International Growth Centre

Economic growth in Malaysia – some possible lessons for Ghana

Zainal Aznam Yusof [a]

[a] Council Member, National Economic Advisory Council (NEAC), Malaysia

Malaysia and Ghana both gained their independence from British rule in 1957. Both economies were relatively resource rich. Ghana was the leading exporter of cocoa while Malaya, as it was then known, was pre-eminent in exporting rubber and tin. This discussion paper, delivered at the Ghana Growth Forum, draws possible lessons from Malaysia's high growth and economic diversification over the decades that followed.

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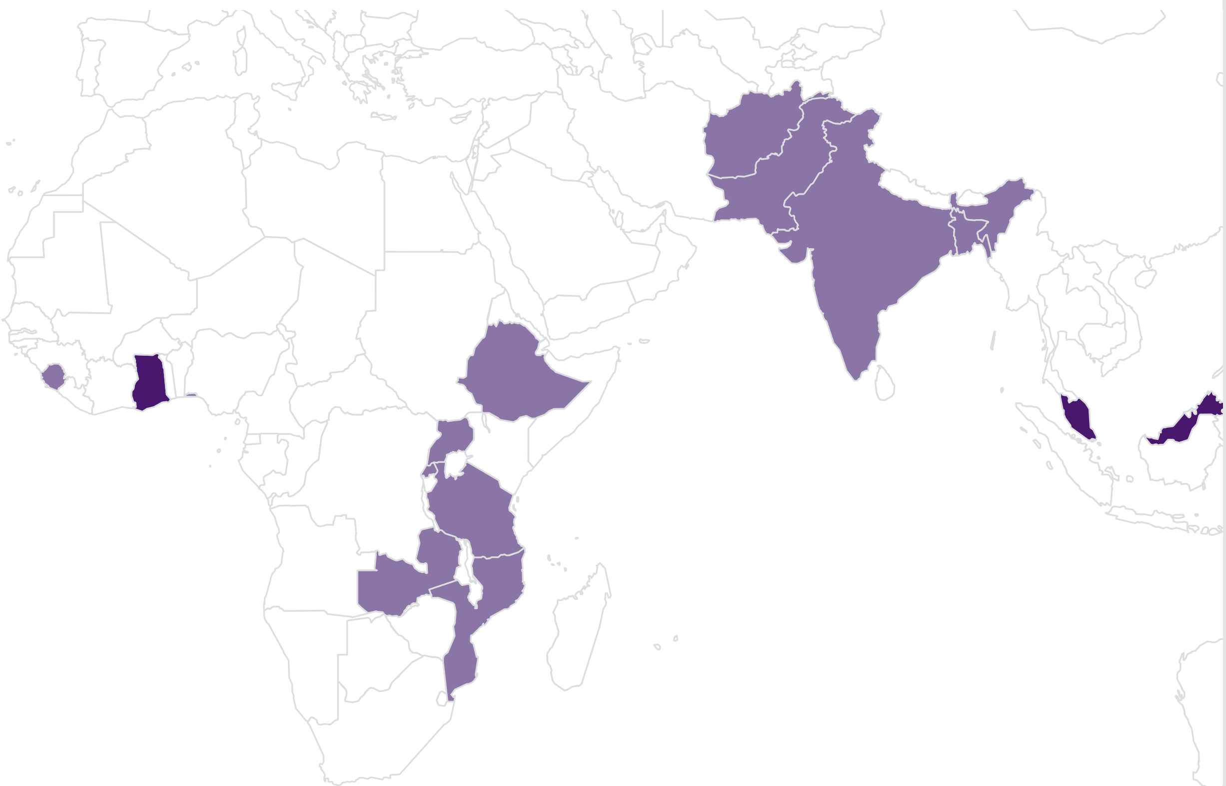

International Growth Centre
London School of Economics and Political Science
4th Floor, Tower Two
Houghton Street
London WC2A 2AE
United Kingdom

For media or communications enquiries, please contact Adam Green adam.green@theigc.org

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A comparison of Malaysia and Ghana's growth record shows divergence in growth rates, and differing structural changes to the economy. Malaysia, on average has grown at a faster rate than Ghana. In contrast to Malaysia's post-independent experience, political instability was more pronounced in Ghana. Between 1957-81, for example, there were nine changes in government and four military coups. In Malaysia there was, relatively, political stability and continuity, no changes in government and the present coalition government is still in power, after more than 50 years.

A *Ghana Growth Forum* was held in Accra on 10–12 November 2010 to consider the growth opportunities for Ghana. The experience of Malaysia was considered. Although the Forum was divided into separate groups, to encourage more in-depth discussions and the exchange of views on growth in Ghana, there was insufficient time to go into the details of the growth potentials of each of the broad sectors. In consolidating the suggestions and recommendations for Ghana's growth, a macro approach was adopted.

The public lecture elicited quite an interest in Malaysia's growth record and experience. They ranged from the approaches taken to foster national unity and greater integration between the ethnic groups to industrialisation strategies, gender, growth, planning, and monitoring and implementation of development plans, programmes and projects. This brief note provides highlights of the growth experience of Malaysia. This note only summarises the key features of Malaysia's growth, ignoring the details and qualifications, and is based on the presentation that was made at the Growth Forum on "Economic Growth, Ethnicity and Governance in Malaysia". Clearly no experience, or approach, can be transferred from one country to another without taking into account the different political, economic and social conditions. This brief note is not a complete account of what transpired at the Forum. A separate treatment would be required for this purpose. Nevertheless, these suggestions and lessons are put forward for policy makers in Ghana.

1. Economic Growth in Ghana and Malaysia

Malaysia achieved sustained growth of about 6 per cent per annum growth for the past 50 years. The disparity ratio in per capita GDP has been substantial in Malaysia's favour; Malaysia's per capita GDP (US$) was almost three times that of Ghana in 1960, increasing to eight times in 1980, 15. 8 times in 2000 and almost 15 times in 2009. Malaysia is more industrialised than Ghana. Agriculture's share of GDP in 2009 has fallen to 8.7 per cent from 34.3 per cent in 1960, compared to Ghana's 40.8 per cent in 1960 and a third in 2009. Manufacturing in Malaysia accounted for 8 per cent in 1960 and 26.5 per cent in 2009 compared to Ghana's 9.8 per cent in 1965 and 4.3 per cent in 2009.

