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Development Challenges of Ghana: The Impact of Foreign Aid and Leadership

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Abstract:

Many African countries after gaining independence have not been able to live up to expectation of providing the basic needs necessary for sustenance and growth. A continent that is regarded as the birthplace of modern civilization has become the last to be made truly habitable. There are various debates regarding the underdevelopment and development of the African continent. Despite Africa's natural resource endowment, it is not able to benefit much from their resources. Ghana is not an exception. Regardless of the rich natural resources like gold, diamond, oil, manganese, timber etc. that Ghana is endowed with, Ghana still lacks the edge to benefit from this wealth. The political leadership of the country has been bent on seeking foreign assistance all the time, yet it seems there has not been significant improvement in the lives of the citizens. This work examines the development challenges of Ghana in the light of foreign aid influx and leadership with reference to the theoretical arguments of dependency theory.

Keywords: *Development, foreign aid, leadership, dependency*

1. Introduction

Development has been one of the dominating terms of discussion in the social sciences and it remains an ambiguous term continuing to generate debate among various scholars (Lawal, 2007 p.3). It is contested, complex, and even controversial. According to (Chala, 2012), this is because Since the 1960s, indicators of development have advanced considerably, and this evolution have been interwoven with disputes on the meaning of development (Chala, 2012).

Todaro & Smith (2009) stated that:

Development is a multi-dimensional process involving major changes in social structures, popular attitudes, and national institutions, as well as the acceleration of economic growth, the reduction of inequality, and the eradication of poverty. Development, in its essence, must represent the whole gamut of change by which an entire social system, turned to diverse basic needs and desires of individuals and social groups within that system, moves away from a condition of life widening perceived as unsatisfactory toward a situation or a condition of life regarded as materially and spiritually better. (p. 16)

This means that to attain development, there has to be positive change in the economic, social, political and the cultural state of a society or country. Seer (1997) reasoned with Todaro & Smith (2009) when he argued that the accumulation of capital and economic growth is not the only indicator of development but also that the citizens of a country are able to have adequate food and sustainable jobs and there is equality in terms of income. Again, Rodney noted that development is beyond individual perception and concluded that it's both an increase in output and changes in the technical and institutional arrangement including economic, social and political (as cited in Lawal, 2007, p.3). This implied that development is multifaceted and despite the varying conceptions, it all revolves around the process of change which will lead to the improvement in the life of the populace. For the purpose of this work, development is defined as the progress made in all aspects of life, being it political, social or economic. In this sense, when there is an improvement in the lives of citizens, there can be said to be development.

Many African countries after gaining independence have not been able to live up to expectation of providing the basic needs necessary for sustenance and growth. A continent that is regarded as the first home of man has become the last to be made truly habitable (Mazrui, 1980, p. viii). Despite Africa's natural resource endowment, it is unable to benefit from their resources. According to Ali Mazrui (1980, p. 72), the African continent is blessed with natural resources ranging from gold, bauxite, manganese, timber, water etc., but the population of the continent are living an impoverished life. This situation Mazrui attributed to the way Africa has been interacting with the western world economically. He saw external trade relationship as a part of the problem of Africa's underdevelopment. Mazrui asserted that though Africa is endowed with the

resources, it still has the burden of underdevelopment. He termed this as “pathology of technical backwardness” (p. 70). While other developing countries and regions continued to grow, Africa’s development has remained motionless and as such considered to be the poorest continent in the world (World Bank, 2000).

The debate regarding the underdevelopment and development of African continent is not a new phenomenon in the development discourse. The present condition of Africa’s development crisis has been attributed to a lot of factors such as corruption, bad leadership, political instability foreign aid and imperialism. Ghana is not exempted from these crises. Sixty (60) years down the lane after Ghana gained independence from the British but it lags behind in terms of Development. Basically, fiscal deficits coupled with inefficient management and use of public funds, unemployment, absence of competition in the private sector and infrastructural problems are the common characteristics of the development challenges of Ghana (World Bank report, 2017).

1.1. Context and Setting: Ghana

This study specifically focused on Ghana as a whole to draw conclusions on the development challenges as far as foreign aid and political leadership is concerned. The Republic of Ghana is located in West Africa. It sits on the Atlantic Ocean facing south and borders Togo, Cote d'Ivoire, and Burkina Faso. The 2016 census revealed that Ghana has a population of about 28 million (Ghana Statistical Services, 2016). Ghana is regarded as the beacon of democracy in Africa as it has taken major steps towards democracy under a multi-party system with an independent judicial system. Ghana consistently ranks in the top three countries in Africa for freedom of speech and of press, with television broadcast media in particular being the strongest and radio the medium with the greatest reach (World Bank, 2017). According to the 2017 World Bank report, there was an improvement in the economic performance of Ghana. The 2017 report pointed out that the economic prospects of Ghana in the short run looked good but the challenges such as “high youth unemployment; ongoing delays in the resolution of debt incurred by energy state-owned enterprises; and the high cost of electricity and need to match capacity and demand for its supply, high domestic and external financing costs as its debt expands, still remain” (World Bank, 2017, pp.10).

Despite the rich natural resources like gold, diamond, oil, manganese, timber etc. that Ghana is endowed with, Ghana still lacks the edge to benefit from this wealth. The political leadership of the country has been bent on seeking foreign assistance all the time, yet it seems there has not been significant improvement in the lives of the citizens. There have been various arguments with regards to the effectiveness of aid with some optimistic and other pessimistic views. For example, Easterly (1999), from a skeptic point of view saw that the aim of aid to help fill investment gaps and to ensure a sustainable growth was not achieving its said target. On the other hand, Jeffrey Sachs (2005), from an optimist point of view saw that countries who are extremely poor cannot grow without foreign aid, and Sachs advocated for a greater need to increase the inflow of aid to help eradicate poverty. Foreign aid in this context includes grants or loans that are received from external sources to promote economic development and the general welfare of the people. Leadership on the other hand may refer to the act of a person directing and coordinating members of a group or country to achieve a common goal simply because he has been appointed or elected for such a purpose (Fieldler and Garcia, 1987).

