruption, inadequate resources and illegal connections to state-managed water lines. This implies that 85.8% of the population relies on streams, rivers, boreholes, rainwater and other non-conventional means. These, and even the state-managed water resources, are increasingly coming under threat due to indiscriminate small-scale artisanal mining, which has polluted the rivers that supply water to many communities.

While the World Bank World Development report of 2022 indicates that 85.9% of citizens have access to electricity, the quality is problematic due to power/load shedding, power fluctuations and high costs.

Efforts to improve service delivery and reduce corruption have included a focus on digitalization and e-platforms. However, these initiatives also face challenges such as a lack of technical competence, insufficient internet connectivity and data, inadequate infrastructure and resources, and insufficient bandwidth.

Challenges experienced by the population in accessing basic services have a direct correlation with health issues. This puts a massive strain on the health sector, which itself faces severe challenges in terms of access and quality.

Basic
administration

6

'06 _____ '24 10



1

2 | Political Participation

Ghana is one of the few African countries with a stable democracy and political participation. Universal adult suffrage, the right to campaign and democratic elections are guaranteed and protected by Chapter 7 of the 1992 constitution, both in practice and in law. There have been no significant violations of the principles of free and fair elections in the past 10 elections from 1996 to 2022. However, there are challenges with regard to election administration and management bodies at all levels, and the outcomes are frequently disputed.

As of the close of the review period, two main political parties were preparing for the next presidential and parliamentary elections in 2024. John Mahama of the National Democratic Congress (NDC), which lost to Nana Akufo-Addo in 2020, will likely lead his party again. The primaries of the New Patriotic Party (NPP) will entail a tough contest among several hopefuls, including Vice President Mahamudu Bawumia, Alan Kyerematen and Kennedy Agyapong.

Despite a hung parliament, in which the house speaker is from the minority, the ruling party seems to get its way with few checks on its power.

The 2020 elections were suspended in the Oti Region's yet-to-be-created Guan Constituency, which includes Santrofi, Akpafu, Likpe and Lolobi, due to the creation of a new region. The electoral commission is still awaiting the determination of a date for this election.

The political structure of Ghana – a unitary state and a presidential system – concentrates significant power within the presidency. The parliament and courts do not hold strong veto power. Officeholders, especially presidential appointees, are subordinate to the president. The elected government enjoys both legitimacy and adequate power to govern, albeit within the limits of a relatively inefficient civil service. The opposition generally accepts the game's rules, although the main opposition party (depending on which party is in power) often accuses the government of electoral fraud and intimidation.

Parliament and the president wield absolute power and are not subject to any outside veto power, except for the normal interdependencies of a developing country – for example, reliance on the goodwill of foreign Western donors. Over the past few decades, the military, which was once a significant force in Ghanaian politics, has progressively lost influence and no longer holds sway over civilian authorities. Nonetheless, according to Afrobarometer surveys, it remains one of the country's trusted institutions. Given that strong economic actors exert some influence over party finances and that adequate resources are necessary for effective campaigning both within and outside of political parties, economic interests have played an increasingly significant role within party politics.

Free and fair elections

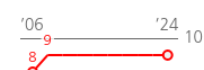
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Effective power to govern

9



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Chapter 4 of the Ghanaian constitution guarantees freedom of association and assembly. In practice, political and civil organizations can meet, organize and campaign for their issues freely without state interference. Freedom to demonstrate exists, and permits are not required for people to demonstrate or hold meetings.

The Political Parties Act of 2000 (Act 574) regulates the formation, registration and operations of political parties in Ghana. No restrictions are imposed on the formation of political parties as long as they satisfy all requirements. New parties are frequently established, although the electoral system discourages the emergence of a third political force. The main obstacle lies in the inability of the various Nkrumahist parties to unite and become a strong party that can challenge the two-party system. In addition to political parties, numerous civil servant groups across the country act as checks, offer alternative policies and complement the government's efforts.

The 1992 constitution guarantees freedom of expression in Ghana, and these laws are generally respected in the country. However, there have been occasions where specific media houses or journalists have been threatened. In other cases, media houses have been boycotted by both state and opposition representatives for their perceived biases in reporting.

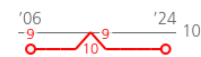
While direct intimidation might not be used, opposition media houses perceived as being oppositional have been accused of violating regulations and have been shut down by the National Communication Authority. For example, in May 2019, opposition radio stations were closed due to perceived regulatory violations. In October 2021, these radio stations were permitted to resume operations, provided they attended a sensitization workshop on the terms and conditions of FM radio broadcasting authorizations.

Although the Right to Information Bill was passed in 2019 after several years, it is difficult to access public information using the law, in part because public officials are opposed to releasing information, and in part because journalists do not understand the rules.

Ghana has witnessed increased political activism on social media, with citizens using the medium to express their opinions, such as with the hashtag #fixthecountry. While no curbs have been placed on social media, the country has seen increased intolerance from the political class regarding social media posts. Internet access is freely available in most urban areas and is increasingly available in some rural parts of the country, depending on the availability of cell towers. According to the most recent data from the World Bank, almost 69% of Ghanaians had access to the internet in 2021, while Freedom House classified the country as partially free in terms of internet freedom. Freedom House classified Ghana as free overall in 2023, giving the government a total score of 80 out of 100 and scores of 34 out of 40 for political rights and 45 out of 60 for civil liberties.

Association / assembly rights

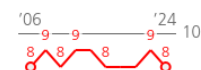
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Freedom of expression

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3 | Rule of Law

In Ghana's presidential system, checks and balances generally prevail, although the executive branch tends to dominate the system, especially if an energetic individual fills the position of president. The inherent "winner takes all" attitude in election campaigns precludes any meaningful cooperation between parties not in a coalition. A dominant parliamentary majority of any governing party causes parliament to be less assertive in scrutinizing the government. The governing majority tends to support the government at all costs, even though party discipline is not an overarching feature of any party. The 8th parliament was expected to scrutinize the government more strongly, because the governing party has no clear majority, and the house speaker is from the opposition party. However, it suffered a similar fate as previous parliaments, even though the minority has blocked specific controversial bills.

The 8th parliament has consolidated democratic governance in Ghana. However, it has also demonstrated the difficulty of cooperation between the two parties. Parliamentary debates have occasionally escalated into violence, as was witnessed on December 21, 2022, when a brawl erupted over the controversial government-backed e-levy proposal.

With the ongoing dissolution of the small Nkrumahist parties, Ghana can now be characterized as a stable two-party system. The obstacles that new parties need to overcome to enter parliament are significant. This is primarily due to the tendency of the public to disregard new parties as inconsequential.

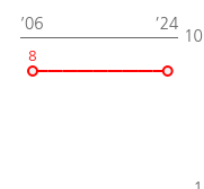
The constitution stipulates that the majority of ministers appointed by the president should come from parliament. This contradicts the separation of powers and checks and balances doctrines. Ministers who are parliamentarians are overburdened and sometimes unable to discharge both duties equitably.

Judicial independence is constitutionally and legally enshrined in Chapter 11 of the 1992 constitution. These traditions were developed as far back as the Rawlings era. The system appears to be stable and well-respected. The Supreme Court has repeatedly intervened in cases where fundamental rights were endangered or procedures were in question, for instance when it allowed additional candidates to participate in the presidential elections in 2016, and blocked attempts to curb the freedom of the press in 2016. In its 2022 rankings, the Rule of Law Index by the World Justice Project ranked Ghana 58th out of 128 countries and 7th in sub-Saharan Africa. While this does not exclude the occurrence of individual cases of corruption or judicial mismanagement, Ghana remains among Africa's highest-ranked countries.

Trust in the judiciary has gradually been eroded due to court actions, lack of capacity and resources, and the public perceptions of these factors. Notably, the frequent "unanimous" decisions pronounced by the Supreme Court in highly charged political and constitutional matters have tended to erode public confidence and respect for the

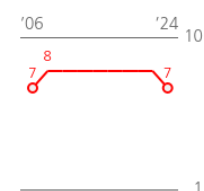
Separation of powers

8



Independent judiciary

7



judiciary. Moreover, corruption, high costs, the slow delivery of justice and other challenges in the judicial service mean that public confidence levels in Ghana's justice system are quite low.

There is no apparent evidence of government meddling in judicial procedures; however, individual politicians continue to use civil libel laws against critical journalists, which remains a problem. Corruption and limited administrative capacity continue to pose the most significant challenges, as demonstrated by unduly lengthy legal procedures and sometimes incomprehensible verdicts. The average citizen finds the cost of going to court too expensive, meaning that only those with financial means can afford legal proceedings. To address some of these shortcomings, automation and fast-track courts have been introduced. Informal arbitration procedures, such as those through traditional rulers or elders, are more easily accessible and still play an important role, particularly in rural areas.

Abuses of power by public officeholders can result in prosecution or penalties for corruption, but the consequences may depend on the individual's political affiliation. It is typical for serving governments to target officials from previous administrations, but they often refrain from prosecuting their own officials while in power.

