1.0 Introduction and context

Ghana’s economic growth rates since the adoption of the Structural Adjustment Program in 1983 have been remarkable, growing at an average rate of 4.7 percent between 1983 and 2000. And from 2000 until 2013, the growth rate averaged 7.2 percent, reaching an all time high of 14.4 percent in 2011, which was believed to be one of the fastest growth rates in the world at the time. This accelerated growth also catapulted the country to join the ranks of lower middle income countries, as the per capita GDP increased from US$501.9 in 2005 to US$1,604.9 in 2012, according to the World Bank figures.

The expansion in the economy also resulted in an almost 50 percent reduction in poverty in 2006 from the 1990 levels. The number of poor went down from 7.9 million people (or 52% of the population at that time) in 1992 to 6.3 million people in 2006 (or 29% of the population). Thus, from an international comparison perspective, Ghana stands among the countries that have achieved the largest poverty reduction over a sustained period of time and most to achieve the MDG 1 target of halving poverty by 2015. According a World Bank (2011) report, among 66 developing countries for which comparable data exist, Ghana ranks 11th.

In the midst of all this is a country that has also witnessed a tremendous social and political transformation over the last two decades. Since the start of the Fourth Republican Constitutional rule in 1993 after decades of military rule, the country has evolved into a stable and mature democracy, culminating into one of the most peaceful and freer societies in Africa. The country continues to show good performance on democratic governance, arising from strong multi-party political system, growing media pluralism and strong civil society activism (World Bank 2014).

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1 This report was prepared by Eric Osei-Assibey. The report is for presentation at the Pan-African Conference on Tackling Inequalities in the Context of Structural Transformation – Accra, Ghana 28th -30th April 2014.
However, this rapid economic growth, socio-political transformation and significant poverty reduction in Ghana have done little in reducing inequalities in the country. While there has been positive progress, particularly in reducing social inequalities, such as in education and healthcare, challenges remain in promoting pro-poor growth and social protection that will bridge the gap between the rich and the poor, rural and urban as well as between male and female. Unmasking the issues behind the averages and examining the country’s progress beyond the national level towards achieving the MDGs, reveal the gains so far have not been evenly distributed across regions, localities and other dimensions of inequality such as gender, children, youth, disabilities, etc. For instance, despite decades of gender mainstreaming and affirmative action, gender discrimination remains, as there are still significant underrepresentation in public positions, particularly national parliament, wide gap in access to decent employment, and the gendered nature of the HIV pandemic, as well as a high rate of maternal deaths in the country.

The main objective of this country case study therefore is to provide information on the various forms of inequalities in Ghana, their structure, drivers and implications, as well as, to examine a range of policy options and lessons. Following this introduction, the rest of the sections is organised as follows. Section Two presents an analysis of key domains of inequalities in Ghana, focusing on the nature, dynamics and main drivers. Section Three looks at the political economy of inequalities in Ghana, emphasizing the role of colonial, political and traditional power, as well as challenges. A brief overview of data availability and challenges in accessing information is presented in Section Four. Section Five assesses the recent policy interventions and responses in addressing inequalities, with special emphasis on how the agenda for structural economic and social transformation might address inequalities. Summary of lessons learnt and policy challenges concludes the study in Section Six.

The study is primarily based on secondary data sources including Ghana’s population censuses (2000 and 2010) and a host of the nationally representative sample surveys conducted in Ghana. These include, Multiple Indicator Cluster Surveys (MICS), Ghana Living Standards Surveys (GLSS), Ghana Demographic and Health Surveys (GDHS) and Ghana Household Assets Survey, as well as the HIV Sentinel Surveillance Reports. The study is also build on a much broader study titled “Inequality in Ghana: Nature, Challenges, Prospects and Opportunities” authored by the same author and commissioned the UNICEF and NDPC, Ghana.

2.0 Nature and Dynamics of Inequality in Ghana

This section presents a detailed analysis of economic, social and political inequalities in Ghana and how these affect the various dimensions of
inequalities such as gender, disabilities and space. It also discusses some of the underlying structures and drivers.

2.1 Economic Inequality

Ghana’s growing overall economic inequalities reflect to some extent large and growing spatial and gender inequalities. More specifically, despite the significant decline in poverty at the national level, there are wide disparities across regions and between urban and rural residents. In this report, we focus on income distribution using both the Gini index and monetary poverty across space, labour market participation (status and sector of employment) and access to key resources such as land by gender.

2.1.1 Income Inequality

There is growing evidence that while the incidence of income poverty in general has reduced, income distribution has widened. An analysis of the last three rounds of Ghana Living Standard Surveys (i.e., GLSS in 1991/92, 1998/99, 2005/06) indicates that the Gini index has witnessed an upward trending over the period. The Gini index, which takes values between 0 and 1, where 0 corresponds with perfect equality (where everyone has the same income) and 1 corresponds with perfect inequality (where one person has all the income—and everyone else has zero income), rose from 0.37 to 0.42 between 1992 and 2006 (Figure 1).

**Figure 1 Trend in Income Inequality, Using the Gini Index, 1991/92 – 2005/6**

Figure 2 below further shows that income inequality has widened considerably between the poorest and the richest quintile. Whereas the poorest average income has fallen from 6.9 in early 1990s to 5.2 in the mid 2000s, the richest incomes have increased from 44 to 48.3 over the same period.

**Figure 2 Income Distribution by Wealth quintile: 1992 & 2006**

![Income Distribution Chart]


One of the worrying aspects of this growing income inequality is that it actually reduced the impact of economic growth on poverty reduction in the country over the periods under consideration. According to a comprehensive empirical study carried out by Coulombe and Wodon (2007), although the headcount index of poverty was reduced by 23.2 percentage points, from 1991 to 2006, if there had been no change in inequality, the reduction in poverty would have been 27.5 points, so that Ghana would have achieved the MDG target of reducing poverty by half years earlier. This target has not yet been achieved because the increase in inequality slowed the reduction of poverty by 4.3 percentage points.

