

GHANA: DEMOCRACY, ECONOMIC REFORM, AND DEVELOPMENT, 1993 – 2008

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ABSTRACT

The transition to democracy in Ghana marked a struggle to consolidate a democratic political framework that will deepen democratic governance as the basis for enhancing sustainable economic growth and human development. Against this background, this paper examines the extent to which, Ghana's democratic governments have responded to the challenges of economic policy reform, economic growth, and sustainable development in an environment of continuing economic and social challenges. This paper's principal contention is that, in spite of the continuing economic policy reform and development challenges in Ghana: the restoration of multi-party democracy has enhanced governance that has fostered improve economic policy management; resulting in recent steady, encouraging economic growth that has enabled the state to leverage progress in poverty reduction and human development. In short, under improve democratic governance, Ghana has shown encouraging rate of growth and development.

Keywords: Ghana, structural adjustment, democracy, economic reform, sustainable development, human development.

INTRODUCTION

Ghana, by the close of the 1980s emerged as a serious star pupil; a frontrunner in Structural Adjustment Programme (SAP) (World Bank, 1993; Leechor, 1994; Gyimah-Boadi, 1993; Herbst, 1993; Rothchild, 1991a). Ghana's SAP, christened the Economic Recovery Programme, (ERP) – implemented by a heavy handed Military dictatorship - was touted as a notable recovery effort which in the view of the World Bank (Bank) and the International Monetary Fund (Fund), is evidence of the 'commonsense' underlying the policy prescriptions of SAPs. However, along with the much talked about Ghana's successful economic recovery, were contending evidence also of a serious human cost to adjustment (Abrahamsen, 2000; Boafo-Arthur, 1999; Kruas, 1991). A far more worrying development, however, was the fact also that, the political constituency for reform appeared to be faltering; losing popular legitimacy (Chazan, 1991; Debrah, 2009; Rimmer, 1992; World Bank, 1989). It was these circumstances, and many others, in the view of some analyst, which set the stage for the transition to multi-party democracy in Ghana and many places in Africa (Ake, 1996, 1993; Abrahamsen, 2000; Sandbrook, 2000; van de Walle, 2001).

Thus, Ghana's transition to democracy was for many, a reaction at some level, to the emerging challenges of the ERP/SAP (Abrahamsen, 2000; Hutchful, 2002; Ninsin, 2007). A democratic framework, it is thought, will create not only a new platform for the emergence of a popular, legitimate, and responsible constituency for continued economic reform (Whitfield, 2009a); but it will also, it is thought, establish and deepen a new democratic governance framework for achieving sustainable development (World Bank, 1989). These propositions in the minds of many constitute the

objective reasons which underlie Africa's re-democratization in the 1990s (Ake, 1993; 1996.). And for Ake (2000), the feasibility of Africa's democracy, will depend crucially, on its ability to answer to this kind of transformation.

Against this background, this chapter examines the extent to which, Ghana's new democratic governments have responded to the challenges of economic policy reform, economic growth, and sustainable development in an environment of continuing economic and social challenges. This paper's principal contention is that, in spite of the continuing economic policy reform and development challenges in Ghana: the restoration of multi-party democracy has enhanced governance that has fostered improve economic policy management; resulting in recent steady, encouraging economic growth that has enabled the state to leverage progress in poverty reduction and human development. In short, under improve democratic governance, Ghana has shown encouraging rate of growth and development.

ADJUSTMENT, GROWTH, AND THE CHALLENGES OF THE 1990s

The World Bank in a report titled; *Ghana 2000 and Beyond: Setting the Stage for Accelerated Growth and Poverty Reduction*, asked:

“What would it take for Ghana to become a middle income Country by the year 2007, the 50th anniversary of Ghanaian independence? And what would be needed to ensure that the average poor Ghanaian would participate in this process sufficiently to cross over the poverty line by that time?”
(World Bank, 1993: i)

This question was implied on the premise of the promising ERP/SAP that defined Ghana's recovery since 1983. Indeed, prior to 1983, Ghana had undergone a decay that was one of a kind in the entire sub-Saharan African region (Boafo-Arthur, 1999; Frimpong-Ansah, 1991, 1996; Herbst, 1993; Rimmer, 1992; Rothchild, 1991a; Chazan, 1983). To be sure, Ghana in the words of Gyimah-Boadi (2008), had gone from been Africa's “ ‘Black Star’ to become the poster child of a failing African state, cursed with incompetent, corrupt and repressive governments presiding over political instability, stagnant economy, broken down infrastructure and decaying society”. Indeed, Ghana was in a state of profound degeneration, described as “*post-decline atrophy syndrome*,... a new dimension of economic decay in which everything that can go wrong with the economy does go wrong, resulting in a weak response phenomenon, fragile economic and political institutions and loss of confidence” (Frimpong-Ansah, 1996:27-28 emphasis in the original).

It was in these profound circumstances and many attendant uncertainties that Ghana in 1983 - under the leadership of a military dictator - launched a relatively unprecedented economic recovery programme. With the expressed help of the Bank and the Fund the recovery programme seeks to restore stability as an anvil, for wider socio-economic and structural transformation of Ghana. The military government's turn about in 1983, after a period of populist rhetoric, indeed, marked the inauguration of one of the most serious, comprehensive, and innovative economic recovery agenda in the post independence economic history of Ghana (Frimpong-Ansah, 1996: 48; Rothchild, 1991b).

While noting challenges in the programme, the overall assessment of the impact of the ERP/SAP relative to pre 1983 points to some remarkable story of successful recovery and stabilization (Boafo-Arthur, 1999; Hutchful, 2002; Frempong-Ansah, 1996; Leechor, 1994; Rothchild, 1991a; Whitfield and Jones, 2009; World Bank, 1993). On the basis

of this noted successful recovery, Ghana by the close of the 1980s, was said to have resumed the process of restoring its economic and social health (Aryeetey and Tarp, 2000). This conclusion was evidenced by the fact that growth had been restored, real incomes improved; and social indicators across board have shown marked improvements (Leechor, 1994: 155).

Indeed, the stability achieved in the macroeconomic indicators was comparatively impressive. Average rate of growth of over 5 percent recorded within the period, 1984 -1989, a fiscal expansion which saw revenue/GDP ratio rose from 5.3% in 1983 to 14.4% in 1986 and leveling around 15% by 1992, increased public expenditures on social services especially on health and education, sector wide recovery in services, industry, and agriculture, and a relatively stable exchange rate regime (Hutchful, 2002: 57-58; Herbst, 1993). Broadly, there was a general sense of an emerging, deep potential recovery of an economy and society that some decades ago, was on the brink of a colossal failure (see, Sandbrook and Oelbaum, 1999; Frimpong-Ansah, 1991).

