International Monetary Fund Structural Adjustment Policy and Loan Conditionality in Ghana: Economic, Cultural, and Political Impacts

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International Monetary Fund Structural Adjustment Policy
and Loan Conditionality in Ghana: Economic, Cultural, and
Political Impacts

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Honors College Thesis Spring, 2019
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# Table of Contents

Abstract ...........................................................................................................................................................................3

Background and Introduction ............................................................................................................................................. 3
  Ghana’s Economy Pre-IMF Intervention ......................................................................................................................... 4
  Ghana as the IMF’s Success Story ................................................................................................................................. 6

Literature Review ............................................................................................................................................................. 9

Methods ..................................................................................................................................................................................11

Structural Adjustment and Ghana’s Economy ....................................................................................................................12
  SAP-Led Changes to Ghana’s Economic Structure ........................................................................................................12
  Economic Results of SAPs and Current Circumstances .................................................................................................14
  Wealth Distribution and Inequality ................................................................................................................................18
  Economically-Motivated Labor Migration ......................................................................................................................21
  Declining Agricultural Industry ...................................................................................................................................26
  Oil: Economic Stimulus or Curse? ...................................................................................................................................29

Sociocultural Impacts of Structural Adjustment .............................................................................................................33
  Changing Healthcare Policies .........................................................................................................................................34
  Changing Education Policies .........................................................................................................................................40
  Sociocultural Components of Struggling Agricultural Industries ...............................................................................43
  Sociocultural Impacts of Labor Migration .....................................................................................................................47

Structural Adjustment’s Political Implications .................................................................................................................50
  SAPs and Ghana’s Transition to Democracy ..................................................................................................................50
  Political Distribution of Development Funding ............................................................................................................54
  Oil: Democratizing or Corrupting? ................................................................................................................................58

Conclusion ..............................................................................................................................................................................62

Appendix A ...........................................................................................................................................................................65

Appendix B ...........................................................................................................................................................................66

References ............................................................................................................................................................................67
Abstract

Ghana has, until very recently, been involved in structural adjustment programs since 1983 as a condition of its receipt of loans from the International Monetary Fund (IMF). Structural adjustment required the restructuring of the Ghanaian economy in accordance with neoliberal economic theory with the intent of promoting economic development. The IMF has lauded the Ghanaian SAP experience as a success story based upon macro-level economic indicators that show growth in the national economy. However, this view ignores the micro-level economic effects of structural adjustment in Ghana, as well as the impacts on the country’s sociocultural and political circumstances. This paper uses a multidisciplinary approach to examine the broad reaching impacts that participation in structural adjustment programs have had on Ghanaian development. It argues that SAPs have done more harm than good in their economic, political, and sociocultural impacts and that Ghana has and will continue to see improvements in all of these areas as it distances itself from strict adherence to SAP recommendation following the recent exit from the program.

Background and Introduction

When a nation finds itself in need of funding to boost its economic prospects, one of its options is to take out a loan from the International Monetary Fund (IMF). Upon providing these loans, the IMF imposes conditionalities upon the receiving nation. These conditions include an agreement to adjust the national economy in ways specified by the IMF so that, ideally, the receiving nation will be able to overcome the economic hardship that led to the initial need for the loan, and so that it will be capable of repaying the IMF (“IMF Conditionality,” 2018). The nearly universal condition for a developing country receiving an IMF loan is the implementation
of Structural Adjustment Programs, or SAPs. Agreements to implement SAPs must be made prior to the struggling nation receiving any debt relief and must be upheld in order to be applicable for any future loans or additional funding from other nations (Konadu-Agyemang, 2001). SAPs are built upon a neo-classical economic theory, which suggests that excessive and mismanaged government intervention in a nation’s economy will result in that nation facing strife (Konadu-Agyemang, 2001). Therefore, SAPs implement a variety of changes to minimize the national government’s role in the domestic economy and promote free trade with the global market. Such changes include reducing public spending and transitioning social services to the private sector, limiting or removing state controls on pricing and international trade, and reducing or eliminating state involvement in industry (Konadu-Agyemang, 2001). According to neo-classical theory, these and similar changes to a nation’s economic structure will allow the market to operate freely and consequently bring about economic prosperity.

**Ghana’s Economy Pre-IMF Intervention**

Under British imperialism, the Gold Coast, as Ghana was then called, implemented a Ten-Year Development Program during the years of 1920-1930. Through this program, the colonial government focused its economic activity largely on international trade rather than internal growth. Attempts were made to diversify agricultural exports due to concerns over the fluctuating global market price of cocoa, which at the time made up 83 percent of the colony’s exports (Aryeetey & Kanbur, 2017). Additionally, transportation infrastructure was targeted for improvement, but only in areas, such as ports and major rail lines, that prioritized international trade over internal movement of goods and labor (Aryeetey & Kanbur, 2017). However, these attempts did not succeed at promoting economic growth to the desired extent due, in part, to the
beginning of the Great Depression and inadequate financial support from the British government (Aryeetey & Kanbur, 2017).

When Ghana achieved independence in 1957, the new government adopted socialist economic practices, allowing for public involvement in and regulation of industry. However, the country was still largely dependent on cocoa exports, which experienced an enormous drop in global market prices during the early 1960s. This left the Nkrumah government without the income necessary to fund its socialist economic development plan (Aryeetey & Kanbur, 2017). Furthermore, the government attracted rampant criticism from the private sector for interference in the market with measures such as import and price controls. Nkrumah and his government were accused of designing economic policy to attract foreign investment and weaken their political opponents rather than to effectively promote industrialization and the growth of Ghanaian businesses (Aryeetey & Kanbur, 2017). However, the military coup that overthrew Nkrumah’s parliamentary government did not improve Ghana’s economic circumstances. The new government, called the Provisional National Defense Council (PNDC) focused heavily on achieving economic autonomy through growing the agricultural sector. This left the industrial infrastructure and capacity that had been built up during previous eras unused. With this sector of the economy failing to produce at full capacity combined with the poorly implemented economic development plans of a politically tumultuous time, Ghana experienced commodity shortages and soaring inflation rates (Aryeetey & Kanbur, 2017).

In 1983, just twenty-six years following the nation’s independence, Ghana found itself on the edge of bankruptcy. It was under these desperate economic circumstances that the PNDC chose to borrow from the IMF and consequently engage Ghana in structural adjustment programs (Graham, 1988). As with most developing nations seeking economic relief from the
IMF, these grim conditions were blamed on the national government’s economic mismanagement and over-regulation (Konadu-Agyemang, 2001). With these assumptions and the state of the Ghanaian economy in mind, Ghana adopted neoliberal economic policies as prescribed by structural adjustment. From that point on, the Ghanaian economy has been closely monitored by the IMF and scholars worldwide as a prime example of SAP success in Africa.

**Ghana as the IMF’s Success Story**

The IMF has a vested interest in publicly acknowledging its structural adjustment success stories. When joining the IMF, each nation is assigned a quota, based upon its capability to pay into the organization, as determined by its position in the global economy (“IMF Quotas,” 2017). Receiving these quotas is a key component of the way in which the IMF to fund the distribution of its loans (“Where the IMF Gets Its Money,” 2017). While the IMF has additional forms of income besides member states’ quota payments, quotas are also essential to the IMF’s operations in other ways. The amount that a nation contributes via quotas is used to determine its voting power within the IMF (“IMF Quotas,” 2017). Therefore, the IMF has a responsibility to demonstrate the effectiveness of its programs to its member states, especially those contributing the highest quotas. Consequently, the IMF must prove the effectiveness of the SAPs to its member states, or risk losing legitimacy in the eyes of the member states responsible for both funding its activities and voting to determine what actions it may take.

The IMF and World Bank have made hefty claims about the successful implementation of SAPs in the past. Among these is the claim that nearly all nations that properly implement structural adjustment either have experienced or will experience decreased poverty and a narrowing of the wealth gap between the rich and the poor (Konadu-Agyemang, 2001). Such
assertions on the potential for success are based on three basic, neoliberal assumptions. First, it is thought that failure to reform the struggling nation’s economy will lead to exacerbated economic difficulties such as unsustainable budgets and trade deficits, whose effects will be felt most severely by the poor population. Second, economic liberalization and deregulation are thought to be triggers for the creation of jobs, specifically in rural areas where the poor population tends to be concentrated. Finally, SAPs are intended to preserve the existence and delivery of welfare programs in areas of particular concern to poor populations (Konadu-Agyemang, 2001). For these reasons, the IMF claims that structural adjustment programs, when properly implemented by the developing country, have the capacity to improve overall economic conditions and target growth at the poorest sectors of the population.

One of the nations whose experience the IMF often points to as evidence of structural adjustment’s viability and legitimacy is Ghana. Claims of successful outcomes from SAP implementation in Ghana rest primarily upon economic indicators such as GDP, overall growth, and inflation rates. Over the first two years of SAP implementation Ghana’s GDP saw significant initial growth averaging 3.3 percent. Additionally, the inflation rate dropped from 75 percent in 1983 to 20 percent in 1985 (Graham 1988). By 2012, Ghana’s annual GDP growth rate had reached around 5.5 percent, which is thought to be a direct result of SAP-driven policy changes (Bonga-Bonga & Ahaikpor, 2016). In late 2018, the IMF announced, following a visit to review the health of the Ghanaian economy, that it was on track to remain within target ranges of economic indicators for the year. The government was praised for following SAP parameters and encouraging strong growth via the oil and cocoa industries despite external market factors causing depreciation of the Ghanaian currency, the cedi (“IMF Staff Completes Seventh ECF Review Visit to Ghana,” 2018). All of these indicators point to SAPs having improved the
economic conditions within Ghana throughout their more than three decades of influencing Ghanaian economic policy. However, GDP growth and inflation do not provide a complete picture of the health of an economy, much less the social and political circumstances that have arisen in Ghana as a result of SAP implementation.

Soon after Ghana’s government at the time, the Provisional National Defense Council (PNDC), began seeking loans from and following the policy prescriptions of the IMF, scholars expressed worry about the potential effects of such policies. These concerns were ignored as the PNDC used its authoritarian position to rapidly transition Ghana’s economic policy into that of the neoliberal model (Williams 2015). Despite the country’s standard of living beginning to rise, concerns were voiced about traditional export industries failing to meet protected goals, rising public health costs, job loss and low incomes, and the dependence and conditionality that accompany receiving IMF loans (Graham 1988). Similar concerns have continued through today, even after the PNDC left power in 1992. Furthermore, scholars outside the field of economics warn that the sociocultural and political effects of SAPs have been even less beneficial.

More detailed indicators present a more complex picture of severe economic inequality continuing to plague Ghana. The country’s two poorest regions, the Upper East and the Upper West, have continued to become poorer due to being excluded from the distribution of development funding (Abdulai, 2016). Wealth inequality, rather than contracting as the IMF promises, has expanded alongside an increase in the total number of Ghanaians living in poverty (Konadu-Agyemang & Kwaku Takyi, 2001). Beyond economic health, SAPs have had lasting impacts on Ghana’s political and sociocultural climates. This paper will explore SAP’s mid and micro-level economic impacts, as well as their social impacts through the lenses of social services, traditional industries, and labor migration. It will also examine structural adjustment’s
influences on politics in Ghana through discussions of SAP’s direct impact on Ghanaian democracy, the distribution of development funds, and the political implications of a neoliberal approach toward managing the nation’s oil fields. This paper will argue that SAPs have done more harm than good in their economic, political, and sociocultural impacts and that Ghana has and will continue to see improvements in all of these areas as it distances itself from strict adherence to SAP recommendation.