### 2.1.2 Spatial Income Inequality: The North-South Divide

Despite the significant decline in poverty at the national level, there are wide disparities across regions and between urban and rural residents.
Some regions did not record improvements in poverty, particularly the three Northern regions where high levels of poverty persist. Over 70% of people whose incomes are below the poverty line can be found in the northern/Savannah areas. While the absolute number of poor declined sharply in the South between 1992 and 2006 (2.5 million fewer poor), it increased in the North (0.9 million more poor). As shown in Figure 3, although the proportion of poor in the population declined in both regions (albeit to differing extents), the poverty rate in the South fell much higher from 48 to 20 percent while it only declined marginally from 69 to 63 percent in the North. However, the fact that the population grew faster in the North than in the South (a 3.5 percent annual growth rate in the North, against 2.5 in the South) also suggests the higher fertility rates associated with poorer households. According to a World Bank (2011) report, net migration flows out of Northern Ghana have been insufficient to reverse natural demographic trends leading to higher population growth in these regions.

Figure 3 Growing North-South Poverty Divide, Poverty Incidence, 1992-2006

The available evidence further shows that the northern savannah area, which is by far the poorest of the ecological zones, has been left behind in the national reduction in poverty, even though poverty was smaller in 2006 than in 1992 (Figure 4). This has resulted in an increase in the share of the poor living in the rural savannah areas from 32.6 percent in 1992 to 36.6 percent in 1999 to 49.3 percent in 2006. Hence today, while the rural savannah areas in 2006 accounted for only one fourth of the population, they accounted for half of the poor (Coulebon and Wodon, 2007).
What are the driving force underlying the widening gap between the north and south?

While the fact that the contemporary under-development of Northern Ghana has its roots in the historical treatment of these regions which dates back to the Colonial period (which we discuss in detail in the next section), there are several other post-independent socio-economic factors driving impoverishment in the north. In a very comprehensive study carried out by the Participatory Development Associates (2011), on Understanding the Regional Dynamics of Poverty with Particular Focus on Northern Ghana" observed that the factors driving impoverishment in the north are varied and inter-linked. According to the study, the increasingly discordant climate -- with extremes of droughts, flooding and windstorms -- is, perhaps, the most significant among the multiple burdens shaping communal wellbeing in northern Ghana. As the seasons lose their shape, the dependence of the overwhelming majority of the population on single sources of provisioning (typically a single annual harvest of subsistence crops) exacerbates their vulnerability. While some of these impoverishing factors are primarily caused by external processes (such as the changing climate), there are also aspects which derive from actions of local and national institutions (e.g. non-inclusive governance practices and tardiness among some duty bearers) or, indeed, poor people themselves. These often result from perverse coping strategies which the poor are compelled to employ and include unregulated bush-burning, inappropriate forms of child labour and a range of social and life-course factors (e.g. expensive death
rites and high fertility rates).

2.1.3 Employment and Income Inequality?

The incidence of poverty could largely be explained by economic activities of individuals and households. Poverty is highly endemic among food crop farmers at 46 percent and minimal among formal sector workers (Figure 5). Workers in the public (8%) and private formal (10%) sectors have a lower probability of being poor as compared to private informal employment (17%). Figure 10 shows that almost every 7 out of 10 poor households are engaged in the food crop sectors compared with 16% in non-farm self-employment, 6 percent in export farming and 4% in the private informal employment.

Figure 5 Incidence and Distribution of Poverty by Economic Activity, 2006

![Incidence and Distribution of Poverty by Economic Activity, 2006](image)

Source: GLSS 2007

Given that about 46 percent of all households in Ghana are agricultural households, of which a higher proportion is engaged in crop farming (95.1%) (PHC, 2010), it goes to reason that most agricultural farmers in the country are poor. In that respect, it means that if the agricultural sector is not doing well, as is the case in recent times, then the country is not winning the battle against inequality since those in that sector will continue to be poor and their conditions worsened.

More than 86 percent of all jobs in the country are within the private informal sector, according to the 2010 PHC results. This raises concerns about the decency or the security of most jobs in the country. The 2010 population and housing census (PHC) data indicate that out of the
15,208,425 population 15 years and older, 10,243,476 are employed, indicating employment to population ration of about 67.4 percent (GSS 2013). While elsewhere these ratios of employment to population will be considered as high and impressive, we should note that this ratio only measures quantity, but not quality. The issue, however, is how sustainable and the potential of these jobs to lead to reduced working poor. This is because about 86 percent of these jobs are within the informal sector, with women (91%) more likely to work within the informal sector than their male (81%) counterparts.

The evidence further suggests that majority of employments in the country are vulnerable. Vulnerable workers are a category of workers who are less likely to have formal work arrangements, and are therefore more likely to lack decent working conditions, adequate social security and ‘voice’ through effective representation by trade unions and similar organizations (ILO, 2010). About 7 out of every 10 Ghanaian workers (72.4%) may be considered as vulnerable workers. The 2010 PHC data show that out of 10,243,476 employed people in the country, 7,413,025 are own account or contributory family workers (Figure 6). This clearly shows that most of the informal sector employment, which, as mentioned earlier, employs over 86 per cent of the nation’s workforce, generally lacks social protection, fair income and dignity. A comparison of the 2000 and 2010 census data also indicates a similar pattern as it declined only less than three percentage points from 2000 (74.9 percent) to 2010 (72.4 percent).