This relatively remarkable development was very significant. In fact, in the opinion of Leechor (1994: 153) “by customary criteria, Ghana’s adjustment programme has been a success. Policy reform has been extensive, despite opposition and institutional constraints. The benefits of adjustment have become large, visible, and widely shared”. Indeed, as he will note further: “by 1991, Ghana’s economy was about 40 percent larger than it was in 1984” (p. 170). Thus, by the time of Ghana’s transition to democratic politics, a measured level of stability, prosperity, and consolidation has been achieved. Indeed, in the argument of the Bank, Ghana appeared to be on the verge of an East Asian- style economic breakthrough (World Bank, 1993: 27).

However, despite this recovery and promise, it was noted that, the challenge of achieving sustained, accelerated growth and poverty reduction still remained. Ghana, it was argued will need to grow faster: the kind which will enable broad base investments in human development and poverty alleviation (World Bank, 1993). Achieving this will require in the argument of the Bank, a concerted public institutional reorientation that emphasis “the shift from a control economy to one where the state will guide the growth of the economy through indicative planning; the shift from public-private competition to partnership; and the decentralization and devolution of responsibilities (World Bank 1993: 4).

The newly installed National Democratic Congress (NDC) government - led by J.J. Rawlings - after the challenges of the chaotic transitional electoral processes, reasserted a renewed commitment to deepen the process of stabilization and adjustment: facilitate broader economic growth, and invest in human development. These commitments come in the wake of not only a challenging decade of ERP, but also, of a growing emerging notable reversal in the economic achievements of the last decade (Sowa, 1996; Hutchful, 2002; Sandbrook and Oelbaum, 1999). Indeed, as noted by Hutchful (2002: 215) the period 1991-1993 witnessed major slippages and reversals in expenditure management, inflation control, and increasing domestic indebtedness: resulting in the withdrawal of much needed donor support. In reaction to these emerging challenges, the new government recommit itself to reform, drawing up a programme of action called, the Accelerated Growth Strategy (AGS) in 1993 (p. 57). The AGS, it was noted, “stressed the strengthening of inter-sectoral linkages, poverty reduction, enhanced access of the poor to social services, human resources development, capacity building in public sector management and private-sector development” (Hutchful, 2002:57).

This strategy was to be later followed by a much broader development framework titled: *Ghana Vision 2020, The First Step: 1996-2000*. A detail coordinated programme of economic and social development policies for achieving the long term (within 25 years) broader objectives of a middle income country by the year 2020. *Ghana Vision 2020* sets the broader framework agenda for consolidating and securing high economic growth rate in excess of 8 percent annually, a coordinated investment in human development, rural and urban development, within an effective enabling environment. In the words of *Ghana Vision 2020*, “the achievement of these goals and objectives is expected to usher Ghana into the commit of nationals whose material well-being and standard of living are today described as middle income country” (Government of Ghana, [GoG] 1995).

Underlying the framework of these objectives is the government’s commitment to establish an open and liberal market economy that will facilitate the shared growth agenda. Thus far, *Ghana Vision 2020* reaffirmed the original long term objective goals of ERP/SAP. However, in spite of this broad vision, government commitment and efforts in realizing the goals outlined have not been encouraging. Policy reform and planned programme implementations in the 1990s were marked by conflicting demands, hesitations, and policy reversals, which compromised in a very serious way the continued recovery efforts (Ninsin, 2007; Sandbrook, 2000). This dynamics has led analyst to describe the policy reforms, aid assistance and recovery programme in the 1990’s as a *default progamme* (Whitfield and Jones 2009: 188, emphasis in the original). Indeed, both the NDC I (1993-1996) and NDC II (1997-2000) governments, showed a considerable laxity in selectively implementing reform programmes. It backtracked on many of its commitments, and embarked on an expenditure spree that had a profound impact on fiscal management and the relatively enviable macroeconomic stability achieved under the PNDC recovery programme (see, Gyimah-Boadi, 1997; Sowa, 1996; ISSER, 2001; Whitfield and Jones 2009).

The attendant fiscal crisis that emerged, constrained policy choice, perverting the adjustment strategy in the circumstance (Sandbrook, and Oelbaum, 1999:25). Indeed, so limiting was this crisis that the World Bank (1997) warned that “...unless a substantial fiscal balance is restored quickly, the promise of a higher private investment and growth may not materialize”. Evidently, the economy increasingly became inflexible, showing signs of growing inability to respond to the environment of the economic regime (Frimpong-Ansah, 1996; Killick, 2000). Consequently, growth stagnated. In so bad a shape was the economy that, “even the 5 percent average growth rate achieved during the reform era of the 1980s”, Tsikata (2007) note, “seems difficult to attain...” Increased internal and external indebtedness, uncontrolled inflation, low investment by the private sector, and increased levels of social insecurity – evidence by high unemployment and poverty - became the marked outcomes of the macro and micro economic policy and management out-turns of the 1990s (see GoG 2007; Hutchful, 2002; Tsikata, 2007; ISSER, 2001).

Examining the reasons for the policy and economic management challenges, Hutchful (2002) notes arguments ranging from: the alleged inappropriateness of democracy and economic reform; the nature of the adjustment strategy itself; and the challenge of maintaining regime legitimacy in the context of political liberalization. The latter explanatory factor was, however, particularly significant. For sure, the challenge of maintaining regime legitimacy and survival, in the context of a transforming political framework, affected the approach and style in the management of the economy (Hutchful, 2002). And as Hutchful (2002: 2) note, the transformation of the PNDC;

“... into a political machine capable of electoral competition shifted power from technocrat to political power brokers more concerned with patronage and less with market rationality. As these ‘carpetbaggers’ (many, but not all, new to the process) tightened their grip on the party, corruption (both within the state and bureaucracy) became a marked feature of the programme”.

This political reconfiguration affected the economic management outlook and priorities of the new Rawlings regime. Increasingly the regime became caught in a neo-patrimonial mould (Sandbrook, 2000).