Exports of natural resource commodities, unlike Malaysia, continue to dominate Ghana's exports and have a large bearing on its economic growth. Volatility in commodity exports can be detrimental to its long-term growth prospects. Gold now constitutes the largest export earner, accounting for about 36 percent of total exports in 2006, and close to 40 percent with rising gold prices, in 2008. Cocoa, timber and manganese exports follow gold in terms of shares of total exports. Cocoa production has been volatile; Ghana was the largest cocoa producer in 1960s but production fell in the early 1980s, recovered in the 1990s up to the 2005-2006, and production fell again with poor weather in 2006/2007. Offshore oil, with estimated oil reserves of 1 billion – 1.5 billion barrels, was discovered in 2007 and commercial production is expected to commence in 2011.

Agriculture accounts for about half of the labour force and 43 percent of GDP in Ghana's agricultural, resource-led economy. Manufacturing share of GDP at about 9 percent, is small. The diversification of the economy is key if Ghana is to raise and sustain its economic growth. Manufacturing growth has to play a major contribution to raising employment opportunities in particular. The persistence of high levels of unemployment will impose heavy political and social costs.

Manufacturing growth has not been encouraging. The economic recovery programme in 1983 had mixed impact on manufacturing, as reductions in subsidies and increased competition led to closures of manufacturing enterprises. Industries such as textiles, garments, metals, plastics and non-ferrous metal registered improvements. Nevertheless, Ghana's light manufacturing industries, including textiles, food and beverages, cement and wood chemicals, dominate the sector. Despite initiatives to boost the sector it continues to face the constraints of a small market, high labour costs, high cost of utilities and raw materials and obsolete machinery. There has been some growth in non-traditional exports including agriculture and agro-processing industries (such as fish products and pineapples), processed timber and aluminium products. But the use of the exchange rate as a nominal anchor against inflation, maintaining a strong exchange rate, has adversely affected the growth of non-traditional exports. Generally, Ghana's current status in manufacturing is probably where Malaysia was in the 1960s. Malaysia's post-1960s growth in manufacturing suggest that Ghana could exploit the growth opportunities of the sector with the right combination of policies.

Malaysia, compared to Ghana, managed to diversify its economy. Rubber and tin no longer play a significant role in the economy compared to fifty years ago. Malaysia is more industrialised with manufacturing sector accounting for more than 70 percent of total exports. Services are the largest sector. Within agriculture there has been diversification, with palm oil surpassing rubber. Petroleum has taken over from tin which has ceased to play a role in generating export revenues. Electronics and electrical products continue to dominate manufactured exports, which have diversified considerably. The export-led growth strategy has been instrumental in sustaining growth. And FDI has played a key part in the export-led growth strategy.

Despite low and uneven growth in Ghana some progress has been made in reducing absolute poverty. Estimates of absolute poverty will differ, depending on the type of measurement used for the poverty line income. Using the World Bank's at US$1.25 per day (PPP) to measure poverty, by the late eighties absolute poverty was about 35 per cent in 1989 and fell to 22.3 per cent in 1997. Recent estimates from official sources indicate that absolute poverty was just below 30 per cent.

Malaysia's poverty level has reduced considerably over the last 50 years. Using the official poverty line income absolute poverty has fallen from about half in 1970 to 3.7 per cent in 2007. Using the World Bank's US$ 1.25 per day (PPP) as the measurement for poverty showed that poverty was 3.2 per cent in 1984 and fell to 2 per cent in 2004.

The behaviour of income inequality in Ghana and Malaysia shows some differences. There is no long series of income distribution available for Ghana to make a more careful assessment and comparison. Low and uneven growth in Ghana has been accompanied by a lower level of inequality when measured by the Gini coefficient and the evidence for the 1989-1997 period, part of the reform period, showed a rise in income inequality. Malaysia has recorded a fall in income inequality from 1970 and there have been episodes of rising and falling inequality since then. The same outcome of a rise in inequality has been recorded for Malaysia over the 1989-1997 period but the level was higher in Malaysia than Ghana by the end of the 1990s.

2. Some Possible Lessons from Malaysia

The transferability of the approaches, and the lessons that come, will always be questioned. Many of the lessons may not be applicable to another country. Obviously, political, economic and social factors will have to be taken into account when attempting to apply lessons from one country to another. A completely *sui generis* stance, however, would be somewhat extreme and so a critical and judicious approach would be sensible.

The possible lessons from Malaysia's growth experience for Ghana could be summarised as follows:

Resource curse. Resource curse is avoidable and growth can be sustained. Malaysia is a relatively resource rich economy with its supply of land, and has exploited its land for the production of tin, rubber and palm oil. Petroleum resources have become important from the mid-1970s.

Diversification. Diversification is essential for growth. The diversification strategies involved intra-agricultural diversification, utilizing resources to raise productivity and diversification from tin and rubber into oil palm, and diversification from agriculture to manufacturing industries.

Openness. Openness and international integration is helpful for growth. International trade and long-term capital flows made important contributions to the growth of the Malaysian economy. Integration with Asian economies was of growing importance.

Export-led growth. Exports were an important source of growth and trade intensity has increased. The growth of labour intensive manufacturing industries absorbed the surplus labour, especially from the rural areas, which opened up employment opportunities and raised income levels.

Human capital. Education has played a crucial role in sustaining economic growth and raising incomes of households. Large public investment in education is a necessity. Private education should be encouraged and can supplement the supply of human capital.

Stable prices and low inflation. Growth with low inflation is possible. Inflation, with rare exceptions, in Malaysia has averaged less than 3 per cent for the past 30 years. A combination of price controls, subsidies and an open economy has helped to contain inflation.

Full or near-full employment. Sustaining full employment with an unemployment rate of about 3 per cent is attainable. But relatively high levels of growth puts pressure on labour supply and utilising immigrant labour has been necessary. A ready supply of low cost immigrant labour can discourage the upgrading of labour.

Private investment. Private investment, domestic as well as FDI, is vital for economic growth as reliance on substantial public investment is not sustainable. Competition for FDI has and will intensify and policy reforms and strong institutions will be needed to attract and retain FDI.

Fiscal discipline and managing revenue. Fiscal discipline and strict management of revenue, including resource revenues, is essential for macro-economic stability. Containing the fiscal deficit and the national debt is essential for avoiding imbalances. Additional discipline through legal and administrative guidelines should assist the management of revenue.

