

THE GHANA POVERTY REDUCTION STRATEGY

**POVERTY DIAGNOSTICS AND COMPONENTS OF THE
STRATEGY**

PRESENTED BY

PROFESSOR GEORGE GYAN-BAFFOUR - NDPC

I. Introduction

Poverty is a multi-dimensional and dynamic construct. The dimensions of poverty can be categorized into three main facets: income or consumption dimension, access to social services dimension, and participatory dimension of poverty. The income dimension of poverty implies low levels of income or low levels of consumption that are socially unacceptable. The social services access dimension of poverty includes lack of access to health-care, education, good drinking water, decent housing, and healthy sanitation. The participatory dimension includes lack of voice and political rights. People who lack the ability to participate in decisions that affect their lives directly consider this as a sense of helplessness and a fundamental characteristic of poverty.

Besides the multi-dimensional nature of poverty, it also has a dynamic attribute. Poverty is dynamic in the sense that it changes over time, across space and across individuals. One can be rich or well to do today but can become poor tomorrow. This movement from non-poor state to poor status happens more often as one gets old. Moving from able-bodied to retired and feeble with age can plunge one into poverty. Furthermore, even able-bodied people can move in and out of poverty. These can happen with market fluctuations, seasons, and crises and even with change of governments. The effects of these social, economic, and political shocks on the well being of people show that poverty is not about not having enough but also about being vulnerable to losing even the little that one has with changes in the environment which individuals do not have much control over. This type of poverty is often expressed as a feeling of vulnerability.

2.1 Trends in Income Dimension of Poverty in Ghana

The incidence of poverty is usually assessed at two levels: an Upper Level and Lower or extreme level. The Upper Poverty line in Ghana refers to incomes of up to 900,000 cedis a year, or 75,000 cedis a month or 2,500 cedis a day. The extremely poor are people with incomes below 700,000 Cedis a year or 58,000 cedis a month or 1,900 cedis a day. The latest statistics on poverty estimates that about 40% of the Ghanaian population has incomes below the Upper Poverty Line; while about 27% (slightly more than a quarter) of the population has incomes below the extreme poverty line. While these figures give general indications of the incidence of poverty in the country they mask the uneven distribution of poverty across geographical areas of the country. Five out of the 10 regions in Ghana had more than 40% of their population living in poverty the worst affected being the three northern savannah regions (the Upper East, Upper West and Northern Regions). Nine out of ten people in the Upper East or 88%; eight out of ten in Upper West or 84%; and seven out of ten in Northern Region or 69% of their populations lived below the poverty line. Five out of ten or 48% of the people in Central Region were classified as poor. Eastern region had 44% of the population below the poverty line while other regions fell between the Greater Accra (5%), which has the lowest incidence, and the Volta Region with 38% of the population living below the upper poverty line. Poverty is still predominantly a rural phenomenon with the rural areas accounting for more than 70 % of the poor. In terms of economic activity, poverty is by far highest among food crop farmers with about 59% of them living below the poverty line. Other categories that are relatively poor include export farmers (39%) and private informal employees (25%).

2.2 Trends in Social Dimensions of Poverty

Poverty from the perspective of social dimension relates to access to basic social services such as health care, quality education, potable drinking water, decent housing, and security from crime and violence, and the ability to participate in decisions that affect their own lives.

2.2.1 Health Care:

Use of health care facilities as indicated by the number of individuals seeking modern medical care following an illness or injury is very low and on the decline a feature observed to be closely linked with introduction of increases in health user fees. Births supervised in health facilities are still fewer than 50%. Maternal mortality is 214-740 per 100,000 even though the nature of the causes is preventable.

Social indicators point to mixed progress in the 1990s. Infant and under five mortality rates decreased from 66/1000 and 119/1000 to 56/1000 and 108/1000 respectively from 1993 to 1998, but with deep geographical disparities. On the average about one in nine children born in Ghana dies before fifth birthday. Infant and under five mortality in the three northern regions are generally higher than in the south. In comparison with the Greater Accra Region, they are twice and three times as high respectively. A contributory cause is the fact that over 30% of children in the north are not fully immunized before their first birthday. There is also evidence of high prevalence of diarrhoea in the north registering 31% prevalence compared to the national figure of 18%, a feature that is due to poor sanitation. Malnutrition measured by underweight and stunting among children under five similarly shows adverse conditions prevailing in the north of the country with 34%-38% and 35-40% respectively compared to 25-27% and 26% nationally.