**Literature Review**

Being the IMF’s African “success story,” the Ghanaian economy has attracted a wide array of research. A consensus has not been reached on whether Ghana has continued to experience economic growth after two decades of SAPs. Some refer to the rapid growth of the Ghanaian economy, as compared to the struggles in the rest of Africa, as an indicator of a healthy economy (Bonga-Bonga & Ahaikpor, 2016). Others claim that the beneficial effects of SAPs were short-lived, citing a cocoa industry heavily impacted by currency devaluation, a deteriorating health care industry following privatization, and high education costs that are unaffordable for many citizens (Ankomah 2004). These issues presented themselves as early as 1987, when food, fuel and social services subsidies began to give way to the imposition of fees for health care, education, water, and electricity. The Ghanaian government’s withdrawal from the nation’s economy had such an influence that the PNDC was forced to recognize that the poor would have to shoulder the short-term burden of economic transition (Williams 2015). These different conclusions can be attributed to focus on different variables; purely economic indicators paint a picture of overall growth, but examining certain industries, socioeconomic groups, political conditions, and social services reveal that the benefits of growth have not been evenly distributed.
Researchers have approached the question of distribution of SAP benefits from a largely political perspective. Abdoulai (2017) found that regional inequalities have occurred because of unequal distribution of foreign development aid, which has prioritized funding private sector projects with rapidly visible impacts in regions whose political leaders have influence in the national government. Furthermore, a combination of domestic and international actors has been found to share control over the decision making and implementation of Ghana’s health policies (Gómez and Ruger 2015). The Ghanaian national government is also dependent on international aid to fund its education system and faces pressure from the international community to prepare its children to successfully compete on the global market (Kuyini 2013). This research shows that international intervention such as IMF lending has impacted the political climate and operations of Ghana.

Finally, researchers have examined the cultural impacts of the hardships that traditional industries have faced as a result of IMF loan conditionality. Awanyo (1998) concluded that cocoa farmers have chosen not to abandon their struggling industry because of the social relationships and cultural expectations associated with the occupation. Similarly, self-efficacy and social capital have been found to influence the success of contract farming, and cultural change due to historical experience has resulted in varying levels of these in different regions within Ghana (Wuepper and Sauer 2016). Therefore, SAPs and other internationally sponsored policies have had identifiable cultural impacts on the Ghanaian people.

While long-term IMF lending and SAP implementation in Ghana has attracted many researchers to study their economic, political, and sociocultural effects, scholars have examined these only in isolation. Even those resources that compile some of these factors are not exhaustive. For example, the 2001 book edited by Kowadwo Konadu-Agyemang consists of
articles by many scholars on a range of effects that SAPs have had on Ghana, but even this source has a primarily economic focus with only surface-level discussion of social policy and political factors. However, economics, politics, social life, and culture do not exist in isolation from one another. Therefore, it is essential to thoroughly examine the interrelation of the three in order to achieve a complete understanding of the effects that international loan conditionality has had on Ghana. Additionally, the most comprehensive examinations of SAPs in Ghana have become outdated, often featuring analyses ending in the late 1990s (Konandu-Agyemang 2001). Therefore, more recent, comprehensive analyses of Ghana’s SAP experience are needed to determine whether the nation will benefit from its recent decision to distance itself from the program (Naeche, 2018). Only by examining the political dynamics that produce and implement SAPs and similar policies in Ghana, their economic and sociocultural consequences, and the reactionary political climate that has emerged can fully informed conclusions be drawn on the effects of international lending in Ghana.

Methods

This project consists of the compilation and analysis of existing scholarly works from multiple disciplines on the topic of structural adjustment in Ghana. Research was accomplished by analyzing scholarly journal articles and books in the economic, sociological, and political science fields. Early in the process, sources which gave broad overviews of Ghana’s experience with structural adjustment were prioritized. This allowed for the most significant impacts of such policies on Ghana’s economic, sociocultural, and political circumstances to be identified. The research process then progressed towards identifying and analyzing scholarly works which provided in-depth analyses on each of these impacts. A concerted effort was made to include evidence of both positive and negative effects of SAPs on Ghana, depending upon the consensus
observed in the literature on each topic. The opinions of the International Monetary Fund regarding the economic impacts of SAPs were also examined using pages from its official website, media reports on IMF press releases, and official IMF documents.

**Structural Adjustment and Ghana’s Economy**

**SAP-Led Changes to Ghana’s Economic Structure**

When Ghana first adopted IMF loan conditionality in the form of structural adjustment programs the party in power at the time, the Provisional National Defense Council (PNDC), saw allowing the IMF and other Western actors to heavily influence Ghanaian economic policy as the most practical route towards economic stability and growth (Graham, 1988). In order to do so, the national government launched its economic recovery program (ERP) in partnership with the IMF and the World Bank, which has been influencing the structure of the Ghanaian economy ever since (Konadu-Agyemang & Kwaku Takyi, 2001). The ERP rested upon a “trickle down” theory in which increases to the gross domestic product (GDP) and the gross national product (GNP) were expected to subsequently lead to greater economic opportunities and more equal wealth distribution among the Ghanaian population. In other words, growth of the national economy was encouraged at all costs under the assumption that it would stimulate similar growth in all sectors (Konadu-Agyemang & Kwaku Takyi, 2001). With this goal in mind, the PNDC, under IMF supervision, began transitioning Ghana towards a neoliberal economic structure.

Some of the primary components of Ghana’s ERA were privatization, minimization of public spending along with maximization of revenue, and focus on the export sector. Increases in private investment were encouraged in order to alleviate some of the financial burden that had been resting on the public sector (Graham, 1988). Huge cuts were made to the public sector in
order to privatize under the neoliberal assumption that government interference in an economy leads to decline. From the implementation of the ERA in 1983 to 1992, 200,000 government employees saw either their jobs eliminated, or their salaries lowered in cost-cutting efforts. Finally, the PNDC achieved additional cuts to public spending by reducing or entirely abolishing government subsidies for consumer goods, social services, and public institutions’ budgets (Graham, 1988). In conjunction with efforts to reduce public expenditure, the PNDC aimed to maximize government revenue, primarily through taxation. New taxes were introduced, existing taxes were raised, and the system for tax collection was reformed to make it more efficient (Graham, 1988). Therefore, SAP influence restructured the Ghanaian economy to minimize public expenditure while maximizing revenue.

Restructuring to prioritize cuts to public expenditure is required under IMF loan conditionality in order to create room for growth of the private sector and limit government influence over the economy, both key components of the neoliberal view of a healthy economy (Konadu-Agyemang & Kwaku Takyi, 2001). Many of these cutbacks were made in the provision of social services. For example, in 1987, Ghana’s Education Reform Program transitioned the nation’s education system to a privatized model following IMF and World Bank calls to cut public spending (Kuyini, 2013). Likewise, the Hospital Fee Regulation Act of 1985 created the nation’s cash-and-carry healthcare system, in which patients were required to pay fees for care in all public hospitals (Kusi-Ampofo, Church, Conteh, & Heinmiller, 2015). Another way in which government influence was minimized was through deregulation. The PNDC removed price controls on all but eight consumer goods. Additionally, what is left of Ghana’s price control system has been rendered ineffective due to lack of enforcement (Graham, 1988). Through
privatization and deregulation, the PNDC managed to minimize government influence over the Ghanaian economy as prescribed by the neoliberal economic theory behind SAPs.

Another essential piece to increasing the viability of a nation’s economy under neoliberal theory is enhancing its ability to compete in the global market. The PNDC’s approach to increasing the competitiveness of Ghana’s economy centered around pushing growth in the export sector. Efforts to do so included foreign investment being diverted towards supporting export industries such as mining and timber, as well as improving the transportation infrastructure for these industries (Graham, 1988). Additionally, Ghana’s currency, the cedi, was devalued in order to establish a “realistic exchange rate” (Graham, 1988). These efforts were all intended to increase Ghana’s ability to produce marketable goods and effectively trade them on the world market and attract foreign investment by raising international confidence that the Ghanaian economy was on the rise (Graham 1988). This desired confidence did emerge, as evidenced by the fact that Western industrialized nations have been sponsoring Ghanaian development projects for more than three decades (Konadu-Agyemang & Kwaku Takyi, 2001). The question remains, however, whether SAPs have improved the Ghanaian economy to the extent that these foreign investors seem to think.

**Economic Results of SAPs and Current Circumstances**

Despite early improvements in GDP and inflation rates during the first two years of Ghana’s implementation of SAPs, concerns began to emerge in the late 1980s that the ERA was not following through on all of its promises. Key among these concerns was the painfully slow progress being made in improving several economic indicators. By 1988, not a single export commodity targeted by the ERA had met its production goal, with timber reaching only about 15
percent of its target and manufacturing reaching approximately 11.5 percent (Graham, 1988). Additionally, when the public sector began laying off workers by the tens of thousands and cutting the wages of those who remained to rates well below the cost of living, scholars began predicting that the private sector would follow suit rather than adding higher paid jobs as policy makers had originally suggested (Graham, 1988). Finally, debt service rose to 60 percent of Ghana’s annual export earnings between 1985 and 1988, which was predicted to mean that the government would have to continue to borrow in order to maintain payments (Graham, 1988). These early indicators left scholars worried that SAPs would not, in fact, be beneficial to the nation’s poor population, who would be hit hardest by tightening budgets. All of these concerns have continued to be voiced decades after the initial implementation of the ERA.

By the late 1990s it had become abundantly clear that devaluation of the cedi, which had been intended to promote export industries by making their prices lower and more competitive on the global market, had failed its purpose. The currency had devalued 120,000 percent over 16 years and reached a rate of 3400 cedis per US $1 by 1999 (Konadu-Agyemang & Kwaku Takyi, 2001). However, this devaluation did not promote exports to the anticipated extent because Ghanaian products were entering an already flooded market full of commodities from nations that were also implementing similar devaluation tactics (Konadu-Agyemang & Kwaku Takyi, 2001). Therefore, Ghanaian exports were not, in practice, priced lower than those from other countries. There also was not enough global demand to match increased production rates (Konadu-Agyemang & Kwaku Takyi, 2001). Devaluation ultimately did not provide the intended benefit of increasing Ghana’s export economy, but it had the negative effect of raising import costs substantially.
Concerns have also endured over the past three decades about the expectation that private sector growth can make up for substantial cuts to the public sector and the growing burden of debt and debt servicing responsibilities. As feared in the late 1980s, instead of adding jobs to tap into the large labor market left by cuts in the public sector, the private sector also experienced massive layoffs and wage reductions. This was due to pressure from competitively cheap imports. SAP trade liberalization allowed the Ghanaian market to be flooded with low-priced imports. Ghana’s young local industries could not compete with the cheap production costs of huge international firms, causing many Ghanaian employers to either close down or cut costs through layoffs and wage reduction (Panford, 2001). Additionally, more lenient labor regulations intended to attract foreign donors have led to unfairly executed layoffs with inadequate severance packages (Panford, 2001). It is therefore evident that SAPs failed to incentivize job growth in the private sector, and workers have been left to face the consequences.

As anticipated based on the first five years of structural adjustment in Ghana, public debt has continued to grow rapidly. This is concerning because economists generally agree that rising debt is negatively correlated with economic growth in developing economies, especially when debt service becomes a significant burden (Amoako-Tuffour, 2001). Both Ghana’s domestic and external debt to GDP ratios have risen steadily since 1983, with total public debt reaching between 50 and 62 percent in 2014 (“Time for Thrift; Ghana and the IMF,” 2014). However, economic theory states that the true indication of a debt crisis is not any particular debt to GDP ratio, but when external debt and total debt service reach 200 percent and 20 percent of exports respectively. These levels indicate a debt spiral, where a government is no longer able to service its debt without further borrowing. Ghana reached this danger point in 1995 (Amoako-Tuffour, 2001). Considering Ghana’s interest payments increased from 2013 to 2017 (International
Monetary Fund, 2018) the nation’s struggles with debt service will have only risen along with its
debt to GDP ratio.

Despite many scholars criticizing the impacts of SAPs on Ghana’s export industries,
unemployment and underemployment rate, and debt servicing burden, the IMF consistently calls
Ghana’s participation in SAPs an economic success. Ghana was considered the fastest growing
African economy in 2014 due to its 8 percent average growth rate (Bonga-Bonga & Ahaikpor,
2016). In 2017, Ghana’s economic growth rate was slightly lower, but still above 6 percent
(International Monetary Fund, 2018). Additionally, it had dropped below 10 percent by the end
of 2018 (Naeche, 2018). Because of these and other national economic indicators, the IMF’s
Managing Director, Christine Lagarde, stated that the country’s most recent IMF program had
allowed for successful economic adjustment. She also made a point to praise Ghanaian
authorities for adhering to SAP policy recommendations (Mboto Fouda, 2018), and emphasized
the importance of continuing along the same path once the country discontinues its formal SAP
implementation (Naeche, 2018). In other words, the IMF is generally happy with the condition of
Ghana’s economy and considers its improvement to be the direct result of participation in
structural adjustment.

