



AUSTERITY, SOVEREIGN DEBT, AND SOCIAL DEVELOPMENT: LESSONS FROM GHANA

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DEVELOPMENT ALTERNATIVES
WITH WOMEN FOR A NEW ERA

ABSTRACT

In May 2023, Ghana secured a programme of financial support from the International Monetary Fund (IMF) to deal with severe economic crises, partly triggered by its mounting debt burden. The country has subsequently embarked on a programme of debt restructuring and economic reforms that the IMF expects to increase domestic revenue mobilisation, improve the management of public resources, and create even greater room for the private sector. While these reforms do not address the root causes of the recurring debt crisis across the global South, they have historically contributed to the reversal of social and economic development. This paper provides an overview of trends in Ghana's debt since the early 2000s and the corresponding impact on social spending. We argue that the reforms proposed under the current IMF programme would further exacerbate the precarious social conditions of women and girls as government spending on education, healthcare, water and sanitation, among others, are cut. Solving the recurrent debt crisis requires South-South solidarity and cooperation because the problem is rooted in the systemic subordination of the global South in the international financial architecture.

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LIST OF ACRONYMS

IDIF	One District, One Factory programme
AOI	Agriculture Orientation Index
BWI	Bretton Woods Institutions
DAGF	District Assemblies Common Fund
DDEP	Domestic Debt Exchange Programme
DSA	Debt Sustainability Analysis
e-levy	Electronic Transactions Levy
ECF	Extended Credit Facility
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GETFund	Ghana Education Trust Fund
GHS	Ghana cedis
GSFP	Ghana School Feeding Programme
IFFs	Illicit Financial Flows
IFIs	International Financial Institutions
IMF	International Monetary Fund
NHF	National Health Fund
NHIS	National Health Insurance Scheme

REDD+	Reducing emissions from deforestation and forest degradation in developing countries
RFI	Rapid Financing Instrument
SAPs	Structural Adjustment Programmes
SDG	Sustainable Development Goal
USD	United States dollar
WDI	World Development Indicators

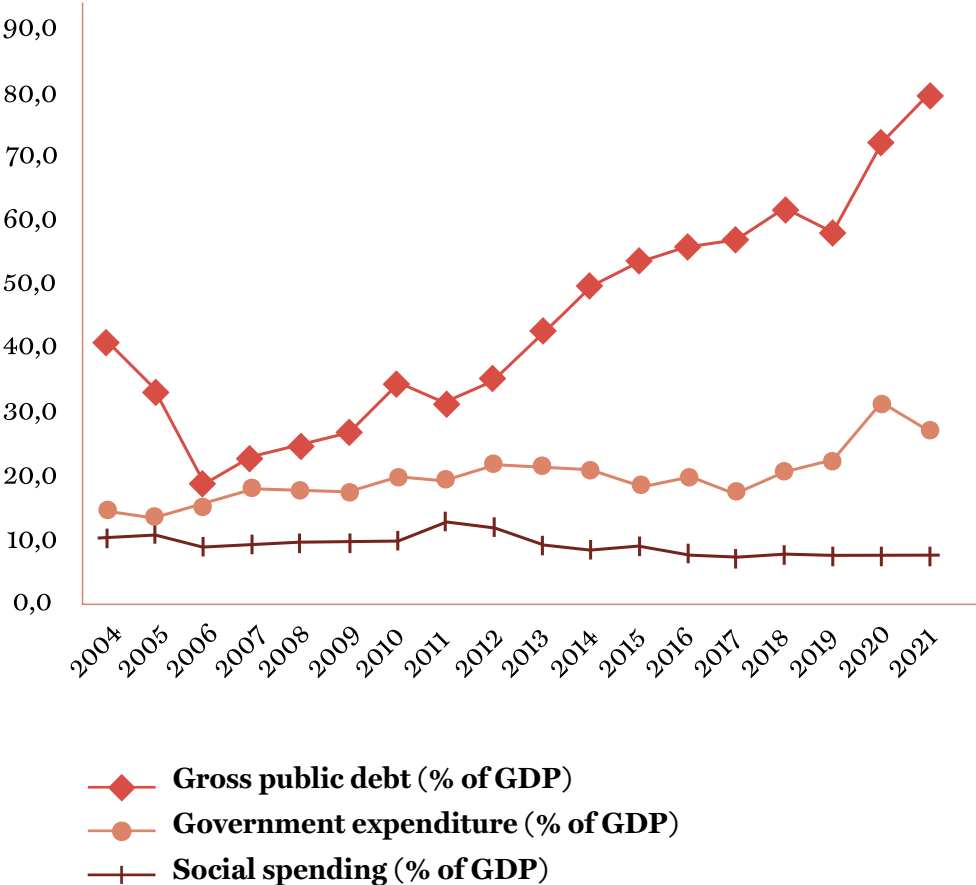
EXECUTIVE SUMMARY

Ghana emerged from the Covid-19 pandemic with a severe debt crisis that compelled the country to seek its seventeenth bailout programme with the International Monetary Fund (IMF, n.d.-b). Secured in May 2023, the programme proposed a set of reforms intended to increase government revenue, cut spending, and promote more private sector participation. Ghana's experience is not unique. The post-Covid-19 context has witnessed a sharp increase in debt-distress across the Global South, with the IMF playing a key role in their debt restructuring efforts. The market-oriented reforms proposed under Ghana's current IMF continue the legacy of the structural adjustment programmes (SAPs) that introduced harsh austerity measures that dismantled social safety nets and worsened poverty, particularly for women, youth, rural dwellers, and the urban poor. More fundamentally, these market-oriented reforms fail to address the underlying cause of the country's cycles of indebtedness and economic crises, a problem that is rooted in the extremely unequal structure of the international economic and financial system that reproduces the centuries-long inequalities between the developing countries and the western countries that colonised them. Ghana's position within this system creates the conditions for perpetuating the economic legacies of colonialism, particularly the heavy dependence on primary commodity exports. The economic constraints created by the country's adverse position in the international system are exacerbated by the imprudent policy choices that prioritise regime survival in the context of extremely competitive elections over the needs of the economy. Given the immediate visibility of the issue of corruption and economic mismanagement, the mainstream discourses on Ghana's debt crisis have largely elided the role of the unequal international economic system, focusing almost exclusively on the domestic policy choices that, although important, are not the primary cause of the crisis.

Against this background, this paper examines the impact of austerity policies of Ghana's seventeenth IMF bailout programme on women and other economically vulnerable groups in the country. We argue that while the programme's austerity policies would certainly increase hardships, they neither break the vicious cycle of debt distress nor address the country's need for structural economic transformation that would enable it to overcome its dependence on primary commodity exports. As a precondition for securing an IMF bailout programme in 2022, the government had to undertake a painful domestic debt restructuring exercise that imposed a haircut (i.e., reduction in the value of interest or principal while prioritising full payments to external creditors) on the investment of domestic creditors, including pension funds

and individuals, thus laying the foundation for years of hardship for pensioners. Moreover, even before the current debt crisis, government spending as share of GDP has been declining as its public debt stock grew. Under the new austerity regime, social spending is going to decline even further (see **Figure I**)

Figure I
Trend in public debt and government social spending (% of GDP)



Source: Authors based on World Bank & IMF data, 2024

To secure the agreement, the government also had to demonstrate to the IMF that it was making serious efforts at revenue mobilisation. This led to the introduction of a raft of regressive taxes, including a widely unpopular tax on mobile money services that the government began implementing in May 2022 despite public outrage and serious parliamentary opposition. The tax primarily targeted workers in the informal economy who were regarded as outside the tax net despite paying a disproportionate amount of their earnings in tolls and fees compared to what many formal sector workers pay in income tax. In December 2023, the government announced a 15 per cent VAT on residential electricity which was expected to contribute 0.17 per cent to

the GDP but had to withdraw it because of strong public opposition and the threat of a nation-wide strike by organised labour. However, the IMF (2024) expected the government to reintroduce “this measure when the inflation dynamics are more conducive” (p. 10). While attention remains focused on extracting more taxes from the poor, the state continues to lose revenue because large corporations and wealthy individuals can avoid paying taxes. Between 2002 and 2011 alone, Ghana is estimated to have lost US\$14.39 billion through illicit financial flows linked to trade misinvoicing in the extractive sector (Africa Centre for Energy Policy, 2015). And in 2022, while the State was imposing widely unpopular regressive taxes, it was simultaneously attempting to grant tax relief of GHS5.5 billion to 45 companies.

The cost of these efforts at debt sustainability and economic recovery has fallen heavily on women and girls. The reduction of social spending has shifted the costs to households and increased the burden of social reproduction, which tends to fall on women and girls. The following example illustrates how the crisis, the conditionalities and the focus on debt servicing affect women. In early 2024, Ghana was affected with power cuts due to multifaceted problems linked to the management of and the low investment in the power production, transmission and supply. The crisis loudly resonated in households in a number of ways. Without power, households that have access to labour-saving technology dependent on electricity are unable to use this equipment which affects reproductive work, mostly done by women. Power outages affect the use of essential household gadgets such as washing machines, blenders, microwave ovens, rice cookers, refrigerators and water pumps which lessen the reproduction work burden. At the national level, almost all social protection programmes, namely National Health Insurance, School Feeding Programme and the cash transfer grant, Livelihood Empowerment Against Poverty (LEAP) are affected by the crisis.

Our work contributes to a growing body of scholarship that is advocating that the ongoing debt crisis across the Global South should be leveraged to usher in a just international financial system that would totally overhaul the current imperialist one (Akolgo, 2023; Alami et al., 2023; Chowdhury & Sundaram, 2023). However, in the short to medium term, pragmatic steps could be taken domestically to increase the fiscal space for social spending, including tightening of the very lax tax system for corporations and sealing existing loopholes.

INTRODUCTION

In May 2023, Ghana secured a programme of financial support from the International Monetary Fund (IMF) to deal with severe economic crises partly triggered by its mounting debt burden. The IMF seeks “to enhance domestic resource mobilisation, strengthen public financial management, and create a business environment that fosters private sector development”. However, Ghana’s experience has shown the high social cost of such programmes of fiscal austerity as they dismantle already threadbare social safety nets and worsen poverty, particularly for women, youth, rural dwellers, and the urban poor. Ghana’s experience is not unique, however. Soon after emerging from the COVID-19 pandemic, many countries in the global South have been swept up in a debt crisis that could reverse decades of social development. A 2023 United Nations report estimated that global public debt has increased from USD17 trillion in 2002 to USD92 trillion in 2022 (UNCTAD, 2023). Developing countries account for only 30 per cent of this debt, but they have seen the fastest debt accumulation during this period. In the years immediately leading up to the current crisis, the COVID-19 pandemic fuelled increased borrowing, necessitating massive public health and social protection spending in the context of sharp contractions in government revenue and the fallouts of the Russian-Ukraine war (Akolgo, 2023; Asante, 2025; Chowdhury & Sundaram, 2023). While these recent shocks did put enormous strain on public finances, the roots of the crisis extend much further back in time. Indeed, as the UN report observes, the rate of borrowing by developing countries over the past decade has outstripped that of the developed countries owing to their greater need for development financing (UNCTAD, 2023).

Ghana's current bailout programme with the IMF marks the seventeenth time the country has gone to the Fund for economic relief since independence. This vicious cycle of indebtedness and economic crisis is linked to the adverse structural position of Ghana and other developing countries within the international financial architecture. The advanced capitalist economies in the Euro-American orbit dominate the institutions, norms, and practices of this architecture. They ensure that the interests and perspectives of global South countries are marginalised in the decision-making processes of the international financial institutions (IFIs) and their policy prescriptions. The system thus reproduces the centuries-long inequalities between the West and the rest that go back to the eras of colonialism and the slave trade by subordinating global South countries to the interests of those in the global North and, in particular, to transnational capital (Akolgo, 2023; Alami et al., 2023).

