

Working Paper

# Understanding the context of the Youth Forward initiative in Ghana

A political economy analysis

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**About Youth Forward**

The Youth Forward initiative is a partnership led by The MasterCard Foundation, Overseas Development Institute, Global Communities, Solidaridad, NCBA-CLUSA and GOAL. Its focus is to link young people to quality employment or to start their own businesses in the agriculture and construction sectors in Ghana and Uganda. The Youth Forward Learning Partnership works across the initiative to develop an evidence-informed understanding of the needs of young people in Ghana and Uganda and how the programme can best meet those needs. The Learning Partnership is led by the Overseas Development Institute in the UK, in partnership with Development Research and Training in Uganda and Participatory Development Associates in Ghana.

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# Contents

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Acronyms and abbreviations	7
Acknowledgements	8
Executive summary	9
1 Introduction	11
1.1 Background and purpose	11
1.2 Overview of the Youth Forward initiative	11
2 A framework for conducting political economy analysis	13
2.1 Steps involved in a political economy analysis	13
2.2 Data sources and analysis	15
3 Foundational factors	16
3.1 Historical, cultural and political foundations	16
3.2 Geography and economic foundations	17
4 Current political, economic and regulatory environment	19
4.1 Current political environment	19
4.2 Current economic environment	20
4.3 Current policy and regulatory environment	23
4.4 Demographic trends	24
5 Key stakeholder groups	27
5.1 The executive	27
5.2 Technocrats, civil servants and ministries	27
5.3 Metropolitan, municipal and district assemblies	27
5.4 Traditional authorities	27
5.5 Civil society	27

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5.6 Media	27
5.7 International financial institutions, multilateral agencies and bilateral donors	27
5.8 Private sector	28

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6 Implications for the Youth Forward initiative	29
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# List of tables and figures

## Tables

<b>Table 1.</b> Key dates in Ghana's political history	<b>17</b>
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## Figures

<b>Figure 1.</b> Youth Forward sites in Ghana	<b>12</b>
<b>Figure 2.</b> A conceptual map of the five steps in conducting a political economy analysis	<b>14</b>
<b>Figure 3.</b> GDP growth, 1990-2014	<b>20</b>
<b>Figure 4.</b> Contribution to GDP (%)	<b>21</b>
<b>Figure 5.</b> Structure of Ghana's exports (top) and imports (bottom), 2014	<b>22</b>
<b>Figure 6.</b> Population pyramid for Ghana	<b>25</b>

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# Acronyms and abbreviations

<b>AfDB</b>	African Development Bank	<b>MMDA</b>	Municipal, Metropolitan and District Assemblies
<b>COCOBOD</b>	Ghana Cocoa Board	<b>NGO</b>	non-governmental organisation
<b>CPP</b>	Convention People's Party	<b>PEA</b>	political economy analysis
<b>DFID</b>	UK Department for International Development	<b>PPP</b>	Purchasing Power Parity
<b>ECOWAS</b>	Economic Community of West African States	<b>UK</b>	United Kingdom
<b>FDI</b>	foreign direct investment	<b>UNDESA</b>	UN Department of Economic and Social Affairs
<b>GDP</b>	gross domestic product	<b>UNDP</b>	UN Development Programme
<b>GLSS</b>	Ghana Living Standards Survey	<b>UNEP</b>	UN Environment Programme
<b>GSS</b>	Ghana Statistical Service	<b>US</b>	United States
<b>HDI</b>	Human Development Index	<b>YIEDIE</b>	Youth Inclusive Entrepreneurial Development Initiative for Employment
<b>IMF</b>	International Monetary Fund		
<b>MIT</b>	Massachusetts Institute of Technology		

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# Executive summary

Understanding the historical, social, political and economic context within which a development programme operates is vitally important. Context can influence the implementation and outcomes of an intervention, and identifying key contextual factors can help us interpret how and why different changes take place over time.

A political economy analysis (PEA) is a tool used to understand context, through the systematic exploration of the social, political, economic, cultural foundations and rules within which individuals and institutions operate. A PEA examines the distribution of power and wealth between different groups and individuals, and the processes that create, sustain and transform these relationships over time.

Using an Overseas Development Institute (ODI) PEA framework (Tembo, 2012), this paper explores, and seeks to understand, the context that will be influential in determining the implementation efforts and outcomes of the Youth Forward initiative in Ghana.

Youth Forward focuses on economically disadvantaged young people, aged 15-24, living in Ghana and Uganda who are low income (living on less than \$2 a day), out of school, unemployed or underemployed and moving through a transition point in their life (e.g. seeking their first job, marriage, becoming head of household). The programme also recognises that young women face particular social and economic challenges that require tailored interventions.

This paper first establishes the underlying cultural, political, economic and geographical factors, which still bear influence on Ghana today. Understanding this historical context, allows for exploration of contemporary economic, political and policy developments. It then identifies key stakeholder groups with influence on the initiative's progress, locating entry points for Youth Forward to influence and shape local dynamics.

## The Ghanaian context

### Relatively open and stable institutions

Ghana became the first sub-Saharan African country to gain independence, and initially followed a development path driven by industrialisation, within a socialist paradigm. National leadership fluctuated between democratically elected and military regimes until the establishment of multi-party democracy and a democratic Constitution in 1992. Throughout the 1980s and 1990s,

the economy also underwent liberalisation, which eventually yielded significant, but volatile, economic growth until the early 2000s.

Today, Ghana enjoys open, relatively stable government institutions that allow the economy to benefit from its geographical advantages and to enjoy sustained growth. The country is also an important player in regional political structures, having long supported continental solidarity and playing an important role in the Economic Community of West African States.

### Economic progress and potential

Prior to the structural transformation of the economy, it was Ghana's geography that largely determined its economic trajectory and trading relationships with the rest of the world. Its location has facilitated access to world markets for centuries. Subsequently, Ghana became the world's largest producers of cocoa for 70 years till 1980, directed by a powerful marketing board. Despite its geographical advantages, economic growth remained volatile throughout the post-independence era until the early 2000s.

Ghana's gradual economic growth since the early 2000s has seen the country graduate to lower-middle-income country status. However, these achievements have not been sustained in recent years, with per capita growth rates dropping to just over 2% in 2014. Growth is expected to return to 6% per capita in 2016, but maintaining these levels will require significant efforts to reduce corruption levels, which have been on the rise in recent years.

There is a growing sense of dissatisfaction among Ghanaians with the state of their democracy and the government's management of the economy. This is, at least partially, a result of hierarchical decision-making processes that frequently exclude young people and women. Decentralisation has not been able to reverse this trend, as it has not had much effect on the political landscape or the inclusiveness of decision-making.

There is a small risk that the presidential and parliamentary elections scheduled for November 2016 could cause disruptions to the economy, if current tensions are not resolved. In the longer term, climate change poses a significant threat to the agriculture sector – particularly cocoa production – which remains an economic mainstay. And, while economic growth has had a positive effect on human development and poverty levels across Ghana, disparities in income and development levels between the north and the south remain significant.

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## Complicated and undocumented land tenure in Ghana

Ghana has complicated, overlapping systems of land tenure that are frequently undocumented. Land can be owned by traditional authorities or ‘stools’, by individuals or by the state, and each system requires a different process in order for land to be purchased, sold or leased for agricultural use. Young people are disadvantaged by existing patterns of land ownership and struggle to access land for economic activities, not only because they lack capital but also because land shortages mean that young people do not access land until they are older and inherit it from their parents or uncles. These dynamics, coupled with fast population growth, have resulted in the high youth unemployment and underemployment rates that Youth Forward seeks to address.

## Implications for Youth Forward

Youth Forward is well placed to contribute to Ghana’s economic development and its efforts to provide livelihood opportunities for its young people. Ghana has put in place a policy framework for youth development but does not have sufficient government capacity for implementing all its intended policies. The challenge for Youth Forward implementing partners, therefore, is less a matter of getting youth issues on the political agenda and much more about assisting government to implement policies to maximise economic opportunities for young people.

A vibrant civil society and free media provide channels for citizens to influence government. However, given hierarchical, patriarchal decision-making structures, the Youth Forward implementing partners will need to use these channels to ensure the voices of young people, and young women especially, are heard. For young cocoa farmers, relationships with, and policies implemented by, the Ghana Cocoa Board (COCOBOD) will be especially important if young people are to be encouraged to choose cocoa farming as their livelihood. Young artisans, on the other hand, face a more difficult economic situation: as there is no government body that can protect them from the vagaries of the construction market, they are much more likely to lose out in competition with large international firms. Again, collaborating with policy-makers will be crucial to maximising the impact of Youth Forward partner YIEDIE’s work.

Young people’s ability to access land will be central to the work of Youth Forward partners YIEDIE and MASO. Availability of land determines demand for housing, which in turn determines the amount of work available to young artisans in the construction sector. Equally, it determines the ability of young cocoa farmers to farm at all, and whether they can farm profitably. Youth Forward’s role must therefore be to forge constructive relationships with policy-makers, political actors and traditional leaders with the aim of creating an equitable land system that provides opportunities for young people.

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# 1 Introduction

## 1.1 Background and purpose

*This report uses the same framework as ‘Political Economy Analysis: Understanding the context of the Youth Forward initiative in Uganda’, therefore the first two sections are almost identical.*

Political economy analysis (PEA) is the systematic exploration of the social, political, economic, cultural foundations and rules within which individuals and institutions operate. It examines the distribution of power and wealth between different groups and individuals, and the processes that create, sustain and transform these relationships over time. PEA can help us better understand how formal institutions and informal norms, incentives, values and ideas shape political action and development outcomes (DFID, 2009). Consideration of these factors is often tacit, implicitly guiding people’s decisions and action. PEA helps in explicitly identifying potentially influential contextual factors and analysing them in a systematic way.