The resurgence of neopatrimonial politics – “...of a particular Ghanaian sort in which ‘horizontal’ interest groups are subordinated to ‘vertical’ patronage relationship (Booth et al, 2005) – “...threatened” in the words of Dzorgbo (2001: 303) “the consolidation of an enabling environment for sustained development”. Unbridled corruption, party patronage, and the weakening of the active forces of civil society, emerged as regime survival tactics (Booth et al, 2005); a sometimes conditional matrix that determined the choice of policy and the pace of reform. The government engaged in a reckless policy rent-seeking and public spending activities that limited the policy space and slowed down the reform process. Thus, largely in the 1990’s note Whitfield and Jones (2009b: 193) the priorities of the government shifted; the economic imperatives of reform gave way to a politically driven public spending. It is this emerging tendency that led Sandbrook and Oelbaum (1999) to conclude that, “Rawlings’ Fourth Republic bears a strong resemblance to Nkrumah’s First Republic. Clientelism, personalism and corruption have returned with a vengeance. And this vengeance has contributed to macroeconomic instability”. Thus, the resurgent neopatrimonial political environment not only compromised seriously the macroeconomic reform agenda, but it also “... undercut the evolution of modern institutional framework that can support long-term development” (Dzorgbo, 2001: 303)

Henceforth, the 1990s, on the back of the high hopes generated by the relatively effective, coordinated recovery efforts in the 1980’s, may well be describe as a period of lost momentum. Indeed, Hutchful (2002: 215) described the 1990s in the following: “During the 1990s, flagging macroeconomic performance and policy disarray, in turn reflecting deep-seated economic rigidities defying current adjustment approaches, became the norm. Macroeconomic performance in the Fourth Republic has fallen off sharply, defying continuing efforts at correction”. Concluding that, “by the end of the 1990s, Ghana was once more in the throes of a fiscal crisis; significant macroeconomic distortions had emerged, export earnings were plummeting as market prices fell, triggering a currency and balance of payment crisis, and producing high rates of inflation and rapidly falling living standards” (Hutchful, 2002: 1). Ghana, as Gyimah-Boadi (1997) note the view of many analysts, was thus, headed back to the “intensive care unit”.

THE POLITICAL ECONOMY OF RECOVERY AND GROWTH, 2001-2008

By any conventional economic measure, Ghana’s economy in the period preceding 2001 was in a state of general malaise (see GoG, 2001; Agyeman-Duah, 2006; Debrah, 2009; CEPA, 2003; Killick, 2001; Sowa, 2002; ISSER, 2001). In fact, the statistics pointed to an economy, which had appropriately qualified and was “well within the category of the Highly Indebted Poor Countries (HIPC) as defined by the World Bank” (Hutchful, 2002: 217; Killick, 2001). This transition of an economy, that a decade ago, showed much promise and potential, raised questions about the success of economic reform in the context of a liberalized political framework. The resurgence of patronage politics and the challenging uncertainties and difficulties in macroeconomic policy management that marked much of the Rawlings NDC governance

(Gyimah-Boadi, 2001) created many economic distortions, rigidities, and imbalances. Consequently, the economy, in the words of Frimpong-Ansah (1996:12):

“...has fallen predatory to a coalition of ever-enlarging revenue-hungry government, political adventurers, profit-seeking pseudo-political business persons, price conscious consumers and politically oriented Non Governmental Organizations (NGOs) ...[who] have had little understanding of, or sympathy for, the structural handicaps inherent in an unproductive and fragmented developing economy such as Ghana’s and have demanded excessive rents to finance the interests of the coalition under many guises, such as development, national interest, security, education, etc”.

This capture of the economy, and the accompanying fiscal expansionary policies, demand pressures, and the unfavorable external economic environment (Youngblood and Franklin, 2008); combined to create by the year 2000: an economy that marginally sustained a growth rate of 3.7% - the lowest since 1991; inflation in excess of 40%; a fiscal gap of 9% of GDP; interest rate in excess of 50%; total debt stock in excess of 190% of GDP; and a less than one month external reserve standing (GoG, 2001; ISSER, 2001; CEPA, 2010) . It was in this endemic and chronic environment, that the 2000 presidential and parliamentary elections – the third of such elections since 1992 - produce a historic political transformation unprecedented since the post war political history of Ghana.

The peaceful transfer of political power, on the 7th January 2001, from a legitimately elected democratic government to an opposition political party that has fought and won a relatively free and fair multi-party election, was described as, a major step forward in Ghana’s continued search for democratic governance for achieving sustainable human development (Ayee, 2001; Gyimah-Boadi, 2001) . Indeed, the transition was not only significant in respect of Ghana’s domestic politics and governance: it was hailed also by Ghana’s major development partners as welcoming. It represented an opportunity for a fresh new start to redefine the long term development objectives which underlie post 1983 ERP/SAP.

The new democratic government of the New Patriotic Party (NPP) – led by J.A. Kufour - coming on the back of a campaign on corruption, poverty, and economic mismanagement by the previous government (see Killick, 2001), set out the primary goal of restoring macroeconomic stability as an anchor to revive: economic growth, private sector development, manage the colossal national debt, fight corruption, and invests in human development (Bob-Milliar and Bob-Milliar, 2010; GoG, 2001; Arthur, 2006; Agyeman-Duah, 2005). However, the immediate overarching government policy objective, in partnership with major development partners, was to stabilize the economy. Thus, the government acted “...swiftly to restore macroeconomic stability by preparing an austerity budget, applying for the HIPC initiative and preparing a national development policy framework document: the Ghana poverty Reduction Strategy (GPRS I) (GoG, 2007a). This new strategic development framework subtitled: *An Agenda for Growth and Prosperity*, defined in very clear objective terms, the government commitment “...to create wealth by transforming the nature of the economy to achieve growth, accelerated poverty reduction, and the protection of the vulnerable and excluded within a decentralized, democratic environment” (GoG, 2003).

The GPRS framework was the Ghana version of the Poverty Reduction Strategy Paper (PRSP) - an emerging new staple in the diet of SAP, popularized by the Bank and Fund (See, World Bank, 2004; 2001). The PRSP approach sought to redefine the relationship between the International Financial Institutions (IFI) on the one hand and poor adjusting developing countries on the other (World Bank, 2001; Killick, 2001). It is a new aid delivery mechanism, which calls for a broad 'ownership' of development policy by recipient countries within an anti-poverty framework agenda (Allah-Mensah, 2006; Levinsohn, 2003, World Bank, 2001). The idea was/is that poor adjusting countries will be offered debt relief and concessional lending opportunities, on the basis of an anti-poverty result-oriented programme of action. The Highly Indebted Poor Countries (HIPC) initiative, the principle underlying the PRSP approach, underscored policy ownership within a broad local participatory framework as an important condition for successful policy reform towards achieving sustainable human development (Morrow, 2001).

In pursuance of this agenda, the government in collaboration with its partners, in the immediate medium term agreed to: a vigorous investment in public sector reform, infrastructural development, and attending to macroeconomic stability, as core measures which should stabilize the economy and enable 'a golden age of business' for the private sector to thrive and develop. Indeed, in the private sector, - unlike the previous NDC government - the NPP government recognized a potential anchor, that can drive not only the recovery effort, but also capable of contributing to sustained accelerated growth and poverty reduction.