However, even the IMF recognizes that Ghana continues to have room for improving its
economic health. Lagarde specifically referenced “a large debt stock, low revenue base, large
non-performing loans, fragilities in the financial sector and still relatively low levels of foreign
exchange reserves” (Naeche, 2018). Others examining the nation’s economy from a neoliberal
perspective have pointed to the fiscal deficit of 10.1 percent of GDP in 2013 as evidence that
wage increases in the public sector in 2012 have increased government expenses too drastically
(“Time for Thrift; Ghana and the IMF,” 2014). In order to assist Ghana in continuing to improve
upon these weaker areas, the IMF intends to continue advising the nation following its exit from structural adjustment (Mboto Fouda, 2018). This indicates that the IMF feels that Ghana can continue to grow its economy by following SAP-prescribed policies, even when no longer part of an IMF program.

**Wealth Distribution and Inequality**

Despite all the broad, macro-level improvements to Ghana’s economy that the IMF and other supporters point to as evidence of SAP success, one that indicates failure on the micro-level is poverty. One of structural adjustment’s primary goals has always been mitigation of poverty. However, many of the economic impacts of SAPs on Ghana’s economy are thought to have had their largest consequences affect the poor. Ghana’s overall poverty rate has seen significant improvement since the introduction of SAPs. Nationwide poverty incidence originally increased from 56 percent in 1988 to 61 percent in 1989 but then decreased to 24 percent by 2013. Extreme poverty also saw a significant drop from 42 percent to 8 percent during these same years (Aryeetey & Baah-Boateng, 2016). Despite this overall decline in poverty rate, it is thought that, due to population growth, the total number of people living in poverty has increased (Konadu-Agyemang & Kwaku Takyi, 2001). Additionally, the severity of the poverty that remains continues to increase. It is anticipated that, with Ghana’s trend of overall economic growth, those living in poverty will not cross the poverty line for 30 years, and those considered to be “ultra-poor” will remain impoverished for another 40 years (Konadu-Agyemang & Kwaku Takyi, 2001). Therefore, those Ghanaians currently living in poverty face more severe consequences than in the past.
Another major concern is that the wealth gap between those living in poverty and those who are not has widened. While Ghana’s overall poverty rate has declined, both vertical and horizontal inequality have worsened. Evidence of vertical wealth and income inequality can be found in the widening gap between the affluent Ghanaian population and the nation’s poor. Between 1988 and 2013, Ghana’s Living Standards Surveys indicated that the nation’s level of inequality as measured by the Gini index rose from 0.324 to 0.409 (McKay & Osei-Assibey, 2017). This measure demonstrates a widening gap between the rich and the poor. Such evidence of widening inequality has left scholars concerned that the economic growth heralded by the IMF as evidence of SAP success in Ghana has not been distributed evenly across the country (Aryeetey & Baah-Boateng, 2016). The failure to distribute economic growth across socioeconomic groups is attributed to the approach taken within structural adjustment to achieve such growth. Ghana’s ERA selected particular industries to promote, namely exports such as oil and agricultural products. These industries are not closely enough linked to other sectors to allow their prosperity to spread (McKay & Osei-Assibey, 2017). Therefore, the economic development brought by participation in SAPs has concentrated wealth in isolated areas of the Ghanaian economy and, consequently, further disadvantaged the nation’s poor.

Horizontal wealth and income inequality exist in Ghana between the rural, agrarian north and the urban, industrial south. While Ghana’s northern region is home to only 17 percent of the nation’s total population, it accounts for 40 percent of the nation’s poor (Abdulai, Bawole, & Kojo Sakyi, 2018). The economic marginalization of the north has its roots in Ghana’s colonial period but has continued worsening since the implementation of SAPs. British colonialists identified southern Ghana as the region with preferable agro-climatic conditions for the

1 See Appendix A
production of export crops and incorporated the north into its colonial territory as a source of cheap labor. The productive potential of the north, such as abundant cotton farming, was not invested in so that the industries in the south would not lose access to this labor pool (Abdulai, Bawole, & Kojo Sakyi, 2018). This failure to invest in the north has continued since implementation of structural adjustment with disproportionate allocation of development funds. For example, the United States-funded Millennium Challenge Account (MCA), which was intended to combat poverty, did not invest any of its US $547 million in either the Upper East or the Upper West, Ghana’s two poorest regions (Abdulai, 2016). It is therefore evident that the rural northern region of the country has remained subject to high levels of poverty because it has been passed over by SAP-prescribed development projects.

One of the reasons for the continued marginalization of the north in regard to development investment is the continued belief that these rural areas hold no productive potential. Ghana’s ERP has focused heavily on promoting export industries such as cocoa, which is primarily grown in the south. The north is thought to only have the adequate conditions for production of food agriculture, which excludes it from programs meant to invest in exports (Abdulai, Bawole, & Kojo Sakyi, 2018). Additionally, the 2009 World Development Report warned developing countries that targeting regions lacking in resources for poverty reduction could harm the nation’s overall economic development. (Abdulai, Bawole, & Kojo Sakyi, 2018). However, the assumption that northern Ghana cannot produce export crops is simply a fallacy left from the colonial era. The region used to be a net exporter of rice, but since the IMF mandated the removal of protective import tariffs, Ghanaian growers have been unable to compete. Consequently, Ghana now imports US $500 million worth of rice each year (Abdulai, Bawole, & Kojo Sakyi, 2018). Therefore, it is the IMF and structural adjustment that are
standing in the way of the expansion of northern industries such as rice and cotton into the export sector.

Another consequence of Ghana’s tendency to invest in southern-based sectors is the overall decline of the agricultural industry. The northern region’s economy is built around food production (Abdulai, Bawole, & Kojo Sakyi, 2018). While southern producers of export crops such as cocoa are privileged above this, the urban industries of the south are promoted even more highly (McKay & Osei-Assibey, 2017). This has caused job growth in areas such as information, communication, transport, and finance. These industries inherently privilege urban communities because those from the rural north have limited access to both these types of jobs and the resources to acquire the skills necessary to fill them (McKay & Osei-Assibey, 2017). Because of these conditions, the modernizing of Ghana’s economy and movement away from agriculture under structural adjustment have reinforced northern poverty. Ghana’s rural northern regions are caught in a cycle of poverty that has only been reinforced by structural adjustment’s recommendations to concentrate investment on promoting exports and modern industry rather than alleviating poverty and the IMF’s refusal to permit the protectionist policies necessary to allow budding industries to advance to the point of stimulating the northern economy.

**Economically-Motivated Labor Migration**

A highly visible effect of Ghana’s continued economic struggles while participating in structural adjustment has been the phenomenon of labor migration. The West African country has a history of economically-motivated emigration among multiple class groups, but the most strenuous migration experiences have been concentrated among those within the lower class who have little or no access to the types of resources necessary for a successful migration project.
Ghanaians who experienced failed migration projects often engage in a cyclical pattern of migration in which they either voluntarily or involuntarily return home before re-migrating to try again to achieve economic prosperity abroad. The prevalence of labor migration and the need to re-migrate following a failed first attempt exemplifies the real-life consequences of Ghana’s growing economic inequality.

Much of the emigration from Ghana consists of young people, especially men, hoping to escape the poverty they have experienced at home and discover possibilities of supporting their families from afar (Dako-Gyeke, 2015). Because the trend of emigration is most common among the youth generations, Ghana’s economy has felt the loss of its workforce severely enough to introduce policies meant to encourage the return of migrants. For example, Ghanaians are able to apply for dual citizenship, and government ministries have been created to provide support for Ghanaian citizens living abroad (Obeng-Odoom, 2017). Based on these actions, it is clear that the national government of Ghana is aware of the economic strain that results from its young population seeking employment elsewhere and is motivated to shift the trend towards temporary rather than permanent migration. However, this approach fails to address the underlying issue causing young Ghanaians to migrate in the first place – their sense of being unable to make an adequate living in their home country.

In an attempt to allow for Ghanaians finding success abroad to contribute to the Ghanaian economy, returned migrants in national politics have enacted and interpreted laws that allow members of the diaspora to send money home (Obeng-Odoom, 2017). Yet the conditions that lead to the initial need to emigrate are still in existence. Unequal land distribution is one of the leading causes of both internal and international migration in Ghana. Landlords are able to arbitrarily drive up rental costs in order to evict lower income tenants in favor of more affluent
ones. There also exists a common tendency to blatantly deny or restrict land rights of those who have been forced from their regions and countries of origin (Obeng-Odoom, 2017). Both of these patterns exacerbate income and wealth inequality in Ghana and make it more likely for citizens to feel pressured to leave the country in search of a sustainable livelihood. It is therefore evident that the hands-off governmental approach to such regulations prescribed by SAPs is contributing to, rather than lessening socioeconomic class inequality. If legal protections were put into place against class discrimination in land use, far fewer Ghanaians would feel pressured to go abroad in search of ways to support their struggling families at home.

Another difficulty that lower-class Ghanaians face, even after making the decision to migrate, is their lower likelihood of success in their migration projects. When preparing to migrate, many Ghanaians express preference for emigrating to Western countries with healthy labor markets such as the U.S., Canada, and the U.K. (Dako-Gyeke, 2015). However, travelling to these countries is much easier for affluent Ghanaians who can obtain the necessary documents. Those who are unable to do so have historically been more likely to come across conditions leading to involuntary return to Ghana. This is due to the fact that, without visas, migrants either choose to go to other African countries such as Libya or travel illegally into Western countries (Kleist, 2017a). Those in the large group of Ghanaians who went to Libya looking for work were either forcibly evacuated when the civil war broke out in 2011, or else were trapped in a conflict zone having lost their savings in the banking collapse and forced to use what little money they had left to return to Ghana (Kleist, 2017b). Those who try their luck as undocumented laborers in Western nations are more often than not subjected to unfair wages and poor working conditions from employers seeking to take advantage of their inability to pursue legal responses (Dako-Gyeke, 2015). Furthermore, if they are discovered living in the host
country without proper documentation, the migrants are deported, which can include struggles ranging from a period of detainment prior to air deportation, to being left just over the border of the country from which they came (whether or not this is their home country) without the resources to travel home (Kleist, 2017b). Because of the dangers associated with less costly migration, lower-class Ghanaians are not only more likely to need to migrate for economic reasons but are far less likely to successfully save up enough money to voluntarily return to their communities.

The likelihood of the poorest Ghanaians having to participate in involuntary return migration makes it abundantly clear that the wealth gap in Ghana influences the success of a migration attempt. Aside from the various forms of involuntary return being strenuous upon the migrant personally, those who are forced to return home before accomplishing their goals are far more likely to participate in repeat migration. This is evident from the fact that Ghanaians who migrate to other African countries, the second choice after Western nations, are more likely to participate in cyclical migration (González-Ferrer et al., 2014). These migrants’ economic circumstances force them to migrate to regions where they are less likely to accomplish their intentions behind migrating and are therefore more likely to need to re-migrate. Furthermore, those who originally migrated to seek educational opportunities rather than out of economic necessity are much more likely to willingly return to Ghana (González-Ferrer et al., 2014). Migrants who leave under less severe financial circumstances are more likely to return having accomplished their goal. This means the process of migration reinforces existing inequalities by favoring those who leave only with the intention of furthering their education. These facts both exemplify the ways in which money provides privilege even to labor migrants. Instead of
providing the poorest migrants with the resources and opportunities they need to climb the socioeconomic ladder, the process of migration merely reinforces Ghana’s widening wealth gap.