1.2. Research Questions

Considering the pessimistic and optimistic views with regards to the effectiveness of aid and political leadership to the development of a country, the following questions are examined.

- To what extent does Ghana rely on foreign aid?
- To what extent does the aid impact the country's development?
- What is the impact of political leadership on the development of Ghana?
- What are the measures that can be put in place to avert these challenges?

1.3. Statement of Purpose

Generally, the study examined the development challenges of Ghana in the light of foreign aid influx and political leadership with reference to the theoretical arguments of dependency theory. Thus, the study seeks to establish the relationship between foreign aid, leadership, and development. More specifically, the study aims at, among other things, to assess the impact or effects of foreign aid and political leadership on Ghana’s development.

1.4. Sources of Data

The study depended mainly on secondary data that was sourced from World Bank reports, IMF reports, Ghana Statistical Service, textbooks, newspapers, magazines, scholarly articles from journals, serials bulletins, research reports and published as well as unpublished works. I reviewed literature on the impact foreign aid and leadership has on development.

1.5. Significance of the Study

The importance of this study is that, it will help create awareness of the extent to which Ghana relies on foreign aid and the impact it has on its development. In addition, the study provides data for policy makers and stakeholders to address the development challenges of the country.

1.6. Definition of Key Terms

This identifies and explains the technical terminologies used in relation to the study which will enable readers to understand the degree of application in our part of the world.

1.6.1. Development

Development is defined as the progress made in all aspects of life being it political, social or economic. In this sense, when there is an improvement in the lives of citizens, there can be said to be development (Todaro & Smith, 2009)

1.6.2. Foreign Aid

Foreign aid is defined to include technical assistance, financial flows (grants or loans), and commodities that are received from external sources that are intended to promote economic development and the general welfare of the people (Development Assistance Committee of OECD).

1.6.3. Leadership

Leadership may refer to the act of a person directing and coordinating members of a group or country to achieve a common goal simply because he has been appointed or elected for such a purpose (Fieldler and Garcia, 1987).

2. Theoretical Framework and Review of Related Literature

This chapter focused on the theoretical framework of dependency and the review of related literature. This chapter, fundamentally, examines the background and meaning of dependency theory while I reviewed literature pertaining to Foreign Intervention in Africa and political leadership.

2.1. Introduction

Scholars commonly accept that theories are very important in studying the actions and inactions of States. Theories are sets of statements or hypothesis that provide explanations for real-world events or phenomena. Theories make the effort to provide possible and probable explanations for the actions of states and major developments in international relationships (Asare, 2011). In trying to arrive at a tangible explanation with regards to the disparity that prevails among developed and less developed countries, many theories and hypothesis have been proposed or justified by scholars in support of the differences in the level of development. It is important to state that the various theories that have erupted explaining the disparities in development among countries are not without reactions or criticisms. "Development theory thus refers to the leading theories and many rival and subsidiary theories that critique, revise, sum and offer broad explanatory frameworks on development" (Pieterse, 1998 cited in Kutor 2014, p.16). Dependency theory forms the basis of my argument.

2.2. Dependency Theory: Background

Out of despondency in seeing how economic growth in developed industrialized countries didn't propel development in less developed countries led to the evolvment of dependency theory in the 1960s spearheaded by Raul Prebisch (Ferraro, 2008, p. 1; Kutor 2014). According to Ferraro, the initial contention was that there was a total exploitation of the poor countries through the exportation of their primary products to the rich countries who then processed the raw materials into finished products and sold them back to them at a higher price. Due to this exploitation, Prebisch proposed that less developed countries needed to embark on import "substitution programs" so that it wouldn't be essential to buy the finished goods from the developed countries (Ferraro, 2008, p. 1)

2.3. Dependency Defined

Simply put, dependency may be defined as a description of economic development of a country in relation to external influences being it economic, social, political or cultural and having a bearing on policies of national development (Sunkel, 1969, p.23)

Also, according to Dos Santos et., al. 1971), there is a historical aspect of dependency. He opined,

Dependency is...an historical condition which shapes a certain structure of the world economy such that it favors some countries to the detriment of others and limits the development possibilities of the subordinate economics...a situation in which the economy of a certain group of countries is conditioned by the development and expansion of another economy, to which their own is subjected. (Dos Santos et., al. 1971, p.226)

A cross examination of the above definitions brings to light that there are common characteristics shared by the dependency theorist irrespective of their differing definitions. First and foremost, dependency theorist sees the international community to be made up of two states labelled differently as "dominant/dependent, center/periphery or metropolitan/satellite." (Ferraro, 2008: Kutor, 2014; Peet and Hartwick, 2015) The developed Industrialized countries who form part of the Organization of Economic Co-operation and Development (OECD) are seen as the dominant.

On the other hand, the states of Latin America, Asia, and Africa who are bedeviled with low per capita income are regarded as the dependents (Ferraro, 2008, p.2). Again, the definitions acknowledged that the external forces intervention in

dependent states economic activities is an important priority which helps them to champion their economic interest abroad. Also, the definitions posit that there is an obstinate relationship between dominant and dependent states which goes on to fuel the existence of inequalities. In addition, historically speaking, dependency is entrenched in Internationalization of capitalism (Ferraro, 2008, p.2, Peet and Hartwick, 2015).

Thus, from the structural point of view, some supporters of dependency theory see capitalism to be the main brain behind the existence of dependency affairs. Andre Gunder Frank (1972) in his work "the development of underdevelopment" noted that the existence of the world capitalist system has stifled the growth of the dependent nations due to unfavorable conditions. He asserted that current underdevelopment is rooted in the history of the past and the unending economic relationship that exist between the developing and the developed world. Capitalism is bent on profit-making and hence the developed world uses the resources of the undeveloped world to enrich themselves. Moreover, dependency also based on the assumption that economic and political power resides precisely in the centralized industrialized countries and hence given room for what Marx terms as imperialism leaving the developing countries under the dominating tendencies of the developed world.