The government, indeed, matched-up its commitment with action. And by the end of the first term of the new government (2001-2004), a certain measured level of stability and recovery had been restored (ISSER, 2005). Indeed, in macroeconomic policy, note the Finance Minister; "... the target we set ourselves over the period, were in the main achieved, and have led to a stable economic environment, with reduced inflation, lower interest rate, a relatively stable currency and a strong external reserve position" (GoG, 2005a). In fact, particularly significant, was the higher recovery in GDP growth rate; 5.8% in 2004 as against the 3.7% recorded in 2000 (GoG, 2005a, ISSER, 2005). The significance of this recovery - relative to the years preceding 2001- was the fact that, it appeared to represent a sector wide improvement. And particularly significant was the recovery in the agriculture sector represented by the growth in cocoa production (AFDB/OECD, 2007; Aryeetey and Kanbur, 2008; ISSER, 2005). Indeed, in historical terms, cocoa production within the period under review showed a remarkable outturn, reaching 736911 tonnes in the 2003/2004 crop season (ISSER, 2005: 45).

This moderately spectacular recovery and achievements, gained through commitment to structural reform, prudent economic policy management, aided by increased foreign remittance and the fiscal space generated by debt relief, - under the HIPC initiative - placed Ghana, on the path to more accelerated growth and poverty reduction. The economy generally, by the close of 2004 appeared, in the main, robust, and ready for a take-off (ISSER, 2005). And as the President proudly noted, in his 2005 State of the Nation Address to Parliament: "I am happy to be able to state with reasonable confidence that, even though Ghana's economy is not as yet in the league of the "Asian tigers", stability and growing confidence are now its hallmarks".

Added to this remarkable economic recovery was a noticeable improvement also, from the ongoing targeted public institutional renewal programme. Indeed, the public sector reform agenda, particularly those focused on the strengthening

of the domestic revenue generating capacity of the state, has led to remarkable year on year increases in the revenue stream of the central government (Gyimah-Boadi, 2004, 2005; GoG, 2007a). This encouraging development has helped, somewhat, in streamlining government expenditure against expected revenue (see, CEPA, 2007: 53). The government also succeeded in passing very important legislations aimed at bringing down corruption and deepening the institutional renewal programme. These legislations: the Bank of Ghana Act 2002, Act 612; the Public Procurement Act 2003, Act 663; Financial Administration Act 2003, Act 654; and the Internal Audit Agency Act 2003, Act 658; laid the new ground rules for public sector governance, effectiveness, and sound public resources management.

These encouraging developments, reflects a noticeable growing policy insistence, consistency, and an emerging interest in public sector institutional renewal. In fact, by the beginning of the second term of the NPP government in January 2005, a considerable rehabilitation of the state and economy was achieved - relative to pre 2001 (GoG, 2005b; ISSER, 2005). And on the basis of this recovery, the government and its development partners proposed further reform: deepening and accelerating the growth prospect, investing in human resource development, infrastructural development, private-sector development, and good governance (ISSER, 2005). These proposals, found expression in the government's succeeding strategic development agenda, christened the "Growth and Poverty Reduction Strategy" (GPRS II) (2006-2009) framework. And as contained in this succeeding development agenda; **"the central goal of the new policy is to accelerate the growth of the economy so that Ghana can achieve middle-income status within a measurable planning period"** (GoG, 2005c, emphasis in the original).

The GPRS II was very ambitious. Indeed, the government targeted within 10 years (i.e. by 2015) to raise the per-capita income to a \$1000 from its little over \$400 levels in 2004. The government proposed to do this through, continued prudent management of the economy; enhancing fiscal discipline; deepening and facilitating the role of the private sector; and investing in agriculture through a vigorous infrastructural development programme (ISSER, 2009). The overall policy objective within the planned period, was to ensure that the economy will produce growth levels that "...allows majority of Ghanaians to see that their real standard of living – their access to better food, housing, clothing, water, education, health, transport facilities - [would] have become significantly better every few years when they look back"(GoG, 2005c).

With the measured success under GPRS I, the government was positioned to pursue more aggressively, the search for resources and investment both national and international to meet this development agenda. Nationally, the government, proposed to invest in deepening the revenue generation capacity of the state, continue on the path of prudent macroeconomic management, and create the fiscal space that will crowd-in the private sector and accelerating public sector reforms (GoG, 2005a). This, the government hopes will lay the foundation for the new "business-like approach" to the management of the economy (GoG, 2005a).

In addition to continuously creating the macroeconomic stability and fiscal space for the private sector to access the needed capital, government also planned to expand and deepened aggressively its flagship Public-Private Partnership (PPP) programme. The Presidential Special Initiative (PSI), a programme created to "...provide new opportunities for the private sector to move, with government facilitation, into new areas that have the potential to radically transform the economy, by producing new exports that could grow the economy..."(Ankomah, 2004) appeared to be a sure prospective

anchor, to accelerate the growth agenda. The government extended this programme aiming to increase its contribution not only to the national economy, but also in attracting foreign investments, markets and new technologies. This, it is thought, would help deepened the government's planned economic diversification programme. The government further looked forward to "encourage the private sector to participate in key infrastructural aspects of the accelerated growth agenda (ISSER, 2009) in fulfillment of its agenda of making the 'private sector the engine of economic growth'.

Internationally, Ghana, by the beginning of the second term of the Kufuor government, regained its promise and regal position. International confidence was restored in the Ghanaian economic prospect. This is evidenced by the continued positive review under the HIPC initiative, a B+ sovereign credit rating, and the selection of Ghana as a beneficiary country by the US Millennium Challenge Account Corporation. These developments placed the country in a very fortunate and enviable position. Indeed, the prospective release of a \$ 547 million (by far the largest grant under this new US aid regime) meant to support, the agricultural modernization programme of the government was the beginning sign of more things to come. In fact, following on the hills of this goodwill, the Chinese government also stepped in to provide low-interest and concessionary financing possibilities for the government. And the government by the close of 2007, was able to "...secure the financing for its \$ 622 million Bui hydroelectric dam from China, with China providing a \$ 292 million buyers credit facility from the Export-Import Bank and a \$ 270 million concessionary loan and the Ghanaian government contributing the remaining \$60 million" (Whitfield and Jones, 2009b: 212). China again offered another \$ 66 million low-interest loan facility to enable the government to carry out plan upgrade of the country's communication network and training of students and workers in the sector (Whitfield and Jones, 2009b:212).

Further, on the basis of the emerging qualifying improvements in macroeconomic fundamentals, the government proposed also a venture into the international capital market. And, in 2007, the government issued Ghana's first ever sovereign credit bond in the London Stock Exchange – the first post-HIPC country to access the international capital market (Whitfield and Jones, 2009b: 211). And in a show of confidence, while the Ghana government only needed \$750 million, for infrastructural development - with ten years maturity at rate of 8.5% per annum - the bond was oversubscribed in excess of \$3 billion (GoG, 2008a). This very huge interest, for a country on it first ever forays into the international capital market, speaks volume about the confidence of international investors in Ghana's development potentials.

