



Ghana

Ghana: Current Path

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Chart 2: Population structure in the Current Path, 1990-2043

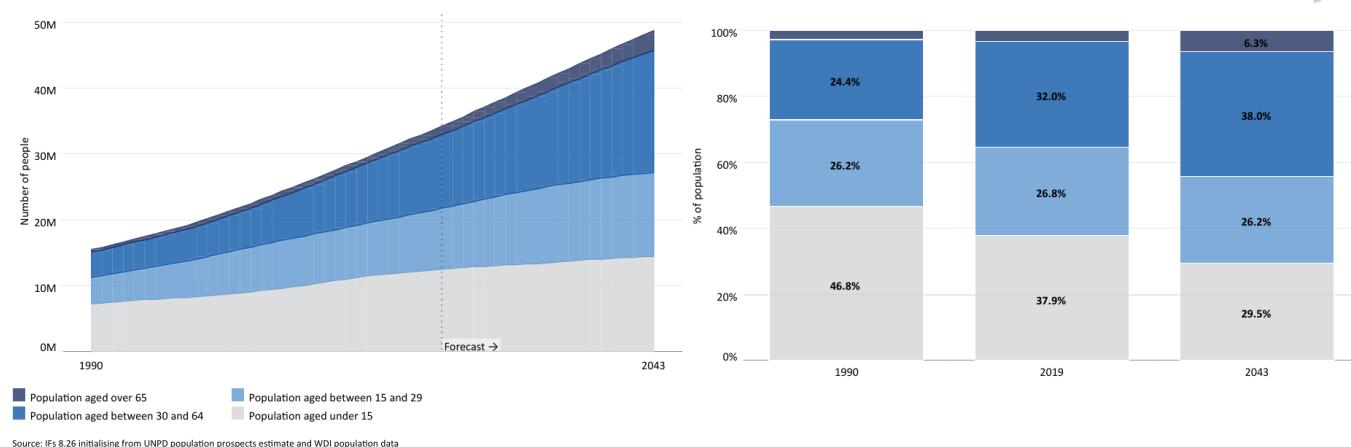


Chart 2 presents the Current Path of the population structure, from 2019 to 2043.

Ghana is the second most populous country in West Africa after Nigeria and the 13th most populous country in Africa. In 1990, Ghana's population stood at 15.5 million people. By 2023, the population had more than doubled to 34.3 million people. This growth can be attributed to the high fertility rate coupled with a declining death rate in the country. Such rapid population growth has costly repercussions for the economy and human development prospects as it inevitably contributes to the deterioration of quality of life in terms of health, nutrition, access to employment and other basic amenities.

However, population growth has slowed in recent years owing to the slowing fertility rate due to the increased use of modern contraceptives. Consequently, Ghana's population growth rate of 2.0% made it the 18th lowest in Africa and second lowest in West Africa after Cabo Verde. This was below the average of 2.6% for Africa and a decline from the 2.8% it recorded in 1990. Likewise, in 2023, the total fertility rate among women of childbearing age in Ghana of 3.5 births per woman was below Africa's average of 4.3 births per woman and was the second lowest in West Africa after Cabo Verde. The declining total fertility and the associated population growth among other things can be attributed to the rising female participation in the labour force which was estimated to be 64% in 2023.

In terms of population structure, 36.5% of Ghanaians were under the age of 15, 59.7% were in the 15–64 age group (working age), and 3.8% were 65 years and older. Comparing this with the structure in 1990 reveals that Ghana's population has fundamentally changed over the past three decades. This means Ghana has a relatively high active population part compared to its dependent or vulnerable population part. Therefore, if well-trained and a sufficient number of jobs and opportunities are created, the active population part can be a potential source of growth. However, with limited opportunities and training, it can become a drag on growth.

The country's youth bulge (the ratio of its population aged between 15 and 29 to the total adult population) stood at about 42.2% in 2023—a fall from 49.3% in 1990. This was below the average of 45.4% for Africa. The median age for Ghana in 2023 was 21.8 years—an increase from 15.4 years recorded in 1990 and Africa's median age of 20.4 years. The implication of a large youth bulge as in the case of Ghana is that it can usher in youth activism and positive political changes in the country, it can also increase the likelihood of criminal violence, conflicts and instability, mainly when the needs of the youth, such as employment, cannot be met. The large youth bulge in the country raises concerns about youth unemployment and underemployment. According to the 2023 Ghana Human Development Report, 65% of Ghanaian

youth between ages 15-24 are unemployed. Likewise, the [World Bank](#) reports that more than half of Ghanaian youth are unemployed. With such high levels of unemployment, it is not surprising that the country has witnessed several protests in recent years among the youth. The [Fix-the-Country-Movement](#) was one such protest which, among other things, demanded that the government fix the rising unemployment and cost of living in Ghana.

