

**UNIVERSITY OF EDUCATIONAL, WINNEBA**

**SOCIAL COST OF INTERNATIONAL MONETARY FUND PROGRAMS IN  
GHANA, AN ASSESSMENT OF THE IMPLICATIONS OF THE 17TH IMF  
PROGRAM ON UNEMPLOYMENT**



**2023**

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**A dissertation in the Department of Political Science Education,  
Faculty of Social Science Education, Submitted to  
the School of Graduate Studies in partial fulfilment  
for the requirements for the award of  
Master of Education  
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in the University of Education, Winneba**

**DECEMBER, 2023**

## DECLARATION

### Student's Declaration

I, **Apewe Jonathan**, hereby declare that except for references to other people work which have been duly cited, this dissertation is the result of my own effort and that it has neither in whole not in part been presented elsewhere.

Signature: .....

Date: .....

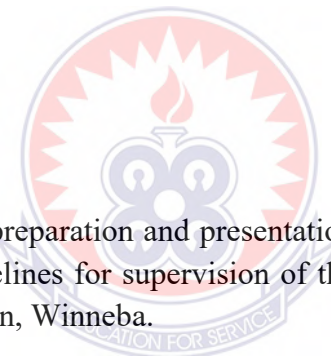
### Supervisor's Declaration

I hereby declare that the preparation and presentation of this work was supervised in accordance with the guidelines for supervision of thesis/dissertation as laid down by the University of Education, Winneba.

Supervisor: Dr. Ishmael Hlovor

Signature: .....

Date: .....



## **DEDICATION**

I dedicate this work to the Almighty God, who have given me the necessary ingredients to sum up all the requirements needed in building up this writing.



## **ACKNOWLEDGEMENT**

I would like to acknowledge the assistance received from individuals in the process of developing this research paper.

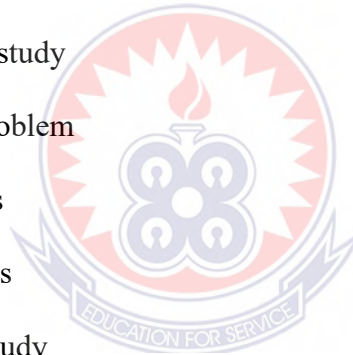
I benefited from the supervision and guidance of Dr. Ishmael Hlovor of Department of Political Science Education, Winneba - Ghana, who took his time to supervise this work. He was available for me and provided the direction and advice sought for.

I also thank my parents Mr. and Mrs. Damba for their support, and without which studying in the University of Education, Winneba (UEW) for me would have been difficult.

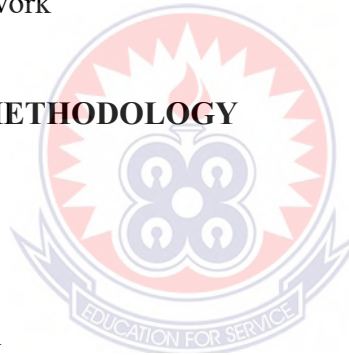


## TABLE OF CONTENTS

<b>Content</b>	<b>Page</b>
DECLARATION	iii
DEDICATION	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENTS	vi
LIST OF ABBREVIATIONS	x
ABSTRACTS	xi
CHAPTER ONE	1
1.0 Introduction to the study	1
1.1 Background of the study	1
1.2 Statement of the problem	5
1.3 Research Questions	7
1.4 Research Objectives	8
1.5 Relevance of the Study	8
1.6 Scope of the study	9
1.7 Organization of the study	9
<b>CHAPTER TWO: LITERATURE REVIEW</b>	<b>11</b>
2.0 Introduction	11
2.1 Theoretical Framework	11
2.2. The positive implications of the International Monetary Fund programs on unemployment in developing countries.	12
2.3. The negative implication of the International Monetary Fund programs on unemployment in developing countries.	15



2.4. The International Monetary Fund (IMF) programs and poverty reduction in developing countries.	19
2.5. The International Monetary Fund programs and human development in the global perspective.	24
2.6. The social cost of the International Monetary Fund programs in Ghana.	29
2.7. Measures put in place by the government of Ghana to survive without aid.	35
2.7.1 Policies to Increase Medium- Term Growth	37
2.7.2. Pursuing Export Oriented Industrialization	39
2.7.3. Modernizing Agriculture	42
2.7.4. Improving the Business Environment	45
2.8 Conceptual Framework	47
<b>CHAPTER THREE: METHODOLOGY</b>	<b>49</b>
3.0 Introduction:	49
3.1 Research Paradigm	49
3.2 Research Approach	50
3.3 Research Design	50
3.4 Source of Data	51
3.5 Research Documents	51
3.6 Data collection Instruments/Techniques	52
3.7 Data Analysis	52
<b>CHAPTER FOUR: RESULTS AND DISCUSSIONS</b>	<b>53</b>
4.0 Introduction	53
4.1 The positive implications of the 17th International Monetary Fund (IMF) program on unemployment in Ghana.	53



4.2	The negative implications of the 17th International Monetary Fund (IMF) program on unemployment in Ghana.	56
4.2.1	Outcomes of unemployment on the lives of individuals	59
4.3	Social cost of International Monetary Fund (IMF) programs in Ghana.	60
4.3.1	Program of Action to Mitigate the Social Costs of Adjustment (PAMSCAD)	60
4.3.2	Structural Adjustment Program	61
4.4	Measures put in place by the government to raise Ghana beyond aid.	68
4.4.1	Pursuing export-oriented industrialization	69
4.4.2	Policies to increase medium-term growth	69
4.4.3	Improving the business environment	70
4.4.4	Modernizing agriculture	71
<b>CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS</b>		<b>73</b>
5.0	Introduction	73
5.1	Research Findings	73
5.1.1	The positive and the negative implications of the 17th IMF program on unemployment in Ghana.	73
5.1.2	Social Cost of IMF programs in Ghana.	74
5.1.3	Measures put in place by the government of Ghana to raise Ghana beyond aid.	75
5.2.1	The positive and the negative implications of the 17th IMF program on unemployment in Ghana.	76
5.2.2	Social Cost of IMF programs in Ghana.	76
5.2.3	Measures put in place by the government of Ghana to raise Ghana beyond aid.	76



5.3	Research Summary	77
5.4	Research Conclusion	77
	REFERENCES	79



## LIST OF ABBREVIATIONS

AFCFTA	African Continental Free Trade Area
CDAs	Community Development Agreement
CHPS	Community - based Health Planning Services
ECF	Extended Credit Facility
EFF	Extended Fund Facility
ESAF	Enhanced Structural Adjustment Facility
GDP	Gross Domestic Product
GPRS	Ghana Poverty Reduction Strategy
HDI	Human Development Index
HIPC	Heavily Indebted Poor Countries
IMF	International Monetary Fund
LEAP	Livelihood Empowerment Against Poverty
LIPs	Labour Intensive Public Works
NGOs	Non - Governmental Organizations
NHIS	National Health Insurance Scheme
PNDC	Provisional National Defense Council
PRGF	Poverty Reduction and Growth Facility
RFC	Rapid Credit Facility
SAPs	Structural Adjustment Programs
SCAF	Supreme Council of the Armed Forces
SCF	Standby Credit Facility
SDGs	Sustainable Development Goals
UNDP	United Nations Development Programs

## ABSTRACTS

This dissertation, turns out to make more discoveries on the very engagement Ghana has sail through with the International Monetary Fund (IMF), taking in to consideration, the numerous conditions castrated by the financial institution. The trending sermon, makes a keen reflection on the very key factor of consideration, which is unemployment. Unemployment as a trending condition of the International Monetary Fund (IMF) possess a great bounce back on countries in need. This dissertation stands in the space to make clear revelations on the following; Firstly, to examine both the negative and the positive implications of the 17th International Monetary Fund program (IMF) on unemployment in Ghana. This dissertation, gives a critical view on whether the International Monetary Fund (IMF) programs possess any positive or negative implications on unemployment in Ghana. The International Monetary Fund (IMF), since time immemorial, have operated in the mist of different economies with their schemed conditions serving as guidelines to pull back dead economies to life. This dissertation, makes deep insight in to side effects of the 17th current International Monetary Fund (IMF) programs in Ghana on the grounds of employment. Secondly; to find out the social cost of International Monetary Fund (IMF) programs in Ghana. The cost societies experience in the course of a country's engagement with the International Monetary Fund (IMF), taking in to consideration, it's programs which serves as a key factor to actualize its mission is highly schemed out as an important tool of reference. This dissertation goes all the way to strike deep in to the Genesis of the Structural Adjustment programs initiatives that took over the economic sections of the economy of Ghana, where a great reflection is scale around the backwards struggles and the vast form of economic failure in the early 1980's as a result of the introduction of the program. The dissertation as well, dives in to another era of International Monetary Fund (IMF) program manifestation, coupling within great hopes captured by the Provisional National Defense Council (PNDC) on the very grounds of restoring back the broken economy. The Program of Action to Mitigate Social Cost Adjustment (PAMSCAD) was introduced to write the wrongs of the Structural Adjustment programs, which introduced weak system of management through the operation of its initiatives. Thirdly; to ascertain the necessary measures put in place by the government of Ghana to raise the economy beyond aid. This dissertation, stands out to make much reference on the necessary required measures catapulted by authorities to drive home a beautiful course, thus the course to raise Ghana beyond aid. The Ghana beyond aid agenda is clearly projected out by the New Patriotic Party (NPP), as a vibrant initiative to scale the economy of Ghana to a level of Self provision thus, a fertile ground beyond aid. Nana Addo Danquah Akufu Addo, the president of the republic of Ghana, has lamented great that, the economy of is blessed with natural resources all caliber and which includes the likes of timber, Gold, bauxite, diamond, manganese and many other natural given resources. According to him, the country can depend on these God given resources to make the nation a good place to live. This dissertation throws much light on the very strategies the government intends to cultivate in order to raise the economy beyond aid.

## CHAPTER ONE

### 1.0 Introduction to the study

The chapter one of this research work contains the following headings; background of the study, statement of the problem, research questions, research objectives, relevance of the study, scope of the study, limitations of the study, organization of the study.

### 1.1 Background of the study

The International Monetary Fund is a multinational organization with a goal of fostering global trade, generating high employment and sustained economic growth and reducing poverty (Tamplin, 2022). International Monetary Fund, has a core mandate of ensuring the stability of the international monetary system of exchange rates and international payment that enables countries and their citizens to transact with each other.

The mandate of the International Monetary Fund was updated in 2012 to include all microeconomic and financial sector issues that bear on global stability (Tamplin, 2022). The International Monetary Fund was found at the Britain Woods conference in 1944. The organization serves as a special unit under the United Nation. The IMF is made up of a board representing 189 countries and its headquarters is based in Washington, D. C.

The International Monetary Fund, since its engagement with African countries as a savior which stands in the gab and space to save the poor and needy countries, through its journey has melted out a tremendous change in the very space of economic development. Africa countries such as Nigeria, Kenya, Benin, Cote D'Ivoire, Ghana and their other sister countries are strong beneficiaries of this organization. The International Monetary Fund, from the onset of its operation has trace through

obstacles in the very process of keeping to their purpose and objectives based on which it was established.

The International Monetary Fund as a multinational organization from the scratch of its creation has in many ways rendered crucial help to its customers, thus the countries that knocks at its door for financial support in times of difficulties. Ghana, a country within West Africa is one of the customers of the international monetary fund. Ghana's economy, after the overthrow of Dr. Kwame Nkrumah in 1966 was left out under the mercies of a distractive forces of hardship beyond repairs. The National liberation council (NLC) which took power from Nkrumah engaged the international monetary fund to seek for help due to the economic challenges. Ghana again called on the organization in 1979 to bail it out the severe economic challenges.

The International Monetary Fund, operates with laid down conditionalities, which include cutting down public employment, and general cut in public expenditure which affects social services like education and health. Thus, one of the social effect of IMF bailout programs in increase unemployment due to retrenchment and cuts in public employment. Unemployment as a condition of IMF bailout programs is considered wealthy to investigated due to its impacts on the people, particularly young people. Unemployment employment is when the labor market outweighs the existing vacancies.

(However, according to the Organization for Economic Co-operation and development (OECD), people of working age who are unemployed, available for work, and have made explicit efforts to find employment refers to unemployment). Estimates of unemployment rates based on this definition are applied consistently, making them more comparable worldwide than estimates based on national

definitions of unemployment. This indicator is seasonally adjusted and measures the number of jobless persons as a percentage of the labor force.

During the last century, unemployment has been considered one of the most important factors behind the rise in poverty (e.g. Corcoran and Hill, 1980; Osinubi, 2005; Saunders, 1990). The level of unemployment is linked to various health outcomes. An increased level of unemployment is associated with several mental health issues, such as mixed symptoms of distress, depression, anxiety, psychosomatic symptoms, subjective well-being, and self-esteem (e.g. Backhans and Hemmingsson, 2012; Björklund and Eriksson, 1998; McKee-Ryan et al., 2005; Paul and Moser, 2009). There is also evidence that unemployment increases mortality rates and suicidal behavior (e.g. Córdoba-Doña et al., 2014; Gerdtham and Johannesson, 2003; Lundin et al., 2010; Platt, 1984). Previous research points out that unemployment increases alcohol consumption and drug use (Henkel, 2011). Several studies show that, there is a causal positive relationship between unemployment and both property and violent crime (Lee and Holoviak, 2006; Lin, 2008; Papps and Winkelmann, 2000; Raphael and Winter-Ebmer, 2001). All of these suggest that unemployment is damaging for those who experience it.

Chand, Tiwari, and Phuyal (2017) aims to determine how India's economic growth affects the country's unemployment rate. The gross domestic product has been used as an economic growth metric for the study. It has been discovered that the unemployment rate and economic growth have a strong inverse relationship.

Przeworski and Vreeland (2000) find that IMF programs lower annual economic growth by 1.5% each year that a country participates, and find no evidence that programs help in the long-run. Apparently, the IMF has not achieved the goal of

promoting economic growth, that GDP is responsible for 48% of the change in the unemployment rate.

The International Monetary Fund, operates in various ways which in the process melts out cost on the society, which is known as social cost. As the name suggests, social costs are the costs incurred by society as a whole. Social costs are the sum of private costs borne by the economic actor and the external costs imposed on others by an activity. External costs are costs that are imposed on others that are not compensated for. Countries that are beneficiaries of the International Monetary Fund programs in one way or the other experiences social cost of the programs, and which that of Ghana is considered as a hot cake to rotate around.