These resource possibilities – the MCA grant, Eurobond fund, and the continuing savings under the HIPC initiative and the reliefs under the new Multilateral Debt Relief Initiative (MDRI) – enhanced the economy's growth and fiscal space. The consolidation of the Multi-Donor Budgetary Support (MDBS) framework also enabled additional predictable sources of resources to be available at a much relatively reduced transaction cost to the economy (see Lawson and Killick, 2007). Indeed, the MDBS framework, which was launched in 2003, between the government and its major bilateral donors, has emerged as a facilitating platform, for streamlining policy reform and resource allocation (Whitfield, and Jones, 2009b: 196). It has ensured projected programmed release of resources, in the form of budgetary support which enables the government to meet it policy obligations and growth targets. All these combined, has allowed the economy, the benefit of a relatively higher resource possibilities than ever before.

This 'huge' fiscal possibility has enabled the government to deepen further, the recovery, stabilization, and growth of the economy. Consequently, the economy accelerated to a growth rate in excess of 6.2%, by 2007, and by the close of 2008, the economy was reported to have expanded to 7.3% (CEPA, 2007; IMF, 2009; GSS, 2010). In real nominal GDP terms, the economy expanded to US\$16.3 billion from its low of US\$3.9 billion in 2000 (Bob-Milliar and Bob-Milliar, 2010; ISSER, 2010). With a GDP per-capita around, an encouraging US\$1200, Ghana appeared to be on a new growth plateau. This recent expansion of an economy that was in the death throes of a profound fiscal and economic crisis by 2000 is, indeed, historic and significant. Such a historic acceleration of growth, it is argued "must bring with it fundamental changes to the structure of the economy and institutions" (World Bank, 1993: 1).

For sure, noticeably the Ghanaian economic recovery, by the close of 2008, appeared to have extended beyond the growth of the economy. Indeed, infrastructural developments, public and private capital investments, and a relatively effective emerging regulatory framework have become visible pillars of the 'new' economy (AFDB/OECD, 2007). The economy is marked by perceptible investments in the road sub-sectors, developing Information, Communication Technology (ICT) and Mobile infrastructure. And a growing financial services sector. These have combined to extend and deepen the opportunities of the economy. No wonder, the economy has attracted investments in the banking, telecommunication, energy, and in more recent times, in the emerging oil sector. On the basis of these developments, the potential of a structural transformation has been made the more likely, than any period in Ghana's economic history.

However, in spite of these positive developments, the Ghana economy also faced and recorded some challenges and major reversals - especially in the last years of the NPP government. Indeed, faced by a combination of energy and food crisis, and a deepening global economic melt-down, the government was caught in what was described as an "embarrassing and expensive" expenditure spree that had major implications on fiscal and macroeconomic stability (IMF, 2009; CEPA, 2007).

More so, the attendant expenditure and 'investments' in organizing the Golden Jubilee Celebration in 2007; hosting of the CAN 2008 football tournament; the construction of the Presidential Palace; and the recurring unsustainable management of the public sector wage bill, combined further to loosen, the economy's recent encouraging fiscal discipline (Whitfield, 2009a; CEPA, 2009). It is no surprise then that, by the end of 2008, combined with the challenges of the global slowdown and fiscal laxity, the economy recorded a historic fiscal deficit of 14.5% of GDP; a national debt stock of 52% of GDP; inflation rising to 20%; a 50% depreciation of the national currency against the Dollar; and a little over two (2) month gross reserve cover from its high of four months in 2005 (GoG, 2009; CEPA, 2010; IMF, 2009). On this fiscal and macroeconomic deterioration, ISSER (2009: 2) note that, "Ghana is obviously still struggling with how to get the best out of public expenditures in order to achieve sustained growth without jeopardizing macro-economic stability".

Indeed, this growing fiscal challenge has become the more worrying when considered against the backdrop of the fact that, Ghana still remained and in fact has become more indebted after the cancellation of its major debt stock through the HIPC initiative under the auspices of the Bretton Woods Institutions - World Bank and the International Monetary Fund (CEPA, 2009). This growing indebtedness resulting from the contracting of more commercial loans in the international credit market (for example the 750 million dollar Euro bond and export credit agencies), and local-currency government

denominated bonds, raised Ghana's public debt sustainability profile to very worrying levels (CEPA, 2009). This worrying trend presented Ghana as an emerging post HIPC country "...that is following a path back to high indebtedness soon after having the bulk of its original debt cancelled" (CEPA, 2009: 5). This called into question the government's capacity for sustainable economic management.

Added to this recorded macroeconomic reversals and fiscal challenges, is the apparent growing - albeit improving - structural limitations of the economy as evidenced by the serious gaps in infrastructure (especially in water, energy, and sanitation) and the low productivity especially in the agriculture sector outside of cocoa (Bogetic, et al., 2007). These structural limitations call into question the long-term prospects of a sustained accelerated growth of the Ghana economy. For, as noted succinctly by the World Bank (1994: 2) "... infrastructure capacity grows step for step with economic output – a 1 percent increase in the stock of infrastructure is associated with a 1 percent increase in gross domestic product (GDP)". Thus, Ghana in the long term will need to address the challenges in the provision of infrastructure so as to enhance not only the quantity of growth but the quality as well.

Furthermore, alongside these challenges, is also the emerging increasing incidence of public sector corruption, a resurgent patronage politics, and public sector ineffectiveness. One analyst captured this emerging growing phenomenon, colorfully in the phrase "it's our time to 'chop'" (Lindberg, 2003). Indeed, corruption and patronage politics has re-emerged again as a serious governance challenge (Lindberg, 2003). To be sure, for much of the NPP era, the promise of a fight against corruption demonstratively carried more rhetoric than a definitive commitment to fight the growing reported incidents of contract inflation, kickbacks, abuse of administrative authority, and chilling reports of profligate spending by government officials who are close to the presidency. Thus far, with the growing economic prosperity, has come the perceptible evidence also, of a growing abuse of public fiduciary trust – the abuse of public office for personal gains. The government's purported zero tolerance of corruption policy, obviously has not been matched with the kind of policy, institutional commitment, and investment needed to fight and manage the menace of corruption (Agyeman-Duah, 2005). This lack of commitment challenged the continuing institutional deficiencies of the public sector.

Indeed, in many public service delivery areas, there continue to remain an ineffective, public bureaucratic infrastructure that is unable despite recent improvement, to deliver reliable, consistent, and less costly essential public services (Gyimah-Boadi, 2010b, World Bank, 2007). For sure, in areas such as transportation services, healthcare, education, sanitation management, and agricultural extension, the Ghanaian public sector has revealed, a severely measured capacity. Has this revealed measured capacity impacted on the broader attempts to leverage poverty and human development?

