



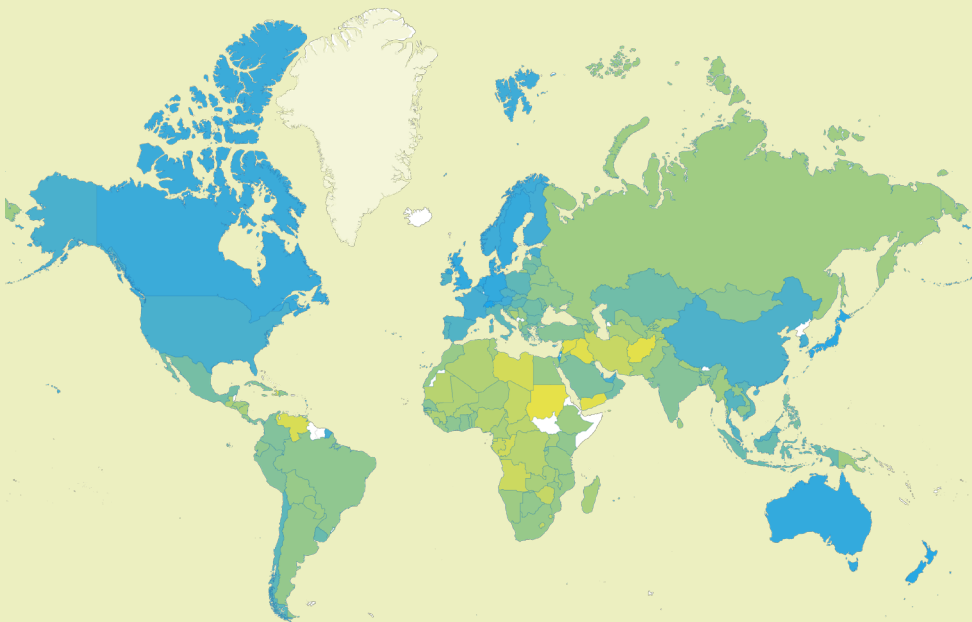
**ELITE QUALITY  
INDEX**  
EQx2023

This PDF includes a contribution from the following book:

# ELITE QUALITY REPORT 2023

**Ghana: Battling deep economic problems, elites must design new business models**

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## Ghana: Battling deep economic problems, elites must design new business models

For the 17th time since Ghana's independence, the country is approaching the International Monetary Fund (IMF) for assistance in meeting its financial obligations. It is also the second time in three years that the country has approached the multilateral body. The country's overall EQx ranking of # 63 is indicative of its economic struggles in an era of post-pandemic economic recovery.

Ghana has struggled in servicing its *Government debt* (DBT, iii.9, rank # 113) that hovers at around 81 percent of GDP in 2023—up from 63 percent in 2019. The country's balance of payments further worsened to a deficit of \$3.64 billion in December 2022—up from \$3.4 billion in the previous quarter according to Ghana's Central Bank Data. Facing an economic crisis that has led to a domestic debt restructuring, the country's consumer *Inflation* (DOI, iv.11, rank # 137) stood at 58.2 percent in February 2023. On a positive note, the fact that Ghana has completed its domestic debt restructuring has been a key driver in Fitch Ratings upgrading the country's Long-Term (LT) Local-Currency (LC) Issuer Default Rating (IDR) to 'CCC' from 'RD'.

When it comes to the country's extractive sector, Ghana's over-reliance is demonstrated by its poor rank in terms of its *Natural resource rents as percentage of GDP* (NRR, iii.9, rank # 121). Relatedly, on *Corruption* (COR, i.1, rank # 82) the country loses around \$3 billion every year according to the Ghana Integrity Initiative (GII), a local chapter of Transparency International.

A review of other selected EQx Indicators provides insight into some of Ghana's strengths and the challenges that the country faces. For instance, while it ranks favorably in the *Human Rights Index* (HRI, i.3, rank # 43) and has a relatively good ranking for *Press Freedom* (PFD, i.1, rank # 46), its *Criminal markets* (CRM, iii.9, rank # 124) are a cause of grave concern. Surprisingly, in 2022, the country was taken off the European Union's (EU) list of high-risk third countries regarding deficiencies in its Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) regimes. While the legal and regulatory framework concerning money laundering has since been strengthened, Namibia recently added the country to its list of high-risk ju-

risdictions. The country, however, is ranked favorably in the *Academic Freedom Index* (AFI, i.3, rank # 36). Meanwhile it is lagging when it comes to *Trade freedom* (TRF, iv.10, rank # 118), a situation that is expected to improve with the operationalization of the African Continental Free Trade Area (AfCFTA), headquartered in Accra, the nation's capital.