Industrial policies and FDI. Industrial policies are important for economic diversification and FDI. Export-led growth of manufactured products needs to be supported by fiscal incentives and infrastructure support, including industrial estates and free trade zones (FTZs). FDI can make important contributions to the growth of manufacturing industries and exports.

Federal constitution and governance. Federal constitution can provide a strong framework for the governance of politics of oil and forestry resources. Regional interests to claim a larger share of revenue and resources have to be managed. Weaker state/regional government can dissipate revenue.

Strong independent national oil corporation. Importance of relative independence, capacity and capability of national oil corporation. The capability and capacity of Petronas, the national oil corporation, has been crucial in the management of revenue from petroleum. The capture by vested interests over the national corporation should be resisted.

Ethnic Diversity and Inequality

Pro-poor growth. Pro-poor growth is possible and necessary. Economic growth was a significant factor in reducing absolute poverty. Agricultural diversification, rural development and land development schemes reduced rural poverty. Manufacturing growth absorbed rural and urban labour and raised incomes.

Growth-elasticity of poverty. There is growth-elasticity of poverty and inequality can be persistent and non-linear. Growth of GDP can lower absolute poverty. High inequality tends to lower the growth elasticity of poverty. Different growth strategies that raise GDP growth rates can have differential impact on lowering the incidence of poverty.

Within and between group inequality. "Within group – inequality" is more important than "between group – inequality" to overall inequality. Strategies and policies that focus on inequality within groups can lower overall inequality.

Affirmative action and the constitution. Affirmative action policies and programmes need to be grounded constitutionally on any form of "social contract". Affirmative action provisions in the constitution should aim for clarity.

Costs of affirmative action. Economic, political and social costs of affirmative action need to be assessed. A careful assessment of the costs of affirmative action is necessary. The costs of affirmative action need to be compared with the benefits.

Political commitment to affirmative action. Strong and continuous political commitment is necessary for affirmative action programmes to work. There will be strong interest groups that will want to maintain or remove affirmative action policies. These interest groups need to be identified and anticipated to manage conflicts.

Longevity of affirmative action. Consider longevity and time-bound affirmative action. For how long can previous generations bind future ones? The impact of demographic on affirmative action policies need to be anticipated and assessed. "Social contracts" made by past generations may no longer be fully supported by younger generations.

Ethnicity. The expectation that economic growth through industrialisation can remove or significantly erode the salience of ethnicity may not be warranted.

Governance

Governance, leadership and institutions. Strong governance, leadership and institutions are good for growth. Weak governance, leadership and institutions will encourage a failed or predatory state.

Federalism and regional inequality. The balance of power between centre and periphery of governement determines growth and inter-state inequality. Federal government intervention is required if inter-state inequality is to be reduced and increased allocation to the poorer and lagging states is vital.

Institutions and processes. As economic growth is not distribution neutral it will tend to generate tensions between groups. Conflict-management institutions and transparent and fair processes will be needed.

Limits of consociationalism. Consociationalism has its limits and needs to evolve with changing circumstances. Elite-bargaining through consociationalism worked to some extent to contain divisive elements and ethnic conflicts. Political and economic factors can undermine consociationalism, which has to evolve and to be reformed.

Corruption and rent-seeking. Corruption is positively correlated with direct state intervention in the economy. Corruption and rent-seeking increase the costs of economic growth, and blunts efficiency and competitiveness.

Big Bang and incrementalism. There is a time and place for both major and incremental interventions. Experimentation, learing-by-doing and heterodox approaches should be encouraged.

Inertia and growth. Inertia and complacency are a possible consequence of growth succcess. A continuous review of factors that can impact on growth is necessary. Earlier approaches may no longer work and changing circumstances may require comprehensive reforms.

Implementation and growth. Implementation of economic plans is crucial. A plan by itself cannot promote growth.

3. Economic Growth – Sources and Strategies

Ghana's growth record and experience can be divided into two broad phases with the early 1980s as a turning point. The accepted view is that growth was disappointing in the pre-1980s phase and that after 1983, when the Economic Recovery Programmes (ERP) was introduced with the backing of the IMF and the World Bank, growth rates improved. The essence of the ERP was the economic liberalisation of Ghana's economy, in contrast to its interventionist policy regime from 1960-1982. It has been emphasised that much of the growth outcome was due to the sizable public investment and inflows of aid and not from private investment: capital accumulation from the public sector, therefore, drove economic growth but the contribution of total factor productivity (TFP), with varying contributions during the period, was not very significant.

The two key features of Ghana's growth record, as has been noted, are its uneveness and the lack of significant structural changes. Because of its dependence on agricultural commodities, particularly cocoa, and minerals, especially gold, price volatility has exerted uneven influence on growth rates. Negative growth rates were recorded in 1966, 1972, 1975-1976, 1979 and 1980-1983 and these tended to coincide with *coup de tat*, changes in government, or/and policy changes. Structurally there was some change as services raised its share of GDP while agriculture reduced its share but there was little change in the share of industry. The share of manufacturing fell in the latter part of the reform period with the slowest growth in the period 1990-1996.

A longer term outlook for Ghana would be desirable and helpful to assess the prospects for Ghana's growth and the efforts and resources that would be required to reach the target. Ghana has set itself a target of attaining the status of an upper middle income country by 2020 and to reach this target the economy would have to grow by 8 per cent per annum. In view of the changing conditions and the slowdown in growth, which is currently much less than the required 8 per cent per annum, it would be timely to review the achievability of the original upper middle income target.

Economic growth in Ghana will, in the near and medium term, be dependent on domestic rather than external demand. But it is vital that for its long term growth, exports must make a far larger contribution. Domestic demand will be limited by the level and growth of income and the size of its domestic market. A population of less than 30 million, is a relatively small market and the decline in Ghana's long term population growth rates will exert an additional limitation. A continuation of a more efficient and competitive import substitution strategy, a second round import substitution drive, should not be ruled out. However, as the limits of an import substitution strategy are reached, an export-led strategy, like that of Malaysia and many other Asian countries, will be critical.

An additional dose of realism would come from taking into account likely political developments. Ghana's low growth, it has been observed, has been associated with changes in government and policy changes. Will this correlation still hold for the future? What is the likelihood of changes in the government over the period 2011-2020? If there is the likelihood of a change or changes in government, and if the association persists, then it may be prudent to inject a year or two years of lost growth i.e., negative growth rates, into the revised growth estimates for Ghana.

