Uneven regional development in Ghana: does politics matter?

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Outline

• Background & Motivation
• Analytical Framework
• The Ghana Case Study
• Research Questions
• Methodology
• Findings
• Conclusions & Policy Implications
Background & Motivation

• From a ‘New new Poverty Agenda’ ➔ a ‘New Equity Agenda’?

• Growing spatial/regional inequalities of critical concern:
  – A major contributor to overall inequality, and in many DCs rising (Asian Development Bank, 2012)
  – Can, and do indeed undermine social & political stability (Kanbur, 2010)

• For Africa, the trend towards increased spatial inequality is puzzling:
  – “Africa should be a low-inequality continent because African countries are poor and agriculture-based...and also because land (the main asset) is widely shared” (Milanovic, 2003: 1).
  – The surprisingly “high level of inequality in Africa is principally a political phenomenon” (Milanovic, 2003:3)
Political settlements framework

• Development outcomes as a function of elite bargains /political settlements that underpin social orders:

“The political settlement is an interdependent combination of a structure of power and institutions at the level of a society that is mutually compatible” and also “sustainable” in terms of economic and political viability” (Khan, 2010:20)

• PS analysis focuses largely, though no exclusively, on powerful elites, interests & institutions

• Why do spatial inequalities persist: because those who lag behind often “do not have the power to adjust institutions and policy in their favour” (Parks and Cole, 2010:7)
An emerging consensus? “it’s the politics stupid!”
An Emerging Consensus? (cont’d)

Not homogenous, but several important converging points:

• Institutions ➔ power & politics:
  – “if powerful groups are not getting an acceptable distribution of benefits from an institutional structure they will strive to change it” (Khan, 2010:4), either by adjusting formal state institutions in line with their interests or by establishing “informal arrangements that sidestep or undermine formal state institutions” (Parks and Cole, 2010:6)

  – Elite bargains give rise to institutions that shape social change; in ‘limited access orders’ these involve special deals based on personalistic ties not impersonal organisations (North et al 2009)

• Explains how rent-seeking & patronage dominates the politics of development in most developing countries, especially Africa
PS and spatial inequality in Ghana

Why Ghana?
Politically, an emerging democratic developmental state & a model for Africa

Economically, typically illustrates the African experience – rising spatial inequalities amidst sustained economic growth and poverty reduction

- Rate of economic growth in the North only 35% that of the South during 1992-2006 (GLSS data)
- Number of poor decreased by 2.5 million people in the South, but increased by 0.9 million in the North during the same period (GLSS data)
North-South inequality, income (2006)

**Extreme poverty incidence (%)**

National average, 18.2%

**Mean per capita income**

National average
North-South inequality, income (2006)

Source: Author, based on World Bank (2011) using GLSSS data
Research Questions

• Why have the poorer Northern regions been excluded from Ghana's recent impressive growth and poverty reduction records?

• What roles, if any, do politics and power relations play here?
Methodology: Operationalizing the PS framework

• Distribution of political power, measured by the composition of ruling elites (e.g. cabinet ministers, deputies, key bureaucratic positions etc):
  – Focus on both the quantity & quality of representation
  – The concept of ‘inner core of power’ (Lindemann, 2012)

• Politics & power ➔ institutions ➔ policy formulation & implementation?

• Actual distribution of public resources and how this relates to the distribution of power in society
  – Impact of informal institutions: do actual resource allocation outcomes follow agreed criteria?
Findings I: spatial distribution of power, 2000s

Absolute distribution, 2001-2008

Distribution relative to population share, 2001-2008
**Relative distribution of power (%), 2000s**

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<tr>
<td></td>
<td>Cabinet</td>
<td>Deputies</td>
</tr>
<tr>
<td>AR</td>
<td>5</td>
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Findings II: so what?

- Ghana is typical of a competitive clientelist political settlement – “pork barrel politics is a huge reality” (Aryeetey and McKay, 2004):
  - “You see when people have power, they ... not only appoint their people [to strategic positions] but when a decision is to be made and resources to be distributed, they find a way of getting it more to their people.... When you are given the opportunity to make a decision and you are in the driver’s seat, people tend to benefit their people ....So you see, it is the space that you have to operate that also creates opportunities for you” (Interview, MP and Former Minister of State, 07.06.11).
  - “It looks more like we take up political positions not to run the country as such but for the country to give us the opportunity to fight for the interest of our people” (Interview, MP & Committee Leader in Parliament)"
Findings III: the MCA Case Study

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
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<tbody>
<tr>
<td>Amount</td>
<td>US$547 million dollars</td>
</tr>
<tr>
<td>Goal</td>
<td>Poverty reduction through economic growth led by agricultural transformation</td>
</tr>
<tr>
<td>Projects</td>
<td>Commercialization of agriculture, transportation and infrastructure development; and rural services projects</td>
</tr>
<tr>
<td>Beneficiary regions</td>
<td>23 districts from the Greater Accra, Ashanti, Northern, Volta, Eastern and Central regions</td>
</tr>
<tr>
<td>Excluded regions</td>
<td>Brong Ahafo, Western, <strong>Upper East &amp; Upper West</strong></td>
</tr>
<tr>
<td>Formal selection criteria</td>
<td>Rural poverty, agricultural growth potential, and proven success in private sector investments</td>
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The politics of beneficiary selection

- Selection based on:
  - rural poverty incidence? Highly questionable!
  - Agricultural growth potential? Questionable!
  - Proven success in private sector investments? Yes, but.............
Understanding the ‘targeting errors’

• The nature of the NPP governing coalition – North’s exclusion from the ‘inner core of power’:
  – The power play in parliament
  – “The problem was not MCC imposing its will on us. Yes, they definitely wanted a good business case. They wanted an economically justifiable program. But the real problem was Ghana, the political leadership here. ... The political will here was lacking; that was indeed the problem” (Interview, MCA team member).

• The interest of dominant elites (electoral calculus)
  – Exclusion from PSIs, road sector investments, GPRS I &II focused on cocoa
  – Continuous North-South migration, but little benefits…….

• Not entirely about politics, but also ideas and ideology about how to speed up the rate of growth and poverty reduction:
  – “Reducing poverty is easier not on the poorest of the poor; that is those who are deeply mired in poverty. Those at the margin can easily cross the poverty line. As for those at the very low end of the poverty line, you need to make a lot more efforts to be able to lift them out of poverty” (Interview, former Deputy Finance Minister & MCA team member).
  – The case of Volta
Conclusions

• Achieving inclusive growth not purely a technocratic exercise that only requires good policies; it has as much to do with policy as with politics

• The prevalence of clientelist politics in developing countries suggests that the political inclusivity of marginalised groups is critical to fostering their socio-economic inclusion (see also Stewart, 2009; 2010)

• But two important caveats:
  – Not political inclusivity per se that matters, but the terms and conditions of inclusion
  – Political inclusion of elites from marginalized groups not a sufficient (and in some cases not even a necessary) condition for redressing their marginality – the commitment and capacity of national & sub-national elites also critical
Thank you