This analysis aims to characterise the context in which Youth Forward in Ghana is taking place in order to identify key factors that could influence its implementation, and to guide where and how the initiative can maximise its impact. As such, the paper focuses specifically on issues relevant to youth livelihoods in the areas and sectors where the initiative is operating. The primary audiences of this paper are the Youth Forward implementing partners and The MasterCard Foundation.

PEAs are also important documents for the Youth Forward’s Learning Partnership as they present the broader context within which sector analyses are situated as well as a baseline against which evaluation activities can be gauged. This overview may also be relevant for other programmes working on similar issues and areas.

The PEA is complemented by sector analyses of construction and cocoa in Ghana, and analyses of youth education, employment and financial behaviour in the Ghana Living Standards Survey (GLSS).<sup>1</sup> In addition, the PEA is supplemented by alignment, interest and influence matrix analyses, which go into greater depth regarding the key stakeholders for each consortium in the wider initiative. Similar political economy, sector, national survey and alignment, interest and influence matrix analyses have been conducted to inform Youth Forward activities in

Uganda. Together, this information can help managers and staff better understand variation in the different sectors and contexts in which Youth Forward is operating.

This paper is not intended to be exhaustive and final; given the dynamic nature of political and economic processes, the analysis will be updated on a periodic basis to reflect the changing context in which the Youth Forward consortia work. This first report provides a baseline of sorts, describing the context at the outset of the initiative. As programme implementation progresses, new issues may emerge that involve institutions, incentives and ideas that have previously been unexplored.

## 1.2 Overview of the Youth Forward initiative

Launched in 2015, the Youth Forward initiative uses a multi-component approach to engage with multiple, specialised organisations (including the private sector, governments, financial service providers, youth-serving organisations and youth themselves) to enhance the employability of young people. It focuses on helping economically disadvantaged young people transition into quality employment or starting their own businesses in the growing agriculture and construction sectors in Ghana and Uganda. Four consortia, comprising 28 organisations, are implementing this five-year \$74 million initiative, in partnership with The MasterCard Foundation. Youth Forward implementing partners are made up of international non-governmental organisations (NGOs), youth associations, financial service providers, educational institutions, business associations and the Ghana Cocoa Board (COCOBOD).

In Ghana, Youth Forward aims to reach 34,000 young people in seven of the country’s 10 regions (Figure 1). The Youth Inclusive Entrepreneurial Development Initiative for Employment (YIEDIE) consortium provides technical, life and soft skills training for a minimum of 23,700 youth aged 17-24 years old who are interested in working in the construction sector in Accra, Ashaiman, Kumasi, Sekondi-Takoradi and Tema. The project trains young people to prepare them for the job market, and assists them to access financial service providers, to ensure that training is demand-driven and that young people have the necessary skills to start their own businesses. Throughout, YIEDIE

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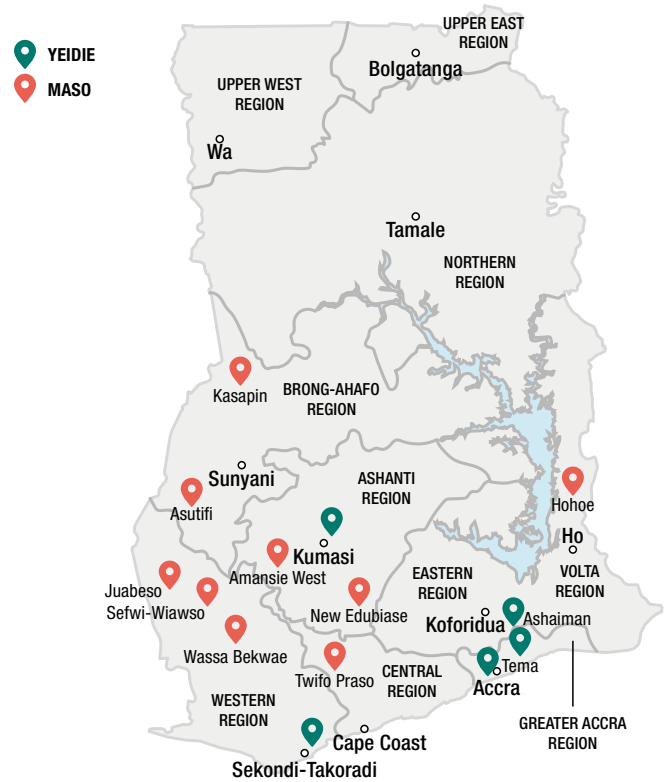
1 Other reports can be accessed at <https://www.odi.org/projects/2787-youth-forward-learning-partnership>

will collaborate with government to help ensure the right policies are in place to support young people.

The MASO consortium provides services to 10,800 young people aged 15-24 years old who are interested in working in the cocoa sector in Ghana's five cocoa-producing regions (Ashanti, Western, Brong Ahafo, Central and Volta). The project runs CocoAcademies to teach young people how to farm cocoa, as well as cocoa business incubators to help young people open cocoa-related businesses.

The overall design, target groups and implementing partners have been established; this paper therefore does not aim to inform programme design. Rather, it has the objective of characterising the context in which Youth Forward is operating in order to inform discussions on opportunities and constraints that may affect implementation and the achievement of intended results.

**Figure 1. Youth Forward sites in Ghana**



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# 2 A framework for conducting political economy analysis

As the introduction noted, PEA is the analysis of the social, political, economic, cultural foundations and rules that determine the context within which any programme intervention takes place. This analysis identifies and characterises the formal rules and informal norms that create the incentives and affect capacity of key actors, the relationships between them, and how processes of political bargaining play out. It can show where potential opportunities and bottlenecks to youth employment and entrepreneurship might be, and provide guidance on how to work these institutions, rules and actors in order to take advantage of the opportunities and overcome the challenges. Analysing these factors can also provide the basis for understanding what might stimulate collective action by social groups (e.g. youth associations) to demand better services from their governments; and how informal local institutions influence development outcomes (Unsworth and Williams, 2011).

## 2.1 Steps involved in a political economy analysis

A political economy analysis involves five interrelated steps:

- 1. Establish the underlying foundational factors.** This covers the history of the formation of the state, the basis of the economy (especially public revenue), the roots of the social, political, cultural and economic structures in which fundamental public decisions are made and the country's geography and geostrategic position in relation to other countries. These are the factors that fundamentally shape the social, political and institutional landscape, and therefore also the scope for constructive state–society bargaining and the institutional arrangements for organising collective action.
- 2. Identify key factors that shape the 'rules of the game'.** This step refers to the formal rules and informal norms

(‘institutions’, North, 1990) that create the incentives and affect the capacity of key actors, the relationships between them and how processes of political bargaining play out.<sup>2</sup> These are critical in influencing opportunities for different groups, including youth, to mobilise and engage in collective action that promotes development over the medium term.

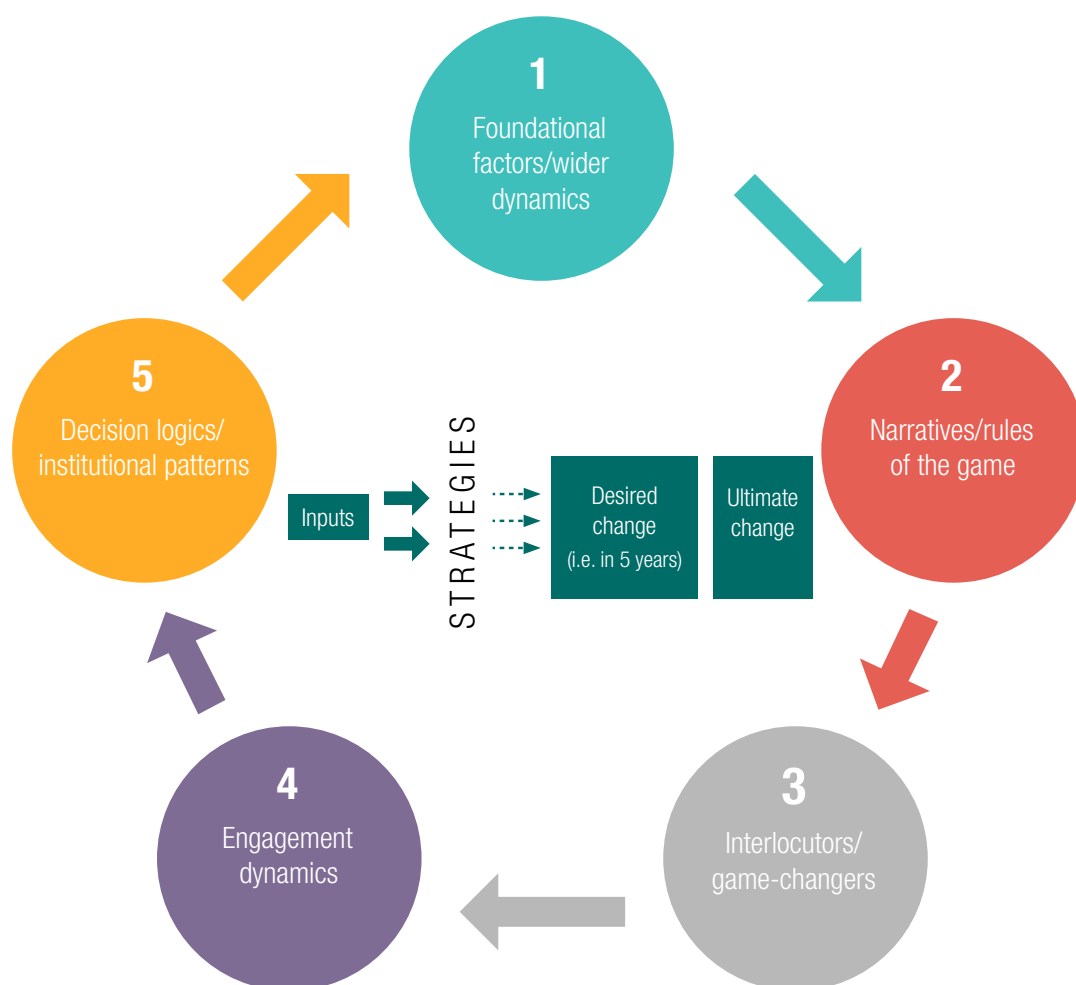
- 3. Identify key stakeholder groups or game changers.** The idea here is to find the main influencers in a given context. As such, ‘game changers’ is a politically derived category, rather than a traditional stakeholder analysis that mentions everyone benefiting from or affected by a given programme or activity.
- 4. Explore engagement dynamics.** These pertain to the behaviour (formal and informal) of various actors around specific governance issues, including policy issues. This, too, is based on exploration of the rules of the game but focuses mainly on observable behaviour in action rather than on rules.
- 5. Establish institutional patterns and decision logics.** Then, from these, find entry points or room for manoeuvre, towards the desired changes. In other words, from the analysis of 1) who the main actors are and 2) what their behaviours are, we can analytically reach some conclusions around what might be the most useful way to intervene in the context and around the issue, in order to achieve the desired outcomes.

