

The Institute of Economic Affairs (IEA)

Executive Certificate Programme in Economic Development Policy

1. INTRODUCTION

Economic development policy is meant to improving living conditions through policies that promote and allocate the benefits equitably to the citizenry. To that extent, economic development policy affects us all and should be of interest to us. Unfortunately, not all of us have sufficient understanding of everyday discourse in economic development policy. The lack of basic understanding of economic development policy extends to executives and senior officials in the public and private sectors. As part of the IEA's objective of promoting discourse in, and influencing, public policies for improvement of lives, the Institute is organising an "*Executive Certificate Programme in Economic Development Policy*" purposely for filling the gap in the knowledge and understanding in the area. The programme is specifically targeted to business executives, Parliamentarians, senior public office holders and top civil servants, notwithstanding their background in economics, to equip them with the tools to be able to comprehend basic economic development policy and thereby follow and understand issues that they may encounter on a daily basis. The programme is designed to be simple and practical, while filling an important knowledge gap. The programme will enhance participants' individual work performance and thinking, while boosting their personal confidence in today's complex, dynamic and globalised environment.

The programme will be taught by renowned economists from both the public and private sectors who combine theoretical knowledge with industry experience, and guest lecturers of international repute. The programme involves seven modules tailored to the needs of prospective participants. The programme is also enriched with special topics and roundtable discussions involving prominent economists and lecturers. The outline of the course (detailed in Section 2 below) is as follows:

- **Module I:** Defining and Measuring GDP (National Income)
- **Module II:** Fiscal Policy: Government Revenue, Expenditure and Debt Management
- **Module III:** Monetary Policy: Inflation and Exchange Rate Management (Understanding the Role of the Central Bank)
- **Module IV:** International Trade and the Balance-of-Payments
- **Module V:** Economic Transformation: Transition from an Underdeveloped to a Modern Economy
- **Module VI:** International Economic Relations: The International Economic System and Institutions (IMF, World Bank, WTO, etc.)
- **Module VII:** Natural Resource Management: Turning the "Resource Curse" in Africa into a Blessing

2. TEACHING MODULES

7th & 9th May: **Module 1: Defining and Measuring GDP (National Income)**

A starting point for the determination of living conditions and economic welfare, which are the goals of economic development policy, is a country's national income. The most commonly

used measure of national income is the Gross Domestic Product or GDP. The GDP is the cumulative value of products and services generated in an economy over a given period of time, usually one year. Only the goods produced in the home country are included in the GDP, regardless of the nationality status of the producers. The GDP, among others, helps in assessing the performance, the flow of money and the general health of an economy. National income/GDP is a suitable and useful starting point for the programme, as it represents an important outcome of economic development policy, the subject matter for the programme.

Introductory Session: Defining and Measuring GDP (National Income)-

- Definition and Measurement of GDP (National Income)
- Importance of Measuring GDP: Welfare Determination and Decision-making
- Different Methods of Measuring GDP: Product, Income and Expenditure Methods
- Comparison of GDP and Per Capita GDP Across Countries: The Rich Versus the Poor

14th, 16th, 21st, & 23rd May: Module 2: Fiscal Policy: Government Revenue, Expenditure and Debt Management

Fiscal policy is the tool used by governments to influence economic conditions, in general, and macroeconomic conditions, in particular. These objectives are achieved through tax and spending measures. Through fiscal policy, governments play a major role in the economy, developing infrastructure, providing a range of public services, providing public sector jobs, and creating an enabling environment to support the private sector to thrive. These interventions ultimately promote economic growth and development. In developing economies, in particular, where the capacities and resources of the private sector tend to be limited, governments may have to assume even a more dominant role in the economy. Unfortunately, however, through pressures generated by government spending measures, fiscal policy may create macroeconomic instability, which can manifest in inflation, currency instability, external imbalances and high interest rates that tend to crowd out the private sector and stifle economic growth. Promoting growth, while containing macroeconomic instability, thus becomes a challenging balancing act for fiscal policy.

This module will help executives understand the intricacies of fiscal policy and will focus on four topics: i) Resource Mobilization; ii) Expenditure Management; and iii) Budget Deficit Financing and Debt; and iv) Institutional Foundations of Fiscal Policy in Ghana. These will be followed by a special topic to be delivered by a guest speaker.

