UNIVERSITY OF GHANA
COLLEGE OF HUMANITIES

AN EXAMINATION OF GHANA BEYOND AID:
PROSPECTS AND CHALLENGES

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DECLARATION

I hereby declare that except for references to other works which have been duly cited, I have personally, under the supervision of Dr. Boni Yao Gebe, undertaken the study which is my own original research and that this study has not been presented either in whole or part for another degree elsewhere.

Frederick Korku Edem Aklorborntu  
(Student)

Dr. Boni Yao Gebe  
(Supervisor)
DEDICATION

To my son, Yayra. May you surpass me in all I accomplish in life.
ACKNOWLEDGEMENTS

My heartfelt thanks goes to my Father in heaven for making it possible for me to gain admission into the programme and seeing me through to the end. It would have been a herculean task to even finance my way through this programme without him.

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You helped me refine them and encouraged me to believe in myself and my abilities.

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TABLE OF CONTENTS

DECLARATION ................................................................................................................ II
DEDICATION .............................................................................................................. III
ACKNOWLEDGEMENTS .......................................................................................... IV
TABLE OF CONTENTS .............................................................................................. VI
TABLE OF FIGURES ................................................................................................ X
LIST OF TABLES ........................................................................................................ XI
LIST OF ABBREVIATIONS ....................................................................................... XII
ABSTRACT .................................................................................................................. XIV

CHAPTER ONE: INTRODUCTION ........................................................................ 15

1.1 Background to the Study .................................................................................. 15
1.2 Statement of the Research Problem .................................................................. 18
1.3 Research Questions .......................................................................................... 19
1.4 Research Objectives ....................................................................................... 19
1.5 Scope of the Study ........................................................................................... 20
1.6 Rationale of the Study .................................................................................... 20
1.7 Conceptual Framework ................................................................................... 21
1.8 Literature Review ............................................................................................ 26
1.8.1 The Debate on Aid ...................................................................................... 26
1.8.2 Ghana and Aid ........................................................................................................... 28
1.8.3 Exiting Aid.................................................................................................................. 31
1.9 Sources of Data .......................................................................................................... 34
1.10 Research Methodology ............................................................................................. 35
1.11 Limitations of Study .................................................................................................. 36
1.12 Organization of the Study ......................................................................................... 37

REFERENCES................................................................................................................... 39

CHAPTER TWO: THE GENERAL CONCEPT OF AID AND GHANA’S AID
TRAJECTORY.................................................................................................................. 42

2.1 Introduction ................................................................................................................ 42
2.2 Definition and Types of Aid......................................................................................... 42
2.3 History of Aid ............................................................................................................. 45
2.4 The Purpose of Aid .................................................................................................... 48
2.5 Ghana’s Foreign Aid Trajectory ................................................................................. 53
2.6 Conclusion ................................................................................................................ 66

REFERENCES................................................................................................................... 67

CHAPTER THREE: GHANA BEYOND AID — AN ASSESSMENT ...................... 70

3.1 Introduction ................................................................................................................ 70
3.2 What is Ghana Beyond Aid? ....................................................................................... 70
3.2.1 A W.I.S.E.R Ghana ............................................................................................... 74
3.2.1.1 A Wealthy Ghana ................................................................. 74
3.2.1.2 An Inclusive Ghana ............................................................ 75
3.2.1.3 A Sustainable Ghana ......................................................... 77
3.2.1.4 An Empowered Ghana......................................................... 77
3.2.1.5 A Resilient Ghana ............................................................... 78
3.3 How Ghana Beyond Aid will be Achieved ........................................ 79
3.3.1 Maintaining Macroeconomic Stability ....................................... 80
3.3.2 Increased Government Resource Mobilization............................. 81
3.3.3 A Robust Financial Sector for Higher Private Savings and Investment.... 83
3.3.4 Export Promotion and Import Substitution.................................. 84
3.3.5 Support for Small Medium Enterprises (SMEs)............................ 86
3.4 Implementing Ghana Beyond Aid .................................................. 87
3.5 Critique of Ghana Beyond Aid ...................................................... 89
3.6 Prospects and Challenges ............................................................ 94
3.6.1 Prospects ............................................................................. 94
3.6.2 Challenges ........................................................................ 95
3.7 Conclusion ............................................................................... 98

REFERENCES .................................................................................. 99

CHAPTER FOUR: SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS ........................................................................ 101
4.1 Introduction .................................................................................................................. 101

4.2 Summary of Findings .................................................................................................. 101

4.3 Conclusions .................................................................................................................. 103

4.4 Recommendations ...................................................................................................... 104

BIBLIOGRAPHY .................................................................................................................. ERROR! BOOKMARK NOT DEFINED.

APPENDIX ........................................................................................................................ 114
# TABLE OF FIGURES

Figure 1. The $170 Billion Dollar Aid Industry ................................................................. 45

Figure 2. Net ODA Per Capita for Ghana in USD (1960 – 2017) ........................................ 60

Figure 3. Net ODA as a Percentage of GNI in USD (1960 – 2017) .................................... 61
LIST OF TABLES

Table 1. A Resilient Ghana (Indicators, Baseline and Targets) .................................................. 79
## LIST OF ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AfCFTA</td>
<td>African Continental Free Trade Area</td>
</tr>
<tr>
<td>AFRC</td>
<td>Armed Forces Revolutionary Council</td>
</tr>
<tr>
<td>CPIB</td>
<td>Corrupt Practices Investigations Bureau</td>
</tr>
<tr>
<td>EOCO</td>
<td>Economic and Organized Crime Office</td>
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<tr>
<td>1D1F</td>
<td>One District, One Factory</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>GBA</td>
<td>Ghana Beyond Aid</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GIPC</td>
<td>Ghana Investment Promotion Centre</td>
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<tr>
<td>GNI</td>
<td>Gross National Income</td>
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<td>GOG</td>
<td>Government of Ghana</td>
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<td>GRA</td>
<td>Ghana Revenue Authority</td>
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<tr>
<td>HIPC</td>
<td>Highly Indebted Poor Country</td>
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<tr>
<td>IDTs</td>
<td>International Development Targets</td>
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<tr>
<td>IFIs</td>
<td>International Financial Institutions</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<td>LDCs</td>
<td>Least Developed Countries</td>
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<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>MDGs</td>
<td>Millennium Development Goals</td>
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<tr>
<td>MDRI</td>
<td>Multilateral Debt Relief Initiative</td>
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<tr>
<td>NDC</td>
<td>National Democratic Congress</td>
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<td>NDPC</td>
<td>National Development Planning Commission</td>
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<td>NLC</td>
<td>National Liberation Council</td>
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<tr>
<td>NPP</td>
<td>New Patriotic Party</td>
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<tr>
<td>NRC</td>
<td>National Redemption Council</td>
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<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PAMSCAD</td>
<td>Program of Action to Mitigate the Social Cost of Adjustment</td>
</tr>
<tr>
<td>PFJ</td>
<td>Planting for Food and Jobs</td>
</tr>
<tr>
<td>PNDC</td>
<td>Provisional National Defence Council</td>
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<tr>
<td>RFJ</td>
<td>Rearing for Food and Jobs</td>
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<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<tr>
<td>SMC</td>
<td>Supreme Military Council</td>
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<td>SMEs</td>
<td>Small Medium Enterprises</td>
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<td>VAT</td>
<td>Value Added Tax</td>
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<td>WHO</td>
<td>World Health Organization</td>
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ABSTRACT

Ghana has had a well-documented dalliance with many donor countries and multilateral donor agencies since the 1960s. However, in his Independence Day speech in March 2017, the President, Nana Addo-Dankwa Akufo-Addo signaled his intent to pursue the vision of a Ghana that is not dependent on aid. This led to the commissioning of the Ghana Beyond Aid Committee to draw up the roadmap for achieving this objective. The main objective of this study therefore is to examine the government’s new direction of taking Ghana beyond aid to know what it means, the options to foreign aid the government seeks to explore and how it intends to achieve this aspiration as well as the prospects and challenges that could result from this new direction. To achieve the set objectives, the study employed qualitative methods by relying on primary and secondary sources which include face to face interviews, books, journal articles, reports and internet sources. The study found that the approach to a Ghana Beyond Aid is not a radical rejection of aid. Rather, it takes a gradualist approach by building capacity to go beyond aid. It also found that aid will be leveraged alongside domestically mobilized resources to eventually go beyond aid. These alternative sources to aid include both foreign and domestic options like a 100 year sovereign bond, municipal bonds as is the practice in Rwanda, broadening the tax base, fiscal prudence in the public sector and leveraging natural resources as has been done in the 2018 Sinohydro agreement. The study concludes that although the vision of a Ghana beyond aid is a laudable one, it can be achieved when there is agreement among politicians on the direction of the nation when it comes to its development trajectory.
CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Ghana’s circumstance at independence was marked with high optimism about its chances of development and economic self-sufficiency. According to Rooney (2007), “[the] way had been prepared.” Rooney based his assertion on certain institutions that were existing at the time. These included: a strong judicial system which had a good representation of Ghanaian graduates, a standing army although comprising mainly of British soldiers and a Ghanaian Civil Service that the British put a lot of effort into training. Economically, Ghana’s prospects were not bleak either. Although efforts to diversify the economy by the British had yielded little by way of results, prospective industries like bauxite and timber gave reason to be optimistic. Also, Ghana was the largest exporter of cocoa beans which sold on the international market at over $850 a ton from 1956 onwards (Gocking, 2005). Aside being the world’s leading exporter of cocoa, it also boasted $151 million in total foreign investment and an additional £182,622,000 in external reserves (Jonah, 1989). These figures give a clear indication of the robust economy Ghana had during independence.

This seeming advantage at independence however did not remain so since by the time Dr Kwame Nkrumah was toppled, the country’s economy was in crisis due to falling cocoa prices and almost depleted foreign exchange reserves due to it being used to finance developmental projects, especially the building of factories and the establishment of
statefarms. As a result, by August 1962, Ghana approached the IMF for $14.25 million to ease balance of payment deficits (Jonah, 1989).

Nkrumah’s removal from office through a military coup did not ease the economic crisis either. There was widespread cocoa smuggling from Ghana to Togo and La Cote d’Ivoire during the period of NLC rule (Gocking, 2005) and the country was in severe economic crisis such that Western countries gave food and medical aid to the country. The regime thus courted the IMF in a bid to secure the funding it needed by giving the assurance that it would honour all outstanding debts. The above notwithstanding, the Gross Domestic Product which was negative in the 1960s, further reduced by 3.2% per year from 1970 to 1981. Hyperinflation also had risen to 116.4% by 1975 (Ghana: A Country Study, 1995). By the early 1980s, Ghana’s economy was in an advanced state of collapse.

With the coming into power of the PNDC through a coup in 1981, the government began to implement the World Bank/IMF prescribed Economic Recovery Programme following a severe drought. Over time, Ghana became a favourite in the books of the IMF/World Bank – a ‘star pupil’ (Whitfield & Jones, 2009). This was the period when aid became entrenched in the country’s economic planning. During this period, aid which in 1984 amounted to $400 million, was by 1989 almost $1 billion (Gocking, 2005). Also, Gross National Product (GNP) rose to 5.5% by 1984 and remained so for the rest of the decade (Gocking, 2005). This not only led to massive injections of donor support from the World Bank but also saw an accrual over time of debt that had to be paid with interest.

By the end of the PNDC/NDC regime, aid and donor agencies had become entrenched in national economic planning. The coming into office of the New Patriotic Party (NPP) did not alter things significantly since aid agencies had not only become vital to the state
machinery but also, 40% – 50% of government expenditure was financed by donors (Whitfield & Jones, 2009). The inability of successive governments, including the NPP, to manage the debt led to Ghana signing onto the Highly Indebted Poor Country (HIPC) Initiative during the presidency of John Agyekum Kufuor. This initiative as well as it signing on to the Multilateral Debt Relief Initiative (MDRI) when it came into existence in 2005 resulted in Ghana’s external debt falling from $6.6 billion in 2003 to $2.3 billion by 2006 (Jones, 2016). The debt relief notwithstanding, Ghana had to make concessions regarding the formulation and implementation of economic policies.

This economic model has proven difficult to overcome. Rather, it has grown. The country’s dependence on foreign aid has also seen more Chinese aid in the form of project financing in building major infrastructure such as roads, zero interest loans, grants and technical assistance in the field of agriculture, health and telecommunications (Davies, Edinger, Tay, & Naidu, 2008). In recent times, barter - natural resources in exchange for infrastructure have also formed part of the aid environment in Ghana.

However, the second NPP administration under the leadership of Nana Addo Dankwa Akufo-Addo has signalled its intent to change the status quo. In his speech during Ghana’s 61st Independence anniversary on 6th. March, 2018, Nana Addo Dankwa Akufo-Addo made it clear that continually receiving aid was not the path that any country could use to develop. In that speech, he makes it clear that aid would never be sufficient to spur growth to a developed status.

Based on this speech, one can say that there seemed to be a genuine desire by the President to see the country gradually wean itself off aid and all the terms and conditions they come
with and in this regard, what *Ghana Beyond Aid* means, the options to aid the government seeks to explore and how the current administration intends to implement it will be probed.

### 1.2 Statement of the Research Problem

Ghana, like many African countries, has its own fair share of problems. The most prominent among them being its financial challenges. Though at independence Ghana could boast of having of considerably high foreign reserves, she lost the ‘advantage’ that she had with her modest foreign reserves. Consequently, in the years following the overthrow of Dr Kwame Nkrumah, the nation’s first president, Ghana was heavily reliant on foreign injections of cash into its economy to not only stabilize it, but to also stimulate its growth.

The result of this continual dependence on aid is that it has left the country at the mercy of these foreign ‘donor partners’ since there were conditionalities that came with these financial aid packages. These have included over the years currency devaluation, retrenchment of Civil Service staff, the Economic Recovery Program I & II under the PNDC/NDC and the Highly Indebted Poor Country (HIPC) Initiative during the first New Patriotic Party administration. The more recent phase of the dependency has been some form of barter for infrastructure, mainly natural resources with the Chinese. The above aside, the country’s budget is significantly supported by donor partners to address budgetary shortfalls. All these point in no small terms to Ghana’s dependency on other nations and monetary organisations especially the Western ones for aid in every form it comes.
The Presidency of Nana Addo Dankwa Akufo-Addo, however, has seen the issue of aid dependency gaining traction due to his stated desire to end the country’s aid dependency. There is therefore the need to give particular attention to Ghana Beyond Aid and assess it to know what it means, how it will be implemented and the alternatives to foreign aid that the current administration is considering as well as the likely effects – both positive and negative that could arise from its implementation.

1.3 Research Questions

1. What is meant by Ghana Beyond Aid?
2. What is the extent of Ghana’s aid dependence?
3. What are the alternatives to aid dependence?
4. What are the prospects and the challenges that could arise from the execution of this agenda?