Apart from the broad strategic initiatives that have been suggested on the basis of the Malaysian experience, consideration should be given to some specific sources of growth for Ghana. Before the details are considered it would be useful for a long-term assessment of Ghana's economy, medium and long-term plans, to be initiated. Malaysia has used medium and long-term plans as a framework and to provide some discipline to the allocation of resources. The long-term plan could cover the period 2011-30. Over this 20-year period there could be two five-year plans for the period 2011-15 and 2016-30. These should be indicative in nature and will need to be reviewed and adjusted accordingly with the changing circumstances. The long-term and medium-term five-year plans could be integrated with the annual budgets over the period 2011-30.

A key part of the long-term plan would be the estimates of investment, especially private investment that would be required to lift the economy. The investment requirements should be disaggregated into public and private investment, and if possible, some estimates of FDI by sectors should also be made. Including the estimates of TFP's contribution to long term growth will also give some idea as to what is required in raising productivity *vis a vis* factor accumulation. Some realism needs to be built into the re-assessment. The contribution of TFP to growth for low and middle income countries has been lower than for high income countries. Even Malaysia has missed its target for TFP contribution to growth in the past and a conservative approach will be required. If so the contribution of capital and labour to growth will have to be raised, making even more demands on financial resources and investment in education and training for Ghana. Development expenditure that are allocated for the budgets should focus on specific programmes and projects. As always the critical need is not planning *per se* but the implementation of the strategies, policies and projects that are part of the development plans.

On the basis of available information the focus of Ghana's growth strategies should fall on the growth opportunities in agriculture, manufacturing and services. Agriculture will continue to be a key source of growth and it will still retain its target share of GDP for some time. The additional focus should also be on rural development. Agricultural productivity will need to be raised considerably. Experiences in Malaysia and elsewhere point in the direction of raising R&D in agriculture, improving agronomics and establishing new institutions for agriculture. Land tenure problems that constrain productivity enhancement must be overcome. Commercialisation of agriculture should be pursued.

4. Manufacturing Growth and Export-led Growth

The industrialisation of Ghana's economy must take top priority. So far, as has been stressed, growth has not been accompanied by significant structural changes. Mining cannot be relied on for injecting structural changes to the economy. Manufacturing growth performed poorly in the second half of the 1990s, has stalled and its share of GDP is low. Capacity under-utilisation and high levels of protection were two outstanding features of the past approach to the manufacturing sector. After 1988 manufacturing growth slowed down and textiles, wearing apparel and leather goods were badly affected. Growth was better for sawmill and wood products and beverages. If Ghana is to move towards the upper range of a middle income economy by 2020, substantial progress in the growth of its manufacturing industries will be needed. Manufacturing can absorb a sizable amount of the excess and unemployed labour and provide gainful and higher income occupations. Heavy reliance on agriculture to lift its average income level to the upper range of a middle income country would be misplaced.

The past experience in the 1960s and 1970s of Ghana, in promoting manufacturing industries and the strategies and policies that it has implemented, should be re-examined. It has been stressed that Ghana was unable to transit from an import-substitution industrialization strategy to an export-led growth strategy because of "severe policy conflicts" and the anti-export bias inherent in the pursuit of the import substitution strategy. The key challenge for the manufacturing sector, therefore, is to make a successful transition. The experience of Malaysia, and other East Asian countries, show that it can be done, and a closer examination of the possible lessons from Malaysia's industrialization strategies would be useful exercise.

Manufacturing, including manufactured exports, at the moment, accounts for a relatively small share of Ghana's GDP. The opportunities for resource and non-resource based manufacturing industries need to be developed. The Malaysian growth record also suggests that there are growth opportunities to the development of resource-based manufacturing industries. Rubber-based (e.g. rubber gloves) and oil-palm based products (eg, oleochemicals) are two examples of products in Malaysia manufactured largely for export markets. The growth opportunities for export-oriented manufacturing industries need to be carefully assessed. The African market beyond West Africa for Ghana's manufactured exports will have to be exploited.

The early focus of the manufacturing sector on the processing of agricultural products gradually moved to higher value added resource based products. By the mid-1990s (1996) the exports of resource-based products accounted for about 15 per cent of total manufactured exports and it remained at that level by 2005. The three leading exports of resource-based products are wood products, chemicals and chemicals products, and rubber products. The deepening of the resource-based manufacturing industries is continuing with greater emphasis on the manufacture of even higher value added products. Apart from exports there can be substantial scope for the growth of resource-based manufacturing industries that serve the domestic market. A key requirement is, however, that these manufacturing industries should be competitive.

While the growth opportunities of resource-based industries for the domestic and export markets should be considered, the fundamental requirement is for the promotion of exports of non-resource-based industries. Ghana will continue to be constrained by the size of its domestic market and its long term hope is to become a major exporter of manufactured products to the regional and global market.

The growth of the electronics and electrical manufacturing industries in Penang island in the north and its hinterland areas from the 1970s was a strategic turning point, and the commencement of the push industrialisation in Malaysia. An aggressive promotion of FDI by leading TNCs, granting generous fiscal incentives, establishment of Free Trade Zones (FTZs), infrastructure including industrial estates, utilities, training facilities, and supported by the strong leadership of the Chief Minister of Penang, turned the island into a mjor manufacuring centre. Can Ghana emulate in “picking the winners” to lift its manufacturing industries?

Ghana may well need to have some ideas on the long-term growth opportunities for its manufacturing industries. There seems to be a large gap in knowledge and interest in developing the manufacturing sector which needs to be rectified. A long-term plan up to 2030 to look into the growth opportunities for the manufacturing sector should be considered. Such a plan should assess the growth opportunities for resource-based and non-resource based industries, manufactured exports and the possible markets for exports. Suggestions for specific policies on FDI, incentives for exports, free trade zones and other infrastructure requirements should also be included in the manufacturing plan.

Services accounts for the largest sector in terms of its share of Ghana’s GDP. As income rises and the economy undergoes structural changes, the expected fall in agriculture’s share to GDP, will be accompanied by the rise of services’ share to GDP. Growth opportunities will expand for financial services, wholesale and retail trade, constructions and logistics. Special attention could be given to support the growth of education and tourism. As manufacturing sector grows manufacturing-related services will also expand and these will have to be encouraged.

The linkages, forward and backward, of services to the other sectors will differ with some having stronger forward than backward linkages, but the linkages to the manufacturing sector will be relatively strong, suggesting the need to allow for the growth of a wide range of services.