One of the most consequential mechanisms by which this subordination is enforced is the imposition of fiscal and financial policies that prioritise the global financial system's stability over the global South's developmental needs (Valiani, 2023). The IMF and the World Bank, the two most important IFIs, are crucial in maintaining this status quo. Using the financial assistance that they extend to desperate governments as leverage, they can pressure recipient countries to adopt draconian austerity policies that ensure debt repayment obligations are met, leading to cuts to public spending on health, education, and social services while also decimating the productive capabilities of these countries (Gayi, 1995; Konadu-Agyemang, 2000). The IMF's own internal analyses point out that austerity policies deepen hardships while not stimulating the expected economic growth or recovery (Ostry et al., 2016). More critical observers have described its policy prescriptions as devices for debt collection, not genuine development policies (Bienefeld, 2000).

Moreover, powerful multinational corporations (MNCs) dominate Ghana's extractive sector, benefiting from extremely generous tax regimes, comprising waivers and tax holidays unavailable to domestic economic actors, including market women and informal sector traders who pay daily tolls and fees (Anyidoho et al., 2023). At any rate, the state loses large amounts of money through illicit financial flows (IFFs) including practices such as trade mispricing (Carbonnier et al., 2024a; Kuditchar, 2021; Valiani, 2023). As such, the country is starved of desperately needed resources to finance its massive infrastructural, social, and economic development needs, pushing it to rely even more heavily on international capital markets to finance its debt. The economy is also vulnerable to fluctuations in global interest rates and swings in investor moods, leading to the wild shifts in capital inflows and outflows that profoundly impact developing nations' debt sustainability (Chowdhury & Sundaram, 2023).

The weak geopolitical position of global South countries leaves them with an ever-narrowing space for domestic policy autonomy. The aversion by the IFIs and the entire so-called development community to state-led development strategies frustrates efforts by developing countries to escape the poverty trap. Ghana emerged from colonial rule with a severely underinvested public sector and a weak and undiversified economy dependent on primary commodity exports, mainly cocoa and gold. Thus, the Ghanaian economy is susceptible to commodity market volatility and uncertainties (Akolgo, 2023). The country needs an ambitious development vision to overcome these monumental challenges, build robust public institutions, invest in human capital, and foster inclusive economic growth (Mkandawire & Soludo, 1999). Such an ambitious development agenda, contrary to the advisories of the IMF and the World Bank, cannot be outsourced to the private sector.

However, within the narrow policy space afforded the country, the choices made by political elites have often contributed to worsening the problem. Political leaders frequently manipulate initiatives developed to promote economic productivity and improve livelihoods to improve their chances of winning power in Ghana's highly competitive elections (Asante, 2023; Asante & Khisa, 2019; Banful, 2011). For example, the flagship Planting for Food and Jobs programme, launched in 2017 to boost agricultural productivity and enhance rural livelihoods, was marred by both the diversion of subsidised fertiliser procured at great expense to the state and operational lapses that limited rural women's access to the fertilisers (Asante & Mullard, 2021). Moreover, in 2017, the newly elected government scrapped several so-called "nuisance taxes" and borrowed to fill the ensuing fiscal hole it had created for itself (Akolgo, 2023).

Given the immediacy of corruption and economic mismanagement, the mainstream discourses on Ghana's debt crisis have largely elided the role of the unequal international economic system. Consequently, proposals for economic recovery highlight the need to enhance government revenue while reducing expenditure. Once fully implemented, the impacts of these proposals would negatively affect Ghanaians across the socioeconomic ladder. They could trigger political unrest, as happened in July 2024 in Kenya following the parliamentary passage of the Finance Bill. In Ghana, similar symptoms of erosion of political legitimacy were evident in expressions of public outrage at the introduction of the controversial Electronic Transactions Levy (e-levy) that imposed a tax on mobile money transactions above GHS100 (Asante et al., 2024). At the same time, these periods of political tension may also present the opportunity to debate and reimagine the social contract democratically. They may pave the way for a more inclusive future with the right configuration of social mobilisation, coalition building, and activism.

Against this background, this study examines the impact of austerity policies on Ghana's women and other economically vulnerable groups. We argue that while economic mismanagement and "reckless spending" may explain part of the problem, obsession with these domestic factors in the mainstream diagnosis of Ghana's recurrent debt crises distracts analytical and policy attention from the more insidious ways in which the extremely unequal international financial architecture deprives global South countries of the desperately needed resources for national development. The misdiagnosis, in turn, leads to the prescription of austerity policies that are not only unfit to solve but exacerbate the underlying problem. As the paper shows, correcting this analytical flaw is not simply a matter of arcane academic debate but is necessary for building an equitable and just world. Debt-induced austerity policies exacerbate women and girls' precarious social conditions, given government spending cuts in education, healthcare, water and sanitation, and agriculture. In Ghana's experience, such policies have increased the cost of education and school dropout rates, increased the care burden on women, and aggravated the problem of economic precarity. Thus, our paper contributes to the growing body of scholarship advocating for leveraging the ongoing debt crisis across the global South to usher in a just international financial system that would overhaul the current imperialist one (Akolgo, 2023; Alami et al., 2023; Chowdhury & Sundaram, 2023).

The rest of the paper proceeds as follows: The next section presents an overview of the debt crisis from a historical and comparative perspective. The third section examines the government's response to the debt crisis and the implications of its policy choices on social development, especially for women. The final section concludes.

1. GHANA'S DEBT CRISIS: A HISTORICAL AND COMPARATIVE PERSPECTIVE

Ghana's long history of indebtedness has been the subject of a rich body of scholarship. Much of this work on the country's debt crises in particular, and entrenched development challenges more generally, tends to focus on domestic political economy incentives (Aryeetey & Fenny, 2017; Asante, 2023; Resnick, 2019; Whitfield, 2011). In particular, "good governance," or the lack thereof, has been accorded supreme importance as an explanatory variable in theorising the country's developmental challenges. While these factors provide good proximate explanations for particular policy actions and decisions, they overlook equally important factors, including how the country's structural position in the international economic and financial

system conditions government officials and the political system. As Chowdhury and Sundaram (2023, pp. 1018–1019) argue about the current debt crisis:

...poor governance may be only the tip of the iceberg, concealing far more important issues... ‘External shocks’ such as falling commodity prices (since 2011) or ‘natural disasters’, exacerbated by climate change-related weather phenomena including droughts, storms and floods, can make things worse. Economic structural problems such as limited diversification, may result in economies becoming more vulnerable to demand and price fluctuations.

At independence, Ghana, under the leadership of Kwame Nkrumah, embarked on an ambitious agenda of rapid socioeconomic transformation through state-led development (Akolgo, 2023; Opoku, 2010). This era established new industries, state farms, and massive infrastructural projects, including hydroelectric dams, schools, and health facilities. In the face of dwindling domestic resources, “the government resorted to deficit financing and foreign borrowing to pay for essential imports” (Berry, 1995, p. xxxii). By the early 1960s, the country’s debt levels had risen substantially, leading to a balance of payments crisis further exacerbated by declining world market prices for cocoa, Ghana’s main export commodity.¹ The economic situation was exacerbated in the following decade by political instability, declining productivity, and falling commodity prices. In the early 1980s, in response to the worsening economic crisis, the government turned to the Bretton Woods Institutions (BWIs) – the IMF and World Bank – for assistance. In return for financial aid, the BWIs imposed the Structural Adjustment Programmes (SAPs), ostensibly meant to stabilise the economy and restore economic growth (Konadu-Agyemang, 2000; Opoku, 2010). SAPs mandated the government to reduce public expenditure through public sector retrenchment, wage freezes, and drastic cuts in social spending. The government also implemented trade liberalisation policies to promote the private sector’s growth. The SAPs temporarily reversed the economic decline of the late 1970s and early 1980s but left the underlying structural problems intact. Indeed, not only did these reforms not succeed in enhancing the productive capacity of the industrial sector, but trade liberalisation ended up eroding the already minimal domestic manufacturing sector, which did not receive any protection from the sudden exposure to foreign competition. These counterproductive outcomes repeated with subsequent IFI-directed efforts at economic recovery.

In 2001, Ghana applied for debt relief under the Highly Indebted Poor Countries (HIPC) initiative (IMF, n.d. -a). The early 2000s saw relative economic growth and stability, partly due to debt relief under the HIPC initiative and favourable commodity prices (Opoku, 2010). However, the global financial crisis from 2007 to 2008 again

exposed the perils of Ghana's overreliance on primary commodity exports and external capital. As commodity prices fell and the inflow of foreign direct investments (FDIs) reduced, debt rapidly accumulated again, culminating in another debt crisis in 2015, when the country returned to the IMF for a USD918 million loan facility. In 2019, when Ghana exited the programme, it was clear that the programme had not yet redressed its structural problems. The IMF optimistically pointed out that what the country had achieved "all adds up to higher incomes, better job opportunities, and more purchasing power" but also cautioned that overreliance on foreign financing could expose the country to "swings in investor sentiments" (IMF, 2019).

These programmes have always come with conditionalities meant to stabilise the economy in the short term. In place of policies that could address the structural issues leading to the debt crisis in the first place, the IFIs instead emphasise restoring macroeconomic stability through short-term insistence on fiscal discipline. This policy has reinforced a dependency trap characterised by adopting policies in line with the interest of international creditors rather than the country's own development priorities (Bienefeld, 2000). The SAPs, for instance, introduced stringent economic reforms, including a strict regime of fiscal austerity aimed at reducing the budget deficit through retrenchments, rationalising public services, freezing public sector wages, and cutting social spending. To further reduce the size of the state and its role in the economy, the SAPs promoted the privatisation of state-owned enterprises (SOEs). The government was mandated to devalue the local currency to encourage domestic production and boost exports, thereby improving the balance of payments by making exports cheaper and imports more expensive. Finally, the SAPs heavily promoted liberalising the financial sector by removing controls on interest rates, deregulation, and lifting capital control restrictions to attract foreign capital (Konadu-Agyemang, 2000; Opoku, 2010).²

More radical pathways opened up, but they were not pursued. For a brief period in the early 1970s, the military government of Colonel Acheampong made several policy moves to bolster national self-sufficiency, including the famous Operation Feed Yourself and Operation Feed Your Industries. So popular were these policies that "[h]undreds of students from the three universities participated in harvesting sugarcane at Asutsuare to feed the Komenda sugar factory and the irrigation project in Tano, Dawhenya, Okyereko, and Afife" (Anderson et al., 2024, p. 84). However, the most profound move was his government's Yentua (Akan word for "we refuse to pay!") policy, which was a defiant decision to unilaterally refuse to honour some of the country's external debt accumulated by previous governments (Anderson et al., 2024; Kumah-Abiwu, 2016). President Thomas Sankara of Burkina Faso similarly made a

call for debt repudiation, but instead of pursuing a solo move as Acheampong did, he essentially “[proposed] to African states the strategy of a debtor’s cartel to counter the Paris Club” However, African leaders did not heed this call (Valiani, 2023, p. 414). When Sankara made this call in 1987, the neoliberal paradigm had been widely embraced across Africa and even regimes that started as self-described leftist anti-imperialists had eventually turned to the IMF at the nadir of their economic crises, as Ghana did under Jerry John Rawlings (Graham, 1985).

