

Inequality in Ghana: A Fundamental National Challenge

Briefing Paper - April 2014

Introduction

In the past 20 years Ghana has made great strides in economic growth and in reducing poverty. Government interventions have played a critical role in this process and improvements have been noted in key areas such as enrolment in primary school and access to preventative healthcare. Nevertheless, Ghana is becoming an increasingly unequal country where the benefits of economic growth and poverty reduction are not equally distributed across the nation, across gender and across economic quintiles. This trend has the potential to undermine earlier progress, weaken social connections, and substantially slow poverty reduction effects.

As the table below shows, the gap between rich and poor has indeed reduced for some important indicators, such as net primary school enrolment, immunization rates, sanitation access, and stunting in childhood. However, some of these improvements do not appear positive on closer examination – for example, the gap for stunting between rich and poor children has only declined because indicators appear to have worsened for some groups. In addition, other indicators have clearly seen worsening inequality, including income, under-five mortality, and access to skilled birth attendants where the richest groups have pulled ahead and the poorest have been left behind.

Table 1: Gap between the Poorest and the Richest Wealth Quintile by various Indicators

Indicator	Q1 (poorest)	Q5 (richest)	Ratio of Q1 to Q5	Source	Change in gap
% of total income	6.9	44	6.38	GLSS 1992	Widening
	5.2	48.3	9.2	GLSS 2006	
Under-five mortality	118	100	1.18	MICS 2006	Widening
	106	52	2.04	MICS 2011	
Skilled birth attendance	14.6	48	3.29	DHS 2003	Widening
	24.2	94	3.88	DHS 2008	
Access to improved water	64.1	96.6	1.51	MICS 2006	Widening
	56.1	92.1	1.64	MICS 2011	
Stunting	30.9	7.4	4.18	MICS 2006	Narrowing
	33.2	11.6	2.86	MICS 2011	
Improved Sanitation	17	91.7	5.39	MICS 2006	Narrowing
	18.6	94.2	5.06	MICS 2011	
Vaccination Coverage (DPT3)	75.7	91.3	1.21	MICS 2006	Narrowing
	93	94.4	1.02	MICS 2011	

Net Primary Enrolment	54.5	95.2	1.75	MICS 2006	Narrowing
	61	82.5	1.35	MICS 2011	

Economic Inequalities: A Divided Nation

Ghana's economic growth rate averaged about 7% between 2000 and 2011 and today Ghana has one of the highest GDPs per capita (US\$1,580 per capita) in West Africa. In 2011, Ghana not only joined the ranks of lower-middle income countries, but had one of the fastest economic growth rates (14.4%) in the world. The expansion in the economy has coincided with an almost halving of poverty between 1992 and 2006. Successive national living standards surveys conducted between 1992 and 2006 show that monetary poverty significantly reduced from 51.7% in 1992 to 28.5% in 2006. Both the depth of poverty and the number of poor all declined substantially. The number of poor reduced from 7.9 million people in 1992 to 6.3 million people in 2006. Thus while the population grew by 6.9 million between 1992 and 2006, the number of poor declined by 1.6 million – an important achievement making it very likely that the country will achieve the MDG1 target of halving poverty by 2015. However, the evidence suggests that the gains achieved thus far have not been evenly distributed across regions, localities, gender and ability.

Firstly, income inequality has widened considerably between the poorest and the richest quintiles. The poorest fifth of Ghana's population earned 6.9% of total national income in the early 1990s whereas the richest 20% earned 44% of total income. By 2006, this gap had widened - the poorest group earned just 5.2% of national income while the richest accumulated almost half (48.3%) [GLSSV]. This changing pattern is strongly influenced by Ghana's inability to create economic growth amongst the poor themselves – in the 1990s, while economic growth was 2.9% on average, it was just 1% for the very poorest group in society [CPRC 2005]. Likewise, the distribution of the proceeds from growth by the state has often been unequal with much government spending benefitting better off regions and groups.

Secondly, the data show that while rural development and urbanization have led to significant poverty reduction in the south, similar dynamics have been largely insignificant in northern Ghana. While the number of poor declined by 2.5 million between 1992 and 2006 in the south, the figure increased by 900,000 in the north. Poverty remains endemic in the northern regions of the country, with the poverty rate standing at 70.4 percent and 87.9 percent for Upper East and Upper West respectively in 2006. Of great concern are trends such as those witnessed in the Upper West, the poorest region in Ghana, where the depth of poverty actually *increased* substantially from 38.8% in 1999 to 48% in 2005/06 (GSS, 2007). This has led the World Bank to declare that Ghana's success story in poverty reduction is the success story of its southern and urban areas only [World Bank 2011].