![Figure 6 Proportion of own account and contributing family worker by sex and locality](image)

Source: 2000 PHC and 2010 PHC

2.1.4 Gender and Economic Inequality

Evidence in Ghana points to persistent gender disparities in access to and control of a wide range of assets: human capital assets (education and health); directly productive assets (labor, land, and financial services); and
social capital assets (e.g., gender differences in participation at various levels, and in legal rights and protections). Despite increasing participation of women in labour markets they are disadvantaged compared to their male counterparts. In other words, Female workers are more likely to be engaged in vulnerable employment than their male counterparts. Figure 6 shows women constitute a greater proportion of contributing family workers and own account (81%) than their male counterparts (64%). They are less likely to engage in wage employment than men, and when they do, they are more likely to hold part-time, seasonal and/or low-paying elementary jobs in the informal economy (FAO, 2012).

Available data suggest that women tend to be paid less for equivalent jobs and comparable levels of education and experience. It is estimated that average hourly earnings of women in Ghana is 57 percent of that of men and that regardless of the type of employment, education, age etc., women earn lower than men (Figure 7). Moreover, while formal sector employment where poverty is low is highly dominated by men, women far outnumber men in non-farm self-employment and private informal employment where earnings are relatively low. In effect, gender dimension of poverty is likely to be biased against women.

**Figure 7: Average Annual Earnings by Gender**

![Chart showing average annual earnings by gender from 1992 to 2006]

**Source:** Author’s calculation from GLSS (1992/1999/2006)

**2.1.5 Gender and Asset Ownership**
Recent evidence shows that the gender distribution of wealth in Ghana is biased in favour of males and this is true even when the distribution patterns in urban and rural communities are analysed separately. Using asset poverty data, Oduro et al (2011) found the total and mean value of gross wealth of women to be lower than those of men for all asset categories. Examining wealth quintiles of the data shows that it is only within the poorest quintiles that females’ share of wealth (59.3%) exceeds that of males (Figure 8), although these households have far fewer assets to share anyway. In each of the other quintiles, the shares of wealth that accrue to males are higher than those accruing to females. It is worth noting that while the fifth (richest) quintile is not the only one that has males taking a greater share of wealth (72%), the extent of gender inequality in the distribution within the quintile is very pronounced, with female-owned wealth representing a mere 28 percent of total wealth.

**Figure 8 Gender Distribution of Value of Assets by Quintiles (%)**

![Gender Distribution of Value of Assets by Quintiles](image)

Source: Ghana Household Asset Survey, 2010/Oduro et al. (2011)

To buttress the above finding, the Participatory Development Associates (2011), reported that unlike men, women in large parts of the savannah still face notional cultural constraints on their ownership and control over a range of other assets such as livestock, especially the larger ruminants. “Even in Dornyé (where disparities are less severe), women owning livestock nevertheless lack absolute control as they still need their husbands’ consent before selling” the study observed. Such encumbering and gender-based challenges leave women adversely incorporated in economic processes and overly dependent on the goodwill of their menfolk, making it so much more difficult for them to break free of poverty. Yet, women are consistently demonstrating a higher capacity to manage scant resources than men, despite the huge disadvantage they face in resource terms.
2.2 Social Dimension of Inequality: Education and Health

Socio-cultural factors continue to maintain inequities in access to and use of services such as education and health, and also contribute to inequitable allocation of food within the household, leading to malnutrition – notably among women and children. This section discusses social dimensions of inequality as relates to access to education and healthcare as well as gender based violence in Ghana.

2.2.1 Inequality in Education

Evidence available shows that the country has performed considerable well with regard to social inequality, though significance challenges remain. In education, the 2010 PHC results shows that while gender parity has improved, the gap is still wide at the secondary and tertiary levels. Figure 9 indicates that the Gender Parity Index (GPI) at the primary level is 0.95, which is for every 100 boys in school there are 95 girls while secondary school and tertiary level are 0.88 and 0.71 respectively. Trend analysis shows that the GPI has reduced by one percentage point when compared with the 2000 PHC data, indicating slow progress towards achieving the MDG target of 1.00 GPI. However, substantial progress has been made at the tertiary level where the GPI has increased from 0.58 in 2000 to 0.71 in 2010. This increase may indicate the beginning of a positive trend in increased enrolment of female students compared with male students at the tertiary level, and thus a positive development for the country’s quest for equitable and universal education for all children.

Figure 9: Ratio of females to males in primary, secondary and tertiary education

A comparison of GPI in urban and rural localities shows that it is lower at all levels of education in rural localities ranging from 0.9 in primary, 0.78 in secondary and 0.6 at tertiary levels in rural areas as against 1.01, 0.97 and 0.73 respectively in urban areas.
2.2.2 Inequality in Health

With regard to health inequality, while the gap between the poorest and the richest has narrowed particularly with access to health care because of the introduction of the national health insurance, maternal mortality among rural women remains higher than their urban counterparts. Similarly, income inequities in under-five mortalities have widened. There is evidence to suggest that the children from the poorest households are more than twice as likely to die before their fifth birthday as those from the richest households. The MICS (2006 & 2011) data reveal that this situation appears to be worsening as the gap between the poorest and the richest households has widened considerably over the last two survey periods (Figure 10).