Topic 1: Government Revenue Management

- Different Sources of Government Revenue and Their Relative Merits
- Ghana's Low Tax Effort and the Reasons
- How to Close Ghana's Tax Gap with Its Peers
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Topic 2: Government Expenditure Management

- Classification of Government Expenditure on Economic and Functional Bases
- Rigidities in Ghana Government's Expenditure and the Sources of Such Rigidities
- How to Manage Government Expenditure to Increase Its Efficiency and Reduce Costs

Topic 3: Budget Deficit Financing and Debt Management

- Measurements of the Budget Deficit
- Modes of Financing the Budget Deficit and Resulting Debt Accumulation
- Debt Management Options
- How to Achieve Long-term Debt Sustainability

Topic 4: Institutional Management of Fiscal Policy in Ghana

- What Has Been the Role of the Ministry of Financing in Fiscal Policy Management?
- Is there a Case for an Additional Ministry of the Economy or Planning for Effective Fiscal Policy?

Special Topic: *Balancing Fiscal Policy Objectives of Growth and Stability (22nd May, 6-8pm)*

Roundtable Discussion: *The Political Economy of the International Economic Order (21st May, 2-4pm)*

28th, 30th May, 4th, 6th June: **Module 3: Monetary Policy: Inflation and Exchange Rate Management (Understanding the Role of the Central Bank)**

Monetary policy is considered as the junior partner of, and a countervailing measure for, fiscal policy, in terms of influencing macroeconomic conditions. Monetary policy concerns the decisions taken by central banks to influence the cost and availability of money in an economy with the ultimate objective of controlling inflation. Orthodox monetary policy involves controlling money supply directly as a means of influencing the final objective inflation variable. However, over the years, monetary policy has evolved, with the range of intermediate variables expanding beyond money supply to include interest rates and exchange rates, among others. While controlling inflation is the primary objective of monetary policy, many central bank charters oblige them to contribute to the achievement of high employment and economic growth as well. This role is particularly important in developing countries, where economic growth is as important as—or even if not more important than—macroeconomic stability. Indeed, economic growth itself contributes to low inflation. By creating an environment of low interest rates and low inflation, monetary policy can contribute to sustained economic growth and development.

The module will help participants understand these issues and will focus on four topics: i) Institutional Foundations of Monetary Policy in Ghana; ii) Inflation Management; iii) Interest Rates and the Cost of Credit; and iv) Exchange Rate Management. These will be followed by a special topic to be delivered by a guest speaker.

Topic 1: Institutional Management of Monetary Policy-Dr. John Kwakye

- What Has Been the Role of Bank of Ghana in Monetary Policy Management?
- Is there a Proper Balance Between Bank of Ghana's Independence and Accountability?
- To What Extent Has Bank of Ghana Been an Effective Counterweight to Fiscal Policy?
- To What Extent Has Bank of Ghana Fulfilled Its Development Role?

Topic 2: Inflation Management

- Inflation: How is it Measured and What Are Its Potential Consequences?
- What Have Been the Main Causes of Ghana's Inflation?
- What Are the Relevance and Effectiveness of the Inflation Targeting Framework Used by the Bank of Ghana?

- How Can Ghana's Inflation be tamed on a Durable Basis?

Topic 3: Exchange Rate Management

- What are the Determinants of the Exchange Rate?
- What are the Reasons and Consequences for Persistent Depreciation of the Ghanaian Cedi?
- How can the Value of the Cedi Be Stabilised on a Lasting Basis?

Topic 4: Interest Rates (Cost of Credit)

- What Are the Nature and Determinants of Ghana's Interest Rates (Cost of Credit)?
- What Are the Reasons and Economic Implications of Ghana's Persistent High Interest Rates?
- How Can Ghana's High Interest Rates and the Cost of Credit Be Controlled on a Lasting Basis?