Like the SAPs, the HIPC initiative also prioritised macroeconomic stability using monetary and exchange rate policies to foster confidence among the country’s bilateral and multilateral partners (Opoku, 2010). A central plank of the HIPC initiative was preparing and implementing Poverty Reduction Strategy Papers (PRSPs). The PRSPs were documents outlining comprehensive strategies for poverty reduction, focusing on health, education, and infrastructure, with the expectation that relief from debt servicing would translate into increased social spending that would benefit the poorest. In line with this expectation, the programme required that Ghana increase investment in the social sectors to improve its human development indicators, enhance social welfare, and promote sustained economic growth through a healthier and more educated workforce (Osei & Quartey, 2001). Additionally, the HIPC programme maintained the “good governance” turn that, following the lead of the World Bank, the donor community had embraced wholesale since the late 1980s (Olukoshi, 1998). Thus, Ghana had to sustain efforts at instituting transparency, accountability, and anti-corruption measures to create a conducive environment for the private sector (Opoku, 2010). The HIPC initiative also involved the enforcement of a regime of fiscal discipline under which Ghana had to adhere to fiscal policies aimed at reducing public expenditure, improving public revenue, and ensuring efficient use of resources (ActionAid Ghana, 2010). Because the IMF is primarily interested in the ability of debt-distressed countries to pay back their debts, their social spending proposals are inadequate compared to their imposition of wide-ranging expenditure cuts. Oxfam has criticised these measures as “a fig leaf of austerity” (Kentikelenis & Stubbs, 2023).

The HIPC policy conditionalities similarly failed to resolve the underlying issues and may have further entrenched the problem. For instance, the liberalisation of the financial markets exposed the local currency to the adverse effects of currency speculators, and the resulting volatility became a source of uncertainty for local businesses (TWN, 1997). Trade liberalisation also severely weakened the country’s manufacturing base because local industries could not compete with the sudden influx of cheaper imports, leading to the collapse of local businesses. Thus, the policy conditionalities achieved the opposite of their stated purpose and de-industrialised the country, rendering it even more dependent on raw material exports (Akolgo, 2023; Opoku, 2010).

The social impacts of these policy failures fell most heavily on the poor and vulnerable. For instance, in 2009, Ghana borrowed USD602 million from the IMF under an Extended Credit Facility (ECF), in return for which it was enjoined to reduce the fiscal deficit from 14.5 per cent of the Gross Domestic Product (GDP) to 9.2 per cent. Although the country met this target and reduced the deficit to 9.4 per cent, it came at a very high social cost. The government:

...deferred its own statutory payments that were meant to finance projects in the various sectors and this totalled about 2.6 percent of GDP. Transfers to statutory funds such as Social Security Fund, the National Health Fund (NHF), the Ghana Education Trust Fund (GETFund), and the District Assemblies Common Fund (DACF) that were not paid amounted to GHC574 million against the 2008 figure of GHC301 million (ActionAid Ghana, 2010, p. 30).

CONTINUITIES AND CHANGES IN THE EMERGING SOVEREIGN DEBT LANDSCAPE

The sovereign debt landscape has undergone vast changes over the past two decades. While previously reliant on concessional loans from multilateral institutions like the World Bank and the IMF, Ghana has, since the mid-2000s, been engaging heavily in the international capital markets, starting with its debut USD750 million Eurobond in 2007. The country's debt composition has since seen a sharp increase in commercial loans - from both domestic and international capital markets - relative to bilateral and multilateral concessional loans. This evolution coincided with the country's "fictitious" transition to a lower-middle income status in 2010; it was fictitious because the reclassification did not reflect the material realities of the economy, such as structural transformation, but was due to a rebasing of the economy. However, even though the reclassification was fictitious, it had material consequences by making the country ineligible for cheap concessional loans available only to lower-income countries.

These changes in Ghana reflect the broader transformations in the global sovereign debt landscape in the twenty-first century, characterised by shifts in the sources of financing, the nature of debt crises, and the mechanisms for managing and resolving debt distress. One notable shift has been the diversification of creditors. In the post-HIPC era, many countries increasingly turned to private markets for financing, including those that benefited from debt relief (Fang et al., 2022). This shift departed from primary reliance on traditional bilateral and multilateral creditors such as the Paris Club of major creditors and IFIs. Between the 1970s and the year 2020, public and publicly-guaranteed external debts (i.e. debt owed by a private entity but whose repayment is guaranteed by a public-sector entity) increased from 20 per cent to over

60 per cent, while “debt from bond markets almost doubled its share of total debt from 27 per cent in 2000 to 51 per cent in 2020” (Chowdhury & Sundaram, 2023, p. 1004). Alongside private creditors, new bilateral creditors, notably China, India, Russia and Saudi Arabia, have emerged, offering financing with different terms and conditions than traditional Western donors and multilateral institutions. For instance, China, currently the largest official creditor, often negotiates for preferential access to natural resources rather than debtor-country adoption of a preferred economic or political policy (Mitchener & Trebesch, 2021). Thus, even in the evolving creditor landscape, Ghana and other global South countries have not experienced any major shift in their primary commodity reliance.

Despite these changes, multilateral institutions continue to play a critical role in providing financial support and technical assistance. Programmes such as the IMF’s ECF and Rapid Financing Instrument (RFI) are still crucial to countries’ strategies to manage economic shocks and maintain debt sustainability.³ The IMF and World Bank’s Debt Sustainability Analysis (DSA) frameworks are critical for assessing countries’ debt positions and guiding donors’ borrowing decisions.

The changes in the sovereign debt landscape have reinforced and even exacerbated the structural subordination of global South countries within the international financial architecture. A distinctive feature of the current debt crisis, related to the increasing importance of private lenders, is the role of risky loans, characterised by high interest rates, short maturities, and unfavourable terms that were provided in the period leading up to the crisis. The large share of such loans in the debt composition of poor countries increased the vulnerability of countries already struggling with economic challenges. Unlike traditional loans from bilateral and multilateral sources, the unfavourable conditions attached to commercial loans complicate debt restructuring efforts during periods of crisis. Further, the reluctance of private lenders to extend relief or consider taking losses during economic turmoil poses serious difficulties for distressed countries (Chowdhury & Sundaram, 2023). Many global South countries, thus, find themselves trapped in a cycle of borrowing to repay debt owed to intransigent lenders. External private creditors enjoy substantial leverage in the international financial architecture, which lacks robust frameworks regulating private international lending. This situation allows them to impose onerous terms on countries seeking access to funds. In Ghana’s ongoing attempts to restructure its debt and secure a bailout from the IMF, it has had to apply a haircut - i.e., reduction in the value of interest or principal to be received by the creditor - to the bonds of domestic individual and institutional investors while external creditors are still holding out. The increasing involvement of private lenders, such as hedge funds and private equity

firms, has introduced new risks and complexities in debt management. These private creditors, called “vulture funds”, opportunistically target vulnerable or distressed debt and subsequently “[pursue] litigation to demand full repayment on the original value of the bond, with the possibility of massive profit” (Beneze, 2016, pp. 248–249).

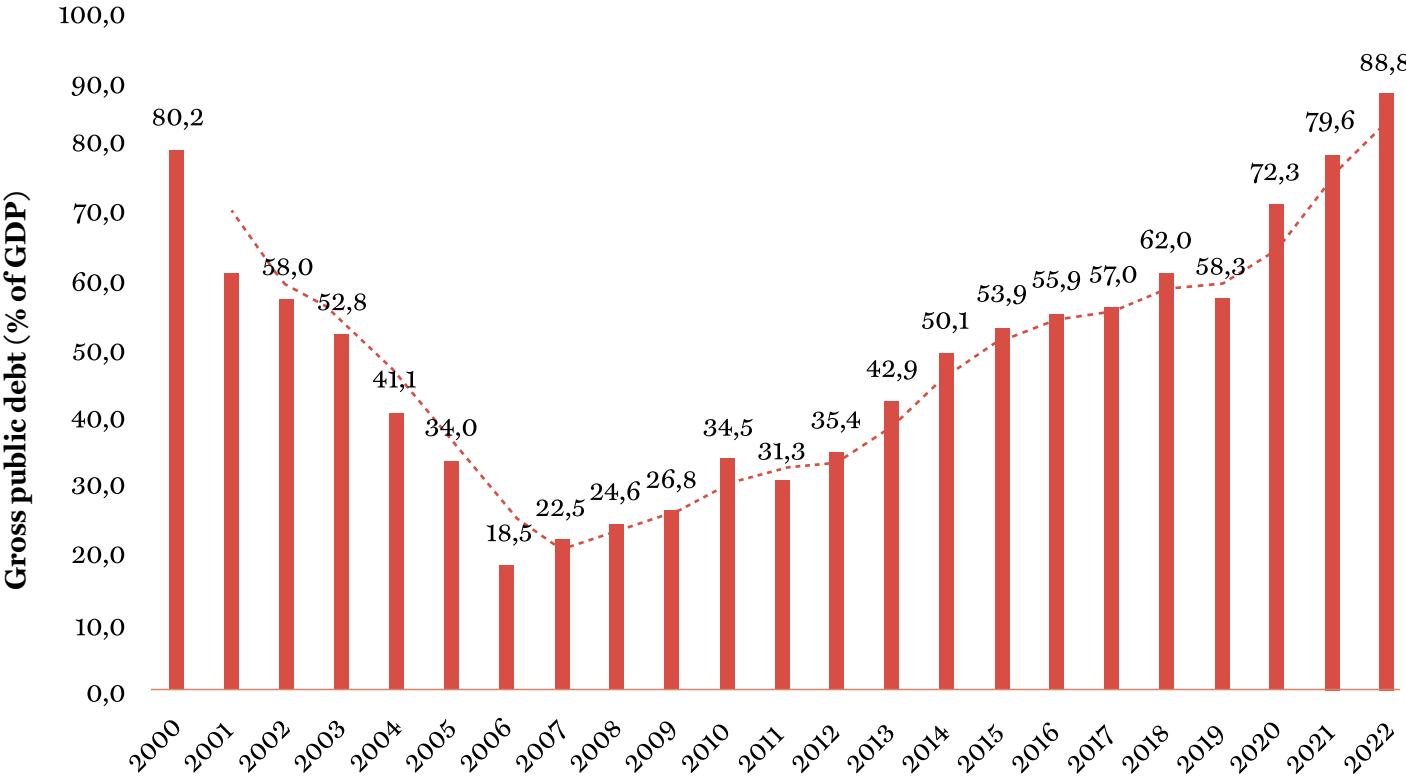
2. GHANA’S DEBT CRISIS, GOVERNMENT’S RESPONSES, AND SOCIAL DEVELOPMENT IMPLICATIONS

The extremely unequal nature of the international financial architecture puts countries like Ghana in a weak negotiating position, forcing them to defer to IFI advisories during periods of debt distress. As the government begins another debt restructuring programme and economic recovery, it is following a path of austerity that has become familiar since the 1980s. However, in recent years, the IFIs have tempered their language and promoted social protection programmes to placate resistance to the terms and conditions of the loan (IMF, 2023). The rest of this section examines Ghana’s effort to manage the debt crisis and its possible impact on different social sectors.

GHANA’S PUBLIC DEBT AND DEBT SERVICING

Ghana’s gross public debt as a share of GDP showed a U-shaped trend over two decades covering 2000 to 2022, falling from 80.2 per cent in 2000 to 18.5 per cent in 2006. Thereafter, it rose steadily, peaking at 88.8 per cent in 2022. The decline in public debt between 2000 and 2006 is mainly attributable to Ghana’s enrolment in the HIPC initiative in the early 2000s (Prizzon & Mustapha, 2014). The rising trend in the past one and a half decades reflects the country’s increasing participation in the international bonds market since 2007 (see **Figure 1**).