Figure 2 shows how a PEA context analysis would proceed. The figure is circular in nature in order to make the point that, because contexts change, this analysis needs to be done on an on-going basis: issues identified as important rules now might not be important next year; actors that are game-changers now might not be game-changers next year. General elections, such as the upcoming election in November 2016, can result in many changes in context. The Youth Forward theory of change sits within this broader context, represented in the middle of the circle.

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2 This is explored in further detail in Section 4, ‘Current political, economic and regulatory environment’.

**Figure 2. A conceptual map of the five steps in conducting a political economy analysis**



Source: Tembo (2012).

Institutions, rules and actors can be formal or informal. By formal, we are referring to official regulations, legislation, policies and organisations, like the Constitution, the Ghana Shared Growth Development Agenda I and II or the Ministry of Agriculture. By informal, we mean norms, customs, behaviours and relationships that are not written down or enshrined in law but influence the way individuals and institutions act. For example, in Ghana chiefs are responsible for allocating traditional lands for lease to individuals in exchange for a tribute, known as ‘drink money’. This process is not enshrined in law, but affords those who have paid considerable security of tenure.

Across these dimensions, foundational factors are often the slowest to change. Rules of the game may be relatively fixed or institutionalised but can be susceptible to change over the medium term. The final three dimensions – key

actors, their engagement dynamics and decision logics – may be more malleable in the shorter term, and therefore may offer windows of opportunity for change.

Subsequent sections discuss the first three of these five dimensions. Section 3 covers foundational factors. Section 4 identifies key factors that shape the rules of the game that structure the space within which people can move. Section 5 characterises key stakeholder groups relevant to the Youth Forward consortia; accompany AIIM analysis presents the specific actors themselves and the engagement dynamics among them. Based on these sections and an analysis of institutional patterns (step 4), the paper concludes in Section 6 by discussing the implications of these factors for the Youth Forward consortia, identifying potential opportunities and challenges in relation to improving economic opportunities for youth.

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## 2.2 Data sources and analysis

Information for this analysis comes from national and international documents and statistics, and the grey literature. Initial themes were presented to Youth Forward implementing partners and discussed in an in-person workshop in December 2015, involving Youth Forward's implementing partners based in Ghana. This discussion elicited additional factors in the national context that could

affect programme implementation, and helped us interpret key trends and themes. The issues discussed included the structure of the construction sector and young people's access to construction-related jobs, land ownership in cocoa-growing areas and the policy environment.

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# 3 Foundational factors

This section explores the factors that fundamentally shape the social, political and institutional landscape in Ghana. These include the history of the formation of the state, the basis of economy, the roots of the social, political, cultural and economic structures and the country's geography. Section 4 covers the current political, economic and regulatory environment and relevant development and youth livelihood policies.

## 3.1 Historical, cultural and political foundations

As a result of its pre-colonial history, Ghana is a culturally diverse country made up of a large number of ethnic groups, religious communities and traditional kingdoms. Some of these kingdoms, such as the Kingdom of Ashanti, date back to the 16th century, when the first permanent state emerged on the territory that is present-day Ghana. Europeans first claimed trading rights to the area as early as the 15th century, with the British establishing control of the coast by the late 19th century, despite almost 100 years of resistance. Gradually, as Britain extended its control inwards, it brought together the colonies of the Gold Coast, Ashanti, the Northern Territories and the territory of Togoland to form the area that later became Ghana.

**The diversity of this territory is still evident in the makeup of Ghana's ethnic population today.** There are eight main ethnic groups, ranging from the Akan, who represent the largest ethnic group and are to be found mainly in southern Ghana (48%), to the Bissa, who make up only 1% of the population and traditionally live in central and south-western Ghana. Equally, Ghana is home to a number of different religious groups. At independence, the population was 41% Christian, 38% traditional religions and 12% Muslim, with the remaining 9% of other religions. Today, the country is 71% Christian, 18% Muslim, 5% traditional, 5% none and just under 1% of other religions. While at independence very few Ghanaians belonged to Pentecostal or charismatic Christian denominations, these made up 28% in the 2010 census (GSS, 2012).

**Ghana became the first sub-Saharan African country to gain independence, with development aspirations grounded in socialism and industrialisation.** Kwame Nkrumah returned to Ghana at the end of 1947 to take up leadership of the United Gold Coast Convention, at the invitation of its leading members. Little over a year later, he formed the Convention People's Party (CPP), following a rift with the United Gold Coast Convention. He used this to

continue to contribute to the anti-colonial movement. In the first legislative elections, held in 1951, the CPP won the majority of seats and Nkrumah was elected to represent a constituency in Accra; he had contested from prison as he had been incarcerated for his role in the anti-colonial struggle. Following his election, the governor asked Nkrumah to form a government when Ghana became independent on 6 March 1957 (Biney, 2011).

The focus of this economic policy was industrialisation, rather than agriculture, and it emphasised the export of manufactured goods rather than unprocessed agricultural products such as cocoa. Nkrumah set up a number of state-owned enterprises to spur national development and in an effort to end the country's dependence on processed imports, including distilleries, cocoa-processing facilities, cloth and shoe factories and pharmaceutical companies. However, Ghana's economy grew only very slowly during this period and, as Nkrumah became increasingly authoritarian – declaring a one-party state and preventing the emergence of legitimate, democratic opposition – his popularity waned. His leadership came to an end through a coup in 1966 when he was on a trip to Vietnam and China.

**National leadership subsequently fluctuated between democratically elected leaders and military regimes until the establishment of multi-party democracy and a new rights-based Constitution in 1992.** Nkrumah's overthrow was followed by a period of political instability (see Table 1), which came to an end in the 1980s, following Flight Lieutenant Jerry Rawlings' second coup. Rawlings gradually liberalised the political scene by putting an end to military rule and allowing for multi-party elections in 1992. This transition was facilitated by what has been called 'democracy's third wave': the end of the Cold War, which allowed both domestic and international civil society and media and the international financial institutions to exert pressure for political liberalisation (Diamond, 1997). The new fourth republican Constitution, established in 1992 in the course of this transition, provides a strong basis for the protection of human rights, democracy and civil society engagement. For example, it compels the state to ensure Ghanaians enjoy the 'rights of effective participation in development processes, including rights of people to form their own associations free from state interference' (Republic of Ghana, 1992).

The Constitution put traditional leaders in charge of the cultural and political representation of their communities and afforded them an important role in terms of mediating local disputes. There is some ambiguity and



**Table 1. Key dates in Ghana's political history**

Political system	President
Multi-party democracy with presidential system	2012-present John Mahama 2008-2012 John Atta Mills 2001-2008 John A. Kufuor 1992-2001 Jerry John Rawlings
Military government, <i>coup d'état</i>	1981-1992 Jerry John Rawlings
Democratic government	1979-1981 Hilla Limahn
Military government, <i>coup d'état</i>	1979-1979 Jerry John Rawlings
Military government, palace coup	1978-1979 General William Akuffo
Military government, <i>coup d'état</i>	1972–1978 Ignatius Kutu Acheampong
Democratic government	1969-1972 Dr KA Busia
Military government, <i>coup d'état</i>	1966-1969 General Ankrah
Democratic government	1957-1966 Kwame Nkrumah

therefore political wrangling surrounding the institution of the chieftaincy, as a result of efforts to curtail their influence immediately after colonial rule and the resistance that this engendered (Rathbone, 2000; Ray and Reddy, 2003). The 1992 Constitution also paved the way for the Decentralisation Act of 1993, which created metropolitan, municipal and district assemblies (MMDAs) that were tasked with overseeing local administration and development.

**While Ghana is one of Africa's most democratic countries, this transition has spurred the creation of new patronage networks that stand in the way of its economic transformation.** Ghana introduced multi-party democracy in 1992 and has since enjoyed stable economic growth, particularly from 2000 onwards. However, this has not translated into the structural transformation that would be expected from a middle-income country (Kolavalli et al., 2011). Cocoa and gold continue to dominate the country's exports, while the agriculture sector continues to offer employment to the majority of the population while yields remain low. The nature of political power in Ghana, particularly the incentives created by democratisation, helps explain the absence of structural transformation.

While Ghana's democratic institutions are well established and elections are the primary means through which political power is allocated and obtained, its ruling elites maintain their coalitions of supporters through patronage networks or policies that target certain groups.