Dependency theory contends that the integration of the underdeveloped economies into the capitalist world system of the west has accounted for their condition (Randall and Theobald 1998, p.120). They argue that the West has played an enormous role in Africa's underdevelopment. "In short, dependency theory attempts to explain the present underdeveloped state of many nations in the world by examining the patterns of interactions among nations and by arguing that inequality among nations is an intrinsic part of those interactions" (Ferraro, 2008, p.3) This is to say, the dependency school of thought is premised on the primary message that the development of Europe and the US was grounded on the vigorous underdevelopment of the countries that are non-European and hence making it more undeveloped. According to the supporters of dependency, Europe was able to develop from external destruction of conquest, colonialism, slavery, resource theft they caused rather than an internally driven innovation (Peet and Hartwick, 2015, p.188).

All said and done, the supporters of Dependency theory will therefore attribute the underdevelopment of Africa to Western imperialism and colonization, foreign aid or anything that has to do with external mechanisms and influence. In the same vein, the development challenges of Ghana could be viewed from this perspective and it is upon this premise I sanctioned this work.

2.4. Review of Related Literature

The debate regarding the underdevelopment and development of African continent is not a new phenomenon in the development discourse. Some scholars attribute the challenges to the influx of foreign aid while others see it as an internal factor of leadership. There have been various arguments with regards to the effectiveness of aid with some optimistic and other pessimistic views. For example, William Easterly (1999), from a skeptic point of view saw that the aim of aid to help fill investment gaps and ensure sustainable growth is not achieving its said target. On the other hand, Jeffrey Sachs from an optimist point of view saw that countries who are extremely poor cannot grow without foreign aid and so advocated for a greater need to increase the inflow of aid to help eradicate poverty (Sachs, 2005). In this section, I reviewed some scholarly work concentrating on the underdevelopment of Africa through the lens of leadership and foreign aid. The current state of African development which has been described by scholars as a development crisis cannot be explained from one perspective but several perspectives of internal and external factors which have plagued the continent for decades (Kutor, 2014).

2.4.1. Foreign Intervention in Africa

Foreign intervention/aid herein includes grants or loans, military support, that is received from external sources to promote economic development and the general welfare of the people. A lot of studies have demonstrated that aid has not led to development in Africa because it has fueled unproductive consumption rather than investment and that those countries that depend mostly on aid have recorded negative growth rates and as such it is clear that aid has proved not to be the path to development, wealth and prosperity for Africa (Moghalu, 2014). Due to the belief that aid was going to play a greater role in realizing the Millennium Development Goal(MDGs) of eradicating extreme poverty by 2015, there was an increase in the debate with regards to the impact aid has on economic growth among scholars (Obu-Cann et al, 2014).

First and foremost, Africa has been noted to be the major recipient of aid in the world. According to Easterly (2007), the report of OECD in 2009 indicated that the total estimate of assistance donated to Africa in 2008 was 26 billion US dollars. It also asserted that Africa has been the highest recipient of foreign aid in the world which was projected to be around 600 billion dollars on a per capita basis (Easterly, 2007). In addition, Schmidt viewed the origin for the state of Africa from another lens. By using a qualitative method of research, Schmidt (2013), explored the origin for the state of the current problems faced by Africa. Africa is faced with diverse problems which many tend to attribute to internal factors such as corruption, dictatorship etc. but one must not also be ignorant about the harm foreign intervention has caused and is causing to Africa. (Schmidt, 2013, p. 1). Colonial imperialism and the superpowers of cold war served as a hindrance to the economic and political interest of Africa which made the continent become a battleground for the imperial powers (Schmidt,2013; Rodney, 1972; Bertocchi, & Canova, 2002; Onimode,1988). The foreign intervention therefore increased conflicts in Africa. This is to say the intervention has caused more havoc to the development of the continent (Schmidt, 2013.p. 2).

Furthermore, there is a struggle in terms of development between the developed world of lower population and the less developed countries with higher populations (Collier, 2008). He stated "...the development challenge has been a rich world of one billion people facing poor world of five billion people" (Collier, 2008. p. 3). There is too much foreign intervention in terms of aid which has trapped the poor countries in underdevelopment. He posited that too much aid which has no specific focus has been provided for the "bottom billion." The mere provision of aid to the poor countries does not alleviate their poverty. With that, aid can serve or be made to look like a welfare program designed to salvage the poor countries, but it doesn't enhance productivity, and growth (Moyo, 2009; Collier, 2008; Obu-Cann et al, 2014).

Also, Moghalu adds to the scholarship. According to Moghalu (2014), the main instrument accounting for the underdevelopment of the African continent is foreign aid (p.25). Thus, the poverty of Africa is as a result of foreign Aid. This is substantiated by the arguments of Dambisa Moyo who also contended that the main instrument accounting for the underdevelopment of the African continent is foreign aid (Moyo, 2009). Both Moghalu and Moyo argued that in spite of all the aid given to Africa over the several decades, it has failed to produce any significant development (Moghalu, 2014 and Moyo 2009). Africans have been brainwashed to believe aid is a necessity for their growth and probably aid that is given in the form of grants or loans seems to be free. This kind of aid provision which has a crippling psychological effect on the continent was a post-colonial legacy (Moghalu, 2014:26; Appiah-Konadu et al. 2016). It is a deception to think that foreign aid can pull poor countries out of poverty. Consequently, foreign aid is a tool for projection of worldviews and that serves as an instrument of domination and influence. This signifies that aid is only provided to Africa to promote the geopolitical or economic self-interest of the donors (Moghalu, 2014; Schmidt, 2013). Foreign aid that is offered to Africa comes with conditions to be fulfilled and hence placing these recipient nations at a tight corner devoid of freedom (Moghalu, 2014:27; Moyo, 2009). The total dependence on aid at the expense of trade has crippled the African continent from developing and that the conditional ties attached to foreign aid serves as a catastrophe for recipients (Ilorah, 2008). In effect, aid from foreign donors has not been properly utilized and is still not functioning and that it has failed to live up to expectation of enhancing development (Moghalu, 2014:29). This means that foreign aid as presently practiced, does not address the issues that hold the key to real development in Africa.