In the forecast horizon, the structure of the Ghanaian population will modestly change as the share of the youth population slightly declines. With the country's population growth rate declining to 1.4% by 2043, the total population will rise steadily reaching 48.8 million in 2043 by which it will be the 14th largest in Africa. By then, the median age will increase to 30.0 years, and the youth bulge will slightly fall to 33.6%. The proportion of people under the age of 15 will decline to 29.5%, while the share of the working-age population and the population aged 65 and older will increase to 64.2% and 6.3%, respectively, by 2043. This rapid decline in population growth will follow the drastic fall in the total fertility rate to 2.5 births per woman. This can facilitate Ghana's development and improve average incomes much quicker as the demands on the fiscus to cater to its youthful population will reduce.

Chart 3: Population distribution map, 2023

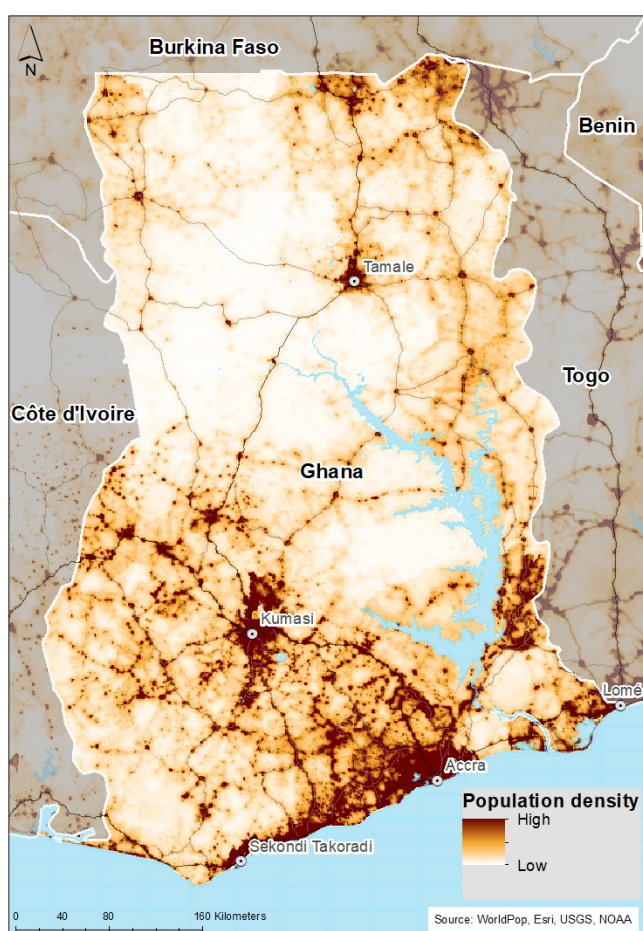


Chart 3 presents a population distribution map for 2023.

Ghana's total land area is approximately 238 533 km². In 2023, Ghana was the 4th most densely populated country in West Africa and the 12th most densely populated country in Africa. Ghana's population density is estimated to be about 1.5 people per hectare, which is three times the average of 0.49 for Africa. The concentration of Ghana's population has been around the southern part of the country, mainly the Accra-Kumasi-Takoradi triangle along the south of the Kwahu Plateau. The Northern Region is the largest in size, but the Greater Accra Region, where the national capital is located, is the most

populous region and city, followed by Kumasi in the Ashanti Region. This is mainly due to the economic productivity of the region. Indeed, the south of Kwahu Plateau contains all the country's mining centres, timber-producing deciduous forests and cocoa-growing lands. The area is also linked to the coast through rail and road networks, thereby important for investment and labour movement. The south is also populated partly due to the influx of refugees from Liberia during the war, and many Togolese people who fled political violence settled along the Volta River Basin. By 2043, Ghana's population density will reach 2.1 people per hectare, far above the average of 0.812 for Africa.