Figure 1
Trend in gross public debt, 2000 to 2022

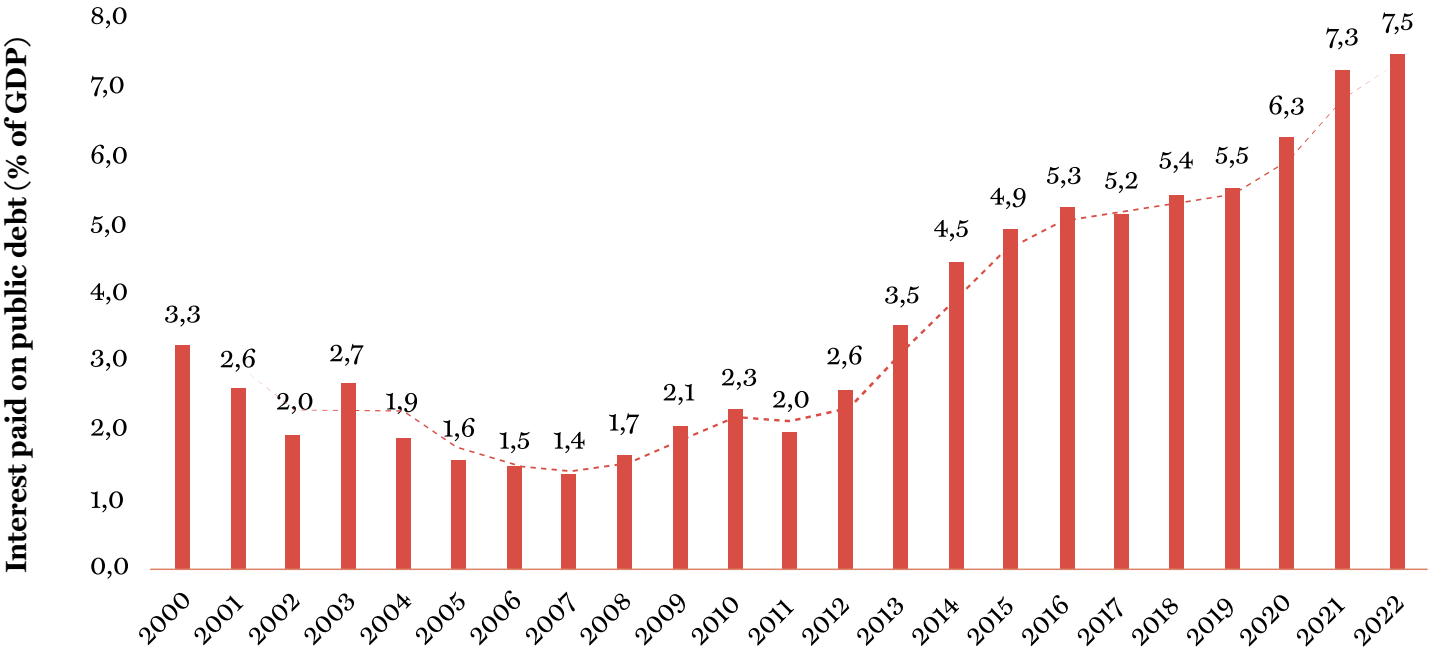


Source: Authors based on IMF World Economic Outlook (April 2024) data

Note: The dotted line is a trendline of two-period moving averages

Debt servicing, particularly interest payment, is a huge part of public financial management. Interest payments obligations on government debt, including long-term bonds, loans, and other debt instruments to domestic and foreign residents. Ghana’s interest payment on public debts as a share of GDP followed a U-shaped trajectory over the same two-decade period. Interest payments as a percentage of GDP declined from 2000 and hit 1.4 per cent in 2007 before increasing and peaking at 7.5 per cent in 2022 (see **Figure 2**). Following Ghana’s access to the international bond market in the 2010s, interest payments started accounting for increasing shares of the country’s national income (Sy, 2015). Currently, interest payments as a share of GDP are more than twice the level in 2000. This trend potentially narrows the economy’s fiscal space and threatens public funds for critical investments, especially in infrastructure and human development sectors such as education and health (Ghosh et al., 2013).

Figure 2
Trend in interest paid on public debt, 2000 to 2022



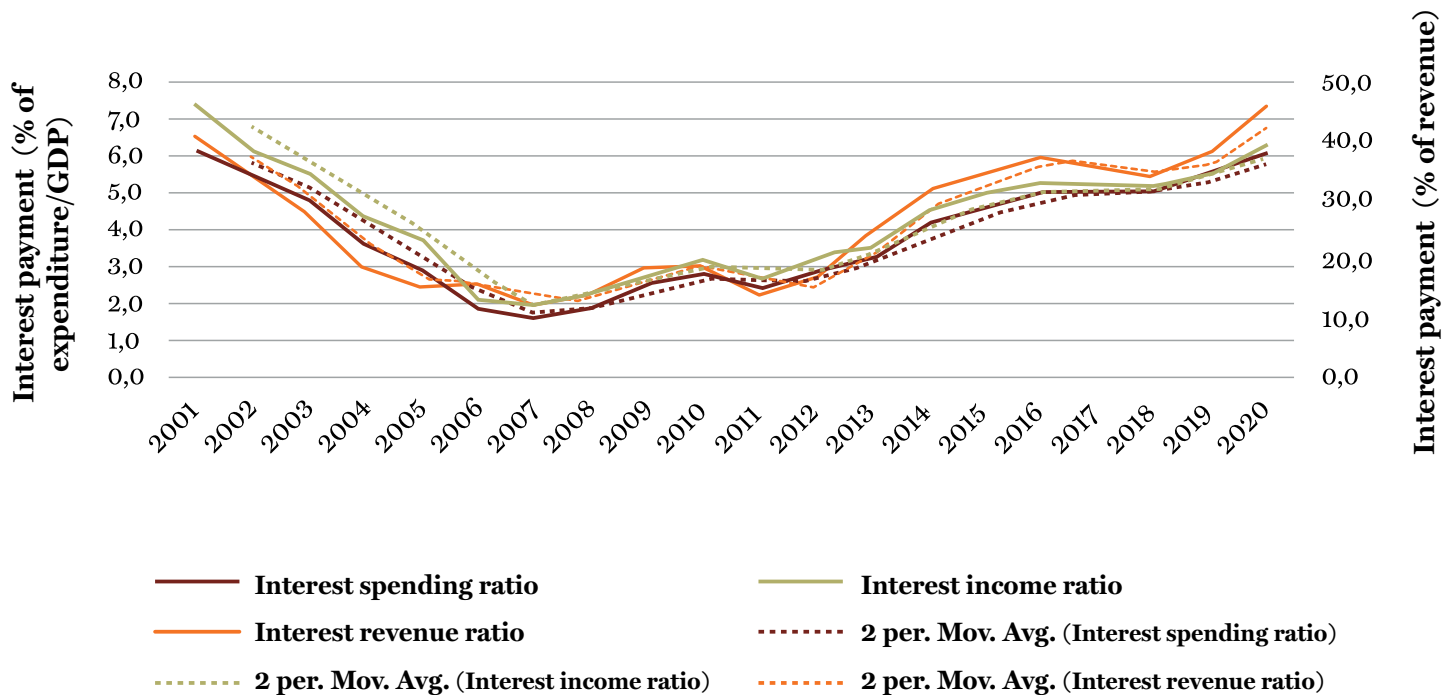
Source: Authors based on IMF World Economic Outlook (April 2024) data

Note: The dotted line is a trendline of two-period moving averages

INTEREST PAYMENT AS A SHARE OF GOVERNMENT SPENDING, REVENUE, AND NATIONAL INCOME

Following the trend of Ghana’s gross public debt as a share of GDP, government expenditure going to interest payments (interest spending ratio) revealed a U-shaped trend over the period. Interest payment as a share of government spending fell from 6.1 per cent in 2001 to 1.6 per cent in 2007, mainly attributable to interest payment gains from the HIPC programme. Interest payments as a percentage of GDP (interest income ratio) and interest payments as a share of government revenue (interest revenue ratio) showed a trend similar to the interest spending ratio. Notably, the interest income ratio fell from 7.3 per cent in 2001 to 1.9 per cent in 2007, then took an upward trend, reaching 6.3 per cent in 2020. Similarly, the interest revenue ratio fell from 40.4 per cent in 2001 to 12.1 per cent in 2007, then rose for the rest of the period, reaching 45.6 per cent in 2020 (see **Figure 3**).

Figure 3
Trend in interest payment, 2001 to 2020



Source: Authors based on the World Bank's World Development Indicators (WDI) data

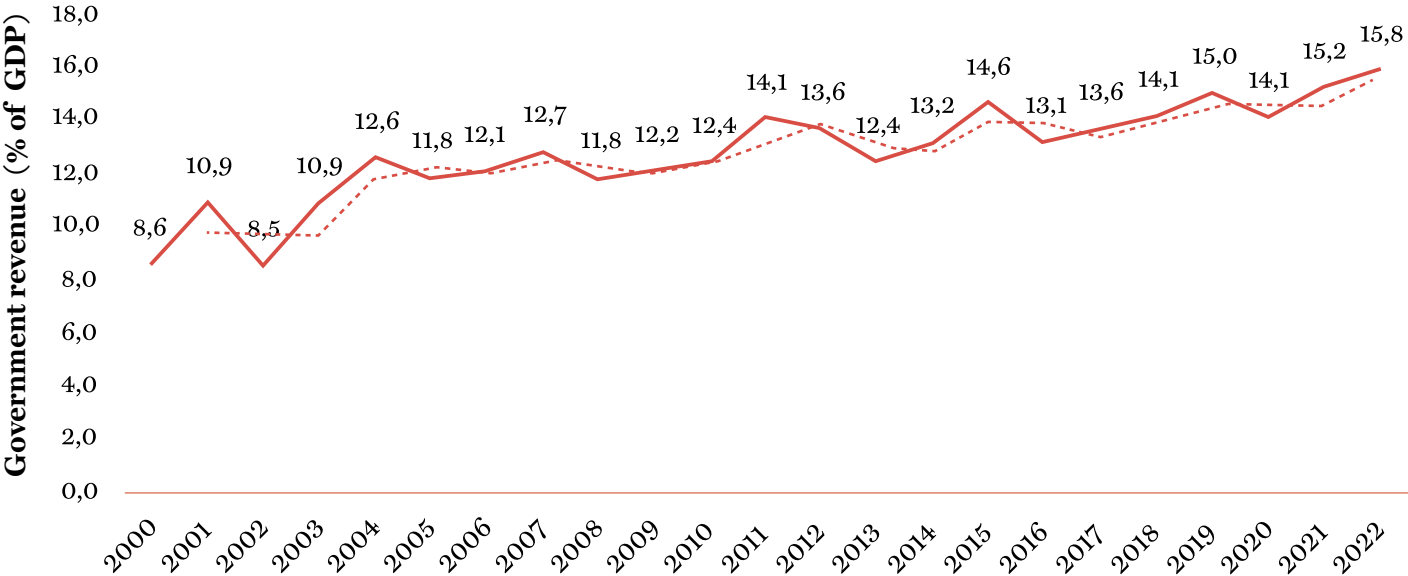
Note: The dotted line is a trendline of two-period moving averages

As a precondition for securing an IMF bailout programme in 2022, the government was compelled to reduce its debts to sustainable levels. It began with a domestic debt exchange programme (DDEP) that imposed a haircut, more specifically, a refusal to pay agreed interests on bonds on the investments of domestic creditors. This haircut has affected pension funds and domestic bondholders and sparked protests by bondholders who picketed at the Ministry of Finance to exempt them from the DDEP. The former Chief Justice, Sophia Akuffo, a cousin of the sitting president, joined the picketers and decried the hardships that the government's debt restructuring was imposing on pensioners, who are struggling to afford medications and other essentials. It must be noted that the few women who work in the formal sector and contribute to the social security scheme typically work in low-paying jobs and levels in their firms. Consequently, they have smaller pensions and reduced pension contributions, which will affect them more disproportionately. And because of their roles as carers, even women who were not directly affected by the DDEP are likely to be indirectly affected because they have to care for sick, elderly people as wives, daughters, aunts and sisters. In 2024, the ILO reported that, by 2036, Ghana's pension fund would be depleted (Manu & Addo, 2024).