Looking at the structure of Ghana's economy and its nascent transformation, the agriculture sector upon which the economy of the country has traditionally depended, is being replaced by a rapidly expanding services sector which has now become the largest contributor to Ghana's GDP. In 2010 the services sector contributed more than half (51%) to GDP while the agricultural sector's had declined to 21.3% [GSS 2013]. While a part of the structural transformation agenda, this shift has resulted in widening the income and infrastructure gaps between rural and urban dwellers as industries and jobs become more concentrated in higher-skilled sectors, often located in the urban south. However the majority of the population (70%) still live in rural areas and depend on agriculture, and rapid urbanisation is beginning to compound the issues of weak rural resources and stretched urban capacity. Furthermore, the 2010 Population Census found that just over 86% of Ghana's workforce are employed in the informal sector, making both job security and revenue generation a substantial challenge.

Considering income inequality in relation to gender, analysis shows that women are more likely to be poor compared to their male counterparts, particularly in the northern regions of the country as well as in rural areas. With regard to asset distribution, new evidence shows that the gender distribution of wealth in Ghana is biased in favour of men and this is true even when the distribution patterns in urban and rural communities are analysed separately. Significant gender disparities exist in land holdings, with men holding 3.2 times more of the total farms than women and 8.1 times more of the medium-large farms (of 5 acres and more) [FAO 2012]. The majority of female landholders mostly manage small farms of less than 5 acres. In the non-agricultural sectors, it has also been found that female workers are more likely to be engaged in vulnerable employment than their male counterparts and are more likely to be engaged in part-time, seasonal or low-paid jobs in the informal economy. The estimated average hourly wage of women in Ghana is 57% that of men [Baah-Boateng, 2009].

For people living with disabilities, the 2010 Population Census reveals that while the proportion of economically active persons among the abled-bodied population is 72%, the corresponding proportion for those who are disabled is 57%, implying that they are in a more vulnerable position and therefore less able to withstand shocks and manage risks.

Inequality in Accessing Educating: Moving Beyond Gender Parity and Primary School Enrolment

There is an indication that education inequality with respect to school enrolment between the poorest and the richest is closing. Recent national survey data show an improvement in basic education occurring in the poorest quintiles, finally catching up with those in the richest quintile. The 2010 Census data also suggest that the gap in enrolment between rural and urban localities has also narrowed, despite the fact that enrolment in rural areas

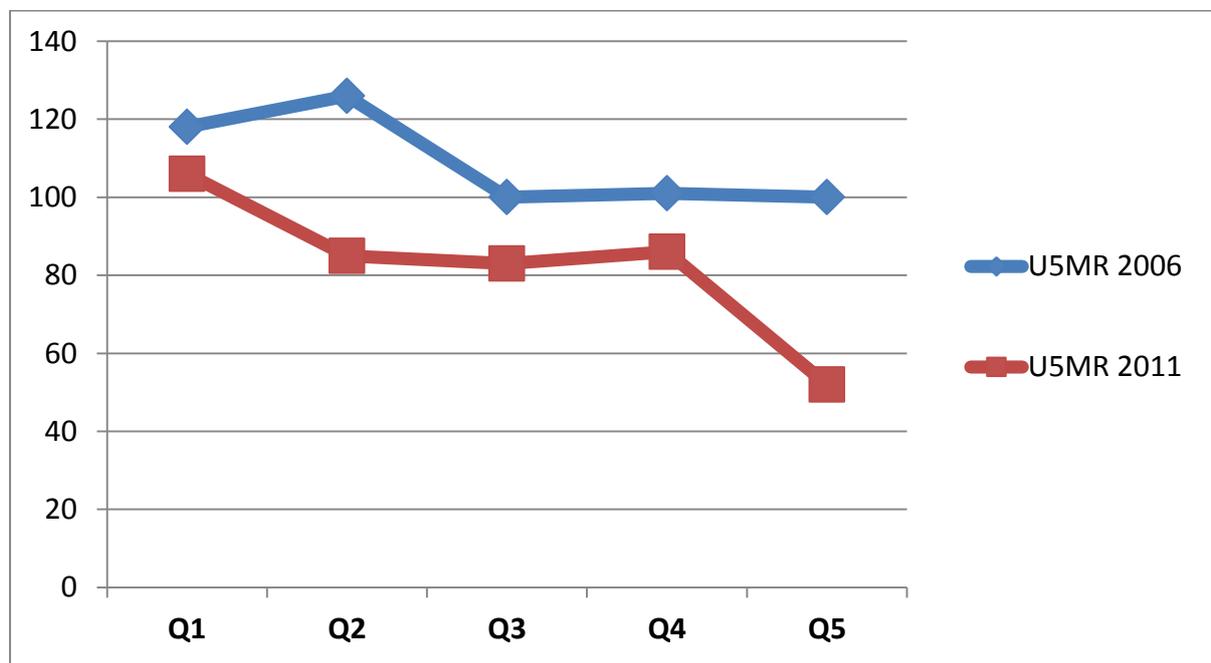
(68.6%) still remains significantly lower than in urban areas (81.8%). With regard to youth literacy status, there has been a marked improvement at the national level and the MICS data indicate a narrowing of the gap for youth literacy between the poorest and the richest wealth quintile as well as between youth in the north and south. However, the gap has widened between rural and urban dwellers over the period 2006 to 2011 and men (80.2%) are more likely to be literate than women (68.5%) [Census 2010].