Special Topic: *Are Currency Boards and Dollarization Possible Alternative Frameworks for Stabilizing the Cedi (5th June, 6-8pm)*

Roundtable Discussion: *Topic: The Relative Merits of Rules Versus Discretion in Monetary Policy (4th June, 2-4pm)*

11th, 13th 18th & 20th June: Module 4: International Trade and the Balance-of-Payments

Trade between countries is mutually beneficial to the extent that it allows trading partners to leverage their comparative advantage in production to create jobs, increase their incomes and foster their growth and welfare. Developing countries produce and export mostly unprocessed commodities with low values in international markets, while importing mostly high-value manufactured products from developed countries. The result is that developing countries get poorer while developed countries get richer. Any attempts by developing countries to restrict manufactured imports through the use of quotas and tariffs and, thereby, promote production of the imports at home, are often thwarted by international trade protocols. Meanwhile, intra-African trade, in particular, has been very low, estimated at just over 10%. This is the result of prevalence of trade barriers, limited differentiation in African products, inadequate trading infrastructure across the continent and prevailing colonial trade ties. The African Continental Free Trade Area (AfCFTA) agreement was established in 2018 with the principal aim of boosting intra-African trade as well as providing broader and deeper economic integration and attracting investment to the continent. Developing countries also tend to depend heavily on, and pay huge amounts for, foreign services, including travel, shipping, insurance and health care. Developing countries' net deficits in trade in goods and services result in perennial balance-of payments deficits that have to be financed from borrowing from international financial markets or a draw-down on their reserves. As a consequence, developing countries tend to be prone to exchange rate and debt crises.

The module will delve into the foregoing issues and will focus on four topics: i) Trade and Its Importance; ii) Trade Quotas and Tariffs; iii) Intra-African Trade and The Africa Continental Free Trade Area (AfCFTA) Agreement; and iv) The Balance-of-Payments. These will be followed by a special topic to be delivered by a guest speaker.

Topic 1: International Trade and Its Importance

- How Do Countries Gain from Trade?
- What is the Law of Comparative Advantage and Does It Commit Developing Countries to Trade in Raw Materials in Perpetuity?
- What Are the Advantages and Disadvantages of Open Trade for Developing Countries?

Topic 2: Trade Quotas and Tariffs-

- What Are Quotas and Tariffs and How Can They Be Used by a Countries to Regulate Their Trade?
- What Are WTO Rules Regarding Quotas and Tariffs?
- How can Ghana Use Quotas and Tariffs to Its Advantage Within WTO Rules?

Topic 3. Intra-African Trade and AfCFTA

- What Are the Volumes and Trends in Intra-African Trade?
- What Are the Obstacles to Intra-African Trade and How Can They Be Addressed?
- AfCFTA: Objectives, Challenges and Prospects

Topic 4: The Balance-of Payments

- What is the Balance-of-Payments and How is it Measured?
- What is the Economic Significance of the Balance-of-Payments?
- What are Ghana's Balance-of-Payments Challenges and How Can They Be Remedied?

Special Topic: *The Challenges and Prospects for African Economic Integration*

25th May, 27th June, 2nd , 4th July: **Module 5: Economic Transformation: Transition from an Underdeveloped to a Modern Economy**

Many developing economies have seen little transformation in their history, retaining their status as the “drawers of water and hewers of wood” in the world economic system to the extent that they do the hard work of producing the raw materials that feed industries in developed countries. Ghana has virtually retained its colonial structure, producing and exporting low-value, unprocessed goods and importing high-value, manufactured goods. As a consequence, the economy is prone to balance-of-payments and currency crises and vulnerable to shocks. These, ultimately, lead to protracted underdevelopment and impoverishment. The response by Governments has been at best rhetorical, with limited concrete actions being taken to bring about real change in the structure of the economy. Any serious transformation agenda must involve a coordinated strategy to integrate the development of agriculture, industry, technology and digitization, among others.

This module will accordingly focus on three important topics in the economic transformation strategy: i) Agricultural Policy; ii) Industrial Policy; iii) Technology Development. These will be followed by a special topic to be delivered by a guest speaker.