Various institutions and laws are in place to combat abuse of power, including the Special Prosecutor's office established in 2017 under the Office of the Special Prosecutor Act, 2017 (Act 959). This independent agency is responsible for investigating and prosecuting specific cases of corruption involving public officers, politicians and private individuals. However, the office faces challenges that hinder its effectiveness, such as overlapping and conflicting functions with other state anti-corruption agencies, as well as logistical and technical resource constraints. These factors have led to general dissatisfaction with the OSP's performance, as it has been unable to prosecute enough high-profile cases.

According to the 2022 Afrobarometer report, the government's anti-corruption efforts have a low public approval rating. Most Ghanaians believe that corruption in the country has increased and that the government is doing a poor job of combating it. This sharply contrasts with the positive assessment recorded in the 2017 report.

Ghana has a strong tradition of civil liberties, which are protected by the 1992 constitution. However, significant human rights abuses persist. A notable example occurred in March 2023, when the military brutally attacked the Ashaiman community at dawn in response to the killing of a soldier. This incident has eroded trust in state institutions. According to the Afrobarometer Report of 2022, judges and magistrates rank as the third-least-trusted entity, following the police and government officials. The fact that the police and the courts occupy the first and third positions, respectively, clearly indicates a lack of confidence in the fairness of the justice system.

Prosecution of
office abuse

5

'06 '24 10



1

Civil rights

7

'06 '24 10



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Efforts are also made to protect members of the LGBTQ+ community, women and individuals with disabilities, although some degree of societal discrimination exists. Concerning LGBTQ+ rights, the religious nature of Ghanaian society, combined with the belief that such rights are being imposed by Western nations, presents a significant challenge.

The media closely monitors the government and state agencies regarding civil rights violations. Fundamental human rights are respected, and no systematic policy denies individuals constitutional rights. Instances of police abuse are connected to poor training and challenging work conditions. 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 have fled their homes to live in so-called witch camps to avoid physical harm or even death. 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.

The Commission for Human Rights and Administrative Justice aims to protect and preserve human rights. However, ordinary citizens remain largely unaware of its existence or of its lack of resources.

On a scale of 0 to 10, Ghana’s 2021 Gender Development Index score, according to Statista, was 0.53. This demonstrates that women are not always given the opportunities they deserve to fully realize their potential.

4 | Stability of Democratic Institutions

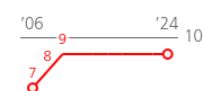
Democratic institutions in Ghana are fully functional and stable. While the president does have vast powers under the constitution, parliament is not merely a forum for discussion. Most parliamentarians take their duties seriously. The legislature has the authority to scrutinize the activities of the executive branch.

Presidents only have control over their parties – and sometimes not even that, as both major parties are divided into various competing factions. The administration’s shortcomings mainly stem from structural issues such as corruption, education and underfunding rather than undue political interference.

Legitimate processes are typically followed, and constitutional regulations are adhered to, although disputes about their implementation and accusations of legal breaches are common. The courts can intervene to prevent undue behavior if necessary.

Performance of democratic institutions

9



The success of democratic institutions in this country heavily depends on the ability of the two major parties, interest groups and civil society to mobilize political interest and public sentiment.

There is a significant level of commitment to democratic procedures and institutions in this country, albeit to varying degrees. For instance, the fact that there have been three peaceful transitions of power through the ballot box – a rarity in Africa – demonstrates the strong commitment of the political elites to democratic institutions. Additionally, court verdicts on electoral disputes have been widely accepted.

However, the Fourth Republic's democratic structure has been discredited due to economic challenges, as the government's promises to provide public goods have not always been fulfilled. There is a strong sense among Ghanaians of disappointment with the current administration, particularly regarding the numerous campaign promises it has not fulfilled.

The legitimacy of democratic institutions has been weakened among the broader population by corruption scandals. The current government does not seem to have answers to these scandals. Most perpetrators associated with the governing party are left unpunished or never investigated.

5 | Political and Social Integration

Ghana has a unique political landscape in Africa, with a tradition of ideology-based political parties. The Fourth Republic has a stable two-party system with a few active third parties. The effectively two-party system was reinforced during the 2016 and 2020 elections, as no third party was able to retain a seat in the parliament.

The two major parties are the governing NPP, which traces its roots to the liberal-conservative colonial-era party, the UGCC (United Gold Coast Convention), and the NDC, which was founded by Jerry Rawlings. Several parties, aligning themselves with Kwame Nkrumah's socialist tradition, have also managed to cling to a few parliamentary seats. While the NPP is based on the liberal-conservative tradition of founders J.B. Danquah, Kofi Abrefa Busia, and S.D. Dombo, the NDC claims its own relationship to Nkrumahism and essentially represents the political vision of its founder – former military dictator Jerry Rawlings. The NDC comprises two parties in one, with a moderate CPP/Nkrumah faction and a more radical left-wing military/Rawlings faction, which makes it challenging to create unified policies.

Both major parties are fragmented, and splinter groups form regularly, but no other party has effectively challenged their dominance. Both parties have ethnic-regional strongholds, evident in all election results and continuing to shape internal party politics. The NPP's stronghold is in the Ashanti region, where it won 71.64% of votes, while the NDC claimed 84.81% in the Volta region. Competition in a few

Commitment to democratic institutions

8



1

Party system

8



1

swing regions is essential for every election outcome. Both parties have also gained support outside their core regions and fiercely compete in areas where neither traditionally claims supremacy. Voter volatility is relatively low, but the two-party and first-past-the-post system means even tiny fluctuations can produce substantial political changes. Clientelism exists but does not pose a significant threat to stability.

The TUC serves as Ghana's primary trade union organization, overseeing 18 affiliated national groups that operate independently but within the TUC's jurisdiction. However, trade unionism has become relatively weak in recent years and only sporadically organizes popular discontent due to the dominance of the informal sector in the economy.

No single interest group holds sway over the government, but the government is responsive to interest groups with significant followings. Generally, these groups cooperate rather than compete – except when they align with political parties or vie for external funding.

Traditional forms of organizing persist in rural areas, with the Regional and National House of Chiefs representing over 32,000 recognized traditional rulers who wield significant influence, particularly in rural Ghana. Religious organizations, especially the growing number of Pentecostal and African Independent Churches, along with their accompanying institutions, play an increasingly vital role in providing essential social services.

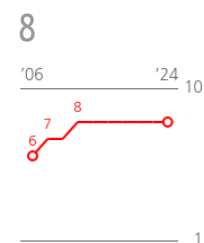
There is widespread acceptance of democratic norms and procedures, even in the face of challenges. Citizens do not think that autocracy, the alternative to democracy, is a viable option.

According to the 2022 Afrobarometer Survey, over 76% of citizens prefer democracy as their preferred form of governance. Moreover, the majority of the population desires an accountable governance system and a responsive government that addresses citizens' needs. Notably, despite facing democratic challenges (with a sizable majority of the population expressing dissatisfaction with democracy's functionality in Ghana), most still favor a democratic system over an autocracy.

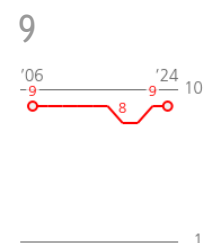
Nevertheless, approval rates for democratic institutions such as the police, parliament, judiciary, executive and other state entities remain low. The Ghana Police Service continues to be cited as the most corrupt state entity, followed by the Office of the President, members of parliament, judges and magistrates. This demonstrates that while the population continues to support democratic structures in the abstract, they have little trust in the existing systems due to corruption, nepotism, inadequate resources and a lack of capacity.

Many citizens say there is widespread corruption in vital public institutions but are afraid of retaliation if they report cases of wrongdoing to the authorities. However, there is a greater level of trust among the general public in the Ghana Armed Forces, as well as in religious and traditional leaders, as compared to the political class.

Interest groups



Approval of democracy

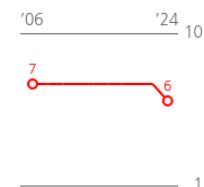


Social capital exists in diverse forms in Ghana. Social networks remain common in Ghana and are valued for their multiple roles. However, social developments and increased heterogeneity seem to have reduced community solidarity in the country. Even though these social groups and organizations exist, there is considerable distrust among citizens because the society is highly polarized along ethnic, religious, political and class lines. The success of social capital in the development process largely depends on macro-level social capital. This requires an enabling socioeconomic environment that is vital for all sectors to function correctly.

Social capital is cultivated within networks at colleges and universities. These have evolved into a robust mobilizing platform for various groups of people. Such groups actively support their alma maters and facilitate interaction and self-help among their members. Accusations have been made that these groups promote nepotism and elitism, thereby becoming a divisive force. Additionally, groups tend to form along ethnic and religious lines. To a significant degree, they operate independently and coexist with formal state structures.

Social capital

6



II. Economic Transformation

6 | Level of Socioeconomic Development

Ghana was ranked 133rd out of 191 countries in the 2021 Human Development Index (HDI), placing the country in the “medium human development” group with a score of 0.632. According to the World Bank, in 2016, 49% of Ghanaians lived below the poverty threshold of \$3.20 (PPP) a day.

