

# **Debt and Development Ghana - A case study**

**By Stuart Simpson**

**A WORLDwrite paper**



**WORLDwrite, Millfields lodge, 201 Millfields Road, London E5 OAL**

**Tel/fax (00 44) 020 8985 5435 Email: [world.write@btconnect.com](mailto:world.write@btconnect.com)**

**Website: [www.worldwrite.org.uk](http://www.worldwrite.org.uk)**

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## **An Assessment of Debt Relief: Ghana**

### **Introduction**

Ghana's economy has been enjoying a high rate of economic growth for the past decade. In 2006 the rate of growth exceeded 6%, and is forecast to increase during 2007. The spur for this growth can be attributed to rising commodity prices, fuelled by the expanding demand of a healthy global economy. Some are comparing today's economic climate with the 'golden years' of the post war boom. It seems only fair that this time around the world's poorest economies share in the spoils.

The result of over a decade of continual expansion for Ghana is that its economy is today 50% larger than it was in the mid 1990s. In order to continue to grow Ghana is looking to provide more electricity, more roads, an expansion of sanitation facilities and telecommunication networks, and much more besides. Ghana is seeking large scale investment to expand its infrastructure. This scale of investment cannot be funded from tax revenues and is unlikely to come from private funding. But without it the Ghanaian economy will suffer.

It is in this environment that many campaigners in the West are attempting to hold the leaders of the G8 countries to their promises to increase aid to the developing world. The slow progress in increasing development spending to the target figure of 0.7% of donor country's Gross National Income (GNI) is a fair criticism. Especially as this target was originally set by the UN over 30 years ago. But what is more worrying is the way in which the promises of the G8 are acting to restrict funding available to developing nations such as Ghana.

Due to various rounds of debt relief Ghana now enjoys a healthy balance sheet, supported by a marketable credit rating. At a time when credit is cheap and plentiful, these are major advantages for a developing nation with an expanding economy in need of investment. Debt relief has helped open the way for Ghana to access the world's debt markets. Those who have argued for debt relief are now keen to see that this door is shut in Ghana's face.

Today Ghana is in the process of preparing to issue sovereign debt that will total \$500m. Ghana's decision to follow this path, rather than rely on the promises of the G8, represents more than disillusionment with unpredictable and unreliable aid flows from G8 countries. Ghana is attempting to realise the benefits that the various rounds of debt relief have promised. They are replacing the old debt with new debt. This is not what the leaders of the rich world had in mind when cancelling debts, and is a strategy they are keen to prevent.

Oxfam, among others, has drawn attention to the fact that debt relief figures mislead the public. The criticism levelled, that debt relief is financed from current aid budgets is correct, but doesn't go nearly far enough. The way debt relief is measured is far more problematic. Current aid figures that include the present value of debts reduced or cancelled imply vastly greater aid flows to the developing world than are actually taking place. The reduction in annual spending to service debts (interest payments) is a much smaller figure than the present value of the total debts forgiven. Developing countries need large amounts of cash now, not small savings in interest payments over the course of a generation.

It is dishonest for world leaders to continually quote the present value of debts forgiven, as if all this money is now available to spend on new roads or power stations. It isn't, and the lack of additional cash to spend on investments means that developing countries are beginning to look elsewhere for funds to support investment.

The benefit to be derived from debt relief has never been the reduction in one year's service payments. Reductions in debt service payments can be negated by the whims of the international community, as annual aid spending increases or decreases due to factors

outside of the control of developing nations. A decrease in funding or demands for cash will immediately wipe out any benefit from savings on debt service payments, just as any increase in funding will provide a great deal more money to spend than is released by debt forgiveness. The real benefits to be gained from debt relief arise from the ability of developing countries to issue new debt.

The recent case of a vulture fund demanding Zambia honour a debt originally issued by Romania may have the effect of wiping out much of the current year's cash benefit Zambia has received from debt relief. Donegal International bought the debt off Romania for \$3.2m and successfully sued for payment by Zambia in the UK courts, finally settling for an amount of \$15.5m.<sup>i</sup>

This resulted in much moral hand wringing in the media, aid agencies and among governments. Donegal International were criticised for making obscene profits by exploiting one of the world's poorest countries. None of the moral condemnation changes the fact that the benefit Zambia derived from lower service payments has vanished overnight.

But countries like Zambia are now facing a benign economic environment, where commodity prices have increased dramatically along with demand, where their economies are expanding, demanding investment, and where credit is cheap and creditors are looking for new areas in which to invest.

It is the combination of these factors along with the improvement to the balance sheet of the country provided by debt relief that means Ghana is soon to lead the way in issuing new sovereign debt. In doing so, Ghana will begin to realise the value of debt relief that is quoted in development statistics – the present value. The present value of debt relief is not a cash amount, but is a calculation of how much richer a country is after it has had its debts forgiven. By issuing new debt, Ghana is turning this calculation into cash. Cash that can be used to build roads and power stations and supply clean water to its population.

This has donor nations worried. Paul Rawlings, a senior director at the credit ratings agency Fitch warns that 'donors are wary about this – they didn't wipe off the debt so that Ghana could rush out and borrow' adding 'but Ghana needs to do it.'

The question we should put to the leaders of the G8, is not 'when will you honour your promises' but 'why are you worried about developing countries having access to cash to invest in their economies?'

## 1. Odious Debt

The high debt burdens suffered by many developing countries that have seen their debts written down over recent years were not the consequence of high levels of borrowing. This has been convincingly argued by Todd Moss in a paper produced for The Centre for Global Development (CGD)<sup>ii</sup>. The high debt burdens have resulted from poor economic growth.