Topic 1: Agricultural Policy

- Agriculture as the Mainstay of the Ghanaian Economy
- The Impediments to Ghana's Agricultural Performance
- Transformation of Agriculture Through Modernization
- Linking Agriculture to Industry to Accelerate Economic Transformation in Ghana

Topic 2: Industrial Policy

- The Role of Industrialization in Economic Transformation
- History of Ghana's Industrial Policy
- Assessment of the "One District One Factory Policy" as a Vehicle of Transformation
- Ghana's Future Industrial Policy: What to Expect

Topic 3: Technology Development

- The Importance of Technology in Economic Growth and Transformation
- How Can Technology Be Acquired Through Foreign Direct Investment (FDI) and Local Content Policy?
- How Can Indigenous Technology Be Developed to Accelerate Economic Development?
- Engaging Technical Universities to Develop Technology for Industry

Special Topic: Economic Transformation of Africa: Lessons from the Industrial Revolution (3rd July, 6-8pm)

Roundtable Discussion: Turning Africa's "Natural Resource Curse" into a Blessing (2nd July, 2-4pm)

9th July, 11th July, 16th, 18th July: Module 6: International Economic Relations: The International Economic System and International Financial and Trade Institutions (IMF, World Bank, WTO and etc.)

As part of the global economy, Ghana is subject to an international economic system that operates under the aegis of international financial and trade institutions along with written and unwritten rules that govern countries' economic and financial relationships. As a small, open economy, Ghana's domestic economic conditions are readily affected by developments in the international economic and financial system. Unfortunately, the international economic system is dominated and influenced by the advanced countries and discriminates and marginalizes developing countries.

In particular, developing countries have been reduced to "drawers of water and hewers of wood" in the international economic system, producing largely raw materials to feed industries in the advanced countries and receiving paltry payments in return. This situation perpetuates the dependency and underdevelopment of developing countries. Further, developing countries have an unfavourable status in international economic, financial and trade institutions such as the International Monetary Fund (IMF), the World Bank (WB) and the World Trade Organisation (WTO). The unfavourable status manifests in limited voice and representation in the institutions, an "inauspicious division" of global production and trade, distortionary trade practices perpetrated by the advanced countries, and deliberate manipulation of investments, aid and debt relief. To put it bluntly, developing countries find themselves at the receiving end of a highly manipulative and discriminatory global economic order that inhibits their growth and development.

This module will have two topics: i) The International Economic System; ii) International Financial and Trade Institutions. These will be followed by a special topic to be delivered by a guest speaker.

Topic 1: The International Economic System

- Economic Links in the International Economic System
- What Obstacles Do Developing Countries Face in the International Economic System and How Can They Overcome Them?
- How Beneficial Is Globalisation to Africa' Development?

Topic 2: International Financial and Trade Institutions

- The International Monetary Fund (IMF) and Its Role as a Lender of Last Resort.
- The World Bank (WB) and Its Role as a Development Agency
- The World Trade Organization (WTO) and Its Role as a Regulator of International Trade

23rd , 25th , 30th July ,1st August **Module 7: Natural Resource Management Turning the “Resource Curse” in Africa into a Blessing**

Ghana is blessed with an array of natural resources, including: arable land, cocoa, timber, rubber, gold, diamonds, manganese, bauxite, uranium, copper, lithium, iron ore, oil and gas. Yet, ironically, a large majority of the citizens remain poor. Essentially, we are rich underground, but poor above! The country has failed to leverage its vast natural resource wealth to transform the economy from a fragile agrarian one to a resilient industrial one capable of generating jobs and alleviating poverty. The problem is that Ghana cedes its natural resource wealth to foreign companies under concession contracts whereby resource blocks are allocated to the companies, which keep a disproportionate share of the products, while Ghana receives paltry amounts largely in the form of royalties and taxes. The contracts are couched under old colonial laws that provide undue financial advantage to foreign companies, while Ghana is left short-changed and impoverished. Ghana's natural resources actually represent low hanging fruits that can be leveraged to accelerate the development of the country and eradicate poverty if only the country will demand better terms for its contracts, learning from best practices.

This module will address weaknesses in Ghana's natural resource contracts and how they can be remedied based on best practices so as to deliver maximum benefits to the country. The module will comprise 4 topics as follows and will be followed by a special topic to be delivered by a guest speaker:

- Topic 1: Ghana's Natural Resource Potential
- Topic 2: Weaknesses in Ghana's Mining Fiscal Regimes
- Topic 3: Best Practices in Mining Fiscal Regimes
- Topic 4: Leveraging Ghana's Natural Resources for Development

3. PROGRAMME DURATION

The programme will take a total of 13 weeks **from 7th May to 1st August 2024**, with each module lasting two weeks (6-8pm each day).

5. CERTIFICATE FOR THE PROGRAMME

After completion of the programme, participants will be awarded an Executive Certificate in Economic Development Policy by the IEA.