5. Monitoring and Implementation

Governance and the quality of the leadership, and of course the political regime, matter a great deal in determining the success or failure of policy implementation. Malaysia’s federal system of government highlights the importance of checks and balance between the legislature, executive and the judiciary. Federal-state relations and its shifting balance can determine the quality of the outcomes, allocation of resources and inter-state economic disparities. Creeping centralism has been the hallmark of Malaysia for the past 30 years.

There is a wide range of governance issues in Ghana that have constrained co-ordination and implementation. The “reform cluster” approach to the implementation of policies and projects has become part of the Malaysian model. The Malaysian experience with monitoring and implementation from the federal to the state levels could be given closer attention to assess their usefulness and transferability in Ghana.

Conclusion

Malaysia and Ghana share some common historical past. Their economic and political experiences, however, have diverged with Malaysia registering a better growth record and level of income. There may be some lessons from Malaysia that could be considered by Ghana. But these possible lessons on growth need to be tempered by the differences, among others, of political systems, processes and of governance.

Despite its achievements Malaysia has lost its competitive edge, especially to China and other emerging countries. It has languished for some time in the upper range of the middle income group. Its next challenge is to transform the economy and to move up to the high income group by 2020 with inclusive growth and sustainability.

Zainal Aznam Yusof
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Appendix

Figure 1: Real GDP growth rate (%), Malaysia vs. Ghana, 1961-2009

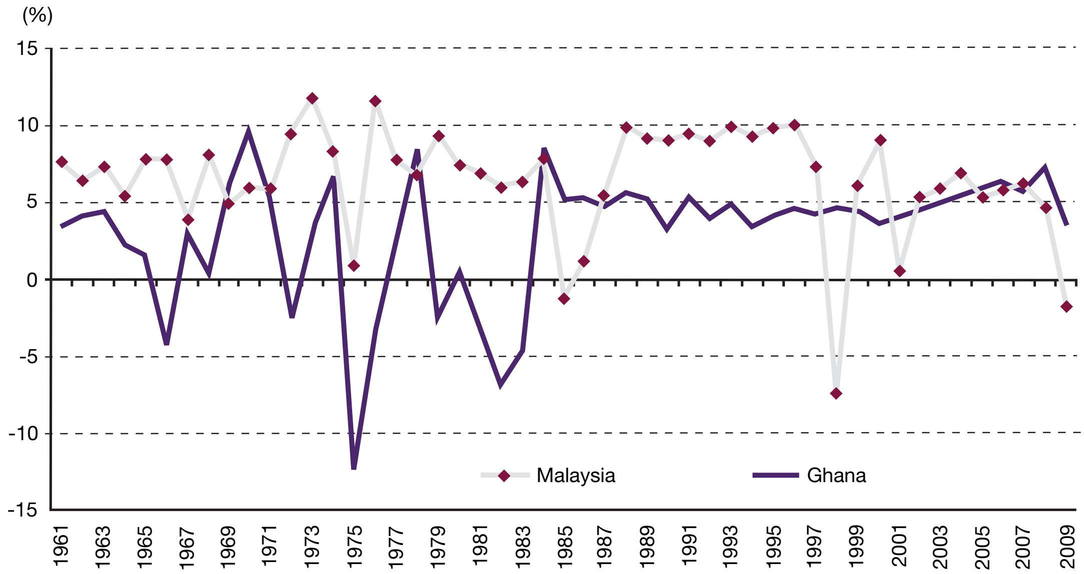
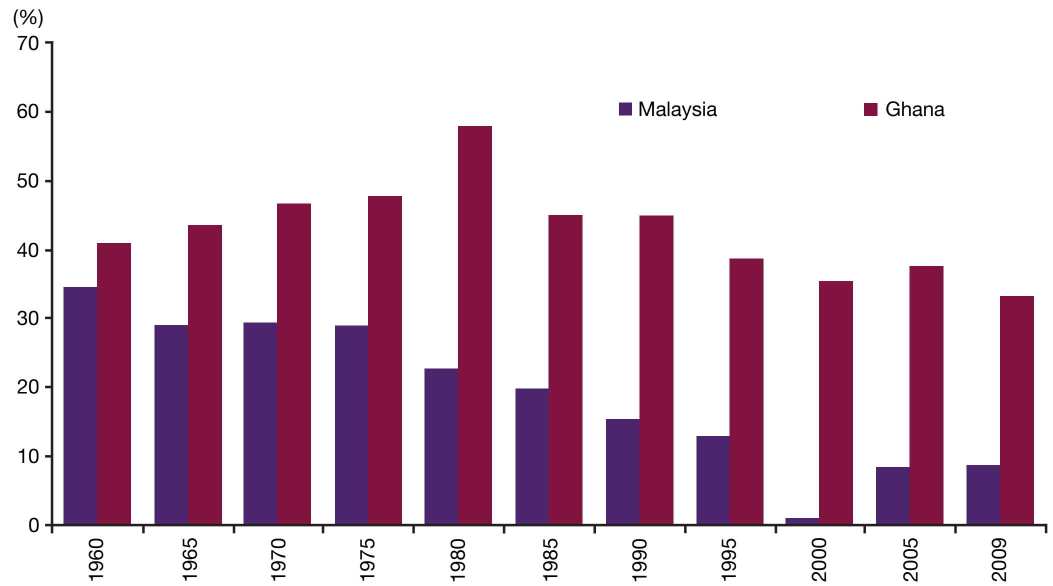


Figure 2: Agriculture sector share of GDP (%), Malaysia vs. Ghana, 1961-2009



Sources: World Development Indicators, World Bank and International Financial Statistics, IMF