Again, Amoako-Tuffour (2005) in his study on "Multi-Donor Direct Budget Support in Ghana: the implications for aid delivery and aid effectiveness" found that Ghana's public investment is heavily dependent on foreign aid. The commencement of the Structural Adjustment Program in Ghana in 1983 highly drew the developed and donor countries to help sustain the program. It is projected that there was an increase of about 13 percent of the total aid received in aid as compared to the average for the sub-Saharan region (Amoako-Tuffour, 2005). With this, development aid has become a canker to Ghana of which they are afraid to withdraw thinking it may have negative consequences on their economic growth. In spite of some decent economic policies, the policy conditional ties imposed by the donor countries is unbearable and so the aid is not being able to achieve it envisioned purpose. This has rendered many to question the effectiveness of aid influx in Ghana. Is it a blessing or a bane?

Just as interesting, from a different angle, in examining the long and short-term relationship between aid and economic growth in Ghana, Appiah-Konadu et al. (2016) concluded that the expenditure of government, labor and capital impact positively on the economy of Ghana both in the long or short run. However, the study noted that aid and loans have a negative ramification on the economic growth of Ghana. Aid is not able to meet its intended purpose of enhancing development in the Ghanaian economy specifically due to the high rate of corruption and the high interest rates on aids that are provided in the form of loans (Appiah-Konadu et al. 2016). In addition, Obu-Cann et al, (2014) also noted that certain factors such as political stability, historical and geopolitical considerations of Ghana have been the backbone behind the inflow of aid because the developed or donor countries and some Non-Governmental Organizations use Ghana to pilot test the aid program for other African countries. The increasing influx of foreign aid in the country has therefore heightened the rate of dependency as a huge portion of the budget depends on aid inflows (p.1)

Apart from this, the effectiveness of aid was examined from the perspective of education. Birchler & Michaelowa (2016) examined the effect aid provided for educational purposes has on primary enrollment and the quality of education. Employing econometric specifications and current data on how aid is disbursed found a substantial evidence stressing the fact that the increase in aid has led to a positive increase in enrollment, attributing educational facilities and training provisions as one of the most effective effect aid has had in the educational sector. In addition, in a paper to ascertain the economic effects of aid in Ghana, Osei et.al, (2005) by using vector autoregressive methods found out that "aid to Ghana has been associated with reduced domestic borrowing and increased tax effort, combining to increase public spending" (p. 15). The results demonstrated that aid can support good economic policies. He saw from a different lens that aid was blessing.

Besides, Asongu and Nwachukwu (2017) in their study to probe into ramifications of the influx of foreign aid on "inequality adjusted human development"(p.2) using data from the Organization of Economic Co-operation and Development (OECD), the United Nations Development Program (UNDP) and the World Bank for the period 2005 to 2012, focused on 53 African countries by using three methods namely "Ordinary Least Squares (OLS), Fixed Effects (FE) and the System Generalized Method of Moments (GMM) regressions." Their findings brought to light that there was a positive impact of aid in such areas like; aid for: social infrastructure, economic infrastructure, the productive sector and the multi-sector. Secondly, they also found out that humanitarian aid doesn't have positive impact and continued to have a consistent negativity across all models (p. 9).

Moreover, Asongu & Nwachukwu (2016) conducted an empirical research to ascertain the effects foreign aid have on governance using data from 52 African countries within a specified time from 1996 to 2010. They found that foreign aid weakens economic and institutional governance. But did not have any momentous result on what is termed political governance (i.e. the political accountability and stability in governance). They found that the idea of aid provision to serve as an instrument in elections of political leaders in Africa is likely to lead to inconsequential outcomes (p.1). Meanwhile Anderson, (1999:2) argued that it is a good and consistent deception to presume that since assistance can cause some damages, a choice not to offer assistance would do no damage. As a matter of reality, the choice to withhold assistance from individuals in need would have "unconscionable negative implications". She believed aid acted as a double-edged sword having its pros and cons. Notwithstanding the cons associated with aid, its provision should not cease since it will have more negative consequences on those who need it. Anderson was of the view that appropriate measures can be taken in the quest to providing aid in conflict situations in a way that promoted peace rather than making the conflict worse. She asserted that "international aid giving in conflict setting should not feed into and exacerbate the conflict" (Anderson, 1999:7). Anderson stated that despite the fact that NGOs don't produce clashes, they at times add to and fortify fierce clashes in societies where they work (Anderson 1999:44). According to Anderson, the ramifications of aid depends on the transfer of resources and the implicit ethical messages conveyed during assistance provision (Anderson, 1999:38)

In furtherance of the above, aid has been adduced to be a catalyst that propels conflict. According to Moyo (2009), aid provided to Africa has stifled the development of the continent and also "foments conflict" (Moyo 2009:59). She contended that, regardless of all the aid given to Africa over the years, it has neglected to create any critical improvement and that there is a continuous underdevelopment of the recipient countries. To Moyo, aid is inessential for Africa but rather they (Africans) have been persuaded that it is essential and so receiving aid has become the African way of living. Thus, it has become an embedded culture in which they live. The continuous receiving of aid which Moyo terms as 'vicious cycle of aid' "chokes off desperately needed investment, instills a culture of dependency and facilitates rampant and systematic corruption, all with deleterious consequences for growth. The cycle that perpetuates underdevelopment and guarantees economic failure in the poorest aid-dependent countries" (Moyo, 2009:49). From this we see that foreign aid given to Africa propels the leaders into corruption which goes a long way to have negative ramifications on the continent's development.