DOMESTIC REVENUE MOBILISATION

Government revenue as a share of GDP showed an upward trend over the period, increasing by 7.2 percentage points between 2000 and 2022, attaining a peak at 15.8 per cent in 2022, which is also the year of immense economic downturn and inflation (see **Figure 4**). The increase in 2022 can be attributed to the additional taxes introduced in 2021, such as the COVID-19 recovery levy (1 per cent) and sanitation levy. These additional taxes culminated in the immense crises experienced in 2022 and the hyperinflation of 54.1 per cent by the end of the year.

Figure 4
Trends in government revenue, 2000 to 2022

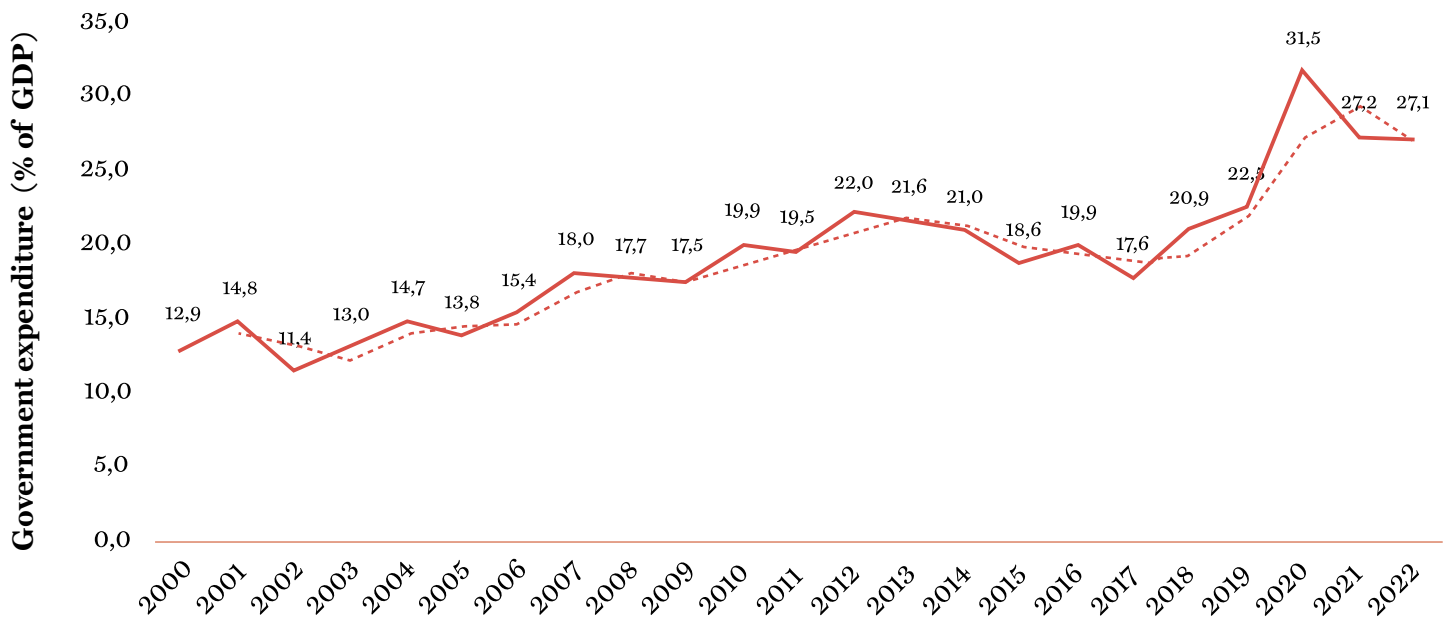


Source: Authors based on IMF World Economic Outlook (April 2024) data
Note: The dotted line is a trendline of two-period moving averages

GOVERNMENT EXPENDITURE ON SOCIAL SECTORS

Government spending in Ghana has generally ascended since the turn of the century (see **Figure 5**). It increased from 12.9 per cent of GDP in 2000 to 31.5 per cent in 2020, when the COVID-19 pandemic struck, before declining slightly in 2021 and 2022. The following sub-sections provide a trend analysis of government spending on the social sectors of education, health, and infrastructure.

Figure 5
Trend in government expenditure, 2000 to 2022



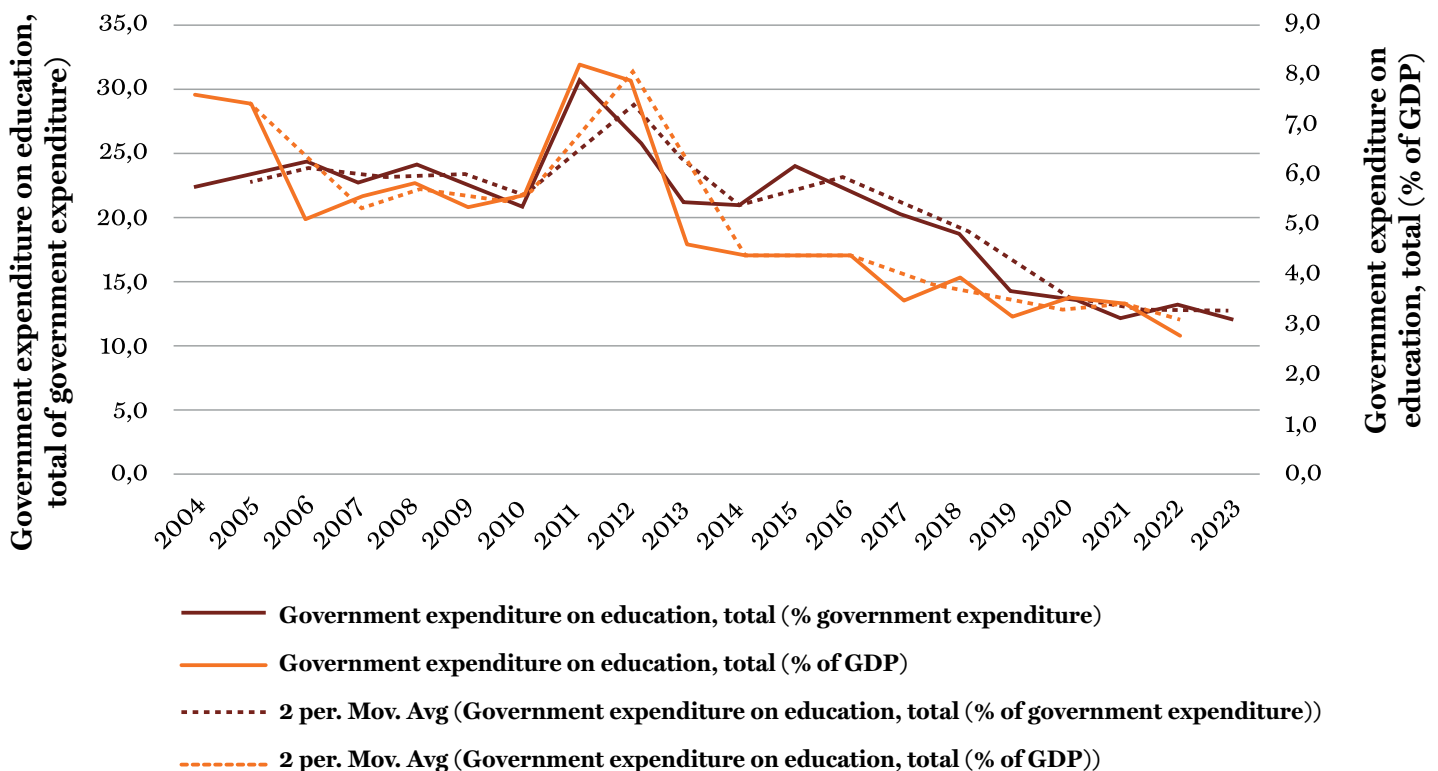
Source: Authors based on IMF World Economic Outlook (April 2024) data

Note: The dotted line is a trendline of two-period moving averages

GOVERNMENT SPENDING ON EDUCATION

Though overall government expenditures generally increased over the period, the Ghana government's expenditure on education as a share of GDP has taken a nosedive since 2013, falling by 4.6 percentage points from 7.5 per cent of GDP in 2004 to 2.9 per cent in 2022, as **Figure 6** shows:

Figure 6
Trends in government expenditure on education, 2004 to 2023



Source: Authors based on the World Bank’s World Development Indicators (WDI) data

Note: The dotted line is a trendline of two-period moving averages

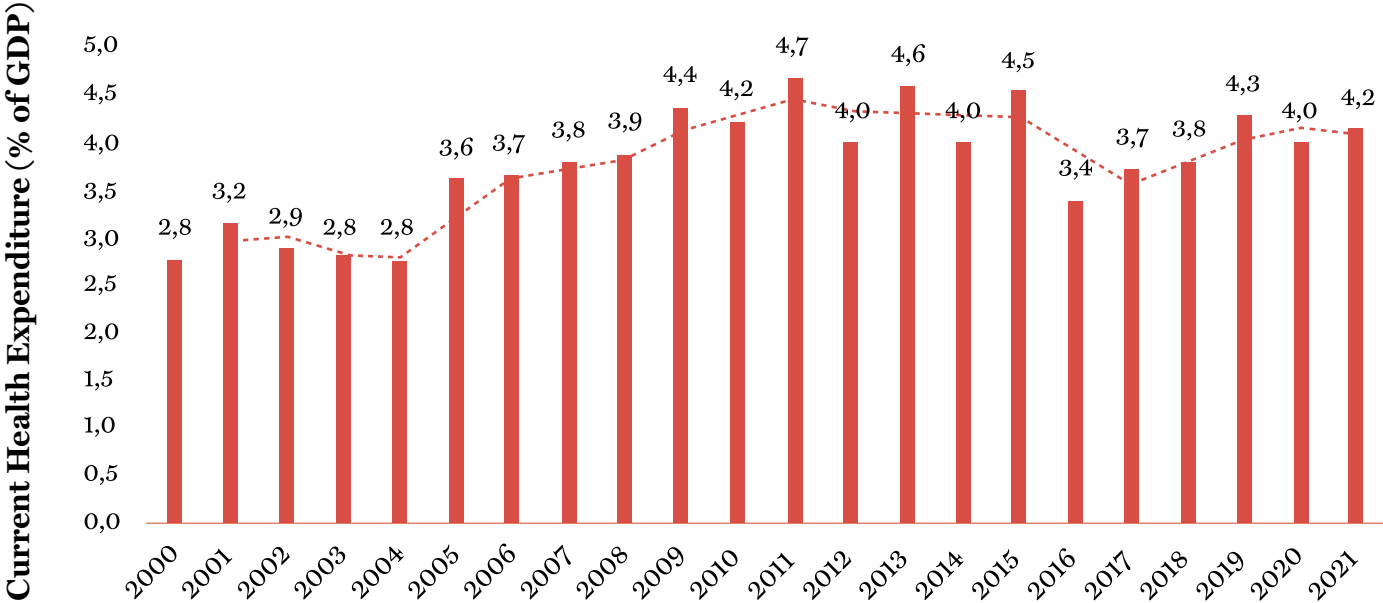
The lack of spending on education has also led to high student numbers in classrooms, which has implications for overall quality and overburdening of teachers at all levels. The state’s subventions in the education sector do not tally with increasing student numbers. In tertiary education campuses, a housing crisis has led to the high cost of education, while secondary school dormitories are congested. In Ghana, many schools will struggle to survive without the interventions of Old Student Associations to develop the infrastructure, support teachers, and provide essential school materials.

