

## *An Overview of the Poverty Situation in Ghana*

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### *Who are the Poor?*

Apart from the more conventional approach based on **income expenditures**, the amount of **calorie in-take** and even **social indicators** such as *security, freedom from harassment and dignity* can all indicate poverty levels.

### *Characteristics of the Poor*

Poverty entails living in a state of deprivation involving either:

- material deprivation - lack of income, resources and assets.
- physical weakness - malnutrition, sickness, disability, lack of strength.
- isolation - illiteracy, lack of access to education and resources, peripheral locations, marginalization and discrimination.
- vulnerability - to contingencies which increase poverty (e.g. war, climatic changes, seasonal fluctuations, disability).
- powerlessness - the inability to avoid poverty or change the situation.

### **Ghana – Stylized Facts (1997)**

- Land Area 227,540 sq. km
- Population 18 million
- GDP(const. '75US\$) 7.04 billion
- GDP Growth 4.2%
- GDP per capita 390 US\$
- GDS (% of GDP) 9.8
- GDI (% of GDP) 24.1

### **Demographic Indicators**

**N R U**

Pop below 15 years (%) 42 44 36

Pop 60 years and above% 7 7 6

Age dependency ratio % 87 97 69

Male:Female Ratio(15+) 0.81 0.81 0.81

Average household size 4.1 4.3 3.8

## Literacy and Health

1990 1997

- Literacy (% aged 15+)
  - Adult Female 54.5 43.4
  - Adult Male 30.6 23.4
  - Adult Total 42.7 33.6
- Life Expectancy (years)
  - Female 58.9 61.8
  - Male 55.5 58.3
  - Total 57.1 60.0

### *Poverty Profile in Ghana*

#### *Pre-ERP.*

- An IFAD special mission report estimated that the proportion of rural poor increased from **43% in 1970 to 54% in 1986.**
- Rough estimates provided by Green (1988) also showed that the number of urban people below the poverty line increased from average of between **30 and 35% in the late 1970s to a range of 45-50% in mid 1980s.**
- For rural people, green estimated that poverty increased from a range of **60-65% in late 1970s to between 67% and 72% in mid 1980s.**

#### *Post-ERP*

- The first empirical work on poverty was by Boateng, Ewusi, Kanbur and McKay (1990) using data based on the first half year results of Ghana Living Standard Survey (1987/88).
- They set poverty lines for the "poor" and "very poor" in Ghana at 432,981 and 416,491 per head, per year, in the constant prices of September 1987, respectively.
- These represented 30% (poor) and 10% (hard-core poor) of the population, respectively.
- They observed that about 19.2 percent of the "hard-core" poor live in the urban areas while 65.8 percent live in the rural areas.

- Majority of those in the "hard-core" poverty class (about 80 percent) are non-cocoa farmers and non-"white collar" workers.
- *The Pattern of Poverty in Ghana, 1987-1992*, by GSS criticized Boateng *et al* methodology as being biased against the very poor.
- It proposed an alternate measure which set the poverty line at 171,205 cedis per year, per equivalent adult in constant May 1992 Accra prices, and an ultra poverty line of 128,404 cedis in the same units.
- The 1994 *Pattern of Poverty Report* used the first 3 GLSS surveys to trace the trend in poverty over the period 1987 to 1992.
- It observed that the percentage of the population classified as poor dropped from about 56 per cent in 1987/88 to 51 per cent in 1991/92, after hitting a high of 61 per cent in 1988/89.
- Based on these results one is tempted to say that poverty level rose at the beginning of the ERP before declining in the early 1990s.

**Table 1: Proportion of "poor" and "very poor" in each locality, 1987-1992**

POOR VERY POOR

LOCALITY 87/88 88/89 91/92 87/88 88/89 91/92

Accra 25.3 32.3 40.6 7.3 21.2 20.9

Other Urban 51.7 53.7 47.7 31.6 34.5 26.8

Rural-Coastal 57.1 64.4 48.9 36.6 43.4 27.3

Rural-Forest 59.3 62.4 53.2 38.1 42.0 33.2

Rural-Savanna 66.3 74.2 58.7 50.3 55.4 39.3

ALL 55.8 60.6 51.4 36.4 41.6 31.2

- Source: Ghana Living Standard Surveys, 1987-1992.
- Poverty levels in Accra increased substantially between 1987 and 1992.
  - This may be due to the fact that most of the adjustment policies had a direct impact on the urban public sector. The retrenchment policies as well as the pegging of increases in the wage bill to only 5 per cent of GDP, reduced the income of the urban public sector worker. However, other urban areas as well as rural-coastal and rural-forest localities had reductions in poverty levels. There is a strong indication of data or measurement problem.