The International Monetary Fund, which serves as a special entity working under the United Nations, cannot be fully trusted in their posted-out commitment and duties it offers out to African countries, there are odd sides of the coin which still remains a Mistry. Ghana's engagement with this organization since 1966 with the high hopes of racing the economy to the promise land accounts to nothing but a try and error game.

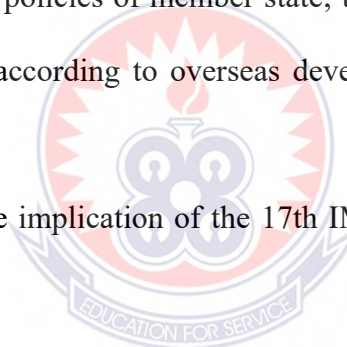
Jerry John Rawlings, the first president under the fourth republic of Ghana drove the economy a couple of times to the doorsteps of the International Monetary Fund to seek for financial support in 1983,1984 and 1987 due to economic difficulties. In the year 2015, Ghana's economy was in trouble with high inflation, debt and weak national currency.

In early 2015, Ghana turned to the International monetary fund for a \$918million loan to help stabilize the economy. The program aims to; restore debt sustainability, strengthen monetary policy and clean up the banking system. (According to the international monetary fund, "Ghana will be the fastest growing economy in 2019" as this statement is captured in an article written by (Naidoo & Wallace, 2019). These

statements from the international monetary fund were traced out from the progress they witness within a space of time concerning the restoration of the Ghanaian economy. The lenders growth forecast of 8.8 percent for the producer of cocoa, gold and oil dwarf the 6.6 percent median in a Bloomberg survey. The International monetary fund's projection in its latest world economic outlook published Tuesday is "way too generous", Neville Mandimika, an analyst at first Rand Group Ltd. Rand Merchant Bank, said on twitter).

("The original Bretton woods conference gave the International Monetary Fund wide responsibilities; to regulate the volume of international liquidity; to ensure the stability of exchange rate; to promote freedom of trade and capital transaction; to coordinate the economic policies of member state; to assist members with balance of payments difficulties"), according to overseas development institutes briefing paper issued on April 1993.

The research assesses the implication of the 17th IMF program on unemployment in Ghana.



## **1.2 Statement of the problem**

The International Monetary Fund, which operates as agency of the United Nation serves as a strong mechanism to help stabilize currency exchange rate and also focuses on its expansion of international liquidity, which is to get easy access to hard currency. Ghana as an independent country is one of the beneficiaries of this agency. The IMF also lends money to nations on conditionalities. These include cuts in government expenditure and public sector employment. This results in unemployment since the public sector is the largest employer in most developing countries. Ghana's 17<sup>th</sup> IMF program comes with similar conditionalities such as cutting government spending, increases in taxes and limited recruitment in to the public sector.



Here, a critical examination is required to ascertain both the negative and the positive of the 17th International Monetary Fund program on unemployment. The various programs handled by the International Monetary Fund, in one way or the other comes out with a level of cost, which is incurred by the beneficiaries of the programs. The cost incurred by the beneficiaries of the programs, turns out reducing development, since the cost of the programs is vast and as a result, serves as a striking force which works against development.

Scholars such as Glen and Ronald (2022), have produced a journal paper on the effects of IMF loans conditions on poverty in the developing world. In their work, they came out with the following findings; Firstly, they found out that, IMF loan arrangement containing structural reform contributes to more people getting trapped in the poverty cycle, as the reform involves deep and comprehensive changes that tends raise unemployment, lower government revenue, increase cost of basic services, and restructure tax collection, pension, and social security programs. Secondly, they found out that, loan arrangements promoting stabilization reforms have less impact on the poor because borrower states hold more discretion over their macroeconomic target. Graham et al (2019), also produced an article on the effects of IMF programs on poverty, income inequality and social expenditure in low income countries: an empirical analysis.

Adarkwa, Donkor, and Kyei (2017) discovered that only the service sector had a substantial negative impact on the unemployment rate in Ghana, utilizing annual time series data on the country from 1991 to 2014. Amissah and Nyarko (2017) studied how youth unemployment in Ghana affected young people's mental health. The study population was young people in Ghana's Greater Accra Region between 18 and 35. The data were analyzed using Pearson, linear regression, and multivariate analysis of

variance (MANOVA). The results indicated that young people without jobs had worse psychological health than those with jobs. Research in to the effect of Ghana's 17<sup>th</sup> IMF program on unemployment in the country is currently not available. This study attempts to bridge this gap in literature by investigating the implication of the current program on unemployment in the country. This is necessary because the country even before the program was facing unemployment challenges. It is therefore likely that the conditionalities of the program would worsen the unemployment situation.

However, relative stability being seen in some economic indicators such as the exchange rate and inflation since the adoption of the program may indicate some positive economic developments which may actually lead to more jobs being created. In the absence of empirical investigations, however, it cannot be stated with certainty how the current IMF programme is affecting unemployment in Ghana. It is against this backdrop that this research is set to understand implications of the 17<sup>th</sup> International Monetary Fund program on unemployment in Ghana. The social cost of the various programs run by International Monetary Fund in Ghana is also considered worthy to receive attention, where a critical study would be made to bring in to day light the cost incurred by the society in the course of running the programs.

### **1.3 Research Questions**

1. What are the positive implications of the 17th International Monetary Fund program on unemployment in Ghana?
2. What are the negative implications of the 17th International Monetary Fund program on unemployment in Ghana?
3. What are the social cost of the 17th International Monetary Fund program on unemployment in Ghana?

4. What are the necessary measures put in place by the government of Ghana to raise Ghana to a level beyond aid?

#### **1.4 Research Objectives**

The objectives of this research work will be projected in two dimensions. The main objective and the specific objectives.

##### **Main objective**

The main objective of this research work is to ascertain the implications of the 17th International Monetary Fund program on unemployment in Ghana.

##### **Specific Objectives**

1. To explore the positive implications of the 17th International Monetary Fund program on unemployment in Ghana.
2. To examine the negative implications of the 17th International Monetary Fund program on unemployment in Ghana.
3. To find out the social cost of the 17th International Monetary Fund program on unemployment in Ghana.
4. To discuss the necessary measures put in place by the government of Ghana to raise Ghana to a level beyond aid.

#### **1.5 Relevance of the Study**

**First**, this research work will serve as valuable and reliable material to the academic community. **Secondly**, this research work will serve as a powerful material of reference to other researchers who intends to conduct a research work within the scope of the international monetary fund. **Again**, this research work will help the citizens of Ghana to know both the positive and the negative implications of the 17th International Monetary Fund program on unemployment in Ghana. **Also** this research

work will assist in discovering the social cost of the International Monetary Fund programs in Ghana. **In addition**, this research work will help drive home some measures the government of Ghana is planting to raise Ghana beyond aid.

### **1.6 Scope of the study**

The research work stands in the space to make critical assessment of the implications of the 17th International Monetary Fund (IMF) program on unemployment in Ghana. This research work is set to rotate within and around the atmosphere of relationship that exist between Ghana and the International Monetary Fund (IMF), where systematic projection of the implications the 17th International Monetary Fund program reflects on unemployment in Ghana is considered wealthy of study.

The research will dive into the negative implication of the 17th International Monetary Fund's program on unemployment in Ghana and the positive implications it melts out on unemployment in Ghana. The research work, will make critical projections by reflecting on the social cost of the International Monetary Fund programs in Ghana and also look into the space and measures put in place by the government of Ghana to raise Ghana beyond aid.

### **1.7 Organization of the study**

This research work consists of five (5) chapters and which, each chapter contains special headings. The chapter one (1) of this research work contains the following headings; the background of the study, Statement of the research problem, research questions, research objectives, relevance of the study, limitations of the study, organization of the study. The chapter two (2) of this research work contains the literature review, where similar works presented by different researchers are duly consulted. These components of the paper focus mainly on secondary data collected

from newspapers, journals, the internet and other literature related to the international monetary fund.

The chapter three (3) of this research work is the methodology chapter, which makes projections on the following headings; research paradigm, research approach, research design, documents and reports used for the study and source, source of data, data collection instruments and data analysis. The chapter four (4) of this research work contains the systematic analysis of data received from the field or from the internet, newspapers, journals, articles and books. The chapter five of this research work contains the findings, recommendations and the summary.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter makes critical review on similar works presented by other researchers prior to this paper on the Social cost and the implications of the International Monetary Fund programs on unemployment in Ghana. These components of the paper shall focus mainly on secondary data collected from newspapers, journals, the internet and other literature related to the International Monetary Fund.

According to Jeffrey W. Knopf, " literature review summarizes and evaluates a body of writings about specific topic". This research work will be reviewed on the following topics;

#### **2.1 Theoretical Framework**

A neo-classical theory of Keynesian unemployment considers that, unemployment is due to the imperfections in the labour market or failure to reduce the salary. Keynes was of the view that, unemployment could be dealt with in the short run. The theory analyses unemployment issue in the short term and assumes that, all variables remain constant or change slightly. Neo classical theory of Keynesian advocates for intervention by the government in order to reform the capitalist system. Increased government expenditure leads to economic growth, which ultimately leads to rising levels of employment. High government expenditure translates to lower unemployment levels. Output and income increases with an increase in employment. According to Keynes unemployment level is not determined by the prices of labour, but by the level of total demand.

Government intervention is therefore necessary for tackling unemployment. On this phenomenon of unemployment, Marxist theory argues that, both causes and solutions to addressing unemployment requires elimination of capitalism and adoption of communism, or what is popularly referred to as a socialist economic system. Karl Marx views unemployment to be a permanent problem, within a capitalist system where full employment cannot be achieved. In a communist economic system, government owns and controls all means of production and hiring of workers is high. This theory argues that, in the long run communism system is the only way resources can be fairly distributed by humankind. The unemployment problem that people face is due to the way the society is organized, where only a few in the community own and control a country wealth. This cannot guarantee employment for all.

## **2.2. The positive implications of the International Monetary Fund programs on unemployment in developing countries.**

Ghana, a country located in West Africa, has experienced significant economic challenges throughout its history. In response to these challenges, Ghana sought financial assistance from the International Monetary Fund (IMF) through a series of programs aimed at stabilizing the economy and implementing structural reforms. The period between 1992 and 2020 witnessed the implementation of several IMF programs in Ghana, including the Structural Adjustment Programs (SAPs) and more recent programs under the Extended Credit Facility (ECF) and the Extended Fund Facility (EFF). The IMF programs in Ghana during this period aimed to address macroeconomic imbalances, improve governance, enhance fiscal discipline, promote private sector development, and foster economic growth and stability (Adu-Gyamfi & Andoh, 2018; IMF, 2020). These programs were designed to tackle challenges such as high inflation, fiscal deficits, external debt burdens, and declining productivity (Adu-

Gyamfi & Andoh 2018, IMF 2020).

Macroeconomic stability has been a significant outcome of the IMF programs in Ghana between 1992 and 2020 (Adomako et al., 2017; IMF, 2020). These programs played a crucial role in addressing key macroeconomic challenges and implementing policies to achieve stability. Measures such as fiscal consolidation, public expenditure reforms, and monetary tightening were implemented to curb inflation, stabilize exchange rates, and restore fiscal discipline (Adomako et al., 2017; IMF, 2020).

Through the IMF programs, Ghana implemented fiscal consolidation measures to reduce budget deficits and contain public debt levels. This involved curtailing government expenditure, enhancing revenue mobilization, and improving the efficiency of public spending (Adomako et al., 2017). These efforts aimed to restore fiscal discipline and reduce the reliance on borrowing, thereby contributing to macroeconomic stability (Adomako et al., 2017). The monetary tightening was another important aspect of the IMF programs in Ghana. The programs emphasized the need for prudent monetary policy to control inflation and stabilize the currency. The central bank implemented measures such as tightening monetary aggregates, managing interest rates, and enhancing exchange rate management to curb inflationary pressures and maintain stability in the currency market (Adomako et al., 2017).

These macroeconomic stability measures implemented under the IMF programs in Ghana aimed to create a conducive environment for investment, business growth, and economic development. By containing inflation and stabilizing exchange rates, these measures helped to reduce uncertainty and improve investor confidence in the Ghanaian economy (Adomako et al., 2017). Ghana is one of the African countries that has relied heavily on International Monetary Fund (IMF) loans to support its



economic development. The country has gone through several IMF programs over the past few decades, each with its own set of conditions and targets. The latest IMF program, which started in 2015 and ended in 2019, was aimed at stabilizing Ghana's economy and restoring macroeconomic balance.

In recent years the IMF has emphasized the importance of a participatory approach to decision making (Ouattara, 1999). The participatory approach to economic development promotes the application of key elements of a democratic environment—consultation, the rule of law, and transparency and accountability—to economic policymaking. Because a participatory approach aims at broad consultation and consensus building, it fosters strong ownership of the economic program by civil society, a crucial element in making the program a success. It also increases the chances that government policies will be well conceived and fair.

However, there has been an interconnection between the International Monetary Fund (IMF) and the needy countries in all aspects of negotiations, coupling up with schemed up rules and instructions, but the extended question still remains clear and bold " how straight is the International Monetary Fund (IMF) towards job provision in the diaspora of their customers ". This broad question poses out vast interest, which draws the attention of prominent scholars on whether the International Monetary Fund (IMF) has any positive implications on unemployment in the developing countries, due to the institution's schemed conditions which includes scaling down employment in poor and needy countries that run to them for assistance. The International Monetary Fund (IMF) portrays its fervent assistance to its customers in issues connected with employment through long term castrated programs and these programs makes a clear reflection on the Structural Adjustment Programs (SAPs) and

more recent programs under the Extended Credit Facility (ECF) and the Extended Fund Facility (EFF).

Besides, Atish Rex Ghosh and Postelnyak Anna, presented a paper on the theme: "Growing Together the IMF and African Low - Income Countries", in December 2021. In the paper, they made emphasis on the fact that; "The 1980s brought another lesson: a program was unlikely to succeed if the impact of economic reforms on the poor—and resulting social unrest and opposition—was not addressed. This prompted the IMF to focus its help not only on poor countries, but also on the poor within countries. Analysis of poverty issues in Policy Framework Papers became a standard part of program negotiations. While the IMF had previously limited its role to assisting members upon request in determining the impact of adjustment policies, SAF- and ESAF-supported programs now included targeted compensatory measures for the most vulnerable populations. Programs continued to emphasize fiscal consolidation as a prerequisite for macroeconomic stability, but there were growing pledges to strengthen social spending, especially for health and education".