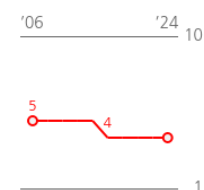
Economic development in general is still unevenly distributed. In 2021, inequality played a large role in diminishing Ghana’s human development score, and the country received a score of 43.5 on the Gini Index in 2016. This high level of inequality is also reflected in regional disparities. The northern part of the country is marginalized, which correlates with the concentration of Muslims living in the north. This is reflected in income inequality and challenges in access to education, while southern Ghana’s infrastructure arrangements are better.

Urbanization, at a rate of 56.7% in 2021 (World Bank), is a significant, ongoing trend. Migration from rural areas to cities such as Accra, Kumasi, Tema and Takoradi, as well as emigration to foreign countries, has significantly increased. This migration can be attributed to the overall economic hardship in the country. The widespread neglect of rural infrastructure in Ghana and the disproportionate concentration of economic benefits in urban areas have expedited 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 standards of living, and finds insufficient health

Question
ScoreSocioeconomic
barriers

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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 multidimensional poverty rates in urban areas (27%) less than half those in rural Ghana (64.6%). According to the report, Ghana has significantly improved in reducing poverty, bringing the overall rate down from 55% of the population in 2011 to about 46% in 2017.

A problematic situation persists regarding gender equality, mainly due to economic and social problems rather than prohibitive laws. In 2021, Ghana's score on the Gender Inequality Index was 0.529, which does not indicate a significant improvement compared to recent years.

Economic indicators		2019	2020	2021	2022
GDP	\$ M	68338.0	70043.1	79156.4	72838.8
GDP growth	%	6.5	0.5	5.4	3.2
Inflation (CPI)	%	7.1	9.9	10.0	31.3
Unemployment	%	3.5	3.8	3.9	3.9
Foreign direct investment	% of GDP	5.7	2.7	3.3	2.0
Export growth	%	12.7	-50.7	69.1	9.4
Import growth	%	15.9	-54.5	113.8	13.0
Current account balance	\$ M	-1864.0	-2134.0	-2541.4	-
Public debt	% of GDP	58.3	72.3	79.2	92.4
External debt	\$ M	27081.6	31871.1	36181.6	-
Total debt service	\$ M	2555.5	2744.8	3230.7	-
Net lending/borrowing	% of GDP	-4.3	-10.9	-	-
Tax revenue	% of GDP	12.0	11.3	-	-
Government consumption	% of GDP	7.0	7.8	9.9	10.0
Public education spending	% of GDP	3.2	3.4	3.4	2.9
Public health spending	% of GDP	1.4	2.0	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.3	0.4	0.4	0.4

Sources (as of December 2023): 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's market structure has consistently been robust, enabling competition and promoting private-sector engagement.

In 2019, Ghana enacted the Companies Act (Act 992), which created the Office of the Registrar of Companies to supervise business registration and regulation. The Office of the Registrar of Companies, tasked with assuming registration responsibilities from the Registrar General's Department in 2021, operates independently. However, progress in implementing the Business Regulatory Reform initiated by the government in 2017 has been lackluster. Market competition suffers due to restricted access to affordable loans and corruption.

Subsidies, particularly for fuel, have substantially decreased, but they still distort the market. Reducing subsidies presents a political challenge due to the fear of losing elections. Ghana's pricing regime is market-oriented and liberal; however, the state remains the primary contractor for private businesses and the largest provider of formal employment. The formal sector, which constitutes less than 10% of total employment, continues to be adversely affected by restrictive labor laws and corruption.

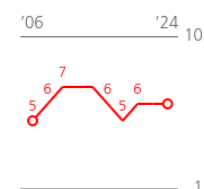
For most urban poor and rural dwellers, the unregulated informal sector remains the primary source of income. Taxing the informal sector, therefore, was the government's objective in passing the Electronic Transfer Levy Act 2022 (Act 1075) and Electronic Transfer Levy (Amendment) Act 2022 (Act 1089). The e-levy imposes a levy of 1% on electronic transfers. The government also aimed to improve tax revenues by tapping into the fast-growing digital financial services sector following reduced revenues due to COVID-19.

Local investors face discrimination, particularly in terms of land use and property ownership, compared to international investors. State-run enterprises, except for a few profitable ones, consume an unequal share of government resources and attention. Private entrepreneurs participate in primary commodity production and trade, with the exception of oil and cocoa, which are subject to significant levels of state control.

Ghana prioritizes foreign direct investment, and the country has experienced a steady increase in foreign direct investment over the years, with totals ranging between \$3 billion and \$4 billion annually. Foreign companies dominate critical sectors such as trade and banking services, which hinders local entrepreneurship.

Market
organization

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In Ghana, there is no general antitrust or competition law that regulates the formation of monopolies or oligopolies. Although a draft bill called the Competition and Fair Trade Practices Bill has been circulating since 2004, it has not yet been passed into law. The only existing legislation in Ghana that mentions “competition” is the 2000 Protection Against Unfair Competition Act. In order to tackle the growing problem of unfair trade and competition practices, Ghana initiated the formulation of a competition policy in 2018, which is currently under review.

Ghana’s absence of competition policy and legislation has led to an increase in unfair trade and competition practices. However, the size and reach of government monopolies have decreased. Despite this, state influence in commercial activities, particularly in cash crop sectors like cocoa, remains significant due to the subsidy system. State-run enterprises continue to play a crucial role in specific economic sectors, mainly utilities.

Foreign direct investment continues to play a significant role in Ghana’s economy, with totals having increased over the years. Foreign companies dominate and play essential roles in banking and the service industry.

Ghana is a member of the ECOWAS regional competition authority, which serves as the regulator of regional competition within the ECOWAS region. The authority’s primary duty is to promote competition in West Africa by regulating restrictive business practices, cartels, mergers and acquisitions that undermine consumer welfare, market efficiency and economic growth in the region.

Some provisions protecting consumers against unwarranted increases in utility prices exist in certain laws, such as the Public Utilities Regulatory Commission Act 538 and the National Communication Authority Act 524. The Public Utilities Regulatory Commission and the National Communication Authority regulate public and private utility providers and act as intermediaries between these providers and consumers.

In Ghana, there is no single regulator primarily responsible for administering consumer protection laws, despite the existence of a Consumer Protection Agency.

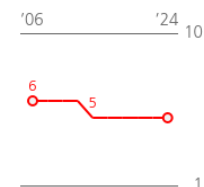
There are other regulators with various mandates, such as the Ghana Standards Authority, established by the Ghana Standards Act 1973. This body is responsible for establishing and promoting standards to ensure that goods and services manufactured or imported into Ghana are of the highest quality and are safe for consumers.

Additionally, the Food and Drugs Authority, established by the Public Health Act 2012, ensures that the food, drugs, cosmetics, herbal and medicinal products manufactured locally or imported are safe for consumer usage.

In the energy sector, consumer interests are protected by the Energy Commission, as established by the Energy Commission Act of 1997.

Competition policy

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Ghana has a high level of market concentration in some sectors of the economy, caused by mergers and state practices. Anticompetitive behavior abounds, with cartel agreements being common. Additionally, there are state monopolies in critical sectors of the economy such as the utility sector. According to the World Bank, lack of access to affordable credit, inadequate power supply and the high cost of utilities are the top constraints on private sector investment in Ghana.

The government of Ghana has been committed to encouraging private sector economic activity. While foreign direct investment has played a vital role in Ghana's economy, the World Investment Report 2020 notes a decrease in the flow of foreign direct investments from \$3 million to \$2.3 million between 2018 and 2019. However, foreign direct investment in the mining and petroleum sectors remains strong.

According to the World Trade Organization (WTO), Ghana's applied most favored nation rate was 12.2% in 2022, with low formal barriers maintained by successive governments. Agriculture and manufacturing are the most protected sectors, but Ghana offers various tax and duty concessions as a means of supporting essential commodities and capital goods. Tariff barriers are gradually decreasing, and this trend is expected to continue given the revenue generated from other sources, such as oil. Recent trade policy reforms have aimed to enhance the competitiveness of export companies and expanding into new export markets, but without resorting to export subsidies. The Ghana Export Promotion Authority implements these policies by offering services to exporters and providing advice. Trade barriers, tariff reductions, and the free movement of goods and people are discussed in subregional agreements within the Economic Community of West African States (ECOWAS).

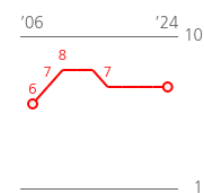
Ghana is a member of the WTO and has signed the ACP-EU Partnership Agreement and the African Continental Free Trade Area Agreement. The country enjoys duty-free access to the U.S. market under the African Growth and Opportunity Act. It has an interim economic partnership agreement with the European Union that grants duty-free and quota-free access to the EU market. Ghana is actively seeking to diversify its economic and trading partnerships, and has entered into several trade agreements with China, which is a crucial development partner.

