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Economic crisis of opportunity? The ageing of Africa 2015–2050

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Introduction

The purpose of this brief discussion is to highlight issues of demographic changes associated with an ageing population in Africa and what, I believe, must happen to avoid the next social crisis among African nations, especially here in Ghana. However, this is not a discussion of doom, gloom and crisis, because the demographic changes that I will discuss are products of development. These are problems to overcome, for certain, but also opportunities that we hope become part of the current agenda throughout Ghanaian society instead of considered only to be a remote or theoretical concern of the future.

Since 1982 there have been four major United Nations international policy initiatives that have documented the ageing of African populations and what should become priority national policies to avoid human rights problems that have never been experienced before. The African Union, in collaboration with HelpAge International has had the 'Framework and Plan of Action on Ageing' available for application since 2002. Yet, there is little evidence that senior policy makers, government officials, or social institutions have recognised the need to act. In addition, there is little evidence that the private sector, and entrepreneurs in particular, have realised the potential for economic and business activities that will become very significant sooner than most people realise. It should not take a keen imagination to realise that a much larger population, and a population with higher proportions of adults, can create new and expanded markets throughout the private sector.

Some African countries are far from getting beyond developmental stages of failing political organisation, violence, civil war, post-colonial self-image, persistent poverty, or international efforts to encourage economic autonomy. Other African nations, however, such as Kenya, Uganda, Tanzania, most of southern Africa, Nigeria, Ghana and a few others that – given modest improvements in public health, food security, and other health-related infrastructures – could find that success in such areas translates into rapid population growth. The survival of formerly vulnerable populations and the inevitable increase in the median age of the population is usually accompanied by lower fertility rates: a combination of factors that lead to older populations. Although it has been a matter of public record for nearly 20 years that this new social dynamic is an approaching certainty in Africa, there seem to be few who are listening. As noted in the AU-HelpAge International collaboration:

> "[In Africa] Over the next 30 years (2000-2030) the population of older people will more than double in many countries...the majority of people in Africa will thus grow older and will, in all probability, live longer than previous generations....This increase in the number of older people provides a challenge for the continent as a whole, as well as for individual countries."

Such demographic transition has been seen in every developed, industrial nation during the last 60 years. Failing to respond to this dynamic would threaten

Keywords: Changing African demographics, African gerontology and development, African population shifts and development, African demographic shifts and economic opportunities, African ageing infrastructures

Strategies to stimulate Ghana's economic transformation and diversification

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Abstract

After metamorphosing into a lower middle income country, Ghana needs to transform and diversify its economy if it is to consolidate its lower middle income status, reach upper middle income status and drag more of its people out of poverty. Pertinent questions that remain unanswered include: what are the principal self-imposed problems Ghana needs to resolve; what are the institutional changes Ghana needs to make to transform and diversify its economy and what lessons can Ghana glean out of the experiences of other countries that have transformed their economies? Using a comparative analysis of published research and economic analyses, based on the available literature, this paper provides some answers to these questions.

Key self-imposed problems include: weak institutions highlighted by a 'winner takes all' democratic governance structure that disenfranchises Ghanaians with no connections to the ruling party; weak management of the macro-economy; extremely high cost of borrowing; an unstable exchange rate; high import taxes; a narrow tax bracket with the majority in the informal sector paying zero taxes reducing government revenue; endemic corruption; ineffective land tenure; an inadequate transportation network; unreliable access to electric power; inability to engage in manufacturing; poor sanitation; difficulties in curtailing illegal mining and widespread indiscipline that makes management of people unduly challenging. Critical institutional reform needed includes a constitutional review that limits the power of the executive and makes him accountable for his actions.

The number of appointments that the executive has to make to technical and professional leadership positions in the public service and production sectors must also be reduced. The status quo forces the President to make appointments to leadership positions in which he has no experience and confounds the political and economic lives of Ghanaians. Public institutions must be rid of political influence to purge them of political sycophancy, improve the technical capabilities of their leadership and increase their effectiveness.

Ghana also needs to get aggressive about limiting avenues for corruption. This can be achieved by eliminating the loopholes and conflict of interest inherent in the constitution that allows corrupt practices to go unpunished especially on the grounds of technicalities: an independent corruption prosecution agency is essential in this regard. The rule of law must be strengthened – particularly in the rural areas and inner cities – and progressive land reform must be carried out. The current situation where fertile southern agricultural land is being co-opted for real estate must be halted to reduce the twin risks of food inflation and food insecurity in the future. A real effort must also be made to break through long-held and negative socialist and traditional views about private ownership so property rights can be properly acknowledged and enforced.

Keywords: Economic transformation, Institutional changes, Corruption, Diversification, Self-imposed problems, Food security
JEL classifications: L43, N67, N77, O14, O17

Assessing road construction: potential impact of constructing the Kwabenya-Kitase road on the local economy

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Abstract

Road construction typically confers significant benefits on the population the road serves. A recent rapid growth of urban residential areas in Ghana has necessitated the construction and rehabilitation of the roads linking these urban areas to major commercial towns in the country. The Kwabenya (Abuom) to Kitase area, straddling Ghana's Eastern and Greater Accra regions, is a typical example.