### **2.3. The negative implication of the International Monetary Fund programs on unemployment in developing countries.**

Although the IMF is not a unitary actor, and its management, research department, and staff may have different views on how to design lending programs to best address poverty, the IMF claims that its programs seek to achieve poverty reduction and growth (IMF 2021). Some studies also seem to back the IMF's position, noting that since the Great Recession the Fund has given borrowers added discretionary fiscal stimulus and put less emphasis on financial austerity (Ban 2015; Ostry, Loungani and Furceri 2016). Conversely, other scholarship finds that when countries participate in IMF arrangements, poverty increases and income distribution worsens (Easterly 2003;

Forster et al. 2019; Garuda 2000; Oberdabernig 2013: 123; Vreeland 2002). Still, others indicate that while the Fund's poverty reduction programs have no adverse effects on the poor in borrower countries, they have limited impact on lessening poverty (Hajro and Joyce 2009; Lang 2021).

The theoretical mechanism linking structural policies and poverty relies on the reforms' effects on raising unemployment, lowering government revenue (and, by extension, social spending), increasing costs of basic services, and restructuring of tax collection, pensions, and social security. Looking first at privatization, the sale of SOEs to private firms leads to the sacking of redundant state workers, contributing to higher unemployment, raising poverty rates (Beinen and Waterbury 1989). Privatization also leads to much higher prices for public services (e.g. water, electricity, etc.), as private firms seek to earn monopoly rents in sectors that have barriers to entry, driving more people into poverty (Kurtz and Brooks 2008).

Similarly, equalizing income tax rates under regressive tax reforms and a more flexible labour market are also likely to increase poverty (Morley et al. 1999; Rudra 2002). The 'Washington Consensus' has long championed lower tax rates for entrepreneurs and higher consumption-based taxes (e.g. value-added taxes) to promote job creation and boost revenues (Williamson 1990). Consumption taxes take a much higher share of the poor's disposable income. Likewise, the IMF has promoted abolishing taxes on the repatriation of foreign profits to attract capital from abroad. Such policies reduce government revenues, potentially lowering social spending resources for the poor.

Labour reforms are also likely to increase poverty. Previous research has shown that creating a more flexible labour market facilitates the hiring and firing of workers and the lowering of wages for lower-skilled employees (Rudra 2002). Unemployment

plays a role in increasing poverty but the fall in wages for less-skilled employees is also critical for people living on the margins. Our labour reforms' expectation coincides with Rickard and Caraway (2019), who find that IMF public sector conditions lower government spending on public sector wages, contributing to higher poverty rates. Further, pension and social security reforms also tend to follow with a more flexible labour force, again placing the more marginalized workers at risk of falling into the poor ranks.

Economic development of bailed-out countries in the long term. The IMF also promotes policies to reduce external and domestic arrears by imposing restrictions on available sources of credit (Kentikelenis et al., 2016). These monetary and debt measures typically lead to higher interest rates, increasing the cost of borrowing and making it more expensive for businesses to expand (Beck et al., 2008; Chletsos and Sintos, 2021a; Marques et al., 2017), which in turn may affect the creation and destruction of private sector jobs. Moreover, previous research documents that IMF conditionality has adverse effects on a range of labor related indicators, including employment levels, wages and employment protection policies (Lloyd and Weissman, 2002; Blanton et al., 2015). Pastor (1987) and Vreeland (2002) empirically investigate the impact of IMF programs on the labor share of income and show that IMF programs are linked to a decline in labor's share of income. In addition, Ohanyan and Androniceanu (2017) show that IMF participation decreases the level of employment using a combination of propensity score matching with the differences-in-differences estimator for the EU-28 between 1993 and 2013. Arguably, the IMF through its policy reforms can alter the underlying structure of an economy, including the labor market (Reinsberg et al., 2019; Chletsos and Sintos, 2021b). Therefore, I focus my attention on the implications of the 17th IMF program on unemployment in Ghana.

Ghana, a country located in West Africa, has in many ways made their intention known to the International Monetary Fund (IMF), on the strong grounds of seeking for assistance. The country, falling in the category of developing countries, has raced up many times to seek for financial assistance from the International Monetary Fund (IMF), to boost up the economy. The International Monetary Fund (IMF) in return scale out different programs, which are to be followed by the developing countries and these programs, serves as a traced out point of the organization's operation. The organization operates with series of conditions and which in turns places embargo on government employment in the developing countries.

Aryeetey and Baah-Boateng (2016) also found that Ghana's employment growth lags behind economic growth, with an estimated output elasticity of employment of 0.47, suggesting that every 1% of annual economic growth yields 0.47% growth of total employment. The unemployment problem seems to be more precarious for the youth aged between 18-35 years. This age group constitutes about 26% of the entire population of the country, but they account for nearly half of the total unemployed Ghanaians. A new frightening dimension of the unemployment problem is the rising levels of graduate unemployment, which is estimated to have reached over 44% of graduate leavers (Appiah-Kubi, 2016). In exchange for low-cost financing, the IMF requires governments to implement a set of reforms, known as conditionalities (Dreher, 2009). IMF's structural adjustment involves a series of reforms in sensitive policy areas, such as privatization of state-owned enterprises, trade and financial liberalization, economic deregulation, social policy, labor market reforms, and 'good governance' (Kentikelenis et al., 2016). These required structural adjustments designed by the IMF to its borrowers can affect the labor market and in turn the unemployment rate of recipient countries. My study follows the recent strand of the

literature (e.g. Forster et al., 2019; Kern et al., 2019; Reinsberg et al., 2021; Stubbs et al., 2020), by investigating both the effect of IMF program participation and conditionality. Most studies treat IMF programs as homogenous (e.g. they include only a binary indicator to capture IMF program participation) and are therefore unable to distinguish specific pathways via which IMF programs affect the outcome of interest.

#### **2.4. The International Monetary Fund (IMF) programs and poverty reduction in developing countries.**

Over the years the International Monetary Fund has sought to fulfil its mandate through a range of lending facilities to which low-income countries can turn when they have a balance of payments need. The institutional details of these facilities have been modified fairly often, with the latest changes being made in 2010. The Fund abandoned its Poverty Reduction and Growth Facility (PRGF), which itself had earlier replaced the Enhanced Structural Adjustment Facility (ESAF), and established a Poverty Reduction and Growth Trust with three concessional lending windows: Extended Credit Facility (ECF), the Standby Credit Facility (SCF) and the Rapid Credit Facility (RCF). The details of these facilities may be found elsewhere (IMF, Citation2016). However, in spite of the institutional changes, the basic objective remains much as it was before with the IMF aiming to bring about macroeconomic stabilization and structural reform as necessary in order to facilitate economic growth against the background of a sustainable balance of payments. Structural Adjustment was first undertaken in Ghana in response to a debt crisis and massive drought in the 1980s. Adjustment was the first of many approaches to poverty reduction in the developing world, as devised by the IMF and the World Bank. Asante and Ayee (2004, in Domfeh and Bawole 2009) define poverty reduction as, “designing,

implementing and targeting appropriate methods to ensure that scarce resources are allocated to activities that are likely to yield the greatest impact on the poor and decrease their levels of deprivation and vulnerability.”

According to the World Bank, gross external debt, at any one time, is the outstanding sum of all actual current liabilities owed by residents of an economy to nonresidents that are due for principal and interest payment(s) at some future date(s) but are not contingent. External debt, unemployment, and inflation are inevitable in all economies as some fiscal policies and economic recession affects smooth growth. However, the argument over debt's effectiveness, terms, and conditions continues to be driven by the connection between foreign debt and economic growth in times of economic and health crises (Aboudi & Khanchaoui, 2021). These factors directly affect the income level and standard of living in most developing countries in Africa, Asia, and some parts of southern America. When it comes to a country's development, having external debt is advantageous since it may be used for a variety of investment-focused initiatives, such as those involving infrastructure, power, or the agricultural sector (Shamim, Jawaid, & Madiha, 2017). Studies have shown that when used at a low level, external debt does have a good impact on the socioeconomic growth of any country, but when used more frequently, debt has a negative impact (Shamim et al., 2017).

William Baah - Boateng, a student of economics at the university of Ghana, made some clarifications on poverty reduction, in a paper he presented at a national workshop on an employment framework for Ghana's poverty reduction strategy organized by government of Ghana/UNDP/ILO on May 7, 2004 AT posited that; "One important initiative, which seeks to reverse the deteriorating employment and poverty situation as a result of the reform programs is the Heavily Indebted Poor

Countries' (HIPC) initiative. This initiative seeks to free national fiscal resources from debt servicing constraints to enable these countries improve human development through a comprehensive approach to poverty reduction. In fulfilment of the HIPC initiative, which Ghana has subscribed to since 2001, the government has put in place a medium term expenditure framework and poverty reduction strategies dubbed the Ghana Poverty Reduction Strategy Paper 2002-2004 (GPRS) for accelerated economic growth, employment creation and poverty reduction. The employment and poverty reduction implications of the GPRS need critical review to ascertain the employment outcome in a sustainable manner in the implementation process". According to the IMF Country Report No. 23/168, issued on May 2023; "Poverty Reduction and Social Spending in Ghana Over the past three decades, Ghana has made progress on poverty reduction, although regional inequalities have deepened. GDP per capita increased from US\$400 to US\$2,300 during 1990-2020. The share of the population living below the poverty line fell from 52.7 percent in 1991 to 23 percent in 2016. However, large regional disparities increased, with the Southern wealthiest regions seeing continuous poverty reduction, while poverty stagnated or increased in the North. Ghana's efforts to reduce poverty have been hindered by the current crisis. High inflation is particularly detrimental to the poorest. At the same time, the cushioning impact of social protection programs has been limited over the last two years due the government's acute financing pressures, which have reduced the actual delivery of social spending, and the non-indexation of social benefits".

The following highlights were castrated by the Business News, on October 27, 2015, on the theme " Poverty reduction in Ghana: Progress and challenges Story Highlights" during the section of discussion on how to reduce poverty in Ghana. "In the last two decades, sustained and inclusive growth has enabled Ghana to reduce the poverty rate



by half, according to a new World Bank poverty assessment. A more diversified economy and better educated skilled labour have driven growth, but growing inequality in consumption, regional disparities and a deteriorating macroeconomic environment pose challenges.

Policies to stimulate the private sector, improve infrastructure and improve access to opportunities can consolidate Ghana's middle-income status. Ghana's strong economic growth in the past two decades helped cut the country's poverty rate in half, from 52.6 per cent to 21.4 per cent between 1991 and 2012. This is based on Ghana's national poverty line. But according to the newly released "Poverty Reduction in Ghana: Progress and Challenges" report, sustained poverty reduction requires a commitment to reducing inequality and improving access to opportunities for all citizens. The report examines the factors behind Ghana's remarkable economic performance and progress in poverty reduction, as well as the challenges to continued national growth. It also provides a road-map for consolidating Ghana's middle-income status.

"Ghana entered a new stage of development when it was designated a middle-income country in 2011," says Pierella Paci, Lead Economist with the Poverty Global Practice at the World Bank. "Their challenge is to ensure that prosperity is shared across the entire population. A multifaceted, well-targeted and fiscally sustainable package of policies that balances the needs of the poor with the needs of the economy will help Ghana move in the right direction." Economic and socio-demographic change driven by structural transformation, the emergence of a more skilled labour force and geographical mobility helped reduce poverty in Ghana. Ghana's annual growth in gross domestic product (GDP) was steady, averaging between four and five per cent in the 1990s, ultimately reaching a stable rate of nearly eight per cent after 2006.

Ghana's rapid growth accelerated poverty reduction, cutting the poverty rate from 52.6 per cent to 21.4 per cent between 1991 and 2012. In 2012, Ghana's poverty rate was less than half the African average of 43 per cent. Extreme poverty declined even more, dropping from 37.6 per cent in 1991 to 9.6 per cent in 2013. There was also improvement on non-monetary indicators of poverty. Infant mortality declined from 57 deaths per 1,000 live births in 1998 to 41 in 2014 and under-five mortality declined by more than half. Although agriculture is still the main sector of employment, diversification of the economy beyond agriculture helped drive economic growth. The share of agriculture in GDP declined to 23 per cent in 2012 as the service sector (23.9 per cent of GDP growth) expanded. A better educated and more mobile labour force has resulted in better job opportunities. Between 1991 and 2012, the share of the labour force without schooling dropped from 41 per cent to 21 per cent. Fast-growing Accra and Ashanti gained over 2.4 million inhabitants".

Over the past few decades, the International Monetary Fund (IMF) has maintained that it is committed to lessening poverty in the developing world. The IMF's provision of concessional financial support through the Poverty Reduction and Growth Trust for low-income countries is evidence of the Fund's interest in lowering poverty (IMF 2021). The Fund's recent endorsement of fiscal stimulus measures to protect lives and livelihoods against COVID-19 further suggests its concern about people most at risk of economic hardship (Fiscal Monitor 2020). Although the IMF is not a unitary actor, and its management, research department, and staff may have different views on how to design lending programs to best address poverty, the IMF claims that its programs seek to achieve poverty reduction and growth (IMF 2021).

Some studies also seem to back the IMF's position, noting that since the Great Recession the Fund has given borrowers added discretionary fiscal stimulus and put

less emphasis on financial austerity (Ban 2015; Ostry, Loungani and Furceri 2016). Conversely, other scholarship finds that when countries participate in IMF arrangements, poverty increases and income distribution worsens (Easterly 2003; Forster et al. 2019; Garuda 2000; Oberdabernig 2013: 123; Vreeland 2002). Still, others indicate that while the Fund's poverty reduction programs have no adverse effects on the poor in borrower countries, they have limited impact on lessening poverty (Hajro and Joyce 2009; Lang 2021).