Those who return to Ghana following a failed migration attempt often find themselves in worse economic circumstances than they experienced prior to departure and, consequently, must move in with family (Kleist, 2017b). Aside from having failed to build an economic livelihood for themselves, any career prospects and networking connections the migrant may have had in the host country was either left behind, in the case of deportation, or no longer exists, in the case of emergency evacuation. Furthermore, in many cases, returned migrants will find themselves facing debt as the result of their involuntary return (Kleist, 2017b). As economically straining as it can be for a migrant to involuntarily return to Ghana only to find themselves dependent upon their loved ones, this situation can also be very hard on the families. Those who had sponsored family members’ migrations in exchange for money being sent back to them can no longer rely on this source of income to put food on the table or fund their children’s school fees (Kleist, 2017b). Therefore, they have not only lost whatever money they had contributed to sending the migrant abroad, but also any return they had hoped to see on their investment. For a family poor enough to feel pressured to send a son, daughter, or sibling abroad, this type of loss can be devastating. However, the economic strain does not end when the migrant returns home. When the migrant is forced to move into a family member’s home having lost all of their savings and job prospects, as well as accumulated debt, that returnee becomes a financial burden rather than a contributor (Kleist, 2017a). The family will, of course take the returned migrant in, in part due to the hope that the migrant will once again find prosperity and reciprocate in turn (Kleist, 2017a). This dynamic establishes pressure upon the returnee to re-migrate in order to repay their family.
Ghana’s experience of cyclical migration is indicative of the failure of SAPs to provide equal economic opportunity. The ideal solution to this problem would be to reduce the rates of initial migration by ensuring that Ghanaian citizens receive equal access to land and all of the economic opportunities associated with it. Additionally, if the wealth gap were narrowed, those who are still compelled to migrate would not face additional such severe class discrimination in the form of costly immigration processes and documentation. This would reduce the number of individuals forced to migrate illegally or to unstable regions due to the costs of more ideal forms of migration and therefore be far more likely to experience involuntary return migration and, in turn, feel compelled to re-migrate. Successfully combatting the growing wealth gap in Ghana would lead to fewer Ghanaians migrating due to economic reasons, fewer labor migrants being forced to return to Ghana before reaching economic stability, and fewer returned migrants being pressured to re-migrate. Because the reality of Ghana’s experience under SAPs has been this widening of wealth inequality instead of the increased economic equality promised by the IMF, successful handling of migration-related issues in Ghana will have to include deviation from the SAP-prescribed economic structure.

**Declining Agricultural Industry**

Ghana’s attempts to promote its agricultural industries under structural adjustment have centered around two primary goals. Southern export crops such as cocoa have been targeted as means of raising export revenue and, by extension, GDP. Additionally, contract farming has been implemented in multiple agricultural industries as a method of combatting poverty among rural farmers. However, neither of these approaches has been as successful in promoting economic viability in these industries as was originally hoped.
When structural adjustment was first introduced in Ghana, there was widespread concern over the failing cocoa industry. Cocoa has historically been an essential component of Ghana’s export earnings; even during the period of huge declines in outputs from 1970 to 1988, cocoa still accounted for about 50 percent of the nation’s export revenue (Osei-Akom, 2001). Therefore, dropping yields due to poor pricing and labor policies and detrimental climatic conditions sparked the creation of the Cocoa Rehabilitation Project (CRP) as a component of Ghana’s SAPs in 1988 (Osei-Akom, 2001). The program focused on incentivizing farmers to increase yields by raising their share of the sale price to 55 percent. This was to be accomplished through devaluation of the cedi and investment in the development of high-yield cocoa crops and training farmers to effectively use input technologies such as fertilizers and insecticides (Osei-Akom, 2001). However, this approach had limited success, largely because of its failure to account for the burden that input costs place on farmers.

Farmers’ share of cocoa export prices did nearly double by 1995, causing output levels to begin to rise (Osei-Akom, 2001), but this wasn’t enough to incentivize outputs to the extent for which the CRP had aimed. Fertilizers, insecticides, and herbicides became more physically available to rural farmers thanks to SAP-driven investment in transportation infrastructure, but they became inaccessible due to rising costs. The costs of these inputs rose drastically due to the elimination of government subsidies, meaning that the benefits of farmers receiving a larger share of cocoa export prices couldn’t make up for production costs (Osei-Akom, 2001). Therefore, many farmers began converting their farms to the production of crops with lower input costs, further limiting the growth potential of the cocoa industry (Osei-Akom, 2001). Because of such weaknesses in the CRP’s approach toward incentivizing cocoa production, output rates grew much more slowly than anticipated. It was not until the early 2000s that cocoa
production reached its height in Ghana, and even at this time growth was lower than pre-SAP rates (Dzanku & Udry, 2017). Since then, yields have continued increasing, although the rate of growth has dropped even further (Dzanku & Udry, 2017). Therefore, the CRP has been only moderately successful in promoting growth in Ghana’s most important agricultural export industry.

The second SAP-era approach towards growing the agricultural sector has been the introduction of contract farming. Contract farming is a system in which agreements are reached between farmers and buyers, before the time of planting, about the manner of production and conditions of purchasing an agricultural product. This method is meant to promote coordination between buyer and seller, lower transaction costs, overcome market uncertainties, modernize agricultural practices, and increase production (Ragasa, Lambrecht, & Kufoalor, 2018). This organizational system has also been lauded for its potential to address high rates of poverty among rural farmers (Awanyo, 1998). However, most industries involved in the poverty reduction strategy of contract farming, such as cocoa and pineapple, are concentrated in Ghana’s wealthier southern region (Awanyo, 1998; Wuepper & Sauer, 2016). One northern-based industry that the strategy has been applied to is maize production, but contract farming has not proven to successfully address poverty in this industry.

Being a part of a contract farming scheme is meant to benefit both farmers and scheme managers by providing farmers with an input package with which to increase the yields of their plots, a part of which scheme managers then receive as repayment for the input package (Ragasa, Lambrecht, & Kufoalor, 2018). However, this only assists in reducing poverty rates among farmers if the increased crop yields more than make up for the costs of the input packages. For maize farmers in the Upper-West region of Ghana, this has not been the case. The highest output
rates have been experienced by those farmers who can afford to join either the Masara N’Arziki Farmers Association or Akate Farms, the two largest maize contract farming schemes in the region (Ragasa, Lambrecht, & Kufoalor, 2018). Therefore, poorer farmers who can only afford to join smaller schemes or can afford none at all, are at a disadvantage.

Even those farmers who can afford to join the large schemes do not experience enough increased yields to compensate for the high costs of input packages. This became an especially prominent issue during the 2014-2015 growing season, after fertilizer subsidies had been eliminated, which, along with devaluation of the cedi, caused input package costs to rise (Ragasa, Lambrecht, & Kufoalor, 2018). Maize prices also rose at this time, but not enough to combat the rate of input cost increases. This along with the extremely low prices paid to farmers by scheme managers for their crops (often below market value) resulted in 56 percent of farmers involved in a contract farming scheme experiencing net losses for the 2014-2015 season (Ragasa, Lambrecht, & Kufoalor, 2018). All of these factors have compounded to cause profits for farmers under a scheme to be lower than those of farmers not under a scheme (Ragasa, Lambrecht, & Kufoalor, 2018). Therefore, contract farming has been entirely unsuccessful in improving the economic circumstances of impoverished northern maize farmers. Overall, while SAP-driven policies have driven agricultural production throughout Ghana to rise, the growth hasn’t been rapid or stable, and it has failed to adequately address poverty among farmers.

**Oil: Economic Stimulus or Curse?**

As the growth of agricultural exports has begun to slow, Ghana is relying more and more heavily on oil exports as a source of national revenue. When oil deposits large enough for commercial extraction were discovered in 2007, the expectation was that the resource would be
the solution to Ghana’s economic struggles (Fosu, 2017). However, the Ghanaian government’s management of oil revenue has not allowed for this expectation to come to fruition. Ghana remains vulnerable to falling victim to the “resource curse”, and oil revenue has not been distributed in a way that has allowed for the alleviation of poverty.

When a developing nation discovers abundant natural resources, one of the primary concerns is that it will experience the resource curse. This is the tendency for economic growth to be slower in nations with plentiful resources. Economists theorize that the presence of resources slows structural change in developing countries, consequently slowing economic development (Breisinger, Diao, & Wiebelt, 2014). The primary cause of this phenomenon is thought to be Dutch disease, or “deindustrialization caused by an appreciation of the real exchange rate” (Breisinger, Diao, & Wiebelt, 2014). More simply, when a developing country discovers abundant natural resources, it is thought to be vulnerable to adopting that resource as its primary source of income at the expense of other industries. As the developing country becomes dependent on exports of the newly discovered resource, other industries, such as manufacturing, begin to suffer. This creates a long-term problem because revenue from the natural resource eventually declines with its reduced abundance, the real exchange rate returns to its original level, and the nation is left without other industries with which to compete on the international market (Breisinger, Diao, & Wiebelt, 2014). The term “Dutch Disease” comes from the decline in manufacturing that followed the discovery of natural gas in Slochteren, Netherlands (Breisinger, Diao, & Wiebelt, 2014). The effects of Dutch disease in Ghana could already be seen in 2013, when gold, cocoa, and oil made up 80 percent of the nation’s exports (Aryeetey & Baah-Boateng, 2016). Additionally, by the end of Ghana’s period of oil extraction, it is anticipated that oil revenue will have averaged 30 percent of government revenue and 10
percent of GDP (Breisinger, Diao, & Wiebelt, 2014). Therefore, it is highly likely that, without proper management of oil revenue, Ghana’s economy will become exclusively dependent on oil, making Dutch Disease a reality for the nation.

Excessive dependence on oil revenue would be highly problematic for Ghana’s economy for two primary reasons. First, an economy built around the oil industry is not ideal for job creation. The extraction subsection of the oil industry, which has been the area experiencing growth in Ghana, has much lower employment expansion opportunities than agriculture and manufacturing, which have both seen declines since the discovery of the nation’s oil fields (Aryeetey & Baah-Boateng, 2016). Therefore, the overemphasis on oil as a potential driver of economic growth has resulted in reduced rates of job creation. Secondly, without careful management, the spending of oil revenue could result in a stunted process of industrialization in Ghana. Unchecked government spending of revenue disproportionately inflates prices in non-tradable service industries, causing these sectors to grow while manufacturing lags behind (Breisinger, Diao, & Wiebelt, 2014). Therefore, the structure of the economy is altered and directed away from industrialization, which is generally viewed as an essential piece of development. Without carefully managing government expenditure of oil revenue, Ghana’s manufacturing industry could suffer greatly.

In order to prevent Dutch disease, Ghana must carefully manage government access to and use of oil revenue. This would be best accomplished by the creation of an oil fund into which a percentage of the revenue can be invested (Breisinger, Diao, & Wiebelt, 2014). This would leave only what is not invested for the government to spend, thereby mitigating Dutch disease. However, this strategy is only effective until the government begins withdrawing from the oil fund (Breisinger, Diao, & Wiebelt, 2014). Therefore, the best Ghana can achieve is
modest mitigation of the effects of Dutch disease on the structure of its economy. In order to do so, Ghana has enacted a series of legislation meant to regulate the management of oil revenue. Of this legislation, the most prominent have been the Petroleum Commission Act and the Petroleum Revenue Management Act of 2011 (Fosu, 2017). The former established the Petroleum Commission, which was tasked with overseeing both the actual utilization of oil revenue and the creation of additional legislation on the issue. The latter established guidelines for the handling of oil revenue, including the precise percentages of income that would be allocated for specific spending areas. Notably, this act also included the stipulation that income from royalties, interest, and corporate income tax related to the oil industry be placed in the Petroleum Holding Fund (Fosu, 2017). Legislation such as this has been found to have been generally successful so far at maintaining transparency surrounding oil spending (Fosu, 2017). However, the quality of Ghana’s institutions has seen a noticeable decline since the introduction of oil revenue (Fosu, 2017). This indicates that the very institutional bodies put in place to manage the oil industry are being eroded by its existence. If this trend continues, Ghana’s relatively successful mitigation of Dutch disease may be short-lived.

The final major concern regarding Ghana’s discovery of oil deposits is whether the resource will allow for the alleviation of poverty. Another component of the resource curse is the potential for poor management and governance to lead to instability and conflict. This can occur when resource-driven economic growth is not distributed evenly, leading to increased wealth inequality (Mahama & Gakpe, 2015). Because of Ghana’s already widening wealth gap, the potential for oil revenue to either mitigate or worsen the problem is highly significant. Unfortunately, a number of characteristics of the Ghanaian government’s handling of oil regulation and revenue management have prevented the narrowing of the nation’s wealth gap.
First, Ghana adopted a liberalized and deregulated approach towards creating legislation around oil. This allowed foreign investors virtual free rein when extracting and exporting Ghanaian oil through minimal government claims to profits (Mahama & Gakpe, 2015). Therefore, the scope of Ghana’s ability to alleviate poverty using oil revenue was limited from the start due to policies meant to make Ghanaian oil attractive to foreign investors by maximizing their profits. Second, there has been little transparency on the amount of oil revenue that has been invested in the industries, such as agriculture and manufacturing, that are the primary employers of the poor population (Mahama & Gakpe, 2015). Because both industries have seen decline since the discovery of oil in Ghana (Aryeetey & Baah-Boateng, 2016), it is clear that what investment there has been in these sectors has not been effective. Therefore, oil revenue is either not being directed towards or ineffective at alleviating the nation’s wealth gap by raising the wages of the poor. Finally, the discovery of oil for many Ghanaians was accompanied by the expectation that the government would use the revenue to provide services at lower cost and reduce tariffs in order to improve living standards (Mahama & Gakpe, 2015). However, these changes have not occurred. Fuel, electricity, education, heath, and water costs have all continued rising for years after oil extraction began (Mahama & Gakpe, 2015). Therefore, the Ghanaian government has not prioritized alleviation of living expenses for investment of oil revenue, which would have greatly benefited the nation’s poor. Government allocation of oil revenue has not been targeted to mitigate poverty, and the overall boost to the national economy has not trickled down to improve the economic circumstances of the poor. Therefore, the discovery of oil in Ghana has served only the exacerbate the nation’s widening wealth gap.