The idea that developing countries borrowed too much is characterised in the discussion over 'odious debts'. An odious debt is a moral category that has come to take on pseudo economic meaning. Lists have been drawn up by Western NGOs and campaign groups determining the moral character of particular African governments over time. Debt taken on by governments deemed to be illegitimate are said to be odious.

The notion is that developing countries have had access to too much cash, and have frivolously run up debts – like global shopaholics developing countries have been unable to control their urges and have recklessly borrowed vast sums with little thought about how they could afford to pay their bills.

This is not a small quibble, but is an argument that has consequences for the ability of countries such as Ghana to raise funds for much needed infrastructure development. According to debt relief campaigners and Western donors, if countries have simply borrowed too much in the past, the best course of action is to forgive their sins out of compassion for the poor and to ensure that it doesn't happen again. This is the logic of debt relief, to cut developing countries off from their supply of credit. It is because of this reasoning that donor nations are beginning to worry about Ghana's plans to issue new debt.

This view of the developing world as addicts to debt is to be found not only within the governments of the G8, but from their critics also. The Jubilee Debt Campaign usefully offer a concise summary of these arguments:

*'many [loans] simply propped up dictators or went to projects that failed because of corruption and poor lender advice.'*<sup>iii</sup>

The Jubilee Debt Campaign argue that debt has either been pushed upon developing countries or has been taken out by dictatorial or incompetent regimes. These are dangerous assumptions that paint a contemptuous picture of developing countries. Namely that developing countries are unable to govern their own affairs – they lack the sophistication and expertise needed; the governments and officials of developing countries are corrupt and cannot be trusted; and that the failure of development is a consequence of vast sums going to waste

But above all, the most damaging charge levelled by the critics is that developing countries have had access to too much cash.

*'Much of the debt of poor countries...arose through the reckless or self-interested lending by the rich world.'*<sup>iv</sup>

Jubilee Debt Campaign

High levels of debt are presented as the consequence of the unscrupulous practice of pushing loans on developing countries that did not need them. In reality, the group of countries that has been placed under the HIPC (Heavily Indebted Poor Countries) banner are separated from the rest of the developing world in that development assistance, in the form of loans or grants, has been the main source of external funding available to them (charts 1.1 and 1.1). Arguing that debt is a problem for these countries has the effect of cutting them off from a much needed source of cash for infrastructure developments.

**Developing Countries Financial Flows**

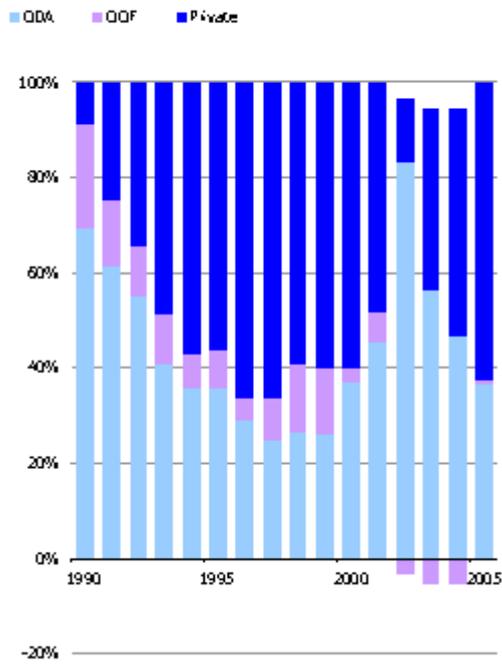


Chart 1.1 - OECD Statistical Database, 2006.

**HIPC Financial Flows**

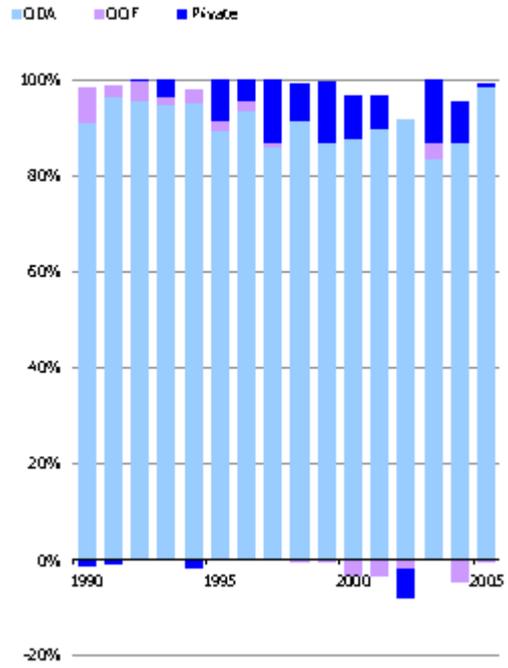


Chart 1.2 - OECD Statistical Database, 2006.

## 2. Debt Burden

Heavy debt burdens and poor economic performance are certainly linked. It does not follow that high borrowing is the cause of Ghana's economic problems or even the cause of a high debt burden.

The view that a high level of borrowing is the cause of an unsustainable debt burden may be common sense, but it is not a line of thinking that is much used to understand the government debt of developed nations in the industrialised West, and it is a line of thinking that tells us little about the causes of the lack of development in poor countries.

Whilst most involved in the discussion of the debt of developing economies understand the importance of the distinction between debt stock and debt burdens, the distinction is never the less slippery. The idea that the debt problems of developing countries has resulted from nothing more than an increase in the stock of external debt ignores the importance of the role played by another factor, the growth of an economy.