Chart 4: Urban and rural population in the Current Path, 1990-2043

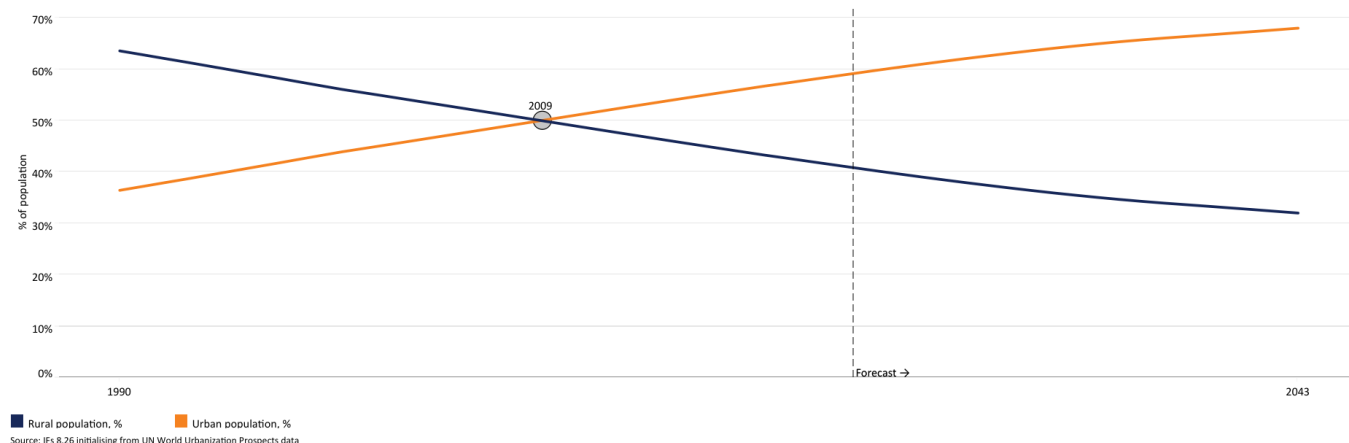


Chart 4 presents the urban and rural population in the Current Path, from 1990 to 2043.

Over the years, Ghana has rapidly urbanised, achieving parity in urban-rural settlement as far back as 2009. In 1990, 36.4% of Ghanaians lived in urban areas, above the average of 30.5% for Africa and 33.4% for lower-middle-income countries in Africa. As a result of the rapid urbanisation, by 2023, 59.1% of the population resided in urban centres, which is ten percentage points above the average for lower-middle-income countries in Africa. This places Ghana as the 16th most urbanised country on the continent, the 9th most urbanised country among Africa's lower-middle-income countries and the third most urbanised country in West Africa, after Cabo Verde and Gambia.

Generally, urbanisation can occur either from the development of more towns to the status of urban centres or as a result of rural-urban migration. Post-independence, **urbanisation** in Ghana was largely influenced by its development strategy through industrialisation, modernisation and economic diversification. As a result, the country witnessed the emergence of industrial core cities such as Kumasi, Accra and Sekondi-Takoradi which accounted for 86% of industries in Ghana. Beyond this, the introduction of cocoa centres coupled with decentralisation also led to the proliferation of urban centres across the country. However, the **rapid urbanisation** witnessed in recent years stems from three main sources: natural increase, rural-urban migration and reclassification of towns into urban centres after attaining the threshold of 5 000 people.

Among these, the prominent contributing factor is **rural-urban migration**, mainly by young people in search of employment and better opportunities in major cities like Accra and Kumasi. It is therefore not surprising that the Greater Accra Region, despite its relatively smaller size, is now the most populated region. The effects of this **rapid urbanisation** as evident in the national capital of Accra are problems such as the development of slums, congestion, pressure on social amenities, expensive housing, poor sanitation and large youth unemployment, among other issues.

On the Current Path, about 68% of Ghanaians will reside in urban centres by 2043, far above the average for its income peers at 58.5% and Africa's average of 52.8%.

Chart 5: GDP (MER) and growth in the Current Path, 1990-2043

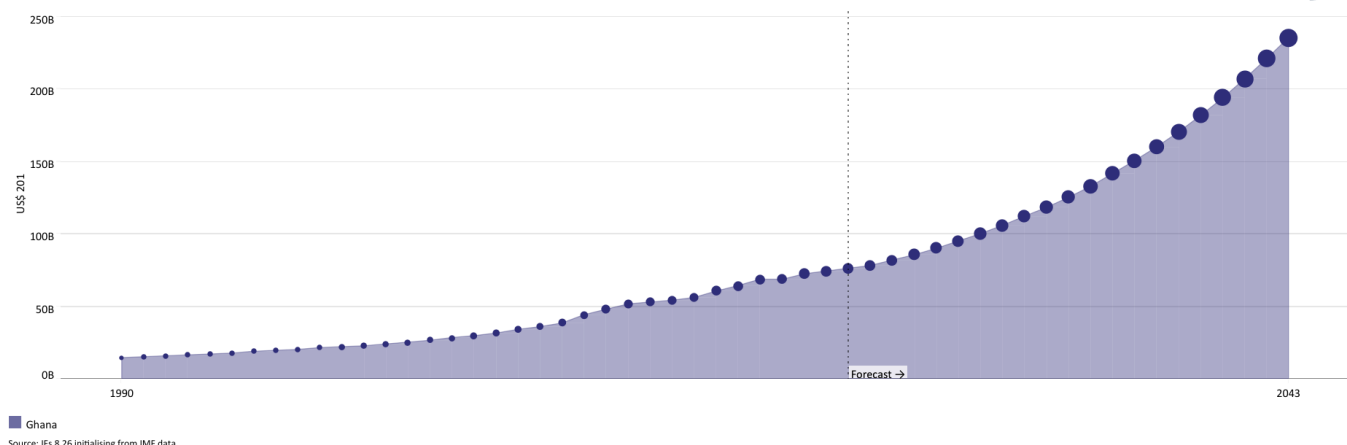


Chart 5 presents GDP in market exchange rates (MER) and growth rate in the Current Path, from 1990 to 2043.