ON POVERTY AND HUMAN DEVELOPMENT: THE PROGRESS REPORT

Attacking poverty by investing in human development is the core essence of a pro-poor economic growth agenda. To be sure, connecting the poor to rapid economic growth is both an exercise of deliberate determined policy action, as it is of the existence of growth levels that allows such redistributive policies (Besley and Cord, 2007; Wiggins and Higgins, 2008; Bird, 2008). Thus, as the World Bank (2000:15) emphasized:

“Growth is not sufficient for poverty reduction, but it is essential – no country has achieved a sustained improvement in the economic fortunes of its citizens without substantial, as well as broadly based, increases in income ... (However) how growth affects poverty also depends on how it is distributed”.

Ghana, unlike many of the countries in Sub-Saharan Africa (SSA), has been recognized as among the countries that have been relatively successful in delivering pro-poor growth (Aryeetey and McKay, 2007). Ghana addressed herself to an anti-poverty strategy of growth, when the measured economic recovery occasioned by post 1983 ERP/SAP failed to address growing poverty, inequality, and human development. The response of the government was to launch a ‘Programme of Action to Mitigate the Social Cost of Adjustment’ (PAMSCAD) in 1987 (Sowa, 2002). This programme sought to realign the stabilization and structural needs of the economy, with emphasis also on basic human needs as well – this was called ‘adjustment with a human face’ (Hutchful, 2002). The consequence of this redirection of the adjustment programme is the incorporation of explicit poverty reduction measures as part of economic policy and growth reform. Thus, poverty reduction and human development have found expression in Ghana’s many and varied development agendas. Beginning with the Ghana Vision 2020; through to the more explicit strategic GPRS I and II; and the signing on to the United Nations (UN) Millennium Development Goals (MDGs), Ghana has incorporated poverty reduction and investing in human development as the overarching goal of national development policy objective.

In the main, the agenda has been expressed within the context of accelerated economic growth. It recognized the need for a sustained accelerated growth that allows, deliberate investment in better public service delivery, employment generation, targeted social protection, and a vigorous human resource development programme – especially in education and healthcare - as main pillars of the anti-poverty reduction strategy. Thus, governments in the Fourth Republic have committed to a progressive reduction of poverty and relative inequality, as part of the core assessment of the impact of macroeconomic policy choices and institutional reform.

Consequently, since the 1990s, - on the basis of the restoration of positive growth - there has been a corresponding perceptible evidence of declining levels of poverty. Indeed, while in the 1990s poverty remained a challenge, the long-term broader statistics indicate some encouraging improvement. Progressively, poverty levels have continued to fall from their higher levels of 51.7% in 1991/92; to 39.5% in 1998/99; 28.5% in 2006 - and further projected anticipated reduction to 22% levels by 2008 (GoG, 2007b; 2010). Most encouraging also is the fact that, the proportion of the population that is classified as ‘extremely poor’ have also fallen from its higher levels of 36.5%, to 26.8% to 18.2% over the same period (GoG, 2008a). By this achievement, Ghana has emerged as one of the countries in the developing world that has made considerable progress in reducing poverty levels, and is projected to meet before the 2015 deadline, the MDG goal one: that of reducing extreme poverty (GoG, 2010).

Evidently, these measured movements in the aggregate levels of national poverty prevalence rate, speaks to the fact of a growing serious government efforts in investing in human development. Indeed, education, healthcare, access to safe drinking water, and employment generation, has occupied governments’ primary policy objectives and investments. A review of governments’ budgetary allocations and investments in these areas, relative to pre – 1990s and beyond, indicate an encouraging policy and investment commitment to raise the capacity and chances of citizens to escape poverty. In fact, while the 1990s were generally challenging – in policy reform and growth terms - the opportunities in the 2000s

have been great. Marked by a celebrated economic recovery that recorded historic growth levels, and an unprecedented international goodwill, the government gained a considerable fiscal space that allowed a relatively pronounced investment in human development.

The government selectively prioritized programmes in education, healthcare, access to clean water, sanitation, and employment, to invest public resources and encouraged private investments. These investments, the government hopes will enhance the capacity of citizens to apply themselves to the emerging economic growth prospects. Specific policies in the education sector such as the capitation grant (CG); the school feeding programme (SFP); the deepening of the Free Compulsory Universal Basic Education (FCUBE) programme; have increased aggregate enrolment and retention numbers at all levels of education since 2003/2004. Indeed, at both lower and upper primary levels, enrollment has exceeded 85%. Thus, on the basis of current emerging statistics, Ghana is marked to have a high prospect of achieving, the MDG goal on education. On healthcare delivery, the overarching focus has been on the elimination of the 'Cash and Carry System'; improving the quality of services and facilities; training and retention of medical personnel; and a focus on preventive healthcare rather than curative (GoG, 2008b).

Consequently, the government launched a National Health Insurance Scheme (NHIS) in 2004. The scheme arguable, the first pro-poor healthcare insurance plan to be implemented on a national scale in Africa; is expected to rescue and cater for poor and vulnerable groups in the society who cannot afford quality healthcare (GoG, 2010: 70). By 2008, an estimated 54% of the national population has been registered by the scheme (GoG, 2010: 71). In additions to the NHIS, the government further enhanced its national under-five Child Immunization Programmes, introduced a free maternity programme, national malaria controlled programme, and an aggressive HIV/AIDS programme that focused on public education, widening the coverage for anti-retroviral drugs, and preventing mother to child transmission. Beyond these, the government also embarked on a programme to upgrade the health infrastructure of the country. Major regional and district hospitals have received facelift or have been earmarked to be upgraded or made into centers of excellence (GoG, 2008b). This development has increased not only access but also the quality of healthcare delivery in the country. While major challenges still remain in the health sector, the progress of the last years is thought to have brought Ghana closer to meeting many of the health targets set out in the MDGs (GoG, 2010).

More encouraging also, in the areas of improved access to clean water and environmental sanitation management, government has upped its commitment and investment. Particularly, on improving the volume and access to regular supply of water, government has embarked on a rehabilitation and expansion project of many of the major water supply stations and an aggressive rural water supply project. The Community Water and Sanitation Agency (CWSA) have helped to increase and expand access, and management of water resources in many villages and towns. This has significantly increased the proportion of the Ghanaian population that uses improved drinking water from 56% in 1990 to 83.8% in 2008. Ghana, by this statistic is well within the target and projected to meet before 2015 the goal of reducing by half the proportion of the population without access to improve water sources (GoG, 2010).