2.2.2 Education:

A similar situation is revealed in respect of education. Gross primary one admission and primary school enrolment ratios have not significantly improved since 1992. Dropout rates remain high at about 20% for boys and 30% for girls at Primary School and 15% for boys and 30% for girls at Junior Secondary School. Gender and location disparities are evident. Low enrolment and gender disparities are most pronounced in the north. In one district in the north, dropout rates for boys and girls were 74% and 83% respectively in the 1990s. The quality of education is alarmingly low further impinging on enrolment and retention.

2.2.3 Water and Sanitation

About one-third of the population still have no access to potable drinking water a constraint to the full eradication of guinea worm. The proportion of rural households with access to safe water is 66%. The level of sanitation in the country is very low. This contributes to the high morbidity rates and environmental pollution. In the urban areas only 7% of homes use flush toilet systems. Over 50% of Ghanaians have no access to safe sanitation. Twenty three percent of the population has no access to any facilities and therefore use open spaces.

Participatory assessments further reveal the depth of social problems, particularly, the phenomenon of street children, *kayayei* and harmful tradition practices. The number of street children in Accra alone is estimated at 15,000 - 20,000. Rural poverty appears to be the major push factor; with poverty in urban indigenous low-income areas, increasing the phenomenon. Furthermore, the threat of HIV/AIDS has intensified at 200 infected persons each day.

2.2.4 Gender Disparities

Poverty in Ghana has important gender dimensions and requires focused attention. Studies have shown that women experience greater poverty, have heavier time burdens, lower rates of utilisation of productive resources and lower literacy rates. Gender disparities exist with respect to access to and control of a range of assets including direct productive assets such as land and credit, human capital assets including education and health, and social capital assets such as participation at various levels, legal rights and protection.

Some socio-cultural factors continue to perpetuate the gender inequities in access to and use of services and also contribute to such situations as the inequitable allocation of food within the household, leading to malnutrition – notably among women and children. Gender-based violence also has important health, economic and political implications. Female gender mutilation *trokosi*, a ritual female bondage or slavery continues to be prevalent.

The different HIV prevalence rate among women and men between the 15-24 age group is also another cause for concern. The risk factors and vulnerability are different for men and women as are the implications for the impact of HIV/AIDS by gender. There are implications for care, treatment and for addressing the needs of AIDS orphans, which falls disproportionately on women.

Gender differences also exist with regard to women's and men's legal status and also in their rights and protection under the law. Women's legal rights with regard to access and control of land differ by the diverse lineage systems. Women are also poorly represented at all levels of decision-making. In Parliament, men constitute 91% of the members, with women forming a paltry 9%. Women's decision-making choices at the community and household levels, especially in rural areas, are constrained by cultural taboos and resistance from men.

2.3 Economic Growth and Poverty

Poverty reduction as a national policy should not be pursued in isolation from strategies for growth. Indeed for an effective national development agenda pursuing poverty reduction and growth are not mutually exclusive pursuits. Empirical evidence suggests that the poverty-reduction elasticity of growth is higher with faster rate of economic growth than with slower growth. That the incidence of poverty diminishes more quickly at higher levels of economic growth.

As per Table 1, the pace of poverty decline in Ghana was found to be very sensitive to the rate of growth in total consumption. A consumption growth rate of 6% per annum would reduce the incidence of urban poverty to 2.6% by 2020 and reduce rural

poverty to just over 15% of the population. Growth in consumption of 4.3% would however produce a much slower decline in incidence of poverty as shown in projection 2. On the other hand as per Projection 3, a 7% growth in consumption will wipe out urban poverty by 2020 and reduce rural poverty to a little above 10%.