Figure 10: Under-five Mortality by Wealth Quintile, 2006 and 2011

Source: MICS (2006&2011)

For example, Under-5 mortality is estimated at 106 deaths per 1,000 live births for children from the poorest households, compared to 52 deaths per 1,000 live births for children belonging to the wealthiest households. Infant mortality is estimated at 61 per 1000 live deaths for children from the poorest wealth quintile, and 38 deaths per 1000 live deaths for children in the richest wealth quintile. This suggests that the children from the poorest wealth quintile are more (1.60 times) likely to die before their first birthday compared to those from the richest wealth quintile, and this disparity is growing as mentioned previously.
Moreover, maternal health remains a major public health concern in the country particularly, in the rural areas. The 2010 PHC results indicate that rural women are more likely to die from pregnancy related diseases than their urban counterparts. Whereas maternal mortality ratio in rural locality is 522 per 100,000 live births, urban locality recorded 444 per 100,000 live births (Figure 11).

**Figure 11: Maternal mortality ratio by locality, 2010**

Source: 2010 PHC

### 2.2.3 Gender Based Violence

Gender based violence has important health, as well as economic and political, implications. Female genital mutilation (FGM) and the Trokosi are still alive and active in some communities in Ghana. FGM is believed to occur in the three northern regions of Ghana among the Kusasis, Frafras, Kassenas, Busangas, Wallas, Dagarbas, Builsas and Sisalas as well as some tribes in BA and VR. Trokosi, on the other hand, is practised in a small area in the southern parts of the Volta Region mostly among the Tongu people living in villages like Klikor, Mafi, Agave, or Aife. Current national statistics show that an average of about four per cent of Ghanaian girls and women between the ages of 15 and 49 years have gone through the practice of FGM (MICS 2011). While this percentage is lower compared to other countries around the world, the real numbers of girls and women affected translate into hundreds of thousands. The highest prevalence region in Ghana is the Upper West, with 60 per cent of women affected.

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2 The Trokosi system in Ghana means that a virgin girl is sent to her village shrine to live in order to appease the traditional gods. She is a sacrifice for crimes allegedly committed by her elder family members. A Ghanaian news paper, the Chronicle, reported on its 22nd November, 2013 issue that the practice is still active in some parts of the Volta region, which came to light after a week of undercover mission to some of the shrines, where the practice is still “cherished”.
aged 45 to 49 years, having undergone FGM, compared to 16 per cent of girls aged between 15 and 19 years (MICS, 2011).

2.3 Inequality in Political Representations: Gender Dimensions

Gender inequality continues to prevail in Ghana’s electoral system, despite several efforts at gender mainstreaming into socio-economic development of the country. This has resulted in the dominance of male representation in decision-making spaces, such as parliament and other public offices. Whilst women have shown clear interest in participating in the electoral processes, their representation in the presidential and parliamentary elections has witnessed a very slow progress, increasing but only marginally in the last 2012 general elections (See Figure 13).

Women account for only about 11% (29) of the 270 seats in the nation’s current Parliament and only 8.2% of District Chief Executives within the local governments. As shown in the Figure 12 below, although there was a marginal increase in of about 3 percentage points in the proportion of parliamentary seats being won by women since the early 1990s, this rate still puts Ghana’s parliamentary representation in terms of gender inclusiveness below the world and African regional averages of 20.5 percent and 20.4 percent respectively.

Figure 12: Proportion of seats won by women in Parliamentary Elections (1992-2012)

Source: The Electoral Commission (2013)

Women’s share in other major public administrative position is also low with only 19 percent and 20 percent for ministers and deputy ministers respectively as at 2012. A similar pattern pertains in the Judicial Service. The proportions of Supreme Court and High Court Judges that are women are 29 percent and 25 percent respectively. In the Civil Service, only 24
percent of Chief Directors are women. The trend has not changed since 2008. The prevalence of male domination at the local government level should also be a major cause of concern. Evidently, most senior and mid-level management positions in the Regional Consultative Councils and Municipal/District Assembly (MDAs) are predominantly held by men.

3.0 Political Economy of Inequality in Ghana

It is well documented that inequality of opportunities among the peoples of Ghana is often the result of the combined effect of objective factors such as differential resource endowment, history and public policy, as well as subjective factors such as attitudes and prejudices. This section analyses the political economy of inequalities in Ghana with regard to some of the important historical accounts that tend to explain spatial and gender inequality and the role of ethnic politics and tradition.

3.1 Inequality and Colonialism

Historically, inequality in Ghana dates back to the era of colonial administration. Aryeetey et al, (2009) note that inequalities in spatial development in Ghana have their origins in the country’s colonial legacy, and they have been accentuated by post-colonial development policies and strategies. Similarly, Cogneau and Guénard (2003) studying inequalities in 70 former colonies, conclude that the scale of settlement in these colonies not only had a lasting impact on their level of per capita income, but also on the level of inequalities.

After the abolishment of the trans-Atlantic slave trade, the British, the countries colonial masters then, proceeded to demarcate the country into the three territories of the Gold Coast—the Colony (the coastal regions), Asante, and the Northern Territories. According to Dickson (1975) and McLaughlin & Owusu-Ansah (1994), these demarcations reflected the necessity to maintain major ethnic or tribal groupings as homogenous and unified entities and for the administration and effective governance of the country. The colonial administrators invested heavily in the Coastal and Ashanti territories to the neglect of the North on the bases of the presence of exploitable and exportable resources, the ease with which cultivation could be encouraged of introduced cash or tree crops (mainly cocoa, coffee and rubber), and the ease with which these resources including gold and timber could be exploited and transported to the seaports (Dickson 1975).

Moreover, the colonial period did not reduce the widespread perception of political discrimination in favor of wealthier social groups of the South based on different cultural forms (e.g. predominantly patri-linear rather than matri-linear kinship systems) and language types (Mole-Dagbani languages rather than the Akan language groups of the majority of the South) (World
Bank, 2011). Consequently, areas of southern Ghana with a climate suited to the introduced cash and tree crops of cocoa, coffee and rubber, and a vegetation suitable for timber exploitation, as well as mining sites closer to the coast or ports attracted colonial investments (Aryeetey et al. 2009).