Ghana's economy is highly dependent on commodity exports. It is presently the second largest in West Africa after Nigeria and the 9th largest in Africa. The country's GDP, measured in market exchange rates (MER), grew from US\$14.4 billion in 1990 to US\$76.1 billion in 2023. The average GDP growth rate during this period stood at 5.1% per annum, above the average of 3.9% for lower-middle-income countries in Africa. This partly reflects the political stability of the Fourth Republic which, unlike previous republics, has endured since 1992. Another factor that can explain this growth is the implementation of various internationally assisted economic reform programmes aimed at enhancing economic development and improving quality of life. These include the Structural Adjustment Programmes, Aid Effectiveness, the Highly Indebted Poor Country (HIPC), Millennium Development Goals (MDGs), Sustainable Development Goals (SDGs), and the African Union Agenda 2063.

In addition, the country has implemented several medium-term plans, visions and strategies such as the Ghana Poverty Reduction Strategy (GPRS, 2003-2009) I&II, Ghana Shared Growth and Development Agenda (GSGDA, 2010-2017) I&II, and the Agenda for Jobs: Creating Prosperity and Equal Opportunity for All (2018-2021) I&II. Another important factor that bolstered the economy of Ghana was the discovery and production of oil in commercial quantities. For instance, in 2011, which marked the beginning of oil production in the country, the economy grew by a whopping 14%. The impact of these initiatives and policies has resulted in relatively higher economic growth over the past two decades, attaining a middle-income status in November 2010. Indeed, in 2019 before the COVID-19 pandemic, Ghana's economy was **projected** by the International Monetary Fund (IMF) to be the fastest-growing economy in the world.

Despite these gains, the fundamentals of the economy remain weak and the economic structure is still agrarian and untransformed. The economy still revolves around the export of major traditional raw materials such as cocoa and gold while relying heavily on imported processed or finished goods with no major attempt to (apart, perhaps, from the 1960s) restructure the economy to support more beneficial industrialisation. Over the past three decades, the country has witnessed several economic crises mainly driven by domestic vulnerability and worsened by global or external shocks. These include the 2007/2009 global financial crisis which caused economic growth to dip. Also, between 2014/16, the global commodity crisis worsened the already challenging domestic crisis of unstable electricity supply (Dumsor), leading to a fall in economic growth to a paltry 2.1% in 2015 and worsening economic conditions.

In recent years, the aftermath of the COVID-19 pandemic coupled with Russia's invasion of Ukraine worsened the domestic economic vulnerabilities. What started as a debt crisis in the beginning of 2022, with a debt-to-GDP ratio of above 80% and projected by the **World Bank** to reach 104% by the end of 2022, later resulted in a full-blown economic recession. The woes of the country began when international credit rating agencies downgraded Ghana to junk status due to its unsustainable

and growing debt levels, which denied the government access to the global capital markets. **Moody** downgraded Ghana from B3 to Caa1 and further to Caa2, the worst ever. Similarly, **Fitch** also downgraded Ghana from B early that year to CCC and later to CC. These resulted in a free fall of the Ghana cedi and in the process it was ranked the **worst-performing** currency globally, after losing 45% of its value relative to the US Dollar in 2022. Inflation rose sharply from 13.9% in January 2022 to a 22-year high of **54.1%** in December 2022, mainly driven by food inflation which **ranked** the highest food prices in sub-Saharan Africa. Similarly, the country's **interest rate** of 30% and lending rate of 35% were the highest on the continent.

As the economic woes deepened, the country sought the support of the IMF as has been the case previously. In December 2022, the government **signed** a US\$3 billion Extended Credit Facility staff-level agreement with the IMF, making it the 17th time Ghana has had its support. As a result, the government embarked on stringent measures such as debt restructuring (both domestic and external) and introduced additional taxes, including the electronic transaction levy (e-levy) which was vehemently opposed by many Ghanaians. Since then, the economy has seen relative stability with marginal improvement in growth rates. The debt-to-GDP ratio has also slightly declined to 86.1% mainly due to the debt restructuring. Inflation slowed down to 22.1% as of October 2024 and the Ghana cedi gained relative stability compared to 2022.