With regard to gender equality in education, Ghana is achieving gender parity among the youngest cohorts. However, parity reduces further up the educational ladder: while there are 95 girls for every 100 boys in primary school, at the secondary and tertiary levels there are 88 and 71 girls for every 100 boys respectively.

Inequalities in Health: the Lottery of Life (and death) for Children under 5

While there has been a marked decline in under-five mortality in recent years, from 111 deaths per 1000 live births in 2003 (DHS) to 82/1000 in 2011 (MICS), the overall trend does not put Ghana on track to reach the 2015 MDG target of 40 deaths per 1000 live births. A closer inspection of this trend clearly shows that much of the improvement in child mortality is occurring in the wealthiest groups of the population, as the graph below shows.

Graph 1: Increasing Inequality in Under-Five Mortality Rates by Income Group, change from 2006 to 2011

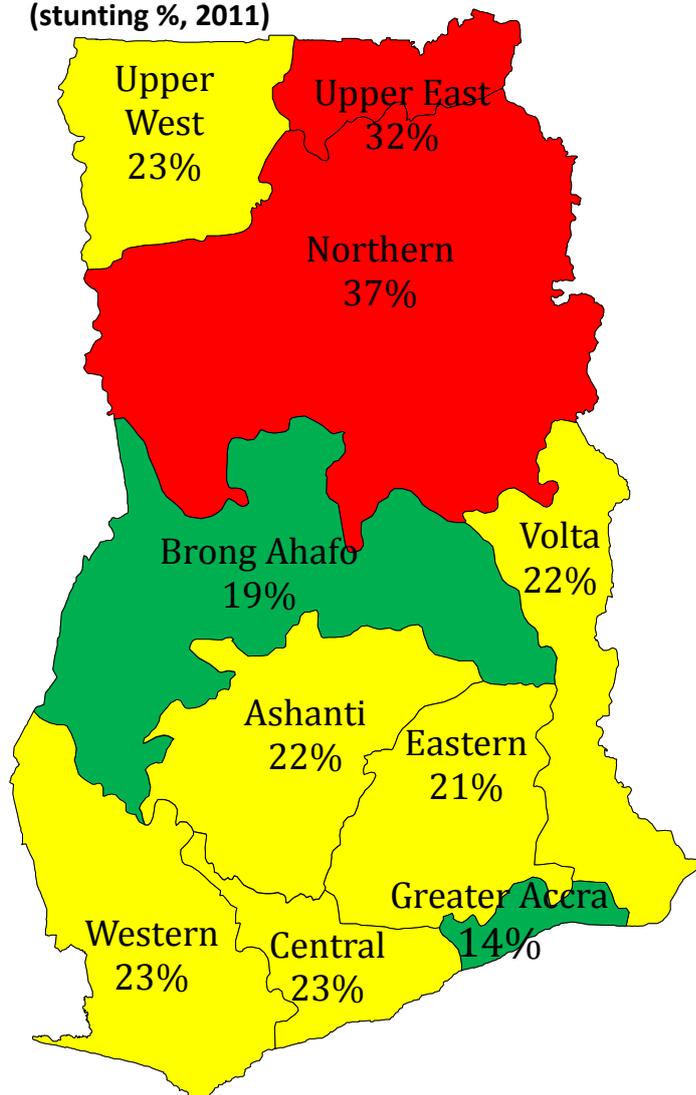


Source: MICS 2006 and 2011

As a result, Ghana is now witnessing a stratification of its society, with the richest pulling far ahead, a large section stagnating in the middle, and the poorest being almost left entirely behind. Indeed, children from the poorest households are more than twice as likely to die before their fifth birthday as those from the richer households. Likewise important

differences in under-five mortality rates exist between geographic locations, the level of mothers' education. On average in rural areas, under-five mortality sits at almost 25% higher than in urban areas (72 deaths per 1,000 live births in urban areas and 94 deaths per 1,000 mortality live births in rural areas). In the Greater Accra region under-five mortality is 56/1000, rising to more than twice that level in the Northern region (124 deaths per 1,000 live births). The education level of a child's mother can have even greater correlation with a child's wellbeing; the under-five mortality rate for children with mothers who have no education is 97 deaths per 1,000 live births compared to those whose mothers have secondary education and higher at 35/1000 [MICS 2011].