1.4 Research Objectives

1. To interrogate the Ghana Beyond Aid agenda
2. To ascertain the extent of Ghana’s aid dependence
3. To examine the alternatives to foreign aid
4. To determine the prospects and the challenges that could arise from the execution of this agenda on Ghana
1.5 **Scope of the Study**

This study is limited to the current New Patriotic Party (NPP) government’s time in office so far 2016-2019, under the leadership of Nana Addo – Dankwa Akufo-Addo. It also examines the scope and content of the *Ghana Beyond Aid* Strategy document which will chart the course to achieving a Ghana Beyond Aid.

1.6 **Rationale of the Study**

A significant amount of literature exists on various policies and initiatives meant to stimulate economic growth and to lift countries that were previously aid dependent to being self – sufficient. Others have also sought to explain what strategies some states have used or are using to become less dependent on aid. In the case of Ghana, the *Ghana Beyond Aid* Agenda is one such homegrown initiative. The aim of this study is to examine this new policy direction aimed at weaning Ghana off aid. Specifically, what it means, the alternatives to foreign aid, how it will be implemented and the likely effects it could have on Ghana, both positive and negative. Also, it will serve as an additional perspective to the policy framework being put in place to ensure independence from aid is attained. Additionally, it will serve as important literature to stimulate further research on *Ghana Beyond Aid*. 
1.7 Conceptual Framework

Underpinning this study is the concept of aid dependency. To ensure proper understanding of the conceptual framework, both aid and dependency will be explained separately and will then be dealt with as one concept.

To begin with, the Development Assistance Committee (DAC) of the OECD defines aid as funds from government that are purposely aimed at the economic development as well as welfare of developing countries (Organization for Economic Cooperation and Development, 2019b). Ekiring (as cited in Adom, 2015) also defines foreign aid as “an international transfer of capital, goods or services for the benefit (sic) of other nations”. Additionally, Williams (2015) also defines foreign aid as “the international transfer of capital, goods, or services from a country or international organization for the benefit of the recipient country or its population.”. Per the above definitions, aid is not limited to monetary transfers but also encompasses goods (food and medical supplies), as well as services (technical support).

Regarding the types of aid, the most widely known are Humanitarian aid or Emergency aid, Financial aid, Technical aid and to a much lesser extent Military aid. Humanitarian aid as the name implies is mobilized in response to a humanitarian crisis be it natural or man – made. Financial Aid on the other hand involves fund transfers either multilaterally via IFIs or bilaterally from country to country. The third, Technical aid is primarily meant to share expertise with less – developed countries to bring about development. This is achieved through bilateral or multilateral means. Also, individuals and charitable organizations engage in such aid programmes. The last is military aid. This aid is meant for military purposes like troop training and equipment purchase. These types of aid will
be dealt with in further detail in Chapter Two. However, for the purposes of this study, the focus is on Financial Aid and Technical assistance.

Dependency on the other hand finds its roots in dependency theory. It was an antithesis to modernization theory which argued that all countries shared the same developmental trajectories at whichever stage they currently found themselves. In effect, development could be said to be a uniform process (Kabonga, 2016). Raul Prebisch, the Director of the United Nations Economic Commission for Latin America in the late 1950s and Paul Hans Singer mainly popularized it. Although Prebisch and Singer are the progenitors, there is no single definition for dependency and dependency theory due to intellectual variations of what it should comprise. There is however, according to Namkoong (1999), agreement by dependency theorists on four issues:

- First, underdevelopment in developing and less developed countries is linked to the growth of advanced capitalist states;
- The world is divided into two – rich, industrialized states known as the centre and poor, mainly agrarian states known as the periphery;
- The interaction between the centre and the periphery is unequal in terms of trade;
- Dependency goes beyond merely reliance of a less developed country on a developed one. Rather, it is manifested in the internal affairs of the poor state as well.

Caporoso (as cited in Namkoong, 1999) however makes a distinction between dependence and dependency. To him, dependence is a relationship between equals who rely on each other for their mutual benefit; in effect, it is symbiotic. Whereas dependency is an unequal
partnership, where one party benefits more than the other. In this research, the focus is on the second categorization of Caporoso.

In spite of these differences, Dos Santos (as cited in Namkoong, 1999), defines dependency as a situation where a condition of underdevelopment persists in a poor country due to the continual development of another country upon which it depends. In addition, Sunkel (as cited in Namkoong, 1999) defines dependency as “economic development of a state whose national development policies [are] dependent on external influence”.

These differences aside, dependency seeks to explain the roots of inequality and economic underdevelopment causing reliance on the powerful developed countries by developing countries. The three main schools of thought underpinning dependency and dependency theory diagnose the reliance from different standpoints. The Prebischians (the liberal reformers) led by Raul Prebisch believe that the problems of the periphery - periphery or the underdeveloped states finds its roots in these countries being agrarian, subject to the vicissitudes of the global market and not being industrialized. The Structuralists on the other hand, headed by Celso Furtado and Henrique Cardoso, opined that the woes of underdeveloped countries lay in the internal structure of these states. According to them, these internal economic, political and social structures controlled by the landed oligarchy, the military and the comprador/nationalist bourgeoisie were the root causes of the woes of such states.

For the Marxists, the root of underdevelopment of the underdeveloped states was due to capitalism. This was an assertion by German sociologist, Andre Gunder Frank. They opine that expropriation would continue as will dependency so long as there was something to expropriate. (Ghosh, 2014).
On the definition of aid dependence, Thomas et al. (2011) in the report *Real Aid 3: Ending Aid Dependency* deem a country aid dependent when its government’s central mandate of providing public services is hampered unless foreign aid is provided. More precisely, this report identifies aid dependency as when aid funds a high percentage of government budget expenditure, on an ongoing basis.” They also further measure aid dependency in terms of the proportion of Gross National Income that is supported by foreign aid. Additionally, it is defined as a situation where a country is unable to achieve its set objectives without assistance from foreign sources for the foreseeable future (Lensink & White, 1999).

Riddell (as cited in Lensink & White, 1999) also asserts that a country can be said to be aid dependent when aid has failed to equip the recipient to be self-sufficient in terms of development. Bräutigam and Botchwey (1999) also define aid dependence as a state of affairs in which aid plays a vital role in the economy of a state.

Ndulu (as cited in Lensink & White, 1999) also defines aid dependence as a situation where development assistance is unable to stimulate economic growth even though it is given for more than two decades to a recipient country. Ndulu's definition, however, gives a differing view of what aid dependency is. Aside the normal injections of foreign support, a time frame is added which is more than two and a half decades. The definition thus, excludes countries that have had considerable foreign support in the past but not for the period he sets as a benchmark, hence making his definition weak.

A key weakness in my view of the above definitions is that they are narrow. They do not clarify exactly what type of aid makes a state aid dependent. They only seem to focus on transfers of money or development assistance and exclude aid such as technical aid and humanitarian aid. Thus, the above definitions are inadequate in defining aid dependence.
The criticism of aid dependence is related to its impact on the countries. First, Moyo (2009) states that it is an impediment in the way of nation building since leaders of such nations are unable to make decisions on their own. She also opines that it has rather led to wasteful spending patterns and finally, made leaders lazy and unmotivated to find alternate means of financing infrastructural projects. Also, Stanford (2015) opines that it creates ‘policy dependency’ since it emboldens donors to intervene in political processes.

Other criticisms according to Thomas et al. (2011) is that it fosters the lack of accountability and unresponsiveness in service provision towards citizens by government. In addition, the report asserts that it results in a lack of certainty in predicting government spending patterns thus hampering long-term planning on the part of citizens.

Another criticism, according to Andrews (2009) is that it blunts any form of initiative that might exist to invest due to the assurance that any future hardship would see aid given to alleviate the hardship. This is called the Samaritan’s Dilemma. Additionally, he opines that it sabotages the competitive edge of a country resulting in Dutch disease, a state of affairs where the manufacturing sector is not vibrant because of huge amounts of aid.

The above concept is suitable for the study in spite of the criticisms because though Ghana was a recipient of very large amounts of foreign aid in the past which is no longer the case, it is still a receiver of considerable amounts of overseas development aid thus making it aid dependent with regards to the number of years it has been a beneficiary of such programmes.
1.8 Literature Review

The following literature are reviewed to support the study.

1.8.1 The Debate on Aid

The debate on the place of aid in the development trajectory of many less developed and developing countries has been a hotly debated topic over the years with varying views on its efficacy and whether it indeed achieves what it is meant for. In his article, *Foreign Aid to Africa: A Hollow Hope*, Akonor (2008) criticizes the dominant arguments in support of aid. The first, which he calls the normative argument, asserts that giving aid to Africa is a moral duty. He argues that this argument is problematic because it further entrenches the negative stereotype that Africa is beggarly and helpless like a child thus, lacking ideas on how to develop. He goes on further to say that it is disingenuous to assert that aid will break the structural cycle of dependency since it has done little to change the fortunes of the continent. He backs this assertion up with empirical evidence.

Regarding the empirical argument, he argues that available evidence overwhelmingly shows that aid has failed to have any meaningful impact on the continent. In the article, he estimates that almost $600 billion has been donated as foreign aid by the West since the 1960s—Moyo (2009) puts estimates at over $1 trillion—and has risen over time yet the African growth rate has not been commensurate with the rise in aid. Rather, growth rate had fallen thus creating a welfare continent and had become a vital cog that ensures most African economies function.

Moyo (2009) and Easterly (2006) also toe the line of Akonor (2008). In her book, *Dead Aid*, she opines that the idea of aid being a catalyst for development and ending poverty
a myth. She argues that rather than helping alleviate poverty, aid has deepened it; it has deepened the gap between the haves and the have-nots. In criticizing aid and aid dependency, Moyo (2009) writes that aid had led to laziness on the part of African leaders, arguing that they had become greatly dependent on aid thus are not motivated to come up with inventive ways of financing their country’s future developmental projects. In addition, she opines that aid injection into LDCs rather leads to frivolity on the part of governments since much needed aid is rather wasted on rewarding loyalists and in supporting public sectors that are unproductive. Consequently, the concomitant effect is that Africans, rather than being equipped to carry their own burden and building their countries are handicapped and powerless, leaving key decisions to be made by foreigners. Hence, rather than being able to determine their own line of action both politically and economically, Africans are hampered leading to no conclusive strategy to break free of aid dependency. On the other hand, Easterly (2006) although being highly critical of the aid industry by highlighting the many inefficiencies of aid, remarks that he was not looking at aid being repudiated in totality. Rather, that its distribution be more efficient in reaching those it is meant for.

Presenting a more balanced point of view on aid, Acemoglu and Robinson (2012) in their book *Why Nations Fail* estimate that merely about 10% to 20% of aid reaches those they are meant for. However, rather than declaring aid a total failure, they opine that of the aid given, Humanitarian aid has been more beneficial when the need arose for it to be given. Their stance thus show that in the debate on aid, the discussion has been lopsided and primarily focused on systematic or financial aid given to countries. On their part, they argue that rather than scrapping aid in totality, it be more targeted toward the building of more inclusive institutions, institutions that will create room for shared prosperity.
The pro-aid camp, which advocates for more aid, led by arguably its most well-known proponent, Sachs (2005) argues that foreign aid is a key tool for economic development since it helps to break the poverty trap that the poorest find themselves in due to their inability to save. He also argues that aid is key in bringing about infrastructural development since many a time, the countries concerned are not in the position to provide the required infrastructure. Aid, in his opinion helps realize this aspiration.

1.8.2 Ghana and Aid

*The Politics of Aid: African Strategies for Dealing with Donors* (2009), focuses on the various ways African States seek to maximize their agency in aid negotiations. This, they achieve by putting in place ad hoc measures to access funds without implementing the pre-conditions attached to the aid. The book also highlights how country specific conditions shape countries’ strategies and how they affect the result of their attempts in negotiating aid.

In a country by country study, this book highlights the countries with the strongest negotiating positions in Sub-Saharan Africa to those with the weakest negotiating positions by examining their unique relationships with donors and the various strategies they have crafted to withstand donor demands where they are deemed unacceptable. Specifically, the book questions the relationship between the machinery of aid in the countries under study, the outcome of this interaction politically and its impact on the countries’ efforts to show some initiative in the whole process.

Narrowing it down to Ghana, it argued that Ghana’s culture of dependence on aid is due to foreign exchange shortages and debt (Whitfield & Jones, 2009). This was because Ghana
had accrued considerable external debt in the 1960s and during the era of structural adjustment and increased significantly mainly due to being lent to by the World Bank and the IMF. Whitfield and Jones (2009) further assert that the demands of donors and their role in policy formulation processes increased due to Ghana’s dependence on aid hence making it difficult for the country to formulate policies and developmental strategies that were independent from the demands of these partners.

Andrews (2009) in his article *Foreign aid and development in Africa: What the literature says and what the reality is* argues that unless the culture of aid recipients are understood, aid would remain largely ineffective. He does this by analyzing literature to ascertain whether there is any link between aid and (under) development in African countries. In reviewing the literature, he finds that there is no real agreement on the aid – development issue. Where there was, it was dependent on other factors being in place. These include a good policy environment as also argued by (Burnside & Dollar, 1997; Collier & Dollar, 2001). He also makes reference to Easterly et al., (2003) who though does not categorically argue that aid is ineffective, found that there is no real positive correlation between development aid and economic growth when the basic yardstick of measurement – a good policy environment is subjected to further scrutiny along with other new data.

Additionally, he cites Riddell (2007) who argues that aid has not been as effective as it should because of systemic problems at the donor level as well as challenges at the end of aid recipients. He thus suggests that establishing a link between aid and (under) development is complex due to limited evidence. Hence, to better explain Africa’s developmental complexities, its culture had to be taken into account.
On the subject of culture, he writes that if the linear argument of modernity is to be followed on how a country should progress from backwardness to development, culture might be perceived as unimportant and should be done away with. He cites the classification of “traditional societies” in Rostow’s *Stages of Economic Growth* that Africa had to do away with traditional (cultural) practices for Eurocentric values, beliefs and ideology. He gives the example of Ghana and South Korea, countries which had comparable levels of growth in the 1960s. However, he writes that there is a variance in their fortunes in recent times since Ghana is still dependent on foreign aid including South Korean aid. This change in fortunes, he explains, was due to culture. He cites Huntington (2000) who is of the view that the varying value systems were accountable. While South Koreans valued thrift, investment, hard work, education, organization and discipline, Ghanaians had different values which he does not outline. He goes on to add that other economists consider culture in the context of aid as vague and dynamic but clarifies that culture cannot explain everything.

He further presents varying positions on the subject of aid and development. He cites Codjoe (2003) who discounts Huntington’s argument. Codjoe (2003) is of the view that Ghana’s underdevelopment lay in colonialism and its integration into the global capitalist system.