However, the structural macroeconomic vulnerability of the economy remains. The lingering **challenges** of high public debt often due to large fiscal deficits, subdued growth, high inflation, exchange rate volatility and rising interest rates continue to undermine the development potential of the country. Also, the financial sector stands at major risk due to the financial sector clean-up which collapsed several financial institutions and the recent domestic debt exchange programme which has reduced confidence in the financial sector. These notwithstanding, the **World Bank** projects that the growth rate will rebound to 5% by 2026 with improved macroeconomic fundamentals. On the Current Path, Ghana's GDP will more than triple to US\$235.4 billion by 2043. The increase in GDP reflects the higher rate of economic growth expected to occur within the next 20 years.

Chart 6: Size of the informal economy in the Current Path, 2019-2043

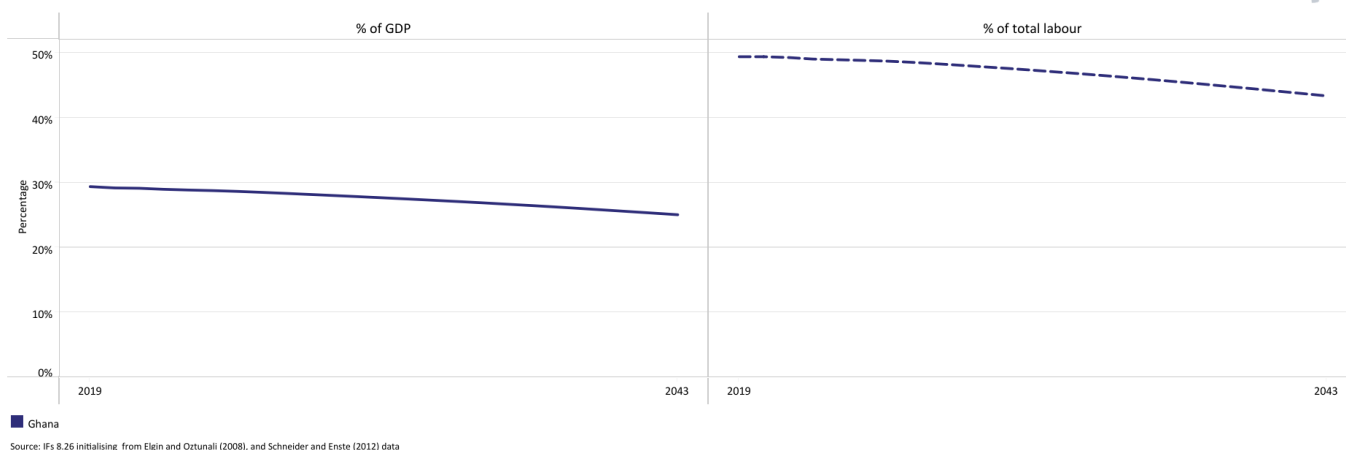


Chart 6 presents the size of the informal economy as per cent of GDP and per cent of total labour (non-agriculture), from 2019 to 2043. The data in our modelling are largely estimates and therefore may differ from other sources.

The informal sector serves as a lifeline to many people, especially unskilled labourers, who cannot secure employment in the formal sector. According to the International Labour Organization, informal employment is often associated with income insecurity, unsafe work conditions, and limited access to the rights and benefits accorded to the formal sector. The lack of workplace safeguards can impact workforce participation rates and limit the contribution to the economy by lower-waged workers.

Ghana has a large informal sector that is vital to its economy. The sector constitutes about **62%** of all commercial

enterprises in the country and accounts for 90% of all businesses registered in the country. The informal economy in Ghana includes rural agriculture, small-scale gold and diamond mining, garage operators, shoe-manufacturing businesses, private lotto operators, private arms manufacturers, petty traders, commuter services, private taxi services, and small-time loan and saving scheme operators. The informal sector is dominated by the retail sector, demonstrating the extent and depth of the informal economy in the country. It often relies on low-technology and family labour, casual labour, apprenticeships, and communal labour. People in the informal sector are mostly self-employed and work from home, with some using any accessible public space (also known as 'no man's land').

In 2023, the size of the informal sector in Ghana was approximately 28.9% of GDP, almost at par with the average of 29.5% for lower-middle-income countries in Africa. The large size of the informal sector also signals a huge potential for increasing government revenue by monitoring and regulating the activities of the sector. In terms of the labour force, close to half (48.9%) of the total labour force in Ghana was employed in the informal sector in 2023. Although this was high, it was below the 57.2% average for lower-middle-income countries in Africa. Other sources estimate that the informal sector employs 65.3% of the active labour force in Ghana. Indeed, the private informal sector accounts for 70-80% of the workforce in the country. The sector is often characterised by illiterate or semi-illiterate people and persons with no formal training. Their skills are usually acquired through apprenticeships and from family. Among these people are mostly women, followed by men and children. Most of the employees in the informal sector are paid below the national minimum wage with no social security benefits. This is mainly due to excess labour supply and a lack of skills that may attract higher wages.