The country's vibrant *Labor force participation rate* ranks highly (LFP, iv.12, rank # 17), however, problems with the *Unemployment rate* persist (UEM, iv.12, rank # 46), as is also the case for the *Youth unemployment rate* (YUN, iv.12, rank # 41). *Entrepreneurship* (ENT, ii.6, rank # 83) should be better since the economy still relies heavily on its *Informal output as a % of GDP* (INO, i.2, rank # 84). The country's *Regulatory enforcement* (REN, i.2, rank # 46) works relatively well, though this does not necessarily translate to *Regulatory quality* (REQ, i.2, rank # 74). In terms of education, the governments' flagship policy on free senior high school education commands broad support, but *Government education expenditure* (GEE, iii.7, rank # 88) could be higher.

In the short term, Ghana needs to accelerate the restructuring of debts with external creditors to secure its \$3 billion bailout target from IMF funds. The buy-in of China is especially important, as it is Ghana's biggest bilateral creditor with about \$1.7 billion of debt. At this stage, China's support seems to be on track. In the long term, the country must begin to address some of its deep-seated structural problems such as an over-reliance on natural resources or primary commodities. Here, the onus lies on the country's elites to realize the diverse Value Creation possibilities that the natural resources and agricultural sectors provide. This would sustainably increase employment as well as boost tax revenues.

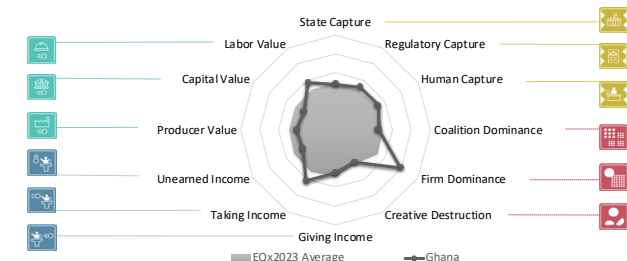
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Level 1 - Index	EQx Rank / 151 <b>63</b>	EQx Score <b>48.3</b>	NextGen VCB Rank Rank <b>77</b>	Quality Elites
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Level 2 - Sub-Indices & Index Areas	EQx Sub-Indices				EQx Index Areas							
	Power		Value		Political Power (i)		Economic Power (ii)		Political Value (iii)		Economic Value (iv)	
	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score
	58	49.9	91	47.5	65	50.1	54	49.8	77	49.8	101	46.3

Level 3 - Pillars	Rank / 151	Score
Political Power (i)		
State Capture	72	48.4
Regulatory Capture	59	51.9
Human Capture	69	52.4
Economic Power (ii)		
Coalition Dominance	100	45.3
Firm Dominance	2	79.1
Creative Destruction	67	39.4
Political Value (iii)		
Giving Income	101	45.5
Taking Income	18	61.8
Economic Value (iv)		
Unearned Income	136	39.6
Producer Value	107	41.2
Capital Value	136	38.4
Labor Value	51	57.7



Level 4 - EQx Indicators	Rank / 151	Score
State Capture (i.1)		
COR Political corruption	82	43.3
COC Control of corruption	60	51.2
OPG Open government	60	47.9
RTC Government's responsiveness to change	56	53.7
EPR E-Participation Index	78	46.8
PFJ Press freedom	46	64.3
NJK Nr. of journalists killed per 1 million people (2yrs avg.)	52	57.9
PDE Political decentralization	103	31.9
ADE Administrative decentralization	74	46.0
PGL Political globalization	46	65.3
WPI Women's Power Index	119	27.3
MOB Social mobility (upward) (dev. fm optimum)	105	25.8
INE Top 10% share of pre-tax national income	96	40.9
GWL Gini coefficient on net national wealth dist. - level	91	55.4
GWC Gini coefficient on net national wealth dist. - 3-year growth	96	51.5
GIL Gini coefficient on income dist. - level	108	30.8
GIC Gini coefficient on income dist. - 1-year growth rate		
Regulatory Capture (i.2)		
ECR Ease of challenging regulations	44	58.7
CGP Constraints on government power	33	66.7
REQ Regulatory quality	74	46.6
REN Regulatory enforcement	46	50.5
PRI Property rights	50	57.0
CRO Crony capitalism		
INO Informal output as a % of GDP	94	39.0
Human Capture (i.3)		
GSI Global Slavery Index	87	52.4
FDP Forcibly displaced population as % of population	84	56.2
HRI Human Rights Index	43	63.7
AFI Academic Freedom Index	36	62.8
GRI Religion - Government Restriction Index	27	75.1
LIN LGBT+ inclusiveness	103	28.3
WSB Women self made billionaires		
WBL Women, business and the law	99	46.7
WMA Proportion of women in senior and middle mgmt positions (	71	39.5
Coalition Dominance (ii.4)		
IEE Top 3 industries exports as % of exports	112	26.2
IEO Top 1 industry exports as % of exports	86	50.8
IVA Top 3 industries as % of VA	70	39.7
HHI Domestic market diversification	57	62.8
ECI Economic Complexity Index	123	18.0
PUE Public employees as a % of total employment	23	71.8
MIL Military expenses as % of GDP (dev. fm optimum)	55	60.2
UNI Unionization rate (dev. fm optimum)	58	59.1
BSN Barriers in service & network sectors		
CRA Criminal actors	94	42.0
Firm Dominance (ii.5)		
SME SMEs per 1,000 people	1	100.0
FAM Family business revenues as percentage of GDP		
BIW Billionaires' wealth as % of GDP	1	61.6
FKG Top 10 firms market cap as % of GDP	3	63.9
FRG Top 3 firms revenues as % of GDP		
FRR Top 30 firms revenues as % of GDP		
Creative Destruction (ii.6)		
ENT Entrepreneurship	83	34.9
GSE Governmental support to entrepreneurship	64	37.6
VCK Venture capital finance	42	45.1
VCA Venture capital availability	84	39.6
RND R&D as a % of GDP	69	47.7
EXR Firm exit ratio		
BCD Billionaire's creative destruction	50	34.4
IWE Index of Women Entrepreneurs	43	41.8
Giving Income (iii.7)		
LEW Life expectancy women	120	25.9
LEM Life expectancy men	117	28.4
VAX COVID-19 vaccination rate	93	37.7
COM COVID-19 mortality rate, age-adjusted	24	74.7
COF COVID-19 fatality rate, age-adjusted	110	49.9
COV COVID-19 excess deaths, age-adjusted		
CLS COVID-19 lost schooldays	107	29.9
SCI UHC Service coverage index	97	19.4
PTR Pupil-teacher ratio	103	44.6

