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Street scene outside Makola Market, Accra. Photo: Wikimedia Commons (CC).

Growth Without Progress?

Why Ghanaians Are Still Waiting for the Economy to Reach Their Doorsteps

Headline inflation has eased to 4.6% and the fiscal indicators glitter — but jobs, roads, hospitals and pay packets tell another story. This issue asks the only question that matters: has the average Ghanaian actually felt the recovery?

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Macroeconomic stability should never become the final destination. It should be the platform from which governments build prosperity.

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INFLATION | EMPLOYMENT | FISCAL POLICY | INFRASTRUCTURE | AGRICULTURE

AT A GLANCE

- Headline inflation eased from **5.3% to 4.6%**, and official indicators point to recovery — yet unemployment, food, fuel and transport costs keep rising.
- The improved fiscal position largely reflects spending falling below what Parliament approved: about **1,800** ongoing projects cancelled and **2,000** rephased (IMF, cited).
- Stability is a platform, not a destination: the real test is jobs, completed roads, paid contractors and factories expanding production.

KEY STATISTICS

4.6%
Headline inflation (latest)
from 5.3% previously

1,800
Ongoing projects cancelled
IMF report, as cited

2,000
Projects rephased
IMF report, as cited

FIVE KEY MESSAGES

1 Growth must be measured in lives improved — jobs found, roads completed, nurses and teachers recruited — not only in percentages.

2 A fiscal surplus built on cancelled and rephased projects is a paper surplus: it flatters the indicators while development stalls.

3 Postponing maintenance, salaries and investment to make the books look good is not prudence — at home, in a company, or in a national budget.

4 Ghana's repeated returns to the IMF reflect an obsession with nice indicators over the quality and sustainability of the path to them.

5 Citizens do not vote for statistics; they vote for better lives. Growth without visible progress is an incomplete success.

1 The Headlines and the Reality

Just last week, the government statistician, Dr. Alhassan Iddrisu announced a reduction in Ghana's consumer headline inflation from 5.3% to 4.6%. And as usual, the government and her communicators are celebrating, although not so openly these days like months ago; the reality is dawning I guess. However, beyond the figures that look great are rising unemployment and higher cost of foodstuffs, petrol, diesel, LPGs, transport fares and unbearable general economic conditions. The obvious fact is that there is a vast mismatch between the government's decorated economic indicators and the general well-being of the Ghanaian people. This has raised concerns about how real the government statistics are. Government data paint a picture of an economy that is recovering. But after all the impressive statistics one simple question remains unanswered: Has the average Ghanaian actually felt the recovery? And, what is the quality of this recovery? Answers to these questions remain lacking.

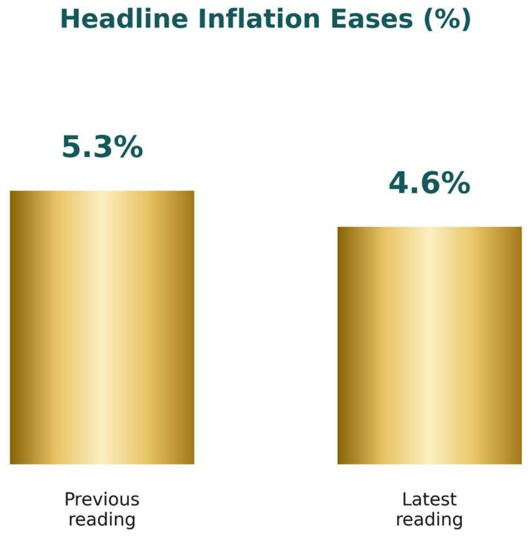

Chart 1 · Headline consumer inflation — figures cited in this issue.

Economic growth should not only be measured in percentages. It should be measured by the number of young people finding decent jobs, the number of roads completed, the number of nurses who have received financial clearance to be recruited, the number of factories expanding production, the number of communities gaining access to quality healthcare, the number of teachers employed, and whether households can confidently plan for tomorrow.

> **INSIGHT · THE MEASURE OF GROWTH**
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> A stronger economy should normally result in visible improvements: roads progressing steadily, schools and hospitals resourced, contractors paid on time, small businesses expanding, and new graduates finding opportunities instead of joining the growing queue of unemployed youth.

Unfortunately, this is where the Government's narrative begins to fall apart. A stronger economy should normally result in visible improvements across the country. Roads under construction should be progressing steadily. Schools and hospitals should be receiving the resources they need. Contractors should be paid on time. Small businesses should be expanding. New graduates should be finding opportunities instead of joining the growing queue of unemployed youth.

Yet many Ghanaians continue to experience a very different reality. Across the country, abandoned projects have become familiar landmarks. Contractors complain about delayed or non-payments. Businesses continue to struggle with access to affordable credit. Young graduates move from one job application to another without success. Market women know that the cost of living remains painfully high compared with only a few years ago.