Ghana still requires licenses for specific products, and certain fees are applied to particular goods. Additionally, there is a relatively high inspection fee for all imports. Short-term bans on imports of specific goods are occasionally implemented to protect local industries, but they often encounter limited success due to the weak border regime and the activity of smugglers. Despite laws governing copyrights, patents and trademarks, intellectual property rights remain weak.

The Ghana International Trade Commission Act 926 of 2016 empowers the Commission to conduct anti-dumping investigations, determine the duration of anti-dumping duties and assess customs valuations of imported goods. Certain pharmaceutical products, secondhand items, LPG cylinders and toxic waste have been subjected to anti-dumping measures.

Liberalization of foreign trade

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The Ghana International Trade Commission was established to regulate international trade in Ghana in accordance with world trade rules. However, local businesses have complained about the lack of protection they receive. Ghana has zero percent tariff quotas and zero percent special safeguards. The gap between the bound and applied most favored nation tariff rates is significant. Ghana's straightforward average final bound rate is 92.0%, while the simple average MFN applied is 12.1%.

Trade liberalization policies have led to an increase in imports in comparison to exports. This impacts economic growth, as export earnings are susceptible to international price volatility. Ghana's export commodities are unprocessed goods of relatively low value.

The banking system in Ghana has been highly problematic in recent years. According to the World Bank, the nonperforming loan rate reached a high of 15.1% in 2021. This, along with other corporate governance issues, contributed to the collapse of several banks. The low level of banking supervision by the central bank has resulted in unethical practices by banks. As a result, people's confidence in the sector has severely diminished, prompting the government to provide financial support to restore its integrity.

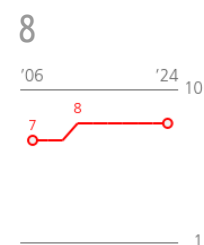
The bank capital-to-assets ratio is 9%, which is quite low. This explains why the banking crisis in the country was so devastating, and why the sector could not withstand the financial downturn.

Nevertheless, Ghana's banking system has undergone rapid growth and significant structural transformation over the last decade, bringing new opportunities and risks. Ongoing reforms to strengthen the regulatory and supervisory framework and financial infrastructures were put in place following the banking crisis five years ago. The vulnerabilities in the banking sector largely reflect the state's large-scale involvement and deficiencies in risk management and supervision.

Foreign-owned banks dominate the financial system, along with a few domestic ones, several of which are state-owned. These state-owned banks have faced performance challenges due to lending practices that prioritize developmental objectives rather than prudential considerations. Stability risks have risen due to high levels of nonperforming loans and undercapitalized banks. Although domestic financial conglomerates are growing, they have not yet established a dominant presence in banking.

Some regulatory and legal frameworks governing the banking sector include the Bank of Ghana Act 2002 (Act 612), the Bank of Ghana (Amendment) Act of 2016 (Act 918), the Banks and Specialized Deposit-Taking Institutions Act of 2016 (Act 930), the Non-Bank Financial Institutions Act of 2008 (Act 774), and the Companies Act of 2019 (Act 992). Act 930 gave the Bank of Ghana increased supervisory powers, even though these have not been implemented in practice.

Banking system



8 | Monetary and fiscal stability

Ghana experienced a very high rate of inflation in 2022. For example, the Ghana Statistical Service announced that the inflation rate for December 2022 rose to 54.1%, up from 50.3% in November 2022. The inflation was attributed to the rapid depreciation of the Ghana cedi against major trading currencies such as the U.S. dollar. The CPI index in 2021 stood at 10.1. According to CEIC data, Ghana's real effective exchange rate was 89.2 in November 2022, compared with 88.2 in the previous month. Bloomberg reported that the cedi finished 2022 as the second-weakest currency on the African continent, losing 38.86% against the U.S. dollar. However, it experienced slight gains in December 2022 due to the government's efforts to stabilize the cedi and reduce prices of commodities such as fuel. These measures were deemed to be temporary and unsustainable. In January 2023, the cedi depreciated further to about 5.1% of the U.S. dollar. At the close of the review period, the government was facing challenges in securing IMF support to stabilize the economy.

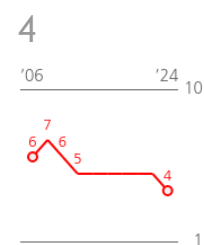
Ghana has monetary and fiscal management structures and policies in place; however, they have been ineffective. The country has a high public debt of about 79.6% of GDP, and external debt was at \$36.1 billion in 2021. This is attributed to reckless borrowing by the government. By the close of the review period, the economy was nearing the point of collapse, forcing the government to seek budgetary support from the IMF. Rising public debt and dwindling reserves make it difficult for the government to meet its budgetary needs or fulfill its fiscal obligations to external and domestic lenders. The country has proposed debt exchange programs for external and domestic bondholders as part of the solutions presented to the IMF. The proposals would include individual bondholders in the domestic debt exchange program.

9 | Private Property

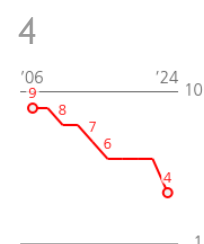
Ghana has a well-established legal framework for property rights based on statutory and customary law. The land tenure system is a pluri-legal system, which means that both statutory and customary law operate simultaneously. About 20% of the land is owned by the state, while traditional authorities govern the remaining 80%. Foreigners, including investors, cannot purchase land in Ghana but can lease it.

Private property rights are generally protected in Ghana, but traditional or communal distribution and usage practices occasionally overshadow private ownership. This is particularly prevalent in rural areas, where access to formal judicial proceedings is limited. 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, which limit access to formal judicial proceedings for those who cannot afford to pay for expensive litigation.

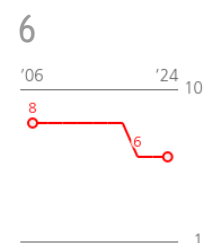
Monetary stability



Fiscal stability



Property rights



In 2003, the Ghanaian government initiated a large-scale reform project intended to establish fair and efficient land registration processes, improve institutional capacity, harmonize statutory and customary law, and improve the land dispute resolution system. As of early 2023, not much success has been achieved, and there is still much work to be done to protect property rights and improve land tenure in Ghana.

Protecting property rights and improving land tenure are crucial tasks for sustainable economic development in Ghana. Although the country has a well-established legal framework for property rights, challenges persist, especially in rural areas. The plural legal system introduces unique challenges, and attempts to reform the land registration and land dispute resolution systems have not yet achieved the desired results. Nevertheless, the Ghanaian government remains committed to prioritizing property rights and land tenure reform. With continuous effort, progress can be made to safeguard these essential rights.

Private companies play a significant role in Ghana's economic policy, with the government continuing to encourage the private sector to contribute to the economy. However, the current government's desire to plan investments through initiatives such as the "one district, one factory" policy shows a limited willingness to defer to market rules. This suggests that while the government recognizes the importance of private sector involvement, it still desires to exert some control over economic planning.

Access to credit remains a significant challenge for small and medium-sized enterprises in Ghana, as banks are often reluctant to provide loans, and interest rates are high. Limited public support for helping small and medium-sized enterprises obtain affordable loans further exacerbates the issue. This lack of access to credit prevents small and medium-sized enterprises from expanding their businesses and contributing to economic growth.

FDI is concentrated in specific sectors in Ghana, primarily affecting medium- to large-scale companies. According to the World Investment Report 2021, the total FDI flow into Ghana increased from \$1.88 billion in 2020 to \$2.6 billion in 2021. The mining and petroleum sectors are the main areas that attract FDI, while other sectors are often overlooked. This concentration of FDI has limited the diversification of Ghana's economy, leaving it vulnerable to fluctuations in specific sectors.

Despite a privatization campaign, a number of major state enterprises remain, particularly in the utility sector. However, the privatization process has stalled due to its high levels of unpopularity. The government's unwillingness to proceed hinders the private sector from making a more substantial contribution to the economy and restricts opportunities for economic growth.

The structural weakness of the material infrastructure, particularly transportation networks, as well as the unreliability of energy sources, represent significant challenges for private enterprises in Ghana. The deficient infrastructure makes it difficult for businesses to transport goods and services, thereby increasing costs and decreasing efficiency. However, there have been some recent improvements in road infrastructure, especially in urban areas.

Private enterprise

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10 | Welfare Regime

Social welfare programs constitute an integral component of public policy in numerous countries. Nonetheless, in Ghana, the public welfare system is comparatively restrained, with the majority of programs taking the form of indirect contributions via the Social Security and National Insurance Trust systems. Consequently, numerous Ghanaians employed in the informal sector lack access to social welfare programs. As of 2020, life expectancy stood at 64.3 years, while public expenditure on health in 2020 accounted for 2.0% of GDP.

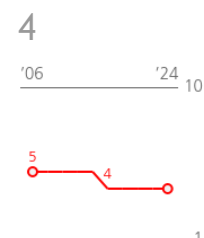
The public welfare regime in Ghana primarily covers employees in the formal sector through the Social Security and National Insurance Trust programs. Although these schemes allow individuals in the informal sector to join as voluntary contributors, most do not. Consequently, the majority of Ghanaians working in the informal sector, which represents a significant portion of the population, are not included in social welfare programs. Value-added tax does not apply to direct subsidies for essential commodities such as food. However, these subsidies have recently been reduced, with several subsidies either currently being considered for abolition or having already been abolished, including the fuel subsidy.