To formalise the sector, the government is implementing several policies by removing impediments to business registration and access to financial services. Some of these efforts include the digitisation drive of the economy through various initiatives such as a digital property addressing system, a paperless port system, a mobile payment interoperability platform and the issuance of national ID cards. Also, the government has enhanced access to financial services through mobile money services and mobile money interoperability to promote the financial inclusion of people in the informal sector. Another policy is the government reducing bureaucratic barriers for businesses to attract informal sector business owners to register their businesses. On the Current Path, the size of the informal sector will decline slightly to 25.1% of GDP by 2043, at which point it will be below the average for its income-peers in Africa at 26.8% of GDP. Likewise, the informal labour share of the total labour force will fall to 43.4% by 2043. This projected reduction in the size of the informal economy augurs well for government revenue.

Chart 7: GDP per capita in Current Path, 1990-2043

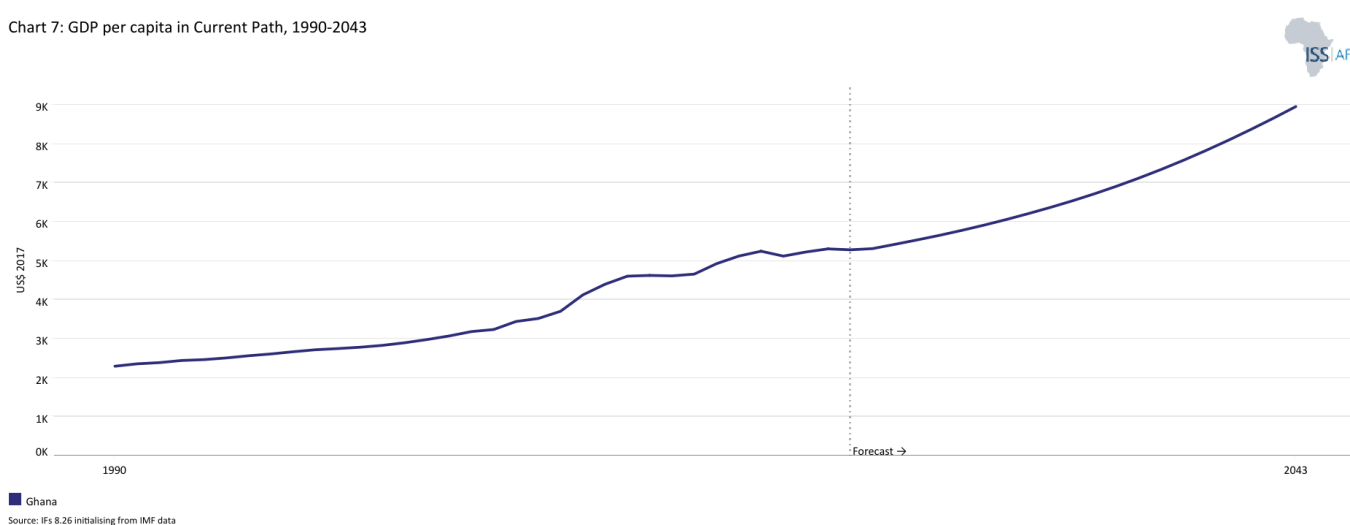


Chart 7 presents GDP per capita in the Current Path, from 1990 to 2043.

Despite its limitations, GDP per capita is generally used to measure the standard of living and is the most widely used and

accepted indicator to compare welfare among countries. Ghana has the eighth-highest GDP per capita among the 24 lower-middle-income countries in Africa. Using the purchasing power parity (PPP) measure for this analysis, its GDP per capita of US\$5 286 in 2023 was 10.3% lower than the group average of US\$5 830. This figure represents more than double the US\$2 300 it recorded in 1990. This GDP per capita is due to Ghana's relatively high economic growth and slower population growth which ensures that gains from economic growth translate into higher income per person. On the Current Path, Ghana's GDP per capita will rise to US\$8 960 by 2043. At this rate, the country's GDP per capita will overtake the average of US\$7 757 for its income-group peers in Africa.