## **2.5. The International Monetary Fund programs and human development in the global perspective.**

Before the Arab Spring, IFIs (particularly the IMF) disregarded problems of equity, equal opportunity, and social protection, borne out in a careful reading of reports and correspondence between the IMF, Egypt, Morocco, and Tunisia (2006-2013). The contents reveal that the IMF did not integrate these issues into the growth strategy for which it was advocating until after the uprisings. The IMF still considers macroeconomic growth to have a positive impact on inclusive growth and pushes North African countries to expand the economic pie before redistributing it. The Moroccan experience negates this argument, as only some social groups benefited from the improvement in growth during the 2000s. Despite the decline in the poverty rate from 15.3 percent to 9 percent between 2001 and 2007, the proportion of Moroccans living on less than \$2 a day remained relatively high (14 percent nationally and 14.4 percent in rural areas). In addition, statistics from the High Commissioner for Planning indicate that 18 percent of Moroccans also remained vulnerable in 2007.<sup>213</sup> In total, a quarter of Morocco's population was either poor or at risk of falling into poverty. Morocco's ranking in the Human Development Index deteriorated from 112 in 2001 to 130 in 2013. Arab countries with a level of

development similar to Morocco's ranked better (94, 100, and 112 for Tunisia, Jordan, and Egypt, respectively). The United Nations Development Program's (UNDP) multidimensional poverty index, which focuses on the level of deprivation in education, health, and the standard of living reveals that 15.6 percent of the population (about 5 million citizens) suffered from this type of poverty in 2011, with 12.6 percent (4.1 million) close to the poverty line.

The apparent insouciance towards IMF dictates lies primarily in the structure of Iraq's economy and the prominence of oil.<sup>478</sup> The Iraqi government wields only partial control over oil output (subject to technical limitations and OPEC oil production quotas) and virtually no control over international oil prices. Price fluctuation can cause massive swings in revenue and relax restraints on Iraq's spending when oil prices are rising. Ultimately, rising oil prices since 2003 and to a lesser extent expanding output has allowed the Iraqi state to continue to expand the bureaucracy as it has - IMF advice notwithstanding. Short to medium-term political calculations for Iraq's government also runs counter to efforts aimed at curbing the public payroll and restructuring SOEs. The 2019 budget passed by parliament in January inflated public salaries - a case in point. With economic fortunes rising and falling with international oil prices and revenues, Iraq's public sector employment cannot expand sufficiently to act as either an efficient or an equitable allocator of oil revenues, nor can private sector employment respond adequately to even robust GDP growth. GDP grew by 40 percent from 2007 to 2012, but only 750,000 jobs were created, 80 percent of which were in the public sector. In the same period, poverty rates declined only marginally and unevenly as the expansion in jobs and income only peripherally reached the poor. The conflict with ISIS and population displacement since 2014 reversed the small gains against poverty of prior years.<sup>481</sup> Sanctions, decades of conflict, deteriorating

infrastructure and significant brain drain have contributed to stagnant development outcomes, regardless of the IMF's narrative about the need to protect social spending. In health, life expectancy at birth declined slightly between 2000 and 2007, but has increased since. Child and maternal mortality rates also declined from 2005 to 2011<sup>482</sup> despite limited spending as a portion of GDP on health vis-à-vis comparator countries.<sup>483</sup> In education, a modest increase in net primary and secondary enrollment was seen between 2000 and 2007, with the former reaching 92 percent in 2007.<sup>484</sup> In contrast to health, spending as a portion of GDP on education maintained pace with comparator countries and correspond with a rise in staffing and salaries, which has been easier to achieve than capital spending that relies on infrastructure and human skills or knowledge. Given the IMF's focus on macroeconomic stability to ensure the repayment of foreign debt, citizens' priorities - including employment, improving standards of living, and human development - did not receive priority in policy formulation, as demonstrated by unemployment, purchasing power, poverty, and vulnerability indicators. Rising Unemployment and Deteriorating Purchasing Power in Morocco.

The decline in government employment and the private sector's inability to compensate for the shortfall led to rising unemployment. Private sector employment opportunities reached only 10,000 per year during the period 1983-1993, far outstripped by the growth in the labor market. The significant decline in public investment also resulted in a decline in economic activity in important sectors such as manufacturing and public works, as did the reliance on the private sector to advance the economy, which failed to occur. The rate of private investment to GDP fell from 11.8 percent (1978-1980) to an average 11.4 percent through the 1980s and early 1990s, contravening the conventional wisdom put forth by IFIs that reforms would

boost these figures.<sup>190</sup> Urban unemployment rose from 9 percent in 1980 to 17.3 percent in 1991, then to 21.9 percent in 1999. Unemployment is considered more prevalent among youth (15 to 24 years old), representing 36 percent of those unemployed in 1984 and 41.3 percent in 1993. Young graduates and women are also more exposed to unemployment than others. The shift in employment in favor of the sectors dominated by trade, services, self-employment, and unregistered workers points to the growth of the informal economy. While the development of textile and clothing exports during the 1980s contributed to the entry of women into the labor market, they faced precarious and poor working conditions as unskilled workers. Since 2011, Egypt has continued to struggle with economic problems, including budget deficits, inflation, and rising unemployment. During the political transition - first under the rule of the Supreme Council of the Armed Forces (SCAF), then under President Mohammed Morsi - no long-term coherent economic policy took shape. Since Morsi's ouster in 2013, President Abdel Fattah al Sisi and his economic team have attempted to stabilize the economy through a series of painful reforms.

The IMF's \$12 billion Extended Fund Facility (EFF) arrangement, the largest agreement of its kind ever made in Egypt, was initiated in 2016 following several years of talks. It aimed to support the government's economic reform program, promote macroeconomic stability, and "return Egypt to strong and sustainable growth." Part of the program involved enacting measures to increase job opportunities for youth, including training programs and job search schemes. The World Bank initiated several projects to support Egypt in dealing with its economic challenges with a focus on youth. These include the "Supporting Egypt Education Reform Project," which aims to improve teaching and learning conditions in public schools. It focuses on five key parts: (1) improved early childhood education, (2) effective

teachers and education leaders, (3) comprehensive assessment reform for improved student learning, (4) enhancing education service delivery through connected systems, and (5) project management, communication, monitoring, and evaluation.

Another initiative was the “Emergency Employment Investment Project” (completed in 2018), which aimed to improve youth employability using short-term training. It also planned to generate short-term employment for unemployed and unskilled workers, create and maintain community infrastructure and services, and enhance access to them. Youth-specific components included providing grants to local nongovernmental organizations (NGOs), Community Development Agreements (CDAs), and piloting youth employment support activities for urban and rural communities. Despite these initiatives, the economic reforms had the unfortunate consequence of increased hardship on much of Egypt’s population. While floating the Egyptian pound did entice the return of some foreign investment, at the same time, the currency lost more than half its value, sharply driving up the cost of living as prices for fuel, food, and public utilities reached unprecedented levels. July 2017 saw the annual inflation rate rise to a record 34.2 percent, with transportation costs rising by 36.7 percent, healthcare by 24 percent, and food and beverage costs by 43 percent.

The inflation rate has since dropped to 14 percent, but the combination of high inflation and the 14 percent value-added tax (VAT) - a policy strongly supported by the IMF - has led common goods to become increasingly unaffordable for poor Egyptians. 550,551. At a macroeconomic scale, the economic reform program has born some fruit. The economy is rebounding and it is estimated that GDP will grow at a rate of approximately 5.7 percent in 2020.552. Despite the optimism, growing inequality continues to impact youth. In Egypt, inequality is reproduced through the perpetuation and intersection of different types of inequalities including in income,

wealth, education, gender, employment, and health. As it replicates across generations, these types of inequality inhibit social mobility among Egyptian youth. Pettit argues that social mobility is limited in Egypt as young people from poor families have very few social connections and networking capabilities with capital, which limit their life chances, including their ability to access quality education and employment. IFI programs have not been successful in addressing these deeply rooted issues and suffer from issues of scalability to have any long-term sustainable impact.

## **2.6. The social cost of the International Monetary Fund programs in Ghana.**

The heterodox economic theory defined social costs as the resultant sum of private costs incurred by direct individuals specifically involved in a transaction and external costs imposed on consumers (not directly involved) due to exposure to the transaction. Heterodox economic theorist, Karl William Kapp, disclosed that social costs are a largely non-market phenomenon which can be tangible and intangible damages and losses borne by third persons or the general public as a result of private economic activities (Berger, 2008; Nerves, 2018). Citing Kapp (1950 & 1983), Berger, 2008 defined social costs as “all direct and indirect losses sustained by third persons or the general public as a result of unrestrained economic activities”. The damages and losses are occasioned by economic activities driven by an obsession for profit by direct parties but shifted to and borne by other parties and communities. Social losses could manifest in adverse health effects on people, deterioration of property values and damage to property as well as diminution of natural wealth. Nerves, (2018) is of the view that social costs are unpaid costs by those who produce them. This position has been collaborated by Allouche et al., (2000) when they associated social costs to costs incurred by only third parties who are not contractually engaged in a project. Social costs spiraled from mere economic concept to find application in many



industries, including construction. It is noteworthy that social cost is not synonymous or analogous to corporate social responsibility (or shared value). The latter is a voluntary and self-regulating commitment by business to social accountability to society towards the improvement of quality of life (McWilliams et al., 2006). The former though is the cost consequence of a business's negative impact on society. Further, a social cost is not the same as social value which relates to the benefit a community derives from an organization operating within the locality (Daniel and Pasquire, 2019).

In January 1989 the Program of Action to Mitigate the Social Costs of Adjustment (PAMSCAD) was introduced as a safety net for population groups vulnerable to the effects of economic reform. PAMSCAD represents an early example of the application of a participatory approach to decision making on economic policy. The program was originally conceived as a series of small-scale projects originating at the local level. People in the villages were asked to identify their local needs, such as repair and rehabilitation of primary schools or the building of new health clinics, and about 1000 of these projects were selected for financing by international aid agencies that had pledged funds to PAMSCAD. Also in 1990, the government set up the National Development Planning Commission (NDPC), charged with formulating and implementing an enhanced economic strategy to consolidate the gains achieved by the Economic Reform Program (ERP) and to lay the foundations for accelerated economic growth and poverty reduction into the 21st century. Throughout its deliberations, the NDPC was to critically evaluate economic policies and continually adapt them to the overall goals of raising living standards and reducing poverty. During the first half of the 1990s, the NDPC established working groups made up of academicians, consultants, nongovernmental organizations (NGOs), and researchers

from the public and the private sectors, in an attempt to make the development effort as broad-based as possible. It was from these early efforts that the Ghana—Vision 2020 strategy would emerge in the mid-1990s.

The IMF Social Spending Strategy incorporates education and health as these, in addition to social protection spending, are regarded as significant drivers of inclusive growth. It is refreshing to note that the IMF Social Spending Strategy supports strengthening quantitative conditionality on social spending using social spending floors. We believe that this should be the anchor to the ongoing discussions to secure a deal between Ghana and the IMF. Recent IMF country reports (Argentina ,2018; Ecuador, 2018; Tunisia, 2018) suggests that social spending appears in the list of indicative targets and the incorporation of social protection as quantitative performance criteria. However, It has been argued that, although social spending targets appear in the conditionality tables of IMF loan reports, their non-binding character has meant that they lack impact on loan disbursements if not attained. Prioritizing social protection in an IMF program is critical and necessary for achieving the Sustainable Development Goals (SDGs) as a whole, and for sustained human development of children and women, and for realizing human rights. The Livelihood Empowerment Against Poverty (LEAP), the School Feeding program, the capitation program, the National Health Insurance Scheme (NHIS) and the Labour-Intensive Public Works (LIPW) are good social protection programs that could contribute greatly to protect the poor and vulnerable from the impact of fiscal adjustments.

Hence, I believe the IMF should encourage the government of Ghana in their program design to preserve and prioritize spending on social protection programs, with the view to providing an efficient social safety net for the poor and ensuring that

investment spending boosts the economy at a critical time. Ghana's previous engagements with the IMF provides evidence that IMF-sponsored programs and conditions have not been positive as far as providing safety net is concerned. Various examples point to adverse implications of IMF programming on the poor and vulnerable. For instance, ActionAid (2010) reports that the IMF loan and its associated conditions had adverse consequences on the social sectors of the Ghanaian economy. Evidence suggests that in 2009 as a way of aligning with IMF demands, Ghana cut spending on the social sector, particularly in health, education and local development, by deferring statutory payment into the GET Fund (for education infrastructure), NHF (healthcare delivery) and DACF (local development), while freezing recruitment into the educational sector. To meet IMF benchmarks and conditions, there were delays of payments into the GET Fund and an allocation of GH¢80 million for 2009 was not received.

Obviously, this had an adverse impact on poor school children who desperately needed basic school infrastructure. Ghana's last IMF-Extended Credit Facility Program (2015-2018) also saw government freezing employment in the public service, imposing hardships on Ghanaians seeking employment. This also meant that Community-based Health Planning and Services (CHPS) Compounds were without skilled medical personnel, whereas trained nurses were picketing at the Ministry of Health and Ministry of Employment and Labour Relations for jobs.

Sankay and Vinaya, (1993) made clear projections in their paper they presented on September, 1993 on the theme: "Finance and development" that; "Supported by a series of adjustment loans, Ghana has progressed in restructuring its expenditures. At the start of its adjustment program in 1983, the country faced a number of severe public spending problems. Nonwage O&M had been neglected, and public investment

had declined to less than 1 percent of GDP. The result was near-collapse of the country's economic infrastructure, severe erosion of social services, and weak social indicators as spending for health and education dropped.

In the context of the adjustment program, Ghana made substantial progress in addressing several problems. Capital expenditures to meet infrastructural needs had risen to about 8 percent of GDP by the end of the decade. Expenditures were restructured to increase the share of nonwage O&M in health, education, and agriculture. The share of social services (including education and health) in total expenditures increased dramatically, from 34.5 percent in 1984 to about 50 percent in 1989. Real per capita education spending increased by 150 percent between 1984 and 1989, while real per capita health expenditures tripled. The share of primary education also grew, and there was greater cost recovery and a reduction of subsidies for higher education.

Basic education enrollments and a range of health indicators also climbed. While much remains to be done, Ghana has begun to shift its spending priorities, supported by the specific measures and discussion that form part of its adjustment loan program".

Sergio et al., (2000), made projections on poverty reduction strategies, where clear emphasis was made on the Program of Action to Mitigate Social cost of Adjustment (PAMSCAD). According to them, " the Ghanaian government recognized early on that some components of the Economic Recovery Program "will exacerbate the economic problems of certain vulnerable groups in the short run, and this may impede the sustainability of the recovery program itself" (Government of Ghana, 1987). For example, among the obvious victims of the adjustment program would be laid off workers in the public sector. Therefore, the government developed and began to implement in 1988a package of measures organized under the umbrella of the

Program of Action to Mitigate the Social Costs of Adjustment to protect these groups from the adverse effects of reform. PAMSCAD focused on poor households in rural areas, especially those in the northern regions and those with limited access to income-earning opportunities and social services, as well as the urban poor and unemployed former civil service and state enterprise workers. The program emphasized community initiatives, employment generation through public works and food-for-work programs, training and placement services for those affected by public sector retrenchment, and provision of basic needs such as hand dug wells, low-cost sanitation, essential drugs, and supplemental nutrition. At the national level, PAMSCAD was integrated with the government's structural adjustment program, with joint responsibility vested in the Ministry of Finance and the Ministry of Local Government. A donors' conference was convened in February 1988 to discuss a menu of projects that donors might support; this conference generated pledges of support amounting to \$84 million for an initial program of 24 projects. PAMSCAD was given attention and support as an innovative means of addressing social concerns while economic adjustment is being promoted. It focused on specific groups and embodied a degree of decentralized policy action.