On environmental sanitation management, the policy objective has been to ensure, "... a clean, safe and pleasant physical environment in all human settlements and promoting the social, economic, and physical well-being of all sections of the population" (Ayee and Crook, 2003). Government proposed to do this through the management of waste – both solid and

liquid – and expand access and provision of various environmental sanitation services through the Metropolitan, Municipal and District Assemblies (MMDAs) in partnership with the private sector (Ibid). Thus, most visible today, is the role of the private sector in the management of sanitation. And, particularly encouraging is the role of ZOOMLION, - the celebrated private sanitation management company whose name has now become synonymous with sanitation collection and management. Thus, since 1999, the public-private initiatives have ensured the steady improvement in the management of waste and access to improve sanitary facilities in both rural and urban Ghana.

On employment generation, government focused attention on youth unemployment. Indeed, by the year 2000 unemployment had reached 10.4 percent, affecting mostly Ghanaians in the fifteen-to-twenty-five year age bracket (Ninsin, 2007: 97). The policy focus is not only on enhancing the role of the private sector to provide jobs, but government also sought to facilitate the entry of the youth in the agriculture sector – which is the largest employer (GoG, undated). The headline programme, ‘Youth-in- Agriculture project’ launched by the government, was anchored on a modernized agriculture sector programme by which the government hopes to make the sector attractive to the youth – especially young university graduates by providing them with financial, material, and technical assistance.

In addition to this programme, government also launched a National Youth Employment Programme (NYEP). The programme which was started in 2006 under the care of the Ministry of Manpower, Employment, and Social Welfare , sought to provide short-term (two year non-renewable) employment opportunities that allow beneficiaries to not only earned some income, but also be able to acquire some training, skills, and experience for the competitive job market. Since its inauguration in 2006, the programme is reported to have provided placement for about, 108,000 young people (GoG, 2008a). This and other growth enhancing policies have helped to contribute to increases in “...aggregate employment levels from 5.5 million to 8 million with most gains in agriculture and services...” (Bogetic et al, 2007).

Finally, government has proposed also, a National Social Protection Strategy (NSPS) which focuses on ‘social risk’ and the ‘dynamics of poverty’ (GoG, 2007). The most notable programme in this strategy is the “Livelihood Empowerment Against Poverty” (LEAP). This programme, started on pilot basis in 2007, intend “...to grant direct cash transfer to support the extreme poor or people described as the poorest of the poor, vulnerable and excluded sections of the population”(Aidoo, 2009: 35). While on the programme, beneficiaries are encouraged to invest in human development – enrolling all their children in public schools and registering with the NHIS - as a conditions for continued support (Aidoo, 2009: 36). By May 2009, the programme had reached approximately 131,000 beneficiaries in 26, 2000 extremely poor households across more than one-third of districts nationwide (Amuzu, Jones, and Perezniet, 2010: 1). And in a gendered assessment of the impact of LEAP, it is noted that; “... the programme has made useful contribution to the costs faced by poor households for basic consumption and basic services, many of which are often viewed as women’s responsibilities” (Amuzu, Jones, and Perezniet, 2010: 39).

These policy initiative and investments in human development have contributed to the relative improvement in the overall Ghanaian quality of life. Evidently, Ghana’s ranking on the Human Development Index (HDI) – a measure of average achievement in a country in three dimensions of basic human development: a long and healthy life; knowledge; and a decent standard of living – have steadily improved (GoG, 2007b). This is evidenced by the growing improvement in life expectancy at birth; an increasing adult literacy rate; and increases in individual’s purchasing power as evidenced

by growing income per capita (GoG, 2007b). With a score of 0.544, Ghana has moved to a medium ranking on the global HDI from its lower levels prior to the 1990 (GoG, 2007b). In fact, the “data available indicates that since 1995, there has been a steady improvement in human development in Ghana” (GoG, 2007b: 49).

These achievements notwithstanding, there is a notable worrying disparity in the Ghanaian progress on poverty and human development. In fact, the broader national statistics masked the disparities among regions, gender, districts, and between urban/rural populations (see, GoG, 2003, 2010; Whitfield, 2009a). Indeed, in disaggregating the statistics, a revealing profile emerges of a Ghana that is marked relative increasing societal inequality (Ninsin, 2007; Bogetic et al, 2007). On the incidence of poverty for instance, it is revealed that, the three northern savannah regions and the central coastal region, women, and rural food crop farmers are noted to suffer most than any group (GoG, 2003, 2010). These categories have also seen the least reduction in the prevalence levels of poverty (GoG, 2003). Evidently, while the picture appears of a national progress in meeting the MDG goal on reducing extreme poverty, there remain serious disparities in income and poverty levels (Tsikata, 2007). This speaks to the growing incidence of unequal distribution of the benefits of economic growth. Consequently, “though poverty incidence has declined at the national level, there remains a large proportion of the population living below the poverty line” (GoG, 2010: 10).

Equally, in human development also, the disparities and resultant inequalities in progress are worrying as well. Using the Human Poverty Index (HPI), Gender-related Development Index (GDI), and the Gender Empowerment Measure (GEM), startling evidence emerges of a Ghanaian population that is unequally endowed. For instance, on the HPI – a summary measure of three dimensions of human development: living a long and healthy life; knowledge, measured by adult literacy rate; and a decent standard of living (GoG, 2007b) – the available data reveals that, in 2006, Ghana scored 37.3 percent which means that one of every three Ghanaian, is deprived in terms of healthy life, knowledge and a decent standard of living (GoG, 2007b). Similarly, on GDI – a composite index measuring average achievement in the three basic dimensions of human development reflected in the HDI, adjusted to account for inequalities between males and females in the country – while available data indicates a progressive relative improvement; however, currently for every 100 males that have enjoyed development in human development, only 60 females experience the same level of development. This is very worrying for a country whose female population constitutes more than half of the total national population. Finally, on GEM – a measure of gender inequality in three fundamental dimensions of empowerment; economic participation, political participation and decisions-making; and power over economic resources – available data indicates that in 1991/2 the GEM for Ghana was 0.391 compared to the 2005/2006 level of 0.374. This means that, by 2005/2006 for every 100 males, 37 females are at the same level of empowerment (GoG, 2007b).

Thus, clearly, while in aggregate terms, Ghana appears to have made some progress in improving the quality of general human development, the challenge of a truly broad-base redistribution of this progress especially across gender remained. Evidently, there exist alongside the progress, relative inequalities in the distribution of the benefit incidence of policy and investments. Hence, in Ghana today, regrettably

“Females, the urban poor, the rural poor, the disabled, the less educated and the people within the northern savannah ecological zones, in general, have fared worse on several indices of development

such as education and literacy level, access to health, and facilities for hygienic disposal of human waste” (GoG 2007b: 55).