In addition, aid provision does not help Africans to become self-reliant and always put their trust and lives in the hands of donor countries to dictate the pace. Africans therefore act like a baby who always depends on her mother for breastmilk and even when they are being fed, they refuse to grow. Aid incites apathy in African leaders. There is therefore no zeal among policy makers in Africa to help salvage the misfortunes of the continent. Since leaders and Africans, themselves have conceived the notion of aid assistance as a perpetual pay, policy makers have no motivation to search for other or better methods of financing their nation's long-term development projects. Huge sums of aid and culture of aid dependency likewise urge governments to bolster substantial, awkward and regularly useless government sector projects as another approach to remunerate their cohorts (Moyo, 2009:66).

Likewise, emergency relief aid in the African continent is on the rise as humanitarians are still committed to execute aid provision (Fearon, 2008). The provision of aid has the tendency of aggravating conflict and causing underdevelopment (Moyo, 2009; Anderson, 1999; Polman and Waters, 2010). Polman (2010) captured the misuses, misapplication, mishandling and abuse of aid by humanitarian organizations. The difficulty in recognizing genuine casualties and how aid resources got redirected by the aid organizations themselves, unworkable governments and the culprits of the most grievous wrongdoings which the aid is anticipated to help. She believed aid is a weapon of war. She argued that humanitarian aid provided in war zones fed and exacerbated the conflict (Polman 2010:20) and the aid enriches the leaders. She investigated the effectiveness of aid in crisis throughout the world but with a special focus on Africa. "Abundant humanitarian aid was all that enabled the Hutu extremists to carry on their extermination campaign against the Tutsis in Rwanda from UNHCR camps in Goma" (Polman 2010:48). This is substantiated by Peter Uvin in his book "*Aiding Violence: The development Enterprise in Rwanda*," who argued that foreign aid played a major role in fueling the violence in genocide Rwanda in 1994. He observed that the provision of development aid intensifies "structural violence" (Uvin, 1998). The premise of his contention was that in Africa, nations gave off an impression of encountering intercommunal violence most of all the time. Quite often these demonstrations of outrageous brutality appeared to take after ethnic patterns, even in spots where verifiably there has been no hatred between the groups concerned. All these nations that found themselves in conflict situations were extensive beneficiaries of foreign aid (Uvin, 1996:3). Uvin (1996) kept on expressing that a great part of the aid given to nations has been done by employing a "top-down" approach technique without taking into consideration its ramification on society. He argued that development aid appropriated a foundation for inequality and underdevelopment coupled with structural and acute violence (Uvin 1996:34). The inflow of foreign aid in Somalia in 1992 served as a catalyst which propelled the rate of violence, corruption and dependency which led to negative consequences in the country. Despite the provision of aid to Somalia, it is still coupled with humanitarian crisis which may lead one to think whether the aid provision is also accountable for the crisis or not (Maren, 1997).

2.4.2. Political Leadership

Leadership is a salient factor in governance of a country as well as very key to development. Thus, the improvement in the lives and welfare of the citizens is dependent on the leader steering the affairs of the nation (Onolememen, 2015). The pace

at which a country develops is dependent on the nature and trait of leadership (Lawal and Tobi, 2006). In a study conducted by Ngowi (2009) to ascertain the effect political leadership had on Tanzania concluded that, the greatest factor that defined and shaped the path to economic development is leadership. The existence of poor governance that has crippled the African continent after gaining independence has been attributed to bad leadership. Governance depending on the style and approach used can be said to be bad or good (Rotberg, 2005). Good governance therefore must have the welfare of the people coupled with the provision of infrastructure at heart (Lawal and Tobi, 2006). The measurement of the accomplishment or deficiency of a leader is dependent on the kind of infrastructural development and how it is able to meet the needs of the citizens in a democratic governance (Oyedele, 2012). According to the United Nations (2007), good leadership helps to enhance democracy while promoting economic growth and binds the citizens together to eradicate poverty.

To this end, current development crisis of Africa is viewed from the lens of leadership, thus, attributing the challenges to poor leadership and governance in the continent (Andreasson, 2005; World Bank, 2000). According to Greg Mills, "the main reason accounting for the poverty of African people is because of the bad choices made by their leaders" (Mills, 2010, p. 1). Thus, the poverty of Africans is a result of bad leadership. The role leaders' play in every facet of the citizens' life is very expedient with regards to development. As Greg Mills pointed out, "countries can grow their economies and develop faster if leaders take sound decisions." (p. 1) He argued that decisions taken by African leaders are meant to perpetrate their selfish interest at the expense of national interest. The system many African leaders have preferred thrives on corruption and most importantly bad choices have been made because better choices in the broad public interest were in very many cases not in the leaders' personal and often financial self-interest. It could be inferred from Mills' argument that African leaders have not been trapped in stagnation – they have chosen it. They have done this because stagnation has often been to their advantage: the retention of power is easier, and the rewards of personal plunder have exceeded those of generalized growth. As Mills argues, the most amazing thing is that Africa's leaders have been allowed by their citizens to get away with such choices. They have been able to do so, he suggested, by the tradition of "big man" rule and by the lazy ideology of victimhood that has enabled the externalization of responsibility for problems.

Another internally driven factor that has been argued to be responsible for Africa's underdevelopment is instability in leadership. Political instability may be said to be a situation where the government of a particular country is overthrown through a coup d'état. Post-independent Africa has experienced a lot of coup d'états which plunges the continent into chaos and not allowing for continuity in agenda. For instance, Ghana experienced a series of coups few years after independence. In Somalia, "following the overthrow of the military regime of President Siad Barre in 1991, the country collapsed into anarchy and Somalia has experienced almost constant conflict which in effect is curtailing its development (Barnett, 2011:172).

From the perspective of attributing the development problems to internal mechanisms, Ayittey (2002) blamed the development catastrophe on leadership. He posited that, for there to be development, the "vampire" or "pirate" state has to be done away with making references to leaders he considered vampires such as Daniel Arap Moi (Kenya), Robert Mugabe (Zimbabwe), Nigeria's Abacha and J. J. Rawlings of Ghana (as cited in Andrews, 2009, p.011). Ayitey opined that many leaders in Africa are greedy and self-centered that, they accumulate the wealth of the countries they are leading at the expense of development and rely on foreign assistance to enrich themselves.