The level of debt stock of a country is the \$ value of amounts owed to external creditors that are guaranteed by the government of the country. This is an absolute amount which tells us little about the economic situation. The level of debt burden, in contrast, is a relationship of factors. The debt burden which a country suffers is the function not just of the level of debt, but also of the level of economic activity of a country. The level of debt burden of a country is also a relationship over time. Comparing debt stock to gross domestic product is not sufficient. The rate of change of these two variables is an important factor to consider.

The chart below (Chart 2.1) shows Ghana's levels of debt as a proportion of actual gross domestic product for the years 1970 through to 2005. The level of debt stock to GDP is a measure used to assess the sustainability of a country's debt burden. Following the analysis presented in Todd Moss's paper for CGD, this chart presents the impact on Ghana's debt burden of a change in the economic growth of the country.

**Ghana Debt Stock / GDP**  
*year, debt/gdp*

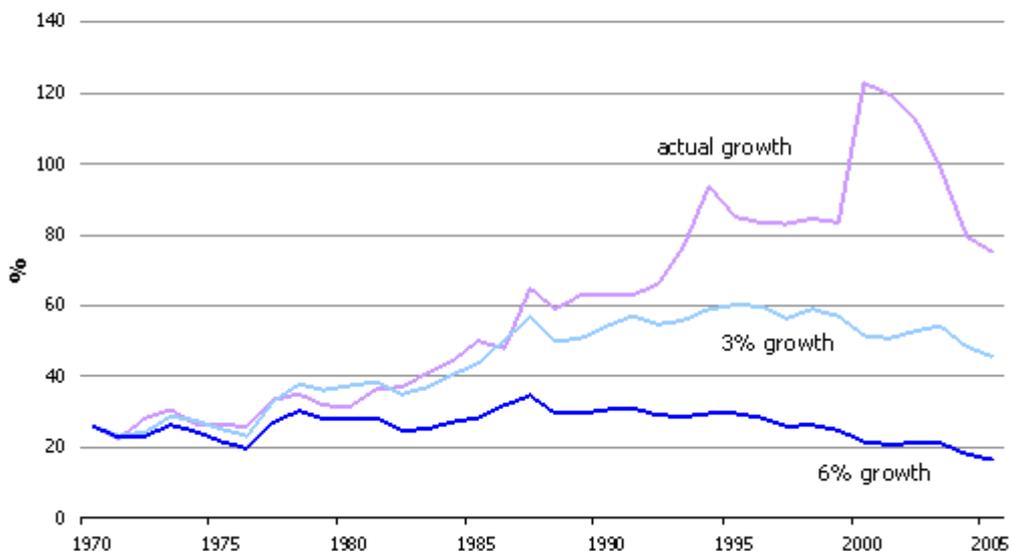


Chart 2.1 - Development Data Group, The World Bank. 2006.

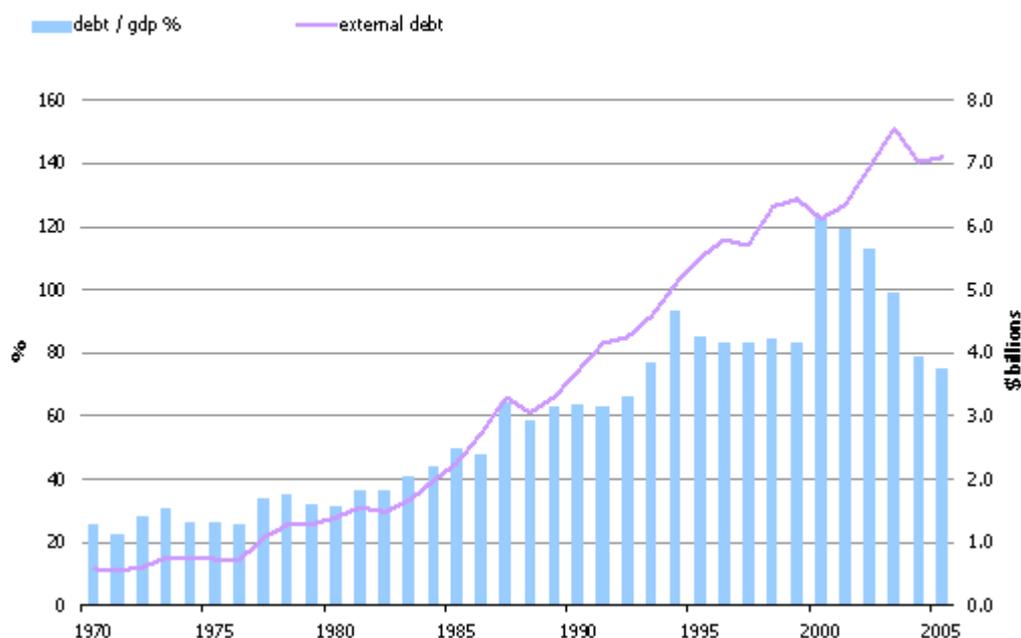
Included in this chart are the results of two assumptions; that the Ghanaian economy grows at a constant rate of 3% per capita during this period; that the Ghanaian economy grows at a constant rate of 6% per capita. These assumptions mirror those of the CGD paper. Their usefulness can be debated, but a 3% growth rate is by no means excessive. Ghana has averaged a 2% per capita growth for the period 1991 to 2000.

The results of these assumptions are similar to those presented in the paper for the CGD which dealt with Sub-Saharan debt as a whole. The result of a modest level of growth of 3% is that the debt burden stabilises, the result of a higher level of growth is that the debt burden today would be lower than that of 1970. As a consequence of debt forgiveness Ghana's debt burden is expected to fall to below 20% of GDP in 2007. With a modest growth rate Ghana would have been on its way to realise this goal without the need for debt relief or debt cancellation. As an aside, a 3% rate of growth would mean that Ghana today would be three times wealthier than it is now.