It suffices therefore to say that, the benefits of many years of positive economic growth have somewhat by-passed the vulnerable segments of society. Indeed, the promise of living and enjoying a healthy life in an emerging prosperous society has manifestly been denied these groups of people.

What explains this inequity in human development? A large body of scholarship considers the lack of structural transformation; the nature of policy reform and processes; rate of growth and expenditure pattern; resource constraints; and the weakness of the state as reasons accounting for this kind of unfair human development progress (Aryeetey and Harrigan, 2000; Booth et al, 2005; Ninsin, 2007; Tsikata, 2007; Killick, 2000, 2008; World Bank, 1993). Indeed, in their combined effect, these challenges are noted to be responsible for the seeming ‘anaemic’ pattern of growth, structural imbalances, and institutional weaknesses that have affected broadly, the success of the pro-poor economic growth agenda (Tsikata, 2007; Ninsin, 2007; Amponsah, 2007).

CONCLUSION

Robinson and White (1998: 6) argues that: “...the developmental potential of new democracies should be judged in terms of their ability to promote a form of economic growth and development that prioritizes the needs of poor and marginalized social groups”. In recognizing this imperative, the 1992 Constitution, in Article 36 (2) (e), charged the state to “...take all necessary steps to establish a sound and healthy economy whose underlying principles shall include.... the recognition that a secure democracy is that which assures the basic necessities of life for its people as a fundamental duty”. These constitutional directives to the state, that is, government, underscore the social welfare contract which undergirds Ghana’s ‘new’ democracy.

Ghana’s recent political transition to democratic politics, has redefine the relationship between the state and society. For sure, after a series of fairly successful democratic elections, there has emerged in Ghana, a state that relatively, has a considerable political legitimacy. However, “to achieve self-sustaining development, the state as a political manager must complement and reinforce the state as an economic manager” (Rothchild, 1991b). And, for poor societies such as Ghana, the economic management capacity of the state – particularly the ability to manage objective policy reform that delivers social welfare benefits through serious investments in human development – underlie the broad social legitimacy of the state (see Ake, 1993, 2000). It guarantees the state its social meaning and relevance in the lives of ordinary citizens (see Chabal, 2009).

Ghana’s governments, have since the restoration of democratic politics, pursued a development agenda that emphasis the urgency of economic growth, poverty reduction, and investment in human development. In the main, relative to the periods preceding the 1990’s, and beyond, policy reforms and investments have been somewhat extensive and meaningful. Consequently, the economy within the period under review, has recorded growth levels that has restored Ghana to its immediate post-independence promise. Beginning, particularly from 2001, the economy has accelerated to new historic growth levels and in nominal terms expanded fourfold by the close of 2008 from its 2000 levels. By this development, relative to average growth prospects in SSA, Ghana appears particularly promising and has re-emerged again, as a model state of development in Africa (Naude, 2010; Fosu, 2009).

The most encouraging feature of this Ghanaian recovery, growth, and transformation is the record of the new democratic state in reducing poverty and investing in human development. Indeed, as Bogetic et al (2007) observed, Ghana's growth was very good to the poor, to the extent that Ghana's poverty reduction experience, in the aggregate, is perhaps among the most successful in the African region. Evidently, the expansion of the economy has allowed the state to invest in human development and attack poverty aggressively. Expanding access to quality education, healthcare, clean water and sanitation, and targeted livelihood empowerment programmes, have particularly received encouraging public and private investments. This investment has raised the quality of Ghanaian life to a medium status; evidenced by a 0.5444 score on the United Nations HDI ranking in 2008. Thus, to be sure, alongside the expansion of the economy has come a noticeable investment in human development which has allowed many Ghanaians to escape extreme poverty and to access many livelihood opportunities. By this progress, Ghana has been particularly primed, as a promising state capable of meeting many of the broad development commitment set out in the UN MDGs.

However, in spite of this notable recovery and progress, Ghana's growth and development has also been somewhat limited, unresponsive, and uneven. The most notable reflection of these challenges is the Ghana economy's continued lack of deep Structural transformation and the seeming inequity in the distribution of the benefits of growth (see, Killick, 2000, 2008). Indeed, concerns have been raised as to why an economy such as Ghana's "...with fairly decent growth rates over a long period remains unable to sustain that achievement with acceptable changes in its structures" (Aryeetey and Kanbur, 2008: 2): an economy, with a deep commitment to structural reforms, but continues to be fragile at the core, and unable to respond to domestic and external opportunities and challenges.

For sure, while recent developments in the economy is encouraging, there still remain some major policy and structural challenges – particularly in the apparent lack of response to policy dynamism by the private sector and public sector ineffectiveness (see Amponsah, 2000). Indeed, the private sector has responded slowly than expected to policy reform. This slow response by the sector has affected the quantum of investment; the kind that will induce some movement in the structure of an economy. Thus far, Ghana's economy continues to remain primarily agrarian with low productivity and very limited linkages to the modern economy. This has affected the capacity of the economy to respond to the challenge of higher sustained growth levels that will allow faster employment generation and secured levels of income.

Further, problems of growing inequality have come to be associated also with Ghana's recent progress in social welfare development. In fact, while in aggregate terms, Ghana's progress in poverty and human development is encouraging, a consideration, however, of this progress across space, gender, and locality shows a growing level of unevenness. It is sad that, for all the recorded progress relative to other groups: rural farmers, women, young people, the physically challenged, and persons living in Ghana's savannah ecological zones, livelihood opportunities continue to be limited. This emerging pattern of relative inequality in the distribution of the benefits of growth is worrying. Ghana's score on the Gini Index show a higher measured increase; from 0.353 in 1991-92, to 0.378 in 1998-99, and finally 0.394 in 2005-06 (see Bogetic, et al, 2007). This growing incidence of inequality is clearly unacceptable. This development in the considered view of one analyst calls into question the governance and management capacity of the Ghanaian state (Ninsin, 2007).

Notwithstanding these challenges, Ghana's economy and state, by the close of 2008 was in a relatively better shape and prospect than any time in Ghana's history. The evident growing level of policy consistency marked by a stable political environment has reinforced Ghana's growth potential. In addition, the discovery of oil in commercial quantities in 2007, has further, raised the prospects of increased fiscal space and investment that will enable the economy to expand. Indeed, the potential of a transition to an oil economy holds many promises for Ghana's long-term search for a structural transformation of the economy. A transformation which will allow more broad-based employment generated growth and secured levels of income. While there are very obvious challenges to managing an oil economy, (Gary, 2009 ; World Bank, 2009) Ghana's recent growing stable political economy no doubt, presents a lot more hope in averting the resource curse associated with oil than any period in the country's history.

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