Figure 3: GDP per capita growth (%), Malaysia vs. Ghana, 1961-2009

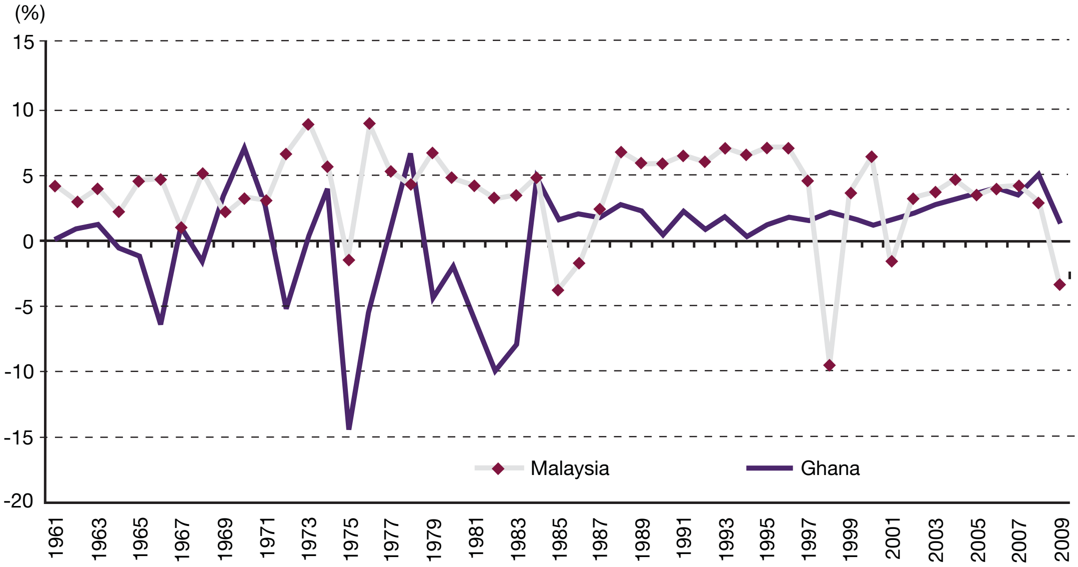
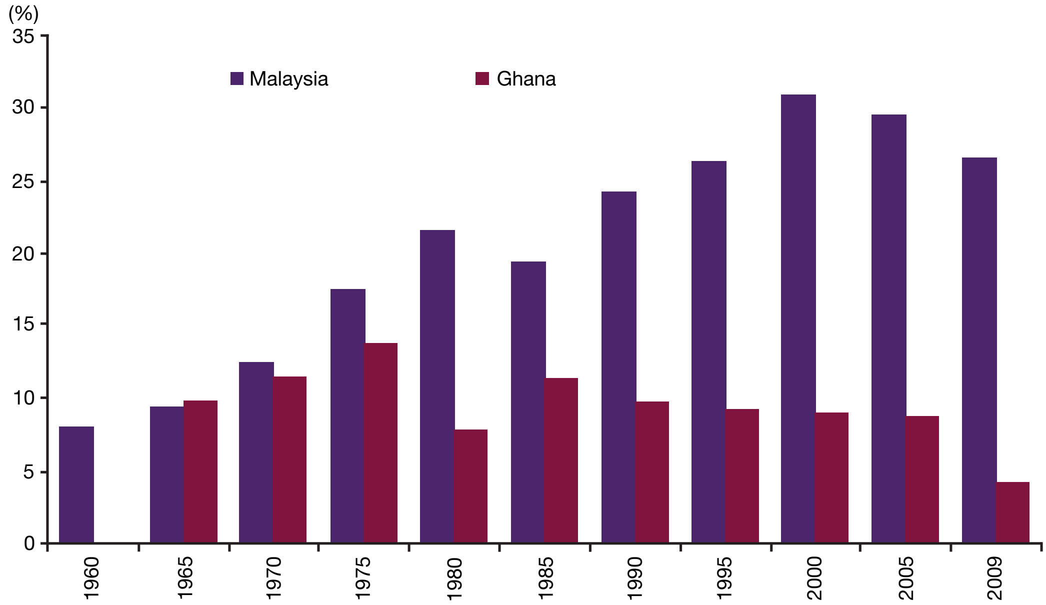


Figure 4: Manufacturing sector share of GDP (%), Malaysia vs. Ghana, 1961-2009



Sources: World Development Indicators, World Bank and International Financial Statistics, IMF