The chart below (Chart 2.2) compares the absolute level of debt with the debt burden. This chart demonstrates that the pattern of growth of the debt burden is similar to that of the growth in absolute debt.

This does not demonstrate that the growth in the debt burden is due to the growth in debt. This is a simplistic assumption that is used to argue that the debt burden is the consequence of high levels of borrowing; here we see the importance of the elision of debt and debt burden. The moral simplification of the debate concerning debt implies that the debt burden of developing economies can be understood as comparable to the debt burden of individual consumers – i.e. that the more you borrow the more you owe, the harder it becomes to service your debts.

**Ghana Debt Stock / GDP**  
*year, debt/gdp % \$billions*



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Chart 2.2 - Development Data Group, The World Bank. 2006.

Economies are different from consumers in many respects, but importantly for this discussion, economies unlike consumers are productive. Debt that finances productivity is

different in kind from an individual's personal overdraft. Inherent in the moral simplification of the discussion of the debt burden of developing economies is that these economies are unproductive and will not grow.

This notion that the debt of an economy supports growth and will be financed by this same growth is taken for granted in the discussion of the national debt of the United Kingdom.

The government debt for the United Kingdom is over \$1 trillion. This excludes latest estimates for the public pensions liability, and significant amounts of off balance sheet debt relating to private finance initiatives – or debt that is not referred to as debt by the Chancellor. This is roughly 40% of GDP. So long as this figure is massaged below the 60% mark, and that it grows no faster than by 3% of GDP per year this figure is not considered to be a problem according to the EU limits concerning government deficits under the growth and stability pact.

It is assumed that the growth in the proportion of government debt to GDP is due to the economic cycle, and that the figure will fall as the cycle continues. As the economy accelerates the debt burden falls, as it slows the debt burden grows. The importance of the economic cycle for an understanding of government debt is often stressed by Gordon Brown.

The understanding of the debt burden as a function of the growth rate of an economy is today not extended to many developing countries. However, we can see from the chart above (Chart 2.2) that this effect is as clear for Ghana as it is for the United Kingdom. While the rise in absolute debt levels between 1970 and 1990 is matched in parallel by the increase in the debt burden, this pattern is not evident between 1994 and 2005. The absolute debt burden increases from \$5 billion to \$7.0 billion. The debt burden falls by 18% due to improved economic growth. This is not an aberration, but the expected pattern.

One reason much development assistance has historically been granted in the form of loans is because of the nature of investments required. Loans have been used to fund infrastructure investments that are expected to develop a country's economy and so provide a return. It is precisely this thinking that is behind Ghana's plan to issue new debt in order to maintain the growth of its economy. As donor governments have moved away from supporting investments that are expected provide an economic return in the developing world there has been a decline in lending in the make up of ODA.

Development agencies and donor governments that are now concerned with a narrow criteria of projects defined by Ghana's Poverty Reduction Strategy (a strategy Ghana was obliged to agree to in order to qualify for debt relief under HIPC and debt cancellation under MDRI) are risking the health of Ghana's economy. The warning that Ghana will repeat the mistakes of the past, and again be saddled with a high debt burden is a barrier to economic development.

Todd Moss argues:

'[debt relief] is being presented as a great leap forward in the battle against global poverty...actual gains may be more modest and elusive. This is not because...the initiative is a mere accounting trick.'

This is too generous, there is indeed a great deal of trickery involved in aid and debt statistics and how they relate to cash flows for developing countries. Todd Moss is also too generous in the assessment that benefits, that if they exist are modest rather than transformative. The problem is not that debt relief is modest, it is that the assumptions underlying debt relief now present a barrier to development.

### 3. Levels of funding

The problems developing countries such as Ghana have in accessing cash for investment are often omitted in the discussions over levels of development spending amongst donor nations. The target to increase development assistance to 0.7% of donor nations' GNI often appears a more important consideration than whether developing countries have access to capital for investment.

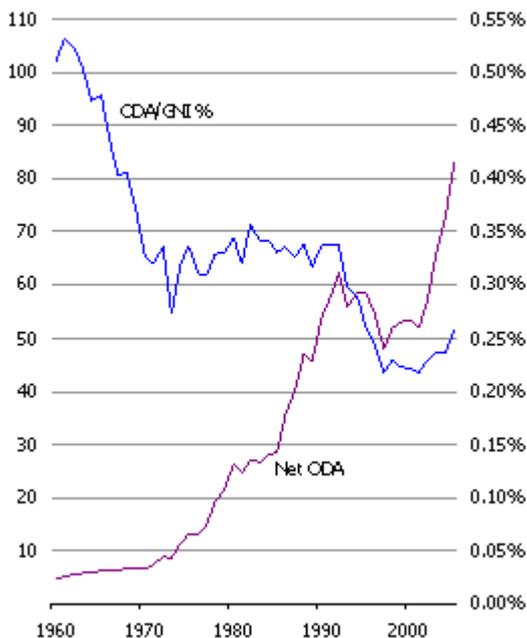
In this light, it is worth looking at development assistance more closely, and examining in detail the claim that debt relief is artificially inflating development spending figures. But more importantly, from examining the impact debt relief on Ghana we can see why taking on new debt is such an urgent issue for the country.

The chart below (Chart 3.1) provides a long term perspective on the actual levels of official development assistance (ODA). The absolute values of ODA are often cited, and an absolute increase in ODA coincides with the start of the debt relief initiatives in the mid to late 1990s. Debt relief has reached a peak in 2005, and ODA has increased.