Special programs are available to specific targeted groups in the health sector, such as patients with malaria or AIDS, and in education, where free meals and transportation are provided for pupils from marginalized communities. Furthermore, there is a National Health Insurance Scheme that is quite exceptional for the region, despite not being compulsory and being underfunded. The most important public program in this field is Livelihood Empowerment Against Poverty, established in 2008, which now provides financial aid and support in accessing health care to 250,000 households. Additionally, a Planting for Food and Jobs campaign in rural areas aims to provide a livelihood to impoverished rural communities. However, these programs suffer from underfunding and significant bureaucratic inertia, which limits their effectiveness.

Private remittances from abroad have a significant impact on the livelihood of many Ghanaians, both enabling direct consumption and providing secondary effects through investments. According to the World Bank, Ghana received \$4.17 billion in personal remittances in 2021, accounting for approximately 5.4% of the country's GDP.

During the initial stages of the COVID-19 pandemic, the Ghanaian government, religious bodies, civil society groups and individual Ghanaians all made various contributions in support of those heavily impacted by the pandemic. The government prioritized the distribution of food and relief items to areas under lockdown, while certain religious bodies, civil society organizations and individuals offered monetary aid. However, as life has gradually returned to normal, most of these measures have come to an end.

Social safety nets



Ghana has made significant strides toward achieving gender parity in education. Primary and secondary public schools are now free, and the government provides free meals and transportation in marginalized areas. However, increases in enrollment have strained essential indicators such as the teacher-to-pupil ratio, as well as the condition of primary and secondary schools more generally. The rise in enrollment in secondary institutions has also put pressure on the already overburdened tertiary institutions. Although girls previously had limited access to secondary schools due to family preferences for boys, free secondary education may offer a greater opportunity for a quality education than before.

Nevertheless, gender inequalities persist in education. The general literacy rate is 79%, according to the most recent World Bank data (2018) but is higher for males than females (83.5% compared to 74.4%). Furthermore, tertiary education enrollment figures show that the female enrollment ratio is only 18%, while overall secondary education enrollment reached 78% in 2020.

Gender inequalities persist outside the education system mainly due to economic and social issues rather than being the result of prohibitive laws. Women often work for subsistence wages in the informal sector – a pattern consistent with other African societies. Although a legal framework exists for labor and employment regulation, enforcement is difficult and mostly inadequate. In modern urban areas, traditional values relating to family life and women’s role in society remain prevalent, placing pressure on women to pursue a career while simultaneously shouldering the full responsibility of housework and raising children. Discussions on the treatment of homosexuals are ongoing, yet the deeply conservative and discriminatory attitudes of the majority of opinion leaders in both the political arena and civil society have become apparent in this case. This discrimination is further fueled by the discriminatory beliefs of significant religious bodies and their representatives. Employment statistics in the informal sector are scarce and unreliable.

Subsequent governments have made it a point to include individuals from diverse ethnic backgrounds and many women at all levels of public administration and in the political hierarchy. The 2020 parliament, consisting of 275 members, includes 40 women, an increase from 37 in the previous parliament. This is the highest number of women ever represented in the Ghanaian parliament.

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

While Ghana has made progress in promoting gender equality, challenges remain. Gender disparities persist in education and the informal economy. Social norms perpetuate discrimination against women and minority groups. Addressing these

Equal opportunity

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challenges will require a comprehensive approach that includes legal and policy reforms, increased enforcement of existing regulations, and efforts to raise public awareness through education and advocacy. Achieving gender equality is essential for sustainable development, and Ghana must continue to work toward this goal.

11 | Economic Performance

Ghana's economy is currently struggling with its worst financial crisis in decades. The inflation rate soared to 54.1% in December 2022, marking the highest level in 21 years. The country had made some economic strides after President Nana Akufo-Addo's new administration assumed power in January 2017 and successfully curbed inflation. During the previous government's tenure in 2016, inflation stood at 15.4%, but by the end of 2019, it had dropped to 7.9% and remained in single digits until the outbreak of the COVID-19 pandemic in March 2020.

However, corruption and mismanagement have hindered economic growth for several decades, resulting in a loss of an estimated \$10 billion in national revenue each year due to low revenues from cocoa and gold, exacerbated by extensive smuggling and corruption.

The country's economic growth has been volatile, with growth rates of 8.7% in 2017, above 6% in 2018, 6.5% in 2019, and only 0.4% in 2020. The IMF forecasts a growth rate of 4.2% for 2021. Oil has become the country's second-highest income earner after cocoa, and other economic activities are also crucial for the country's economic future.

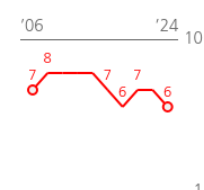
The economy has benefited from continued donor support and high levels of remittances from abroad. However, official development assistance as a share of GDP has decreased significantly. Persistent challenges to economic growth include high inflation and a weakening currency, both of which have affected the fiscal deficit and the country's ability to make necessary adjustments. Public debt amounted to 78.3% of GDP in 2022, further compounding these challenges.

Despite these obstacles, there have been some positive developments in the agriculture and tourism industries. The government's Planting for Food and Jobs campaign has boosted agriculture, while the Year of Return initiative in 2019 generated significant revenue from tourism. However, the manufacturing sector has faced challenges, including high inflation, a weak currency and a shortage of qualified staff.

While Ghana remains a lower-middle-income country, the service sector has continued to experience growth and diversification. Foreign direct investment has also stabilized to some extent. Ghana's unemployment rate was estimated at 4.7% in 2021, although this figure does not account for the significant informal sector.

Output strength

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12 | Sustainability

Despite public declarations, environmental issues remain insignificant in political and economic decision-making. Ghana has published a National Environmental Action Plan and a National Climate Change Policy Framework. However, their implementation has not been impressive due to the lack of clear targets and indicators. Ghana lacks an adequate environmental monitoring system due to limited funding and inefficient use of resources by the ministry overseeing this policy area. Environmental concerns are frequently overshadowed by more immediately pressing issues, such as addressing poverty and strengthening state institutions.

The ineffective implementation of environmental policies in Ghana is due to various factors, such as human hazards caused by gold mining, lack of community participation, insufficient coordination among government institutions, inadequate personnel and logistics, and a lack of political will. The environmental consequences of investments are only scrutinized when donor assistance or international agreements are involved. There is a latent environmental concern in the emerging oil sector, with possible environmental hazards related to off-shore production insufficiently addressed. Environmental protection is rarely discussed, and policies often lack proper implementation.

The tax system in Ghana does little to take environmental issues into account. However, some progress has been made in the availability of clean drinking water and sanitation, particularly in urban areas. Ghana was ranked at 170th out of 180 countries in the Environmental Performance Index 2022, with a score of 27.7 out of 100. Over the past decade, scores for wetland loss, carbon dioxide growth and black carbon growth have worsened, whereas scores for grassland loss, sulfur dioxide and nitric oxide and dioxide growth have improved.

While the increasing presence of vehicles among the emerging middle class has contributed to a deterioration in air quality in major cities, significant strides have been made in the utilization of natural gas for energy generation. Both private investors and the government have made substantial investments in hydroelectric power, motivated not only by environmental concerns but also by the ample availability of water resources. The growth of tourism and the emphasis on maintaining a clean environment have bolstered the public's environmental awareness in certain regions. Nevertheless, the donor community and non-governmental organizations will probably need to persist in advocating for environmental sustainability until awareness reaches a higher level.

Environmental
policy

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Despite budgetary constraints and institutional shortcomings, Ghana is striving to improve its education system. The most recent initiative in this endeavor is the implementation of free public secondary schools, providing unrestricted access to education for all students, regardless of economic status. However, this has exposed shortcomings in teacher training and staffing, particularly in marginalized areas, and the influx of students in a continuously growing population has made it difficult to ensure consistent teaching quality, thereby straining the system. The expanding private educational sector has served to partially alleviate this situation.

In the U.N. Education Index, Ghana scored 0.612 as of 2021. The gross enrollment ratio for primary education remains steadily above 100% (because of significant late enrollments from older age cohorts), while it has been around 78% for secondary schools. Although no current data is available, the implementation of free secondary education in 2018 has significantly changed this picture. Tertiary education has become more accessible as the government has constructed more universities and upgraded other institutions to university standards. Students also have options now – for instance, they can decide to attend private tertiary institutions, although these are generally expensive.

Ghanaians with the means to study abroad generally do so, especially for master's and Ph.D. degrees. With some exceptions in the agriculture and mining sectors, 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 economy's most productive and technically advanced areas are generally trained abroad.

Government expenditure for education hovers around 5% to 6% of GDP and usually constitutes a little less than 20% to 30% of the overall budget, constituting a significant share. Roughly one-third of the education budget goes into primary education, another third into the two tiers of secondary education (junior and senior), approximately 1% into technical and vocational education, and the remainder into the tertiary education system. Teachers enjoy regular pay increases, although salaries are still very low, particularly in primary education. Moreover, postings in rural areas are highly unattractive for young teachers who lack extra allowances. In addition to inadequate salaries, many schools still lack proper equipment and materials, particularly in vocational training and other higher education institutions.