As Whitfield writes, 'the structural and formal democratic institutional settings, in which ruling elites operate, influence how ruling coalitions are put together' (2011: 27). Ghana's democratisation therefore resulted in a shift towards 'competitive clientelism', in which elites form coalitions and garner support for these through electoral processes. However, mobilising votes is expensive, and the political investments of both the elite and its 'footsoldiers' need to be recouped. This is usually done through the access to state resources and policy-making ability that is afforded to the winners of democratic elections (Kahn, 2005). Short parliamentary and presidential terms, which mean elections are held every four years, put further pressure on the accumulation and distribution of resources and the spoils of power. Simultaneously, the access to foreign exchange gold, cocoa and foreign aid afford has reduced the incentives of the ruling elite to invest in other productive sectors, particularly industry and services (Whitfield, 2011).

### 3.2 Geography and economic foundations

**Until recently, Ghana's economy was largely agrarian and shaped by its tropical climate.** Ghana's agro-ecology makes it very well suited to the production of roots and tubers, as well as a number of commercial and export crops, including cotton, palm oil, cocoa, tobacco and sugar cane. However, poor infrastructure and the rising prices of inputs have hampered the development of the agriculture sector since independence (World Bank, 2006). Nevertheless, agriculture was until recently the primary source of income, making up close to 50% of gross domestic product (GDP).<sup>3</sup> Agro-ecological conditions have shaped differences in levels of economic development between the north and the south: southern Ghana produces the country's cocoa and export crops whereas the north is less suitable for their production and so its economy is based on food crop farming (World Bank, 2006). Despite impressive growth levels since the turn of the millennium, approximately 60% of Ghanaians continue to rely on agriculture as their main source of livelihood (Save the Children, 2012).

**Ghana's location has facilitated access to world markets for centuries.** Ghana has two main ports (Tema and Takoradi), and its location along the Gulf of Guinea on the West African coast means it has had much cheaper and easier access to world and European markets than many African countries. It served as a hub for the slave trade from the 17th to the 19th century, after which it became a major gold exporter and for a long time the world's largest cocoa producer (World Development Indicators, 2016). The export-oriented nature of Ghana's economy has seen the south favoured and the north neglected, by both colonial and post-colonial governments. British colonial

3 Based on the World Bank's World Development Indicators: [www.databank.worldbank.org/data/](http://www.databank.worldbank.org/data/)

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policy concentrated its efforts on increasing the extraction of gold, diamonds and cocoa for export by investing more heavily in the regions that produced these. These patterns continued after independence and became, in fact, more entrenched as a result of structural adjustment policies, which saw development policies again focus on those sectors of the economy that generated foreign exchange earnings (Save the Children, 2012).

**Ghana was the world's largest producer of cocoa for 70 years, directed by a powerful marketing board.** Ghana's export of cocoa began in 1891 when two bags were first exported. Production of cocoa expanded at a phenomenal rate, and by 1910 Ghana was the world's largest exporter of cocoa. It remained thus until 1980, when it lost this position largely as a result of the misuse of the cocoa marketing board for political gains.

Both colonial and post-colonial governments have heavily regulated Ghana's cocoa markets. The first cocoa marketing board was established in 1947 but its beginnings can be traced back to the cocoa hold-up of the 1937-1938 season, when farmers refused to sell their produce to the major expatriate firms that bought and processed cocoa, which were colluding to maintain low prices. This boycott resulted in considerable hardship for cocoa farmers themselves and proved detrimental to cocoa buyers and the British colonial state (Alence, 1991).

However, despite the board's stated role of protecting producers against world market price fluctuations and ensuring the quality of Ghanaian cocoa, in reality it was used for political purposes. Until reforms were introduced in the 1980s, the board was used for the dual purpose of extracting resources from cocoa for the industrialisation project as well as to maintain patronage networks (Williams, 2009). This was aggravated by an overvalued exchange rate. The result was that Ghanaian cocoa farmers received only a fraction of the world market price for their cocoa and production levels declined. The extraction of resources from the cocoa sector came to an end only when both cocoa and indeed the Ghanaian economy as a whole declined significantly. As reforms were introduced, the internal marketing system was opened up to non-state buyers, staff numbers at the board reduced drastically and prices for smallholders increased. As a result, production levels increased throughout the 1990s and 2000s (Williams, 2009).

**Despite its assets, economic growth remained slow in the post-independence period until the early 2000s.** GDP

per capita did not increase significantly after independence until the early 2000s. During this period, the economy remained heavily dependent on subsistence agriculture, with the export of largely unprocessed cocoa, and there was very little structural transformation. In other words, the services and industry sectors did not increase in importance relative to agricultural output. It was only once political stability had been established in the early 1990s that growth began to take off. This growth also resulted in a gradual increase in the importance of manufacturing and services (see Section 4.2).

**Ghana has historically supported continental solidarity and been a strong player in regional integration.** Nkrumah was influential in the establishment of the Organization of African Unity in 1963, now the African Union. Ghana has also supported closer regional ties through the Economic Community of West African States (ECOWAS) and served as the community's chair in 2014. Nevertheless, Ghana has not benefited from closer regional integration economically as much as had been hoped, as the majority of its economic relations and exports continue to be with the global north (African Economic Outlook, 2015).

As a result of their superior economic development levels, both Ghana and Côte d'Ivoire have experienced net immigration for most of their post-independence history. For Ghana, net migration flows were negative only in the late 1960s and late 1980s, when the economic situation deteriorated drastically and Ghanaians, particularly those with higher levels of education, sought opportunities in other countries. With the establishment of a borderless ECOWAS, Ghana has received significant immigrant flows from Burkina Faso and Togo and, to a lesser degree, Guinea Conakry and Mali (Adepoju, 2005). There is some evidence that there is pressure on wages for Ghana's construction artisans from Togolese counterparts with superior skills (Darko and Löwe, 2016). Ghana's diaspora returned gradually from abroad as political stability and good economic management resulted in economic growth throughout the late 1990s and 2000s. Figures are not available for the past years, so it is unclear how migration patterns have changed in recent years as economic growth has slowed.

ECOWAS and its ability to promote regional stability remains important for Ghana, given the intermittent instability of its neighbours, such as Côte d'Ivoire, and in order to regulate the flow of migrants into Ghana from the rest of the region (Darko and Löwe, 2016).

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# 4 Current political, economic and regulatory environment

These historical, cultural, political, geographic and economic factors serve as the foundations on which contemporary institutions and policies are built. This section analyses the formal and informal institutions that create incentives and affect the capacity of key actors, the relationships between them and how processes of political bargaining play out.

## 4.1 Current political environment

Ghana enjoys open, relatively stable government institutions, but rankings have deteriorated in recent years and citizens have become increasingly dissatisfied with the state of democracy. According to the Freedom House Index 2015, Ghana ranked as one of only seven countries in sub-Saharan Africa to be classified as ‘free’; it scored highest in Africa for political rights. According to the Worldwide Governance Indicators 2015, Ghana was above average in all six dimensions investigated. It received particularly high scores for ‘voice and accountability’, ‘rule of law’, ‘control of corruption’ and ‘regulatory quality’. The other two dimensions – ‘political stability and absence of violence and terrorism’ and ‘government effectiveness’ – were also above average, but have deteriorated in recent years.

The Mo-Ibrahim Index of African Governance also ranks Ghana seventh in Africa, but records a slight deterioration in its governance indicators since 2011. The country takes the top spot for ‘participation’ in Africa on this indicator, but its achievements here, as well as on ‘sustainable economic opportunity’, have declined. This suggests that, while Ghana is still doing well overall, it may be struggling to ensure all Ghanaians benefit equally from recent political and economic progress.

Indeed, Ghanaians have become increasingly disillusioned with the state of their democracy since 2008. As a result of a significant decline in approval ratings of the incumbent government, Afrobarometer has raised a warning flag about the state of Ghana’s democracy (Bratton and Gyimah-Boadi, 2014). The Afrobarometer survey has found that, while in 2008 only 16% of Ghanaians were dissatisfied with the state of the country’s

democracy, by 2014 this had increased to 35%. This deterioration seems to have been driven by a dissatisfaction with the government’s poor economic management, which has resulted in large budget deficits, an International Monetary Fund (IMF) bailout and, more importantly, slowing economic growth and frequent blackouts in urban areas. This is supported by strong disapproval ratings for President Mahama: 60% of Ghanaians felt he was not managing the economy well in 2014 (ibid.).

**Decision-making processes tend to be hierarchical, driven by adult males.** Despite a strong legislative framework and comparatively high country rankings in terms of governance, citizens’ participation in decision-making and development planning at the local level remains *ad hoc*. It depends largely on the benevolence of assembly members, with little structure for engagement beyond periodic elections. Moreover, youth are seen to be inexperienced and not to be trusted with decision-making. As young people make up approximately 25% of the population, this means a large percentage of the population is effectively excluded from decision-making (Amankrah, 2007). At the national level, Killick (2005) points out that there is very little participation by the wider public in, or even information on, the national budgeting process. It is therefore little other than a process that can be described as ‘ritualistic, with limited bearing on reality’ (Killick, 2005: 1).

