



Ghana

Ghana: Conclusion

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Chart 39: Policy recommendations

Recommendations

- The government should uncap the national health insurance fund and ensure timely, adequate funding for healthcare providers.
- Eliminate schools under trees and expand secondary infrastructure to ensure equitable access to quality education and improve outcomes.
- Improve roads, storage, and market access to reduce post-harvest losses, boost incomes, and enhance agricultural productivity
- Address the unstable electricity supply in the country to access reliable and cheap power for production.
- Promote entrepreneurship, skills development, and private sector growth to tackle youth unemployment and create jobs
- Commit to and take advantage of the full implementation of AfCFTA to trade more with other African countries.
- The government should ban mining around water bodies to prevent galamsey's threat to water resources.
- Address macroeconomic challenges, particularly cedi fluctuations and high interest rates, to boost investor confidence and attract more FDI.
- Urgent constitutional reforms to address governance issues, including revising Article 78 to separate the executive and legislative branches, ensuring Parliament's independence and strengthening its oversight.

Chart 39 summarises the policy recommendations.

Since independence, Ghana's economy has witnessed appreciable level of growth. This growth has mostly been driven by implementation of various medium-term programmes and internationally assistant economic reform programmes such as the structural Adjustment Programmes, Aid Effectiveness, the Highly Indebted Poor Country (HIPC), Millennium Development Goals (MDGs), and Sustainable Development Goals (SDGs). 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.

However, economic growth records have not translated into the expected development dividends. The persistent high public debt, corruption and low revenue mobilisation, coupled with the inability of successive governments to effectively reduce unemployment, income inequality, poverty levels, and to improve overall quality of life, has become a worrying trend for the country. The fundamentals of the economy remain weak and the economic structure still remains agrarian and untransformed. The economy 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 a more beneficial industrialisation and transformation.

Meanwhile, Article 36 of the 1992 Constitution of Ghana enjoins the state to take all necessary action to ensure that the national economy is managed in such a manner as to maximise the rate of economic development and to secure the maximum welfare, freedom and happiness of every person in Ghana and to provide adequate means of livelihood and suitable employment and public assistance to the needy; this objective is yet to be realised. The current Vision 2057 aspires 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. It is evident that without a comprehensive and targeted set of socio-economic policy interventions, it will not realise its overall goal of improving the living standards of Ghanaians and attain an upper-middle-income country status.

Put differently, for Ghana to develop, it must begin to address its underlying structural challenges that have plagued the economy since independence. This can be achieved by implementing major policy reforms and targeted investment in key sectors of the economy across demographics, health, education, agriculture, infrastructure, manufacturing, trade, financial flows and governance. Indeed, as this study has shown, Ghana has the potential to increase its GDP to US\$365 billion by 2043 which will be 55% more than its Current Path. It can also improve living standards by raising its GDP per capita to US\$12 720 in the same period. Similarly, Ghana can reduce extreme poverty to only 6.3% of the population by 2043 and reduce income inequality. Achieving this requires policy reforms that will catapult the country above its current development trajectory.

As evident from this study, better governance is one of the key areas that Ghana needs to focus on to unlock its development potential, particularly in reducing corruption and promoting efficiency. Aside these, the aggressive export-led manufacturing can also rapidly transform Ghana's economy from a commodity export-based economy to an industrious economy. This will create jobs and prosperity, reduce poverty and ultimately improve the standards of living and the quality of life for Ghanians. Eradicating poverty also means that Ghana needs to make significant investment in education to improve the quality and ensure that students benefit from an education that is relevant to the 4th industrial revolution. This will help them to acquire the needed knowledge and skills that are crucial to the future of work.

The importance of these sectors notwithstanding, we recommend the following policy options in these sectors:

Demographics and Health

- Promote inclusive family planning practices as a shared responsibility between men and women and increase access to modern contraceptives.
- The working conditions of doctors and other health professionals in the country should be reviewed and improved to minimise the drastic brain drain in the health sector.
- The government, through the Ministry of Health and the Ghana Health Service, should intensify education on healthy lifestyle practices to reduce the rising burden of diseases such as kidney failure, strokes, cancer and respiratory infections.
- The government should uncap the national health insurance fund and ensure sufficient allocation and timely

disbursement of funds towards service providers and healthcare.

- Complete the Agenda 111 projects to expand access to healthcare, especially to remote districts in the country.