GOVERNMENT SPENDING ON HEALTH

Contrary to the trend in government spending on education, expenditure on health generally increased over the same period. Ghana’s health expenditure as a share of GDP rose from 2.8 per cent in 2000 to 4.2 per cent in 2021, peaking at 4.7 per cent in 2011 (see **Figure 7**). In 2003, Ghana instituted a National Health Insurance Scheme (NHIS), under which “the full cost of treatment of subscribers, including medical bills and referrals of over 90 per cent of all diseases that afflict Ghanaians are

covered” (Sarkodie 2021, p. 3). The increasing share of health expenditures in Ghana’s GDP from 2005 is partly attributable to the implementation of the NHIS. That notwithstanding, the health sector is plagued with deteriorating conditions and staff shortages. In 2022, there was a shortage of childhood vaccines in hospitals nationwide.

Figure 7
Trend in government health expenditure, 2000 to 2021



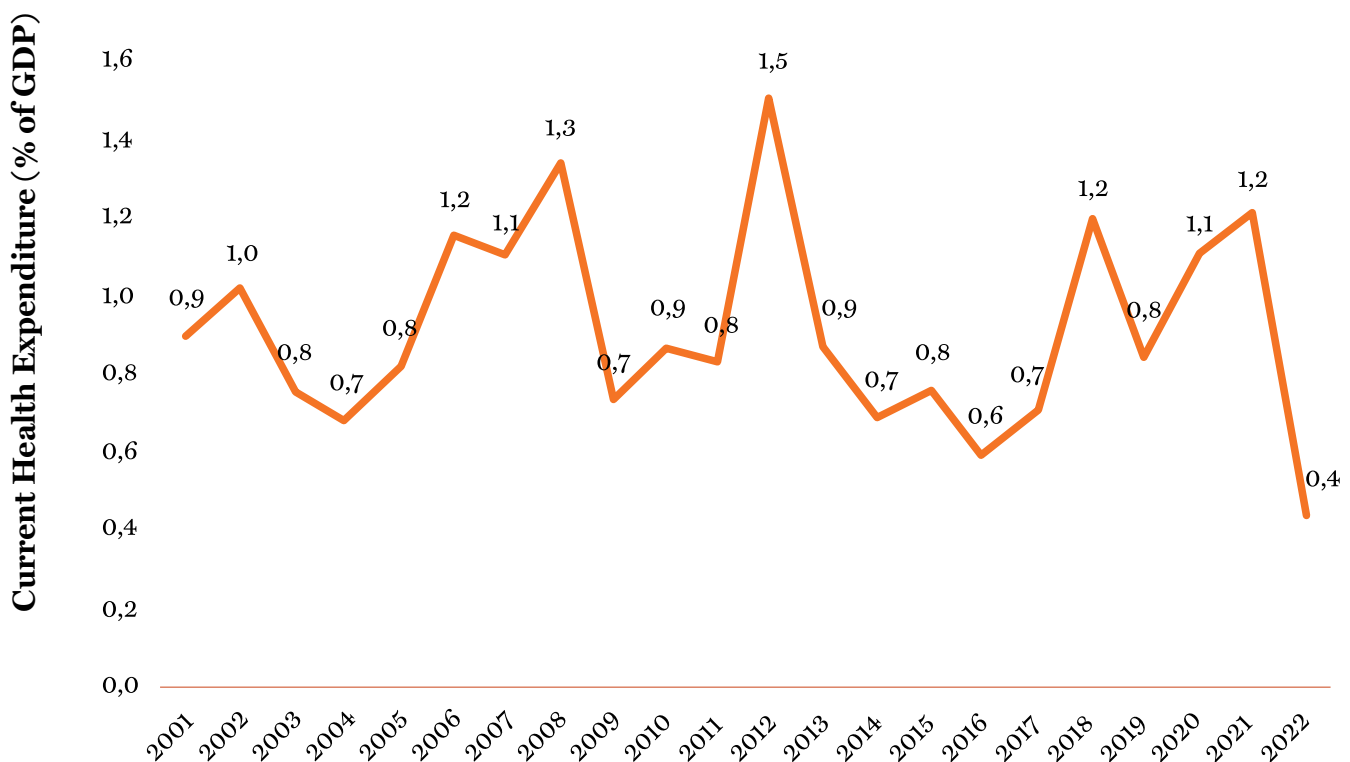
Source: Authors based on the World Bank’s World Development Indicators (WDI) 2024 data
Note: The dotted line is a trendline of two-period moving averages

Under the pressure of Ghana’s intensely competitive electoral politics, electoral calculations often influence decisions on government spending. For example, while many existing health infrastructures are deteriorating, the government announced in 2022 that it would build 111 additional health facilities dubbed “Agenda 111”. A few of these projects have started, while many more have stalled. Although expanding health infrastructure is vital for health service delivery, politicians quickly begin projects to attract votes, even if the projects are unviable. Building new projects while existing projects have stalled has implications for debt accumulation and the ability to pay back. For example, from a different sector, the Saglemi Housing Project (Welsing, 2023) was funded by a loan but has remained unoccupied since the change of government in January 2017. At the same time, Ghana faces an acute housing crisis.

EXPENDITURE ON AGRICULTURE

Overall, the average government agriculture spending as a share of GDP between 2001 and 2022 is 0.9 per cent. However, over the twenty years, government expenditure on agriculture has fluctuated wildly (see **Figure 8**). It was 0.9 per cent in 2001 and peaked at 1.5 per cent in 2012. After subsequent fluctuations, it fell to 0.4 per cent, the lowest recorded over the period. This sharp fall could be attributable to the Ghana government's austerity measures introduced in the wake of the country's economic crisis in recent years. Ghana is behind in its agriculture sector spending, contrary to the African Union's 2003 Maputo protocol, which requires African countries to commit at least 10 per cent of their GDP to the agricultural sector.

Figure 8
Trend in agriculture expenditure as a share of total government expenditure, 2001 to 2022

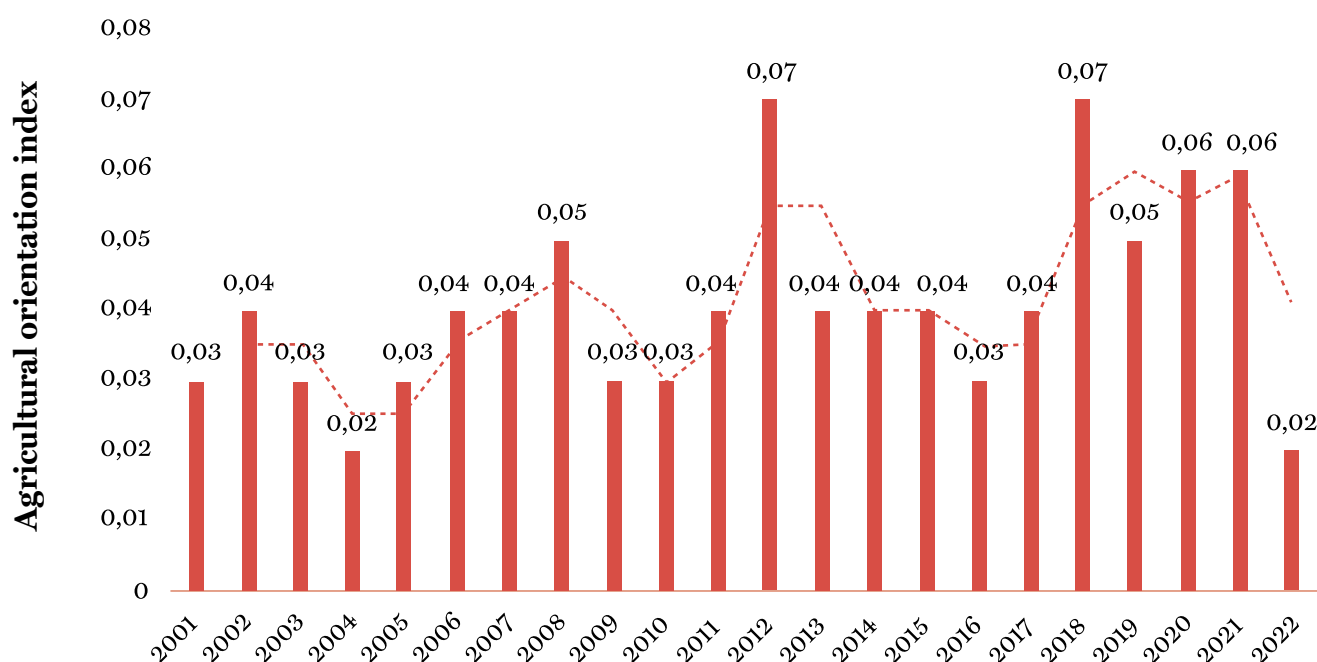


Source: Authors based on Food and Agriculture Organisation (FAO)'s data 2024

The Agriculture Orientation Index (AOI) for government expenditures is a metric established by the Food and Agriculture Organization (FAO) of the United Nations to assess progress toward Sustainable Development Goal (SDG) Target 2.a. This

target focuses on increasing investments in rural infrastructure, agricultural research, extension services, and technology development to enhance agricultural productivity in developing countries. The index is calculated by dividing the share of government expenditures allocated to agriculture by the share of agriculture in GDP. Overall, the index for Ghana averaged 0.04 over the period, increasing from 0.03 in 2001 to 0.07 in 2012 and 2018, falling thereafter to 0.02 in 2022, far below the period's average, as **Figure 9** shows:

Figure 9
Trend in Agriculture Orientation Index (AOI) for government expenditures, 2001 to 2022

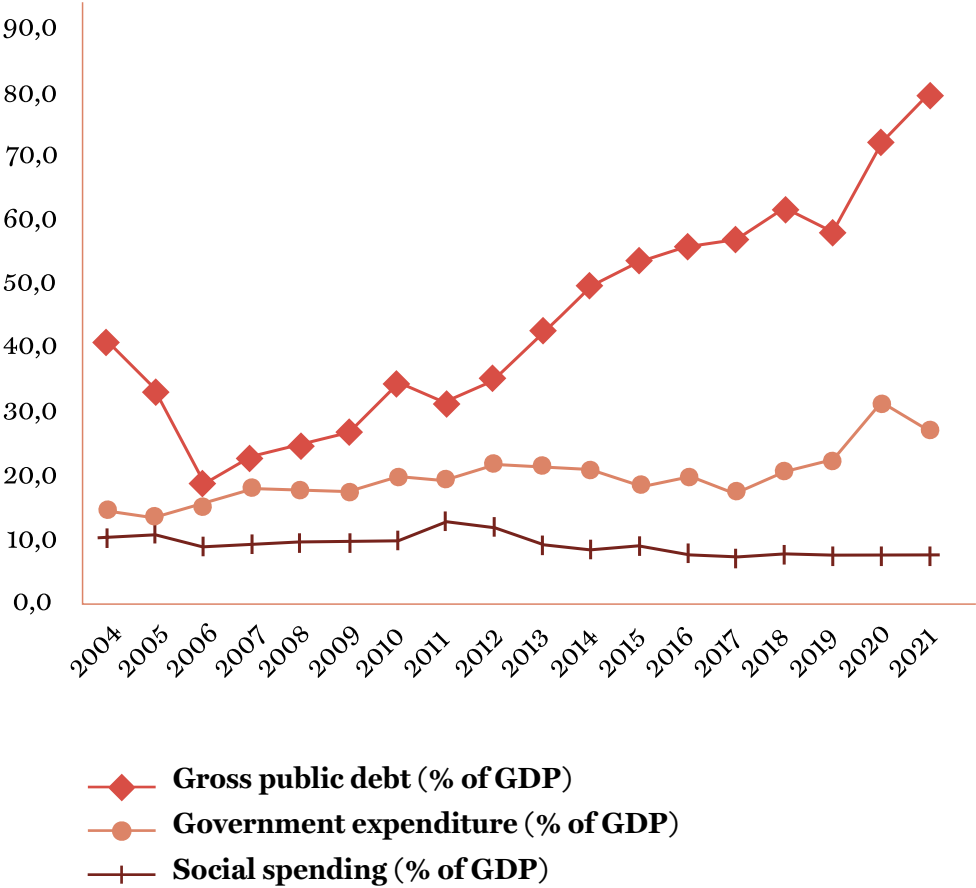


Source: Authors based on Food and Agriculture Organisation (FAO)'s data 2024

PUBLIC DEBT AND GOVERNMENT SOCIAL SPENDING

Figure 10 shows trends in public debt and government social spending (in this case, the sum of government spending on education and health as a share of GDP). Ghana's public debt flows are increasing, while education, health, and overall social spending are declining. Notably, declining government expenditure on education as a share of GDP has most significantly driven the overall decline in social spending.