Table 1: Poverty Reduction and Growth in Consumption

	1998	2005	2010	2015	2020
<i>(Projection 1: consumption growth of 6 percent per annum)</i>					
<i>Consumption poverty headcount (percent):</i>					
Urban	18.6	13.0	8.7	5.0	2.6
Rural	49.9	38.9	30.7	22.5	15.9
All Ghana	39.5	30.3	23.4	16.6	11.4
<i>Total poor population (million)</i>	7.29	6.70	5.87	4.76	3.72

(Projection 2: consumption growth of 4.3 percent per annum)

<i>Consumption poverty headcount (percent):</i>					
Urban	18.6	15.0	12.4	10.4	8.5
Rural	49.9	43.2	37.9	33.4	29.9
All Ghana	39.5	33.8	29.4	25.7	22.7
<i>Total poor population (million)</i>	7.29	7.45	7.33	7.26	7.26

Projection 3 (consumption growth of 7 percent per annum)

<i>Consumption poverty headcount (percent):</i>					
Urban	18.6	11.9	7.2	3.2	1.1
Rural	49.9	36.7	26.2	17.1	10.5
All Ghana	39.5	28.5	19.9	12.5	7.3
<i>Total poor population (million)</i>	7.29	6.27	4.96	3.52	2.34

It is obvious that higher levels of growth imply bigger pies of resources. Distributing bigger pies rather than small pies practically is easier and allows either more people to have more or that it allows the same people to have more than they would normally have. However, the need for special intervention is necessary because of the possibility that uncontrolled distribution of the outcome of growth can be skewed against the poor and the vulnerable. This is because growth does not trickle down in and of itself and the poor and the vulnerable are more likely to be the losers in an unregulated and uncontrolled environment.

Economic growth has much influence on poverty reduction. Growth alone will however not result in poverty reduction. It must be blended with policies that look at direct interventions for the vulnerable and the excluded and one that seeks to improve the distribution of income and assets. The Ghana Poverty Reduction Strategy

therefore ensures that the economy grows but also lays emphasis on programmes and projects to increase access to basic services and to protect the vulnerable and the excluded.

Introduction to the Components of The Ghana Poverty Reduction Strategy - GPRS

I. The Goal

The main goal of the Ghana Poverty Reduction Strategy is to create wealth by transforming the nature of the economy to achieve sustainable growth, accelerated poverty reduction and the protection of the vulnerable and excluded within a decentralized, democratic environment.

2. The Objectives

The broad objectives for realising the above goal are

- ENSURE MACRO-ECONOMIC STABILITY
- INCREASE PRODUCTION AND GAINFUL EMPLOYMENT
- FACILITATE DIRECT SUPPORT FOR HUMAN RESOURCE DEVELOPMENT & BASIC SERVICES
- EXPAND SPECIAL PROGRAMMES TO SUPPORT VULNERABLE GROUPS
- ENHANCE GOOD GOVERNANCE

3. Strategies for Poverty Reduction

Strategies for poverty reduction based on the above objectives include prudent fiscal and monetary policies; private sector-led industrial production through the application of science and technology; sound and sustainable management of the environment; promotion of commercial agriculture using environmentally friendly technologies; agro-based industrial expansion; export promotion based on diversification and competitive advantages; increased investments in social services; and accelerated decentralisation as the key mechanism for policy implementation. A summary of the strategies pertaining to each of the objectives identified above is presented below.

3.1. Strategies for Ensuring Macroeconomic Stability

The broad strategies under the macro economic stability are Debt Restructuring and Management Expenditure Management, Increased Resource Mobilisation, Price And Exchange Rate Stability, Deepening Of Capital Markets, Export Competitiveness and Export Diversification To achieve macroeconomic stability prudent fiscal, monetary, and international trade policy measures will be adopted. The fiscal measures will focus on conversion of short-term debts into long-term instruments, reduction in fiscal deficits, and more effective revenue mobilization. Monetary policy will focus on effective monetary management to ensure low and competitive interest rates, single digit inflation, stable exchange rates, reasonable spread between lending and savings rates, and the establishment of long-term capital market. International trade measures will focus on mechanisms to diversify exports and enhance productivity to ensure international competitiveness to achieve a sustainable level of foreign reserves.