Andrews’ cultural premise has however been called into question by Acemoglu and Robinson (2012) who argue that although social norms have gained a stronghold over time, there are aspects of it that are just not applicable in comprehending why inequalities exist.
1.8.3 Exiting Aid

On breaking Aid dependency in Africa, Gatune (2010) in his work *Africa’s Development beyond Aid: Getting Out of the Box* opines that Africa’s escape route out of aid dependency lay in resorting to unconventional means. His viewpoint is less economic and more social thus focusing on the areas of social transformation, entrepreneurship, building the continent’s knowledge base as well as focusing on good governance.

In the area of social transformation, he suggests that there had to be a change in mentality from being beggars to borrowers. In his estimation, aid has had a negative connotation thus, reinforcing the beggarly mentality which he believes is the primary barrier in African development. This beggarly mentality has therefore brought into existence conditionality based aid. He asserts that a change of mindset is critical since it would be the core foundation that would empower African policymakers to assert themselves in Policymaking decisions and think for themselves.

He also suggests that Africans and African governments conceive much grander visions because, they are in his opinion, what can free Africa from underdevelopment. He also argues that a much more inclusive society be built. To him, unless there is a relationship based on trust, social capital cannot be built and Africa’s problems will never be resolved since ideas that could be beneficial to all will be concentrated in the hands of a few people who belong to a particular ethnic group. An inclusive society he says can be achieved through school especially boarding schools, national service and urbanization since they create a new society that is less ethnic and more nationalistic in outlook. This assertion is unbacked by empirical evidence. Hence, it is difficult to substantiate his view. Another
suggestion that he puts forth is for governments to involve churches since they are, in his opinion, well versed in providing essential services to the poor.

On building the continent’s knowledge base, he states that governments should be more adventurous in the acquisition and retention of knowledge. He suggests that this aspiration can be achieved through worrying less about the quality of university-trained citizens and rather focusing on churning out more. He suggests tackling brain drain by emulating Cuba’s example after the collapse of the Soviet Union. During this period, Cuba sent its scientists to work in Sweden, Germany and Spain. This ensured that its best scientists were not lured away from its shores by more enticing offers from the West. Thus, he argues that, should research labs be provided for African scientists, it would stem the tide of brain drain.

He also suggests that in seeking to find solutions to certain challenges they face or to build the capacity of their nationals, African states should look to institutions that are non-western. They could be on the continent of Africa or Asia. To him, knowledge is not necessarily the preserve of the West and can be accessed in the unlikeliest of places.

On entrepreneurship and good governance, he suggests that Africans and people of African descent in the diaspora be encouraged to invest their expertise and capital on the continent. He also suggests that migrants of other ethnic and racial persuasions like Indians and Chinese be allowed to also invest and start businesses since, in his estimation, they would act as a wake up call to locals to be more aggressive in business. In the area of governance, he argues for homegrown ideas and systems to be used in administering states as well as working to change the perception of citizens towards their governments, by decentralizing
more to encourage the participation of the citizenry and ensure accountability on the part of leaders.

Akonor (2008) opines that African leaders should find innovative ways of financing their developmental goals rather than relying on foreign aid. Another path he suggests for African leaders is that they harness the continent’s collective resources to benefit Africans and this he says can be achieved through Pan–Africanism and policy harmonization. In the researcher’s opinion, this ties into the AU’s Agenda 2063 and the current moves towards establishing the Continental Free Trade Area as a stepping-stone towards regional integration.

Though criticizing the effect of aid on Africa, Moyo (2009) also proposes some solutions to aid dependence. As solutions, she proposes more dealings with the Chinese in the form of Foreign Direct Investment (FDI). This solution however seems rather unpalatable in the light of China being accused of ‘debt – trap diplomacy’ in recent times. She also proposes seeking financing from the international capital markets because the interest rates on the loans from these markets are very low, second, the period of repayment is long and finally, because aid from capital markets have terms that are more lenient.

A glaring criticism of the above suggestion that countries should seek financing from the international capital markets although well intentioned, is that although it might seemingly offer considerably lower interest rates, it will saddle African countries with debts that will need to be serviced in the long-term. Also, it could lull Africa into a false sense of security regarding the ability of their states to meet payment deadlines especially if they have some natural resource like oil that is crucial to the running of the world economy. Thus, it does not represent a feasible long-term option to getting out of aid.
Another solution Moyo (2009) proposes is that African states trade more among themselves due to unfair policies by politicians in Western countries that not only put African governments at a disadvantage but also affect farmers in LDCs. This solution will become a reality with the coming into force of the African Continental Free Trade Area. She also advises that trading should not only stop with trading among themselves, but African leaders should also explore striking better deals as a unit by taking advantage of the sizeable population Africa has in its dealings with countries that are clearly in need of their markets for their products.

In exiting aid however, she proposes a gradual process of about five to ten years to break away from receiving aid rather than an abrupt one since doing so abruptly could be inimical to such countries in the interim. This book brings into the whole conversation on aid an African voice and take on the woes of the continent from the perspective of one who has lived on the continent, is deeply concerned about its developmental trajectory and is conversant with the economic woes of the continent and its people.

1.9 Sources of Data

The sources of data are Primary and Secondary. The Primary sources consist of the Ghana Beyond Aid Strategy document as well as face-to-face semi-structured interviews with some members of the Ghana Beyond Aid Committee.

Face to face interviews are particularly helpful since they allow researchers to have control over the questions they want to ask and are also an opportunity for interviewees to provide historical information (Cresswell, 2014). This is particularly helpful in this study since
some of the interviewees have in – depth knowledge of the current policy direction of the government due to being a part of the committee that has been tasked with putting together the framework for Ghana Beyond Aid. These will be some (7) of the mainly non – political members of the committee who were drafted in to put together the strategy document. The basis for their selection was due to the relative ease of access to them due to time constraints.

The secondary sources comprise some speeches of the current President Nana Akufo-Addo, reports, books and journal articles to aid with the exploration of the subject. Several internet sources were also used in corroborating some of the information gathered from the books, reports and journal articles.

1.10 Research Methodology

For the study, qualitative methods were used since it seeks to gain understanding of a specific subject, in this case Ghana Beyond Aid.

Qualitative methods are used when the data to be collected cannot be counted or measured. This also gives the researcher the room to come to conclusions based on the information that is gathered during the course of the research. The term qualitative methods is an umbrella concept which is used to refer to interviews be they group or one on one, observation in person or online and also document analysis. (Tracy, 2013). It encompasses several types of enquiry and can be conducted over the course of a day or last a long time depending on the researcher.
Aside semi-structured face-to-face interviews, in conducting this study, purposive sampling, and specifically expert sampling is also used. This type of sampling is used “when your research needs to glean knowledge from individuals that have particular expertise. This expertise may be required during the exploratory phase of qualitative research, highlighting potential new areas of interest or opening doors to other participants” ("Purposive Sampling | Laerd Dissertation," 2012). This informs the choice of interviewees since they have expert knowledge due to being part of the committee that was set up to put together the document or on the subject of development. Hence, they have an insider’s knowledge of the thinking that informed the decisions of the committee or understand what should go into development.

The permission of interviewees are sought before they are recorded after which the interviews are transcribed and analysed using content analysis to arrive at conclusions.

1.11 Ethical Considerations

A letter from the department was sent to each of the prospective interviewees detailing the purpose of the interview, while the researcher also explained the purpose of the interview to all interviewees prior to the start of the interview. Additionally, the permission of both interviewees was sought before they were recorded and their permission sought to be cited in the study.
1.12 Limitations of Study

The primary challenge during the study was the unwillingness by most of the non–political members of the GBA Committee to speak on the subject. Thus, it took a lot of perseverance to get audience with the committee secretary. Aside the above, the researcher got hold of the Ghana Beyond Aid Strategy document quite late and this was a great hindrance to the study due to the set timelines the researcher had to meet. Another challenge was in getting audience with some Economics Lecturers in the University Community to share their views on the document. Unfortunately, this could not happen due to scheduling challenges. In spite of these challenges however, the study endeavoured to cover the salient areas highlighted under the objectives.

1.13 Organization of the Study

This study is structured into four chapters.

Chapter One is the Introduction. It comprises the background of the study, statement of the problem, research questions and research objectives. Additionally, the study also includes the scope of the study, rationale, conceptual framework, the literature review, sources of data, methodology and organization of the study.

Chapter Two focuses on the subject of aid – its definition, various forms and history as well as how it is used as a tool for advancing the agenda of the donor states and organizations. This chapter also highlights Ghana’s aid trajectory through a historical analysis to establish the socio-economic as well as political factors that compelled the
successive governments to engage with various states and donor organizations to keep the Ghanaian economy thriving.

Chapter Three is an assessment of *Ghana Beyond Aid*. It does this by probing this current administration’s policy to establish *Ghana Beyond Aid*. To achieve this objective, this chapter analyzes data gathered during interviews and the policy document and offers a balanced critique of government’s plans to establish a Ghana beyond aid, whether they are feasible in the short to medium and long-term.

Chapter Four is a summary of findings, outlines the conclusions and proffers some recommendations based on the findings.
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CHAPTER TWO

THE GENERAL CONCEPT OF AID AND GHANA’S AID TRAJECTORY

2.1 Introduction

The chapter focuses on the concept of aid in general as well as Ghana’s aid trajectory since independence. Regarding aid as a concept, this chapter will start by unpacking the varieties of aid as well as its use by states and multilateral organisations to promote certain agenda they deem relevant as preconditions to receiving these aid packages. On Ghana’s aid trajectory, this chapter will not only focus on the various streams of aid that Ghana has received but also highlight the socio-economic as well as political factors that compelled successive governments to access aid in every form in which it was available.

2.2 Definition and Types of Aid

As earlier defined in Chapter One, Foreign Aid, also known as Official Development Assistance (ODA), is defined by McKinlay & Little (as cited in Ali & Zeb, 2016) as financial packages meant for development. The Development Assistance Committee (DAC) of the OECD similarly views aid as bilateral transfer of funds to see to the welfare of developing countries and to facilitate economic development (Organization for Economic Cooperation and Development, 2019b). Ekiring (as cited in Adom, 2015) also defines foreign aid as an international transfer of capital, goods or services for the benefit of other nations.
Additionally, Williams (2015) also defines it as “the international transfer of capital, goods, or services from a country or international organization for the benefit of the recipient country or its population.”

The above definitions make it sufficiently clear that aid goes beyond the transfer of funds. It also includes goods and services. The most widely known are Humanitarian aid or emergency aid, Financial aid, Technical Aid and the much lesser known Military aid. Humanitarian aid is mobilized for disbursal in response to some disaster like an earthquake, tsunami, famine or some other disaster be it natural or man-made. International organizations like the United Nations through any of its specialized agencies like the World Food Programme (WFP) and the World Health Organization (WHO) can give such aid. The UN usually does this by holding donor conferences to raise funds for such emergencies to be tackled.

The other means of mobilizing humanitarian aid is done by private individuals or organizations who come together to raise money to mitigate against the effects of such disasters. Such aid is usually unlikely to be in monetary form. Rather, it comprises the basic necessities of life primarily food, water, clothes, shelter and healthcare.

Financial Aid however involves fund transfers to governments through multinational financial institutions like the IMF or the World Bank, African Development Bank or directly from one government to the recipient government. Such types of direct transfer are known as bilateral aid, while those from the multinational institutions on the other hand are known as multilateral aid.
The third is Technical aid. This is a “form of aid given to less – developed countries by international organizations such as the United Nations and its agencies, individual governments, foundations, and philanthropic institutions” (The Editors of Encyclopaedia Britannica, 2013). The purpose of this type of aid is to boost the technical capacity of countries with very little to help them develop (The Editors of Encyclopaedia Britannica, 2013). Historically, such aid has also been given by states to other states. Such was the case in 1755 when the Portuguese capital was destroyed by an earthquake. It not only damaged the city itself but also negatively affected the economy. The response was swift from countries like Britain who voted in parliament within two weeks of the earthquake to provide aid due to the role Portugal played in ensuring the European balance of power was continually in place and the fear that such a devastation could result in a major power struggle in Europe. In this case, the aid was primarily technical and systematic in nature, comprising architectural and political advisors, re-building supplies and direct financial assistance.

Another case in point is the Point Four Program announced by Harry Truman, President of the United States in 1949. The aid focused on agriculture, public health and education (The Editors of Encyclopaedia Britannica, 2016).

Lastly, Military aid. This type of aid is usually controversial and is meant to help allies of the donor state for a variety of reasons. For a country like the United States, it spends 33% of its allocated foreign aid budget on Military aid. It is mainly for the purchase of military hardware, training of troops and for bankrolling peacekeeping operations (McBride, 2018). Some of this aid also goes towards counternarcotics, as well as non-proliferation and counterterrorism efforts.
2.3 History of Aid

Aid has been a vital tool for the promotion of the interests of states whether bilaterally or multi – bilaterally. The commonly held assertion about the origin of aid is the European Recovery Programme commonly known as the Marshall Plan. This was a $13 billion aid programme put together by the United States to aid with the reconstruction of war ravaged Europe after World War II (Moyo, 2009) and was originated by George Marshall, U.S
Secretary of State, in 1948 (History.com, 2009). Aside the stated purpose of aiding with the reconstruction of war ravaged Europe, it was also implemented to check the spread of communism (History.com, 2009). It is generally believed to be the catalyst for the formation of the North Atlantic Treaty Organization in 1949 (History.com, 2009). This aid programme till date holds a prominent place in the aid narrative. However, there are different schools of thought on the origins of aid.

In their article titled *Foreign Aid: Origin, Evolution and its Effectiveness in Poverty Alleviation*, Ali and Zeb (2016) opine that the history of aid goes much further back in time. They posit that no one single event can be pinpointed as a definite moment in history when international aid became a norm. Rather, it was a culmination of events that led to the establishment of International aid as a norm.

They further argue that international aid has been an established norm as long as humans have been in existence. They make reference to Keenleyside (1966) who considers wars, trade as well as personal relationships in ancient times as forming part of the aid architecture since they were means of disseminating new ways of doing things passed on from the victor to the vanquished or vice versa. Examples proffered to support this assertion include the Colonial Development and Welfare fund and the Colonial Development Corporation, both initiatives of the British and French respectively.

In spite of the above assertions made in arguing a much earlier date for aid beginning, Moyo (2009) opines that the first aid package to be given globally was multilateral. This came from the World Bank and the International Monetary Fund to France on May 9, 1946. Both institutions had been established as a result of agreements reached during the Bretton Woods Conference in 1944. France was given a loan of $250 million dollars, after which
Netherlands, Denmark, Luxembourg also benefitted in 1947. These aid transfers, according to Moyo (2009) proved vital to the rise of Europe as an economic force in contemporary times.