Using both primary and secondary data sources, the research reveals that agricultural production is perceived by several respondents as likely to be improved by the construction of the road. Several major sectors of the economy, such as education, real estate, arts, entertainment and recreation, construction and hospitality are also identified as likely to be improved by a better road network. In spite of these positive impacts, the research identifies certain negative implications of a construction of the Kwabenya-Kitase road. These include dust, noise and the destruction of arable land and a consequent change in the livelihoods of inhabitants, especially within the Agyemanti-Kitase area. It is established that constructing the Kwabenya-Kitase road is likely to boost the local economy, as long as an effective maintenance culture is enforced. However, responses also show a concern that an influx of businesses is likely to diminish arable land for construction and commercial purposes.

Key words: Assessment, Road construction, Local economy, Public goods, Free rider
JEL classifications: N87, N77, O13, O17, 018

Introduction

Road construction is a major issue in many regions of the world, especially developing countries (Poku-Boansi, Ekekpe & Bonney, 2010). It is estimated that approximately 900 million people, more than 12% of the world's population, who live in rural areas in developing countries do not have consistent, all season access to reliable main road networks. Of this, 300 million do not have motorised access at all (Lebo & Schelling, 2001).

In recent times, due to a surge in population, opportunities for development have sprung up in the suburban communities in the Greater Accra Region of Ghana (Ghanney, 2000). These opportunities emerge from development in various sectors of the economy, especially housing and real estate (Yeboah, 2003), as individuals settle and businesses seize opportunities to maximise returns. Suburbs like Kasoa, Pokuase, Abokobi, Danfa, Oyibi, among others, have seen developments which have not only resulted in increases in micro and small-scale enterprises (Attom, 2012), but also better provision of electricity, water and most commonly, real estate developments (Awuah, Baffour, Hammond, Lamond & Booth, 2014), which continuously create affordable housing units for the populace.

The Kwabanya (Abuom)-Kitase road stretches a fast-growing area spanning the northeastern outskirts of Accra (the capital of Ghana) and meeting the Eastern region. Communities within this area include Kwabenya (Abuom and Aboasa), Comet Hills, Berekuso and Kitase.

This area, in spite of its abundant productive land, has in the past seen little significant investment in medium- or large-scale businesses, whether agricultural related or not. The increase in population resulting in the movement to settle in the outskirts of Accra, has significantly increased housing settlements in areas like Kwabenya (Abuom and Aboasa).

Options for affordable rural broadband connectivity: a focus on TV White Space technology

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Abstract

There appears to be a coordinated effort the world over to achieve digital switch over (DSO) from analogue based to digital technology. Ghana signed the Geneva agreement which set 17th June 2015 as the deadline for the DSO. This switch over will create new spectrum opportunities for many wireless technologies due to the abundance of radio spectrum the switch over provides.

This paper focuses on the opportunity for using White Spaces (TV frequencies allocated to a broadcasting service but not used locally) for internet connectivity in the rural and underserved areas of Ghana, using TV White Spaces in Koforidua as a case study. The paper investigates the challenges associated with lack of internet connectivity in rural Ghana and determines if the infrastructure necessary for the implementation of White Space technology in the rural areas was present and adequate. It also documents the user experience of Africa's first commercial TV White Space network services in Koforidua, Ghana. A combination of qualitative and quantitative data collection approaches was used. Purposive and simple random sampling techniques were used in selection and administering of questionnaires.

Lack of internet in the rural areas was found to be mainly due to perceived risk by the commercial network operators because of value for money considerations of existing technology options. Negative incentives for the common ISP to go rural included technical and geographic/landscape challenges. The relevant infrastructure necessary is still undeveloped in Ghana but various infrastructural projects are being undertaken by the Ghana Investment Fund for Electronic Communication (GIFEC) to bridge the infrastructure gap in these areas. Lastly, the user experience of Africa's first commercial service network using TV White Spaces in Koforidua, Ghana were described and documented.

Keywords: TV White Space, Digital switch over (DSO), Internet connectivity and Ghana Investment Fund for Electronic Communication (GIFEC)
JEL classifications: O1, O32, O34, O38, O14, O15

Introduction

Background of study

The importance of internet connectivity in developing countries is immense. Rural areas in Africa have few physical resources such as libraries, and skilled workers tend to migrate to better resourced locations or cities. As Armah (2004) correctly identified several years earlier, the internet had the potential to facilitate growth in different sectors of Africa's economy: health, education, communication and access to markets. Internet connectivity provides access to knowledge and information, which is crucial for social and economic development. Internet broadband services in the 21st century's era of information explosion, has been conceived as the most important resource that contributes greatly towards national development.