According to the World Bank, the literacy rate in 2018 was approximately 79%. This percentage is expected to improve due to the implementation of the Free Senior High School policy, which began in 2017. Vocational training remains the weakest aspect of the education system, and it remains characterized by a significant amount of informal and uncertified training. Both donors and the government are currently prioritizing the gradual integration of informal and formal vocational education, along with formal skills and training, into the education system.

Education policy /
R&D

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Governance

I. Level of Difficulty

Ghana shares some of the structural constraints of other African countries but has had minimal success in overcoming these challenges. Its ability to address these constraints is closely linked to its level of economic development and the effectiveness of its governance, both of which continue to be characterized by shortcomings. While neither the country's geographical location nor a lack of natural resources hinder management, persistent poverty remains a significant issue in Ghana, with 22.2% of its population living below the poverty line. The northern regions are disproportionately affected by this issue. According to the World Bank, the rate of multidimensional poverty in Ghana was 45.1% in 2022. Much of this problem can be attributed to educational shortcomings, which result in a poorly trained workforce and an underfunded social system that struggles to meet the needs of a growing population.

The COVID-19 crisis and the Russian invasion of Ukraine have also exacerbated some of the country's struggles and difficulties. The economy has shrunk, with inflation at an all-time high of 52.8%. The impact of soaring global commodity prices (Ghana imports 40% of its fertilizers from Russia) has been compounded by the depreciation of the cedi, which fell by 24% against the dollar in 2022, according to Bank of Ghana data. The government and the Bank of Ghana have sought to dampen inflationary expectations by cutting expenditures, raising the monetary policy interest rate to 22% and increasing banks' primary reserve requirements from 12% to 15%.

Administrative inertia and corruption constitute another cluster of structural constraints. Administrative reform is highly politicized, as the government provides the majority of employment in the formal sector. However, future reforms will likely face obstacles due to the absence of efficient and effective institutions able to fully implement sound policy changes, paired with the need to satisfy a significant portion of the electorate, particularly prior to elections. Ghana's infrastructure remains largely inadequate. Efforts have been made to stabilize the energy supply and improve transportation infrastructure (especially railways), but these capital-intensive projects have encountered various hurdles and have been restricted to urban areas.

Structural
constraints

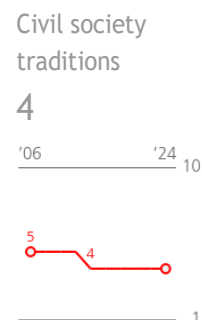
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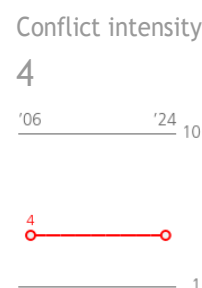
Ghana has a well-grounded tradition of civil society supported by donor assistance, a regulatory framework, and a political culture that allows for the freedoms of organization and expression. Current estimates indicate that there are about 33,000 civil society organizations in the country. However, the politicization of civil society has increased, driven by a bipolar political system focused on two major parties. While civil society organizations often find fertile ground for their activities due to solid self-help and communal support traditions, more modern groups that address complex political issues are mainly concentrated in urban areas.



Civil society groups are outspoken and well-trained in their use of the media to express their opinions and engage with the government. However, some of these groups are manipulated to serve the interests of political parties, while others function solely as conduits for foreign aid, which has led to disappointment due to a lack of effectiveness particularly in areas plagued by poverty. Consequently, distinguishing “independent” non-governmental organizations (NGOs) from those closely affiliated with political parties and/or prominent politicians is often challenging. In certain sectors, such as health care, ministries actively involve NGOs in pursuing shared objectives, even entrusting them with the direct provision of services. This indicates a positive relationship between public and non-public actors. NGOs have played and continue to play a vital role in the electoral process, particularly in monitoring elections.

Civil society trends can be regarded as positive. Given that the majority of the population expresses low levels of trust in state institutions, as detailed in Afrobarometer’s surveys, civil society organizations will increasingly be regarded as a viable alternative. They should be able to improve their role in Ghanaian society even further if they deliver on their promises. However, for this to succeed, they will need to further build capacity and address their sometimes-precarious funding situation.

Generally, Ghana is not a country of intense or violent ethnic and political conflicts. This has remained the case during the period under review. The social fabric of society, along with the coercive power of government institutions, is strong enough to maintain equilibrium and effectively prevent political or ethnic violence most of the time. The National Peace Council, various religious bodies and traditional leaders have all played vital roles in promoting and maintaining peaceful coexistence. Although outbreaks of violence occasionally occur, they are rare. The country has religious and ethnic divisions, but the ethnic card has not been played as strongly as in other African countries. While conflicts persist and can be exploited for political gain – a trend that will likely continue – they do not occur frequently enough to disrupt 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 monitor potential influences from less stable neighboring countries. The persistent infighting in the two major political parties and their potential to split into many factions remain a possible source of conflict in the future. It is challenging 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, due to its close cooperation with the donor community – exemplified by the ongoing discussions on loan packages – the government has pursued a pragmatic course regarding the practical aspects of political planning. This has been intermittently disturbed by the distribution of election inducements, especially prior to 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 from his party on the other. The government is expected to continue relying on donor support to accomplish specific development goals. Before IMF cooperation, there was no long-term plan for a national debt policy. Some reforms – for instance in the public service or the banking sector – have gone well. The government is pursuing its goals within the limits of constitutional law.

One of the government’s strategic objectives is to make Ghana an African tourism hub. This objective has led to the drive to encourage members of the African diaspora – especially African Americans – to visit Ghana and possibly make it their “home” as part of the Year of Return and Beyond the Return initiatives, which started in 2019 and have become an annual event.

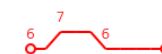
Gaining and organizing expertise is an ongoing challenge. Among other factors, Ghana is not producing the workforce it needs for faster national development. Most skilled experts migrate to other countries, and tertiary education is hindered by quality problems and barriers to access. In many cases, the government has to rely on external advice, either provided by the donor community or purchased at great expense. Strategic planning units in ministries and parastatals are chronically understaffed or underqualified, and are not always up to the task, as has been shown by the continued inability of relevant ministries to develop practical and achievable strategic plans. In instances where attempts have been made to create a strategic plan, such programs

Question
Score

Prioritization

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can fail to attract ministerial support and therefore remain little more than paperwork. Agenda-setting and strategic planning are determined by influential individuals who often fail to follow up and implement such plans.

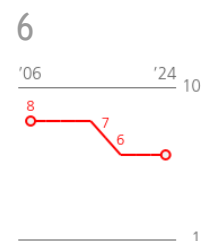
Efficiency in implementation is hampered by a relatively inefficient and, in some areas, bloated administrative system with severe challenges in expertise and dedication. Generally, implementation systems meet five significant challenges: 1) the lack of a clear legislative and regulatory framework for administrative tasks; 2) limited autonomy and authority among 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 gave Ghana a score of 3.5 in 2021 (out of a maximum of 6), slightly above the African average. In areas where successive governments have strongly exerted their political will – such as education – long-term goals have been implemented with considerable success. However, this has not always been based on a strategic planning process that encourages operationalization, and it often involves an effort to score political points. The government’s Free Senior High School program exemplifies this observation. The political system is still very much centered on the strength, ability and willpower of high-ranking officials and decision-makers. Their 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 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. Additionally, reform is sometimes stalled once those change agents are removed.

The government established a Coronavirus Alleviation Program to facilitate economic recovery. It lowered the cap on the Ghana Stabilization Fund from \$300 million to \$100 million to allow excess funds to be transferred to the CAP. The pandemic also forced the government to reduce its policy rate by 150 basis points to 14% and to drop the regulatory reserve requirement from 10% to 8% so as to increase the supply of credit to the private sector.

Compared to other African states, Ghana performs relatively well in its ability to implement policies. Corruption, fueled by access to “easy money” from resource revenues, has become a severe problem, especially among 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 not yet been entirely successful.

Implementation



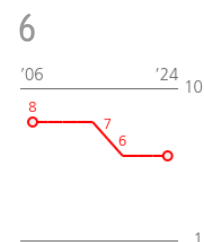
Policy learning occurs, but sometimes it is two steps forward and one back, as institutional knowledge is often limited. In 2015, Ghana requested \$918 million to help stabilize its economy and implemented policies in strict accordance with donor requirements. IMF advisers, working with the Ghanaian government, developed a three-part program to restore debt sustainability, strengthen monetary policy, and clean up the banking system. In general, it is still difficult to determine how many changes and reforms have been the direct consequences of government policy learning or instead due to external influence or pressure. Overall, the balance has been and continues to be tilted toward the latter. 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 policies do not directly harm any specific socioeconomic group. In such cases, policy formulation is often better than implementation.