The establishment of the World Bank and the International Monetary Fund during the Bretton Woods Conference was due to the Great Depression of the 1930s that had a devastating effect on the global economy at the time. Thus, the agenda for the conference was to re-engineer global finance, put in place a global trading system and to put in place a framework to regulate economic cooperation to avoid the recurrence of the Great Depression (Moyo, 2009). The reason being that if there were to be any hope of a recovery from any Post War devastation by Europe, there was the need for large – scale cash injections into these economies to resuscitate them and to rebuild the already existent but dilapidated infrastructure. This informed the formation of both bodies.

However, both had distinct functions although primarily focused on reconstruction. The World Bank’s broad objective was to facilitate investment into reconstruction whereas the IMF was tasked with managing the world’s financial system (Moyo, 2009). In spite of these distinct terms of reference, both bodies came to occupy a prominent place even after Europe was reconstructed and continue to function as the main bodies to consult in the event that a country becomes cash – strapped and needs to be propped up with aid to keep it afloat.

Following the establishment of the World Bank and IMF as well as the success of the Marshall Plan in helping to rebuild Europe, the United States Government rolled out the Point Four Program in 1950 following the inaugural address of Harry S. Truman, President of the United States of America. This was an initiative that focused on technical assistance
(The Editors of Encyclopaedia Britannica, 2016). From the onset, there was no clear direction regarding the form of aid that would be beneficial to the aid receiving countries. However, the focus came to be on technical assistance specifically and to a large extent in agriculture, health and education (The Editors of Encyclopaedia Britannica, 2016).

2.4 The Purpose of Aid

It must be pointed out that aid has not been typically given by states or donor organizations without expecting some reciprocal gesture on the part of the receiving state. It has been used as a tool for the furtherance of certain agenda since its modern form – the European Recovery Programme or Marshall Plan. However, these agenda have evolved since the Marshall Plan was rolled out.

In the 1950s, aid was primarily given to newly independent states as a catalyst for economic growth and savings rate. Although these states had gained their independence from their colonial masters, they were still vulnerable. Hence, aid was used as a tool to further geo-political interests. These fledgling states were the targets of concerted efforts to swing their allegiance to either the East or the West; it was used to promote the ideals of both communism which was championed by the USSR and capitalism which was championed by the United States of America. Aid was therefore given not based on the values governing the states nor the character of the leaders at the helm of affairs. Rather, aid during this period can be said to be loyalty buying enticements.

The 1960s however saw countries in the donor pool increase. Japan, West Germany, the Netherlands and Scandinavian countries also started giving aid. During this period, there
was continuity in the reasons for giving aid as in the 50s but there was also a significant shift towards industrialization. According to Ali and Zeb (2016) the majority of industrialization plans involved putting up improving on physical infrastructure like roads, ports, telecommunications, dams and other energy avenues. A country like Ghana received aid from the United States Government to build the Akosombo Dam which is till date serving as the main energy source of the country. Also, a much bigger dam, financed by the British – the Kariba Dam, was also built beginning in the 1950s till its completion in 1977 at the cost of $480 million (Moyo, 2009).

The 1970s saw aid used as a poverty alleviation tool. A significant feature of aid during this period was that the World Bank became the largest donor under the leadership of Robert McNamara replacing the US Agency for International Development (Moyo, 2009). During this period, a retaliatory embargo following U.S support for Israel during the 1973 Yom Kippur War led to very high fuel prices. It consequently led to food and commodity price increases which had a crippling effect on African economies (Moyo, 2009). According to Moyo (2009), Ghana was not left out either since GDP reduced by 12%, inflation by 27% and then increased exponentially to 116% by 1977. The result of these shocks shifted the World Bank’s focus to poverty alleviation. The United States and the United Kingdom also followed the World Bank’s lead yet this change in focus ultimately failed to yield any results.

The 1980s were the era of debt restructuring and conditionality. This was because huge debt had accrued and also because of internal and external financial misalignment in Africa, Asia and Latin America (Ali & Zeb, 2016). Due to incessant borrowing by LDCs in the 1970s and higher interest rates, worldwide recession set in leading to less export
from developing countries and precipitated reduced foreign exchange earnings (Moyo, 2009) leading to LDCs defaulting on their loan payments. The defaulting on loan repayments also became an existential threat to the international economic system hence, the need for restructuring debt. To do this, the IMF formed the Structural Adjustment Facility, which later became the Enhanced Structural Adjustment Facility. It had the sole purpose of lending money to defaulting countries to repay the debts owed. According to Moyo (2009), although it was necessary, it was detrimental to countries in the developing world since they were plunged further into debt.

To qualify for these loan facilities, the recipient had to agree not only to economic stabilization, but also to economic restructuring. Both conditionalities were essentially neo–liberal ideas. The former involved “reducing a country’s imbalances to reasonable levels – for example, the government’s fiscal position and the country’s import—export ratio” (Moyo, 2009). The economic restructuring or structural adjustment on the other hand involved the implementation of free market policies like trade liberalization, divestiture of state owned companies, tax increases, currency devaluation and the removal of subsidies. (Ali & Zeb, 2016; Moyo, 2009).

This era also saw the private sector and NGOs emerge to occupy a prominent place in the aid architecture. The aid directed to the private sector was meant for small and medium-sized enterprises including vocational training and credit programs. The reason for this was probably based on the assertion greater levels of efficiency and growth in the private sector and potentially see many gain employment and improved quality in services as well as goods (Ali & Zeb, 2016).
In the 1990s, the aid landscape underwent several changes. First, the volumes of aid dropped significantly due to donor fatigue and the end of the Cold War. During this period, aid that was averagely $15 billion between 1990 to 1992 thus accounting for about 70% of average total cash to the continent declined between 1993 – 1997 to a little over 30%. “Similarly the net official development assistance (ODA – the donors’ term for official aid) disbursements as a share of donor GNP fell from 0.38 per cent in 1982 to 0.22 per cent in 1997” (Moyo, 2009). Secondly, multilateral agencies like the World Bank and the United Nations Development Programme (UNDP), assumed ever increasing roles as aid donors. This increased role, according to Moyo (2009), saw multilateral aid increase by 7% from the initial 23% in the early 1990s.

More importantly, as was characteristic over the initial four decades, there was again a change in the purpose for which aid was given. The focus came to dwell on good governance, a catchphrase for strong and credible institutions, transparency and the rule of law as well as corruption – free economies. Also featuring significantly was the push for democratization – free, fair and credible elections. This presented a significant challenge for many African countries who had been under the thumb of a single regime or person who had perpetuated his rule for so many years. Again, despite the change in the purpose for aid, aid did not work either. Thus, another explanation was sought to explain why the continent was not prosperous and this was attributed to the debt it owed to the Western donors. This assertion came to occupy a prominent place at the turn of the century.

The turn of the 21st century also brought with it another change on the aid scene. This change was called the ‘New Aid Agenda/Paradigm/Architecture.’ It had two distinct features. First, the focus was on poverty reduction. Thus, most donors, aid agencies and
NGOs followed suit. Cox & Healey (as cited in Ali & Zeb, 2016) also claim that poverty reduction became the dominant goal of donors like Australia, Canada, Denmark, Ireland, Luxemburg, Netherlands, Norway, Spain, Sweden, UK, the UNDP and the World Bank.

The second feature of this new aid architecture is that it focused on International Development Targets (IDTs) (Ali & Zeb, 2016). These were wide ranging developmental targets agreed on by UN member states that cut across wide ranging issues. The first, the Millennium Development Goals was agreed on in September 2000 by 189 heads of state and government in New York at the Millennium Summit. Comprising eight goals, twenty-one measurable targets and measured using sixty indicators, it was meant to urge every country be it rich or poor to focus on human development issues. These eight targets focused specifically on the eradication of poverty and hunger, achieving universal basic education, promoting gender equality and empowering women, reduction of child mortality, maternal health, combating HIV/AIDS, malaria and other related disease, environmental sustainability and finally, developing a global development partnership. The MDGs concluded in 2015 after which the Sustainable Development Goals (SDGs) were adopted.

All UN Member States also adopted the SDGs in 2015 for a span of 15 year. They were effectively a continuation of the MDGs and comprised seventeen Sustainable Development Goals that call for a collaborative effort by both developed and developing states to come together to achieve them. Prominent among these 17 goals are poverty eradication; peace, justice and strong institutions; decent work and economic growth; industry, innovation and infrastructure; reduced inequalities within and among countries and finally, climate action. The 17 goals were a recognition that putting an end to poverty and other deprivations ought
to be accompanied by plans to improve the health, education sectors as well as reduce inequality and drive economic growth while at the same time focusing on climate concerns.

In all, almost sixty years on, the field of aid has changed due to innovations triggered by the impact of aid or the lack thereof on the recipients.

2.5 Ghana’s Foreign Aid Trajectory

Ghana’s independence in 1957 came with all the pomp and pageantry that would greet the achievement of independence of any state. This was because, aside the institutional preparedness of the state which included a small but well trained standing army, a strong Judicial as well as a well-trained Civil service, Ghana’s economy was robust enough with its modest foreign reserves.

In spite of this financial strength it possessed, it did very little to insulate the country from economic hardship due in part to the trajectory and policies of the first President as well as fluctuating commodity prices on the world market. For instance, there was a sharp drop in the world price of cocoa at independence from the previous $850 a ton to $490 a ton when Ghana gained independence (Gocking, 2005). This was catastrophic since most of the developmental projects were being funded from the foreign exchange reserves of the country. Although commodity prices rebounded leading to an increase in government revenue, it had little effect. Under Kwame Nkrumah, State Enterprises such as state farms were established around the country. The government also established Ghana Airways, distilleries, jute and footwear manufacturing companies in Kumasi, a meat processing plant in Bolgatanga and metal industries. These companies took their toll on the country
financially. Rather than bringing in more money into the state’s coffers, they absorbed more capital from the state (Rooney, 2007).

For a state like Ghana whose leadership for the first 9 years of independence was avowedly anti – colonialist, there was hesitance on the part of the government of the day under Nkrumah to receive aid especially in a Cold War international system and also the conditionalities that they came with. The effect of such a stance was that Ghana was denied credit from Western sources (Boafo-Arthur, 1999). However, pragmatic decisions were made by the Ghanaian leadership in engaging the West when it was clear that some technologies and aid was only accessible realistically via cooperation with the West. This culminated in the financing of a large proportion of the Volta River Project in part by the World Bank, the United States government and its agencies (Gocking, 2005).

Since then, in spite of attempts by successive governments, be they military or otherwise to rein in the economic woes of the country, their efforts have been mostly unsuccessful. Rather, the country has struggled with balance of payment deficits, currency devaluations - a requirement from international financial organizations for aid relief and a growing debt threshold resulting from all the financial support received to keep the economy afloat and the interests accrued on them. This is in spite of the stabilization and stimulation these aid packages gave the economy even if for a period of time.

Following Nkrumah’s toppling and the assumption of power by the National Liberation Council (NLC), the chairman of the NLC, Lt. General J. A. Ankrah stated unabashedly that the council could actively engage the IMF/World Bank and its affiliate bodies (Boafo-Arthur, 1989). It ensured that it would endear itself to Western countries by agreeing to honour almost all debts accrued by the previous government. The assistance it sought from
the West came in the form of humanitarian aid – food and basic medical supplies. There were also financial packages provided by the West. These included $36.4 million facility to pay short-term trade bills, “four stand-by credits and a compensatory financing facility worth $78.4 million and $17.25 million” (Boafo-Arthur, 1999), approved for Ghana’s benefit. In exchange, Ghana was to devalue the cedi by 30 percent, liberalize both internal and external trade, reduce government expenditure, restrict loans it secured to only long-term ones, reduce the workforce in the civil and public service and also divest some state enterprises (Jonah, 1989). In spite of these conditionalities being accepted and implemented, it was almost a total failure (Jonah, 1989). Internally, although the country was in a crisis economically, its first budget gave tax exemption to those earning less than $468 a year and increased the price paid to cocoa by almost $1 in spite of the fact that the world price of cocoa was $306 a ton (Gocking, 2005).

In spite of the NLC’s best efforts to arrest the economic downturn, its efforts did not yield much. Cocoa smuggling across the border to Togo and La Cote d’Ivoire increased as did protests by retrenched staff of state owned enterprises due to a mixture of IMF policies with strict state control policies. According to Boafo-Arthur (1999), the only achievement of engaging with the West was the international diplomatic thaw between Ghana and the rest of the players in the international system. To Boafo-Arthur (1999), it seemed a reasonable decision since both institutions and other IFIs had the needed financial muscle to help Ghana out of its financial predicament. However, he argues that as a result, any form of fruitful engagement with other players were not exploited. Thus, he opines that “…the seed of neo-liberal economic development since independence was sown by the NLC”.
The NLC’s successor, the Progress Party, following elections and led by Dr K.A Busia fared no better. After two months of being in office, the government passed the Aliens’ Compliance Order requiring all foreigners who lacked the requisite work permits to get them within two weeks or leave Ghana. Consequently, about 150,000 of these foreigners mainly Nigerians had to leave. This directive by the government affected the already ailing cocoa industry to some extent because many of them were the farm hands on these cocoa farms (Gocking, 2005). The government also passed the Ghanaian Business (Promotion) Act in 1970. This went further than the NLC’s Ghanaian Enterprises Decree, which stipulated that Ghanaians should control small businesses within five years. It expanded restrictions on small scale businesses that previously existed and ensured that it came into effect within two months (Gocking, 2005). Rather than boosting the economy, it expanded the role of the government in the larger enterprises due to the inadequate number of Ghanaians possessing the expertise or the money to take over the vacated small businesses hence putting pressure on already scarce national resources.

On the international front, the Busia administration continued down the path beaten by the NLC in engaging the World Bank and the IMF. On an unaccompanied visit with his Finance Minister at the time, J.H Mensah, Busia consulted the British Prime Minister Ted Heath. He agreed to the payment of outstanding debts with interest. Consequently, Ghana, in July 1971, received a debt re-financing loan of £3.5 million at 2% per annum to be paid in 25 years and with a grace period of 7 years. (Libby, 1976). The finance Minister at the time J.H Mensah, protested to the arrangement since the interest accrued on this arrangement would amount to £87.2 million and an increase of Ghana’s bilateral debt to Britain by 36 percent (Libby, 1976). In addition, the government invited teams from both
institutions to assess the country’s economy. “After much wrangling (acrimony within cabinet, shuttling between Accra and Western capitals by the Prime Minister, and series of meetings with the IFI officials) Busia accepted IMF conditionalities in December 1971” (Boafo-Arthur, 1999). One of such conditionalities was currency devaluation, which was implemented in keeping with the dictates of the IMF. Seventeen days after implementing it, the Busia regime was toppled in a military coup.