Tsikata and Wayo (2004) also observe that colonialism bequeathed a class system in Ghana which had at its apex the governor, civil servants, soldiers and police, who controlled the state and facilitated the activities of expatriate merchant companies, and mining and banking interests. After independence, the senior military/police bureaucratic group, senior civil servants, professionals and businessmen filled the upper ranks of the Ghanaian society and principally exercised state power. The next level in the hierarchy included teachers, nurses, senior clerks and some well-established petty traders, all with considerable wealth and status. Those in petty commodity sector, lower-level civil servants and other ranks in the military and police occupied the lower levels of the society. The class system has a gender dimension with women occupying lower positions in class hierarchies and experiencing particular forms of discrimination (Tsikata and Way, 2004).

3.2 Ethnic Structures, Power and Inequality
Despite this initial inequality largely created by colonial regimes, ethnic structures, governance and political power also appear to have their tolls on inequality in Ghana, though available evidence appears to be divided in support of this claim3. A study by Asante and Gyima-Boadi (2006) which analysed ethnic structure, inequality and the governance of the public sector in Ghana, presents a very insightful conclusions. According to the study although ethnic rivalries and jealousies exist among certain ethnic groups which sometimes foster conflicts, Ghana’s governance institutions and public policies have been generally sensitive to the complex challenges presented by the heterogeneous nature of the society. In their view, electoral rules, decentralization programs, affirmative action and other social policies, and public service recruitment and political appointments under parliamentary and presidential constitutions and under military and civilian administrations have sought to address or at least have been sensitive to the problems of inequality and cleavage in Ghanaian society.

Moreover, despite the fact that Ghana’s electoral rules are based on the majoritarian winner-takes–all formula (which has serious drawbacks for effective representation), it is also provides safeguards for groups who do

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3 It is estimated that there are about ninety-two separate ethnic groups in Ghana. These groups are often classified into a few large groups, namely, Akan, Mole Dagbani, Ewe, Ga Adangbe, Guan and Gume (Gurma), according to the 2010 PHC.
not vote for the winning candidate or party. Not getting many votes in the Volta region has not discouraged President Kufuor from appointing Ewes to his cabinet. Corroborating this observation, a study by Andre and Meple-Somps (2006), while pointing out that most empirical political economics papers find that public funds target ruling party supporters and swing districts in Africa, their results suggest that the opposite used to be true in Ghana. The study observes that, when the NDC was in power (with Jerry Rawlings as President), pro-NDC districts received fewer public goods. According to the study, this finding is partially driven by a sense of need to curry favour with opposition politicians since, in addition to pursuing its electoral objectives, the government wants to govern a peaceful country. It further concludes that ethnicity have no impact on public goods allocation in Ghana.

However, one area of concern is Chieftaincy in Ghana, which appears to be at the centre of several types of communal conflicts and inequalities, particularly those related to ethnicity, succession to traditional political office and the struggle over land (Tsikata and Wayo, 2004). The reference to certain class of people as ‘minority’, or “majority” ethnic group has also created its own cleavages or disparities in many ethnic structures in Ghana. Although the minority ethnic groups often outnumber the majority groups, they are so described largely by virtue of the fact that they do not form kingdoms or are landless and often play second-fiddle to their superiors, the majority or landlords. The “donko” (which literally means in the Twi language as servants or inferior group of people who have been brought to serve), and the ‘adeshie’ (meaning ‘royals’, the ruling class or ‘gates’ in the north of Ghana) are classical examples of such ethnic dichotomies.

These situations arise from several years of renegation of these minority ethnic groups to ‘second rate citizens’ in the traditional and political administration of some regions, or attempts to by-pass some of the less known royals (or ‘gates’ in the north) in the system of rotation to the chiefship (Gyima-Boadi and Asante, 2006). According to Gyima-Boadi and Asante (2006), in the Northern region of Ghana, the majority ethnic groups have cunningly taken the lands of these areas to themselves through sometimes false information and manipulation of colonial authority. The impression created is that these four groups – Mamprusi, Dagomba, Gonja and Nanumba - own all the lands in the Northern region. They are therefore the ‘landlords’, the ‘ruling class’. In fact the relation between the ‘ruling class’ and their ‘landless subjects’ is at best an acceptance of a situation of mutual mistrust and at worst, open confrontation.

In some other ethnic structures particularly where queens and queen mothers are recognized, there is a glaring form of gender inequality (i.e., the dichotomy between male and female chiefs) that has attracted a lot of attention (Tsikata and Wayo, 2004). In the traditional chieftaincy sector of Ghana’s political organization, Queen Mothers are excluded from the local, regional and national houses of chiefs. This, the study observes, is a
violation of their right to political participation with detrimental effects on women’s rights and health generally, since these traditional institutions make important decisions concerning customary law and customary practices.

3.3 Economic Policies and Inequality

In 1983, the government accepted stringent International Monetary Fund (IMF) and World Bank loan conditions and instituted the Structural Adjustment Programme (SAP). Signalling a dramatic shift in policies, the SAP fundamentally changed the government's social, political, and economic orientations. This implementation of structural adjustment programmes (SAPs) in Ghana over the last two decades consisted of Washington Consensus policies such as compressing government expenditure through massive cuts in social services, removal of subsidies, retrenching of public sector workers, the removal of barriers to international trade and financial flows. It further included liberalising the exchange rates to allow the domestic currency to depreciate in order to further facilitate the country’s integration into the globalised economy. The policies also included privatisation of state-owned enterprises and policies to promote both traditional exports (cocoa, mineral resources, timber) and non-traditional exports (such as crafts, foodstuff (pineapple) vegetables (Jebuni et al, 1994). Investment incentives such as tax holidays, accelerated depreciation allowances, exemption for import duties on machinery and equipment, investment allowances and arrangements for profit repatriation have also provided the environment for the attraction of FDI into the country (Asante, 2007).