However, the program got off to a slow start and encountered problems. By the end of July 1990, only \$15 million in donor financing had been disbursed. Projects were widely dispersed geographically and across sectors, which strained implementation capacity, and targeting to the rural poor was deficient. Recommendation for improvement included devolution of responsibility for project initiation and implementation to the district level; capacity building at the district level; reduction of the number of donors involved in each project; more attention to recurrent costs; and incorporation of some projects into the regular public investment program".

## **2.7. Measures put in place by the government of Ghana to survive without aid.**

The agenda raising Ghana beyond aid, is a high striking projection of hope and a general sense of great impacts of future project of economic development castrated by the government of Ghana to help raise the economy beyond external support. The agenda "Ghana beyond aid" is a famous slogan groomed by the current sitting government, under the leadership of His Excellency Nana Addo Dankwah Akufo-Addo as a safety path to lead the economy of Ghana in to the promise land.

The International Monetary Fund staff team, prepared an issue paper on Ghana as a background documentation for the periodic consultation with the member country. The paper was prepared on the 20th of November, 2019. In this paper, they made critical projections on how Ghana can raise to a level beyond aid by throwing light on the necessary strategies put in place by the government of Ghana to raise the state beyond aid. The following write-ups depicts the strategies put in place by the government of Ghana, as presented by the staff team.

"Ghana has achieved impressive development gains over the last decades, with rising incomes, lower poverty, and better health, education, and gender outcomes. However, growth has recently become less inclusive, with high inequality and slower poverty reduction. To address these challenges, the authorities are pursuing a “Ghana beyond Aid” development strategy centered around agricultural modernization and export-led industrialization. Accelerating productivity growth calls for fostering competition, improving the business environment, strengthening human capital, taking advantage of growing regional markets and industrial policies that prioritize sectors that can export and innovate and where Ghana could achieve economies of scale. Consistent and predictable government policies can help increase long-term investment and improve public spending effectiveness.

Ghana has significantly improved living standards in recent decades. Incomes per capita more than doubled between 1992 and 2018, with average annual per capita growth of 3.2 percent. Poverty was reduced dramatically, with the poverty headcount at US\$1.90 a day (2011 PPP) declining from 50 percent of the population in 1991 to 12 percent in 2012. This was accompanied by major improvements in life expectancy, health and education, and a reduction in gender disparities, which resulted in Ghana's Human Development Index (HDI) increasing from 0.46 to 0.59. Ghana has been one of the top performers in SSA, although economic convergence with advanced economies has remained slow. Looking at the past three decades, Ghana's per capita income growth scored in the top quintile among Sub-Saharan Africa countries. The country also saw progress in income convergence with advanced economies, with Ghana's per capita income as a share of US per capita income increasing from 5.2 percent in 1990 to 7.6 percent in 2018, in PPP terms. This represents a marked improvement compared to previous decades when there had been no meaningful convergence.

However, it remains a slow catching up—for example, if income convergence were to continue at this rate in the future, it would still take almost 200 years to fully converge with US income levels. Economic growth has become less inclusive in recent years with growth relying more on extractive industries such as gold mining and oil and gas extraction. These industries tend to be largely foreign-owned and capital intensive, and thus generate relatively few jobs in the local economy. After the steady decline observed in previous decades, this period also saw slower poverty reduction, with the poverty headcount at US\$1.90 a day increasing from 12 to 13.3 percent between 2012 and 2016. In addition, inequality continued to rise gradually, with the income Gini coefficient increasing from 38.4 to 43.5 between 1991 and 2016, and the ratio of

average income earned by the top 10 percent of people in the income distribution relative to the bottom 10 percent increasing from 11.6 to 20.1 over the same year.

The authorities' "Ghana beyond Aid" strategy addresses these challenges by targeting a rapid growth acceleration. The strategy aims to bring the country from lower- to upper-middle income status within the next decade and draws inspiration from countries such as Thailand and Malaysia, which followed high growth trajectories beginning in the early 1960s while departing from similar initial conditions as Ghana (such as a large agricultural sector or being a commodity exporter).

Rapid growth would be achieved through agricultural modernization and export-led industrialization. The "Ghana beyond Aid" objective is to deliver large productivity gains by developing manufacturing, modernizing agriculture, improving human capital and technological capacity, investing in public infrastructure, and ultimately exporting higher value-added products such as processed agricultural and mineral products. The government also intends to double oil and gas production over the coming years, mainly through the exploration of new oil fields such as the Deepwater Tano Cape Three Points block (DWT/CTP), as well as to continue expanding the mining sector, which would involve sustaining Ghana's recently acquired status as Africa's top gold producer and ramping up production of other minerals such as bauxite, iron ore and manganese".

The following measures are put in place by the government of Ghana to raise the economy beyond aid.

### **2.7.1 Policies to Increase Medium- Term Growth**

The "Ghana beyond aid" strategy castrated by the government of Ghana, is an active strategy groomed up with high reasons of speeding up the growth level of the



economy, through the process of putting up good policies in place, which will inter brush up the economy to the land filled with milk and honey. The “Ghana beyond Aid” objective is to accelerate growth by significantly increasing productivity. The strategy takes inspiration from growth “miracles” in East and South East Asian countries, which managed to sustain rapid growth over several decades. Their strong performance relied on export-led industrialization models that combined structural change with large within industry productivity increases (Timmer et al, 2015). As observed in the previous section, this stands in contrast with Ghana’s experience in recent decades, with an under-developed manufacturing sector and stagnant productivity in manufacturing and services, a dynamic that is also observed

Sustaining rapid growth in Ghana is likely to require innovating from established growth models. Manufacturing played a key role in Asian growth “miracles” in part because it allowed countries export to large consumer markets without compromising their terms-of-trade advantage (Rodrik, 2005). Knowledge and technology transfer were relatively easier in manufacturing, and countries could achieve economies of scale and become competitive in narrow industries without necessarily becoming as productive in other sectors. In addition, manufacturing tended to be labor-intensive, and was thus capable of absorbing and lifting out of poverty large swaths of the population. These factors suggest that the “Ghana beyond Aid” focus on export oriented manufacturing remains essential to achieve a growth acceleration in Ghana. However, it is likely that this strategy will have to be complemented by efforts to simultaneously increase productivity in other sectors such as agriculture and services (Rodrik, 2016b).

### **2.7.2. Pursuing Export Oriented Industrialization**

Besides, Pursuing Export Oriented Industrialization is considered as a miraculous venture to boast an economy in level of platforms, where a great increase in industrial products is highly considered in an economy. The higher the increase in home made goods in an economy and its extensive preparation for export, helps drive home foreign exchange both in cash and in kind. The “Ghana beyond Aid” agenda envisions a significant increase in manufacturing output and exports. The authorities’ 10-point plan for industrial transformation designates several strategic anchor industries including agro processing, pharmaceuticals, integrated aluminum and steel industries, vehicle assembly, textiles, petrochemicals, industrial salt, industrial starch and oil palm processing.

However, the agenda "Ghana beyond aid" Strategy, is scrutinized as a juicy plan of action castrated to expand the development wing of the state, but to actualize these actions remains a great misery. The plan to help actualize the slogan "Ghana beyond aid" through the process of pursuing export oriented industrialization also includes a stimulus package to support distressed but viable firms by providing financing, technical assistance and facilitating access to markets, as well as the government’s flagship One District, One Factory (1D1F) program, which offers similar support with the aim of establishing at least one factory in each of the 216 regions.

Export diversification has been associated with stronger economic growth. An extensive academic literature finds a link between diversification and growth (e.g., Frankel and Romer 1999; Hausmann et al., 2007; IMF, 2017). Korea, where an early focus on labor-intensive manufacturing exports including textiles and assembly later gave way to more high-value added exports in equipment, cars and IT, is a case in point (e.g., Dornbush and Park, 1987). The prices of Ghana’s three largest commodity

exports (cocoa, gold and oil) are somewhat uncorrelated in international markets, which mitigates the effect of commodity price volatility on the economy. Further diversifying the export base to include more manufactured products could contribute to a more resilient and inclusive economy. Tapping a growing regional market can contribute to industrialization efforts. The Asian growth “miracles” benefitted from a largely benign global environment, and access to markets, capital and technology from advanced economies was a major ingredient in their export-led development strategies (Rodrik, 2005). The existence of regional powerhouses – first Japan, then China – that were open to trade also helped spur the development of regional value chains. In the case of Ghana, while intraregional trade remains relatively low, regional markets in ECOWAS and across Sub-Saharan Africa are developing fast, owing to rapid population growth and rising incomes (IMF, 2019a). Ongoing policy efforts to decrease trade barriers like the African Continental Free Trade Area (AfCFTA) create unique opportunities to expand trade across the region, especially with its secretariat located in Ghana.

Investments in education systems and teaching are also crucial to a successful industrialization strategy. Human capital accumulation is widely seen as significant driver of growth, helping to create a skilled workforce and increase the supply of entrepreneurs who can run more productive firms (e.g., Banerjee and Duflo, 2005; Gennaioli et al, 2013). It is also a dimension where Ghana has made remarkable progress in recent decades. Enrolment rates have increased across all education levels, and gender disparities in access to education have been greatly reduced. Public spending on education has been a government priority, as exemplified by the authorities’ commitment to universal high school enrolment through the Free SHS flagship program. However, despite higher enrolment, learning outcomes remain

subpar, with Ghana comparing poorly in the region on student performance and the 2015 Early Grade Reading Assessment finding that half of 2nd grade students could not read a single word, regardless of language (Ghana Education Service et al., 2015). Improving learning outcomes will be important going ahead, for example by reforming education systems and making teaching more effective (World Bank, 2018a).

Countries that experienced growth accelerations also often used industrial policies to support nascent manufacturing sectors. The rationale for industrial policy is that some industries with high growth potential should be protected when they are subject to externalities that prevent them from taking off, such as market imperfections or economies of scale (e.g., Dornbush and Park, 1987; Greenwald and Stiglitz, 2006; IMF, 2019c). A related argument is that certain activities require government investments to facilitate entry by individual entrepreneurs, for example because they are excessively risky or require coordinated policy actions across multiple dimensions (e.g., Murphy et al., 1989; Rodrik, 1995; Mazzucato, 2015). These policies shelter infant industries as they develop and can take different forms depending on the local context and institutions, including production subsidies, tariffs and licensing requirements that create sheltered domestic markets, export subsidies, tax incentives, local-content rules, subsidized or targeted credit, special investment zones, wage repression, and exchange rate policy. Cross-country experience suggest that industrial policy should prioritize sectors with potential to export and innovate and where Ghana has a comparative advantage. It is important to prioritize sectors with most room for continued innovation and expansion, in particular by encouraging competition between firms within each sector (IADB, 2014; Aghion et al., 2015; Cherif and Hasanov, 2019). Given budgetary constraints, it is necessary to limit financial support

(including via tax incentives) select industries and focus on structural reforms that eliminate barriers to manufacturing growth, such as access to land, ease of doing business, improving power supply reliability and increasing competition in the banking sector (e.g. IMF, 2019b). In general, sectors where Ghana has a clear comparative advantage and that can eventually be competitive without government support should be prioritized.

### **2.7.3. Modernizing Agriculture**

However, agriculture is considered highly as the back bone of every nation. Agriculture modernization is a powerful scheme pinned as a trending strategy to help raise the banner of the state high and to help raise the economy high beyond aid. Modernizing agriculture has to do with the state of fusing in to the agriculture sector series of relieving incentives, which will help boost up farming by making it attractive and in return, receive a remarkable return.

Agriculture remains a key driver of the Ghanaian economy. Although its relative share of employment has been steadily declining, agriculture still represents 20 percent of Ghana's GDP and about 35 percent of total employment. Moreover, rising agricultural productivity also contributes to higher agricultural wages, and thus to poverty reduction, especially in rural regions. There is still a large, untapped potential to increase agricultural productivity. Despite improvements over the years, agricultural productivity remains low in Ghana (and in SSA in general) compared to non-SSA countries, and there are large gaps between actual and potential yields (MOFA, 2017). These gaps are caused by several factors including low uptake of fertilizer and improved seed varieties; a reliance on rain-fed agriculture; low level of mechanization and challenges in access to finance, especially for long-term, "patient" capital investments; and low farmer human capital, especially among smallholder

farmers who represent the majority of farm holdings across the country (90 percent of farm holdings than 2 Ha in size). Catching-up to world productivity levels would transform agriculture in Ghana, and significantly boost inclusive growth (World Bank, 2018b). Increasing returns in the agriculture sector in a sustainable way can also strengthen incentives to prevent farmers from shifting towards small scale gold mining, which often has detrimental effects on the environment. Opportunities in agriculture are present in both traditional (e.g., cocoa) and nontraditional (e.g., cashew nuts, palm oil) crops in Ghana. Cocoa production remains a major activity in Ghana. Despite being one of the largest producers in the world, most of the chocolate value chain is located outside the country and closer to consumer markets such as the EU and US. This is unlikely to change over the medium term despite fast population growth in the region, because chocolate is perceived as a luxury good and its consumption is nonlinearly related to income. Nevertheless, there could still be significant growth opportunities in the sector by increasing cocoa yields and first stage cocoa bean processing in Ghana, and improving certification (e.g., for fair trade and high-quality beans). These steps are already being pursued by the COCOBOD, the government controlled cocoa board, in partnership with the African Development Bank.<sup>5</sup> Ghana also has strong potential to increase production in other crops such as rice, cashew nuts, rubber and palm oil, where yields remain low by international standards, and strong regional and global demand is more likely to pick up over the next decades (e.g., World Bank, 2013). Proximity to the large EU market and favorable weather seasonality also suggest opportunities to export fruit and vegetable-based products, as well as to substitute food imports. Targeted government support can complement private-sector investment to modernize agriculture. High-productivity agriculture is capital- and resource-intensive (especially water and

energy), so ensuring these factors exist in abundant and cheap supply is crucial. In addition to ongoing energy and financial sector reforms, government efforts have included investing in infrastructure and targeted agriculture subsidies, of which the Planting for Food and Jobs (PFJ) initiative is one example (MOFA, 2017; IMANI, 2017).