Information provides the foundation for innovation, development knowledge and the resource for informed citizenry. As a result information is an essential commodity

Econometric analysis of the effect of Ghana's increasing external debt on foreign direct investment (FDI)

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Abstract

The study explored the relationship between foreign direct investment (FDI) and several covariates including external debt, GDP per capita income, and gross fixed capital formation, for Ghana from 1980 to 2013. It was conducted following Ghana's bail out by the International Monetary Fund (IMF) to stabilise the Ghanaian currency (the Cedi) as debt levels soared and the Cedi depreciated precipitously against the Dollar. The primary research question that precipitated the study was: by how much will foreign direct investment inflows in Ghana change percentage-point wise per a unit increase in her external debt stock?

In the econometric analysis, two OLS regressions were run: the 'log-level' model and the 'log-log' model. The coefficients on external debt, GDP per capita and gross fixed capital formation (a proxy for infrastructure) were all statistically significant, excluding the GDP deflator, which though had its expected sign, was insignificant at 10% significance level using 'log-level' regression.

In the 'log-log' model, only external debts and gross fixed capital formation were statistically significant at 5% significance level. The R-squared explained 89.98% and 89.64% of the total variation in FDI using the log-level and log-log models respectively. The semi-elasticities of log(FDI) with respect to external debts, GDP per capita and gross fixed capital formation were 0.3%, 0.2% and 7.5% respectively, while the elasticities of log(FDI) with respect to external debts and gross fixed capital formation were -1.56 and 1.38 respectively. The magnitude of the proportionate changes in log(FDI) was very large when the percentage increase in the explanatory became very large. To avoid violating the Gauss Markov assumptions of multiple linear regression, the Breusch-Pagan test for heteroscedasticity using 'log-level' was employed by regressing residuals-squared on all the independent variable. A correlation test was also run to ensure that there was no perfect correlation between the independent variables.

Overall significance of the regression was tested using the F statistics and there was a strong rejection of the null hypothesis that none of the variation in log(FDI) was explained by the independent variables. The study finds that in order for government to attract more FDI, emphasis has to be placed on fiscal discipline, sound economic policies, and infrastructural development. The study will enable government and policy makers to estimate the percentage point fall in FDI per a unit increase in external debts so as to strategise borrowing.

Key words: Foreign Direct Investment (FDI), Foreign Portfolio Investment (FPI), External Debt Stock, Breusch-Pagan test, International Monetary Fund (IMF)
JEL classifications: H54, H63, H81, O14, O15

Introduction

Foreign direct investment (FDI) has played a critical role, as far as the developmental agenda of many economies is concerned. FDI and foreign portfolio investment (FPI) are routes for overseas investors to invest in an economy. FDI is defined as an investment made by a foreign company or

Going regional: internationalisation strategies of Ghanaian service companies within the ECOWAS market

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Abstract

This paper investigates the internationalisation strategies of Ghanaian service companies within the economic community of West African States (ECOWAS) market. The topic was necessitated by the increasing interest in the study of internationalisation processes of local firms in this era of globalisation, which hitherto was the preserve of multinational enterprises from the developed world. There is very little research on internationalisation processes of firms within the developing economy context as most of the existing literature is biased towards the developed economy context especial in the UK and USA. This paper examines the internationalisation strategies of Ghanaian service companies within the ECOWAS market in order to determine the key strategies adopted by Ghanaian service companies when expanding their operations abroad. The research was based on three case studies of service-oriented firms in Ghana using semi-structured interviews. Data was analysed using cross-case synthesis. Key strategies such as modes of entry of the three companies were analysed.

The results of this study validates previous studies such as the Uppsala model which suggests that companies often expand their operations internationally on incremental and gradual fashion, and the eclectic paradigm which contends that three major sets of factors that are interdependent will influence the extent, industrial composition and geography of foreign production undertaken by a firm. Implications are also drawn for service companies, policy makers and researchers.

Key words: Economic Community of West African States (ECOWAS), Internalisation strategy, Uppsala model
JEL classifications: F23, F21, M16, O14, O15

Introduction and background to the research

Over the past two decades, there has been growing interest in international operations not only among entrepreneurs and investors but also among policy makers, academics and other researchers (Amal et al, 2009). Tayeb (2000), Welch and Luostarinen (1999) both define internationalisation as the "increasing involvement of a firm in international operations". This definition appears to be the most widely used one among interested scholars and researchers.

In recent times many firms have been forced to expand beyond their national borders for many reasons such as looking for new markets, seeking efficiencies and resources or to acquire strategic assets (Tayeb, 2000). This increased movement of businesses from their home markets to foreign ones owes its roots to the rapid trends of globalisation. Globalisation as a phenomenon has been influenced largely by increased liberalisation of markets, increased mobility of the factors of production and advances in technology (Daniels et al, 2007; Morrison, 2006). Furthermore, internationalisation is considered a survival strategy for many firms, based upon the realisation that, "... more and more companies, whether small or large, young or old, recognise that the choice is between becoming global or becoming extinct" (Marquardt; 1999:p3).

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