As a starting point for any assessment of the value of debt relief, it should be observed that ODA is close to an historical all time low, less than half the level seen in the early 1960s. Even a return to levels of ODA seen between the early 1970s and the early 1990s would require an additional \$30 billion every year.

The developed world today, far from making an historic stand to fight poverty is in fact miserly in comparison with the sums provided only a generation ago.

**DAC Net ODA Flows / GNI**  
*year, \$ billions, ODA/GNI %*



3.1 OECD Statistical Database, 2006.  
Figures exclude ODA relating to Iraq/Afghanistan.

This is a point that is also made by those who favour debt relief and seek to hold the G8 to their promise to raise ODA to 0.7% of GNI – a target the United Nations has had in place since the late 1970s following the dramatic fall in ODA that can be seen throughout the 1960s. This target would triple the level of ODA, providing an additional \$144 billion per year, and would of course also be an historically high level of aid.

How this target is achieved, and what the money is spent on is of importance. The past few years have seen an increase in both the absolute level of ODA and in the % of donor GNI devoted to ODA – even if we exclude the contentious inclusion of development assistance to Iraq and Afghanistan. Yet much of this increase is in fact a product of counting debt relief as aid. In fact the value of this relief is neither a cost to donors nor a benefit to developing countries in the year it is recorded.

Debt relief, although appearing to increase the levels of ODA is of no use to developing countries if they are unable to take advantage of the possibilities it offers. The figures for development spending include vast sums that donor notions wish to place out of reach of developing countries.

**Change in UK Net ODA Flows / GNI  
2000 - 2005**

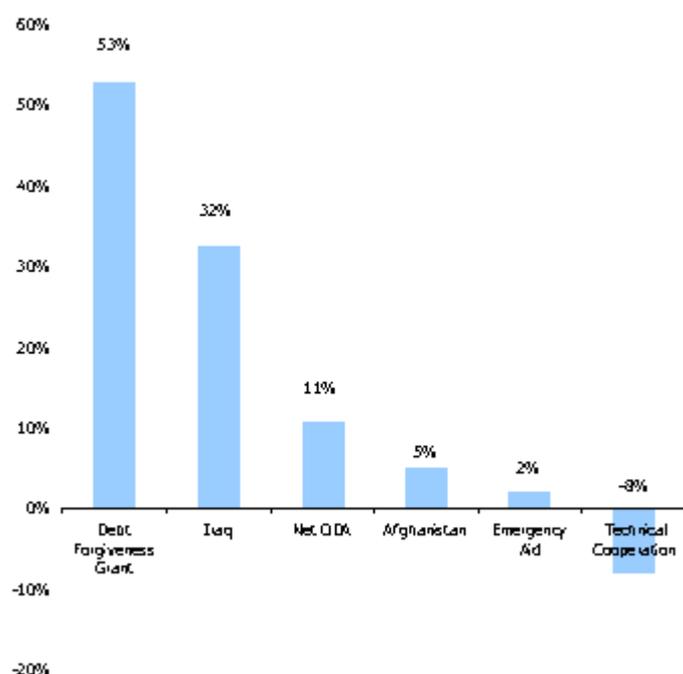


Chart 3.2 - OECD Statistical Database, 2006.

The United Kingdom for example, has increased its % of GNI devoted to development assistance over recent years. The chart above demonstrates just where this increase has come from. In total 90% of the increase in funding between 2000 and 2005 is attributable to debt forgiveness and the development spending in Iraq and Afghanistan. In all, only 11% of the increase in funding - Net ODA - is new money to spend on what pass for development projects today. In 2005 one third of the UK's development spending consisted of writing off old debts. The UK boasts that development spending has doubled in recent years – it hasn't.

The four charts below (Chart 2.1 to Chart 2.4) provide a more detailed analysis of the recent ODA flows to Heavily Indebted Poor Countries and to Ghana in particular over the recent period.

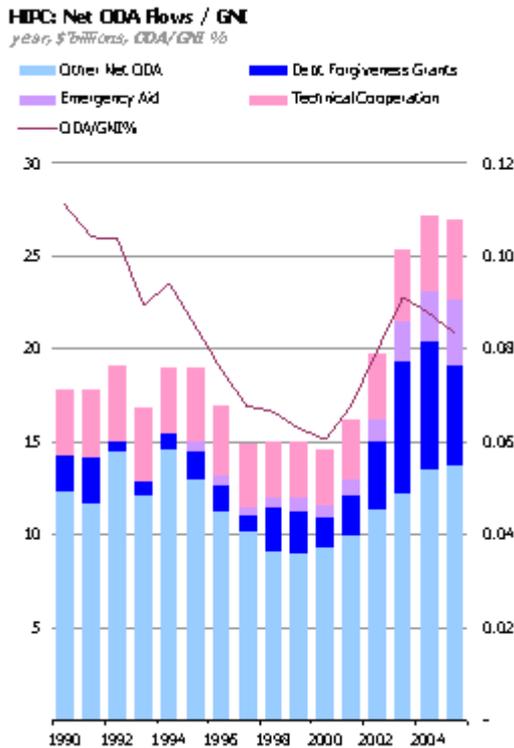


Chart 3.3 – OECD Statistical Database, 2006.