The program provides inputs such as fertilizer and improved seed varieties through a private sector-led market network at subsidized prices and raises awareness among farmers on how to use them. Beneficiaries have the option to pay half of input costs upfront and the remaining half at the end of the harvest, and the program is targeted at smallholder farmers only, with a limit on the volume of subsidized fertilizers to a maximum of 2 Ha land. Ideally, these subsidies would be gradually scaled down over time without affecting input take up rates, so it is important to combine them with other reforms that reduce input price markups and ensure steady and timely input supply (Houssou et al., 2018; World Bank, 2018).

Regional markets offer huge potential for agriculture and agro-processing industries in Ghana. In addition to traditional markets in the EU and the US, a growing urban, middle-class population in the region will create rising demand for higher value-added foods like meat, dairy, fish and processed foods (e.g., Tschirley et al., 2015). However, for local production to compete with foreign brands it will be necessary to develop the local food value chain so that it can deliver high food-quality standards. This will require investments in storage, transport, distribution and retail networks, improvements in marketing and branding, and better risk management practices. It is also important to integrate smallholders into the value chain, given the prevalence of small-scale farming, which could be done through farmer cooperatives and contract

farming, for example, as well as by facilitating a gradual shift to medium-scale farms (e.g., World Bank, 2018).

#### **2.7.4. Improving the Business Environment**

Continuing efforts to improve the ease of doing business in Ghana will contribute to increasing growth. Market-based allocations, predictable legal and policy frameworks, and low corruption are widely seen as pre-conditions for growth (e.g., Rodrik 2005, Acemoglu and Robinson 2013). A favorable and improving business climate in Ghana has certainly contributed to growth over the past decades, although there are still areas where it could do better, so as to enhance a cemented form of economic development. For example, in the recent 2020 Doing Business Report, Ghana compares favorably against the Sub-Saharan African average. When compared to upper-middle income countries, Ghana scores well in dimensions like starting a business, access to credit, access to electricity and protecting minority investors, but is behind on other categories such as resolving insolvency, trading across borders, and paying taxes. Ongoing structural reforms to encourage formalization and digitalization can also help improve the business environment. Streamlined customs procedures at the revamped Tema port may facilitate cross-border trade by reducing the cost and time requirements of documentary compliance, a contributing factor to Ghana's lower score in this dimension. In addition, the introduction of unique digital addresses for every location across the country through the National Digital Property Addressing System (NDPAS), which was launched in 2017 and is expected to be completed in 2020, could contribute significantly to increasing the size of the formal economy. Unique addresses will allow businesses to locate clients more easily, which in turn can support growth in online and financial services. Linking these addresses to property and credit registries could also help improve land tenure and reduce property



title disputes. Finally, digital addresses may increase tax collection by improving information on business location and registration. Ongoing plans to digitize tax and judicial procedures and health records, introduce national ID cards and expand mobile banking could also have a significant positive impact on the ease of doing business. Reducing the public sector's gross financing needs would also help re-orient domestic savings and foreign capital towards local entrepreneurs. Business surveys consistently identify the high cost of capital and limited access to "patient", long-term credit as two main bottlenecks to the growth of local manufacturing firms. This contrasts with the large capital inflows to Ghana in recent years, in line with the pattern observed across the broader Sub-Saharan Africa region (IMF, 2018). These inflows have largely been absorbed by the extractive sector, including mining and oil and gas, and by large fiscal deficits, with only limited foreign capital targeting domestic manufacturing. The problem is compounded by the large domestic financing needs of the public sector which crowd out private-sector growth, which remains anemic despite a sweeping clean-up of the financial sector.

## 2.8 Conceptual Framework

The researcher's general reflection and view point of the study is clearly stated as the conceptual framework. The researcher will base on the following concept as a framework for the study

IMF ..... ECONOMY OF GHANA ..... EMPLOYMENT  
(PROGRAMS) \_\_\_\_\_ (GOVERNMENT)

The above diagram depicts the relationship between the international monetary fund and the Ghana as a state. The international monetary fund plays a crucial role in making sure that, developing countries live up to a befitting standard, as they provide needy states with loans to help boost up their economies. The relevance of the international monetary fund cannot be underestimated but, in the mist of all this glories, it also posse a negative trait on unemployment in developing countries, and which Ghana is within the scope of study. The loans giving by the IMF are companied with high rate of conditions, which end up making the operation within the economy difficult. The loans received from the IMF by the government of Ghana is not been used for the necessary intended development based on which the money was received, and as a result making the economy face a lot of setbacks. The broken lines tracing from the IMF to Ghana as a state, depicts the positive and the negative implications of the IMF on the economic development of Ghana, where the help rendered by the IMF intends demands for a vast return from the economy of Ghana. The assistance the IMF renders to Ghana is lesser than the benefits they obtain from the state. The straight line tracing from the Ghana to the IMF also depicts the huge payment made by the Ghana to the IMF. The broken lines tracing from the economy of Ghana and its government towards unemployment also depicts the low level of unemployment in the mist of the IMF assistance to the economy of Ghana. The various programs

initiated by the International Monetary Fund (IMF), reflects a huge mark of cost on their victims and this cost is referred to as Social cost.



## CHAPTER THREE

### METHODOLOGY

#### 3.0 Introduction:

The methodology chapter is projected as the heart of the research, since all the necessary procedures and steps intended to be used in making the search a meaningful one is broadly exposed under this chapter. The methodology of a research work depicts the systematic procedures a researcher dives through in order to give meaningful explanations to the factors that pushed him or her to conduct the research. The following headings are addressed under this chapter; research paradigm, research approach, research design, documents and reports used for the study and source, source of data, data collection instruments and data analysis.

#### 3.1 Research Paradigm

Even though philosophical ideas remain primarily hidden in research (Slife & Williams, 1995), they still have a lot of influence on research practice and need to be highly identified. A research paradigm serves as the foundation on which the research is built. Also, from this research paradigm, an explanation can be given as to why a researcher chose a particular method or approach (Mixed method, Qualitative or Quantitative). Scholars have argued that, the philosophical paradigm briefs up the claims of the researcher concerning what knowledge is (ontology), how we know it (epistemology), and what go in to it (axiology), the process for studying it (methodology) and how we write about it (rhetoric) (Creswell & Creswell, 2018).

The research will be conducted in line with the interpretivist philosophical orientation about the world and the nature of research that a researcher presents to study. This research paradigm will allow the researcher to capture the diversity of the study

context due to its exploratory nature. The interpretivist school of thought makes critical projections that, knowledge is socially constructed and hence encourages the researcher to visit the natural habitats of informants to gather data.

### **3.2 Research Approach**

This research work adopted the qualitative research approach. Qualitative research affords the researcher to observe social life in its natural habitat. Qualitative research intends to understand a particular social situation, event, role, group, or interaction. It is basically an investigative process where the researcher systematically makes sense of a social phenomenon by cataloguing, replicating, comparing and classifying the object of study (Miles & Huberman, 1984). Scholars have also argued that, the qualitative research approach entails participating in the everyday life of the setting chosen for the study; the researcher travels in to the informants' world and then solicit for the views of informants on a particular issue through an ongoing interaction (Marshall & Rossman (1989). Qualitative research approach is essential because it encourages researchers to view social life in its natural habitat: to travel to where the action is and have a view of it. This type of research can produce a deeper understanding of many social Phenomenon than can be achieved through other observational means, provided that the researcher observes in a deliberative, well planned and active way (Babbie, 2021).

### **3.3 Research Design**

A case study design was adopted for the study. This seeks to ascertain the implications of International Monetary Fund programs on the economic development in Ghana in the Fourth Republic. Through case study, the researcher hopes to pounce of vital information that reflects out strong reactions on the implications of the 17th

International Monetary Fund (IMF) program on unemployment in Ghana and the social cost of International Monetary Fund (IMF) programs in Ghana, where a clear picture is projected as to where the study will cover or take place. Merriam (2001) argued that, insights projections from case studies can directly influence procedures, policy and future research. Yin (2018) posited that, case studies are essential because the questions demands an “in-depth” and extensive description of some social phenomenon.

### **3.4 Source of Data**

Secondary data was adopted for the study. The secondary data was derived from the review of similar works, journals, archives, books, newspapers and articles. Moreover, important documents were retrieved from the International Monetary Fund data base on their engagement with Ghana and the various programs they have executed.

### **3.5 Research Documents**

The research work made reference to literature, which was obtained from various sources. The following documents were used for designing and driving home facts, which turned up rendering the necessary help to the questions levelled out by the researcher and also helped in meeting up the objectives of the study. Documents on human development index, which was derived from the International Monetary Fund's database. Documents on poverty reduction in developing countries, which was also obtained from the international monetary fund's database.

Documents on human development index and poverty reduction in developing countries, from the United Nations database was also be used for the study, so as to drive home the needed responses to the researcher's questions. The documents used

for this study were obtained from the International Monetary Fund's database and the United Nations database because of its authenticity.

### **3.6 Data collection Instruments/Techniques**

A content analysis was made with data received from articles, journals, books, newspapers, archives and data from other related works. The research was reviewed and analyzed on the grounds of analyzing content through secondary data.

### **3.7 Data Analysis**

Data obtain from secondary sources such as journals, articles, newspapers, archives, books and other pressing documents was systematically presented, in such a way that, it projected the very objectives of the research.



## CHAPTER FOUR

### RESULTS AND DISCUSSIONS

#### 4.0 Introduction

The chapter four (4) of this research work, makes room for critical analysis and breakdown of data, received from interviewees and a reviewed literature schemed by scholars from the same field of study, thus a study surrounding Ghana and her engagement with the International Monetary Fund (IMF).

This chapter, makes crucial projections on the following headings; the positive implications of the 17th IMF program on unemployment in Ghana, the negative implications of the 17th IMF program on unemployment in Ghana, the social cost of the International Monetary Fund (IMF) programs in Ghana and the necessary measures put in place by the government of Ghana to raise the economy beyond aid.

#### 4.1 The positive implications of the 17th International Monetary Fund (IMF) program on unemployment in Ghana.

The positive implications of the 17th IMF program on unemployment in Ghana, refers to the crucial and a high level of assistance, the International Monetary Fund (IMF) renders in support to eradicate the unemployment syndrome in Ghana. The International Monetary Fund (IMF) has in diverse ways contributed in raising down financial burdens of countries in need. The issue of unemployment has become a household slogan in Ghana. The International Monetary Fund (IMF) has since time immemorial engage in financial transactions with many Africa countries and which, Ghana is placed on the door step to receive a critical analysis.

The International Monetary Fund (IMF) engagement with Africa has been a game of laid down conditions on the side of the financial organization and a sense of



acceptance by countries in need. Aside these conditions, the organization has gone far to offer a hand shake of help to the countries in need, by helping in the fight against unemployment by scheming out effective programs to aid in the battle.

The 17th International Monetary Fund (IMF) program, has helped in the provision of employment in Ghana, tracing from the following evidence;

The basic conception of the IMF's role is to uphold global financial stability, and it is often considered as the “crisis manager” for developing and developed countries. With its loan programs the IMF promoted policy reforms, such as the privatization of state-owned enterprises, trade and financial liberalization, economic deregulation, social policy, labor market reforms, and ‘good governance’, able to restructure the domestic economy of borrowing countries (Kentikelenis et al., 2016).

However, tracing out from the intellectual voices of (Kentikelenis et al., 2016), the International Monetary Fund (IMF) is well endowed with special qualities of providing countries in need with heavenly relief offers and treats which makes such countries to bounce back in the mist of crisis. The financial organization, cannot be denied its glories and undying desire of leading countries to their desire stage of development. The 17th International Monetary Fund (IMF) program, which is the current program signed between the government of Ghana and the executives of the financial institution, to certain extent have contributed to projecting employment level in Ghana, but does that on a low scale.

Since the beginning of its lending programs, the IMF has suggested that labor market deregulations increase employment and reduce unemployment (Howell, 2005). The IMF has specifically argued that the causes of high unemployment can be found in labor market institutions (e.g. IMF, 2003, p. 129); these institutions are crucial to

countries' labor markets since they can absorb macroeconomic shocks, improve competitiveness and prevent a persistent rise in unemployment (Nickell and Layard, 1999).

Besides, the financial institution has made several claims on the very grounds that, unemployment is associated with labor market institutions. (Howell, 2015) also projected out comments made by the financial institution, which has to do with the suggestion they made on the grounds that, labor market deregulations increase employment and as well stands in the very space to limit unemployment. The financial institution projects it's self as ambassador of employment but, the very work on grounds exposes the linkages.

According to the former Managing Director of the International Monetary Fund (IMF), Michel Camdessus, "Our primary objective is... high-quality growth," not merely "growth for the privileged few, leaving the poor with nothing but empty promises" (Camdessus, 1990).

However, the formal Managing Director of the financial institution, projected out the very mission and objectives of the institution, which is not sugar coated words, but rather, a great move with very needs of the poor in mind.

Reinsberg et al. (2019) demonstrate that collective labor rights increase in the wake of IMF programs.

However, comparing the findings scale out by Abouharb and Cingranelli (2007) and Blanton et al. (2015) in their research findings that, IMF programs reduce individual and collective labor rights. Reinsberg et al. (2019) on the other hand, found out that, IMF programs increases collective labor rights. The financial institution, has made series of achievement since time immemorial, which traces from the angle of providing financial assistance to countries in need and which the recent 17th program

in Ghana, paved way for the West Africa country to receive financial aid from the financial institution. The 3 billion Dollars loan will go a long way to promote development but the idea of employment is very low since, the program is surrendered by heap of conditions which includes unemployment.

#### **4.2 The negative implications of the 17th International Monetary Fund (IMF) program on unemployment in Ghana.**

Unemployment has become an unavoidable verse in music and also a headache, which cure in many instances turns out abortive. Ghana has engaged the International Monetary Fund (IMF) in series of deals and the recent one, sums up to be the 17th deal, Ghana has strike with the International Monetary Fund (IMF). Scholars, from different angles have lamented highly on how the International Monetary Fund (IMF) programs have aided in retiring employment in Ghana and the rate at which it has encouraged unemployment at its fastest rate.

The negative implications of the recent International Monetary Fund (IMF) program on unemployment is heavily ripped and needs harvest.

