

Bridge Contracts in Ghana

Jonathan Greenacre

Hundreds of millions of people in Africa and other developing regions lack access to basic services. For example, over 2 billion people lack access to clean drinking water. One key reason is weak state-provided collective goods in many African countries which are needed to connect firms and governments located in urban areas with excluded communities, most of whom live in rural communities. These weak goods include poor roads, lack of wifi access, and low levels of public education.

This paper argues innovative contracts can foster polycentric governance which can connect firms based in urban areas and rural communities in Africa. These 'bridge contracts' can produce substitute collective goods connecting these urban firms to rural communities, even when state-provided collective goods are weak.

The paper uses the 'Vodafone Cash' mobile money payment system as a case study for this argument. The paper describes how contracts embedded within the system enable Vodafone to provide this service to 11 million, including those in rural areas. This argument is supported by two weeks of in-country interviews with members of the Vodafone Cash marketplace conducted in January and a survey of such members in September 2023.