3.2. Strategies for Increasing Production and Gainful Employment

The strategy for improving production and generating gainful employment is based on the creation of an enabling environment for improved private sector-led agro-based industrial production propelled by the application of science and technology and the promotion of tourism. This will involve improvement in the capacity of the private

sector to adopt an entrepreneurial approach to increase production and generate employment. This will include:

- Easing access to farming inputs such as fertilizers, insecticides, high yielding seed varieties and irrigation-based farming techniques.
- Development of marketing channels for agricultural produce.
- Encouraging the development of non-traditional exports to expand industrial production and gainful employment.
- Accelerated growth of small and medium scale manufacturing industries through among others, the diffusion of appropriate technologies and vibrant training programmes.
- Utilising information and communication technology to further enhance our development efforts.
- Addressing the gender dimensions of production including access to credit.
- Vigorous encouragement of tourism to take advantage of both its foreign exchange earning capability, and its direct and indirect employment creation potential.
- Ensuring the sustainability of resources on which production is based.

The programme on production and employment will seek not only to improve public sector delivery of programmes but also provide sufficient incentives to stimulate private sector activities in increasing and sustaining production of basic staples, production of selected export crops, and vigorously expand employment in sectors such as tourism which can employ and enhance the skills of people in geographical areas where the poor reside most.

3.3 Strategies for Human Development & Provision of Basic Services

The main Strategies for Human Development and Provision of Basic Services are

- Increasing access to education and training Providing skills and entrepreneurial development for the youth
- Preventing and providing quality care for People Living With HIV/AIDS
Increasing effective population management
Increasing the extent and quality of health care, bridging equity gaps, ensuring sustainable financing, increasing efficiency in service delivery
Increasing access to potable water & sanitation & improving management
Expanding essential basic services to the vulnerable and excluded

Significant gaps exist in access to and utilisation of basic services by the poor, particularly with regards to health, HIV/AIDS control, population management, water and sanitation, and education and training.

The rapid spread of HIV/AIDS has received attention from government and its partners. The immediate challenges include the prevention of the spread of HIV/AIDS and the provision of care for persons living with AIDS and their families.

3.4. Strategies for Special Programmes for the Vulnerable and Excluded

The vulnerable and the excluded include basically women, children the disabled. Special programmes for the vulnerable and excluded will establish systems and provide resources to ameliorate conditions of extreme poverty and social deprivation. The focus will be on interventions that have not been mainstreamed including measures to promote gender balance and equity. These interventions will also be aimed at responding rapidly to the needs of those affected by natural and man-made disasters. This will involve expanding coverage of social security scheme, introducing mutual health insurance to cover majority of workers, developing systems that enforce the rights of the vulnerable especially the rights of children and women and preventing disasters and mitigating their impact on the poor.

3.5. Strategies for Good Governance

The broad objectives include

- Deepening effective political involvement in support of growth and poverty reduction
- Increasing the capacity of the public services
- Rationalizing and defining structures, roles, and procedures for institutions responsible for poverty reduction, growth and development
Instituting land reform
Strengthening the leadership and capacity of the District Assemblies
- Deepening District Assemblies association with civil society
- Facilitating best practices for all financial and asset control processes
- Institutionalizing public access to matters of Government

To ensure effective implementation of poverty reduction programmes and projects, steps will be taken to establish and strengthen the leadership and oversight functions of the Executive and Parliament. Communication between civil society, traditional authority and all branches of government will be institutionalised as a means of strengthening public policy management.

A major objective of the GPRS is to ensure that no Ghanaian is excluded from participation in governance, from protection of their civil liberties, from the pursuit of freedom and justice under the banner of the rule of law. To realize these objectives the GPRS will focus on ensuring:

- Timely access to justice for all;
- Transparency of Government decision making;
- Accountability and zero tolerance for corruption in both public and private sectors;
- Public participation in decision making;
- Decentralization of responsibilities;
- Observance of both rights and responsibilities; and
- Discipline and observance of laws, rules, regulations in both public and private sectors of the society.

4. GOVERNMENT'S MEDIUM TERM PRIORITIES (2003 – 2005)

Given the magnitude of funding required to implement the entire programmes and projects of the GPRS, it became necessary to prioritise them to ensure that financing could be secured and good progress made towards meeting the major poverty reducing targets set out in the GPRS.

The priority programmes and projects, which span the five thematic areas, are infrastructure development and modernised agriculture based on rural development to ensure increased production and employment; investments in education, health, and sanitation to enhance delivery of basic social services; upholding the rule of law, respect for human rights and the attainment of social justice and equity to enhance good governance; and private sector development through macro-economic stability and streamlining of public bureaucracy.