**Sociocultural Impacts of Structural Adjustment**
Changing Healthcare Policies

One area of Ghanaian social governance that has seen deviation from SAP-sponsored policies is the health sector. In 1985, two years after the adoption of structural adjustment, the national governing party at the time, the Provisional National Defense Council (PNDC), passed the Hospital Fee Regulation Act (Kusi-Ampofo, Church, Conteh, & Heinmiller, 2015). This created a cash-and-carry system of healthcare, eliminating government subsidizing of healthcare costs. Where the government had provided free and universal healthcare for over a decade following Ghana’s independence, patients were now required to pay user fees in their entirety (Kusi-Ampofo, Church, Conteh, & Heinmiller, 2015). The removal of government healthcare subsidies as a deflationary measure is a key component of the SAP model’s approach to establishing a free, privatized market (Oppong, 2001). However, this approach to healthcare creates a multitude of problems surrounding the quality and accessibility of medical care, which are only compounded by SAP’s exacerbation of wealth and social inequality.

The purpose of introducing user fees into the healthcare system was to allow for a higher quality of care. However, as the IMF and its structural adjustment policies began requiring cutbacks in government spending on social services, significant numbers of medical personnel were either laid off or received pay cuts (Oppong, 2001). This massively reduced quality of care, as there were fewer health workers employed in Ghana, and those that were left were working with reduced government funding to pay for supplies and facilities. Additionally, instead of user fees funneling more money into the system, Ghanaians who cannot afford them simply delayed medical care or went without it altogether (Oppong, 2001). Therefore, those patients not receiving lower quality care were affected by the cash-and-carry system because of lack of access to any level of care. Aside from being detrimental to the health of the individual
Ghanaians going without healthcare, this inability to access care also posed a threat to the nation’s ability to combat health crises. Fewer people seeking care results in underreporting of diseases and other conditions. Therefore, the government is left without the necessary information to properly prepare for and address outbreaks or epidemics (Oppong, 2001). For example, SAP-driven cuts to healthcare spending left Ghana vulnerable to increases in occurrences of STDs and HIV because of lack of funding for screenings and treatments, as well as leaving fewer Ghanaians with access to information on how to prevent their spread (Oppong, 2001). This vulnerability to the spread of STDs and HIV can be extrapolated out to any number of communicable diseases. The cash-and-carry system of healthcare, therefore, left Ghana underprepared for potential health crises and left its citizens susceptible to the risks of untreated health conditions.

While the consequences of failing to identify an impending health crisis would constitute a national issue, many of the negative effects of the fee-based healthcare system did not affect Ghanaians equally. The nation’s rural poor were disproportionately affected, both directly and indirectly. The most obvious impact upon the poor was their lower likelihood of being able to afford the fees required to receive medical care. However, this reduced access to medical care becomes of even greater concern when one examines SAP’s indirect effects on Ghanaians’ health. SAP-mandated currency devaluation caused the cost of food in Ghana to rise, leaving much of the nation’s poor population without the means to adequately feed themselves and their families. This caused many to become malnourished, which increases one’s likelihood of contracting diseases when exposed to them (Oppong, 2001). Another considerable challenge of the fee-based healthcare system that disproportionately affected the nation’s poor was rising costs of medical supplies and drugs. Devaluation of the cedi as part of structural adjustment
caused these prices to rise because the majority of medical products had to be imported into the country. This problem was only compounded when the Ghanaian government began diverting funds away from importing drugs and vaccines in order to focus on debt repayment (Oppong, 2001). In the cash-and-carry system, where patients were expected to pay for pharmaceuticals, diagnostic tests, and medical supplies out of pocket, these rising prices made medical care increasingly unobtainable, especially for the nation’s poor.

While wealth inequality played a key role in the distribution of the consequences of Ghana’s fee-based healthcare system, there were also significant regional differences in both access to and quality of care. When cash-and-carry was first implemented, rural areas, which tend to be Ghana’s poorer regions, experienced much more dramatic declines in the rates of medical facility visits than those in urban areas (Oppong, 2001). This indicates that the rural poor were more likely than their wealthier urban counterparts to be unable to afford the fees associated with medical care and therefore less likely to seek medical attention when needed. Those living in rural areas also became more likely to lose their access to medical care because rural hospitals and clinics were much more likely to have their government funding cut due to lacking the political support that urban facilities enjoyed (Oppong, 2001). Not only did, rural Ghanaians face both financial and location-based obstacles to receiving medical attention, the care that they did receive tended to be of lower quality. This was due to cuts to transportation and fuel budgets, as prescribed by the SAP model. Without the availability of affordable transportation, it became difficult for highly trained medical professionals based in Ghana’s cities to travel to rural areas in order to provide care. Therefore, rural Ghanaians had access to only lesser-trained medical professionals (Oppong, 2001). The direct impacts of Ghana’s cash-and-carry healthcare system, compounded with the indirect consequences of SAP-driven
budgetary cuts and price increases in other areas of the economy, had disproportionately high effects on the nation’s rural poor populations. Therefore, not only did the fee-based system decrease access to quality care overall, it also reinforced existing inequalities.

All the difficulties of access associated with the cash-and-carry system made healthcare a contentious issue in Ghana’s political atmosphere. Healthcare was such a primary concern that the New Patriotic Party (NPP) won the 2000 election with a campaign that focused heavily on promises of healthcare reform (Kusi-Ampofo, Church, Conteh, & Heinmiller, 2015). However, the NPP’s plan was not without opposition. Many thought that, because cash-and-carry was the result of IMF and World Bank influence in the country, it would be impossible to replace the existing system. They therefore viewed the NPP’s promises to do so as empty bids for votes. Aside from lack of confidence in the possibility for reform, there was fierce disagreement on how to fund the new healthcare program (Gómez & Prah Ruger, 2015). Despite such opposition, in August of 2003 the NPP passed the National Health Insurance Act, which created the National Health Insurance Scheme, or the NHIS (Williams et al., 2017).

Numerous domestic and international factors converged to allow the NPP to pass sweeping healthcare reform. The circumstance that directly allowed for the reform to be passed into law was the power dynamic within Ghana’s national government at the time. The NPP had both the presidency and the legislative majority (Gómez & Prah Ruger, 2015) and was able to influence the media so that the dominant narrative disparaged anyone strongly opposing the creation of the NHIS (Kusi-Ampofo, Church, Conteh, & Heinmiller, 2015). The indirect factors that allowed the NHIS to pass had to do with a growing and widespread understanding that cash-and-carry was not working, and change was becoming a necessity. Overall, the Ghanaian public had come to understand that cash-and-carry had resulted in poor quality care. Additionally,
traditional sociocultural values called for community-based emergency funds, which fit well with the NHIS model (Kusi-Ampofo, Church, Conteh, & Heinmiller, 2015). Internationally, development donors such as USAID and UNICEF had begun to recognize the huge problems associated with cash-and-carry, and even the IMF and World Bank admitted that the only way to repair Ghana’s healthcare system would be with extensive reform (Kusi-Ampofo, Church, Conteh, & Heinmiller, 2015).

The NHIS was designed to solve the affordability and access problems of cash-and-carry. Funding for the program, via government financing and value added taxes, is meant to keep premiums affordable for users (Williams et al., 2017). Additionally, premiums are determined based upon the user’s income and consequent ability to pay (Jehu-Appiah et al., 2011). Those Ghanaians that are perceived to be unlikely to be able to afford even income-adjusted premiums, such as children, the core poor, pregnant women, and people over 70 years of age, are eligible for exemptions (Jehu-Appiah et al., 2011). These policy aspects are meant to ensure that even the poorest populations can afford quality healthcare, thus addressing the reinforcement of inequality that characterized the cash-and-carry system. While funding largely comes from the national government, the NHIS operates at the district level (Williams et al., 2017), making it more likely that facilities and resources can be proportionately distributed than under the cash-and-carry system. With both rural and urban districts being allocated funding from the national level, facilities ought to be more likely to be funded based upon local need without the obstacle of rural regions being preferred by national politics. Finally, the possible coverage of the NHIS is extensive. Enrollment in one’s local branch of the NHIS, or the District Mutual Health Insurance Schemes (DMHIS), is mandatory for Ghanaian citizens (Jehu-Appiah et al., 2011). Coverage includes “over 95% of disease conditions… inpatient, outpatient and emergency care, deliveries,
dental care, and essential drugs” (Williams et al., 2017). The NHIS, therefore, is constructed to cover as many Ghanaians, for as many medical needs, at as affordable rates as possible.

While the NHIS was created with solutions for cash-and-carry problems in mind, it still has significant flaws. Despite enrollment being mandatory, there has been a significant level of noncompliance (Jehu-Appiah et al., 2011). By 2013, only about 38 percent of the Ghanaian population was estimated to be enrolled in the NHIS (Williams et al., 2017). Those who chose not to enroll themselves or other members of their households in the NHIS were not random. There is evidence of substantial vertical and horizontal inequalities in enrollment. Vertical inequality is evident in the fact that all children in a given family are more likely to be enrolled when they come from wealthier households (Williams et al., 2017). However, the wealthiest 20 percent of households are slightly less likely to enroll than those in the second wealthiest quintile because of their ability to pay for care out-of-pocket (Jehu-Appiah et al., 2011). These statistics indicate that the poorest Ghanaians continue to struggle to pay registration fees and premiums, despite efforts to offer exemptions to vulnerable groups. They also imply that NHIS care quality continues to be poor enough that those able to pay out-of-pocket for quality care chose to do so. Horizontal inequality is apparent in the evidence that suggests that large households from rural regions are unlikely to be able to enroll all of their children in the NHIS (Williams et al., 2017). Additionally, those families able to pay out-of-pocket for care are predominantly from urban areas (Jehu-Appiah et al., 2011). There is, therefore, considerable regional inequality remaining in Ghana, which significantly influences whether a family is able to afford enrollment fees and premiums or out-of-pocket healthcare.

The rates of enrollment suggest that, despite efforts to improve quality of care and make the NHIS affordable for all Ghanaians, the exacerbation of wealth and regional inequalities
brought on by SAPs have left even those Ghanaians with premium exemptions unable to afford enrollment. Therefore, for the NHIS to fully realize its goals of providing affordable, universal healthcare, more work needs to be done to identify the actual ability of households to afford premiums and registration fees. Considering that the cost of registration and re-enrollment can deter even those with premium exemptions (Williams et al., 2017), exemptions for these fees should also be considered. While the NHIS is certainly not perfect, and is subject to reinforcing existing inequalities, it does so at significantly less extreme rates than the cash-and-carry healthcare system. Therefore, in the case of healthcare policy, movement away from SAP recommendations has helped Ghana to reduce inequalities of access and improve quality of care.

**Changing Education Policies**

In 1987, four years after Ghana first instituted structural adjustment, Ghana passed the Education Reform Program. This marked the transition of the nation’s educational system towards privatization (Kuyini, 2013). The percentage of Ghana’s GDP allocated to the education system declined significantly, following the structural adjustment principle of reducing public expenditure (Panford, 2001). With less public spending, the average quality of education dropped significantly across the country. Because of the difficult working conditions that accompanied lack of funding, Ghana’s most highly trained teachers, at all educational levels, began emigrating to other African nations and the West (Panford, 2001). Therefore, Ghana began to face a scarcity of adequately trained teachers. By 2008, there were 24,000 untrained teachers employed across Ghana (Kuyini, 2013). Even with the employment of untrained teachers, there are too few to devote adequate attention to each student. Consequently, urban classrooms began averaging 45-55 students each (Kuyini, 2013). Therefore, transitioning education towards
privatization resulted in Ghanaian students receiving significantly lower quality education overall.