Chart 8: Extreme poverty in Current Path, 2019-2043

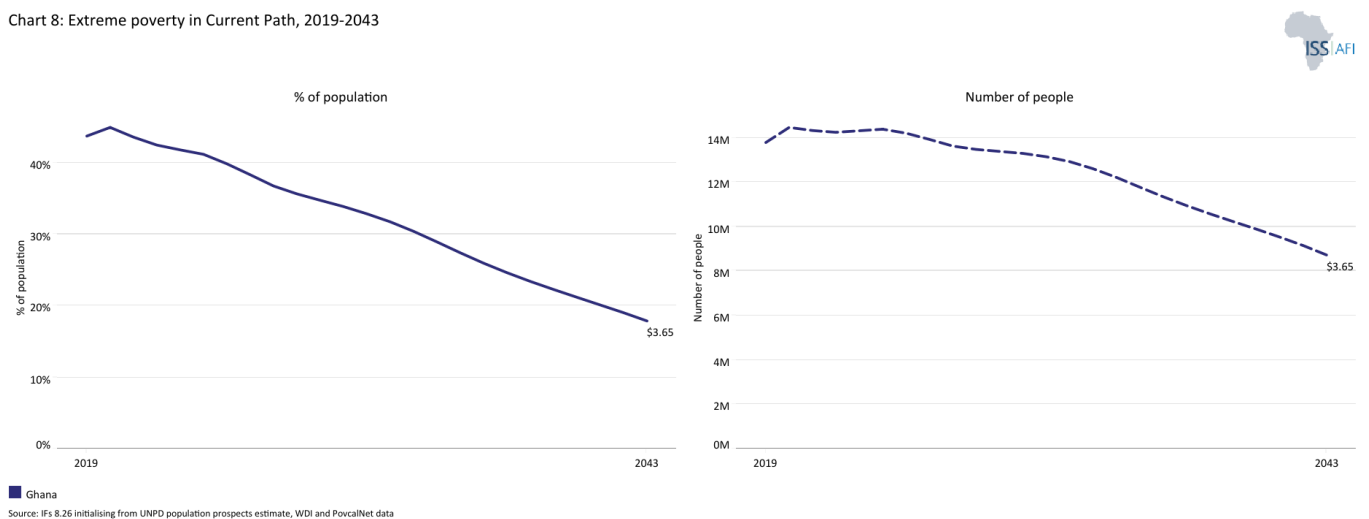


Chart 8 presents the rate and numbers of extremely poor people in the Current Path, from 2019 to 2043.

In 2015, the World Bank adopted US\$1.90 per person per day (in 2011 prices using GNI), also used to measure progress towards achieving Sustainable Development Goal (SDG) 1 of eradicating extreme poverty. In 2022, the World Bank updated the poverty lines to 2017 constant dollar values as follows:

- The previous US\$1.90 extreme poverty line is now set at US\$2.15, also for use with low-income countries.
- US\$3.20 for lower-middle-income countries, now US\$3.65 in 2017 values.
- US\$5.50 for upper-middle-income countries, now US\$6.85 in 2017 values.
- US\$22.70 for high-income countries. The Bank has not yet announced the new poverty line in 2017 US\$ prices for high-income countries.

Monetary poverty only tells part of the story, however. In addition, the global Multidimensional Poverty Index (MPI) measures acute multidimensional poverty by measuring each person's overlapping deprivations across 10 indicators in three equally weighted dimensions: health, education and standard of living. The MPI complements the international \$2.15 a day poverty rate by identifying who is multidimensionally poor and also shows the composition of multidimensional poverty. The headcount or incidence of multidimensional poverty is often several percentage points higher than that of monetary poverty. This implies that individuals living above the **monetary poverty** line may still suffer deprivations in health, education and/or **standard of living**.^[1]

Ghana's impressive growth rate over the last two decades has not translated into the expected reduction in poverty levels. The country is currently ranked 145th on the United Nations **World Human Development Index** and 16th in Africa with a

score of 0.602.

In 2023, 14.3 million Ghanaians, representing 41.8% of the population, lived below the poverty line of US\$3.65, far below the average of 49.0% for lower-middle-income countries in Africa. It means that over the past decades, the country's effort at poverty eradication through the implementation of several programmes has yielded some results as the poverty rate declined below the average for its income peers in Africa. These efforts include the implementation of the Ghana Poverty Reduction Strategy (GPRS) through which the government introduced free basic compulsory education, a National Health Insurance Scheme, and free maternal healthcare among others. Another important initiative is the Livelihood Empowerment Against Poverty, a cash-transfer programme for extremely poor and vulnerable households that began in 2008 which ameliorates the plight of poor people.

Aside from the governmental ones, there are other initiatives by private organisations and NGOs aimed at combating poverty. For instance, Opportunity International undertakes initiatives to alleviate poverty through agricultural loans and education financing. They offer loans to farmers to increase crop yields, notably in cocoa growing, where women play an important role in local livelihoods. Training in agricultural practices helps farmers diversify their revenue streams, while mobile banking connects rural communities to financial services. Also, the Edu-Finance initiative supports affordable private schools, enabling parents to pay school fees and improving educational quality, leading to increased student enrollment and better learning outcomes. These efforts collectively aim to empower families and break the cycle of poverty in Ghana.