Queen mothers (female chiefs) are marginalised and hold less power than their male counterparts. It is difficult to generalise gender relations across Ghana, given Ghana’s cultural and indeed agro-ecological diversity, which has resulted in very different distributions of labour across genders between regions. Nevertheless, it is noteworthy that 99% of women work as unpaid or self-employed labourers in the agriculture sector, in agro-enterprises or in the informal sector. These activities are associated with low incomes. Available evidence suggests women in northern Ghana are particularly disadvantaged as a result of male outmigration, which has increased their work burdens while also limiting the support systems and economic opportunities available to them. It is also worth noting that

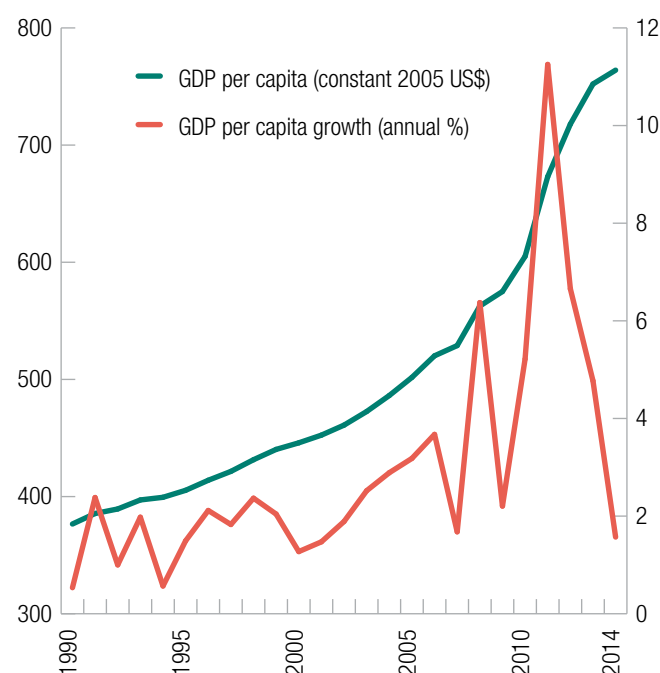
matrilineal systems do not necessarily mean women are afforded greater economic rights (Baden et al., 1994).

**Traditional leaders remain very influential in political life in rural Ghana.** Not only do they have an important role in allocating scarce resources – namely, land – but also they also been drawn into party political life by consecutive governments. Because of their politicisation, they have increased their influence over political life further (Crook, 2005). While they are officially excluded from political roles in national and district assemblies – as their position excludes them from holding elected office – they continue to influence decision-making at both national and district levels.

**Decentralisation has had only a minimal effect on the distribution of power.** Despite the decentralisation of local administration and development to MMDAs more than 20 years ago, these new institutions seem to have progressed only slowly in terms of providing greater access for citizens. Almost three-quarters of Ghanaians (71%) state that MMDAs only ‘sometimes’ or ‘never’ listen to what citizens have to say. Equally, citizens interviewed for the Afrobarometer survey felt they were not adequately informed about MMDA activities: 76% of respondents said MMDAs did not inform their constituents of their work. The general mistrust towards government institutions noted above also extends to MMDAs, with the majority mistrusting them and believing the institution and their elected councillors to be corrupt (Okuru and Armah-Attoh, 2015). The views expressed by Afrobarometer respondents reflect the writings of political analysts on the subject, who argue that central government has resisted pressures to devolve powers to local authorities and, as a result, it has been difficult for participation at the grassroots to yield noticeable results. Most importantly, the absence of more extensive devolution has hampered the ability to hold local administrations to account (Crawford, 2009).

**Corruption is on the rise.** Contributing to the distrust of democratic and state institutions is the perception that the majority of these are corrupt. Between 69% and 89% of Ghanaians believe there to be corruption in ‘some’, ‘most’ or ‘all’ of the most important government institutions, including the police, the judiciary, local government and the traditional leadership. Bribery is perceived to be a significant problem not only for individuals attempting to access government services but also for anyone bidding for government contractors. Contractors in the construction sector, for example, indicate that the ‘kickback’ for securing a contract is usually around 10% of the contract’s total value (Laryea, 2010). A number of recent high-profile cases of corruption have fuelled the widespread perception that corruption is on the rise, most notably the judicial scandal that led to the sacking of 20 judges and magistrates for taking bribes (BBC, 2015). Likewise, the Ministry of Transport was involved in a procurement scandal in 2015 when a contract was awarded to a political supporter without due process (Ghana Web, 2015). There is anecdotal evidence that corruption has increased since

**Figure 3. GDP growth, 1990-2014**



Source: World Development Indicators 2016.

the discovery of oil fields in 2007, and that Ghana may be headed more in the direction of Nigeria than Norway with regard to how it manages its natural resources (The Economist, 2015).

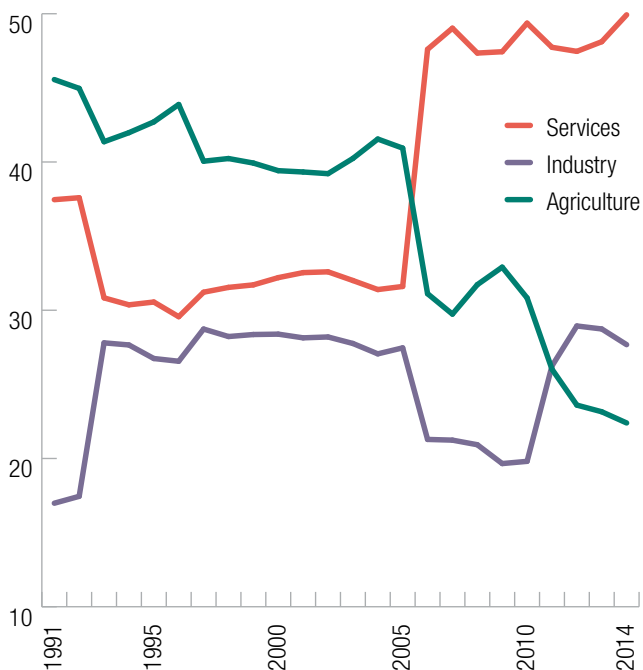
## 4.2 Current economic environment

Gradual structural transformation of the economy and strong growth since the early 2000s have seen Ghana graduate to middle-income country status. GDP per capita grew from \$376 in 1990 to \$763 in 2014 (in constant 2005 US\$; see Figure 3), fuelled in part by the offshore Jubilee oil fields in 2007. In 2010, Ghana was reclassified from low-income to lower-middle-income country status (Moss and Majerowicz, 2012).

Over the past decade, the importance of agriculture to the country’s economy has decreased while the services sector has grown significantly (see Figure 4). The large increase in the relative size of the services sector (and the concomitant decline in agriculture and industry) is the result of the GDP rebasing exercise in 2010, a statistical procedure that incorporates new economic activities not previously captured. This re-benchmarking of Ghanaian GDP used 2006 as the new base year. The increase in the services sector’s size owes, in large part, to information and communication technologies and mobile telephony (Jerven and Duncan, 2012). Since the rebasing of GDP, the importance of agriculture has declined further, from 31% to 22%.

Industry, on the other hand, has expanded since 2010, from 20% to 28%. The oil industry’s share in GDP increased from

**Figure 4. Contribution to GDP (%)**



Source: World Development Indicators 2016.

0% to 6.3% between 2009 and 2014. While the relative size of the services sector has fluctuated a little, it has remained constant at around 50% of GDP (World Development Indicators 2016). Construction remains a growth sector in Ghana, both contributing to broader economic growth and benefiting from it (Darko and Löwe, 2016).

Despite structural changes in Ghana's economy, there remains heavy reliance on the cocoa industry, for foreign exchange earnings and as a livelihood strategy for smallholder farmers. However, the sector faces a number of challenges, including low yields by international standards and a shortage of land in cocoa-growing regions, which is aggravated by land tenure systems and resultant problems of access.

**Economic growth has slowed in the past few years but is expected to recover in 2016 with a return to 6% growth.** As Figure 4 illustrates, although GDP per capita has grown steadily over the past two and a half decades, growth rates have been highly variable in recent years. They declined from 2009 onwards, when growth dipped below 4% for the first time since the turn of the millennium. They recovered to 14% in 2011 when oil extraction began, but then slowed again until they reached another low of 4.1% in 2014. The economy then slowed again for the fourth consecutive year to an estimated 3.9% in 2015, prompting the negotiation of a \$918 million loan from the IMF in February 2015.

Inflation rates have fluctuated considerably in the past 10 years. Consumer price inflation was at its lowest in 2011, when it was only 8.7%; it then increased to 15.5% in 2014 and is expected to reach 17.7% in 2016. High rates of inflation have deterred investment and kept interest

rates high, which has negatively affected small businesses. Analysts have also attributed the slowest economic growth to a severe energy crisis, as well as unsustainable domestic and external debt burdens (African Economic Outlook, 2015). Ebola is generally thought to have had an indirect, negative impact on Ghana's economy, owing to a loss of investor confidence and the drop in tourist numbers.