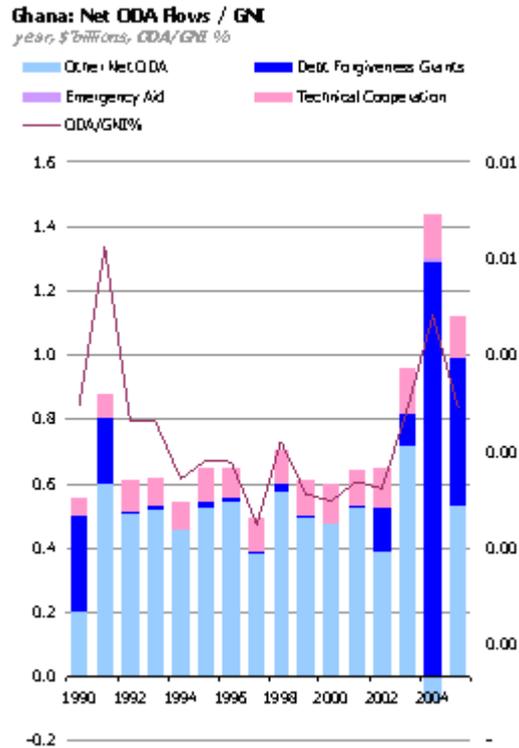


Chart 3.4 – OECD Statistical Database, 2006.

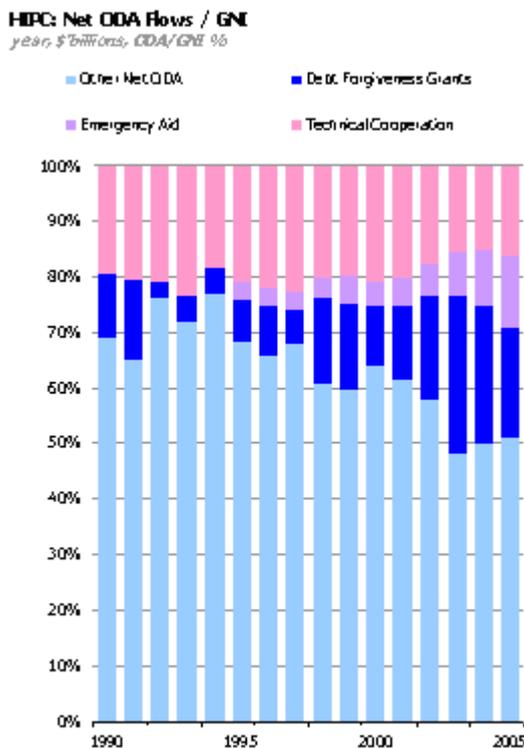


Chart 3.5 – OECD Statistical Database, 2006.

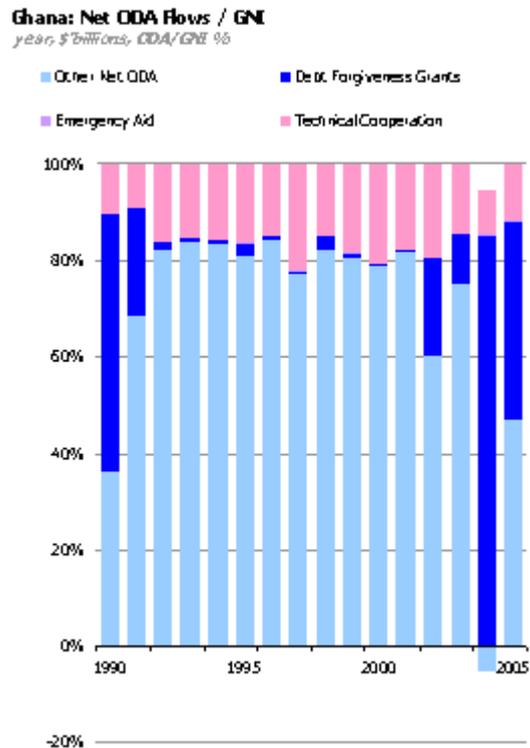


Chart 3.6 – OECD Statistical Database, 2006.

Initially we can note again that the level of ODA as a proportion of donor gross national product is still below the levels seen in 1991. Further to this we can note that the proportion of ODA that is given to concessional loans less repayments (Net ODA, excluding debt forgiveness grant) has declined dramatically over this period. The split of ODA as a proportion of total ODA can be seen more clearly in the last two charts (Chart 3.5 and Chart 3.6).

For HIPC countries in general the proportion of concessional loans, i.e. new money, has fallen from almost 65% of a total ODA figure in 1991 to just over 50% in 2005. At the same time the % of donor GNI devoted to HIPC nations has also declined. The figures are even more concerning for Ghana. Net ODA was negative in 2004. The negative flow means that Ghana is repaying more of the capital of previous concessional loans than it is receiving in new capital.

The illustrations above demonstrates the large role debt relief has recently played in development spending, and the 'crowding out' effect it has had on new money.

Many organisations and commentators have argued that debt relief, while of benefit to developing countries, is being used to unfairly distort statistics concerning development spending. ODA figures have temporarily been distorted, and countries such as the UK will need to replace one third of their development assistance with cash money in the coming years merely to maintain current levels of development assistance. It is entirely possible that this will happen.

But today many developing countries are still receiving historically small amounts of ODA excluding debt relief, while the statistics appear generous. The distortion of ODA figures produced by debt relief is a valid criticism but does not touch on the potential benefit to be gained from debt relief. The figures quoted for debt relief should not be included in ODA statistics as is discussed below, but they represent an economic reality and are more than statistical smoke and mirrors.

The only advantage that developing countries may take from debt relief is by issuing new debt. But in doing so they risk the condemnation of the countries that have provided them with this opportunity. This condemnation is supported by the arguments that have justified debt relief from the beginning – that developing countries should not have been able to get into debt in the past, and that they should not be able to get into debt now. The fact that developing countries are being warned against realising the benefits of debt relief is to a considerable degree threatening the future prosperity of these countries.