Another consequence of the 1987 shift towards privatization was increased inequality of access to education. Although national enrollment numbers have increased at greater rates than population growth at all levels of education (Gyimah-Brempong, 2017), this improvement is not distributed evenly. Inequality in access to education has widened along both vertical and horizontal lines. Poor families first became affected by high costs of books and tuition. When user fees were introduced in 1999, it became even more unlikely that students from poor families would be able to advance to university-level education (Panford, 2001). Even when the Free Compulsory Universal Basic Education Policy was introduced in 1996, only primary education was covered (Kuyini, 2013). Therefore, poor students face significantly higher obstacles to remaining enrolled in school past primary education.

There is also a significant level of regional inequality within Ghana’s education system. In 2008, the Accra region had approximately 70 percent of its youth enrolled in schools, while the Upper East and Upper West regions had only 25.3 percent enrolled (McKay & Osei-Assibey, 2017). This disparity illustrates the financial burden that minimized public subsidies for education places on the poor northern regions of Ghana. While cost of education is a significant barrier in these regions, it is only exacerbated by an extreme shortage of schools in the rural north (Kuyini, 2013). Therefore, those northern families with the ability to pay for education are often still denied access due to the physical lack of educational facilities. Additionally, gender disparities in educational opportunities are heightened in the north. Throughout Ghana, fewer girls than boys are enrolled in schools, and the gap widens with increased educational level (Gyimah-Brempong, 2017). In rural regions, the disparity is so strong that 41 percent of female
youth never attend school, compared to 21 percent of boys (Kuyini, 2013). This indicates that the financial strain associated with education in the north enhances cultural tendencies to value male education over that of females.

Another significant change in Ghanaian educational policy occurred with the passage of the Education Reform of 2007. A key goal of this program is to tailor education to prepare the nation’s students to effectively compete on the global market (Kuyini, 2013). However, this intent has been criticized on the grounds that Ghana, as a developing economy, is not yet in the position to be capably competing with Western giants. Therefore, it seems unrealistic that individual students would be successful in the global labor market without a solid national base to back them (Kuyini, 2013). Additionally, the extreme focus on educating students with globally marketable skills has resulted in neglect of the fields that would be most beneficial to their local communities (Kuyini, 2013). For example, few Ghanaian universities encourage students to enter agro-based fields, which would allow them to progress the nation’s agriculture sector (Gyimah-Brempong, 2017). In fact, the vast majority of Ghanaian graduates studied liberal arts and social sciences instead of hard sciences. This has resulted in a saturation of the market with graduates educated for social science-based fields, leaving many of them unemployed, and a continued need for the nation to import highly educated laborers (Gyimah-Brempong, 2017). Therefore, the goals of the 2007 reform have not aligned with the needs of the nation. Ghana has been prematurely pursuing SAP-driven goals to compete on the global market rather than investing in educating its students to advance the industries that would promote internal growth.
Sociocultural Components of Struggling Agricultural Industries

While Ghana’s participation in structural adjustment has had significant and complex effects on the economic health of the country’s agricultural industries, it has also had important implications for the sociocultural health of this sector. These implications can be clearly identified in the farmers who continue producing traditional crops despite their struggling markets and in the cultural histories that impact the success or failure of contract farming. With the introduction of SAPs in Ghana and their inability to develop export agriculture at the desired rates, many farmers, especially those producing cocoa, have begun to lose confidence in the long-term economic viability of their careers (Osei-Akom, 2001). However, this decline in confidence has not resulted in large numbers of cocoa farmers transitioning to the production of other crops. When cocoa prices fall, or fail to grow at anticipated rates, both farmers with long familial histories of growing cocoa and those who adopted the practice relatively recently tend to remain committed to their crops (Awanyo, 1998). Farmers’ reasons for remaining committed to an industry being neglected in favor of oil extraction are sociocultural in nature.

The cocoa market, for the farmers producing the crops, represents a means to fulfill one’s cultural obligations to support one’s family and community. Farmers whose families have owned and worked the same pieces of land for generations are not willing to give up these traditions or their financial value. Cocoa farming is particularly important to them because, despite occasional price drops and slow growth, it is viewed by farmers as a stable source of income with which to feed one’s family. This is of great importance because these farmers’ communities measure individual success by the ability to fulfill one’s duty to family and the wider community.
(Awanyo, 1998). Migrant farmers also highly value cocoa farming because it lends itself to fulfilling social responsibilities. Cocoa has a long production cycle, allowing migrant farmers to rely on wage laborers for much of the process. They are therefore able to provide for their families without fully relocating to the regions of the country with the climatic conditions to support cocoa growth (Awanyo, 1998). Additionally, this long-term production process inherent in cocoa farming allows migrant farmers to continue working their land year-round. This is essential for them to retain their land rights, as many of their agreements allow usage rights to pass back to the local landowner if the plot remains unworked for too long (Awanyo, 1998). Therefore, transitioning to the production of a different crop, while potentially more profitable, could result in a migrant farmer losing the rights to his land.

Farmers also continue to produce cocoa through the industry’s economic hardships because of their belief in its long-term value. When farmers see cocoa prices drop, many of those who choose not to transition their land to the production of a different crop do so because they believe that the prices will rise again in the future. Additionally, many farmers have seen the emphasis placed on cocoa’s export potential by SAPs and anticipate its future value to rise ahead of any other options (Awanyo, 1998). Therefore, these farmers continue to produce cocoa because of their past experience with price fluctuation and understanding of their government’s priorities. Aside from the value of cocoa itself, many farmers remain loyal to the crop because of the perceived value of their farmland. Migrant farmers wishing to retain their land and pass it on as inheritance because it allows them to dispute attempts to repossess the plot. This is both because the long-term production process prevents lapses in land usage, and because cocoa allows for the expansion of farms across the full parcel of land. Locals who own this land find it much more difficult to revoke someone’s right to farm a piece of land that is fully in use, so
migrant farmers choose cocoa to protect their tenure for future generations (Awanyo, 1998). Therefore, the perceived value of cocoa and land tenure are often more important to farmers than fluctuation in short-term profits.

Another way in which Ghana’s experience of structural adjustment within the agricultural industry is affected by sociocultural trends is in the success or failure of contract farming. Scheme managers often express concern that contract farming cannot successfully accomplish the goals of SAPs if farmers do not adhere to their contracts (Ragasa, Lambrecht, & Kufoalor, 2018). They worry about farmers using inputs such as fertilizers on non-contract farming plots, selling inputs to other farmers (Ragasa, Lambrecht, & Kufoalor, 2018), and selling outputs to buyers other than the scheme (Wuepper & Sauer, 2016). While many in-scheme farmers experience a reduction in profits (Ragasa, Lambrecht, & Kufoalor, 2018), the reasoning behind violating contracts is often not financial because they have the option not to participate in contract farming the following season. Instead, most farmers who violate their contracts do so for sociocultural reasons.

Failures in contract farming caused by farmers violating their contracts are primarily due to inadequate self-efficacy and social capital. Many poor farmers have low self-efficacy, or belief that they are capable of participating successfully in contract farming (Wuepper & Sauer, 2016). This creates a poverty trap because the farmers with low self-efficacy are less likely to invest in the success of their farms through building relationships with the contract farming scheme. This leads to lower profits than they would have experienced had they not violated the contract, consequently reinforcing the idea that they are incapable of achieving success (Wuepper & Sauer, 2016). In many cases, low self-efficacy on the matter of contract farming is the result of cultural histories. Regions of Ghana that experienced failed cocoa cooperatives
during the colonial period, which operated similarly to modern contract farming schemes, generally have lower self-efficacy among farmers. This is the case no matter what crop the farmer is engaged in producing (Wuepper & Sauer, 2016). Therefore, the cultural memory of systems similar to contract farming failing their communities causes farmers to expect the same failure. This expectation of failure then influences farmers’ likelihood to commit to their contracts and creates a self-fulfilling prophesy.

Contract farming is also less likely to be successful for those farmers who lack social capital, or the social organization, networks, and norms that enable coordination among farmers within a community. Social capital provides farmers with access to valuable information on how to succeed in contract farming and enables them to trust schemes and scheme managers because of the security that accompanies having a network to rely on (Wuepper & Sauer, 2016). Farmers with little or no access to social capital are therefore at a significant disadvantage when engaging in contract farming. The presence of social capital is also influenced by communities’ historical experiences. When Ghana was under British colonial rule, Christian missionary schools were established in villages across the country. These schools eroded the social relationships in the communities in which they were built by creating a divide between those who adopted Christianity and those who chose not to convert (Wuepper & Sauer, 2016). Therefore, the presence of these schools had a negative effect on the surrounding communities’ social capital. The impacts of the missionary schools are still felt today, with the communities in which they were present continuing to experience lower levels of social capital than their counterparts (Wuepper & Sauer, 2016). The cultural histories of Ghanaian communities have influenced the present-day success rates of contract farming by impacting whether farmers have adequate levels of self-efficacy and social capital.
Sociocultural Impacts of Labor Migration

The majority of youth preparing to migrate cite family sponsorship of their departures as a primary component in their decision to seek employment elsewhere (Dako-Gyeke, 2015). Therefore, the decision to leave Ghana is not solely based upon an individual need to pursue economic prosperity, but frequently includes sociocultural pressures based upon the role that the migrant is expected to perform within the family unit. Their families hope that the migrants will be able to pursue either further education without the burden of Ghana’s educational fees or to seek employment highly-skilled fields, in which Ghana has low demand for labor (Dako-Gyeke, 2015). Leaving Ghana is almost never an exclusively personal decision for labor migrants, but rather a social one made based upon cultural expectations to provide for one’s family.

Involuntary return migration has as many, if not more sociocultural components associated with it as does the initial decision to migrate. Aside from simply failing to earn enough before involuntary return to Ghana, many migrants are motivated to embark upon a second migration project because of the sociocultural conditions that they face upon returning to their communities. The gendered and cultural expectations that lead an individual to feel pressured to be the one to migrate and provide for their families only serve to aggravate the frustration associated with a failed migration project. Many of the Ghanaians who leave to seek economic or educational opportunities are males whose migration has been sponsored by their families or other members of their close-knit communities (Dako-Gyeke, 2015). When they return to Ghana empty handed, having lost their savings to the collapsed Syrian banks or deportation, these men are often forced to move in with their families (Kleist, 2017b). Because they have been brought up in a culture that correlates masculinity and family honor with being able to provide economically, becoming dependent on one’s relatives is often emotionally and
existentially traumatic. Furthermore, the response from the communities is usually far from supportive. The cultural significance placed upon providing for one’s family means that men who return home empty handed are often shamed by both family and the wider community (Kleist, 2017a). However much social ostracization and limited emotional support these returnees face, they are never fully abandoned. Family members of men who have experienced failed migration projects support them financially because of the expectation of reciprocity that exists in Ghanaian culture and the desire to prevent desperate actions, such as theft, which would bring shame to the whole family (Kleist, 2017a). Despite being able to depend upon family for financial needs, those who return from failed migration projects, especially women, are subjected to social ridicule from community members outside of their families (Kleist, 2017b).

Consequently, enduring the social ostracization upon returning to Ghana empty-handed can be just as difficult as the sequence of events that led to involuntary return.

Due to the social stigma associated with failed migration projects, compounded upon the continued economic instability that accompanies involuntary return migration, failed migration projects are extremely hard on both the migrants and those close to them. This combination of circumstances makes it extremely common for Ghanaians to engage in a pattern of cyclical migration. Even before departing, most potential migrants plan to move on to other foreign countries if they are unable to secure work in their initial destination (Dako-Gyeke, 2015). Those who are forced to return to Ghana often leave again, either to try their luck in a third nation or to risk returning areas of Libya from which they had already been evacuated (Kleist, 2017b). The sociocultural consequences of returning home empty-handed after a failed migration project demonstrates that widening wealth inequality has more than just financial consequences for those in Ghana’s poorer class. The inability to earn a living adequate to support one’s self and one’s
family sparks the initial need to migrate, and the obstacles created by lack of financial assets
during the migration process make it likely that these poor migrants will be forced to return
home. Upon returning, they face sociocultural pressures to repeat the process, perpetuating the
effects of class inequality even further. Therefore, within the issue of labor migration, the SAP-
prescribed policies which have contributed to Ghana’s widening wealth gap have detrimental
sociocultural effects on the nation’s poor, in addition to the direct effect of economic strain faced
by the lower class.