Figure 10
Trend in public debt and government social spending (% of GDP) 2004 to 2021



Source: Authors based on World Bank & IMF data, 2024

TAXATION

Before the country sought assistance from the IMF, one of the government’s initial responses to the debt crisis was the announcement of the electronic transactions levy (e-levy) in 2022. The deliberations surrounding this levy indicated that it specifically targeted informal sector workers, often viewed as beyond the reach of the tax system. This group also tends to be unbanked and does not engage with formal banking institutions. Mobile money transactions have surged in popularity due to their convenience in facilitating payments to both informal sector workers and their customers, despite carrying high transaction fees of 1 per cent for sending and withdrawing funds. The e-levy imposed a 1.75 per cent tax on transactions exceeding

GHS100. At the time, the Minister of Communication stated that if an individual could send GHS100 a day, they could not be considered poor. The tax was regressive, favouring the better off with exemptions for bank transfers while targeting the unbanked. A study by Anyidoho et al. (2023) found that the e-levy disproportionately impacted women compared to men given that many women operate in the informal sector and remain unbanked. Women were also more averse to the policy; overall, three-fourths of Ghanaians disapproved of the tax (CDD-Ghana, 2022). All resistance to the tax was ignored, although the state pressured telecommunication companies to reduce their transaction charges to lessen the effect of the tax. The state promised the citizens that the e-levy would solve Ghana's fiscal challenges and prevent the country from going to the dreaded IMF. However, a few months after its introduction, the government invited the IMF to help solve the debt crisis and return the country to fiscal stability.

In December 2023, the government announced a 15 per cent VAT on residential electricity for introduction in January 2024. The tax was expected to contribute 0.17 per cent to the GDP. Citizens and organised labour resisted this announcement, and the labour unions threatened a nationwide strike to shut down the country if the government did not rescind the decision. As a result of the potential social unrest, the government reversed the decision. However, the IMF (2024) review document stated that the "authorities are committed to implementing this measure when the inflation dynamics are more conducive" (p. 10). In other words, the tax is only suspended while inflation is high and will be reintroduced. In the meantime, the government has introduced a foreign income tax on resident Ghanaians to replace the residential electricity tax. The state also continues to collect several taxes imposed in 2021, including the sanitation levy, the COVID-19 recovery levy, and vehicle income tax. The IMF review document also stated that in case of revenue slippages, spending could be reprioritised.

During the 2022 financial crisis, the government committed to raising GHS11 billion in taxes. While applying the regressive e-levy tax, the government simultaneously tried to grant tax relief of GHS5.5 billion to 45 companies (Petetsil, 2023). The minority in parliament blocked the move, arguing that it contradicted sections 14(3) and 15 of the Exemptions Act, 2022 (Act 1083) (Ghana Revenue Authority, 2022), which stipulated that companies seeking tax waivers shall cede substantial shares to the state. Nonetheless, in 2023, parliament granted a GHS4 million tax waiver plus additional exemptions and tax holidays to a luxury hotel being constructed under the One District, One Factory (1D1F) programme, contrary to the manufacturing and agro-processing objectives of the programme (Adonu, 2023).

Meanwhile, the country has become a fertile ground for illicit financial flows through many schemes. Collaborative research on commodity trade undertaken by researchers in Switzerland, Ghana and Laos pointed to high IFF risk in Ghana's gold and cocoa sectors (Carbonnier et al., 2024b). The authors found weaknesses and IFF risks in the gold value chain in quantity misreporting, miscalculation, under-invoicing, sales contracts, thin capitalisation, licensing and management, and risk services. Between 2002 and 2011, the country lost USD14.39 billion through illicit financial flows linked to trade misinvoicing in the extractive sector (Baker et al., 2014, cited by Africa Centre for Energy Policy, 2015)

Ghana's numerous double taxation agreements are also linked to IFFs. The government has established a network of these agreements with 36 countries since 1994, with 30 finalised between 2019 and 2024. Notably, many of these countries are not in Africa and include several known tax havens, such as Mauritius, Malta and Jersey. These agreements harm developing countries, facilitating tax evasion and money laundering. According to Shaxson (2019), poor nations lose approximately 200 billion dollars annually due to activities related to these tax havens, contributing to a broader 600-billion-dollar loss globally.

3. THE SOCIAL IMPACT OF NEOLIBERAL RECOVERY EFFORTS

As highlighted earlier, Ghana prioritises revenue mobilisation for debt repayment rather than for securing the material well-being of citizens. Escalating hardships have created a politically volatile situation as narratives about government insensitivity to the plight of ordinary citizens are increasingly common (Asante et al., 2024). Citizens have intensified demands for accountability and transparency in using the nation's resources and are asking systemic questions about how the state can prioritise debt servicing rather than investment in social and economic infrastructure and services. However, these demands are unlikely to be met because the political leaders are more accountable to the donor community than the citizens who vote them into power.

Ghana spends about 1.7 per cent of its GDP on social protection programmes (UNICEF, 2024), less than many Sub-Saharan African peers who spend an average of 3.8 per cent (ILO, 2021). In 2018, social protection spending was only 1.04 per cent of GDP (UNICEF, 2022) despite increasing poverty levels due to income erosion and high inflation. The debt crisis has reduced the real value of investment in the social sector and infrastructure development, which in turn has shifted state responsibilities to the family where women shoulder the resulting increased care and social reproduction burdens.

For example, the Ghana School Feeding Programme (GSFP), introduced in 2008 to provide hot lunches for school children in state schools, aimed to achieve the twin goals of education and nutrition for children. However, the programme has been in crisis for several years, with poor nutritional content, low grant allocations, state indebtedness to school feeding caterers, the majority of whom are women (linked to the party in power), and to catering suppliers. Despite intensifying protests by the caterers and suppliers for increased per capita amounts and quick payments, the situation has not improved, resulting in food quality often not meeting the programme's nutritional objectives. The ongoing crisis in social protection programmes is increasingly impacting domestic unpaid workers, predominantly women and girls. For example, the weakening school feeding programme is redistributing the reproductive workload back to women, reminiscent of the circumstances during COVID-19 school closures, when women were required to prepare meals for their children, and as those who previously organised and cooked the food lost their livelihoods (Torvikey and Ohene Marfo, 2022).

Similarly, women comprise as much as 60 per cent of beneficiaries of the Livelihood Empowerment Against Poverty (LEAP) cash transfer programme introduced in 2008 for the extremely poor and socially vulnerable. While the programme has continued, high inflation has eroded the value of the already meagre grants. And despite many more people falling into extreme poverty due to the financial crisis, the number of beneficiaries has only expanded slightly. The LEAP has faced multiple challenges, including delayed payments and mounting arrears. For example, the Minister for Gender, Children and Social Protection announced that the 2024 January and February payments were scheduled to start on 1 July (Etefe, 2024). Although the Minister also announced an increment in the LEAP cash grant in 2024, the real value of the amounts is insufficient to meet basic needs (see Appendix 1 for the real value of the cash transfer amounts).

The National Health Insurance Scheme (NHIS), launched in 2003, is funded by the 2.5 per cent NHIS levy. While the government has consistently collected this tax, service providers complain of payment delays. Some common drugs are not always available in the hospitals, forcing even insured patients to pay for medication. The insurance scheme faces a significant policy challenge due to its exclusion of coverage for treatments and medications related to terminal illnesses, which imposes a considerable financial burden on the average middle-class individual.

NAWI powerfully reflects on male bias or gender neutrality in austerity measures. Debt crisis management and austerity clearly affect women and men differently,

considering the gendered division of labour, consumption, and position in the sectors of the economy.

When you're the one who makes the food, fetches the water, births the babies, rears the children, cares for the sick, sows the seeds, and harvests the crops, you feel the effects of macroeconomic policies differently. Birthing babies is easier and safer with adequately resourced maternity wards; girls are more likely to go to school regularly if there are suitable bathrooms and sanitary products available to them, they are more likely to stay in school if school feeding programs are available to them decreasing financial burdens on their families, they are most likely to finish school if they don't have to work or get married to support their parents and siblings, women's time spent on fetching water is reduced or eliminated with water infrastructure, their lives are safer with paved, lit roads, and on and on and on (Nawi n.d., p. 3).

NAWI's points resonate deeply within Ghana's current context. Austerity programmes and debt repayment priorities continue to have a devastating impact, particularly on disadvantaged women and communities. Neglect of one sector deepens the crisis in other sectors with implications on household security and wellbeing. The reproductive burden on women increases. Considerable research shows that austerity measures affect women more negatively (Hall, 2022; Rafstedt, 2022; Akuoku, 2000). Yet, in Ghana, since the structural adjustment period, the subsequent loan conditions and responses to debt crises by the state continue to be gender-neutral, deepening the vulnerability of socially marginalised groups such as women and children. The claims that austerity is necessary to stabilise the economic situation and promote growth and development have little empirical basis. If people cannot eat, get a good education, or access primary health care, water and energy and road infrastructure, they will not grow. Even when the GDP shows growth, inequality will be prevalent. Austerity-based growth leads to inequality and more vulnerabilities, which should be reduced systematically.

Austerity threatens effective public service sector delivery, which is necessary for equity purposes. The reduction in education expenditures means that more girls will be left behind, reducing gender parity in schools. De-investment in health sector infrastructure, combined with reduced numbers of health care personnel, reduces the quality of services, including maternal and reproductive health care and increases health care expenses. This leaves women overburdened with health problems in the household and having to provide care for sick children and the elderly. Erosion of the few state social intervention/protection programmes (pensions, school feeding,

Livelihood Empowerment Against Poverty, Free Compulsory Universal Basic Education), and capitation grants, among others—have disproportionately affected women.

Underinvestment and neglect of infrastructure have directly impacted women and their reproductive roles. For example, the lack of water and sanitation infrastructure expansion affects women in two ways. They are exposed to waterborne diseases and their work burden of searching for water for the household increases. Fifty-one and a half per cent (51.5 per cent) of Ghanaians in urban areas do not have access to safe drinking water and must rely on purchased sachet water (Ghana Statistical Service, 2022). Therefore, many people, particularly the poor, primarily women, rely on the markets to access drinking water, a basic human need. Dependence on sachet water highlights the lack of safe pipe-borne water which is compromised by underinvestment in water treatment plants. The health implications of consuming unsafe piped and sachet water also affect women as primary caregivers. Additionally, only 25.3 per cent of Ghanaians have access to improved sanitation, which is not shared with others, while 17 per cent of the population practise open defecation (ibid.).