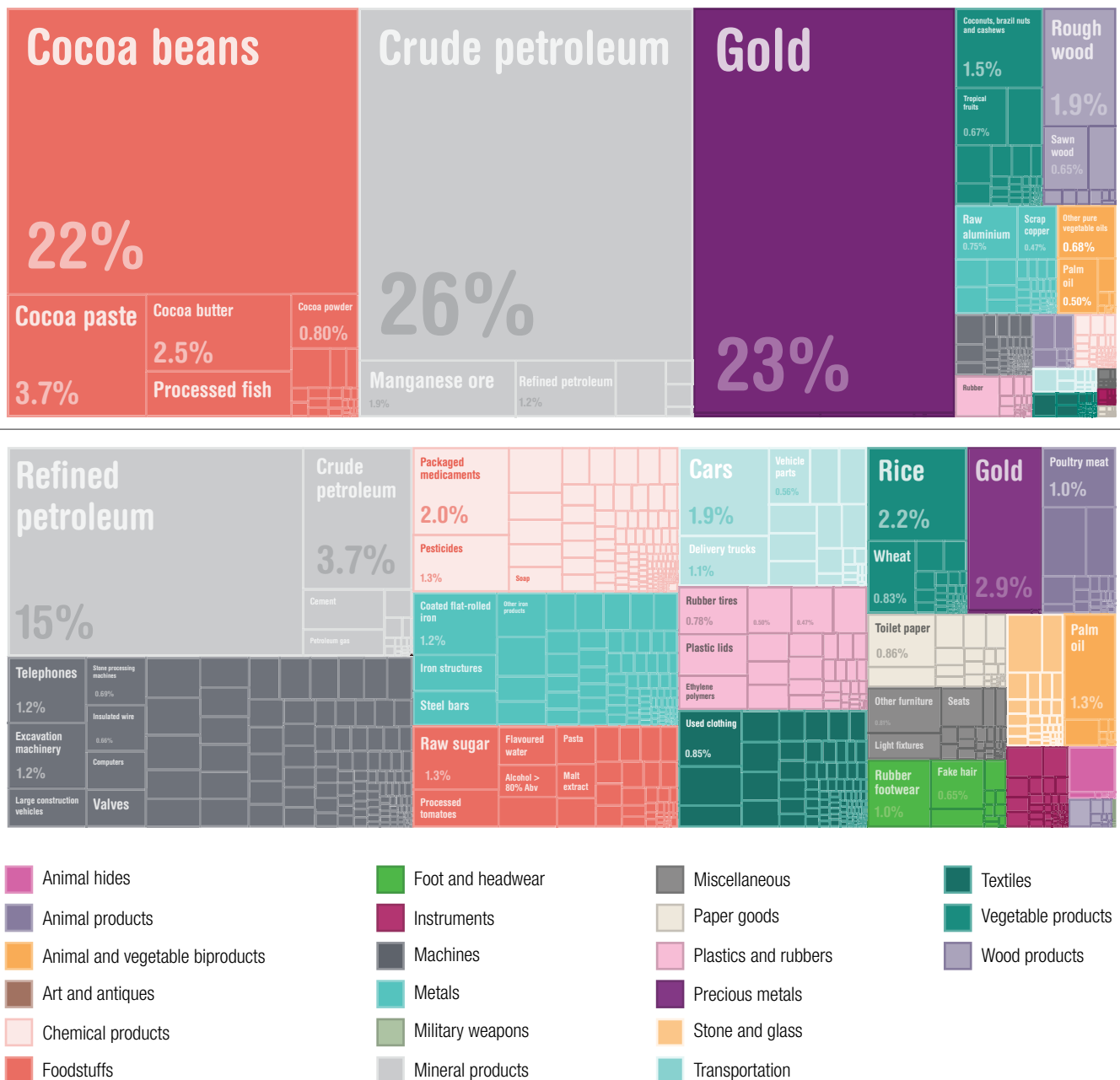
**Climate change has affected Ghana's agricultural producers and its economy, as average temperatures have risen and rainfall has fallen in the past 30 years.** There has also been a gradual rise in sea levels and a higher incidence of extreme weather (UNEP and UNDP, 2011). Projections suggest that rainfall changes may mean the shorter rainy season will dry up completely, leaving some parts of the country with only one annual rainy season. This, naturally, has serious consequences for the number of people the available arable land can feed. Research also suggests that large parts of the cocoa-producing belt will become less suited to the crop, while only very small parts of the country will become more suited to its production (Läderach, 2011). Cocoa production is also under threat from a generation gap in its production. The average cocoa farmer in Ghana is 55, with fewer young people pursuing cocoa farming than in the past (COCOBOD, 2015).

**There is a small risk that the national elections scheduled for November 2016 could cause disruptions to the economy.** Recent concerns about the credibility of the electoral register have aggravated this. If these issues are addressed adequately, the impact of the elections is likely to be limited to an increase in government spending, with the attendant inflationary pressures, in the run-up to the election itself. Economists predict that, if political stability is maintained and an increase in oil and gas production is achieved, while private sector and infrastructure investments go ahead, then growth is likely to pick up again. As Ghana's economy becomes increasingly dependent on its oil exports, international prices will affect the rate of economic growth too.

**Foreign direct investment (FDI) fluctuates but is on an upward trend.** Prior to the early 1990s, Ghana received virtually no FDI but this began to increase throughout the 1990s and really took off from 2004. The highest level was recorded in 2008 (when it was at 10%) and it has fluctuated between 7% and 9% since (World Development Indicators). FDI has been important in the construction sector, with a number of international firms beginning to build luxury accommodation and shopping malls for the growing middle class. These companies are also involved in large infrastructure projects, such as construction of the Accra-Tema highway. FDI, particularly in the construction sector, has resulted in Ghanaian firms losing out to foreign companies, especially those of Chinese origin.

**Unusually for a lower-middle-income country, Ghana has a trade surplus, but it continues to import intermediary inputs.** Largely as a result of its healthy exports, the country has been able to maintain a trade surplus. In 2014,

**Figure 5. Structure of Ghana's exports (top) and imports (bottom), 2014**



Source: MIT (2016).

for example, the value of exports came to \$18.8 billion, whereas its imports amounted to only \$15.4 billion. The composition of imports and exports is more typical for a developing country, as are the attendant problems. As Figure 5 shows, Ghana's export depends heavily on cocoa beans, crude petroleum and gold, all of which are subject to world market price fluctuations, particularly as they are exported largely unprocessed. It is important to note that the relative importance of cocoa to exports varies widely from year to year. The three largest importers of Ghanaian products are Iran and South Africa (17% of exports each) and the United Arab Emirates (9%). Europe imports

almost as many Ghanaian products as Asia, and these go mainly to Switzerland, France, the Netherlands and Germany (MIT, 2016).

Ghana's imports consist largely of intermediary inputs, such as cement, petroleum and pesticides, as well as heavy machinery and cars. Perhaps more surprisingly, imports of processed foods as well as some basic food stuffs, such as rice and wheat, also make up a significant percentage of imports. Just over half of imports originate from six countries: China (19%), Côte d'Ivoire (12%), the US (6.5%), Belgium–Luxemburg (5.9%), India (4.5%) and the Netherlands (4.4%).

**Economic growth has had positive effects on human development and poverty reduction, but disparities in income and development levels between the north and the south are significant.** Ghana's current Human Development Index (HDI) ranking is 140th out of 188 countries, which puts it at the bottom of the medium group ranking, 10 ranks below India. Its gender-related HDI is 118th out of 187 (UNDP, 2015). While it is not possible to compare rankings across time, Ghana's HDI has improved since the index was first calculated in 1990, from 0.36 to 0.57 (UNDP, 1990). This improvement was driven by an increase in life expectancy from 56.9 to 64.6; mean years of schooling from 5.3 to 7.0; and per capita gross national income (2005 PPP\$) from \$886 to \$1,684 (Mather, 2010). Ghana has also been a top performer in achieving its Millennium Development Goals: it cut hunger levels by 75% between 1990 and 2004; increased the percentage of the population using improved water sources from 63% to 85%; increased net enrolment in primary education from 54% to 72%; and reduced poverty levels from 51% to 27% (Mather, 2010). A significant decline in child stunting from 29% in 2008 to 19% in 2014 was also registered (Dulani et al., 2013).

These improvements have not been shared evenly across the country. Incomes are two to four times higher in southern than in northern Ghana. Economic growth has been concentrated in the south, as it has benefited from the liberalisation of the economy, whereas the north has remained reliant on food crops. Lower investment levels in the north make it unlikely that northern Ghana will catch up with the south in the near future (World Bank, 2006).

Human development indicators suggest northern Ghanaians are also disadvantaged in terms of the quality and quantity of education and health care they receive. If current levels of growth and investment are maintained, poverty could be eliminated in southern Ghana by 2030, but it would still affect approximately 40% of the population in northern Ghana. Inequality is not limited to the north–south divide: there is also a great deal of inequality within and between communities in northern Ghana, which has resulted in frequent, if small-scale, fighting in the region (World Bank, 2006). As the north–south divide has begun to fuel significant internal migration, democratic pressure from northern voters is beginning to make itself felt (World Bank, 2006).

### 4.3 Current policy and regulatory environment

**The regulatory environment is mixed.** Ghana ranked 114th out of 189 countries worldwide on the Doing Business 2016 ranking and 10th out of 45 sub-Saharan African countries (World Development Indicators 2016). Ghana scored relatively high in terms of access to credit, protecting minority investors and registering property. However, it did much less well in relation

to ratings on cross-border trade, resolving insolvency, dealing with construction permits and power supply. This was confirmed by discussions at the Youth Forward Kick-Off meeting, where participants stated that Ghana was still largely a cash economy. While the oil finds have resulted in an increase in corruption, or at least perceptions of corruption, the structures are in place for sound management of oil earnings: 70% of oil revenues go directly to annual operating and investment budgets; the rest goes to the Ghana Petroleum Fund. This fund is designed to ensure that revenues are saved for future generations and also allows for shortfalls in projected petroleum revenues to be filled (Armah-Attoh, 2015).

The state marketing board, COCOBOD, determines cocoa prices in Ghana. The board is also responsible for providing extension services and advice to cocoa producers. As prices are set in advance of the season, cocoa farmers do not need to worry about large decreases in world market prices, but they do not always benefit from higher prices either. This has resulted in smuggling of cocoa beans to Côte d'Ivoire, where there is no such parastatal, for export to world markets (Ecobank, 2014).

**Land tenure systems are complex and frequently undocumented.** Land in Ghana is managed through overlapping legal systems: a formal, state-administered system that operates alongside a system in which chiefs allocate land. Traditional or 'customary' land ownership in Ghana is 'allodial', meaning chiefs manage it 'in trust for their communities'. This has an important effect on who has access to land: indigenous families are granted land by the chief, which then the family essentially holds as a freehold. Others who have migrated into a community can acquire land only on a leasehold basis. Migrants also frequently enter cocoa farming through sharecropping arrangements. As all available cocoa land has been either allocated as 'freeholds' to indigenous families or leased to immigrants, the process of land acquisition has been politicised as chiefs attempt to benefit from these arrangements. For example, by renegeing on lease or freehold arrangements granted to non-indigenous individuals and families. Lack of secure land tenure records has aggravated this (Osei, 2013).