Despite this relative progress, poverty eradication has slowed down in recent years and there are still many Ghanaians who are multidimensionally poor. The yearly rate of poverty reduction has reduced considerably from 1.8 percentage points per annum during the 1990s to 1.1 percentage points per annum since 2006. According to the Ghana Statistical Service Report, about 7.3 million Ghanaians representing 24.3% of the population are multidimensionally poor and are mostly without basic education, health insurance coverage, and proper or sufficient nutrition. The most contributing factors to multidimensional poverty in the country are employment, health and education. Almost 44% of people who are multidimensionally poor experience severe poverty. Studies have established that lack of access to high-quality education, lack of access to high-quality healthcare, unemployment and sociocultural issues are factors contributing to poverty.

The 2022 economic crisis also worsened poverty levels and pushed more Ghanaians into extreme poverty. According to the World Bank, about 850 000 Ghanaians were pushed into poverty in 2022 due to rising prices of goods and services, leading to a worsening standard of living and food insecurity among households. On the Current Path, Ghana's progress in reducing poverty rates will be more rapid compared to the average of its income-group peers in Africa such that by 2043, the poverty rate of 15.6% (equivalent to 8.7 million Ghanaians) will be less than half the average rate of 32.5% for lower-middle-income countries in Africa.

Chart 9: National Development Plan of Ghana



Chart 9 depicts the [National Development Plan](#) of Ghana.

Ghana has developed several long-term national development plans which are usually implemented through 4-year medium-term plans. Previously, Ghana implemented the Vision 2020 strategy which was to be guiding a framework for national development and was implemented through several medium-term plans. However, after the expiration of the First Medium-Term National Development Plan, the country abandoned Vision 2020 in favour of the poverty reduction strategies after entering the Highly Indebted Poor Country (HIPC) status. As a result, Ghana developed and implemented the Ghana Poverty Reduction Strategy 1&2 as its medium-term plans for 2003-2005 and 2006-2009, respectively. Since, the country has developed four medium-term plans:

1. The Ghana Shared Growth and Development Agenda (GSGDA I, 2010-2013)
2. The Ghana Shared Growth and Development Agenda (GSGDA II, 2014-2017)
3. Agenda for Jobs: Creating Prosperity and Equal Opportunity For All I, 2018-2021
4. Agenda for Jobs: Creating Prosperity and Equal Opportunity For All II, 2012-2025

Currently, Ghana's Vision 2057 is the country's Long-Term National Development Perspective Framework which reflects the development aspirations of the Ghanaian people. It stipulates the vision of Ghana regarding its social, economic and environmental development by 2057 which will mark the 100th anniversary of Ghana's independence in 1957. The development of Vision 2057 was guided by several previous frameworks and documents such as the Black Star Rising: Long-Term National Development Plan (2018-2057) also referred to as the 40-year plan, Ghana @100 and the National

Development Policy Framework (Vision 2020). It was also developed in line with global and regional frameworks and aspirations like the African Union Agenda 2063 and the United Nations Sustainable Development Goals. The document also takes into account lessons from global shocks such as the COVID-19 pandemic, climate change and the geopolitical challenges that are confronting the world. Vision 2057 is to be implemented through various medium-term plans by successive governments and therefore give flexibility regarding specific actions, programmes and projects which are to be determined.

The Vision is to aspire to *"A free, just, prosperous, and self-reliant nation which secures the welfare and happiness of its citizens, while playing a leading role in international affairs"*. The overall goal is to improve the living standards of Ghanaians and attain an upper-middle-income country status. This vision and goal is anchored on the following drivers of transformation:

1. Achieving and maintaining macroeconomic stability
2. Enabling attitudinal culture for sustainable social cohesion
3. Peace and security
4. Effective and efficient public service and institutional strengthening
5. Human capital development for improved productivity
6. Science and technology and innovation
7. Effective land reforms
8. Sustainable infrastructure development and
9. Clean, affordable and sustainable energy transitional trajectory

To effectively measure success towards achieving the overall goals, the Vision 2057 is clustered around five main dimensions. These include economic development, social development, natural and built environment, governance and emergency preparedness and resilience. Each of these dimensions have well outlined objectives, goals and the strategies for achieving the goals.

Endnotes

1. The 2010 Human Development Report introduced the MPI and since 2018 the Human Development Report Office (HDRO) and the Oxford Poverty and Human Development Initiative jointly produce and publish the MPI estimates. Multidimensional Poverty Index 2023 Unstacking global poverty: data for high impact action Briefing note for countries on the 2023 Multidimensional Poverty Index

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