In early 2024, Ghana was affected by power cuts due to multifaceted problems linked to the management of power and the low investment in power production, transmission, and supply. Families with access to labour-saving technology dependent on electricity, such as washing machines, blenders, microwaves, rice cookers, refrigerators and water pumps, could not use this equipment, which increased reproductive work done mainly by women. Rising temperatures and climate change increase room temperatures, and without functioning fans and air-conditioners, women suffer to put children to sleep.

The neoliberal conditionality from the IMF and the World Bank has led to the deregulation of the energy sector. One result is the automatic adjustment of fuel prices irrespective of the economic conditions in the country. Since 2022, the year of monumental inflation not seen in about 30 years, reports indicate that many households could not afford cooking gas and had reverted to charcoal or firewood, thus eroding the gradual gains made in using clean cooking fuel. Women and girls, who bear a disproportionate share of reproductive work, are increasingly exposed to adverse consequences with the use of firewood and charcoal for cooking.

Heavily taxed energy products have also affected Ghana's environmental campaigns. Although the country has several environmental protection laws and regulations, the government has barely implemented them. Environmental campaigns are for

optics. For example, annual tree-planting campaigns often fail because, on the back of these campaigns, there is aggressive political elite capture of forests for mining, causing monumental ecological destruction to the forests, land and water resources. Campaigns also aim to enhance the country's access to carbon credit funds. The World Bank reports that after monitoring in 2019, Ghana became the second country in Africa after Mozambique to receive payments from the Forest Carbon Partnership Facility for emission reduction through the UN programme on "Reducing emissions from deforestation and forest degradation in developing countries" (UNCC, n.d.; World Bank Group, 2023). The government received \$4.8 million in 2023. However, tree-planting campaigns received more media coverage than the receipt of the funds and its related accountability.

Paradoxically, the government in 2024 announced a carbon emission tax on all vehicles, another economic burden. This tax was not associated with a broader government policy of transitioning to green transportation, suggesting that it was a revenue measure, not a climate-related strategy. Further, the structural conditions in the country implicate the state's transport infrastructure more than vehicle owners. Debt servicing has also affected the investment in the road sector. Many ongoing roads have stalled, and citizens have been demonstrating for their roads to be fixed (Glover, 2024). Regarding the economic structure, many women are engaged in long-distance trade, carting goods from the farmgate to the markets. The poor condition of roads profoundly affects their economic activities when road networks deteriorate faster than the speed of road construction.

It is important to note that many of the country's current economic challenges stem from the SAPs, whose fallouts still have an effect decades later. SAPs reforms, such as trade liberalisation, privatisation and the prioritisation of cash crops over food, have largely shaped the current debt crisis. In other words, the old adjustment is at the heart of today's crisis, as high unemployment is also linked to the de-industrialisation that resulted from the market reforms and to the collapse and privatisation of many state companies. Therefore, the fact that the state cannot employ people means that the adjustment is even worse this time.

Harsh economic recovery policies can only work when the state actively implements widespread social protection programmes, investment in agriculture, and financial regulation to respond to myriad issues, including prioritising social and political challenges and external shocks. As noted earlier, although inflation has eroded the real value of the few social protection programmes, the 2024 budget only increased the allocations for these programmes by 0.07 percentage points, which will amount

to 0.53-0.55 per cent of GDP. The inadequate level of support to solve the mounting social and economic crisis, combined with the significant amount of arrears to clear, has driven household indebtedness and lack of faith in the programmes.

The fact that citizens have to rely on the markets for drinking water, quality education for their children and health care tells a story of neglect and the shrinking and folding back of the state. All of Ghana's debt crisis episodes have been characterised by state retreat with frozen public sector employment and reduced social spending during periods when state intervention is most needed. While the right to work is inherent in Ghana's constitution, the state has not always met its obligations. For women, this is even more dire because reduced recruitment of workers and caps on employment mean that the few women who have an education will not have access to formal jobs—about 70 per cent of economically active women in Ghana work in the vulnerable and precarious informal sector. Government sector job caps shrink the state and its agencies and limit their service provision capacity. According to the Ghana Statistical Services' population and housing census, women's recruitment has already declined. While the state has instituted many youth employment initiatives in direct temporary employment and entrepreneurship, these fall short of decent work and have not solved the unemployment problem. It is also paradoxical that while the government fails to offer direct permanent employment to graduates from specialist and often prioritised training institutions such as teacher and nursing training colleges, the youth employment programmes are used to place them to augment the government sector human resources in the education and health sectors. It only shows the optics of solving unemployment.

Since COVID-19, Ghana has been exporting workers directly or indirectly to the UK, USA, Canada and Germany. These aggressive worker exports and recruitment put immense strain on the already understaffed health and education sectors, and along with the cost of living crisis, has triggered the out-migration of skilled workers, reminiscent of the mass exodus of trained workers in the 1970s and 1980s. The health sector is particularly affected and recently, the Ministry of Health announced that Ghana will export nurses to Barbados, Seychelles, Jamaica (Ambolley, 2024) and Germany, among others. The Ghana Registered Nurses Association (2023) reports that in the first quarter of 2022 alone, 3,000 nurses migrated out of the country. Estimates are that about 500 nurses leave the shores of Ghana for greener pastures every month (Hinneht et al., 2023). Other staggering statistics show that Ghana-trained nurses in the United Kingdom increased by 1328 per cent between 2019 and 2022 alone (Royal College of Nursing, 2022). The trend is similar to that of nurse migration to the United States of America.

At the same time, austerity also affects private sector jobs either through redundancy or through contraction in recruitment. Either way, women's relative position on the lower rungs of the employment ladder means they are susceptible to layoffs.

While the government has religiously paid attention to its creditors, its inadequate investment in social protection programmes and productive sectors is clearly worsening the conditions of women and children. On the fiscal front, the depreciation of the currency and the cost of food and agricultural input imports have increased the food crisis. This deterioration of socioeconomic conditions, mismanagement of the economy and the debt crisis are met with protests and demonstrations (Africanews, 2021; Africanews, 2023b). It is not surprising that women are at the frontline of citizens' anger about the rising cost of food because they are experiencing austerity way more than others. The protesters echo the growing inequality, deteriorating education and health systems, energy crisis (JoyNews, 2024), bad roads, and generally worsening material conditions of the citizenry (TV3 Ghana, 2024). The protesters have championed transformative agendas by calling for economic and institutional reforms (Africanews, 2023a). The protests are usually met with counter-hash tags or protests (e.g., #fixthecountry vs #fixyourself), violence, mass arrests of protesters and injuries.

4. CONCLUSION

As Ghana grapples with another episode of debt distress that has fuelled a raging economic crisis, it has again turned to the IMF for a bailout programme to stabilise the economy. We have argued in this paper that the prevailing analyses of the crisis distract from the underlying problem, which is the subordination of the global South in an imperialist international financial architecture. Similarly, the neoliberal policy response imposed by the IMF further exacerbates the problem, as the IMF's own international analysis has concluded (Ostry et al., 2016). We have further argued that given the policy choices the government has adopted in response to the crisis, the devastating impacts witnessed in previous episodes of economic recovery efforts are likely to be repeated. The impact of these policies is already being felt across the socioeconomic spectrum, but most acutely by women and girls on whom the burden of social reproduction falls.

An equitable and just recovery requires a socially conscious and gender-sensitive approach to policymaking in Ghana. However, this analysis makes clear that individual countries cannot tackle the root causes of the problem because the roots lie in the very structure of the international system. This context, then, calls for solidarity across the global South. As a first step, it may be time to revisit Thomas Sankara's

proposal of a debtors' cartel to give indebted countries a unified front to negotiate with the creditor cartel. However, the ultimate goal of such a unified front should be to push for a total overhaul of the IMF and other multilateral financial institutions that continue to serve the interests of private financial capital and Western hegemony.⁴ Building solidarity will not be easy because a class of economic and political elites exists in developing countries that benefit from the current extremely unjust system (Valiani, 2023). In the short to medium term, governments can take many steps domestically to increase the fiscal space for social spending, including tightening the lax tax system for corporations and sealing existing loopholes. These changes must be done as part of broader efforts at capital account regulation to curb IFFs.

However, this is incumbent on transforming national politics to bring development back to the policy agenda. SAPs, since their advent, have confined policymaking to the scope defined by the neoliberal framework, and national leaders are more accountable to representatives of Western governments and multilateral institutions than their populations. Events in recent years indicate that social movements and mass advocacy can trigger change in this direction. The election of Bassirou Faye in Senegal and the mass protests in Kenya that forced the government to drop the Finance Bill are initial positive developments and show that solidarity, even at the national level, can set off the process for the long struggle for decent and inclusive futures.

APPENDIX 1

N° of HH Beneficiaries	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Nominal LEAP payments																	
1	16	16	16	16	48	48	48	64	64	64	64	64	64	64	64	123	256
2	20	20	20	20	60	60	60	76	76	76	76	76	76	76	76	152	304
3	24	24	24	24	72	72	72	88	88	88	88	88	88	88	88	176	352
4 and above	30	30	30	30	90	90	90	106	106	106	106	106	106	106	106	212	424
Prices, Consumer Price Index	75.7	90.3	100.0	108.7	120.89	134.9	155.9	182.6	214.5	241.1	259.8	278.5	305.9	336.5	441.7	609.9	688.3
Real LEAP payments (CPI adjusted) for real values																	
N° of HH Beneficiaries	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1	16.00	13.42	12.12	11.14	30.07	26.93	23.32	26.54	22.59	20.11	18.65	17.41	15.84	14.40	10.97	15.27	28.17
2	20.00	16.77	15.15	13.93	37.59	33.66	29.15	31.51	26.83	23.88	22.15	20.67	18.81	17.10	13.03	18.87	33.45
3	24.00	20.13	18.18	16.72	45.10	40.39	34.97	36.49	31.07	27.65	25.64	23.93	21.78	19.81	15.09	21.85	38.73
4 and above	30.00	25.16	22.72	20.90	56.38	50.49	43.72	43.95	37.42	33.30	30.89	28.83	26.24	23.86	18.18	26.32	46.65

Source: Consumer Price Index data from IMF financial database

Note: We use 2008 as the base year

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NOTES

1- Berry (1995, p. xxxii) attributes the crisis to what he calls 'Nkrumah's ill-conceived development policies' regarding Ghana's founding president's large-scale state-led development strategy. However, this was unavoidable, given the disinvestment in social and economic sectors during colonial rule. At any rate, the infrastructural, economic, and social development achieved during this period remains unparalleled in subsequent years of Ghana's history (Mkandawire, 2001).

2- Capital account liberalisation implemented as part of the market reforms instituted during the structural adjustment programmes (SAPs) greatly facilitated the outflows of funds from global South countries, including Ghana, to the economies of the West (Ostry et al., 2016).

3- The ECF provides medium-term financial support to poor countries with chronic balance of payment problems under the Poverty Reduction and Growth Trust, while the RFI provides 'prompt' financial support to IMF member countries experiencing balance of payment problems (IMF, n.d.-a, n.d.-b)

4- *The Intercept* disclosed in 2023 that the US-brokered an IMF bailout for Pakistan after it agreed to a secret deal to supply Ukraine with arms to aid its war with Russia (Grim and Hussain, 2023).

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