

“This law in particular demonstrates the **usefulness of think tanks** – especially one that can really lead the way, like IEA.” – Former MP and Second Deputy Speaker of Parliament

THE PROBLEM:

Political transitions in Ghana are fraught with **conflict**



Ghana is one of Africa’s most successful democracies, having held a series of peaceful elections and transfers of power. But *peaceful* does not mean *smooth*. Tension and uncertainty during presidential transitions have threatened Ghana’s political stability and generated misuse of state assets.

A large body of empirical evidence suggests that **political instability is harmful to economic growth** and gross domestic product (GDP). This is particularly worrisome in Ghana, which recently graduated to middle-income status – and risks losing access to aid and generous loan conditions, as a result.

How could Ghana overcome political polarization and make presidential transitions smoother?

IEA’S CONTRIBUTION:
Lead an initiative to develop *legally binding guidelines*

The Institute of Economic Affairs’ (IEA) research made clear the close relationship between rough transitions and polarization. Through its coordination of multiparty forums, IEA led the drafting of a **law to regulate transitions**. This culminated in a draft law that provided for a new Administrator-General to oversee a timely, transparent, and accountable transition process.

After several years of IEA’s advocacy and policymaker capacity building – which, says IEA, “TTI funding has made possible” – the **Presidential Transition Act passed unanimously** in March 2012. It already has had an effect: even though it was a draft in 2009 lacking the force of law, it guided that year’s transition and facilitated a “less acrimonious” power change than in the past.

This was only one effort among many by IEA to improve democracy in Ghana. The institute also hosts presidential debates and works to expand women’s political participation. As one prominent journalist said, “**The whole country appreciates IEA’s role – that is without doubt.**”

IEA
Ghana

THE PROJECTED RESULT:
A more stable democracy with better use of state assets



\$1.3M DIRECT PUBLIC SAVINGS FROM THE NEXT FOUR TRANSITIONS (e.g., less illegal use of state assets)

\$0.4-1.4B ADDITIONAL GDP FROM GREATER STABILITY

THE RETURN ON INVESTMENT (ROI)

IEA's contributions were influential throughout the policy change process and required **an investment of only 3 person-years and around \$100K**

\$900M more GDP
(using the midpoint)

\$100K cost

≈ **\$9k**

In additional GDP from greater political stability (net present value) per dollar spent by IEA

Understanding the portion IEA contributed toward the projected results helps illustrate its true ROI. Experts suggest a relatively constant set of conditions for policy change that an organization like IEA might influence (see below). Tracking these conditions before and after IEA became involved provides a rough picture of the think tank's contribution – in this case, knowledgeable individuals were asked to rate the degree to which each condition existed before IEA became involved, how much its work contributed, and how much still is needed to achieve full implementation success. **Interviews with IEA and external experts led to the following estimates:**

Necessary condition for policy change	% in place before IEA	% IEA contributed	% still needed
Functioning institutions	5	60	35
Responsive, accessible supporting research	20	65	15
Feasible, specific, and flexible solution	20	60	20
Powerful champions in the key institutions	40	40	20
Well-planned, led, and supported campaign	35	25	40
Clear implementation path	25	25	50
Average	24	46	30

Using a simple average, **IEA's contribution** is roughly 45%, **resulting in an ROI of roughly \$4200 more GDP for every dollar spent by IEA.**

SOURCES AND TECHNICAL DETAILS

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Interviews with IEA and outside experts.

Technical details and photo credits available in a separate memo.