This disconnect between official statistics and everyday life is becoming impossible to ignore.

2 What the Evidence Says

The government of President Mahama has repeatedly celebrated strong fiscal discipline and better budget performance. However, the Ministry of Finance's own fiscal reports reveal that much of this improved fiscal position is a result of government spending falling significantly below what Parliament itself approved.

This raises an important question. Is Government genuinely becoming more efficient, or are projects simply not being implemented as planned? I am sure you have read the IMF report that says that President Mahama’s government has cancelled about 1,800 ongoing projects and rephased around 2,000 others? Yes, 1,800 projects – these are the feeder/urban roads to your hometown or neighbourhood, the gutter in your area needed to control flooding, the government hostel to offer you affordable accommodation on campus, the classroom block in your village, the clinic or hospital needed badly by a community, the bungalow you need as a teacher or health worker at your station, the warehouse needed to store our agricultural produce, the electricity infrastructure needed to prevent dumsor, and many more. And why is government doing this? Just to record low expenditure figures so that he can achieve fiscal surplus to tell you that his primary balance is positive and tell you to sing Mahama is the [ho-e]. This is the government of settings and populism at the expense of the wellbeing of the people.

Chart 2 · Ongoing public projects cancelled or rephased — IMF report, as cited in this issue.

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> ***Fiscal discipline should never become an excuse for development paralysis.***

This raises a serious question about the quality of stability and recovery we are experiencing. This has been the reason why we have had repeated returns to the IMF for bail-out because we become so “obsessed” with indicators and are “running” to show nice indicators while ignoring the quality and the sustainable path to achieving these “nice” indicators.

3 A Household Analogy

Here is what we should know. A family can improve its monthly finances by cutting unnecessary expenses such as luxury purchases. But a family can also appear financially healthy by postponing roof repairs, delaying children's school needs or refusing to fix a leaking pipe. The monthly budget may look impressive, but the underlying problems continue to grow. Similarly, your boss or CEO may decide to refuse to repair the faulty computer, air-conditioner or fan you are using at work, fail to pay you the salary you are due, fail to have a good welfare package for you and your colleagues, fail to pay you end of year bonus, fail to pay your clothing or transport allowance, fail to provide health insurance for you and your immediate family, fail to invest in new technologies or training for staff, but choose, instead to use the monies required for all these to build the bank accounts of the company for the accounts to look good in the eyes of credit officers to qualify for loan. Would you consider these fiscal prudence?

> **INSIGHT · PAPER HEALTH VS. REAL HEALTH**
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> If roads remain incomplete, hospitals wait for equipment, contractors are unpaid and development projects slow down because expenditure has not been executed, then the budget may look healthier on paper while citizens experience very little improvement in their daily lives.

The same principle applies to national budgets. If roads remain incomplete, hospitals wait for equipment, contractors are unpaid and development projects slow down because expenditure has not been executed, then the budget may look healthier on paper while citizens experience very little improvement in their daily lives.

4 Policy Implications

Fiscal discipline should never become an excuse for development paralysis. The greatest concern is employment. Government frequently speaks about economic growth, yet many young people still struggle to secure meaningful work. Growth that does not create jobs eventually becomes growth without hope. The real purpose of economic policy is not simply to produce better statistics. It is to create opportunities that improve people's lives.

A young graduate does not celebrate a lower fiscal deficit if there is no job waiting after university. A farmer does not benefit from higher GDP figures if poor roads continue to prevent produce from reaching markets. A trader is less interested in macroeconomic indicators than in whether customers have enough disposable income to buy goods. A contractor cannot pay workers with fiscal surpluses that never translate into actual payments.

These are the realities that define economic success. The Government must also recognise that stabilising an economy is only the first stage of national development. Many countries, including Ghana have achieved macroeconomic stability before. The real challenge has always been transforming stability into productivity, industrialisation, employment and rising incomes. Ghana cannot measure success solely by lower inflation or stronger fiscal balances. Those are important foundations, but they are not the house itself.

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> ***Growth that does not create jobs eventually becomes growth without hope.***

The house is built when factories produce more, agriculture becomes more productive, exports expand beyond raw commodities, young people find decent work, infrastructure improves and living standards steadily rise. That is the transformation Ghanaians are still waiting for. Macroeconomic stability should never become the final destination. It should be the platform from which governments build prosperity.

5 Conclusion

Ultimately, citizens do not vote for economic statistics. They vote for better lives. When the headlines fade and the budget documents are put away, the true verdict will not be written by economists or politicians. It will be written by the unemployed graduate searching for work, the trader trying to keep her business alive, the contractor waiting to be paid, the farmer transporting produce over poor roads and every Ghanaian family still waiting for the promise of economic recovery to arrive at their doorstep.

Until that happens, growth without visible progress will remain an incomplete success. Without a strong and sustainable stability that is embedded, Ghana can never have a broad-based, shared, and inclusive growth.