Figure 5: Services sector share of GDP (%), Malaysia vs. Ghana, 1961-2009

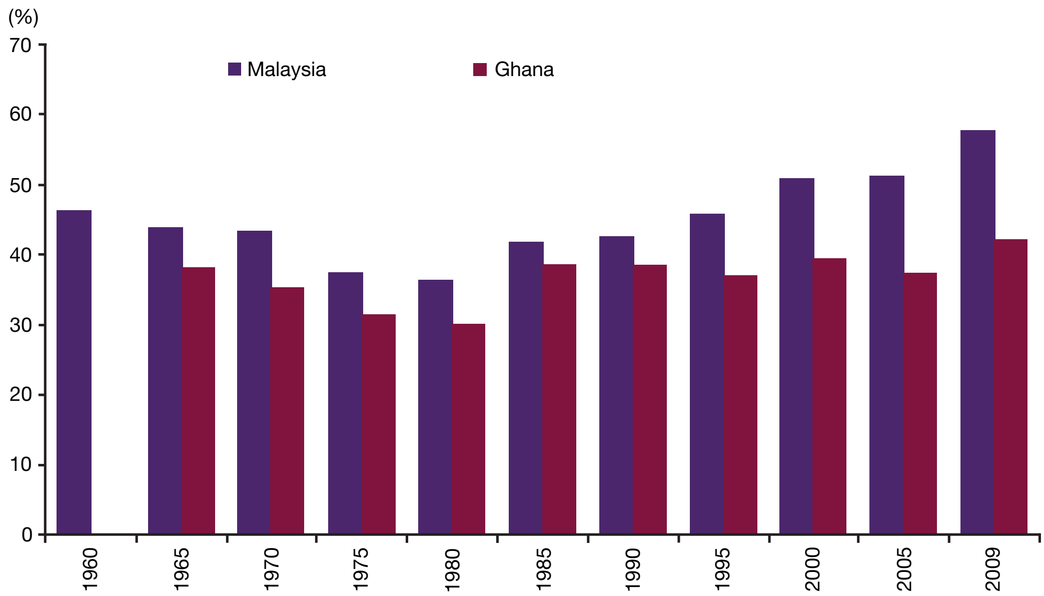
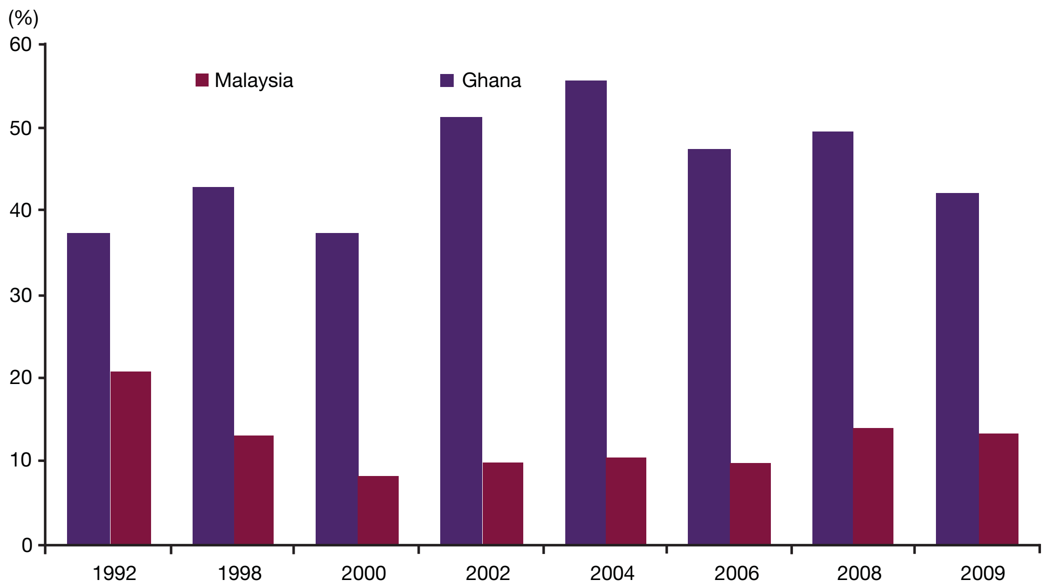
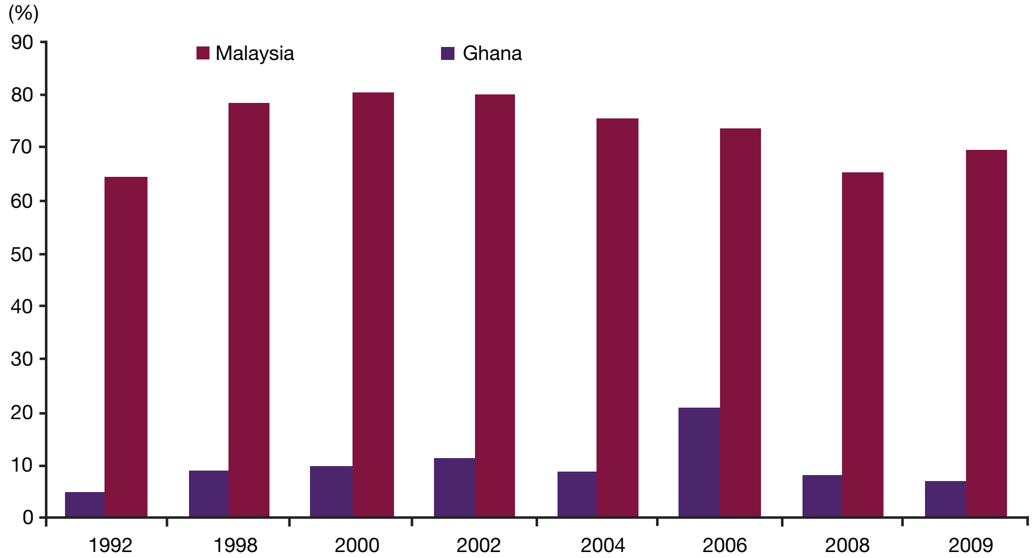


Figure 6: Agriculture exports as a share of GDP (%), Malaysia vs. Ghana, 1961-2009



Sources: World Development Indicators, World Bank and International Financial Statistics, IMF

Figure 6: Agriculture exports as a share of GDP (%), Malaysia vs. Ghana, 1961-2009



Sources: World Trade Organization

Appendix Table A1
Malaysia: Selected Macroeconomics Indicators

	1960	1965	1970	1975	1980	1985	1990	1995	2000	2005	2009
Real GDP (US$ mn)	6,631	9,247	12,429	17,535	26,415	33,881	47,206	74,221	93,790	118,224	136,636
Real GDP growth (%)	–	7.7	6.0	0.8	7.4	-1.1	9.0	9.8	8.9	5.3	-1.7
GDP per capita (US$)	815	973	1,145	1,431	1,919	2,161	2,608	3,604	4,030	4,612	4,974
				Origin of GDP (% share of GDP)							
Agriculture	34.3	28.8	29.4	28.9	22.6	19.9	15.2	12.9	0.9	8.4	8.7
Manufacturing	8.1	9.5	12.4	17.6	21.6	19.3	24.2	26.4	30.9	29.6	26.5
Services	46.3	43.8	43.2	37.2	36.3	41.6	42.6	45.6	50.8	51.2	57.6
				Expenditure on GDP (% share of GDP)							
Private consumption	64.0	63.8	60.5	59.6	54.2	55.4	51.7	47.9	43.8	44.8	54.3
Government consumption	10.6	14.2	15.2	17.1	16.0	14.8	13.8	12.4	10.2	12.3	13.4
Gross fixed capital formation	11.9	16.4	18.2	25.6	29.9	28.7	33.0	43.6	25.3	20.5	23.7
GNI per capita (current US$)	–	330	400	910	1,830	1,940	2,390	4,030	3,450	5,200	7,230
GNI per capita, PPP (current international US$)	–	–	–	–	2,220	3,100	4,520	7,020	8,210	11,220	13,530
Consumer price inflation (%)	–	-0.1	1.8	4.5	6.7	0.3	2.6	3.5	1.5	3.0	0.6
Exchange rate (RM per US$, average)	3.06	3.06	3.06	2.39	2.18	2.48	2.70	2.50	3.80	3.79	3.52
Trade (Exports + Imports, % of GDP)	89.0	79.4	78.7	85.6	111.0	103.2	147.0	192.1	220.4	212.1	229.3
External debt stocks (% of GNI)	–	–	12.0	21.9	27.5	68.6	36.4	40.6	48.6	39.5	35.0

Sources: World Development Indicators, World Bank and International Financial Statistics, IMF