	Rank / 151	Score
Giving Income (iii.7)		
EDU School life expectancy	107	36.8
PIS PISA mean scores		
UNV Top universities		
GEE Government education expenditure	88	41.8
OSI Online Service Index	88	43.9
NRI Network Readiness Index	98	30.9
INT Internet access	82	60.6
FSQ Global Food Security Index - availability, quality & safety	86	28.1
GPS Expenditure on general public services as % of GDP (dev. fm optimum)		
GEX General government expenditure as % of GDP (dev. fm optimum)	46	62.4
SNT Subsidies and transfers as % of expenses	11	85.7
REG Regional redistribution as % of government budget	39	69.9
Taking Income (iii.8)		
SUB Death rates from substance use per 100,000 people	40	63.3
BRD Battle-related deaths per 100,000 people	1	54.2
HOM Homicide rate	49	57.1
SUI Suicide rate per 100,000 people	66	58.7
DTR Tax revenue as % of GDP (dev. fm optimum)	6	78.8
DCT Corporate tax rate (dev. fm optimum)	4	79.4
DPS Delta public vs private sector salaries		
FDE Fiscal decentralization		
GCI Global Cybersecurity Index	86	41.6
GEG Gender education gap (dev. fm optimum)		
Unearned Income (iii.9)		
CRM Criminal markets	124	23.5
DBT Government debt as % of GDP	113	37.7
NRR Natural resources rents as % of GDP	121	28.2
GPA Green patents	131	17.8
EPI Environmental Performance Index	140	20.7
DER Deforestation Rate	87	53.6
FUS Fertilizer usage kg per hectar	69	56.8
TLP Terrestrial land protected	83	43.7
CDO CO2 emissions (metric tons per capita)	35	68.1
AIR Air quality index	71	45.0
HAZ Hazardous Waste per capita		
WPC Waste collected per capita	23	59.2
MWR Municipal Waste Recycling Rate	49	32.3
FIS Fishing consumption as % of population	113	32.4
MET Red meat consumption kilograms per capita	9	93.3
Producer Value (iv.10)		
PAT Nr. of patent applications per 100,000 people	98	44.1
FBH Financial burden of healthcare	8	70.6
HEI Health Efficiency Index		
DMS Density of medical staff	90	37.7
FSA Global Food Security Index - affordability	75	38.3
FDS Inward FDI as a % of GDP, Stock	52	47.8
Barriers to FDI		
BTB Barriers to FDI	51	45.2
OFB Open for business	89	39.3
EGL Economic globalization		
TRF Trade freedom	118	30.4
IPM Share of imports targeted by protectionist measures (flow)		
IPS Share of imports targeted by protectionist measures (stock)	64	57.4
DGI Share of discriminatory government interventions as % of totc	121	5.4
DGS Share of discriminatory government interventions as % of totc	138	16.6
Capital Value (iv.11)		
DOI Inflation (dev. fm optimum)	137	38.9
DEF GDP deflator index growth rate (dev. fm optimum)	128	46.8
DNI Neutral interest rate (dev. fm optimum)		
FMI Financial Markets Index	71	37.7
GFC Gross capital formation	114	32.4
DMA M&A as % of investment - 3 yrs rolling avg. (dev. fm optimum)		
GOL Gold demand as % of GDP		
UNC Unicorns per 1 million people		
BSG Billionaires self-made nr. per 1 million people		
BSM Billionaires self-made as % of total billionaires		
Labor Value (iv.12)		
LPG Labor productivity growth	40	53.1
WLP Delta real wage vs labor productivity increases		
LFP Labor force participation rate	17	78.9
LFR Labor force participation ratio - male vs female	20	71.7
UEM Unemployment rate	46	64.1
YUN Youth unemployment rate	41	68.0
BRN Human flight and brain drain	131	24.9

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