Education

- The government should review the Free Senior High School (SHS) programme for greater efficiency by ensuring that those who can afford to pay their wards' fees are made to do so. Accordingly, students from private Junior High Schools (JHS) could be charged while SHS remains free for those from public JHS. Alternatively, parents could be made responsible for the feeding fees of their wards so that the government only has to cater for other costs.
- Elimination of schooling under trees in basic schools and expansion of infrastructure at the secondary level to abolish the double track system.
- Continue with the prioritisation of STEM and vocational education to ensure that more students enrol in both.
- Provision of textbooks on the newly introduced curriculum to enhance the quality of learning in basic schools.

Agriculture

- Construction of multipurpose dams, especially in the northern part of Ghana to ensure all-year-round agriculture.
- Enhancing roads, storage facilities and market access which is crucial for reducing post-harvest losses and boosting farmer incomes.
- Strengthen research on climate-smart agricultural technologies as part of the National Climate-Smart Agriculture and Food Security Action Plan.
- Adoption of modern provision of subsidies on fertilisers, especially to small-scale farmers to ensure improved yields.
- The government, in partnership with traditional authorities, should address land tenure and land ownership challenges to ensure large-scale agriculture.

Manufacturing

- Address the unstable electricity supply in the country to access reliable and cheap power for production.
- The government should manage high import taxes on raw materials and levies at the ports that increase the cost of production.
- Promoting the manufacturing sector growth requires improving the country's macroeconomic conditions so that financial institutions can advance cheaper credit to micro, small and medium-scale enterprises, which constitute the majority of firms in Ghana.
- Address the rising youth unemployment by promoting entrepreneurship, skills development and an enabling environment for the private sector to thrive in order to create more jobs.
- Higher educational institutions should also collaborate and partner with the private sector and businesses to design curricula that equip students with the required industrial and critical skills.

AfCFTA

- Commit to and take advantage of the full implementation of AfCFTA to trade more with other African countries.

Infrastructure

- The government must urgently address the energy sector debt to ensure a sustainable supply of electricity. Accordingly, it should prioritise using the proceeds from the energy sector levy to pay off some of these debts. Also, the inefficiency in power distribution and revenue collection by the electricity company of Ghana should be addressed to ensure revenue maximisation in the distribution of power.
- The government should continue with its commendable digitalisation agenda to rapidly formalise the economy.
- The government should ban all mining activities around water bodies to prevent the looming danger of galamsey on water bodies in the country.
- Rely on huge renewable energy sources such as solar and hydro to gradually phase out reliance on fossil fuel for Ghana's energy needs. This will help promote growth while ensuring that environmental concerns are addressed.

Financial Flows

- Address the macroeconomic challenges of the economy, particularly the cedi fluctuation and high interest rate to inspire investor confidence. This will help the country to attract more FDI.
- The government should encourage foreign investors to invest in capital and knowledge transfer to build the needed workforce in the country.
- With the massive remittance inflows into the country, the government should encourage its expatriate community to invest in the economy by establishing diaspora bonds, as countries such as Israel, India, Nigeria and Ethiopia have done. These bonds not only provide a secure investment opportunity for the diaspora but also inject much-needed capital into the economy, fostering growth and development.

Governance

- Urgent need for constitutional reforms to address major structural governance issues in the country: For instance, Article 78 of the constitution should be revised to separate the executive and legislative branches to ensure that Parliament operates with genuine independence. The current provision, which requires the President to appoint a majority of ministers from Parliament, compromises the legislature's oversight and accountability functions.
- Resource the office of the special prosecutor and other anti-corruption agencies in the country to effectively fight corruption.
- It is imperative to protect the independence of the police service by amending Articles 202 and 203 to reinforce the rule of law. The Police Council should be depoliticised, and the Inspector General of Police (IGP) and other key leaders should be appointed for fixed terms with guaranteed security of tenure.
- Government should tackle the rising insecurity in the northern part of Ghana and the threat of violent extremism.

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Mr Enoch Randy Aikins joined the AFI in May 2021. Before that, Enoch was a research and programmes officer at the Institute for Democratic Governance in Accra. He also worked as a research assistant (economic division) with the Institute for Statistical Social and Economic Research at the University of Ghana. Enoch's interests include African politics and governance, economic development, public sector reform, poverty and inequality. He has an MPhil in economics from the University of Ghana, Legon.

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