#### 4. Official Development Statistics

In order to demonstrate the impact that debt relief is having on development aid it is necessary to examine how the definition of development assistance has changed to incorporate debt relief figures.

ODA is a record of cash that is transferred to multilateral agencies (IMF, World Bank, etc) or to developing countries. This cash must be used for development, as broadly defined, and must contain at least a 25% grant element. The cash that is recorded is net of any repayments of loan capital. This would mean that over the full life of a loan, the total ODA transfer would be recorded as zero. Interest payments on loans are not included in these figures.

There are three exceptions made for the cash rule when compiling ODA statistics. The first is promissory notes issued by governments to multilateral development banks. It is assumed that the promissory note is as good as cash. This does raise the issue of the timing of ODA flows, but does not change the total cash value of ODA. In any case, cash can sit in the vaults of the IMF for some time after the cash is recorded as ODA. This exception is not a cause for concern.

The second exception relates costs associated with such things as technical assistance, i.e. what it costs donors to provide advice to developing countries. This exception is worth noting, due to the high proportion of technical assistance that is measured at cost to donors.

These costs will include large amounts that are of benefit to donors not developing countries, and so should be excluded from the measure of ODA.

The third exception relates to debt relief. Debt relief is recorded not at cash value, but at present value for the purpose of ODA statistics. There is no way to describe mixing present values with a measure that for almost 50 years has recorded only cash values than as anything other than *accounting trickery*. The ODA statistics relating to Ghana for 2004 will be widely understood as a net cash transfer to Ghana of \$1.4 billion. \$1.3 billion of this total is not a cash transfer.

The present value of debt relief is arrived at by discounting all future cash flows. This is a theoretical exercise and does not represent cash in the bank now. This is not to say that it is of no use. The simplest way in which to understand the calculation of present values is to understand the calculation as the reverse of a loan.

In order to purchase a house worth \$100,000 at a 5% interest rate over 25 years, you would take out a mortgage which you would repay at \$519.27 a month. To borrow \$100,000 will cost \$6,231.24 (\$519.27 x 12 months) a year. If the loan is cancelled, the benefit you receive will be \$6,231.24 a year for 25 years. The present value at 5% interest is then \$100,000. This exercise is important for debt relief due to the many years of refinancing previous loans, and changes in the interest rates (or discount rates) used to undo the loan calculation.

Translating this example to Ghana, we assume that they have been given a reduction in debt service costs of \$6,231.24 a year for 25 years. This has been recorded as \$100,000 development assistance in 2005. Of which Ghana has only \$6,231.24 to spend in 2005. You can't buy a \$100,000 house with \$6,231.24 a year unless you take out a mortgage. Or to scale the example up to fit Ghana's needs, you can't build power stations with money saved from debt service payments. But you can build them if you issue new government debt.

Present values, as noted above, are based upon the assumed ability to turn future cash flows into present cash flows. If this is not possible, then there is little usefulness in a present value calculation.

As it was never the intention that Ghana issue new debt, if we are to assess the benefit gained from debt relief, we must disregard the official total ODA figures and combine the Net ODA cash figures with the actual cash impact of debt relief on the cash value of service payments.

The paper 'The HIPC Initiative and Poverty Reduction in Ghana: An Assessment'<sup>v</sup> usefully lays out a comparison of debt service payments made by Ghana and net foreign aid received by Ghana or Net ODA for the period 1971 to 1997. The paper comments that in 1997 the total debt service payments made by Ghana exceeded total Net ODA. Below is a continuation of this analysis, adjusting for the removal of non cash debt relief and extending the period to 2005. The original paper produced results on a per capita basis, as we are here concerned only with the net transfers the figures used are based upon total cash flows.

The following page contains three charts which present the results of this exercise.

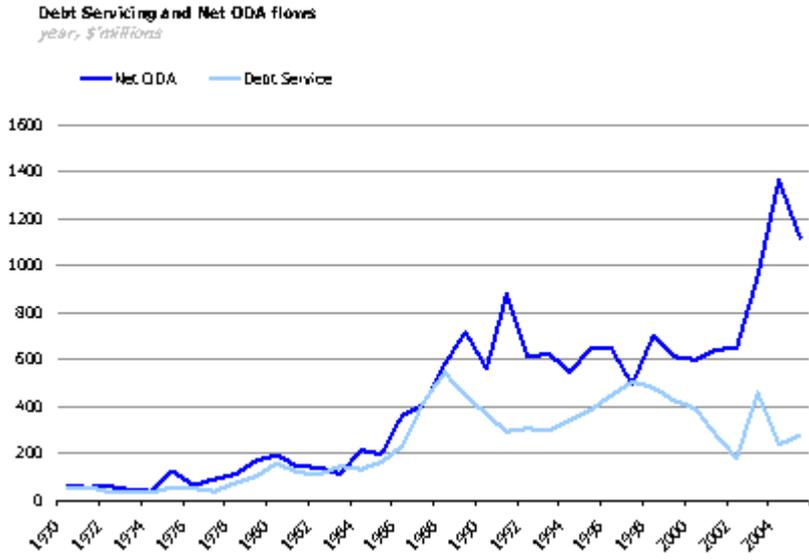


Chart 4.1 - Development Data Group, The World Bank. 2006.