A strand of literature highlights the impact of international financial institutions (IFIs) on labor (Blanton et al., 2015; Martin and Brady, 2007; Nooruddin and Vreeland, 2010; Vreeland, 2002). Previous work points out that these organizations have notoriously sought to increase the “flexibility” of labor markets – that is, increasing employers' ease in hiring, firing, or setting working hours (Burgess, 2010, p.202) – in borrowing countries, with the promise of future economic growth. Furthermore, previous studies examine the link between IMF programs and labor rights. While Abouharb and Cingranelli (2007) and Blanton et al. (2015) conclude that IMF programs significantly reduce both individual and collective labor rights.

However, the above comments levelled up by scholars depicts the unholy level at which the 17th International Monetary Fund (IMF) program have contributed to fueling up the flames of unemployment in Ghana. The three years bail out contract signed up between the government of Ghana and the International Monetary Fund (IMF), took off with a welcome salutation, which restricts the government from employing people in to the public sector.

Previous studies highlight that IMF loan programs can have multi-level effects on borrowing countries, including their growth rates (Barro and Lee, 2005; Dreher, 2006), poverty and income inequality (Oberdabernig, 2013; Forster et al., 2019; Lang, 2021; Stubbs et al., 2021; Chletsos and Sintos, 2022), labor rights (Lloyd and Weissman, 2002; Reinsberg et al., 2019), tax revenue (Crivelli and Gupta, 2016; Reinsberg et al., 2020), public spending (Rickard and Caraway, 2019) and health outcomes (Forster et al., 2020).

Besides, the International Monetary Fund (IMF), tracing from its historical records melts out series of havoc, which in its extended capacity is refer to as effect on its victims, which the recent bail out deals between the government of Ghana and the International Monetary Fund (IMF) that gave birth to the 17th program holds a strong nail down prowess on development. Scholars from all angles of life, vehemently produce feedback on side effect of International Monetary Fund (IMF) on countries in need, and which the above literature attest to the fact.

Abouharb and Cingranelli (2007) and Blanton et al. (2015) conclude that IMF programs significantly reduce both individual and collective labor rights.

However, series of comments tracing heavily from the camp of Abouharb and Cingranelli (2007) and Blanton et al. (2015), gives clarification on the grounds that,

IMF programs limits both individual and collective labor rights. The feedbacks from these scholars, makes strong emphasis on the nature of rights considered recently under the current operational International Monetary Fund (IMF) program as labor rights. The very rights of the individual or rights known as collective are under serious trait.

Previous studies find that IMF programs have negative effects on income distribution. [The International Monetary Fund and Latin America: Economic Stabilization and Class Conflict, Westview Press, Boulder, 1987a; World Dev. 15 (1987b) 365; World Dev. 28 (2000) 1031].

According to the above literature, International Monetary Fund (IMF) programs commands a length of setbacks on income distribution. Income distribution is presented as the division of after work rewards, known as payment among group of people or individuals. The current International Monetary Fund (IMF) program, has crippled the warriors of employment hence, making it hard for people to boast of basic income.

Przeworski and Vreeland (2000) find that IMF programs lower annual economic growth by 1.5% each year that a country participates, and find no evidence that programs help in the long-run. Apparently, the IMF has not achieved the goal of promoting economic growth.

Besides, the International Monetary Fund (IMF) programs is known for its annual reduction of growth rate with respect to limiting the speed at which an economy expands. I strongly buy in to the findings of Przeworski and Vreeland (2000) that, " International Monetary Fund (IMF) programs lowers annual economic growth by 1.5 % each year that a country participates ". The 17th International Monetary Fund (IMF)

program exerts heap of distractions hence, slated out as an ambassador of unemployment.

#### **4.2.1 Outcomes of unemployment on the lives of individuals**

Unemployment has a detrimental effect on the health of individual citizens in the state, and this series of harmful outcomes projects a negative form of energy towards national development since, active individuals enhances quick national growth and vice versa.

Tracing from the lens of literature, the level of unemployment is linked to various health outcomes. An increased level of unemployment is associated with several mental health issues, such as mixed symptoms of distress, depression, anxiety, psychosomatic symptoms, subjective well-being, and self-esteem (e.g. Backhans and Hemmingsson, 2012; Björklund and Eriksson, 1998; McKee-Ryan et al., 2005; Paul and Moser, 2009). There is also evidence that unemployment increases mortality rates and suicidal behavior (e.g. Córdoba-Doña et al., 2014; Gerdtham and Johannesson, 2003; Lundin et al., 2010; Platt, 1984). Moreover, previous research points out that unemployment increases alcohol consumption and drug use (Henkel, 2011).

Tracing out from literature, IMF programs can have a great negative effect of health outcomes on citizens in borrowing countries (Forster et al., 2020).

However, there is a lot of unpleasant outcomes, contributing to the very unemployment achievement of the various financial institutions and amongst which, the very testimonies of the International Monetary Fund (IMF), counting on their contribution in cutting off employment have traced towards. Tracing from the sketch of literature, unemployment leads to the increasing of mortality rates and suicidal behavior. I agree with literature to the extent that, since unemployment leads to the expansion of mortality rates and suicidal acts, and from the facts gathered on

International Monetary Fund (IMF) Programs as an avenue of unemployment, the 17th program exists as a living testimony.

#### **4.3 Social cost of International Monetary Fund (IMF) programs in Ghana.**

Social cost in a juicy term, refers to the cost incurred by the society as a result of certain impacts pine down on the society by an individual or external forces. The International Monetary Fund (IMF) has engaged Ghana in a lot of deals and each deal, gives birth to a program of action to safeguard the transaction. These programs castrated by the International Monetary Fund (IMF) through its era of operation, leaves a wide scar on its victims. The countries in need, ends up incurring a lot of expenses, which couples up as a general cost caused by the various programs schemed by the International Monetary Fund (IMF).

The Program of Action to Mitigate Social Cost Adjustment (PAMSCAD) and Structural Adjustment program are the two programs slated out for critical analysis, diving in to the cost it weighed out on society in the course of their operation in Ghana.

##### **4.3.1 Program of Action to Mitigate the Social Costs of Adjustment (PAMSCAD)**

The program of Action to Mitigate the Social Cost of adjustment (PAMSCAD), is an activated program nurtured on the juicy grounds of ensuring the fruitful living conditions of citizens in Ghana. This program in its length of operation, has birth out series of costs on the society, despite its initial cordial system of operation.

According to literature, the Ghanaian government recognized early on that some components of the Economic Recovery Program "will exacerbate the economic problems of certain vulnerable groups in the short run, and this may impede the sustainability of the recovery program itself" (Government of Ghana, 1987). For

example, among the obvious victims of the adjustment program would be laid off workers in the public sector. Therefore, the government developed and began to implement in 1988 a package of measures organized under the umbrella of the Program of Action to Mitigate the Social Costs of Adjustment to protect these groups from the adverse effects of reform. PAMSCAD focused on poor households in rural areas, especially those in the northern regions and those with limited access to income-earning opportunities and social services, as well as the urban poor and unemployed former civil service and state enterprise workers. The program emphasized community initiatives, employment generation through public works and food-for-work programs, training and placement services for those affected by public sector retrenchment, and provision of basic needs such as hand dug wells, low-cost sanitation, essential drugs, and supplemental nutrition.

However, there was much focus on the structure adjustment programs which was taken effect from 1984 to 1989, when cost of services was at it top notch in the sense that, the old educational policies and health policies received a destructive knockout by the Structure adjustment programs. The government of Ghana, saw the need of signing in for a flexible program that will help elevate the country from the catastrophic economic empowerment initiated by the Structural adjustment programs. The Program of Action to Mitigate Social Cost Adjustment (PAMSCAD) was introduced in to the system to clear out the mess cause by the Structural adjustment programs in the early 1980's.

#### **4.3.2 Structural Adjustment Program**

In exchange for low-cost financing, the IMF requires governments to implement a set of reforms, known as conditions (Dreher, 2009). IMF's structural adjustment involves a series of reforms in sensitive policy areas, such as privatization of state-owned



enterprises, trade and financial liberalization, economic deregulation, social policy, labor market reforms, and 'good governance' (Kentikelenis et al., 2016). These required structural adjustments designed by the IMF to its borrowers can affect the labor market and in turn the unemployment rate of recipient countries.

Ghana's economy SAP - led and structural adjustment brought about the initiation of vast changes to the economic structure of Ghana. Ghana's first adoption of International Monetary Fund (IMF) loan conditionality which surfaced in the form of structural adjustment programs triggered up great hope from the arena of the ruling party, the Provisional National Defense Council (PNDC). The Provisional National Defense Council (PNDC) projected out a vision of improvement that, when the IMF and other Western actors get involve in the economic projection of Ghana, on the very grounds of assisting in the making of good policies, will promote economic stability and growth (Graham, 1988).

The incumbent government, the Provisional National Defense Council, launched its Economic Recovery Program (ERP) in collaboration with the World Bank and the International Monetary Fund (IMF), which have been influencing the structure of the Ghana's economy ever since (Konadu - Agyeman & Kwaku Takyi, 2001).

However, 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.

A great cut down on public expenditure is required under International Monetary Fund (IMF) loan conditionality in order to create space for improvement in the private sector and reduce government influence over the economy, both key components of the neoliberal view of a healthy economy (Konadu - Agyeman & Kwaku Takyi, 2001).

Besides, neoliberals hold it in their thoughts that, a healthy economy can be achieved when, the private sector of an economy is groomed and twisted on a smooth spin wheel, so that, it can rotate as expected and by so doing limits the influence of government on the economy. The new initiatives groomed by the Structural Adjustment programs in the 1980's, brought a lot of doom in the economic system of Ghana.

The heat of these slowdowns, were made in the provision of social services;

Ghana's Educational Reform Program changed the cash free system of education in country in to a cash and carry system, where individuals are to pay for service delivered, thus the educational system was privatized following the International Monetary Fund (IMF) and World Bank calls to cut public spending in 1987 (Kuyini, 2013).

However, tracing out from literature, Kuyini, 2013 highlighted on the very grounds where the Structural Adjustment Programs casted a great net around the existing siren education system, which later deformed it structure negatively, in such a way that, people have to pay some slated amount of money before they can be allowed access in to any educational facilities in the country. The Structural Adjustment Programs introduced in the 1980's, inflicted a lot of pains and destruction in the educational system in the country.

The Hospital Fee Regulation Act of 1985 brought in to existence, the nation's cash and carry system, which faced patients to pay for health care in all public hospitals (Kusi - Ampofo, Church, Conteh, & Heimiller, 2015).

Besides, the new initiated International Monetary Fund (IMF), which was famously addressed as the Structural Adjustment, brought a huge length of break downs in to

the health sector, where the old system of free health care was replaced with the cash and carry system of health care, where patients are asked to pay for health services they receive. The Structural Adjustment Programs in the 1980's threw a strong punch on the health sector of the economy, thereby making citizens to spend much on their health before they receive treatment.

More flexible regulations intended to attract foreign donors have led to unfairly executed layoffs with inadequate severance packages (Panford, 2001).

However, (Pandford, 2001) lamented highly that, the Structural Adjustment Programs, kicked off foreign assistance, which was highly expected, based on the existing friendly policies. The Structural Adjustment, introduced in to the system new regulations, which later led to the withdrawal of foreign aid, since the SAPs initiated programs were not potent enough.

However, it is highly 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 Structural Adjustment in Ghana, public debt has continued to grow rapidly. This is concerning because, economists generally conclude that, rising debt is negatively correlated with economic buoyancy in developing economies, especially when debt services become a significant burden (Amoako - Tuffour, 2001)

However, tracing out from the lens of literature, (Amoako - Tuffour, 2001) lamented out that, throughout the good number of years the Structural Adjustment Programs were highly active in its operation, citizens were cultivating strong expectations on the very grounds of seeing tremendous change in the economic management system. The grand expectations of every nation under any International Monetary Fund (IMF)

program, is to experience positive miracles at the end of the tunnel, but the Structural Adjustment Programs failed drastically.

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, despite many scholars criticizing the impacts of SAPs on Ghana's export industries, unemployment, underemployment rate, and debt servicing burden, the IMF consistently attributes Ghana's participation in SAPs as an economic progress.

Ghana was considered the fastest growing African economy in 2014 due to its 8 percent average growth rate (Bonga - Bonga & Ahaikpor, 2016).

#### **4.3.2.1 Sociocultural Impacts of Structural Adjustment Programs in Ghana**

However, the sociocultural impacts of structural adjustment programs, have to do with the negative implications of the program on the siren democratic atmosphere of the Ghanaian economy, tracing from the genesis of its initiation. The Structural Adjustment Programs assisted in twisting the clock of the economy of Ghana in the 1980's and these twist, brought in to the system serious setbacks in health care and education in Ghana. The research is making projections on the setbacks on education and health care in the 1980's as sociocultural impacts of the Structural Adjustment programs in Ghana.

The themes, setback in health care and education, coupling up as sociocultural impacts of the structural adjustment programs in Ghana is highlighted below;

#### **4.3.2.1.1 Changing Education Policies**

Ghana passed the Education Reform Program after four years it first instituted the structural adjustment programs in 1987. This initiative, started the transition of Ghana educational system towards privatization (Kuyini, 2013).

Besides, the system of educational privatization, is traced from the very birth of the new Educational Reform Program, which turned the Ghana educational system around, in such a way that, citizens have to pay money before they can be enrolled in school. This new educational policy is powered by the Structural Adjustment initiatives laid out in the 1980's.

The percentage of Ghana's GDP allocated to the education system dropped significantly, due to the structural adjustment principle of reducing public expenditure (Panford, 2001). With low level of public spending on education, the average quality of education dropped significantly across the country. Because of the difficult working conditions that accompanied lack of funding, the most highly trained teachers in Ghana, at all educational levels, started emigrating to other African nations and the West (Panford, 2001).

However, the changes in the educational policies, which took effect under the operation of the Structural Adjustment, led to a drastic reduction in quality education in Ghana and it even affected the level of professionalism in the system of education, which raised to the extent that, only few wealthy citizens are fortunate to access quality education, since the larger portion of the popular, do not have what it takes to acquire good education.

Therefore, Ghana began to face a scarcity of adequately trained teachers. There were 24,000 untrained teachers employed across Ghana by 2008 (Kuyini, 2013). Even with the employment of teachers who are not trained, there are too few to give out full

attention to each student. Consequently, urban classrooms began averaging 45-55 students each (Kuyini, 2013). However, the educational system faced high length of setbacks, which got to level that, even the non-qualified teachers, who were employed to teach the students, do not even give enough time and attention to the students. The Structural Adjustment Programs brought a massive heat in to the educational system, where, there was great increase in the number of students in the class room, in the various urban areas in the country. Therefore, transitioning education towards privatization resulted in Ghanaian students receiving significantly lower quality education overall.