The social strain that returned migrants face is closely linked to their own and their
families’ economic struggles. The debt and living expenses of returned migrants are shared by
their families, especially for those who must move in with family members upon their return
(Kleist, 2017b). These types of difficult economic conditions only add to the feelings of cultural
inadequacy associated with being unable to support one’s self and reinforce the sorts of push
factors that led the migrant to flee Ghana in the first place. Therefore, the economic strain of a
failed migration project does not affect only the migrants themselves. The strain of return is
nearly always shared by the families of the migrants. In addition to the shame associated with
being an added burden upon the family that the returned migrant was meant to support, there is
the expectation of reciprocity. Family members take in returned migrants experiencing hardship,
partly because of familial duty and affection, but partly because they hope that the migrant will
again find prosperity and be able to repay them (Kleist, 2017a). The dynamics at play in this
cultural expectation of familial reciprocity exacerbate the returnee’s sense of shame at having
experienced a failed migration project. They are therefore motivated to re-migrate in order to
both fulfill their original promise to their family, and to repay those who took them in upon their
return. In this way, economic strain upon the returned migrant and their family compounds the
social tension that arises from such circumstances and leaves the returnee feeling as though they have no choice but to engage in a pattern of cyclical migration. For these reasons, steps need to be taken to ensure that those migrants who do return to Ghana do not face the severe economic challenges and consequential social pressures to re-migrate that characterizes the current return-migrant experience. If this is accomplished successfully, far fewer migrants will feel compelled to attempt additional migration projects. Lessening the widened inequality experienced in Ghana under SAPs would allow returned migrants to financially bounce back more quickly, lessen the sociocultural criticism associated with failed migration attempts, and therefore make returned more likely to remain in their home country.

**Structural Adjustment’s Political Implications**

**SAPs and Ghana’s Transition to Democracy**

When Ghana’s dictatorial party, the PNDC, first implemented SAPs in 1983, it was far from a democratic process. At that time, there was significant public support behind the idea of an overhaul of the country’s economic structure (Graham, 1988). Ghana was facing an economic crisis, and the concept of foreign aid coupled with strategies to prevent the same circumstances in the future was welcomed. Therefore, when the PNDC announced its original Economic Recovery Program (ERP) in 1982, it received broad public approval (Graham, 1988). However, the version of the ERP that was implemented the following year was vastly different from the version that had been accepted by the Ghanaian people. Most significantly, the new plan lessened the government’s role in overseeing the economy rather than expanding regulation as previously promised (Graham, 1988). In essence, the neo-liberal approach to strengthening an economy by reducing government interference was not what the people of Ghana had expected.
Despite this fundamental deviation from what the public had anticipated and supported, the autocratic PNDC made it extremely difficult for any group to oppose the implementation of structural adjustment (Boafo-Arthur, 2001). Therefore, SAPs were opposed on the Ghanaian economy without the consent of the public. For this reason, many worried that the 1992 overthrow of the PNDC and subsequent transition to democracy would lead to public backlash against SAPs and the discontinuation of the policies (Boafo-Arthur, 2001). However, the two-party system that emerged allowed structural adjustment to endure despite continued concern over Ghana’s economic health.

The structure of Ghana’s democracy following the 1992 revolution allowed SAPs to perpetuate for a number of reasons. First, the National Democratic Congress (NDC), which took office after the first election, managed to sway the public towards supporting structural adjustment. The NDC ran under the slogan “continuity”, and their election therefore represented the public’s desire to retain as much normalcy as possible during the transition to democracy (Boafo-Arthur, 2001). Therefore, the NDC managed to democratize the continuation of the very SAPs which had been autocratically imposed upon the country. Second, the NDC’s primary opposition, the New Patriotic Party (NPP), does not oppose the neo-liberal philosophy behind structural adjustment. Instead, they have historically blamed the NDC’s SAP implementation strategy for Ghana’s economic struggles (Boafo-Arthur, 2001). With both of Ghana’s major political parties behind SAPs, the struggle between the two is not over whether structural adjustment ought to continue, but over which party is best equipped to carry them out fairly and without corruption.

Ghana’s two-party democracy, which universally supported the continuation of structural adjustment through the country’s political transition, can be attributed to the disproportionate
influence of outside donors over the political climate. While the NPP has taken issue with the NDC’s implementation of SAPs, they have not fully opposed the philosophy behind them. This is because foreign donors, on whom Ghana relies heavily, support political changes that do not interrupt the continuation of structural adjustment. This was clearly evident when Ghana received an enormous influx of development funding in 1992 following the democratic election of the pro-SAP NDC (Boafo-Arthur, 2001). With the foreign donor community clearly favoring political leadership that supports structural adjustment, the NPP is unwilling to fully oppose the continuation of SAPs so as to not offend these donors. In conjunction with this heavy influence from foreign donors is the near complete lack of influence from certain domestic groups. Rural farmers and the urban poor have historically been underrepresented in Ghanaian politics and have failed to adequately organize to oppose this marginalization (Boafo-Arthur, 2001). Because these two groups have been hit hardest by the failures of SAPs, their political will could have been a strong voice against continuing structural adjustment after Ghana’s transition to democracy. However, because they failed to organize in order to express their discontent, the opinions of foreign donors continued to dominate the influence on Ghana’s leading parties’ views of SAPs.

Today, Ghana’s political system continues to democratize, as evidenced by the 2016 national elections. When Nana Akufo-Addo of the NPP won the presidency from the NDC’s John Mahama, it was the first peaceful transition of power between parties without the incumbent having reached the end of the two-term limit (Cheeseman, Lynch, & Willis, 2017). The 2016 election campaign also represented a dramatic transition since the 1992 election. When Ghana was first beginning its evolution into a democracy, the opposition party had to campaign in secret so as to avoid retaliation. In 2016, however, the NPP was able to openly campaign against the
NDC (Cheeseman, Lynch, & Willis, 2017). Additionally, Mahama’s peaceful admission of defeat has largely been attributed to his lack of fear of prosecution from the NPP after leaving office (Cheeseman, Lynch, & Willis, 2017). While these changes signify a promising increase in democratization, Ghana still faces some obstacles to fully completing this transition. For example, despite consistent improvements in electoral practices since 1992, opposition leaders still suggest that the electoral commission can’t be trusted to prevent election fraud (Cheeseman, Lynch, & Willis, 2017). The NPP both questioned the results of its 2012 loss and went into the 2016 campaign doubting the electoral commission’s capabilities (Cheeseman, Lynch, & Willis, 2017). Additionally, while Ghanaian voters are on the path towards basing their votes upon the issues alone, there is still a culture of clientelism present. Many people continue to expect to receive gifts or money from parties attempting to buy their votes, although fewer and fewer allow this to be the sole deciding factor on election day (Cheeseman, Lynch, & Willis, 2017). It is clear that, while there are still improvements to be made, Ghana is well on its way to a fully democratic election process.

The 2016 presidential election also indicated that Ghanaians remain overwhelmingly concerned with the health of their nation’s economy. The primary reasoning behind voters ousting the NDC was economic. This was clear in the protests against electrical blackouts in regions that primarily support the NDC, where many people threatened not to vote unless promises were made to invest more heavily in infrastructure (Cheeseman, Lynch, & Willis, 2017). Paired with this type of demonstration of public concern over economic issues, party campaigns focused more on differences in economic policy promises and less on emphasizing ethnic divisions between the two than in the past (Cheeseman, Lynch, & Willis, 2017). For example, the NPP focused the majority of its campaign on promises to invest in development and
criticisms of the NDC’s mismanagement of the country’s economic structure (Cheeseman, Lynch, & Willis, 2017). The 2016 election, therefore, indicates that the Ghanaian public remains concerned about their economic circumstances and their elected officials’ ability to improve them. However, with both major political parties fundamentally supportive of neo-liberalism, it seems unlikely that Ghana’s political structure will allow for a major departure from policies based on this economic theory, regardless of the continued concerns of the public.

**Political Distribution of Development Funding**

Ghana’s political structure and practices contribute to the perpetuation of regional marginalization in a number of ways. Various political factors result in unequal distribution of development funding from the foreign aid that is attracted by Ghana’s reputation of adhering to SAPs. Among these factors are the desire to influence election results, the political influence of elites from each region, and external pressure from foreign donors. Throughout Ghana’s history as a democracy, its two major parties have used their influence over the distribution of foreign aid in the form of development projects in order to maintain power. This is most effective when the ruling party uses its majority to secure votes for reelection. The NDC has a long history, all the way back to Ghana’s democratization in 1992, of timing the implementation of infrastructure projects right before elections in order to gain public favor (Briggs, 2012). However, the regions to which developments funds are distributed has been just as important as the timing. The NDC and the NPP target regions without overwhelming support for either party for development projects in attempts to earn their votes. Therefore, the Ashanti and Volta regions, which consistently support the NPP and the NDC respectively, are sometimes overlooked for dispersal of foreign aid because their voting patterns are thought to be unchangeable. Instead, the
incumbent party focuses funding on uncommitted regions that tend to lean towards that party (Briggs, 2012).

The practice of diverting development projects to certain regions in order to earn votes can be clearly seen in the NDC’s handling of the National Electrification Project (NEP) just before the 2000 national elections. In Ghana’s Upper East and Upper West regions, where rural areas had no access to electrical grids prior to the NEP, the only constituencies to receive benefits from the project had voted for the NDC by at least 48.8 percent in the previous election (Briggs, 2012). All of these constituencies had equal need for access to power, but only those likely to vote for the incumbent NDC party received it. It is therefore clear that distribution of the benefits of the NEP was based on voting patterns, not need. Additionally, this practice was effective. In the 2000 election, the NDC lost votes in all regions of Ghana, but it lost five percent fewer votes in regions that had received benefits from the NEP than in those that had not (Briggs, 2012). This indication of the NDC successfully diverting development funds for votes makes it logical that Ghana’s political parties would continue similar practices in future years. Predictably, after the NPP won the majority during the 2000 election and throughout the subsequent decade, funding from Ghana’s participation in the Highly Indebted Poor Country (HIPC) program was disproportionately allocated to regions that had voted for the NPP (Abdulai & Hulme, 2015). Therefore, both major Ghanaian political parties have histories of influencing the distribution of development funding for the purpose of securing reelection.

Another contributor to the amount of foreign aid received by a particular region is the amount of influence that the elite from that region hold in national politics. The historically poor Upper East and Upper West regions of Ghana have had their marginalization intensified by lack of access to development funding (Abdulai, 2016). This disproportionate exclusion from
development projects can be attributed to the underrepresentation of the Upper regions at the national level of Ghanaian politics (Abdulai, 2016). The Upper regions have been especially underrepresented during NPP administrations, when the only ministers from these regions appointed at the national level have been placed in relatively insignificant, non-Cabinet positions (Abdulai & Hulme, 2015). Without high-ranking members of the national administration championing them, the two Upper regions have continued to be marginalized through exclusion from development projects.

The marginalization of the Upper regions under NPP administrations has been furthered by Ghana’s procedures for determining which regions receive foreign aid. The country’s 1992 Constitution allows members of parliament to appoint most Cabinet members. MPs under an NPP majority government are unlikely to appoint Cabinet members from the Upper regions, which generally lean toward the NDC during election (Abdulai & Hulme, 2015). This lack of representation in the Cabinet is especially significant in conjunction with how the distribution of development funding is planned. For example, the dispersal of HIPC funding was left to the discretion of the Cabinet, meaning the Upper regions had no voice in the initial planning process, which resulted in them receiving far less aid than would have been proportionate for their rates of poverty (Abdulai & Hulme, 2015). Another instance of the Upper regions’ voices being insignificant in the planning process for distributing development funding was in the case of the Millennium Challenge Account (MCA). In response to appeals from political elite within the Afram Plains2 in central Ghana, the region was included as a beneficiary of the MCA (Abdulai, 2016). These requests were successful because supporting the cocoa production in this region was consistent with the NPP’s desired outcomes for the MCA. Therefore, when the Upper East

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2 See Appendix B
and Upper West, with no cocoa industry to attract the attention of the NPP, objected to their exclusion from the planned implementation of the MCA, their appeals were ignored by the national government (Abdulai, 2016). Without influence within the national political process, Ghana’s two Upper regions are excluded from the process of implementing development projects. They therefore receive disproportionately little access to foreign aid, which perpetuates the extreme poverty and marginalization of Ghana’s far north.