Customary land is managed through a diverse tenure system. In broad terms, however, tenure systems in the three northern regions of Ghana (Northern, Upper East and Upper West) differ considerably from those of the rest of the country as lower levels of urbanisation mean traditional practices continue to dominate and land is less frequently sold. In addition, there are various overlapping administrative arrangements for land mapping, management, titling, conveyance and deed registration, which further complicates matters (Tomlinson, 2007). Banks consistently raise land ownership and titling problems as a major barrier to mortgage lending (Tomlinson, 2007).

### **Box 1. Relevant policies and national development strategies**

The **Ghana Shared Growth Development Agenda I and II** (2010-2017) is the main document outlining government development priorities. Out of seven thematic areas, three are particularly important for the Youth Forward initiative: 1) accelerated agricultural modernisation; 2) enhanced competitiveness of Ghana's private sector; and 3) human development, employment and productivity.

The **Ghana Shared Growth Development Agenda II** (2013-2017) includes a Private Sector Development Strategy with a focus on promoting the growth and development of micro, small and medium enterprises (also in agribusiness); facilitating provision of training and business development services; promoting business incubators, technology parks and land banks, especially at the district level to promote local economic development; increasing access to credit; and opening opportunities for public-private partnerships.

The **National Development Framework** (2018-2057), currently being developed by the National Development Planning Commission, focuses on agriculture transformation and industrialisation; human capital development for industry; and infrastructural development to address housing and infrastructural gaps.

Government-led youth programmes and funds supplement these development plans and frameworks. The government **Youth Enterprise Support Fund and Skills Development Fund** provide technical and financial support to youth entrepreneurs. These policy support initiatives by the government promote access to finance, growth and sustainability of micro enterprises.

The **Development of Skills for Industry Project** (2012-2017), being implemented with the African Development Bank (AfDB), aims to support the development of high-quality mid-level technical and vocational skills to meet the needs of the Ghanaian economy. The project addresses a key issue of human capital development, through increasing the capacity of Ghana to produce high-calibre technical skills. Moreover, the Youth Employment Agency has restructured the country's youth employment modules to address implementation gaps and meet industry and labour market demands.

*Source: AfDB (2012), Government of Ghana (2014); National Development Planning Commission (2015); www.yes.gov.gh; www.yea.gov.gh/index.php.*

### **Box 2. Government programmes in agriculture and construction**

The **Ghana Shared Growth and Development Agenda II** (2014-2017) envisages the agriculture sector playing a critical role in the transformation of the country's economy.

The electrification of the rural economy, and expansion of economic opportunities along the agriculture value chain, will be supported by the following government programmes:

The **Youth in Agriculture Programme** aims to motivate youth to accept and appreciate farming and food production as a commercial venture and lifetime vocation. This initiative addresses the problem of an ageing farmer population by nurturing young agriculture entrepreneurs. For example, it provides crop farmers with tractor services and agricultural inputs, such as fertiliser or seeds, at subsidised prices, on credit and interest-free.

The **Youth in Cocoa Programme** is part of the New Cocoa Sector Transformation Agenda. It aims to show Ghanaian youth the economic benefits of cocoa farming. Youth are supported with hybrid pods, improved seedlings, free fertiliser, a farmer business school programme and extension services.

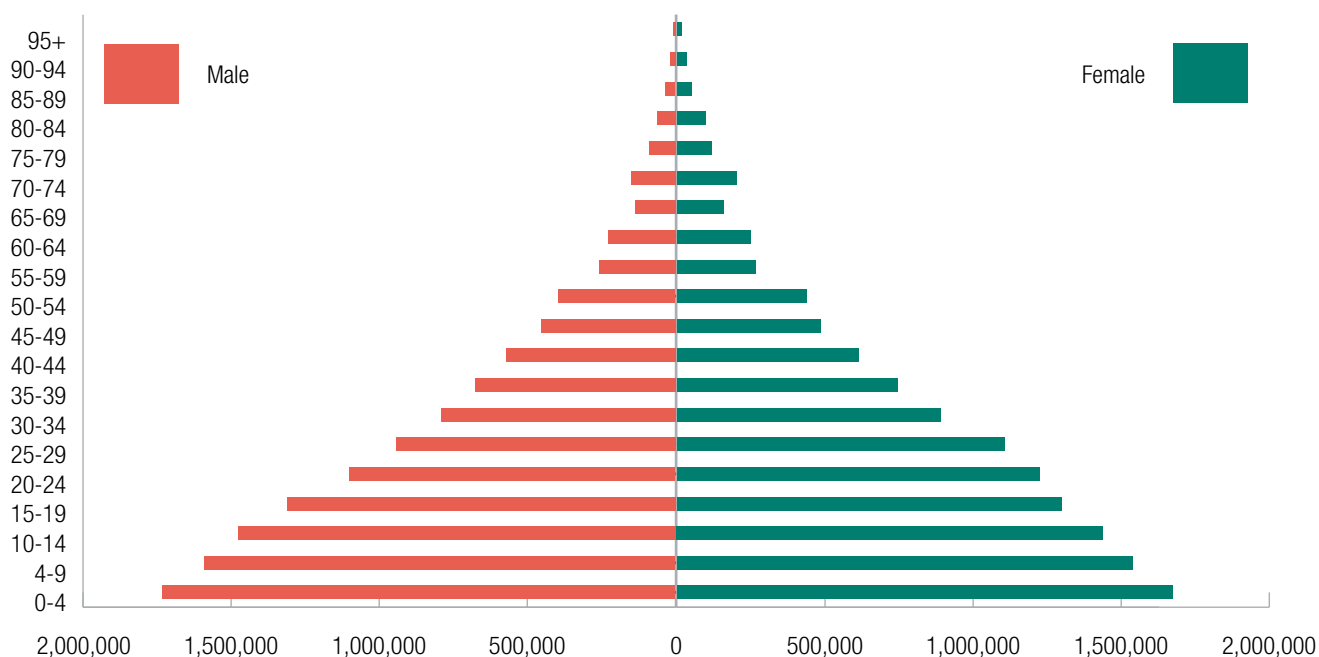
**Agriculture Mechanisation and Service Centres** are established in districts across the country to increase mechanisation (such as providing tractor-hire services) and in turn productivity of agriculture.

**Ghana Shared Growth Development Agenda II** also aims to support indigenous firms and small and medium enterprises for major national contracts through the **Construction Industry Scheme**. This aims to reorganise the regulatory and financing regime in the construction sector in the three key areas: housing, roads and railways.

*Source: Essabra-Mensah (2015); Government of Ghana (2014).*



**Figure 6. Population pyramid for Ghana**



Source: GSS (2012).

Young people therefore face particular difficulties in securing land, partly because they lack capital but also as a result of these land tenure systems. This is significant for construction sector artisans’ capacity to initiate projects in their villages, and means they lack collateral to raise finance for other activities. It also prevents young people from going into farming, including cocoa production (Tomlinson, 2007). Women struggle to access land for economic activities, even though land is inherited along matrilineal lines in some parts of Ghana. A number of government policies are of particular importance to the Youth Forward initiative: a number of long- and medium-term plans are in place that set the overarching policy environment. Government-led youth development programmes and a policy to develop the national skills base and an employment agency to assist young people in their transitions into the labour market supplement these. There are also policies to address young people’s role in cocoa farming and farming more generally. Box 1 outlines relevant policies.

#### 4.4 Demographic trends

**Ghana’s population is young.** As the population pyramid in Figure 7 shows, Ghana’s population is very young: 58% are under the age of 25 (GSS, 2012). However, Ghana’s population growth rate is slowing. The fertility rate has been declining since the early 1990s, and the number of children per woman has declined from 3.9 to 3.4 in urban Ghana and from 6.4 to 5.2 in rural Ghana. Given mortality rates, this translates into a population growth rate of 2.5%, which in turn means the population will double every 28 years if the trend continues. The current population is 27.8 million people, and is expected to increase to 30 million by 2020, then to 50 million by 2050 and 73 million by 2100 (UNDESA, 2015).

**Ghana’s growing population affects access to land and employment options.** Despite this gradual slowing of population growth, demographic changes are likely to aggravate pressures on land. Approximately 90% of Ghana’s farming households have holdings of less than 2 hectares (MOFA, 2011) and the predicted tripling of the population in the next 85 years if likely to result in significant decreases in the size of the average farm. Increasing yields will, therefore, be imperative to ensure continued food security as well as export earnings from crops such as cocoa. However, internal migration and

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urbanisation may help counteract some of these pressures: already, 52% of Ghanaians live in urban areas and the annual rate of change is estimated at 3.5%.<sup>4</sup>

Ghana's very young population has resulted in very high levels of youth unemployment. Young people, aged 15 to 24 years, make up about 19% of the population, and

60% of unemployment is among this group (GSS, 2014). This is in part to do with the difficulties they experience in accessing land, the educational opportunities available to them and the bottlenecks that prevent their ability to start their own business, such as difficulties accessing finance.

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<sup>4</sup> [www.indexmundi.com](http://www.indexmundi.com), accessed February 2016.

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# 5 Key stakeholder groups

The previous sections provide a brief overview of the history and contemporary political and economic context in Uganda. This section identifies the key stakeholder groups affecting the environment within which young people and the Youth Forward initiative work. Separate alignment, interest, influence matrix analyses developed by each consortium describe specific actors and their alignment with, interest in and influence on the Youth Forward initiative.