From the literature, it is seen that the development challenges of Africa are attributed to both external and internal factors placing more emphasis on the harm foreign interventions or aid has caused to the continent. Ghana has been dependent on foreign intervention since the 1960s and it has not led to much progress in the country's development (Adams & Atsu, 2014; Appiah-Konadu et al. 2016). Based on this, the following questions were examined;

- To what extent does Ghana rely on foreign aid
- To what extent does it impact on its development?
- What is the impact of political leadership decisions on the development of Ghana?
- What are the measures that can be put in place to avert these challenges?

3. Findings, Discussions and Conclusion

3.1. Introduction

This chapter focused on the findings of the study, discussions and conclusion. This aimed at creating the awareness on the extent to which Ghana relies on foreign aid and the impact it has on its development as well as the impact political leadership has on Ghana's development.

3.2. Findings for Research Question 1&2: The Extent to Which Ghana Relies on Foreign Aid and the Impact on Its Development

Ghana has been dependent on foreign intervention since the 1960s and it has not led to much progress (World Bank). In expressing Ghana's continual dependence on foreign aid, the current president of Ghana stated,

We can no longer continue to make policy for ourselves, in our country, in our region, in our continent on the basis of whatever support that the western world or France, or the European Union can give us. It will not work. It has not worked, and it will not work. Our responsibility is to charter a path which is about how we can develop our nations ourselves. It is not right for country like Ghana – 60 years after independence –

to still have its health and education budgets being financed on the basis of the generosity of European taxpayers. (Akuffo Addo, 2017 cited from ghanaweb.com)

In answering this question, I gave a trajectory of how Ghana has been dependent on foreign aid by employing data from IMF, World Bank and the budget of Ghana from 2009 to 2017 to ascertain how Ghana has been reliant on foreign aid- To what extent does Ghana rely on foreign aid and to what extent does it impact on its development. Is it creating dependency?

First and foremost, in 2009, due to severe macroeconomic imbalances in the Ghanaian economy, assistance was sought from International Monetary Fund(IMF) with the aim of stabilizing the economy. This assistance sought was referred to us the Extended Credit Facility obtained from IMF. To help alleviate the economic crisis, the IMF approved a loan of 602 million US dollars as a balance of payment to support Ghana (Ministry of Finance, 2009). According to the then finance minister of Ghana, this aid helped to stabilize the economy as it helped stabilize the currency(cedi) and therefore enhanced confidence in the Ghanaian economy. The budget output for 2009 fiscal year showed that GHS 6,881.3 million (about US\$1,551 million) was the total revenue and grants which represented 7.9 percent which was below the original budget GHS 7, 474.2 million (about US\$1685.28 million). This might have probably been caused by the inability to mobilize revenue internally. Despite aid helping to stabilize the economy, there was a deficit of GHS 2,118.6 million which is equal to 9.7 percent of GDP in the overall budget balance. Finance from outside sources were more than domestic sources which totaled GHS 1, 076.6 million (about US\$242.75 million) (MoF Budget Statement, 2009: World Bank WEO, 2009)

Moreover, in 2010, the country's expenditure was higher than estimated. The fiscal debt was around GHS 2, 294.3 million (US\$517.32) which was tantamount to 8.8 percent of GDP. The report noted that the higher deficit was due to the increased disbursement of loans for projects than what was anticipated. The report also highlighted an increase in the total public debt from US\$8,551.7 million in 2009 to US\$11, 247.7 million in 2010 signifying an increase in 32.1 percent over the period. The total external debt of Ghana in 2010 was US\$5,998.3 million which represented 53.1 percent of the total public debt as against domestic debt of US\$ 5,249.4 million. This clearly showed that there was too much dependency on foreign donors for assistance within that year. In 2010 the IMF report showed that the financial sectors of the developed countries were engrossed in public debt and as a result, it was estimated to have implications on developing countries of which Ghana was no exception (World Bank report, 2010 and Ministry of Finance, Ghana)

Furthermore, in 2011, there was a continuous disbursement of grants provisionally from the development partners which amounts to GHS 621.2 million (about \$140 million). The total expenditure was higher than the budget estimate. External debt was US\$ 7,103.41 million representing 19.1 percent of GDP of total public debt stock. We could see that the external debt of Ghana from 2009 has been increasing at an increasing rate.

In addition, in 2012, there was increased imports which eventually led to an increase in external debt. The government in an attempt to bridge the gap in development continued its commitment to loans to the tune of about US\$ 2,286.24 million to implement various infrastructural programs. An assessment by the World Bank and IMF showed that Ghana remained with the "category of moderate risk of debt distress (IMF/World Bank report, 2012).

Apart from this, in 2013, loans of US\$ 1,793 million were signed in addition to US\$ 1 billion Eurobond (MoF, Ghana, 2013). The increase in the external debt stock was attributed to the disbursement of about US\$ 750 million from Eurobond and the spending of US\$383.5million from the China Development Bank. These loans were geared towards projects in the health, housing, transport. Below is a graphical representation of the public debt trend in Ghana from 2009 to 2013. Figure 1 below shows that the public debt has been increasing at an increasing rate with a continuous rise in external debts.