Appendix Table A2
Ghana: Selected Macroeconomics Indicators

	1960	1965	1970	1975	1980	1985	1990	1995	2000	2005	2009
Real GDP (US$ mn)	1,900	2,213	2,550	2,518	2,640	2,584	3,267	4,029	4,977	6,364	7,949
Real GDP growth (%)	–	1.4	9.7	-12.4	0.5	5.1	3.3	4.1	3.7	5.9	3.5
GDP per capita (US$)	280	282	292	252	239	199	218	234	255	290	333
				GDP by sector (% share of GDP)							
Agriculture	40.8	43.5	46.5	47.7	57.9	44.9	44.8	38.8	35.3	37.5	33.1
Manufacturing	–	9.8	11.4	13.9	7.8	11.5	9.8	9.3	9.0	8.7	4.3
Services	–	37.9	35.3	31.3	30.2	38.4	38.4	36.9	39.3	37.4	42.2
				Expenditure on GDP (% share of GDP)							
Private consumption	72.9	77.3	74.4	73.3	83.9	84.0	85.2	76.3	84.3	81.0	74.3
Government consumption	10.0	14.5	12.8	13.0	11.2	9.4	9.3	12.1	10.2	15.3	19.2
Gross fixed capital formation	–	–	12.0	11.6	6.1	9.5	14.4	21.1	23.1	29.0	29.8
GNI per capita, (current US$)	–	230	250	300	420	350	390	360	330	460	700
GNI per capita, PPP (current international US$)	–	–	–	–	460	490	620	750	880	1,180	1,480
Exchange rate (GH per US$, average)	0.00007	0.00007	0.0001	0.00012	0.0003	0.0054	0.03	0.12	0.54	0.91	1.42
Consumer price inflation (%)	–	26.4	3.0	29.8	50.1	10.3	37.3	59.5	25.2	15.1	19.3
Trade (Exports + Imports, % of GDP)	63.6	43.8	44.0	37.8	17.6	24.2	42.7	57.4	116.0	98.2	125.1
External debt stocks (% of GNI)	–	–	26.3	26.4	31.7	50.7	64.7	86.9	126.6	63.9	–

Sources: World Development Indicators, World Bank and International Financial Statistics, IMF

Appendix Table A3
Malaysia: Selected Socio-Economic Indicators

	1960	1965	1970	1975	1980	1984	1987	1989	1992	1995	1997	2004	2008	2009
Population growth (annual %)	3.1	2.9	2.5	2.3	2.4	2.7	2.9	2.9	2.6	2.5	2.5	1.8	1.7	1.7
Age dependency ratio (% of working-age population)	94.9	97.5	92.3	84.6	75.4	74.0	72.2	70.4	68.5	66.2	63.6	56.3	52.8	52.0
Literacy rate, adult total (% of people ages 15 and above)	–	–	–	–	69.5	–	–	–	–	–	–	–	92.1	–
Gini coefficient	–	–	–	–	–	0.486	0.470	0.462	0.477	0.485	0.492	0.379	–	–
Poverty gap at $1.25 a day (PPP) (%)1	–	–	–	–	–	0.66	0.5	0.5	0.5	0.5	0.5	0.5	–	–
Poverty gap at $2 a day (PPP) (%)2	–	–	–	–	–	3.2	2.8	2.5	2.4	2.5	1.3	1.4	–	–
Poverty headcount ratio at $1.25 a day (PPP) (% of population)3	–	–	–	–	–	3.2	2.4	2.0	2.0	2.1	2.0	2.0	–	–
Poverty headcount ratio at $2 a day (PPP) (% of population)4	–	–	–	–	–	12.3	11.9	11.1	11.2	11.0	6.8	7.8	–	–

Appendix Table A4
Ghana: Selected Economic and Social Economic Indicators

Population growth (annual %)	3.1	2.5	2.3	2.4	2.4	3.5	2.8	2.7	2.9	2.5	2.2	2.1	2.1	2.1
Age dependency ratio (% of working-age population)	88.5	89.1	93.4	95.5	95.1	93.2	91.3	89.9	87.6	82.4	75.0	74.2	73.3	72.5
Literacy rate, adult total (% of people ages 15 and above)	–	–	–	–	–	–	–	–	–	–	–	–	0.658	–
Gini coefficient	–	–	–	–	–	–	–	36.0	38.1	40.8	42.8	–	–	–
Poverty gap at $1.25 a day (PPP) (%)[1]	–	–	–	–	–	–	–	17.2	18.3	14.4	10.5	–	–	–
Poverty gap at $2 a day (PPP) (%)[2]	–	–	–	–	–	–	–	35.2	36.3	28.5	22.3	–	–	–
Poverty headcount ratio at $1.25 a day (PPP) (% of population)[3]	–	–	–	–	–	–	–	49.4	51.1	39.1	30.0	–	–	–
Poverty headcount ratio at $2 a day (PPP) (% of population)[4]	–	–	–	–	–	–	–	77.7	77.7	63.3	53.6	–	–	–

Sources: World Development Indicators, World Bank and International Financial Statistics, IMF

Notes:

[1,2] Poverty gap is the mean shortfall from the poverty line (counting the nonpoor as having zero shortfall), expressed as a percentage of the poverty line. This measure reflects the depth of poverty as well as its incidence. Note: Data showing as 0.5 signifies a poverty gap of less than 0.5

[3] Population below $1.25 a day is the percentage of the population living on less than $1.25 a day at 2005 international prices. As a result of revisions in PPP exchange rates, poverty rates for individual countries cannot be compared with poverty rates reported in earlier editions. Note: Data showing as 2.0 signifies a poverty rate of less than 2.0 percent.

[4] Population below $2 a day is the percentage of the population living on less than $2.00 a day at 2005 international prices. As a result of revisions in PPP exchange rates, poverty rates for individual countries cannot be compared with poverty rates reported in earlier editions. Note: Data showing as 2.0 signifies a poverty rate of less than 2.0 percent.

Appendix Table A5
Poverty Indicators, 1990-2005

	Population below income poverty line (%)		
	$1 a day 1990-2005	$2 a day 1990-2005	National poverty line 1990-2004
Malaysia	< 2	9.3	15.5
Ghana	44.8	78.5	39.5

Sources: Human Development Report 2007/2008

Appendix Table A6
Poverty Indicators, 2000-2007

	Population below income poverty line (%)		
	$1.25 a day 2000-2007	$2 a day 2000-2007	National poverty line 2000-2006
Malaysia	< 2	7.8	–
Ghana	30	53.6	28.5

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Contact us

International Growth Centre
The London School of Economics and Political Science
4th Floor, Tower Two
Houghton Street
London WC2A 2AE
United Kingdom

General Office Tel: +44 (0)20 7955 6144

For enquiries about this paper, please contact Adam Green:
a.r.green@lse.ac.uk
+44 (0)20 7955 3665

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