- Rural-savanna was the poorest zone in the country with more than half its population classified as poor and more than a third being very poor in 1992.
- In spite of the increases in poverty levels in Accra, it still remains the locality with the least poor, although it is gradually declining to the national average.
- By 1992, there is little significant difference in poverty levels among the different localities.

Table 2: Poverty Profiles (%) by Administrative Regions,(poverty line = ₵128,404)

- Regions 1987/88 1988/89 1991/92
- Western 15.9 29.1 38.4
- Central 49.6 41.3 26.3
- Greater Accra 10.0 23.1 20.8
- Eastern 34.2 46.3 25.3
- Volta 51.3 56.2 30.8
- Ashanti 42.3 40.5 21.9
- Brong Ahafo 31.8 27.9 41.1
- Northern 45.8 68.7 44.1
- Upper West 61.4 55.9 56.1
- Upper East 60.5 50.3 32.6
- All 36.4 41.6 31.2

**Table 3:Percentage of the "very poor" in different socioeconomic groups, 1987-92**

- | SECTOR           | 1987/88 | 1988/89 | 1991/92 |
|------------------|---------|---------|---------|
| Public Employees | 22.2    | 26.9    | 21.5    |
| Private Formal   | 18.8    | 29.9    | 15.6    |
| Private Informal | 32.4    | 33.3    | 27.7    |
| Export Farmers   | 43.1    | 44.2    | 37.4    |
| Food Farmers     | 46.2    | 53.0    | 38.9    |
| NF Self-Employed | 30.6    | 36.2    | 25.7    |
| Non-Working      | 34.5    | 43.1    | 19.5    |
| All              | 36.4    | 41.6    | 31.2    |

- Source: Ghana Living Standard Surveys, 1987-1992
- The first 3 GLSS produced results on poverty which are not very reliable and not very comparable. Nevertheless they allowed us to have some general ideas on poverty trends in Ghana.
- These ideas have been improved on with data from GLSS-4 and the CWIQ.

#### GLSS-4

- Excluded certain items from the consumption basket, eg major hospital treatment
- Used adult equivalent scales in the measurement of household size
- Used a more reliable regional price index
- Computed poverty lines based on nutritional requirements (previously computed as ratios of mean consumption in 1987/88)
- The modifications to the GLSS-4 resulted in higher estimates of poverty in Ghana than previously derived.
- New poverty lines for GLSS-4 are:
  - Lower line - 700,000 cedis per adult year
  - Higher line - 900,000 cedis per adult year

### Poverty by Location, 1991/92 and 1998/99 (%)

	Higher line	Lower Line		
	GLSS3	GLSS4	GLSS3	GLSS4
Accra	<b>23.1</b>	<b>3.8</b>	<b>11.3</b>	<b>1.7</b>
Urban Coastal	28.3	24.2	14.2	14.3
Urban Forest	25.8	18.2	12.9	10.9
Urban Savannah	<b>37.8</b>	<b>43.0</b>	<b>27.0</b>	<b>27.1</b>
Rural Coastal	52.5	45.2	32.8	28.2
Rural Forest	61.6	38.0	45.9	21.1
Rural Savannah	<b>73.0</b>	<b>70.0</b>	<b>57.5</b>	<b>59.3</b>
All Ghana	<b>51.7</b>	<b>39.5</b>	<b>36.5</b>	<b>26.8</b>

Source: Poverty Trends in Ghana in the 1990s, GSS

### Conclusions of GLSS-4

- Poverty has fallen in the 1990s
- The decline in poverty is not evenly distributed
- The Savannah regions continue to be the poorest.
- Poverty is more a rural phenomenon

### **Some Anthropometric Measures**

- **Nutrition in Children Under 5 years, 1997**

- Underweight Prevalence 23.3%

(weight-for-age)

- Stunting Prevalence 25.1%

(height-for-age)

- Wasting Prevalence 6.8%

(weight-for-height)

### **Access to safe water (%)**

1992 1997

- Urban 79.4 91.3
- Rural 34.9 52.5
- Ghana 50.5 66.8

- Source: 1992, GLSS-3; 1997, CWIQ

Literacy Rate in 1997