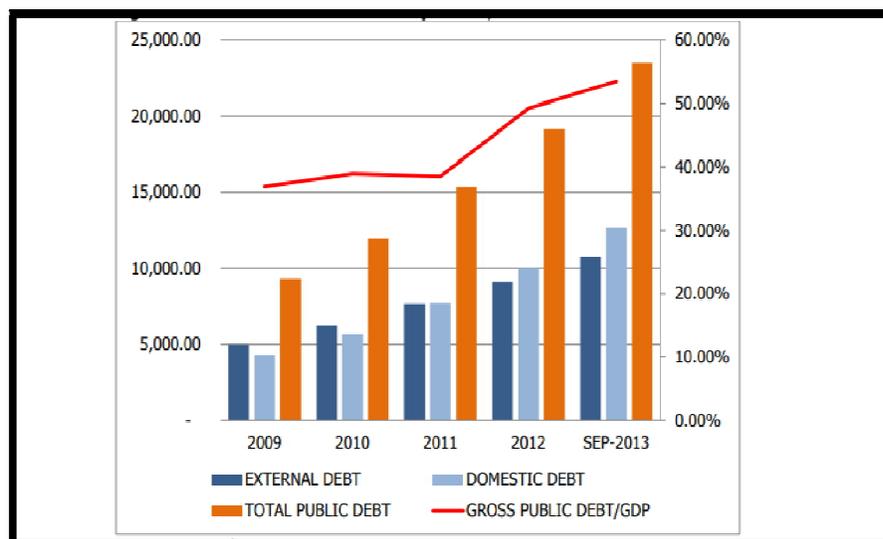


Figure 1: Public Debt Trend from 2009 to September 2013
 Source: Ministry of Finance, Ghana

Also, there was a consistent increase in the public debt in 2014 which continued to put the Ghanaian economy in shambles. In line with that, in 2015, the public debt stood around GHS 92,161 million which is equivalent to US\$ 24,285 million of which external debt alone was GHS37,673 million equivalents US\$9,927 million. Ghana entered into an agreement with IMF for a loan worth US\$918 million in April 2015 to support its economic reform program. This was geared towards enhancing debt sustainability, strengthening government finances and improving transparency in the budget, eradicate or reduce inflation in order to preserve or ensure stability in the financial sector (IMF report, 2015 and World Bank, 2017). The question is, were these achieved? This loan came with conditionalities which made it impossible for graduates to be recruited or employed into the public sector. This has led many graduates in Ghana to be stranded. Is the loan a blessing or a bane? (IMF, 2015 and World Bank, 2017). According to the IMF review in 2017, the agreement which was supposed to end in 2017 was extended to December 2018. In effect, we could deduce that this extension would continue to worsen the unemployment situation in Ghana.

In 2016 Ghana's public debt increased to US\$ 29.2 billion with domestic and external debt of US\$ 12.8 billion and US\$16.5 billion respectively. (MoF, Budget Statement, 2017). Ghana paid more interest of about GHS10,770.4 million which represents 6.4 percent of GDP.

Notwithstanding, in a letter dated on the 20th November 2017, Ken Ofori-Atta, the current minister of finance for Ghana wrote to the World Bank requesting for a second "Macroeconomic Stability for Competitiveness and Growth Development Policy Financing from the International Development Association to support its developmental programs and policies (World Bank, 2017 p.44). In December 2017, a press release by the world bank indicated that the World Bank approved a sum of \$200 million International Development Association credit to help Ghana to strengthen its institutions and help create jobs to salvage the poor (World Bank, 2017). Below is a graphical representation of the public debt trend from 2013 to 2017.

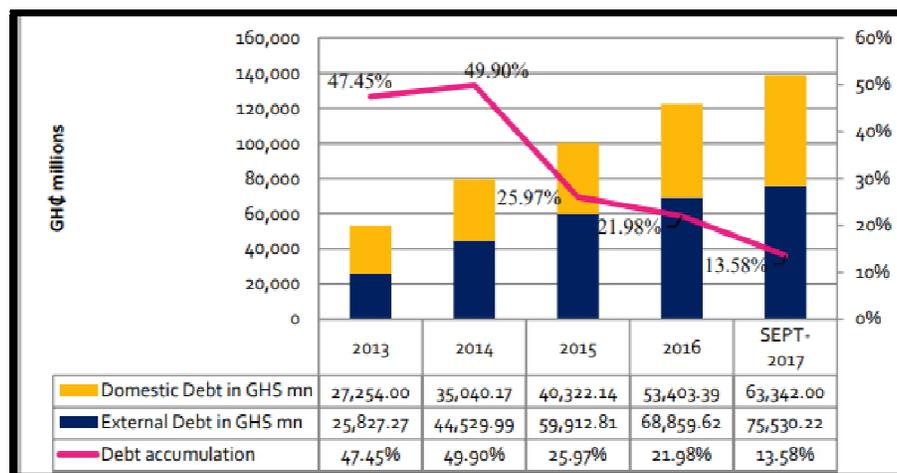


Figure 2: Public Debt Trend from 2013 to September 2017

Source: Ministry of Finance, Ghana

The above data shows that from 2009 till date that there have been a persistent and appreciable increase in the public debt of Ghana. The country continues to rely heavily on external aids to finance its budget. This continual reliance on aid has created a state of dependency. The dependency theory which has been adduced to explain the causes of stagnation among many impoverished nations can be used in understanding the development challenges of Ghana. Dependency theory attribute the underdevelopment of Africa to Western imperialism and colonization, foreign aid or anything that has to do with external mechanisms and influence. Ghana continues to depend on the foreign interventions in the form of loans, aid, imports etc. The question is, has the continual loans being able to champion the cause of development as it intends to do? Some may argue that there has been some quite positive aspect but is the aid really working? This drives home Moyo's argument on "Dead Aid". The aid to Ghana is not working as we can see from the data. It only compounds our deficits and creates havoc (Moyo, 2009). Aid is simply not working. Aid has not led to development in Africa because "it has fueled unproductive consumption rather than investment and that those countries that depend mostly on aid have recorded negative growth rates and as such it is clear that aid has proved not to be the path to development, wealth and prosperity for Africa" (Moghalu, 2014). The mere provision of aid to the poor countries does not alleviate their poverty. With that, aid can serve or be made to look like a welfare program designed to salvage the poor countries, but it doesn't enhance productivity, and growth (Moyo, 2009; Collier, 2008; Obu-Cann et al, 2014).

The overall impact of the continual reliance on aid to the development of Ghana has been an increase in public debt, persistent inflation, unemployment due to conditionalities, escalating budget deficits, rising external interest, high cost of doing business etc.