SAP-induced austerities affected all segments of the Ghanaian population and socio-economic groups, but partial evidence suggests that the urban low-wage earners and the unemployed, as well as the poor in the historically disadvantaged and the extant economically depressed areas/regions, were among the most negatively affected groups (Konadu-Agyeman, 2000). The urban working class suffered job losses under the labour retrenchment exercise in which about forty thousand persons were laid off from the lower ranks of the Ghana Education and Civil Service between 1987 and 1990. In addition, real income stagnated as government imposed restraints on wages and allowed the cost of living to skyrocket through massive currency devaluations, price control, and the withdrawal of subsidies on health, education, and potable water. Some analysts suggest a link between the outbreak of the guinea worm epidemic in Northern Ghana in the mid-1980s and the introduction of ‘user fees’ on potable water under SAP within the same period. Other studies, such as UNICEF (1986),
document a drop-off in hospital attendance and enrollment in primary and middle schools in some of Ghana’s historically disadvantaged (Northern) and economically depressed (Central and Volta) regions.

Recognising that the SAP has left in its wake worsening poverty and inequalities and that economic growth, though necessary, is not a sufficient condition to bring about poverty reduction, the country accepted a new policy framework, the Poverty Reduction and Growth Facility (PRGF). The framework sought to infuse social policies into the economic development framework to address poverty and bring considerations of equity and justice to the development dialogue. This poverty-focused development strategy culminated into several medium term national policy frameworks in the recent past. These include Ghana Vision 2020: The First Step (1996-2000); the First Medium-Term Plan (1997-2000); Ghana Poverty Reduction Strategy (2003-2005), GPRS I; and the Growth and Poverty Reduction Strategy (2006-2009), GPRS II. The GPRS I and GPRS II, which reflected a policy framework that was directed primarily towards the attainment of the anti-poverty objectives of the UN’s Millennium Development Goals (MDGs) and sought to accelerate the growth of the economy so that Ghana could achieve middle-income status within a measurable planning period. Under these strategic programmes, though substantial progress was made towards the realisation of macro-economic stability and the achievement of poverty reduction goals, inequality widens among several dimensions. Gyimah Boadi (2004) observe that even though the GPRS recognised regional inequality and initially built in some mechanisms to benefit the north disproportionately, there was limited policy analysis and no explicit policy or funding mechanisms developed to address inequalities.

In attempting to address the challenges and set-backs of these immediate past policies another Medium-Term Development Policy Framework, Ghana Shared Growth and Development Agenda (GSGDA, 2010-2013) was adopted largely programmed to accelerate employment creation and income generation for poverty reduction and shared growth.

### 4.0 Data Challenges

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A high degree of data disaggregation is needed to ensure that inequality indicators are properly measured and evaluated. The country’s overemphasis on national aggregates in performance and progress has masked much slower progress and growing disparities at the sub-regional and district levels. Attention seems to have inadvertently shifted away from critical issues such as spatial (resident and regional), income (high-versus low-income) inequality, as well as, various characteristics such as gender, disability, migrant, aged, children etc, and the gaps continue to deepen even with the consistent high economic growth over the years. Part of the reasons for over-looking inequalities in the country can essentially be attributed to data constraints that make it hard to gauge or track the form or the structural causes of inequality in the country. Crucially, available data is not always disaggregated along the major fault lines of inequity, including income, disability, ethnicity/indigenous/migrants people, in order to make the marginalisation or exclusion of such dimensions visible and more easily addressable.

Improved data and monitoring tools are crucial for devising appropriate policies and interventions needed to close the inequality gap. Lack of timely, reliable high-quality and disaggregated data often hamper efficient monitoring and evaluation of inequality. There is therefore the need for a more conscious effort on the part of government and development partners to take keen interest in investing in the production and publication of regular, accurate and timely data disaggregated in all dimensions of inequalities in the country. It is also noteworthy that building such capacity for an effective data gathering and M&E of inequality, demands increased and well-coordinated financial and technical support from government, civil society and development partners.

5.0 Policy Responses and Challenges

As previously mentioned, the SAP which was a market-based policy framework with emphasis on price stabilisation and liberalisation policies in exchange rate, trade and interest rates, as well as fiscal discipline as a precondition for economic growth and development had a very weak link with social policies. The implementation of SAPs did not only culminate in the retrenchment of public sector workers, but also led to unprecedented cuts in state expenditures on public services and social welfare and the introduction of user fees for health and education - “the cash and carry system” reduced access of the poor to health and education services. While in the 90s it became clear that sustained poverty reduction will not be achieved without sound macroeconomic policy and growth, equally, sound economic policies cannot be sustained if inequity is left unaddressed. The
quality, inclusiveness and the distributional effect of the growth process is a *sine qua non* and the most significant single factor that contributes to addressing inequality.

Yet this will not happen automatically and so although the country enjoyed sustained economic growth rates and significant poverty reductions, the available evidence shows the depth of poverty worsened, suggesting the poor became poorer widening the income inequality gap during the process of growth. In a situation where the growth is mainly driven by the natural resource or extractive sector and the service sector, which have a very limited backward and forward linkage with the agricultural sector which employs the greatest number of the workforce, then the growth process has largely not been pro-poor nor inclusive. Indeed the agricultural sector growth rate is not only receding over the last decade, but also its contribution to the GDP has fallen to the third position over the same period.