The National Redemption Council (which would later become SMC I AND SMC II) led by Col. Ignatius Kutu Acheampong saw Ghana reassert itself in a manner reminiscent of the days of Dr Kwame Nkrumah. In his first speech, he accused Busia of allowing a lot external influence in governance and failing to be more assertive in the suspension of external debts (Frimpong-Ansah as cited in Boafo-Arthur, 1999). In keeping with this speech, the NRC repudiated foreign debts, sought to rally the citizenry in bringing about self-reliance, which resulted in Operation Feed Yourself, and Operation Feed Your Industries, initiatives which gained much popular support. On the issue of debt repudiation, only about $84 million of the country’s $268 million medium term debts were repudiated (Gocking, 2005). He also reversed the Busia Government currency devaluation from 44% to 20%.

Additionally, the NRC sought to increase Ghanaian participation in certain sectors. Hence, it bought controlling stakes in foreign mining and timber companies to the tune of 55%. Also, the government bought 50% shares in breweries and 40% shares in foreign owned banking and insurance companies (Boafo-Arthur, 1999). This bold move by the government of the day received legal backing with the passing of the Investment Policy Decree 1975 (NRCD 329). This saw the state acquiring directly, 13,189,471 shares in 24
foreign companies (Boafo-Arthur, 1999) and acquire even more through parastatal organizations. The result was the expansion of state expenditure and the loss of 62,181,004 worth of shares by foreign companies to individual shareholders, the state and Ghanaian entrepreneurs (Boafo-Arthur, 1999).

The turn of events thus led to favourable debt rescheduling terms by foreign creditors in 1974. Under this arrangement, the country was given a grace and repayment period of five years and fifteen years for short-term loans. Also, payment was to begin in 1982 following a grace period of ten years at 2.5% per year. However, due to widespread hardship, racketeering (kalabule) and accusations of financial malfeasance, Col. Acheampong was overthrown in a palace coup on July 5, 1978. Following this coup, the Frederick William Akuffo regime (SMC II) was granted a stand-by credit of SDR 53.0 to be paid over 12 months aside the usual conditionalities. Clearly, the fractious relationship that existed between the Acheampong led NRC/SMC I put on hold any discussions of aid or engagement with the West. Thus, with his removal from office, the West saw an opportunity to re-engage the country and took it.

General Akuffo’s regime did not last since he was overthrown by junior rank officers of the Armed Forces on June 4, 1979. Flight Lieutenant Jerry Rawlings was made the chairman after his release from prison (Boafo-Arthur, 1999). The AFRC was effectively a caretaker government and supervised the processes leading to the reinstallation of a civilian government – the Hilla Limann led People’s National Party (PNP) administration - on September 24, 1979.

Like previous governments before it, the PNP administration had to contend with the economic difficulties that plagued the country. Limann however took a bold but risky
stance not to accept IMF aid with its conditionalities. This was due to its ideological stance, which according to Boafo-Arthur (1999), was similar to the CPP’s. To Limann, “[e]very interaction with the international capitalist system, … must be based on the social needs of the people” (Boafo-Arthur, 1999). Boafo-Arthur (1999) argues that Limann’s aversion to engaging the IMF jeopardised any form of foreign economic relations with the IMF/World Bank which consequently saw confidence in the Ghanaian economy by IFIs and Ghana’s trading partners fall.

“Limann’s resistance to the IMF left in limbo any form of foreign economic relations with the IMF/World Bank, and in the process, undermined confidence in the economy by the IFIs and to some extent the nation’s trading partners”.

Aside the above challenges on the international stage, the country’s GDP which had been falling since 1972 continued unabated, cocoa prices were falling and oil prices were also increasing. Also, the government was unwilling to take certain hard decisions which could lead to it being unpopular. One of such decisions included the devaluation of the cedi. Additionally, the government spent the little it had in its coffers to satisfy the electorate. This led to an increment in the minimum wage to ₴10 from the initial ₴4, and eventually, to ₴12 by 1980 (Gocking, 2005). All the above and the government’s missteps in restoring order during strikes as well as accusations of corruption on the part of some government officials led to its overthrow on December 31, 1981.

Overall, although there was some aid to the country during the NLC, Progress Party and SMC II era, these aid injections were not substantial during this period. Rather, the country was servicing more debt in comparison with the foreign aid it received. This however changed in the 1980s when the Provisional National Defence Council came into power.
under the leadership of Flt. Lt. Jerry John Rawlings as illustrated in Figure 2 and Figure 3 below.


**Figure 2. Net ODA Per Capita for Ghana in USD (1960 – 2017)**


Figure 3. Net ODA as a Percentage of GNI in USD (1960 – 2017)


Under Rawlings, there were moves to ensure a clean break from the economic ties built post – Nkrumah since the West was the country’s main ‘development partner’. According to Gocking (2005), aid-seeking delegations were sent to socialist countries like Libya, Cuba and the Soviet Union. Although Ghana managed to secure oil supply at concessionary prices from Libya, it did not gain much from these aid-seeking trips.

Citing an article in the West Africa Magazine dated January 25, 1982, Gocking (2005) writes that members of the PNDC hierarchy like Brigadier Nunoo – Mensah, believed that Ghana should be amiable enough to form bonds of friendship with countries irrespective of their differing ideological or political bent. As a result, the government made the pragmatic decision to seek aid from the capitalist west, specifically, the IMF and World
Bank upon the advice of the Soviet Union. Such a realization and subsequent decision thus brought into the fray the Economic Recovery Programmes (ERP) I and II. The government drew up an austerity programme that resembled what the IMF prescribed but taking into consideration the Ghanaian situation (Gocking, 2005). Launched in two phases, the ERP I (1983 – 1986) sought to stabilize the Ghanaian economy by reining in the free fall of the industrial and export sectors (Ghana: 1981 - 1991: A decade of Unity, Stability and Development, 1991). ERP II (1989 - 1989) on the other hand, was meant to achieve structural adjustment and development (Ghana: 1981 - 1991: A decade of Unity, Stability and Development, 1991). Upon its endorsement by the IMF, the government of the day received $254.5 million from 1983 to 1986 (Amenumey, 2011). These monies were used to fund infrastructural projects like the building of roads and the railway network. Some of it was also used to help in revamping the timber, cocoa and mining sectors (Amenumey, 2011). In return, the regime had to devalue the cedi, divest unprofitable state enterprises, remove subsidies, restructure the banking sector and most importantly, reduce staff in the civil and public services.

Due to the Foreign Direct Investment into the timber, cocoa and mining sectors, revenue in timber reached $132 million in 1990, up from the previous $15 million in 1982 (Gocking, 2005). The gold mining sector also doubled its output due to these investments by 1990 from the lowly 283,000 ounces in 1983 to 566,000 ounces (Gocking, 2005). Additionally, foreign aid which was initially over $400 million by 1984 reached over $1 billion. With the promise of honouring all debts, the country had its debt written off.

The increased volumes of foreign aid enabled the PNDC administration to extend electricity and water supply to the hinterland and to reform the educational system.
However, in spite of the mass foreign aid flows into the economy providing stability (Gocking, 2005), asserts there were no real changes in terms of the structure of the economy since it was still commodity dependent and had seen very little by way of benefits come to the average Ghanaian, an assertion duly acknowledged by Rawlings in a speech in 1990.

In recognition of this widening divide, the government having realized this before this public admission of the failure of the ERPs rolled out the $85 million Program of Action to Mitigate the Social Cost of Adjustment (PAMSCAD) in 1989. PAMSCAD’s focus was on the rural and urban poor, small scale miners and artisans as well as investment into a number of projects (Amenumey, 2011). Also under PAMSCAD, ₵51 billion was set aside for redeployment of civil servants and to compensate civil servants who lost their jobs due to Structural Adjustment (Ghana: A Country Study, 1995). The irony of this programme was that even in rolling it out, it was supported by donors. However, although intended to improve the conditions of the disadvantaged, it did not go as planned since despite price increases in cocoa, the farmers were still counted among the poorest of the populace.

In 1992, the country transitioned to practicing democracy. It thus saw the PNDC metamorphose into a political party, the National Democratic Congress (NDC). As is illustrated in Figure 3 above, aid to the country reduced. Consequently, the economy of Ghana suffered due to the suspension of aid to the country. This was mainly from the country’s multilateral donors – the World Bank and the IMF. Both institutions suspended their aid programmes due to overspending on the constitutional referendum and the holding of elections as well as spending on developmental projects, pre – election campaigning, delay in the implementation of the Value Added Tax (VAT) policy and increase in the
salaries of civil servants (Whitfield & Jones, 2009). However, during this period when aid from multilateral sources fell, bilateral donors stepped in to prop up the economy. Hence, it does not appear that Ghana’s return to democracy was to blame for its economic woes.

Also, during this period, aid agencies gained an increasingly prominent place in Ghana with donors setting up local offices and increasing their staff numbers. As a result, they sat in government meetings as ‘observers’ and engaged the government more on policy reforms (Whitfield & Jones, 2009). In sum, this period of the NDC being in power led to what became known as ‘policy rent’ where in its bid to maximize conditionality in its favour, government became heavily reliant on aid to survive (Whitfield & Jones, 2009). This continued till the NDC was voted out of power and replaced by the New Patriotic Party.

The coming into office of John Agyekum Kufuor in 2001 saw the country move in a different direction. According to (Whitfield & Jones, 2009), the new government sought to focus on partnering with the Private sector and for the state to improve how business was done in Ghana. Also, it sought to stimulate the growth of the manufacturing sector.

That being said, the new government had to grapple with the issues pertaining to the economic problems it inherited. Aside contending with the heavily embedded workings of donor agencies in the government set – up which contributed about 40% to 50% of government expenditure in the 1990s, the government had to contend with the country’s debt threshold which at the time stood at $6.6 billion. Thus, against a backlash of criticism, it opted to sign onto the HIPC initiative in February 2002 and completed it in May 2004. It then qualified for the Multilateral Debt Relief Initiative (MDRI) upon its creation in 2005. As a beneficiary of both initiatives, Ghana’s debt fell by $4.3 billion from the
previous $6.6 billion in 2003 due to debt cancellations (Jones, 2016). However, the
decision to go HIPC deepened donor interference in exchange for debt relief. One such
requirement was for Ghana to produce a Poverty Reduction Strategy Paper (Whitfield &
Jones, 2009). However, it was criticized as not being sufficiently pro – poor.

Although the Kufuor administration continued to engage the West, during his second term
in office, his administration sought “… massive injection of capital for infrastructural
bottlenecks slowing down growth” (Whitfield & Jones, 2009) and the government looked
east to China. This came at a time when China was re-emerging as a major player in the
donor field. Unlike Western aid, Chinese aid was founded on the basis of non – interference
and egalitarianism between donor and recipient and was also mutually beneficial
(Brautigam, 2008). This was in contrast to the ‘meddling’ of western establishments and
states in affairs of state. In my estimation, the appeal of these aid programmes from the
Chinese to Africa and in this case Ghana is that loans were non – conditional, were zero
interest, had flexible payment terms whereas projects done were to ensure recipient states
are self – reliant rather than on China (Brautigam, 2008). The basis of Bräutigam’s
assertion that Chinese aid led to recipient states becoming self-reliant is bemusing to the
researcher since Chinese aid and the nature it is delivered has rather drawn more African
countries into Chinese influence and in recent times, a ‘debt trap’. Whatever the case might
be, it is therefore no surprise that the Ghana Government decided to accept such an aid
programme. This ‘cooperation’ has seen the construction of the Bui Hydroelectric Dam
with the Chinese government providing a $292 million buyer credit facility from the China
EXIM Bank and a $270 million concessionary loan. Of the total $622 million projected
cost, Ghana put up only $60 million. Other projects include the construction of stadia in
Sekondi – Takoradi and Tamale (Davies et al., 2008) as well as a $66 million low – interest loan to upgrade Ghana’s communication network (Whitfield & Jones, 2009).

Since the end of the first NPP administration and successive governments, China has become a key development partner especially in the sector of infrastructural development. This is in spite of the fact that Ghana still engages the IMF and the World Bank concerning systematic loans. The recent phase of the China – Ghana cooperation has been the signing of eight cooperation agreements in various sectors, one of which was a controversial $2 billion barter deal with the Chinese. This particular transaction brings into the picture a different basis of transaction since it ensures that debt does not accrue. Rather, that it is paid up front with resources that are at the disposal of the state.

2.6 Conclusion

As can be observed in this chapter, the myriad problems that the government of Ghana was faced with, coupled with its over dependence on primary exports like cocoa exposed it to the dictates of the donors. Consequently, although offering it temporary respite from its many economic problems, it has also “undermined attempts at pursuing an independent foreign policy; successive governments have [thus] been compelled to seek aid from sources whose interests and aspirations in the world are incompatible with ours”(Boafo-Arthur, 1989). As a result, successive governments have been forced due to the exigencies at the time to accept the dictates and prescriptions of these donors which have not only created a debt burden and addiction, but also not really delivered on the promise of better economic prospects that informed these donors’ dictates.
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CHAPTER THREE

GHANA BEYOND AID — AN ASSESSMENT

3.1 Introduction

This chapter focuses on assessing *Ghana Beyond Aid* by relying on the policy document and information from an interview with the secretary to the *Ghana Beyond Aid* committee. This chapter will highlight what prompted this policy, its building blocks and the options to foreign aid that the current administration is considering to take the country beyond aid. It also comprises a balanced critique of the available information to establish the feasibility of the direction of the current administration. In addition, the prospects and challenges related to the potential execution of this vision will be highlighted.

3.2 What is Ghana Beyond Aid?

The motivating factor behind *Ghana Beyond Aid* is to address the paradox that the country finds itself in – an abundance of natural resources existing alongside widespread poverty among many of the citizenry (E. Yeboah, Personal Communication, June 28, 2019; Ghana Beyond Aid Committee, 2019). However, it is the view of the researcher that due to the reduction in donor support as a result of Ghana’s attainment of lower middle income status resulting from the rebasing of its Gross Domestic Product, there was the need to act decisively to pre-empt any likely negative effects.

The assessment of the income level of a particular state is determined by the World Bank. It classifies countries into three income brackets namely: low, middle and high. Middle
income countries (MICs) have a GNI ranging between $1,006 and $12,235. It is further classified into the lower-middle income and upper-middle income. Lower Middle income countries have GNI per capita ranging from $1,006 and $3,955 whereas upper middle income countries have GNI per capita ranging from $3,956 and $12,235 ("The World Bank In Middle Income Countries," 2018).

Ghana’s current GNI per capita currently stands at $2,035 thus putting it in the lower middle income category. Due to the attainment of the middle income status in 2010, volumes of aid have been reduced. For instance, following Ghana’s attainment of this income status, the United Kingdom, which had given about £2 billion of aid since 1999 announced it would be reviewing its donor relationship with Ghana. The reduced support from donors resulted in the country seeking financial assistance from the IMF in the form of a three year credit facility to the tune of $918 million as recently as 2015 (Brown, 2017). In exchange, certain conditionalities like a 17.5% special petroleum tax and a freeze on public sector hirings with the exception of the education and health sectors were imposed, accepted by the government of the day (Jones, 2016).