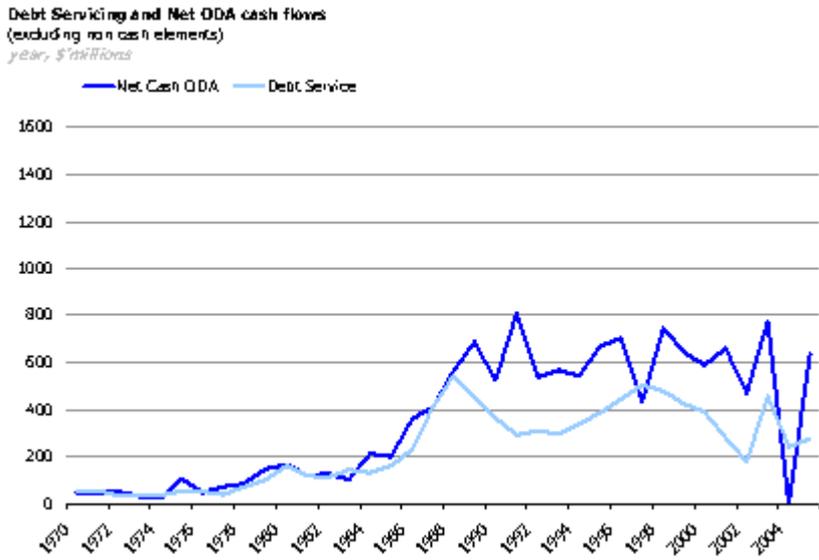


Chart 4.2 - Development Data Group, The World Bank. 2006.

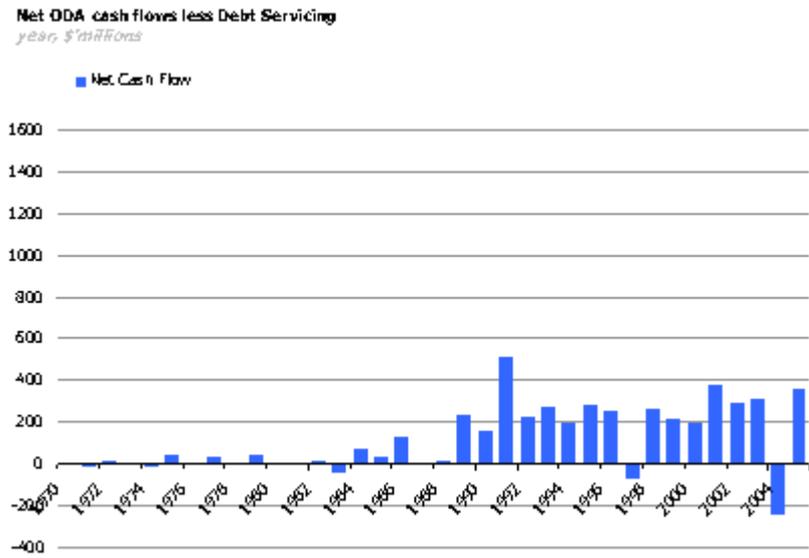


Chart 4.3 - Development Data Group, The World Bank. 2006.

The first chart above (Chart 4.1) extends the original chart to include the years 1998 to 2005. What we can see from this chart is that debt service payments until the mid 1980s were almost identical to Net ODA flows, the net cash effect of debt payments and of ODA was zero. Only from the mid 1980s do we see ODA begin to rise above debt service payments. From the mid 1990s ODA flows accelerate upwards as a result of debt relief. The figures relating to debt relief are the non-cash present value calculations. For a true cash picture we must remove debt relief.

Turning to the second chart (Chart 4.2) we can see the impact of removing non-cash debt relief. The impact, as indicated above is that far from there being no new money involved in debt relief, the consequence of debt relief replacing cash in development spending is that Ghana becomes a net exporter of cash in 2004. The final chart presents only the net position, cash ODA less debt service payments. That debt service payments closely match net cash ODA indicates the limitation of debt relief.

This is a situation that has been commented upon by the IMF, the World Bank and the DAC (Development Assistance Committee) members themselves. Debt relief, technical assistance and other items have increasingly crowded out cash transfers to developing countries, while offering, as demonstrated above, no new source of funding.

'It would be indeed highly damaging to the developing countries that the debt reduction initiative should crowd out other ODA.'<sup>vi</sup>

Indeed this situation may be highly damaging for Ghana. If Ghana is prevented from issuing new debt then the situation it finds itself in remains unchanged – insufficient capital available for investment and complete dependency upon Western donors.

Throughout the period covered in the charts above donor governments and development banks have been making loans, refinancing loans and recently forgiving loans. All these activities have been accompanied by various forms of conditions, and impositions of reforms. The financial benefit Ghana receives remains largely unchanged. The actual tangible benefit may be the new moral purpose that debt relief has recently provided to development banks and Western government rather than any financial gains received by developing countries.

What has changed over the past decade is Ghana's ability to profit from an expanding global economy. For all the talk of placing Africa on the agenda at the G8 conferences it is precisely the possibility Ghana will profit from debt relief that worries world leaders. The economic situation of developing countries has been placed firmly on the agenda today. But this agenda is dominated by moral posturing rather than support for the development aspirations and economic requirements of developing countries. 50 years ago Ghana was an example to other African nations as it gained its independence from the British. It would be only fitting if Ghana today becomes the first HIPC country to disregard the moral posturing of Western governments and take advantage of its new found credit worthiness to gain access to cheap loans.

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<sup>i</sup> <http://news.bbc.co.uk/1/hi/business/6589287.stm>

<sup>ii</sup> Todd Moss, The Centre for Global Development, May 2006

<sup>iii</sup> <http://www.jubileedebtcampaign.org.uk/?lid=2649>

<sup>iv</sup> *ibid*

<sup>v</sup> Rober Osei and Peter Quartey, prepared for the WIDER Conference on *Debt Relief*, Helsinki 17-18 August, 2001.

<sup>vi</sup> The HIPC Initiative: True and False Promises, Wk Paper 166, David Cohen, October 2000.