It is for these unintended development outcomes that the country as part of the implementation of the GPRS I and II in the 2000s introduced a number of social safety net and protection policies to cushion the poor from the ripple effect of the stabilization policies. At the moment there is a fairly well developed set of social protection programmes that goes beyond the general provision of health and education services. This includes a program to enrol the extreme poor and vulnerable in the National Health Insurance Scheme (NHIS) for free, per capita grants for schools to cover household education costs, a cash transfer program direct to the poorest households (Livelihood Empowerment against Poverty, LEAP), a school feeding program and a National Youth Employment Program (NYEP) aimed at fighting youth unemployment. The LEAP programme, for example, is now Ghana’s national flagship programme for social protection, and although covering a small proportion of the poor, the benefit so far has been enormous. The evidence suggests that three fourths of the transfer provided by the LEAP reach the bottom two quintiles of the population and the share reaching the poor is estimated at 57.5 percent. Thus, the targeting performance of the programme is better than that of other programs assessed. According to the World Bank (2011) the next best targeting social protection policies that is addressing health inequities is the NHIS – details of which have been provided in the box below.
The Ghana National Health Insurance Scheme

Ghana's National Health Insurance Scheme (NHIS) was created by the National Health Insurance Act of August 2003, and is effectively the only effective national-level, health insurance program in sub-Saharan Africa. A newly-created National Health Insurance Authority (NHIA) was commissioned “to secure the implementation of a national health insurance policy that ensures access to basic healthcare services to all residents”. There are currently 145 district schemes, including ten that operated in the Greater Accra Region.

The NHIS is financed from four main sources: a value-added tax on goods and services, an earmarked portion of social security taxes from formal sector workers, individual premiums, and miscellaneous other funds from investment returns, Parliament, or donors. The 2.5 per cent tax on goods and services, called the National Health Insurance Levy (NHIL), is by far the largest source, comprising about 70 per cent of revenues. Social security taxes account for an additional 23 per cent, premiums for about 5 per cent, and other funds for the remaining two per cent. The scheme covers about 95 percent of disease conditions that afflict Ghanaians.

Act 650 technically requires all Ghanaians to enrol in the NHIS or in another health insurance plan. In addition to social security (SSNIT) contributors, groups of the population are exempt from paying premiums (but not registration fees), including (NHIA Report, 2010):

- People over age 70;
- Children under 18 whose parents both enroll and for all children under the age of 5;
- The “core poor/indigent,” defined as being unemployed with no visible source of income, no fixed residence, and not living with someone employed and with a fixed residence; and
- Since July 2008, all pregnant women.

According to the NHIS (2010) report, these exemptions constitute over 63 percent of the entire membership of the scheme with children less than 18 years alone making up of about 48 percent. Ghanaians who are not exempt must pay an annual insurance premium in addition to the registration fees, which is seen as progressive. Premiums are charged according to a person's income or wealth, ranging from GHC7.2 for the “very poor” to GHC48 for the “very rich”. According to a study by Blanket and Osei-Akoto (2012), however, given that accurate income measures are not generally available, many DMHISs have moved to charging a constant premium to all, typically in the GHC8–10 range. In the Accra Metropolitan Area, the average premium reported by study respondents was GHC 21 (Blanket and Osei-Akoto 2012).

The NHIS appears to have increased health care utilization in Ghana. Between 2006 and 2007, outpatient utilization increased by as much as 28 percent (NHIS, 2010). By December 2011, total registered members with the NHIS was about 21,274,392 with an active membership of 8,193,137 representing about 34% of the population due to the fact
that the majority of memberships have lapsed. In comparison with most other countries where health insurance was launched, Ghana’s NHIS undoubtedly made much more rapid progress and covers a substantial segment of the population (World Bank, 2011). Not only has NHIS improved access to the poor, there is also evidence that the fee exemptions extension (introduced in 2008 for children and to all pregnant women) have improved access for poor women. Previous research has demonstrated that exempting pregnant women from paying for delivery care in public, mission, and private health facilities in Ghana reached the poor despite being universal in application and was cost-effective (Witter et al., 2009, cited in World Bank 2011 and HERA and Health Partners Ghana, 2013). This evidence is encouraging, particularly, given Ghana’s continued high maternal mortality rate.

The World Bank (2012) recent report on targeting of social protection programme in Ghana also indicates that NHIS indigent exemptions are the second best well-targeted intervention in the country. However, the scheme is not equitable in providing access to the poor, even if exemptions are relatively well targeted. Using GLSS5 data, one can estimate that only 12.4 percent of NHIS subsidies accrue to the poor. This is consistent with a recent in-depth study in two Southern districts which suggests that the proportion of adults who have ever registered with NHIS was lowest in the poorest quintile, and increased with socio-economic status (Asante and Aikins, 2007). The study noted that the most important reason for not registering with NHIS is that the premium is too expensive. A participatory monitoring and evaluation report of NHIS in 2008 substantiated the above finding that affordability was the main barrier to registration. To some extent, the NHIS provision to exempt the indigent from NHIS fees attenuates this negative conclusion. However, only 2 percent of those registered belong to the indigent category, whereas 29 percent of the population lived below the poverty line. Besides, individuals registered as indigent are not all necessarily poor, as suggested by calculations made using district level data.

Again, the scheme faces sustainability challenges since contributions from premiums are small relative to budget funding. Most of the contributions from premiums come from payroll taxes. Since a very small proportion of Ghana’s labour force is in the formal sector, premiums from payroll taxes are small. Perception of corruption by service providers and the scheme managers’ failures to release funds to providers are some of the monumental challenges facing the scheme.
Moreover, the erstwhile GSGDA also established a special purpose intervention known as the Northern Savannah Development Initiative in 2009 under the Savannah Accelerated Development Authority (SADA) to tackle the north-south disparities. By establishing SADA, government aim to embark on a series of coordinated development interventions to create sustainable employment, re-orient agriculture towards improving assets for the poor while adding-value to basic food and tree crops; invest in improved water resources, drainage and irrigation for year-round production in the northern regions.