At the same time, the recent lack of fiscal discipline indicates that previous experiences in this area have not led to truly learned lessons. Moreover, there is little evidence of institutionalized mechanisms for learning and innovation. While academic knowledge is incorporated into the planning process to some extent, it is often outweighed by the preference for advice from experts outside the country.

On the other hand, the government's repeatedly demonstrated inclination to seek outside help when recognizing that issues have gone out of control is a sign of its willingness to react adequately to mistakes. Various ongoing reforms demonstrate that the government is generally prepared to identify its shortcomings and take steps to improve its policies. However, as mentioned earlier, Ghana relies significantly on external advice and expertise from development partners in many areas of change management. This is not a problem, as employing this expertise signifies a willingness to be innovative. The potential danger is that innovation will be externally driven, leading to questionable ownership of change processes by public institutions. This aligns with the relative weakness of strategic planning in some public institutions and the direct connection between influential individuals and change management.

There is little evidence to suggest innovation in policymaking. Policies are driven by political interests reflected in election manifestos. Mechanisms exist within the executive arm of government for monitoring and evaluation; however, it is difficult to determine how results are measured and used to influence policymaking.

Policy learning



15 | Resource Efficiency

Ghana's government does not efficiently use available human, financial and organizational resources, and sometimes misallocates all its resources. If efficiency improves, it can often be attributed to outside intervention, as demonstrated by the most recent cooperation with the IMF in 2020. The lack of progress is primarily due to lengthy bureaucratic delays in implementing policies and a lack of professionalism. The use of resources (both material and immaterial) is politicized and can be subject to irrational decision-making. State resources are wasted through corruption and a noticeable lack of customer-oriented service culture, sometimes even in the tourism sector. Politically motivated dismissals or removals have been observed at the cabinet level, particularly involving potential presidential contenders. A change of government typically necessitates a reshuffle in the higher echelons of administration as well.

As of September 2020, Ghana's debt-to-GDP ratio was 71% – the highest such level in the last four years. This was attributed to three main factors: the havoc caused by the coronavirus pandemic, the cost of cleaning up the banking sector, and the need to meet energy sector liabilities. Consequently, the country abandoned the fiscal rule adopted in 2018, which aimed to cap the budget deficit at 5% of GDP annually. The government now plans to reduce the deficit to 8.3% of GDP in 2021 and below 5% of GDP by 2023.

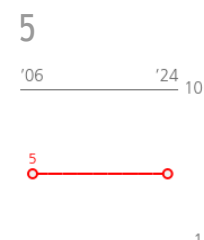
Foreign reserves become volatile whenever the central bank tries to intervene in the market in order to stabilize the exchange rate. These reserves have not yet reached a healthy level. Despite the presence of the central government, the influence of regional and local leaders remains significant and has been strengthened through decentralization. However, the allocation of resources from Accra ensures that the central government maintains a certain level of control over expenditures at all levels. There has been a serious issue with the diversion of funds and the inappropriate use of budget allocations that were designated for other purposes, particularly during election periods. However, progress has been made in resolving outstanding debts and reducing uncontrolled spending. The administrative system is generally bloated, as layoffs are highly unpopular and politically risky. As a result, even well-intentioned administrative reforms have achieved only partial success.

The total national consumption rate was 9.9% of GDP in 2020. Ghana's public debt of 82.1% of GDP is unsustainable, while its foreign/external debt is \$31.3 billion.

An independent auditor general audits all of the government's accounts. This office produces yearly reports, which are submitted to parliament. However, political interests impede the effective implementation of these findings.

The decentralized administration system generally works well, even though the state and the political parties maintain strong influence at the regional, metropolitan, municipal and district levels.

Efficient use of assets



Once a new government settles in, with the next elections four years away, policy is generally relatively coherent. Policy incoherence is partly due to inbuilt structural problems and divergent political interests – especially due to 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 entirely personalized – that is, focused on the person of the president and his significant allies. Some overlap in responsibilities still exists, especially between ministries and public institutions aligned with specific ministries, as shown in the critical area of migration policy. An essential challenge for Ghana is donor cooperation, which has been partly solved by the multi-donor approach employed in the country. To date, the 2017 IMF agreement has been implemented coherently and has not been seriously challenged by internal actors, including the opposition.

The setup of government structures makes their coordination functions problematic. There are overlapping agencies, and the central government also has a number of ministers that lack a specific portfolio but are nevertheless assigned to certain ministries. This often leads to conflict, as the ministers assigned offices at the Jubilee House seem to have more influence than those at the ministries. This leads to competition and counter-productive policies.

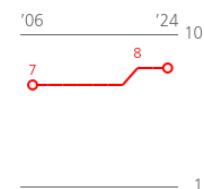
Ghana continues to struggle with corruption in the public sector. The country’s anti-corruption policy is driven by several legal regulations and institutions. In addition to committees of inquiry set up by parliament and the regular work of the auditor-general, the highly important Whistleblower Act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

As compared to other African countries, auditing of state spending is relatively sophisticated. However, in recent times, political meddling in the interpretation of results has become evident, and safeguards have proven somewhat fragile.

Political parties face significant challenges in financing their organizational structures. They rely heavily on the generosity of party “bigwigs” to sustain campaigns and pay their leaders’ salaries. Fundraising and donations are substantial sources of income, and there are no explicit public guidelines or state-funded financing mechanisms for political parties.

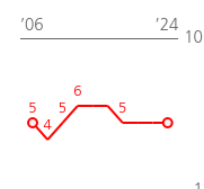
Policy coordination

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Anti-corruption policy

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The transparency of the public procurement system is questionable, as is the monitoring of codes of conduct and similar provisions. With the influx of oil revenue, the Public Procurement Act of 2003 has become more critical, as it is still one of the most comprehensive legal regulations in Africa regarding the administration of public tenders. However, it is not always implemented as intended. Scrutiny from the free media has helped to keep officials in check to some extent, and auditing processes have sometimes resulted in damning conclusions.

In January 2020, Ghana's Right to Information law came into effect. The law provides citizens and journalists with access to information regarding public offices, enabling them to hold the government accountable. However, corruption persists across all levels of state administration.

The auditor general produces annual reports, which are sent to parliament. The reports are often thorough and highlight violations committed by various state institutions and agencies. Prosecution of those responsible for the violations, however, is rare. The Office of the Special Prosecutor exists for this purpose, but it suffers from limited resources and has not achieved any notable successful prosecutions since its establishment. Public officeholders are expected to disclose their assets before assuming power; however, few comply with this requirement, and there are no punitive measures in place for those who do not.

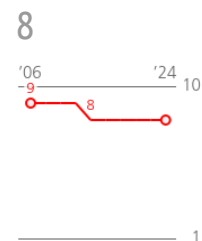
Several anti-corruption laws and institutions exist, such as the Whistleblower Act of 2006 (Act 702), the Commission for Human Rights and Administrative Justice Act, and the Special Prosecutors' Act of 2017 (Act 959). The Public Accounts Committee of the parliament is represented within the auditor general's office and examines the government's expenditure accounts.

16 | Consensus-Building

The political leaders of both major parties have repeatedly expressed their determination to maintain and improve the democratic system of government. All current indicators indicate widespread acceptance of democracy and the economic principles of the free market. Although there is substantial acceptance of these systems, economic challenges and the state's limited ability to address them have compromised this perception. The greatest threat lies in corruption and the ineffectiveness of state institutions. In recent years, both the Electoral Commission and the parliament have faced criticism. If the erosion of public trust in the government continues, adherence to democratic values will decline.

Only those politicians who adhere firmly to the leftist traditions of Nkrumahism express deep criticism of the fundamental principles of a liberal market economy. These individuals are marginalized, even within vocal Nkrumahist parties, and wield limited influence within the left wing of the presently ruling NDC. The dynamics of

Consensus on goals



the two-party system marginalize others who represent smaller parties. As liberal reforms and a market-driven approach to generating wealth have in general proven beneficial, the general population is less concerned with whether the market works than with the fact that state intervention has only minimally alleviated discrepancies in the distribution of wealth. Dissent does thus exist in some specific areas, especially regarding the privatization of public utilities, the role of foreign investment, the growth of state influence and the expansion of social programs.

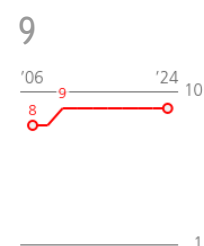
Ghana's democratic experience is nearly three decades old. For the most part, non-governmental anti-democratic actors are not a pervasive part of the country's democratic culture. However, public disillusionment regarding successive governments' failure to improve citizens' lives and effectively address ongoing economic challenges has created favorable conditions for potential anti-democratic actors. These have not yet emerged in an organized manner. Despite a significant majority of the population endorsing democracy, political actors must stay vigilant in protecting the country's democracy. Thus far, the government has successfully interacted with all significant economic actors, despite multiple ongoing issues.