3.3. Findings for Research Question 3: The Impact of Leadership on the Development Challenges of Ghana

The pace at which a country develops is dependent on the nature and trait of leadership (Lawal and Tobi, 2006). After independence, leadership in Africa have been characterized with incompetence, futility, and not being able to be responsive to the needs of the citizens neither are they able to plan for generations yet unborn. Nasir (2010) noted that, a lot of irregularities have been experienced under the management of leaders in post-independent Africa. Development in terms of infrastructure are in shambles and there is a complete depreciation of the currency coupled with high cost of living. In addition to that is mass graduate unemployment, bad health care, increase in child mortality rate and deteriorating standards in education. In the light of this, the general security of the country is at stake as there is increased crime and corruption.

A report from the world bank in 1989 indicates that Africa's underdevelopment and desolation is a result of governance crisis (Alemazung, 2011). There has to be progress in all aspects of life ranging from social, political, economic and cultural for there to be development. Leaders are expected to work hard to champion the interest of the citizens to enhance development. But what do we see in Ghana? most leaders are egoistic who put their personal interest first at the expense of the public good. In 2016 for instance, various media houses reported issues of corruption in Ghana that had bedeviled the government resulting in "excessive public spending, less efficient tax system, needless high public deficit and destabilization of national budgets, heightened capital flight and the creation of perverse incentives that stimulate income-seeking rather than productive activities" (K. Badu, 2016, ghanaweb.com pp.3). Examples of such cases reported were bus branding scandals, Mahama Ford expedition gift scandal, judicial corruption etc.

There is the persistence of corruption amongst political leadership who are not accountable to the citizens. Leadership in Ghana is extremely bedeviled with corruption and government unaccountability. African leaders are used to the embezzlement of funds and always want to amass wealth through state resources (www.chrajghana.com)

A study by Acquah et. al (2014) to ascertain the impact of corruption on Ghana's development found that corruption is prevalent both in the public and private sectors and that the government is not effective at all in fighting corruption and even if otherwise is not doing enough to curb corruption in the country. The study also found that the government will be unable to fight corruption if it becomes the only entity. The study showed that individual persons can make a difference in the fight against corruption. The study identified certain institutions that have a key role in fighting corruption. They include: CHRAJ, Legislature, Judiciary, GII, etc. (Acquah et. al 2014) To crown it all, the efforts in fighting corruption are not a one factor phenomenon and for that matter needs multi-dimensional approach and a holistic look.

3.4. What Are the Measures That Can Be Put in Place to Avert the Development Challenges of Ghana?

The various debates have pointed out to the fact that the West's effort to aid the rest of the world have done so much ill and so little good. There is therefore the need for prudent measures to deal with the situation (Easterly, 2006).

According to Ali Mazrui African countries whose economies are in shambles should modernize while pursuing strategies of decolonization to reducing dependency. Ghana should engage in "manufactured export-led" growth. Thus, processing the raw materials into finished or semi-finished goods before exporting. This approach has the merits of creating benefits since it brings a lot of jobs to deal with unemployment issues to enhance rapid growth. For instance, by employing same strategy, Mauritius, was able to transform to middle income country classified as a diversified modern economy. The barriers to free trade and the transactional cost of trade needs to be reduced to enhance its success (Ndulu, B. J. (2007). Ghana possess a lot of natural resources but still lags behind in development is clear, but it is prudent to note that the natural resources cannot be considered as wealth unless it has been transformed into finished or semi-finished goods for the consumption of man. There is lack of technological know-how to engage in this processing. The exportation of raw materials which is a colonial legacy still persist. Ghana continues to export its cocoa, timber, gold, manganese, bauxite to Europe. Ghana is not able to package them in consumable goods and as result loses a lot of money by just exporting the raw materials. It is somewhat right for the leaders to blame the development challenges on imperialism. All the natural resources are sent to feed the industries abroad which deprives the country from their entitled profits. To avert these challenges, Ghana needs to change direction to be compatible with the current stage of human knowledge, science and scholarship to be able to encourage innovation (Mazrui, 1980, p. 80). This will help the country to be able to process its resources into finished products before exporting and that will give the country value for the products.

Again, to be able to sustain and reduce the total fiscal debt of Ghana, there has to be the instituting of measures targeting both the expenditure and the revenue sides. Better wage bill control measures are needed as well as the need to address over the long term the weakness that prevails in the organization of the salary structure. There would be the need for the government to improve its tax collection, broaden its revenue base and help increase domestic revenue (World Bank, 2017)

Trade is very important in ensuring economic growth in the sense that earnings that would be received from exports could be used to finance the imports of commodities you don't have at your disposal. Trading enhances comparative advantage which in a way is better than relying solely on foreign aid

Lastly, Ghana should suspend its current dependence on aid to help fill the gaps that exist between savings and foreign exchange. Temporarily speaking, aid in terms of transfer of knowledge and emergency aids could be accepted. However, the total dependence on aid tends to wear away development and should not be encouraged. Ghana beyond aid is possible.

4. Conclusion

Ghana continues to be faced with challenges in terms of development. Basically, fiscal deficits coupled with inefficient management and use of public funds, unemployment, absence of competition in the private sector and infrastructural problems are the common characteristics of the development challenges of Ghana (World Bank report, 2017). Ghana continues to rely heavily on foreign assistance which has created over-dependency. The study has demonstrated that aid has not led to development in Ghana because it has fueled unproductive consumption rather than investment. The overall impact of the continual reliance on aid to the development of Ghana has been an increase in public debt, persistent inflation, unemployment due to conditionalities, escalating budget deficits, rising external interest, high cost of doing business etc. The study also revealed that bad leadership coupled with issues of bribery and corruption compounds the country's development challenges. There is therefore a negative correlation between development and aid as well as issues of leadership. To analyze Ghana's complex challenges of development, there is the need to assess the effectiveness of aid in the past to be able to have a better understanding of how effective foreign assistance is and will be in the future.

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