5.1 Challenges

Despite the above policy interventions, funding and implementation challenges remain. Many of these social interventions suffer from limited scale because of resource constraints, poor implementation or lack of operational effectiveness and corrupt practices. For example, the LEAP, despite its enormous potential in reducing income inequality gaps, can reach only one out of every ten extreme poor. The GYEEDA and SADA are also saddled with a number of implementation and funding challenges. One major criticism is the improper financial management practices and constant allegations of corruption which have reduced public confidence in the schemes ability to reduce income inequality.

Another threat to inequality is government own fiscal consolidation and tight monetary policies to reverse persistent high budget deficits in the last couple of years. Policies such as the removal of energy subsidies and the growing debt stock which is keeping interest rate high above African’s average appear to eroding the gains so far achieved and even worsening poverty and inequalities. In a very recent paper by Cooke et al. (2014) estimating the impact of poverty on Ghana’s subsidy reforms in 2013, show that the removal of the fuel subsidies, by causing an increase in prices, results in a negative impact on household welfare, particularly people in the poorest quintile and living in chronic poverty.

It is in light of these challenges in tackling inequalities in Ghana and across other developing countries that Ghana is actively supporting the UN in addressing issues of inequality in the Post-2015 Development agenda. In order to ensure open and inclusive dialogue that includes particularly the views of the poor and vulnerable, and to building political/elites consensus, as well as, promoting global ownership of a “post- 2015” development framework, the UN and the Ghana Government, provided opportunities for nationwide consultations across all spectrum of the Ghanaian society. The country consultations were expected to feed into a global UNDG Report, which will inform the post-2015 discussions on the future development
framework. In particular, the overall objective of the country consultations was to stimulate an inclusive debate on a post-2015 development agenda by providing an analytical base, inputs and ideas that build a shared global vision on 'The World We Want'.

6.0 Concluding Remarks

This report has reviewed inequalities as they relate to gender, space and other dimensions in Ghana. More specifically, the report provided information on the various forms of inequalities in Ghana, their structure, drivers and implications and examined a range of policy options and evolutions and their impact on inequality. Analysis with respect economic inequalities shows that while the incidence of income poverty in general has reduced, depth of poverty has increased, suggesting that the poor are getting poorer. Again, income distribution has widened between the poorest and the richest households. Similarly, income inequalities widened between the well-endowed south and the impoverished north. There is also evidence to show that gender distribution of wealth or asset in Ghana is biased in favour of males and this is true even when the distribution patterns in urban and rural communities are analysed separately. In social inequality, our analysis shows that while gender parity has improved, the gap is still wide at the secondary and tertiary levels. Moreover, while the gap between the poorest and the richest wealth quintile, as well as between rural and urban dwellers, has improved with regard to SBA, maternal mortality among rural women remains higher than their urban counterparts. Similarly, income inequities in under-five mortalities have widened.

These developments underscore the poor capacity of Ghana’s recent rapid growth to proportionately boost jobs and reduce inequalities. The implication of this is that the rapid economic growth appears to have benefited the non-poor more than it did the poor. Contributing to this pattern are the drivers of growth, the quality and the distributional effects of the growth process. The over dependence on primary commodity exports and capital-intensive extractive industries – mining and oil extraction – which have few or no linkages with other sectors of the economy, as well as the growing sophistication in the financial system, are collectively creating and reinforcing “enclave” structure and concentrated wealth. This is thereby undermining the country’s capacity to translate economic growth into strong job growth and narrowing of the inequality gaps.

Moreover, with the gradual structural transformation of the economy, there is also a growing evidence of emerging income and spatial inequalities in the country. The declining agriculture sector, which has long been the mainstay of the Ghana’s economy, and the rapidly expanding services
sector that has taken over as the biggest contributor to the country’s GDP\(^5\), are widening income and infrastructure gaps between rural and urban dwellers. Further, the recent discovery and production of oil in commercial quantities have the potential of widening income inequalities because of the skill gaps and further creating infrastructure disparities between the south and the north. It also poses challenges to agricultural competitiveness and social cohesion, through its impact on relative prices and a growing rural urban divide (World Bank, 2009). Increased environmental variability resulting from climate change brings additional challenges to poverty reduction in Northern Ghana. In the absence of climate change mitigation and adaptation measures, poverty could worsen in Northern Ghana through reduced agricultural yields and more frequent natural disasters (World Bank, 2011). Furthermore, the outlying risk of conflict in a region historically prone to instability cannot be entirely discounted.

The lesson that should therefore be learnt from the Ghana’s case is that economic growth alone, although necessary, is not enough to bring about all inclusive social and economic transformation that significantly reduces both poverty and inequality of various dimensions. Economic growth will not create job or bring about equality unless it is inclusive (UNDP, 2012). As Sen (1999) puts it, “Economic growth cannot be sensibly treated as an end in itself. Development has to be more concerned with enhancing the lives we all lead and the freedoms we enjoy”. What we require therefore are broad universal social and pro-poor economic policies beyond targeted policies such as inclusive growth that ensure sustainable employment, gender empowerment and social protection interventions to target the poorest.

\(^5\) In 2010, the service sector contributed more than half (51%) to the GDP while the agricultural sector maintained its receding importance at 32% (ISSER, 2011). The report further indicates that with the recent rebasing of GDP by the Ghana Statistical Service the overall contribution of agriculture has declined to about 30% and in 2011, the relative contribution to GDP reached the lowest and the sector became the smallest of the three sectors.
References