Thus, the desire to address the inequality that exists therefore saw the President, in June 2018, inaugurate the Ghana Beyond Aid Committee to fulfil two primary mandates. The first, was to develop the framework to take the country beyond aid and secondly, to earmark the attitudinal changes that ought to be shored up to enable the strategy’s implementation.

Ghana Beyond Aid according to the policy document is a Social Partnership and Economic Development Strategy. According to the Ghana Beyond Aid Charter and Policy Document, it is a two – pronged agenda for national transformation comprising a vision that outlines the nation’s aspirations and secondly, the mindset and changes in behaviour that the
citizenry must commit to, to ensure the vision becomes a reality (Ghana Beyond Aid Committee, 2019). The vision, according to the policy document is achievable through highly efficient infrastructural investments, education and skills as well as scientific and technological ability (Ghana Beyond Aid Committee, 2019) but will also need a good policy environment to complement the above investments. These include policies and institutions that will increase the domestic savings and revenue threshold, bring in foreign direct investment and to create a business friendly environment (Ghana Beyond Aid Committee, 2019).

The term ‘national’ is used to describe the document supposedly because previous governments have outdoored development agendas that have not resulted in the changes that were supposed to take place based on these development agendas. The difference however with this ‘national’ agenda in my estimation is what I call the ‘citizens’ duty’ in ensuring the aspiration becomes a reality. Hence, it focuses on changes in values, mindsets and attitudes that would enable development as opposed to being a list of projects for implementation (Ghana Beyond Aid Committee, 2019). These values, mindsets and attitudinal changes include Patriotism; Honesty in dealings between citizens and citizens with the state including the payment of taxes; Respect between citizens, for institutions, the laws of the land and the natural environment and finally, volunteerism (Ghana Beyond Aid Committee, 2019).

Effectively, it aims to effect a fundamental change with regards to the environment within which development takes place and how it is pursued. This is to ensure successful implementation of whatever plan might be adopted in the future.
It must however be noted that rather being a radical stance to reject aid, it seeks to ensure a more assertive stance is taken by the government with regards to aid. This is directly opposed to being dictated to by donors and development partners as to what areas are deemed important by them thus should be the focus of government planning and execution. *Ghana Beyond Aid* therefore seeks to align aid to national priorities and not vice – versa. Thus, it is a gradual transformation from aid dependence and not about rejecting aid outright. This will be achieved through a steady increase in basic public services like health, education, sanitation and water resources while encouraging donors to align their programmes along the lines of government to enable economic transformation. Others include the steady increase in the GoG’s contribution to the nation’s budget. This involves reduction of grants from the current 21.2% of government expenditure to less than 5% by 2023 and to less than 2% by end of 2028 (Ghana Beyond Aid Committee, 2019). For the ministries and public services, there will be the gradual reduction of grants “as a percentage of Government of Ghana budgetary expenditure on goods and services and on capital to no more than 10 percent by 2023, and below 5 percent by 2028” (Ghana Beyond Aid Committee, 2019).

Also, Ghana beyond Aid is a commitment to putting to use the numerous resources the country has at its disposal to transform itself. Thus, aid will play a complementary role but not occupy the very prominent role it currently does in national life (E. Yeboah, Personal Communication, June 28, 2019; Ghana Beyond Aid Committee, 2019).

The vision of a Ghana beyond Aid as well as the subsequent charter and policy document was not formed in a vacuum. It took inspiration from countries like Singapore, Malaysia, Estonia and to a lesser extent, Rwanda, that have gone through a phase of dependence on
donors and are self-sufficient (E. Yeboah, Personal Communication, June 28, 2019). In its quest to address the paradox that exists, Ghana beyond Aid seeks to have a W.I.S.E.R Ghana, a country which is wealthy, inclusive, sustainable, empowered and resilient. This W.I.S.E.R Ghana is founded on five broad goals that were inspired in part by the President’s Coordinated Programme of Economic and Social Development Policies (2017-2024), the AU’s Agenda 2063 and the UN’s Sustainable Development Goals.

3.2.1 A W.I.S.E.R Ghana

3.2.1.1 A Wealthy Ghana

The cumulative effect of the goal of a wealthy Ghana is the increase in the GDP per capita from the current $2,035 based on the 2018 rebasing to $2,150 in 2018 and double the 2018 target to around $4,500 by 2028. Also, another cumulative effect is the increase in GDP to over 9% per annum (Ghana Beyond Aid Committee, 2019).

To achieve this goal, the focus will be on economic transformation. The strategy document stresses the need for diversification, export competitiveness, increase in productivity and also upgrading current technology. Secondly, the government will seek to reduce money spent on imports by resorting to food import substitution.

To diversify therefore, the focus will be on manufacturing which is currently contributing 12.2% to the total GDP. This focus will be on five key pillars which are agro – processing, value addition to primary products from the extractive sectors – bauxite and oil and gas, tapping into a growing labour force to venture into the labour intensive textile and (vehicle) assembly market, focusing on the digital economy and leveraging Ghana’s position as the gateway to the larger ECOWAS market. This diversification drive has been set in motion
by initiatives such as Planting for food and Jobs (PFJ), Rearing for Food and Jobs (RFJ) which will focus on poultry farming, One District One Factory (1D1F) and also, the One Region, One Park programme. Under this programme, Government in collaboration with the private sector will develop at least an industrial park within each region to support labour intensive manufacturing sectors like vehicle assembly and textiles. This is already in motion as is seen in agreements signed with MNCs like Volkswagen, Nissan, and SinoTruk to set up assembly operations in Ghana.

Another central part of the wealthy Ghana goal is investment in quality infrastructure. Through public – private partnership, investment will be made to put up quality infrastructure like roads, railways, power provision, water and sanitation and the like. This is “to make Ghana a cost-effective and attractive place for industry and business in general” (Ghana Beyond Aid Committee, 2019). In addition to the above, two ‘well – provisioned’ new airports will be built in addition to the only existing international airport to fulfil the target of making Ghana a logistics hub that will serve not only the continent, but other countries outside the continent as well.

3.2.1.2 An Inclusive Ghana

This goal seeks to give equal opportunity to all citizens to participate and to benefit from economic growth and transformation. The areas of focus under an inclusive Ghana are in the areas of gender equality, reduction in poverty and inequality, increase in formal sector employment, improved access to quality healthcare, home ownership, informal sector pension scheme and equal access to quality education and skills training to prepare the youth for jobs.
With regards to gender equality, the focus is on women’s role in public life and the economy with the government committing itself to having more women serving as Ministers, Deputy Ministers and other political leadership positions (Ghana Beyond Aid Committee, 2019). On healthcare, the government has targeted covering at least 70% of the population with the National Health Insurance Scheme by 2028. This would be an increase from the current 35.6% of the population being covered. Also, the government seeks to reach the W.H.O’s standard of a doctor to 5000 people and one nurse to 500 people. In Ghana, the ratio is currently one doctor to 8,000 people and one nurse to 800 people. The government thus seeks to reach the required standard for nurses while working at achieving the standard for doctors in the long-term. Mental health was not left out either. With only 2% of public hospitals offering mental health services, the government has targeted an 18% increase in mental health provision in public hospitals by 2028. This will bring it to 20%.

Regarding the increase in formal sector employment, the key to achieving this, according to the document would be to create more productive employment avenues and these avenues will then be fed through an educational system that takes into account the needs of the economy and the job market. It is therefore the target that by 2028 formal sector employment would reach 50% compared to the current 20%, youth entering into the job market from the secondary or tertiary institutions can expect to secure some productive employment as employees or self-employed linked to their areas of study within two years.
3.2.1.3 A Sustainable Ghana

Under the goal of having a sustainable Ghana, the focus is on having an environmentally friendly and sustainable country with clean cities. Under this goal, the quest for economic growth will not come at the expense of environmental degradation. Thus, rivers and landscapes would be clean and air pollution would be minimal. Also, the extraction of natural resources would be responsible and sustainable. This would be achieved through the regulation of the activities of small scale miners to protect the country’s forest cover and its water bodies. Thus, effectively ending “galamsey” (illegal mining) (Ghana Beyond Aid Committee, 2019).

Additionally, there would be access to clean water, an end to open defecation and access by all households to improved toilet facilities, proper disposal of waste and the construction of well-designed and covered gutters and drains to handle sewage. Effectively making the phenomenon of open drains a thing of the past.

Aside the above, Ghana will seek to take advantage of green technology by boosting the percentage of renewable energy from the current 1% to 10%. The green revolution will also see plastic usage reduced and alternatives to plastics looked at.

3.2.1.4 An Empowered Ghana

The goal focuses on good governance. Under this, Ghana’s democracy will be strengthened. This will involve citizens being more involved in ensuring accountability on the part of elected officials. Government will endeavour to be transparent, accountable regarding corruption, responsive and efficient service (Ghana Beyond Aid Committee, 2019).
This goal will be achieved within the following parameters:

(a) Improvement in Ghana’s ranking on the Democracy Index

(b) Passage and Implementation of the Freedom to Information Act

(c) Improvement in Corruption Perception Index

(d) Improved Quality of Public Service Delivery

(e) A professionalized Public Service where senior officers are recruited on merit and do not change with changes in political leadership (i.e. change in the Party in power).

3.2.1.5 A Resilient Ghana

The aim of this goal is to project national pride and for Ghana to become a key and respected player on the international stage both politically and economically. This will be built on the government being able to provide its citizens’ basic needs like education, health, water and sanitation and not depending on charitable organizations to do so. Also, a resilient Ghana will see proper fiscal practices so that there is no need to seek assistance from the IMF and other IFIs and also, having an economy that can “withstand and recover from external shocks” (Ghana Beyond Aid Committee, 2019).
### Table 1. A Resilient Ghana (Indicators, Baseline and Targets)

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Baseline - 2017 (unless otherwise specified)</th>
<th>Estimate, 2018</th>
<th>Target, 2019</th>
<th>Target, 2023</th>
<th>Target, 2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Revenue (percent of GDP—rebased)</td>
<td>11.9</td>
<td>12.6</td>
<td>13.1</td>
<td>18.0</td>
<td>23.0</td>
</tr>
<tr>
<td>Domestic Revenue (percent of GDP)</td>
<td>14.9</td>
<td>15.6</td>
<td>16.8</td>
<td>20.5</td>
<td>25.0</td>
</tr>
<tr>
<td>Fiscal deficit (percent of GDP)</td>
<td>4.8</td>
<td>3.7</td>
<td>4.2</td>
<td>&lt; 5</td>
<td>&lt; 3</td>
</tr>
<tr>
<td>Foreign debt (percent of GDP)</td>
<td>29.6</td>
<td>28.9</td>
<td>&lt; 30</td>
<td>&lt; 30</td>
<td>&lt; 25</td>
</tr>
<tr>
<td>Capital Expenditure (percent of budgetary expenditures)</td>
<td>17.4</td>
<td>13.0</td>
<td>17.6</td>
<td>25</td>
<td>32</td>
</tr>
<tr>
<td>Grant financing (percent of GOG goods and services, and capital expenditure on education, health and sanitation)</td>
<td>9; 26; 50</td>
<td>5; 16; 84</td>
<td>TBC</td>
<td>&lt; 10</td>
<td>&lt; 5</td>
</tr>
<tr>
<td>Foreign direct investment, net inflows (% of GDP)</td>
<td>6.88</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Foreign exchange reserves as months of import cover</td>
<td>3.5</td>
<td>3.8</td>
<td>4.5</td>
<td>6</td>
<td>&gt; 6</td>
</tr>
</tbody>
</table>


### 3.3 How Ghana Beyond Aid will be Achieved

To achieve a W.I.S.E.R Ghana Beyond Aid, the broad goals are tackled in further detail under 10 main priority areas also referred to as ‘Growth Pillars’. These are both policy and institutional reforms that will ensure a Ghana beyond aid is achieved. They include:

(a) macroeconomic stability through prudent fiscal, debt, monetary, and exchange rate management

(b) higher public resource mobilization
(c) greater efficiency in the use of all public resources, and a more professional and transparent approach to public investments

(d) improved public infrastructure and easier and more secured access to land

(e) a robust financial sector for higher domestic private savings and foreign private portfolio investment

(f) a more supportive private sector environment for domestic businesses and foreign direct investment (FDI), more aggressive investment promotion efforts, and support for Small-Scale Enterprises (SMEs) and Entrepreneurship

(g) export promotion and import substitution

(h) building technological capabilities

(i) creating a strong social partnership among Government, business and labour

(j) a more strategic mobilization and use of aid

Five out of the ten priority areas listed above will be highlighted in the sub – sections that follow.

3.3.1 Maintaining Macroeconomic Stability

The aim of macroeconomic stability is to create a reassuring environment for businesses and investors. This will be achieved through:

(a) fiscal policy and debt management;

(b) public investments management;

(c) monetary and exchange rate policies

Fiscal policy will be founded on the 2016 Public Financial Management Act which is tasked with public sector financial management as well as spelling out responsibilities of
actors within the sector to guide their actions. This is done to ensure that public funds are sustained and in line with public debts as well as to make provision for accounting for and auditing of public funds. It also limits deficits by ensuring they do not go beyond 5% of GDP. This limit has the larger purpose of managing Ghana’s public debt in the medium to long term so as to lower government costs and for money to remain in government coffers (Ghana Beyond Aid Committee, 2019).

Regarding national investment, this will be increased to at least 30% each year but will require higher savings domestically to the tune of about 27% of GDP. Part of the increased savings will have to come from Government. To achieve this, government will raise revenue and check spending on interest payments and compensation as well as ensuring efficiency with regards to other goods and services. Monetary policy on the other hand is meant to ensure price stability to control inflation and stimulate growth. Central to this aspiration is the Bank of Ghana. It has introduced an interest rate corridor which “has ensured proper alignment of market rates with the Bank of Ghana policy rate and increased the effectiveness of the transmission mechanism” (Ghana Beyond Aid Committee, 2019). The Central Bank “will [also] invest resources to improve on surveys to measure business and consumer confidence. These measures will lead to interest rates that promote savings, but are affordable to borrowers, particularly for businesses” (Ghana Beyond Aid Committee, 2019).

3.3.2 Increased Government Resource Mobilization

Under this, the tax net will be broadened to cover the informal sector which employs about 80% of the citizenry. This will involve tax policy and administration modernization and strengthening to provide incentives to increase production since the government seeks to
raise the percentage of taxes from the current 12% of GDP to 23% by 2028. Rather than raising new taxes, the tax net will be widened, administration will be efficient, loopholes will be plugged and corruption will be reduced. This will be achieved through relying on data from the national identification system and the national digital address system.