4.1. INFRASTRUCTURE

The objective is to open up the country, introduce competition and create an enabling environment for the Private Sector. These priorities are consistent with the location, analysis and are reflected in the sectoral elements of the GPRS. Actions will focus on the following:

- i. Initiate the construction of three major highways: Accra-Yamoransa; Accra-Aflao; and Accra-Kumasi.
- ii. This will open up the country and link it up with the trans-ECOWAS highway project. It will ensure that Ghana is able to take advantage of the opportunities from West African economic integration and will lead to the creation of jobs.
- iii. Select one major road to a productive area in every region that links the rural areas of the region to the urban area for rehabilitation or development to open up the country for investment, productivity expansion and job creation.
- iv. Accelerate the further development of our ports (Tema and Takoradi and inland ports) through private sector participation to make them competitive for global trade.
- v. Re-negotiate existing telecommunications agreements to introduce more competition and accelerate access to telephones, Internet and information technology in general throughout the country.
- vi. Take all steps necessary to increase the availability of energy to boost industrial growth and production. This includes the West Africa Gas Pipeline, the Bui Dam, the expansion of the thermal plant at Takoradi and increased use of solar energy.

4.2. MODERNIZED AGRICULTURE BASED ON RURAL DEVELOPMENT

Government's objective is to develop the country to become an agro-industrial economy by the year 2010. This will require the development of the rural economy. The actions to be taken will include the following:

- i. Reform land acquisition to ensure easier access and more efficient land ownership and title processes.
- ii. Serve as a catalyst to assist the private sector to increase the production of grains such as rice, maize and tubers so that we can achieve food security. This will include extension and research services, irrigation facilities, and affordable credit to support the farmer.
- iii. Encourage the production of cash crops such as cashew.
- iv. Support the private sector to add value to traditional crops such as cocoa.

4.3. ENHANCED SOCIAL SERVICES

The objective is to enhance the delivery of social services to ensure locational equity and quality, particularly with regard to education and health services. This will be done through actions including the following:

- i. Change the educational system to ensure that there is uninterrupted education for all Ghanaians from pre-school to age 17 to reduce poverty and create the opportunity for human development.
- ii. Ensure that we develop model senior secondary schools in every district in the country.
- iii. Ensure that we develop model health centres for every district in the country.
- iv. Phase out the cash and carry system and replace it with a more humane and effective system of financing health care.

4.4. GOOD GOVERNANCE

The objective is to ensure the rule of law, respect for human rights and the attainment of social justice and equity. This is to lead to the strengthening of the three arms of government, the executive, judiciary and the legislature. The actions to be taken include the following:

- i. Support the work of Parliament to enable the institution to play its role for better governance.
- ii. Restructure the civil service to ensure efficiency, effectiveness and related performance-based compensation.
- iii. Strengthen the capacity of the Office of the Attorney General and the judiciary in terms of numbers, technology, training and equipment in order to ensure the appropriate rule of law.
- iv. Enhance social order by improving the police service. Equip them with vehicles, communications, equipment and technology, enhance training and increase their numbers.
- v. Ensure transparency and accountability in resource generation, allocation and management.

4.5. PRIVATE SECTOR DEVELOPMENT

The objective is to strengthen the private sector in an active way to ensure that it is capable of acting effectively as the engine of growth and poverty reduction. This is to lead to the creation of wealth at a faster rate in order to reduce poverty in a sustained manner. The actions to be taken will include the following:

- i. Work with the private sector, both foreign and domestic as an effective development partner.
- ii. Provide active assistance through the divestiture programme, financial support and streamlining government bureaucracy.

5. MONITORING AND EVALUATION OF POVERTY REDUCTION PROGRAMS

A GPRS monitoring and evaluation (M&E) system has been put in place to track expenditure disbursement and the actual implementation of the poverty reduction programs and projects. Results from goods and services produced by the programs and projects will be assessed through household surveys and participatory poverty analysis. To determine any significant success towards poverty reduction targets set in the GPRS, poverty indicators will be monitored and evaluated using data from the GSS Welfare monitoring system. This will be supplemented by specific community surveys to be carried out by the GPRS Monitoring and Evaluation system.