#### **4.3.2.1.2 Changing Health care policies**

The Provisional National Defense Council (PNDC), the national governing party at the time, passed the Hospital Fee Regulation Act in 1985, two years after the adoption of structural adjustment (Kusi-Ampofo, Church, Conteh, & Heinmiller, 2015). This new program, brought about the cash-and-carry system of healthcare, eliminating government subsidizing of healthcare costs. Patients were now required to pay user fees in their entirety where, the government had provided free and universal healthcare for over a decade following Ghana's independence. (Kusi-Ampofo, Church, Conteh, & Heinmiller, 2015).

However, the Structural Adjustment made a huge turnout in the health sector, where citizens were asked to pay for health care services in the country. The new health care policies were brought in to operation on the very grounds of the Structural Adjustment. The Structural Adjustment, changed the topic of public health care provision to private health care provision, which is also accorded as privatization of health care. This initiative, is still making impacts in Ghana, where, people have to pay money before they are being attended to in the hospital.

The cutting away of government healthcare subsidies as a deflationary measure is a key component of the Structural Adjustment Programs 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 Structural Adjustment Programs exacerbation of wealth and social inequality.

#### **4.4 Measures put in place by the government to raise Ghana beyond aid.**

The titanic slogan, Ghana beyond aid is a schemed-out vision drafted by the current government, which in their widest projection, will serve as an effective incentive to boast up the economy of Ghana on a fair ground. Ghana Beyond Aid' (GhBA) vision aimed at promoting structural economic transformation through the use of national resources while reducing dependence on donor aid.

In recent years, there has been growing interest among lower-middle income countries (LMICs) to reduce their dependence on donor resources, framed normatively as 'beyond aid'. The New Patriotic Party (NPP), under the leadership of His Excellency Nana Addo Danquah Akufo Addo, resumed office in the year 2016 and considering the condition of the state, the quest to expand became a strong point of attraction and based on which, the authorities drafted out some effective measures to help project Ghana to a level beyond aid.

The following are the necessary measures slated out by the government to assist in raising the economy beyond aid; Pursuing export-oriented industrialization, Policies to increase medium-term growth, Improving the business environment, Modernizing agriculture.

The above measures are carefully addressed in themes and below is the analysis of these themes;

#### **4.4.1 Pursuing export-oriented industrialization**

Export-oriented industrialization is an economic policy aimed towards boosting industrialization by developing the export sector in goods in which the country has a comparative advantage. Export oriented industrialization is scheme out by the Akufo-Addo led government on the very promising grounds of introduction series of innovations and also expand the industrial capacity of the economy so as to produce more goods and services internally and also make great reservations for exportation. The exported goods will help scale up the financial prowess of the nation and hence, aid in speeding up development.

##### **4.4.1.1 Effects of EOI on economic development:**

Export-oriented industrialization helps in the economic development of a country in ways which are as follows:

1. Export oriented industrialization helps in improving a nation's foreign currency finances and ensures a balance of payments surplus.
2. Export oriented industrialization calls for greater productivity from domestic producers to cope with the competition from foreign producers.
3. Export oriented industrialization, if implemented effectively, can help generate money from abroad which can be used to improve the domestic economy and raise the standards of living.

#### **4.4.2 Policies to increase medium-term growth**

Medium - term growth in economic concept has to do with the rate at which an economy behaves, whether it swings on the line of quick recovery or at its stagnant state. Increase medium-term growth sketched out as a pressing strategy castrated by the government of Ghana, under the leadership of his excellency Nana Addo Dankwah Akufo-Addo the president of Ghana aims to speed up the level of economic



growth at its highest notch. over the medium-term, the MTRS seeks to grow tax revenue relative

to non-oil GDP from around 13% to approximately 18%-20%. Non-tax revenue is also expected to grow from 2.2% to 4.0% of GDP within the same period.

Besides, tracing from the lens of national GDP, as tax revenue is concern, the very need to speed up the level of taxation in the Ghanaian economy is highly considered, in such a way that, the Gross Domestic Product (GDP), receives a quick level of upgrade from a certain atomic percentage to a grand stage. Medium - term - growth, exposes out the fast nature of economic growth. The government of intended to upgrade the very format of tax collection, through the introduction of modern techniques in order to help strengthen the financial prowess of the economy and as a result, lead to quick growth.

#### **4.4.3 Improving the business environment**

Improving the business environment as a strategy castrated by the government of Ghana has to do with introducing different initiatives and convincing guidelines to aid stir up the business sectors of the economy being it public or private. Improving the standard and quality of business unit in Ghana is considered as a key vision that needs to be nurtured in order to fetch huge tone of profit, which will help in economic development.

However, the government of Ghana, considering the inadequacy of job opportunities in the public sector, schemed it highly as part of its dream to provide employment for the good citizens of mother Ghana, through the birth of the great initiative "Ghana beyond aid". The government intends to pump in cash in to the business environment, so as to help upgrade the strength of the business wings in Ghana. Both the private and the public business sectors are facing series of backwardness and hence, making

the business outputs to receive a high level of slow down, due to the inadequate level of inputs, being it financial or better policies.

The planning committee, under the chairmanship of the Senior Minister Yaw Osafo Marfo, included the quest of enriching the business arena as part of the strategic lenses, through which the economy will receive its development without aid, but through internal financing and policies.

#### **4.4.4 Modernizing agriculture**

Modernizing agriculture is a pressing strategy schemed out by the government of Ghana coupling up in the quest to raise Ghana to a very graceful point beyond aid. The notion agriculture modernization has to do with introducing modern mechanisms and initiatives which includes modern technology and ideas of enriching and spicing up agriculture, so as to aid produce on a larger scale with very little effort. The strategy of modernizing agriculture contributes to directing the interest of the youth towards agriculture and hence, serves as an avenue of providing employment.

According to literature captured from the camp of the ministry of finance in the year 2023, "Since 2017, the MAG program has procured 266 Double Cabin Pick-Up vehicles for 260 MMDAs, 16 4X4 Station Wagon vehicles for the 16 Regional Departments of Agriculture, 3,196 motorbikes to all AEAs, 2,305 Field Uniforms, 2,107 Wellington Boots, etc. The number of farmers visited by agricultural extension officers increased from 2.8 million in 2017 to 3.7 million in 2020. At the end of 2020, the MAG program contributed to production increases through extension and demonstrations as well as home and farm visits having maize production increased by 5%, rice increased by 5%, cassava increased by 7% and sorghum increased by 8%".

Besides, the selected committee responsible for pioneering the Ghana beyond aid agenda, have scale out series of objectives and program, which will be in operation,

so as to assist in actualizing the projected agenda. The following are the objectives and programs listed by the planning committee as a success tool towards piloting the Ghana beyond aid agenda on a smooth ground;

#### **A. Objectives**

1. Increased Food Self Sufficiency (including reduced rice and poultry imports)
2. Diversify and increase agricultural exports
3. Cut down post-harvest losses
4. Promote climate resilient farming
5. Improved farm yields
6. Optimize Ghana's market share of global cocoa value chain

#### **B. Programs**

1. Planting for Food & Jobs (PFJ)
2. Rearing for Food & Jobs (RFJ)
3. Planting for Export and Rural Development
4. Warehousing Development Program
5. Ghana Irrigation Development Authority (GIDA) Irrigation Schemes
6. One-Village-One-Dam
7. Fall Army Worm Control (FAW)
8. Ghana-Cote D'Ivoire Initiative
9. National Livestock Breeding Stations Project

The above slated programs and objectives are tapped from a document presented by the planning committee of the Ghana beyond aid, under the chairmanship of Yaw Osafo Marfo, the senior minister on April, 2019.

However, the spoken words and the written words are highly observed but, the means of actualization is a Mistry to unravel.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.0 Introduction

The chapter five (5) of this research work consists of the following headings; the findings, recommendations, summary and the conclusion. The chapter five (5), turns out to be the final chapter of the research work and hence, houses the researcher's findings, recommendations, summary and his or her conclusion to the entire research conducted.

#### 5.1 Research Findings

The researcher, out of his systematic and intensive procedural approach to this research work, came out with series of findings and which these findings are tackled in three (3) groups.

##### 5.1.1 The positive and the negative implications of the 17th IMF program on unemployment in Ghana.

This research work, projects intensively in to digging out both the negative and the positive implications of the 17th International Monetary Fund (IMF) program on unemployment in Ghana. The extension of the credit facility program, which is the 17th International Monetary Fund (IMF) melts a side way effects on unemployment in Ghana.

The following are the necessary findings milked out by the researcher throughout his quest to ascertain the positive and the negative implications of the 17th International Monetary Fund (IMF) Program on unemployment in Ghana.

**Firstly**, in the quest to unravel the implications associated with the 17th International Monetary Fund (IMF) program on unemployment in Ghana, I found out that, the 17th

International Monetary Fund (IMF) program significantly increases unemployment rate in Ghana.

**Secondly**, I found out that only IMF conditions have a detrimental and highly significant effect on the unemployment rate. This shows that, International Monetary Fund (IMF) programs presents itself as an obstacle that hinders the green light of employment in Ghana and hence, reduces the rate of national development.

**Thirdly**, there is evidence that, the adverse short-run effect of IMF conditions holds robust in the long-run.

### **5.1.2 Social Cost of IMF programs in Ghana.**

The researcher in his quest to unravel the necessary cost International Monetary Fund (IMF) programs melts on countries in need, and which Ghana became a considerable arena to research. The following findings are weighed out by the researcher on the field of study, as a result of critical and systematic projections through a terror review of literature;

**Firstly**, in the quest to unravel the cost International Monetary Fund (IMF) programs melts on the economy of Ghana, which in its preferable term refers to as the social cost, I found out that, every International Monetary Fund (IMF) program projects a level of cost on the economy, been it higher or lower.

**Secondly**, I found out that, International Monetary Fund (IMF) programs nails down the very developing star of crippled states, thus countries in need. Ghana's engagement with the financial institution, has been a journey of hands to mouth. A systematic review of literature, makes a strong commentary on the fact that, International Monetary Fund (IMF) programs in the long round, exerts a degrading impacts on the very development of countries in need.

### **5.1.3 measures put in place by the government of Ghana to raise Ghana beyond aid.**

This research piece has made lengthy projections in to spraying out the very measures put in place by the government of Ghana to project the economy beyond aid. The researcher in his undying quest to unravel the skeleton behind the mask, ended up making the following findings;

**Firstly**, there is clear picture that projects the non-practicality aspect of government promises tracing from history. Through my quest to fish out the measures put out by the government of Ghana to raise Ghana beyond aid, I found out that, the government gives juicy promises to gain the trust of the citizens but do not keep to such promises.

**Secondly**, I found out that, the agenda "Ghana beyond aid" is a juicy agenda but, lacks the necessary machineries to drive home the agenda. There is absent of technological factor, teamwork and well endow advisory bodies to make clear and projective policies towards the actualization of the Ghana beyond aid agenda.

### **5.2 Research Recommendations**

This research work is backed up strictly with strong and juicy recommendations from the researcher, which serves as a pain relief to the illness of the research, which is termed as the findings associated with the research work.

The recommendations schemed by the researcher as a possible way out to calm down the waves of the research findings are presented in three (3) groups.

### **5.2.1 The positive and the negative implications of the 17th IMF program on unemployment in Ghana.**

**Firstly**, I recommend that, International Monetary Fund (IMF) programs should be highly reviewed by the selected committee in charge of the loan deal so that, initiated programs do not bounce back a trait to national development.

**Secondly**, I recommend that, programs which are **carefully** reviewed by the selected committee should be carefully observed so as to avoid any form of future mistakes.

### **5.2.2 Social Cost of IMF programs in Ghana.**

**Firstly**, I recommend that, the government of Ghana should always make a deep background check on every program before signing out for loans from the financial institution, so as to know the advantages and the disadvantages of running such programs.

**Secondly**, the government of Ghana should, weigh out the force the program intends to exert on the cost of living so that, the pressure from the heat of the program will not harm but make lives of citizens better without experiencing any form of unnecessary cost.

### **5.2.3 measures put in place by the government of Ghana to raise Ghana beyond aid.**

**Firstly**, I recommend that, the government of Ghana should always make a trace out of its promises and then work according to such, thus making the paper work a reality.

**Secondly**, the government of Ghana should set up an active and a very promising team who are very well experienced to help drive home the juicy agenda on a smooth ground. The government should as well increase its technological strength, so as to

make quick trace to modernization and hence, lead to the actualization of the agenda Ghana beyond aid.

### **5.3 Research Summary**

The overall top notch of every research work is to produce the very primary motivate on which grounds it was conducted. The social cost of International Monetary Fund (IMF) programs in Ghana, is laudable and juicy footprint to consider. The various programs castrated by the International Monetary Fund (IMF) came with its cost in one way or the other and this cost is addressed as the social cost. The researcher, through his intensive consultation with literature, came out with a heap of instances where International Monetary Fund (IMF) programs projects cost on the societies in Ghana. The researcher as well made projections on the necessary measures put in place by the government of Ghana to raise Ghana beyond aid.

The researcher made a high length of projections in to diving out both the negative and the positive implications of the 17th International Monetary Fund (IMF) program on unemployment in Ghana.

The researcher assisted in the quest of adding to literature by exposing out negative and positive implications of the 17th International Monetary Fund (IMF) on unemployment in Ghana. The researcher made a lot of findings and recommendations associated with the research work and this out comes stands to stretch out it wings to embrace literature.

### **5.4 Research Conclusion**

The main motive behind every country's quest of borrowing is considered as a pressing fact that exist as an ultimate source of survival. The economic issues in developing countries and not isolating the unemployment syndrome as a giant factor,



is a clear picture that depicts the snail movement, where every sector of a state receives a slow pace of development. Ghana, a country in the West of African, is drag out for its continuous involvement with the International Monetary Fund (IMF) and which this strong attachment since time immemorial has a shaking signs of improvement. The research work, captures a pressing points of study, which in the researcher's quest of study has brought in the broad they light the social cost of the International Monetary Fund (IMF) programs in Ghana and also, presenting out the negative and the positive implications of the 17th International Monetary Fund (IMF) program in Ghana. The strategic approach slated out by the government of Ghana to raise Ghana beyond aid is welcoming idea but, actualizing it is considered a might.



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