Aside relying on the national identification and address systems, the Ghana Revenue Authority (GRA) will also have its mandate strengthened to ensure that royalties and taxes due the government from mining companies will be paid while ensuring that there is little or no room for transfer pricing and tax avoidance. Also, tax collection will cover income tax. The target is to raise income tax from the current 10.3% representing merely 1 million out of a possible 11.6 million taxpayers above 50% by 2028 (Ghana Beyond Aid Committee, 2019). Under this tax widening scheme, compliance with VAT will be significantly increased.

Also under the domestic resource mobilization, the government will seek to explore previously unexplored sources of funding like municipal bonds as is done in Rwanda, diaspora bonds, green bonds and a 100 year sovereign bond. Other sources to be explored include a 100 year sovereign bond to fund infrastructural development and service existing higher rated debts. Government will leverage natural resources as was done in the recent $2 billion Sinohydro agreement to fund developmental projects ("Ghana, China sign 8 co-operation agreements, MoUs," 2018). Additionally, the government will seek to make more gains from the mining sector by introducing a new fiscal policy to encourage value addition and to take the country’s share of mineral royalties before they are sold.
3.3.3 A Robust Financial Sector for Higher Private Savings and Investment

According to the document, the need for a robust financial sector is to enable effective mobilization and channelling of domestic and foreign savings to finance Ghana’s economic growth. Thus, the focus will mainly be on banking sector reforms, reforms which are already under way. The activities of the central bank has also led to the government having to shoulder the cost of footing the bill for the difference between liabilities and assets of these failed financial institutions (Nyalatorgbi, 2019).

The aim of a robust financial sector is to double the rate of domestic savings from below 10% of GDP to over 26% of GDP. This will be achieved through strong indigenous participation in the financial sector by streamlining regulatory and supervisory frameworks. This has to some extent been done with the ‘clean up’ exercise in the banking sector resulting in the closure of banks due to the raising of the minimum capital threshold for banks and the inability of some banks to meet this requirement. The ‘clean up’ will however not end with the banks but see the activities of Microfinance institutions and savings and loans establishments also being streamlined. This has been done with 347 Savings and Loans companies having their licenses revoked (Frimpong, 2019). There will also be the restructuring and strengthening of the Ghana Infrastructure Investment Fund and the Ghana EXIM Bank. The aim is to ensure that they are properly positioned to deliver on their mandate as they should.

Aside restructuring the banking sector, a new National Development Bank will be set – up with the sole purpose of domestic and foreign capital mobilization in addition to government funding to bring about agricultural and industrial transformation. Operating as a wholesale non - deposit taking bank, it will provide much needed financing to boost
industrialization and to modernize agriculture (Ghana Beyond Aid Committee, 2019). This bank will be financed through long term funds and lend to banks that meet its strict criteria.

Another facet of building this robust economy will be to de-risk lending to agriculture due to perception of agriculture being high risk. It will be accomplished with the launch of the Ghana Incentive – Based Risk – Sharing Scheme for Agricultural lending (GIRSAL) to share risks related to agriculture lending (Ghana Beyond Aid Committee, 2019). Hence, encouraging more lending to farming and farming related agricultural activities. Although this has as yet not been implemented, an already existing bank – Agricultural Development Bank has thrown its weight behind Planting for Food and Jobs by contributing GHC100 million in the form of credit facilities and working capital to ensure that farmers that sign onto this programme benefit from agro-inputs ("ADB contributes GHC100M to planting for Food and Jobs initiative," 2019).

Additionally, central to this aspiration is reform in non-bank sectors like the Pension, Insurance and Securities industries to make them robust and to make available, equity capital and long term debt instruments.

3.3.4 Export Promotion and Import Substitution

Under this goal, the objective is to make Ghana the country of choice to establish businesses at a production cost which is more favourable in comparison with Ghana’s competitors. This will be underpinned on one hand by stable macroeconomic environment, skill development, adequate infrastructure being put in place and a supportive Private Sector environment.
Aside the above, a building block of this objective is tackling the country’s exchange rate. If it is too low, exporters make no gains whereas imports become cheap. With high exchange rates, although exporters make substantive gains, imports into the country could be affected with the consumers suffering the effect of high price of goods. Hence, finding a balance to this conundrum and remaining sensitive to the plight of consumers is paramount.

Trade facilitation and trade policy are also another facet of this goal. Here, tariffs, export taxes or subsidies where necessary will be set. Aggressive trade facilitation will also be done to make entrepots efficient, reduce costs, delays and challenges exporters and importers face. Leakages will also be plugged at the ports, import duties collected so that local producers get maximum benefits based on WTO standards. Again, this has already been implemented with the introduction of the Single Window Paperless system at the port to much uproar by some stakeholders. However, government stood firm and saw it through.

Import substitution will also be used as a tool. This will cover food imports and construction materials. Currently, Ghana import $2.5 billion worth of food annually. However, the government in striving to achieve a Ghana Beyond Aid will seek to reduce Ghana’s import bill by at least half within the next five years. This will be accomplished via the already running PFJ, RFJ as well as 1D1F (Ghana Beyond Aid Committee, 2019).

All the above will be pursued with the involvement of the GIPC to attract investment into areas such as rice production, poultry, garment and textiles.
3.3.5 **Support for Small Medium Enterprises (SMEs)**

Under this, there will be steps to improve the business environment to ensure that Ghana is competitive on the continent and globally. To support this will be the updated companies code and also the electronic registration of companies which has been introduced (Ghana Beyond Aid Committee, 2019).

As earlier mentioned, to fund local businesses, there will be a drive for FDI through coordination with the GIPC, Free Zones Board, Ministry of Trade & Industry and the Ministry of Finance. FDI firms that seek to collaborate with Ghanaian businesses will be given incentives while their efforts are complemented by Government by strengthening the capacity of indigenous enterprises “to become competitive suppliers to the FDI firms” (Ghana Beyond Aid Committee, 2019).

Aside the drive to generate funding for SMEs, the government will seek to support these SMEs through the enforcement of labour content law and preference for Ghanaians in government procurement. This, according to the document, will be guided by the opportunities and potential windfalls from the single market and free movement of goods and services as a result of the African continental Free Trade Agreement (AfCFTA).

The support will also encompass streamlining the entrepreneurial support given to SMEs, coordinate support as is done in Chile, Ireland, Israel, Malaysia, and Singapore” (Ghana Beyond Aid Committee, 2019) to give them more impetus.
3.4 Implementing Ghana Beyond Aid

As a radical direction by the government of the day and hopefully, one that successive governments will follow, Ghana Beyond Aid’s implementation will be done in three main ways. They include:

(a) **Monitoring:** This will be done to evaluate progress made on the W.I.S.E.R targets.

(b) **Review Sessions:** These will look at the progress report resulting from the monitoring and will also involve the commissioning of studies to make the necessary changes to targets where applicable.

(c) **Public Engagement:** This will be done to keep the public informed via avenues like annual public fora to evaluate and hold discussions on the progress of Ghana Beyond Aid (Ghana Beyond Aid Committee, 2019).

Specifically, the engagement with the public will be targeted (E. Yeboah, Personal Communication, June 28, 2019) and will take various forms. These include various media platforms like online (social media and mainly targeting the youth), print, radio and TV. Also, the National Commission for Civic Education will be crucial since it will be tasked with organizing various Town hall meetings to create awareness on *Ghana Beyond Aid*. Additionally, the vision will be integrated into the Basic Education Curriculum following meetings with key stakeholders like the Ministry of Education and the Ghana Education Service (GES).

Aside the above, Faith – Based Organisations, Civil Society Groups and other identifiable stakeholder blocs will be engaged. Crucially though, the vision will be communicated using local dialects and languages for better understanding by all citizens (Ghana Beyond Aid Committee, 2019).
Although the above processes are key to the implementation of the vision, a body – *Ghana Beyond Aid Council* will be established. It will be a 17-member council tasked with exercising oversight and coordination responsibilities and will comprise:

- The President who will be the Chair of the council. In his absence, his vice will act as Chair;
- Three Vice – Chairs who will be drawn from the largest opposition political party in parliament, the head of the Trades Union Congress who will represent Labour and finally, the Head of the Employers Association;
- Five representatives from Government with the Finance Minister being one of them;
- Eight representatives from outside government which include: Business Leaders, Chiefs, Faith-Based Organizations (Christian/Muslim), Academia, Think Tanks/Civil Society, a person representing all opposition political parties other than the largest opposition party in Parliament, and a Youth representative.

The GBA Council will also be supported by a secretariat which will be tasked with developing parameters for indicators which will help track the progress made or otherwise on GBA. Although some parameters and indicators are already in place, the secretariat will collaborate with the Ghana Statistical Service to build on what has already been done in terms of parameters and indicators (*Ghana Beyond Aid Committee, 2019*). Collaborating with the GBA Secretariat will be the National Development Planning Commission (NDPC). Its role will be to develop plans in line with the President’s Coordinated Programme of Economic and Social Development Policies and its associated Medium – Term Development Framework to be in line with the direction of the government of the
day wants to take the country. It could also act in an advisory capacity to government due to its role as a core member of the GBA Secretariat.

3.5 Critique of Ghana Beyond Aid

The current administration’s vision of a Ghana that is self – sufficient is a commendable one which ought to be a central driver of many development planning.

However, the foremost critique of this vision is the long-term sustainability of it. Ghana, unlike countries like Singapore, Malaysia, Japan, Rwanda and South Korea does not have elite consensus on the way forward when it comes to the country’s developmental trajectory. In the cases of these countries, the government in power has either been the same as is the case in Singapore with the People’s Action Party and in Malaysia (until recently when the long time political party suffered surprise defeat) or there is considerable agreement on the path development and development planning should take with minor variations. As this is not the case in Ghana, it could be a problem. This lack of consensus, be it intentional or unintentional is seen in the composition of the committee that formulated the charter. Although the various political parties were written to for their input into the strategy document, however, their ‘boycott’ of this process by choosing not to respond is enough of an indicator of where this agenda will head in the event that there is a change of government.

Closely linked to the sustainability critique is that the constitution has proven a stumbling block to any continuity regarding development planning and policy. Two provisions within this document in the researcher’s view virtually cripple any attempts at consensus even
though taxpayer funds are used to initiate the process of putting together these development plans. Both, in Chapter 6, give leeway for the administration in power to do as it pleases. Section 35 (7) states that: “As far as practicable, a government shall continue and execute projects and programmes commenced by the previous Governments”. Section 36 (5) also clearly states that the President is required to present to the legislature a programme of coordinated economic and social development policies at all levels and in all regions of Ghana. The first provision virtually makes it non-binding to continue projects that are unfinished at the time of the coming into office of the new administration, whereas the latter, torpedoes any plans that existed, no matter how good, in favour of the new administration’s driven one that might not necessarily be better than the pre-existing plan. If there is any hope of having consensus among the political elite, this constitutional flaw has to be addressed. Else, any attempts to achieve development or to gradually wean the country off aid would be an exercise in futility. It can thus be argued that the current development plan is one that the current administration aims to use as a vehicle to push its own development agenda and priorities although masked within a framework of weaning the country off aid.

In addition to the above, the committee is not one that has legal backing thus, seen as a legitimate agency or department of government. In the opinion of the researcher, it can be seen as an appendage of the Office of the President. Hence, its very existence can be seen as short – term. This thus brings into sharp focus the place of the NDPC in the scheme of things. Regarding Ghana Beyond Aid, it is playing a supporting role as opposed to it taking the lead as the main body tasked with charting the course for development per the direction of the government of the day. This ‘side-lining’ of the primary body for such a purpose is
one that signals a death knell for the vision of a *Ghana Beyond Aid* although a number of the policies on merit are good and could auger well for the country in the long-term.

Also, the document has been crafted under the assumption that positive growth and uninterrupted global economic growth will remain so unabated without taking into account key reports that might affect the conclusion of the forward looking projections such as the World Bank inequality reports (B. Botchway, Personal Communication, July 13, 2019). Also, achieving growth rates of 9% annually will be nothing short of a miracle since global growth forecasts are showing growth slowing down. Thus, such a rate of growth will require expenditure and liquidity which won’t be existent in the event of a global slow down in growth let alone a recession. This slow down in global economic growth is down to factors like Brexit and the Sino-American trade war. This assertion is backed by studies done by the OECD and the World Bank (Jones, 2016; Organization for Economic Cooperation and Development, 2019a). According to both organizations, this slow down will lead to global growth rates coming to 3.3% in 2019 and 3.4% in 2020 but could rise. The projections of both organizations have also been corroborated by the new IMF Chief, Kristalina Georgieva. She asserts that these trade disputes could lead to the loss of about $700 billion in global output by the end of 2020, representing about 0.8% of global GDP ("IMF Chief Georgieva Warns Trade Wars To Undermine Global Economy," 2019). With such a grim economic outlook for the global economy, it will indeed be a miracle especially since Ghana is commodity dependent and with commodity prices fluctuating, there is no indication where the pendulum will swing when it comes to growth.

Concerning creating a wealthy Ghana (p. 20), the table showing growth spurts uses economic growth numbers and lists countries which are at different stages economically
and developmentally to Ghana. It also uses a period of years without establishing what effects politics and global economic trends had on those countries economically (B. Botchway, Personal Communication, July, 13, 2019). This critique is particularly poignant given the fact that different times in history and certain critical junctures as well as internal politics contrive to either boost the economy of a state or ruin it. 

In the opinion of the researcher, going beyond aid means doing all that is possible to avoid borrowing from overseas capital markets or taking loans that will further increase the country’s debt threshold; even if it will be used to service longstanding debts. Thus, plans to secure a 100 year sovereign bond to enable the state to finance infrastructure projects and pay off high interest debts does not in any way make the issue of indebtedness go away. The debt still remains no matter how long it takes to pay it off.

Additionally, expanding manufacturing to 20% requires capacity which Ghana does not currently possess. The country is suffering power shortages and a drive toward industrialization would mean there is the need to invest in cheap and stable power supply which will directly impact the cost of goods produced. This currently lacking. Aside this, the human resource capacity is lagging behind when it comes to skills that are actually needed in the manufacturing sector. Then again, studies have shown that artificial intelligence will see about 20 million people lose their jobs within the next decade due to automation. Already, 1.7 million jobs have already been lost in manufacturing since the turn of the century. Currently, “[each] new robot installation replaces an average of 1.6 manufacturing employees, Oxford Economics found” (Rayome, 2019). As it stands, Ghana is late to the party and going down such a path would be profligacy and a strain on already scarce resources.
Again, initiatives like 1D1F are unsustainable and should be scrapped or limited through well done feasibility studies, to ascertain areas that can actually bring in revenue into the coffers of the state. A district getting a factory or a village a dam should be backed by actual data on how they will be sustained. For the factories the resources to feed them in with and how constantly they can be procured is of paramount importance. Regarding the dams, an environmental impact assessment is key in ensuring that Ghana does not go back on its commitment to environmental sustainability as mentioned in this document. If government forges on any further with both initiatives without doing the required due diligence, it will only be a repeat of history thus validating the argument made by Acemoglu and Robinson (2012) concerning the Nkrumah regime (and could be same for the current administration) that some economic policies were merely implemented to appease certain constituencies within the state to continue supporting Nkrumah.