## 5.1 The executive

Ghana has a strong executive but weak parliamentary branch. Government ministries, departments and agencies are more powerful than Parliament in Ghana. In addition to its legislative functions, Parliament has oversight of the executive's expenditure and policy implementation. However, many executive members are drawn from Parliament, which has weakened its ability to perform oversight responsibility, including over the budget process. The next presidential and parliamentary elections will take place in November 2016. Opinion polls have not yet been released and currently it is unclear whether the National Democratic Congress party will remain in power.

## 5.2 Technocrats, civil servants and ministries

A wide range of ministries will be instrumental to the work of Youth Forward in Ghana. In particular, decisions made by COCOBOD will affect the MASO consortium on all issues cocoa-related, but so will those of the Ministry of Agriculture, as the profitability and markets of other crops will influence the relative attractiveness of cocoa farming. For YIEDIE, the Ministries of Education and the Council for Technical and Vocational Education and Training will be important government partners. The Ministry of Water Resources, Works and Housing will also influence the consortium's work, as the construction of low-cost housing is a major growth sector in Ghana's construction sector.

## 5.3 Metropolitan, municipal and district assemblies

There are 216 citizen-elected assemblies, responsible for implementing national policies in the districts. These are charged with implementation national policy at the local level and so will be important actors in agricultural and trade policies that affect cocoa production.

## 5.4 Traditional authorities

For the majority of rural communities, chiefs and queen mothers are constitutionally mandated to interpret and codify customary law, including the management of customary land tenure.

## 5.5 Civil society

Ghana has a vibrant civil society. The impact of civil society on policy, and the lives of Ghanaians, remains significant and largely positive (Darkwa et al., 2006). The Civicus Enabling Environment Index 2013 (Civicus, 2013) ranked the conditions in which civil society works in Ghana as 48th in the world (out of 109 countries), and second out of 29 African countries.

## 5.6 Media

Chapter 12 of Ghana's 1992 Constitution provides for the freedom and independence of the media. As a result, since 1995, Ghana has moved from state monopoly over broadcasting to more than 100 radio and close to 20 television stations. Since 2002, Freedom House has ranked Ghanaian press as 'free', and since 2011 the country has ranked first in continental Africa (Freedom House, 2015).

## 5.7 International financial institutions, multilateral agencies and bilateral donors

These institutions all have considerable influence over government policy through bilateral engagement and donor-led sector working groups. The government has frequently followed donor or international agency advice, given the economic importance of aid to Ghana's economy. However, Ghana has also been able to resist pressure for certain policy changes from its donors. For example, the government has consistently resisted the full liberalisation of its cocoa markets. Nevertheless, the international financial institutions determine the overall

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size of the government's budgetary envelope, while multilateral and bilateral agencies tend to be more active in influencing sectoral policies. Recently, Ghana had to ask for an emergency loan from the IMF, which came with a number of conditions, including a reduction in government spending on construction. This could, of course, have an effect on the construction sector as a whole, and therefore the YIEDIE consortium.

## 5.8 Private sector

Ghana's private sector is growing, and is increasingly being recognised in national poverty reduction strategies. For example, the Ghana Shared Growth Development Agenda describes the private sector as 'the engine of growth'. In

recent years, the sector has faced three major challenges: inadequate power supply; depreciation of the cedi; and lack of access to credit. Moreover, the government has introduced additional taxes, which African Economic Outlook 2015 describes as adding to a 'pessimistic outlook' for the private sector.

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# 6 Implications for the Youth Forward initiative

Within the broader foundational and institutional context, and based on the previous analysis of key stakeholder groups, this section discusses an initial set of implications of these factors for the Youth Forward initiative. These points aim to serve as a basis for discussion on how the external environment may shape programme implementation and the achievement of intended results, and, reciprocally, how Youth Forward experiences can contribute to local and national opportunities for young people.

**Youth Forward aims to contribute to Ghana's economic development and efforts at youth development:** Young people have not fully benefited from the impressive socioeconomic developments of the past 20 years, given high levels of unemployment, difficulties accessing productive resources, particularly land and finance, and hierarchical decision-making. Both the MASO and the YIEDIE consortium seek to address the challenges of youth unemployment and of easing young people's transitions from education into productive livelihoods. Ghana has a strong constitutional framework, with comprehensive development policies (as outlined in boxes 1 and 2), but implementing partners noted in December 2015 that government lacked the capacity to implement these. In the agriculture sector, policies for young people and cocoa development are well elaborated, while broader policies on youth training and development exist that provide a conducive, if partial, framework for YIEDIE's work. In other words, there is a discrepancy between the policies adopted and those that have actually been implemented, and demand for youth livelihood programmes exceeds government's administrative and technical capacity.

The challenge for relationships between Youth Forward implementing partners and the government of Ghana is therefore less a matter of ensuring that youth issues are on the agenda and much more about how to implement initiatives so as to maximise economic opportunities for young people. The challenge will also be to create synergies between government programmes and the Youth Forward initiative and to minimise competition between Youth Forward objectives and those of other development programmes – for example, the increasing emphasis by government on the diversification of export crops away from cocoa (such as towards the production of rubber and oil palm).

**The environment is conducive for citizens to influence government:** Regular democratic elections and open

institutions provide opportunities for citizens to influence government policy through the ballot box. Unlike in many other democracies, in Ghana leadership and policy change has been brought about through the ballot box regularly. For the Youth Forward consortia, the primary locus of change will be the local level, as decentralisation has resulted in considerable influence over local policy. Traditional leaders are also instrumental to youth development in Ghana as they play an important role in access to land and in ensuring young people's voices are heard in local communities. The long history of associations, as well as access to independent media, underpins Ghana's democracy and provides further space for policy discussion and learning for the Youth Forward consortia. Not only does this allow for public debates on the types of policies most suited to young people and allow them to participate directly, but also it opens up channels for influencing government decision- and policy-making. Furthermore, despite the media being free, there is limited access to information about policy processes and development, as these are issues that the media does not tend to cover. Youth Forward could contribute to a broadening of national dialogues through these fora.

**There are, however, some challenges to inclusive decision-making:** As the Afrobarometer surveys show, many Ghanaians feel unable to contribute to the political debates that affect their livelihoods. This is, at least partially, a result of the exclusion of certain groups from participation based on age, geographic location and gender. Young people, despite being an increasingly important demographic for politicians, are still not consulted in decision-making. There is room for MASO and YIEDIE to assist young people to engage their political representatives and government officials not only to influence policy content but also to improve the inclusiveness of decision-making generally.

**For young cocoa farmers and entrepreneurs, COCOBOD's role will be especially important:** As COCOBOD is charged with marketing all cocoa for export and with regulating all domestic trade, the institution will be of primary importance to all young people MASO trains. The prices COCOBOD sets determine the profitability of cocoa farming, and the institution's regulatory framework determines the space that cocoa entrepreneurs can occupy. As COCOBOD sits under

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the Ministry of Finance, it is concerned primarily with guaranteeing foreign exchange earnings for Ghana.

**Opportunities for young artisans may be circumscribed by developments on international markets:** As the construction sector does not have an intermediary body like COCOBOD, its development is much more susceptible to global processes. While international competition may well provide opportunities for technology and skills transfers, it will be important for both YIEDIE and the government to ensure local firms are in the best possible position to benefit from these exchanges, rather than to falter under the competition. Dialogue with those ministries involved in training young people, as well as those that regulate foreign investment or direct government construction investments, will be crucial.

**Access to land through the institutions of the state or traditional leadership structures will be crucial for both consortia:** Ensuring land is made available to young people for cocoa farms in rural areas on terms that allow for profitable farming will be crucial to MASO's work. This means sensitising traditional leaders and persuading them of the benefits of these approaches. Likewise, growth in Ghana's urban housing – one of the largest growth sectors for construction – will be determined in large part by the availability of land on which to build affordable housing. In urban areas, the institutions of the state will be comparatively more important.

**Ghana remains a cash economy:** Participants at the Youth Forward Kick-Off meeting in December 2015 stated that reliance on cash and low levels of access to financial products limited the level of investments in economic activities, especially among small enterprises. This means Youth Forward initiatives should include financial literacy training to encourage young people to open bank accounts, keep accounts and take out credits where viable. This also means working with financial service providers to make sure the products on offer are suited to their clientele – for example making sure credits account for the lumpy nature of agricultural incomes.

**It is unclear why young people are not interested in cocoa farming:** Cocoa has been central to Ghana's economy for over 100 years, but young people are increasingly moving into other economic activities and livelihood activities (Anyidoho et al., 2012). MASO will face the challenge of persuading young people that cocoa farming is a profitable enterprise, as well as assisting them to overcome the practical challenges of cocoa farming, such as land acquisition. The Learning Partnership will conduct research to better understand how young people relate to careers in agriculture.

**Ghana's economy is vulnerable to climate change:** The nature of farming in Ghana is likely to change in the medium term as a result of climate change. Predictions suggest large parts of the cocoa belt will become less suitable to cocoa production. Other crops are also likely to be affected by changes in the intensity and duration of the rainy season, meaning the relative profitability of crops will be affected in ways that are difficult to predict in advance. However, the effects of climate change will trickle through to other sectors, as economic growth is affected. This could also have a detrimental impact on the demand for construction, for example.

In summary, the political and economic context in which Youth Forward operates in Ghana provides opportunities for the initiative and its young participants, but there are likewise a number of developments that could slow down progress. Particularly, the focus of political elites on maintain their networks to ensure they retain access to the state may prevent the emergence of policies that foster economic development. Similarly, pressures on land and the ability of young people to access it may well have a constraining influence on young people's opportunities. Nevertheless, Ghana has grown rapidly in the past decade and looks set to return to higher growth rates in the next few years. If solid relationships can be built with traditional leaders, young people are helped to access land and they are equipped with the necessary skills, they should be able to benefit from the resumption of growth.

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