Figure 1: Geographical inequality in child nutrition (stunting %, 2011)



In relation to **maternal health**, positive trends overall in maternal care indicators are undermined by significant inequity of access to a skilled birth attendant at delivery between income groups. Only 40% of the poorest group of women use a skilled attendant at delivery, compared to 98% for the wealthiest quintile [MICS 2011]. Likewise, given that the majority of infant deaths occur in the first 30 days of a child's life, the significant inequity in access to post-natal care is a concern. Only 3 out of 5 poor mothers receive adequate post-natal check-ups.

In relation to malnutrition, which contributes to over a third of child deaths in Ghana, progress has been made to reduce child stunting from over 30% in the 1990s to 22.8% in 2011 [MICS 2011]. However, this indicates that today, on average, one child in five is not reaching their developmental potential. The

geographical inequities for nutrition are stark as the map shows: almost 2 in 5 children in the Northern region are stunted.

Inequality in accessing safe water, sanitation and housing: the urban/rural and geographical divide

Substantial progress has been made towards achieving the MDG target of halving the proportion of population without sustainable access to safe drinking water. According to the 2011 MICS, nearly 80 percent of the population now have access to an improved source of drinking water. However, while 91 percent in urban are using improved sources of drinking water the figure in rural areas stands at 69 percent. Equally access is particularly inadequate for the poorest groups in society - while more than 9 out of 10 people in the upper 2 income quintiles have access to improved sources of water for drinking, only less than 6 out of 10 of those in the poorest quintile have access. Most importantly, analysis suggests that the gap between the poorest and richest wealth quintile as well as between rural and urban dwellers in respect to access to improved water sources is widening [MICS 2011].

Sanitation coverage is a major national problem in the country. The proportion of the population using improved and unshared sanitation facilities barely changed between 2006 and 2011 rising to just 15% in 2011. Inequalities, especially between rural and urban dwellers, persist and regional inequalities are the most pronounced with well over 70% of households in the 3 northern regions having no toilet facility whatsoever.

Gender Inequalities in Political Representations at National and Local Levels

Women are very much underrepresented in major political positions and policy-making processes. Women account for only 11% of the 275 seats in Parliament and only 8.2% of District Chief Executives at the local government level [Electoral Commission 2013]. There has been only a marginal increase of about 3 percentage points in the proportion of parliamentary seats being won by women since the early 1990s, putting Ghana's parliamentary gender representation below the world and African averages of 20.5% and 20.4% respectively [ABANTU 2012]. In the Northern region, women's representation is just over 3%. At the local government level, only 14 of the 170MCE/DCEs are women. Clearly, this under-representation of women in political life reflects a much wider issue of the low status of women in Ghana, particularly in rural communities, which manifests itself in higher poverty rates among women and cultural norms which contribute to the broader marginalisation of women and girls in society.

A more Equal and Just Country

Economic and social inequalities do not only have negative consequences on wellbeing outcomes, but also slow the rate of growth and, correspondingly, the pace of poverty reduction. In recent years in Ghana alone, the Ghana Statistical Service estimated that rising inequality actually reduced the impact of economic growth on poverty reduction by 4 percentage points – representing almost 1 million additional people consigned to poverty. Had inequality been tackled, Ghana could have achieved the MDG target of reducing poverty years earlier.

This rising income inequality is leading to a stratification of Ghanaian society in many essential and basic aspects of life. Progress in reducing child mortality, for example, has been almost non-existent for the poorest group, whilst the wealthier group have pulled ahead, leaving a large chunk of society stagnating in the middle.

To address these issues the government of Ghana has embarked on an examination of how to tackle inequalities in the context of structural transformation, to ensure that as the country becomes a middle-income country, its whole population are empowered and protected to participate in national development. One aspect of the national strategy has been the establishment of social protection programmes beyond the general provision of health and education services, such as the national cash transfer programme LEAP to develop social and economic capacity amongst the poorest households. However, these initiatives are often on an inadequately small scale (LEAP currently reaches just 1 in 10 of those that need it). Furthermore, social policy and economic policy must be integrated to tackle the underlying determinants of inequalities and ensure that the country's growth is inclusive. Decent employment, broad-based development across the informal sector, access to information, gender equality, and the provision of universal, quality basic services are all central issues to be harmonised within a national strategy for equitable development.

Note

This briefing paper is based on a recent NDPC and UNICEF study entitled *Inequalities in Ghana: Nature, Causes, Challenges and Prospects*, February 2013. Osei-Assibey E.