The Free SHS Policy was a core campaign promise of the incumbent president, Nana Akufo-Addo and true to his word and championed by the Minister for Education, Matthew Opoku-Prempeh, he ensured that it was implemented in spite of the considerable backlash it received from opponents. The implementation of this policy has seen a significant chunk of the country’s funds being dedicated to ensuring that it continues running. Per the estimates, the dedicated amounts stand at GH₵1,682,641,924 (Ministry of Finance and Economic Planning, 2019). Money has also been spent on the production of short videos to extol the benefits of the fulfilment of this campaign promise. Indeed, there is no doubt that this policy has removed the barrier to education for many of the very poor. However, quality matters. Large scale inclusion without a futuristic educational curriculum will only mean there will be large scale education of citizens who will be unprepared for the
changing world. Curriculum overhaul should most importantly be targeted at making education relevant. An irrelevant curriculum subtracts from any ‘achievement’ of boasting a highly literate population.

Lastly, in spite of the above seemingly negative critiques, the efforts at building institutions and strengthening existing ones is a positive that ought to continue to ensure that avenues are provided for citizens to take advantage of them and make wealth for themselves. More important than building institutions, they must be allowed to work and not circumvented for the profit of a few thereby deepening the already wide divide between the rich and the poor. It is only when the institutions set up to ensure a more equitable society are working can they be said to be successes.

### 3.6 Prospects and Challenges

#### 3.6.1 Prospects

(a) “Aid and foreign assistance is a reflection of the country or the entity giving it and over the period, their priorities” (E. Yeboah, Personal Communication, June 28, 2019). Therefore, the primary prospect for Ghana in going beyond aid is that it gives the needed room for any Ghanaian government to make more independent policy decisions on both the domestic and foreign fronts.

(b) Secondly, it ensures that Ghana is not at the mercy of donors at any time due to differences of opinion on certain issues that could see critical sectors suffer due to the refusal of donors to give unless the government of the day changes its stance. In current times, the use of foreign aid and other economic measures as tools of
foreign policy by the United States under the Trump administration to coerce states in Central America to stop the flow of migrants to America is a clear indication that the interests of any donor is paramount. When their interests are not being served, aid could cease.

(c) Another prospect for Ghana in going beyond aid is being able to create the needed prosperity for and deliver critically needed services as should be the case, by itself without having to seek donor funding to do so.

(d) It will cement Ghana’s position in Global leadership. This is because, being the first country in sub-Saharan Africa to gain independence, Ghana has been the torchbearer in key occurrences on the continent. An accomplishment of this magnitude will only cement Ghana’s position further.

3.6.2 Challenges

(a) The primary challenge in the researcher’s opinion to achieving a Ghana Beyond Aid is agreement among the political elite since they at the end of day administer the affairs of the state. A variance of opinion on the direction the country should go will no doubt impact the long term sustainability of any efforts underway or any initiatives yet to be implemented. From the onset, the idea of Ghana Beyond Aid has been mired in controversy and political games especially with the backdrop of the previous government’s efforts to draw up a 40 year development plan which were shelved upon the assumption of the reins of power by the current administration. In fact, the writing was on the wall regarding what would become of the 40-year development plan since, Yaw Osafo-Maafo, the current Senior Minister in the NPP administration clearly stated that any development plan that
exceeded ten years was not viable due to technological challenges. Thus, a limit to
the time frame of any plan would have to be a decade ("Government won't follow
didn’t indicate in our budget or manifesto and we are not bound by it. This thing
should come from our cabinet and we haven’t said anything like that yet”
("Government won't follow 40-year development plan - Osafo-Maafo," 2017). It is
thus no surprise that the equally ambitious 40 year development plan did not see
the light of day and was rather replaced by the Ghana Beyond Aid Charter and
Strategy Government, a document, which to the current administration’s credit is a
10 year plan.

(b) The second impediment to making any meaningful gains pertaining to this agenda
is lack of fiscal discipline and corruption. Fiscal discipline has proven problematic
since after benefitting from debt relief, Ghana went back to its old ways of
overspending leading to renewed financial woes. This overspending could be
attributable or encouraged by the cancellation of Ghana’s debt and also its
discovery of oil (Brown, 2017; Jones, 2016). Unless the governments that come
into power rein in the impulse to spend to potentially secure themselves in power,
the country will continue to see its debt grow. On the other hand, corruption, which
cmpervades almost walk of life will take more than just patriotism but a firm hand
through institutions that are well funded, independent, work and ‘have teeth’ to not
only investigate any citizen or entity irrespective of their position in the society in
compliance with the law just as the Corrupt Practices Investigations Bureau (CPIB)
does in Singapore. The Singaporean ‘miracle’ was in part a decision made by the

96
political elite to rid government of corruption and abiding by it, even if it saw the prosecution of public servants in the highest echelons of the Singaporean government (Quah, 2018).

(c) Although import substitution is mean to protect and strengthen fledgling industries or sectors of an economy to grow, the 10 year time frame of the first phase of Ghana Beyond Aid might prove to be problematic since for instance, attempts to encourage rice production and consumption in Ghana has been largely unsuccessful and proven a hard sell to the citizenry. In the event that these issues of demand and supply are not properly managed yet imports in rice for instance are implemented, the cumulative effect will be a sharp increase in prices of imported rice which could prove to be a political nightmare for the government of the day.

(d) Any attempts to restructure any economy could lead to what is known as creative destruction and resistance from the beneficiaries of existing economic structures (Acemoglu & Robinson, 2012). Creative destruction results in previous ways of doing things being sidelined when there is the need to innovate. In such a situation, the new areas of focus will attract resources previously allocated to the old sectors. Hence, achieving a Ghana beyond aid by going down the paths of industrialization and import substitution among others would mean creative destruction will take place. However, any resistance from constituents within the current economic setting who have benefitted from the status quo will need to be tackled with tact and boldness.
3.7 Conclusion

This chapter has shed light on what Ghana Beyond Aid is and how the government of the day intends to go about it. It has been shown that the attainment of a Ghana Beyond Aid will be a combination of institution building, and strengthening, domestic resource mobilization and aid that will build the capacity to go beyond aid. Hence, it is an aid assisted vision.
REFERENCES


CHAPTER FOUR

SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

4.1 Introduction

This study sought to assess *Ghana Beyond Aid*, the professed new direction the current NPP administration under the leadership of H.E Nana Addo- Dankwa Akufo-Addo. Thus, the objective was to interrogate the *Ghana Beyond Aid* agenda; ascertain the extent of Ghana’s aid dependence; examine the alternatives to foreign aid and to determine the prospects and the challenges that could arise from the execution of this agenda on Ghana. This chapter provides the summary of findings, the conclusions and recommendations.

4.2 Summary of Findings

The study revealed that *Ghana Beyond Aid* is not a radical and outright rejection of aid as the name of the Agenda seems to project. Rather, it takes a gradualist approach by building national capacity over time, to take over from donors. This finding clearly answers the first research question which sought to ascertain what *Ghana Beyond Aid* is. Also, echoing the comments made by the President during the presentation of credentials of the current United States Ambassador to Ghana, Stephanie S. Sullivan that Ghana would not reject any aid given, *Ghana Beyond Aid* seeks to judiciously use aid that comes in and working with donors to align their priorities to that of the government while at the same time,
mobilizing effectively, the nation’s human, natural and financial resources to bring about improvement in the lives of the citizenry.

The study further found that although the Ghana Beyond Aid vision has been tagged by the current administration as comprising ‘Social Partnership’, it is not all encompassing. The vision lacks bipartisan or multi – party support especially from the major opposition party the National Democratic Congress. Although the parties have been factored into the equation in the implementation and sustenance stage – the Ghana Beyond Aid Council, it is still not adequate since it could prove to be the undoing of the agenda should there be a change of government in the next election.

In addition, the study also found that the primary body tasked with the formulation of development policy of the nation has been somewhat shunted aside and is rather playing an advisory role to the Ghana Beyond Aid Council and Committee in the furtherance of the Ghana Beyond Aid Agenda.

Regarding Ghana’s aid dependency, the study established and answers the second research question pertaining to the country’s dependence on aid and. The study found that aid dependence was gradual, taking years to become entrenched. Beginning in the final years of Nkrumah’s time in office and peaking in the 1980s when the PNDC was in office. It also found that Ghana has sought to engage more with non – western, non – traditional donors like China which has seen key infrastructure being put up and also given successive administrations options to the Bretton Woods Institutions which it traditionally deals with.

The study found that the constitution of Ghana as is found in Chapter 6 (35, 36) has given successive governments the free rein to do as they please with regards to the continuation,
discontinuation and drawing up of a development plan for the nation. This has made it difficult for any continuity with regards to any developmental path embarked upon by any administration in charge, prior to leaving.

Also, with regards to alternatives to foreign aid, the study found that aid would still play a role in the pursuit of a Ghana beyond Aid. However, it is the position of the government to work with donors to align their priorities with those of the government. Although aid would be in the picture, the government, among other options, seek to widen the tax net, exploit natural resources at the country’s disposal as well as tighten oversight and monitoring in many sectors of the economy to maximize the revenue that can be generated within the country so as to gradually fund sectors that have for years been heavily funded by donors.

This answers the third research question regarding alternative sources to aid. This finding is equally important because the Ghana Beyond Aid Strategy document does not just seek to leverage aid but also acknowledges that there are some deficiencies structurally within the state administrative machinery and national institutions in general which are equally causing the state to haemorrhage money. Thus, need addressing.

4.3 Conclusions

Ghana’s bright start encapsulated the hopes and aspirations of a whole continent and the diaspora. However, its missteps and frequent political turbulence within its borders until 1992 saw it retrogress and depend on others when the vision of its first President was to have a country that was capable of managing its own affairs. Aid, in all its forms, subtracts from this grand vision. Rather than charting its own development course, it has seen its
developmental trajectory altered at the whims of actors outside its political space yet, with enough clout due to the aid they give, to shape Ghana’s internal policies. As a result, aid has become entrenched. Although there is donor fatigue and also drastic reduction in aid, there is no doubt that aid still has a strangle hold over certain key sectors of Ghanaian life, without which many projects within these key sectors like health, education and water and sanitation will suffer.

Thus, achieving a Ghana beyond aid is a must since it has the potential to transform the fortunes of the country but the strategy document is more manifesto – like than concrete and completely achievable. As earlier mentioned, the institutional building aspect of the strategy document is laudable and very achievable, but the action programmes outlined like PFJ, RFJ, 1D1F are administration tied programmes and not national as they are claimed to be. Ultimately, it is the opinion of the researcher that Ghana Beyond Aid is achievable but must first begin with the politics that undergirds it all. Politics is ultimately the engine that will drive the nation to a Ghana beyond aid. Until the elite are in agreement that partisan politics should sometimes take a backseat for nation building, then all the institutions built and strengthened over the years as well as plans outlined in the GBA Strategy Document and other development plans that might be developed will remain stillborn.

4.4 Recommendations

The study proposes the following recommendations:
The proposed commitment to fight corruption has been a mantra of many governments since the democratic transition into democracy. However, little has been achieved. Governments must therefore dedicate themselves to showing some backbone and intolerance for corruption and financial malfeasance. This should be done through compulsory asset declaration before any citizen runs for office. Upon exiting office, their assets and dealings should be audited every three years to ensure no public funds were misappropriated by them or their close aides for their benefit. Secondly, immunity should be suspended when it comes to corruption and financial malfeasance. This is to ensure that the immunity top ranking government officials enjoy are not abused while they are in power or exploited unfairly to their gain. Also, like the Singaporean Corrupt Practices Investigations Bureau (CPIB) does by investigating both public and private citizens and entities, Ghana’s Economic and Organized Crimes Office (EOCO) should be given the autonomy, funding and backed with legislation to fulfil its duties as the country’s anti-corruption watchdog.

The NDPC should be the only body that draws up development plans for the country since it is the constitutionally mandated body tasked with doing so rather than supporting the activities of the GBA Committee and the GBA Council. To ensure that the NDPC is the only body, the judiciary should intervene in the event of any disregard for the laws of the land. Secondly, the head of the NDPC should have a fixed term limit of five years to be renewed for as many times as deemed fit per the direction of the government of the day.
• Since *Ghana Beyond Aid* is as much about being self-sustaining as well as being able to fund Ghana’s development projects, a law should be passed mandating all political parties to make inputs into any development plan drawn up and must be followed till it ends before another is drawn up. This will ensure that the state’s resources are not used in drawing up development plans that will be shunted aside when a new party comes into power.

• The constitution should be amended to account for the loopholes in sections 35 and 36 that are being exploited by successive administrations that assume the reins of power and by so doing, save the taxpayer money that is pumped into such initiatives that lead nowhere.

• A premium has been placed on education and training specifically STEM to feed the industrialization and manufacturing drive and this is laudable. However, the focus on these two sectors needs to be approached with caution since 20 million job losses have been predicted within the next decade. Hence, aside looking at solving today’s problems, government, in conjunction with the NDPC, should study research already done and sponsor such research so as to be acquainted with the areas of employment that have a paucity of skilled individuals so as to prepare Ghanaian students to take advantage of them while the government does its best to promote Ghana as the destination of choice to fill such a gap in expertise. Thus, the educational system must be current and futuristic at the same time.
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APPENDIX

INTERVIEW GUIDE

An Examination of Ghana Beyond Aid – Prospects and Challenges (Interview Guide)

Purpose of the Research: This research seeks to probe the Ghana beyond Aid aspiration of the incumbent government to know what it means, how it will be implemented and the alternatives to foreign aid that the current administration is considering as well as the likely effects – both positive and negative that could arise from its implementation.

Interview Questions

- What is meant by Ghana beyond Aid and why has it become a focal point of government planning?

- What is its scope? (What key areas does government intend using as foundations to achieve a Ghana beyond Aid?)

- What is your view on aid as budgetary support? Is it an area government intends to do away with?

- What about the work of NGOs? How will they be affected?

- What are the potential shocks to the economy when Ghana beyond Aid is implemented? Are they being considered? How are they going to be dealt with?

- What is the potential impact of GBA on Ghana’s relationship with its donor and development partners?
According to President Akufo-Addo, GBA does not mean grants and support will not be accepted. How does government reconcile donor support with going beyond aid?

What is the role of the citizenry in achieving Ghana beyond Aid? I ask because Ghanaian citizens are mostly up in arms when hardship or some change which threatens their everyday lives comes into the fray. Are there sacrifices that have to be made by the general populace?

How are the various political entities involved in the implementation process?

What informed the multifaceted make-up of the committee to put together the document?

Aid has become an almost vital part of national undertakings; how long do you think it will take to realise this aspiration?

What does Ghana stand to gain as a nation in implementing Ghana beyond Aid?