The final political factor that contributes to regional marginalization in Ghana is the interests of foreign donors. The conditions under which foreign aid is provided are often detrimental to the prospects of Ghana’s poorest regions, and they leave room for manipulation by the national government in order to receive more funding. One of the reasons that Ghana’s Upper regions received no benefits from the MCA was the conditionality behind it. In order to receive funding from the MCA, Ghana had to submit a proposal that demonstrated how it planned to reduce poverty with visible results within 5 years of implementation (Abdulai, 2016). The Ghanaian government determined that the industry which was most likely to improve within this narrow timeframe was horticulture exports. Because horticulture is primarily concentrated in Ghana’s southern regions, the Upper regions were not consulted in the planning phase, despite the project being intended to address poverty (Abdulai, 2016). Therefore, the donor’s desire to achieve quickly visible results prevented the MCA from being implemented in Ghana’s poorest regions.

Conditionality of foreign donation is also an issue in Ghana because it leaves room for the conditions to be exploited to extract more funding, without actually benefitting Ghana’s extreme poor. The first iteration of Ghana’s Poverty Reduction Strategy Papers (PRSP), the Ghana Poverty Reduction Strategy (GPRS), stated that 48 percent of the plan’s funding would go to the extremely poor northern regions. This was promised because HIPC funding was dependent on
the receiving country’s commitment to alleviating extreme poverty (Abdulai & Hulme, 2015).

However, the actual distribution of funding did not at all match the stated plan. Instead of diverting large amounts of funding to the regions with the highest rates of poverty, distribution was based entirely on population density. Therefore, the urban south received much more funding per capita than the rural north (Abdulai & Hulme, 2015). The planned distribution of foreign aid had been designed to satisfy donors, but the actual process failed to focus it benefits on the poorest regions. Additionally, the portion of funding distributed to the Health and Education Ministries was strategically used to satisfy the conditions of the PRSP program. This was done so that Ghana could continue to receive funding in the future (Abdulai & Hulme, 2015). In the case of HIPC funding, the Ghanaian government was able to manipulate the process and claim adherence to the conditions without actually following through on attempts to alleviate extreme poverty.

The distribution of the development funding that Ghana receives as a model for SAP implementation has been politically manipulated so that the funding cannot effectively aid the nation’s poorest regions. The NDC and NPP use dispersal of aid to reward voters and gain additional support, to maintain existing power structures within the national government, and to appease foreign donors. All of these factors have perpetuated the marginalization of Ghana’s poor, especially those living in the Upper East and Upper West regions.

**Oil: Democratizing or Corrupting?**

In the heavily oil-based economy that SAPs have helped create for Ghana, it is widely contested whether the resource will prove to be a positive or negative influence on the development of the country’s democracy. Some scholars suggest that oil has been integrated into
Ghana’s democratic structure and serves only to enhance it, while others warn that the massive influx of capital associated with resource discovery can only lead to corruption. While Ghana’s democracy remains intact, the pressures of oil are constantly putting strain on its integrity. The nation’s democratic institutions are continually having to correct for corruption within the ruling party at the time.

The primary argument behind the democratizing capability of oil is that the discovery of resources reinforces existing trends within the country into which they are introduced. This theory argues that Ghana was on the track of a multiparty democracy when the Jubilee oil field was discovered in 2007, causing laws and institutions around the management of oil and its revenues to be developed within a democratic framework (Odijie, 2017). When operating within this framework, the existence of oil can theoretically only strengthen Ghana’s democracy. This idea is furthered by the international consensus that Ghana has managed to build some of Africa’s strongest democratic institutions (Graham, Ackah, & Gyampo, 2016) under which to manage oil exports and their revenues. Therefore, Ghana should be well equipped to employ its oil abundance to further the development of its democracy.

Evidence for the presence of democracy in the management of oil center around the possibility for the ruling party’s handling of oil policies and revenue to be critiqued. Ghana’s two main political parties, the NPP and the NDC have openly criticized one another’s standpoints on oil for years, both while in and out of office. For example, both parties claim credit for the policies that allowed the oil discovery to occur (Graham, Ackah, & Gyampo, 2016). The NPP and the NDC both want the public to attribute the possibility of oil revenue to their policy decisions. Additionally, the proper use for oil revenue was heavily debated in the 2008, 2012, and 2016 elections, with the NPP wanting to institute social policies such as free education and
healthcare and the NDC promising to invest in infrastructure (Graham, Ackah, & Gyampo, 2016). This level of debate between the two parties is thought to be both a sign of existing democracy and a deterrent against possible future corruption. Neither party fears retaliation when the other is in office, and the ruling party of the time is forced to rein in any potential corruption due to the knowledge that every decision will be heavily scrutinized once the administration changes hands again (Odijie, 2017). In addition to the opposition party being free to criticize the ruling party, non-governmental actors have the ability to appraise the government’s handling of oil. Civil society groups such as the Public Interest and Accountability Committee (PIAC) emerged following the 2007 oil discovery to monitor whether the government properly follows laws on the use of oil revenue (Odijie, 2017). Additionally, the media has been known for publicly condemning any sign of corruption in the branches of government associated with oil management (Odijie, 2017). Because groups like the PIAC and the Ghanaian media are able to publicly criticize the government, Ghana is thought to be handling oil management in a democratic manner.

While there is ample evidence that Ghana has been able to integrate the oil industry into its existing democracy, there are also indications that the presence of oil revenue has led to some corruption. This aligns with some resource curse scholars’ belief that natural resources can inhibit democratic growth, in addition to stunting economic growth (Odijie, 2017). The evidence behind this theory is focused around the actions of both the NPP and the NDC while in power in regard to the handling of oil revenue. When the Jubilee field was discovered in 2007, the NPP had control over the national government. Therefore, the NPP had primary control over the creation and enforcement of policies about oil extraction, export, and use of revenue, and the Ghana National Petroleum Corporation (GNPC) was altered to attract investment from foreign
corporations (Odijie, 2017). This resulted in a tendency for foreign investors not to be held to Ghanaian law, a practice which the NDC had to overturn after taking office in 2008 (Odijie, 2017). The NPP’s commitment to attracting foreign investment had reached the extent of allowing national law to be violated and was not corrected until the change of administration. However, the NPP is not alone in corrupt handling of oil. The NDC remained in power until the 2016 election, and the NPP was heavily critical of its management of the oil sector throughout this time period (Graham, Ackah, & Gyampo, 2016). Despite this substantial amount of criticism, many of the NDC’s questionable policies around oil revenue were not changed until immense external pressure forced the party’s hand.

Under the NDC, Ghana operated oil extraction based on the Petroleum Exploration and Production Bill, which allowed companies to become licensed and receive contracts based on negotiation with the government instead of through a process of competitive bidding (Odijie, 2017). Therefore, these opportunities were not open to any interested party and the process of providing them was not transparent, which could result in the government receiving disadvantageous contracts and favoring certain investors. This law was not overturned until the Civil Society Platform for Oil and Gas joined the NPP opposition in pressuring the NDC (Odijie, 2017). Without influence from outside the government, this corrupt bill would have remained in place, meaning Ghana’s democratic structures alone were unable to check the NDC. Two other instances in which external influence was needed to check the NDC were when members of parliament attempted to eliminate the PIAC. The first instance was soon after the establishment of the PIAC’s authority to oversee government management of oil revenue, which was seen by the majority party as a threat to Parliament’s power. The Civil Society Platform for Oil and Gas had to use heavy media pressure to prevent MPs from taking this corrupt step (Odijie, 2017). In
the second instance, the PIAC publicly criticized the government for failing to allocate oil revenue according to law, and the NDC-controlled Ministry of Finance attempted to eliminate the PIAC by terminating its funding. Media pressure was required to force the NDC to provide the funding (Odijie, 2017). In both of these cases, the NDC administration attempted to eliminate the primary institution between it and complete control over allocation of oil revenue. In each case, the NDC would have succeeded without media outcry.

The actions of both the NPP and the NDC while in office indicate that both parties are susceptible to corruption in the management of oil. Ghana’s democratic checks and balances prevented the continuation of corruption in each of the discussed instances, but their emergence highlights the potential for resource discovery to test Ghanaian democracy. With SAP guidance leading Ghana’s economy to rely more and more heavily on oil exports, this corruption potential can only grow. Therefore, diversifying the economy to alleviate the political significance of oil revenue would also alleviate the pressure on Ghana’s democratic institutions.

**Conclusion**

While the IMF has been touting the success of Ghana’s SAP program to Western nations for decades, these claims have been based solely on national economic trends. Many of Ghana’s indicators of overall economic growth, such as GDP and national poverty rate, present the image of consistent development, especially when compared to other Sub-Saharan African nations. However, this progress has not been without its complications. Decisions such as currency devaluation and shrinkage of the public sector have been controversial at best due to evidence that they may have caused more harm than good. Additionally, more micro-level economic indicators reveal a pattern of highly uneven economic growth. Since the inception of Ghana’s
SAP program, wealth inequality has risen steadily leading to mass labor migration, traditional industries such as agriculture have deteriorated, and the national economy had become highly dependent on oil exports. The economic impacts of structural adjustment in Ghana, while appearing on the surface to have been beneficial, have merely aided the already wealthy populations and flourishing industries, while contributing to the marginalization of the already disenfranchised.

Alongside the complicated nature of structural adjustment’s effects on Ghana’s economic development, the IMF and its proponents have largely failed to account for SAP’s relationship with Ghana’s sociocultural and political circumstances. Privatization has caused deterioration of the nation’s social programs, as evidenced by education and healthcare policies. Furthermore, these same social services have become broadly inaccessible to Ghana’s lower classes. The struggles of poverty have had significant sociocultural implications, as experienced by those choosing to become labor migrants and those making difficult decisions about the viability of their farms. Ghana’s decision to restructure its economy following the guidelines of SAPs has had powerful, often negative, impacts on the sociocultural experiences of its poorer citizens and communities. In the political sphere, structural adjustment’s impacts have been mixed. For the most part, SAPs and Ghanaian democracy have managed to coexist, despite the program’s originally authoritarian implementation. However, the distribution of development funding that Ghana receives in exchange for loyal adherence to structural adjustment has been plagued by power imbalances and foreign influences. Ghana’s practices of allocating funding are far from fair, rarely based on actual need, and often not executed in accordance with government pledges. Finally, the heavy emphasis that Ghana’s economy places on the oil sector in response to SAP
prioritization of exports has introduced countless opportunities for corruption to take hold and placed strain on the nation’s democratic institutions tasked with correcting such corruption.

Ghana’s experience with privatized healthcare and the subsequent introduction of the National Health Insurance Scheme (NHIS) provides an interesting example of policy evolution away from the recommendations of structural adjustment. While far from perfect, the NHIS has allowed for more equal access to healthcare, especially among the poorest Ghanaians. Because the NHIS was a response to the recognition of a severe flaw in the cash-and-carry system established under structural adjustment, it indicates that similar improvements could be achieved in other sectors with transition away from SAPs. Structural adjustment is based upon neoliberal economic theory, not the realities at play in the nations in which they are implemented. Therefore, Ghana’s logical next step would be to adjust its economic system to address the weaknesses of SAPs and the problems that have emerged since their implementation. It is this paper’s recommendation that the Ghanaian government take its recent exit from structural adjustment as an opportunity to reevaluate the health of its economy, at both the macro and micro-levels, and the effects of structural adjustment on sociocultural and political conditions. This evaluation should consist of multidisciplinary analysis, with the opinions of the IMF, the World Bank, and Western investors taken with caution and a level of skepticism. Finally, the conclusions of this reevaluation should be used as the basis upon which future economic and economically-informed social policy are built. The limitations and negative impacts of structural adjustment must be addressed in order for growth and development to continue in Ghana.
Appendix A

(USAID, 2013)
Appendix B

(Codjoe & Owusu, 2011)
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