The political elite shows strong consensus on the political system and its basic principles, but this has become less true within the general population. However, this negative trend has not yet resulted in any severe crisis. The opposition operates within the constitutional framework. Dissatisfaction is channeled either through the courts or by forming new parties – or, in some instances, through limited-scale political violence. The election results indicate that the majority of voters prefer to vote for one of the two main parties (these parties accounted for 98.4% of votes in the 2020 elections), rendering opposition candidates outside the two-party system insignificant.

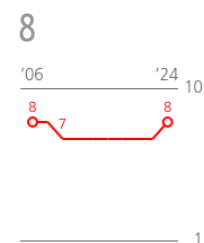
In Ghana, cleavages are susceptible to exploitation. This is particularly true of the north-south ethnic division. The majority of investment still goes to the relatively developed south. However, the country has made efforts to provide essential services such as education and health care to the north, with notable success. Many activities in the north nonetheless rely on donor support. While the inclusion of influential political leaders from the north remains a current policy, the country's fundamental ethnic divisions are still evident. There was no active encouragement of ethnic and social divisions during the last elections or in day-to-day politics, but there has been discernible exploitation of these divisions by politicians for electoral gain. In general, both the previous and current governments refrained from actively instrumentalizing these cleavages. Similarly, political leaders consistently strive to connect with all regions on a national level in order to secure elections.

At this point, conflicts based on cleavage are generally prevented from escalating. The equilibrium thus maintained, however, is not necessarily stable and could easily be disturbed if economic problems are not permanently solved. During the review

Anti-democratic actors



Cleavage / conflict management



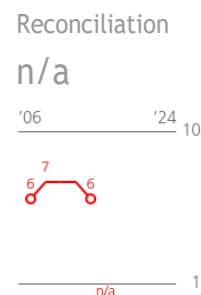
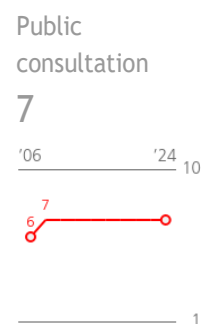
period, the slight increase in conflicts among herders in different parts of the country (Northern and Afram Plains Regions) highlighted the fragility of the situation.

Divisions exist along political, ethnic, class and religious lines. However, these divisions are managed through existing mechanisms in the governance process.

There is growing consensus in the governance process, as political actors have proven able to reach agreement on important national issues. For example, the 8th parliament is almost evenly divided, which necessitates extensive consultation on critical national matters. The majority party does not always have complete control over all the issues in parliament. As an example, in November 2022, the National Budget was rejected in parliament due to disagreement over a new levy on electronic money transfers.

Civil society actors are encouraged to participate in agenda-setting and policy formulation up to a certain level, particularly when the government wants to display its commitment to transparency or address specific 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 sector. Sometimes, specialized NGOs, especially if they are foreign-funded, are tapped in order to overcome a lack of expertise within state institutions. The 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 ends. Cases exist in which criticism or questions by civil society actors have been regarded as unwarranted or disrespectful. Generally, though, the political elite has come to accept the role of an active civil society, even if this relationship is sometimes strained. In some instances, politicians actively use civil society organizations as channels for their political programs, making it difficult to ascertain the independence of given organizations. Political leaders regularly consult civil society on national issues, with these groups' interests sometimes considered in policymaking. Nevertheless, governments often prioritize their own political interests.

Apart from the alleged crimes committed during Rawlings' military dictatorship, no historical events require reconciliation. Rawlings' past wrongdoing is no longer a "hot potato" in the political discussion, as his influence, even within his party, diminished before his untimely death in 2020. Other political topics dominate the agenda. Ghanaian citizens, as well as the political elite, overwhelmingly agree that the past should be allowed to rest. There is a consensus that uncovering evidence against Rawlings would undermine the general political peace.



17 | International Cooperation

Without donor support, the government would be hard-pressed to reach most of its ambitious goals, even though 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 official development assistance compared to other forms of income has shrunk over the years.

The government’s strategy of reducing hunger and increasing food supply through the Planting for Food and Jobs campaign has received support from the World Food Program. The long-term goal is to establish an efficient, equitable, resilient and inclusive food system that addresses the population’s stunted growth and micronutrient deficiencies. The effectiveness of international assistance can be assessed by examining the technical and policy support that the World Food Program provides to the Ministry of Food and Agriculture in order to achieve this goal.

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

Ghanaian institutions do not always meet the challenge of renewing strategic plans and struggle with data analysis and generation in the absence of external support. Given Ghana’s status as a model democracy in Africa, the donor community is lenient toward deviations and setbacks and seldom scrutinizes the foundations of public policy.

Despite occasional setbacks in implementation and lapses in political discipline, the government is interested in international cooperation. It has proven to be a cooperative, constructive and reliable partner in the international arena, albeit not always a dynamic one. In April 2020, the government’s compliance with IMF policies, particularly the 2015 loan agreement (Extended Credit Facility), led to the approval of the disbursement of \$1 billion by the IMF. This fund, to be drawn under the Rapid Credit Facility, was meant to support the country’s economy in mitigating 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 collaboration, irrespective of ideological considerations, based on mutual respect and non-

Effective use of support

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Credibility

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interference in each other's internal affairs. Ghana is a critically important peacekeeping partner – it is the fourth-largest African contributor nation to multinational peacekeeping operations and the tenth-largest among all contributing nations as of November 2020.

Ghana's positive reputation for democracy and stability has helped enhance the country's political image in the international arena. The country maintains strong relationships with the Bretton Woods institutions and the donor community.

Ghana is assertive in fulfilling its international obligations, including debt repayment, and generally adheres to trade agreements and international mediation of conflicts that arise. Sometimes, the time between signing and ratifying agreements is too long due to concerns over proper implementation. Donor contributions have helped to close that gap, as exemplified by the U.N. Water Convention.

Ghana's record with regard to relations with neighboring countries continues to be mostly positive. It is the host of the African Continental Free Trade Agreement's headquarters. Over the last two years, the government has never acted threateningly or caused any conflicts with its neighbors. Ghana's relationship with its traditional adversary, Togo, has improved. A maritime border dispute with Côte d'Ivoire was resolved in Ghana's favor by an International Tribunal for the Law of the Sea ruling in 2017. Ghana has strong ties with Nigeria, although the relationship has sometimes been difficult. Although regional integration is not among the government's highest priorities, Ghana has displayed a persistent commitment to the objectives of ECOWAS. Additionally, Ghana actively supported the community's effort to restore democratic rule in the Gambia by deploying Ghanaian troops.

ECOWAS member countries and their citizens are fully integrated into Ghanaian society, without encountering systematic discrimination. Additionally, Ghana plays a pivotal role as a trade hub for landlocked countries such as Burkina Faso, Mali and Niger, facilitating the import and export of goods. The country has collaborated closely with other ECOWAS member states to establish a unified currency within the region. Notably, Ghana actively supported ECOWAS' endeavor to reinstate democratic governance in The Gambia, deploying Ghanaian troops for this purpose. Furthermore, Ghana has been actively engaged in mediation talks to address the ongoing crises in Mali, aiming to secure peace in the sub-region.

Regional
cooperation

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Strategic Outlook

Ghana's strategic outlook remains promising due to its strong state institutions and legal frameworks, which provide a solid foundation for development. Situated in a region marked by instability, conflict, violent extremism and terrorism, the country faces external challenges that impact its economy. Domestically, there are political tensions and divisions based on ethnicity, religion and social class that have the potential to undermine economic progress if left unaddressed. However, Ghana has a national peace infrastructure that includes the National Peace Council, the chief imam's office, the Christian Council of Ghana, and civil society and other interest groups, all of which can leverage their influence to mitigate the escalation of internal conflicts.

Currently, Ghana's economic outlook remains bleak. As the review period closed, it was seeking an IMF bailout, which will create additional hardship for Ghanaians. The government is expected to control both its expenditure and borrowing, and ensure fiscal discipline – measures that will adversely affect ordinary citizens. To achieve macroeconomic recovery, it will be crucial to bring the country's public debt to sustainable levels. This can be accomplished through improved governance and the limitation of corruption opportunities. It will also be essential to strengthen the existing public accountability mechanisms, enabling them to fulfill their functions effectively.

Following the ravages of the COVID-19 pandemic, it will be essential to transform the structure of the economy, reduce reliance on foreign goods and increase the country's production base so as to create more job opportunities for the growing population. The overreliance on primary commodities such as gold, cocoa, oil and gas makes the country vulnerable to global economic slowdowns. The manufacturing base should be expanded to add value to exports. Small-scale industries should be supported, and nontraditional export items should be explored.

Data from the Bank of Ghana indicate a decline in consumer and business confidence in the general economy since the end of 2020. Confidence in the banking sector has reached a historic low due to the banking reforms implemented by the Bank of Ghana. Additionally, the government's debt restructuring program has further exacerbated this situation. To regain trust and confidence, the government must enhance banking regulatory frameworks and supervision mechanisms.

Ghana maintains a vital role at the regional level by hosting the AfCFTA. President Nana Akufo-Addo has twice chaired the regional group ECOWAS and played a key role in addressing the resurgence of coups d'état in the region. To preserve regional stability, it will be important for Ghana to serve as an example and utilize its robust political system to exert influence on other countries.