

# Poverty & Equity Brief

Africa Western & Central

## Ghana

April 2023

Long before the global COVID-19 shock, Ghana had achieved significant poverty reduction. Between 2005 and 2012, the national poverty rate fell from 32 to 24 percent. Poverty reduction subsequently stagnated and the national poverty rate stood at 23.4 percent in 2016. Looking beyond national averages, poverty incidence declined between 2012 and 2016 in some of the country's wealthiest regions but increased and deepened in the poorest regions-notably the Northern regions. International poverty rates under the 2017 PPP show a similar trend to the national rate - a considerable drop between 2005 and 2012 and a marginal decline thereafter up to 2016. The stagnation in poverty reduction between 2012 and 2016 was accompanied by a minor increase in inequality; the national Gini index rose from 41 to 42 (not significantly different). However, between 2012 and 2016 the share of national inequality explained by between region inequality increased from 17 to 26 percent.

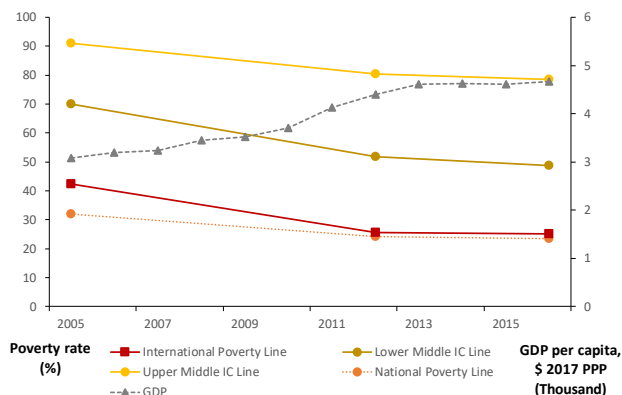
The COVID-19 pandemic and other shocks such as the ongoing conflict between Russia and Ukraine exacted a heavy toll on Ghanaian households and the country's economy. With fiscal deficits rising and underperforming revenue collection as well as rising public debt, the government approached the IMF towards the end of 2022 despite initial reluctance to do so. Despite a staff level agreement, an IMF program for 3 billion USD is yet to be approved by the institution's board. In the meantime, Ghanaian households have been under pressure from inflation which has been compounded by the cedi's depreciating value vis a vis the US dollar. By December 2022, year-on-year inflation was over 50 percent implying a considerable loss in purchasing power for Ghanaians.

The poor are expected to have fared worse during the recent inflation bouts. Food inflation has thus far outpaced non-food inflation which suggests that the poor are more afflicted since they devote a larger share of their budget to food. An increase in electricity and water tariffs took effect on September 1, 2022, and a second round of price increases took effect during the first quarter of 2023. Since September 2022, electricity prices have increased by over 70 percent. Adding to the struggle of Ghanaian households is an increase in the VAT rate of 2.5 percentage points which took effect at the start of 2023. Poverty is expected to rise in the short term, new data being collected (AHIES 2022 and GLSS-8) will help provide a picture of just how bad things have been.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	6.7	23.4	2016
International Poverty Line 3.7 in Ghanaian cedi (2016) or US\$2.15 (2017 PPP) per day per capita	7.5	25.2	2016
Lower Middle Income Class Poverty Line 6.2 in Ghanaian cedi (2016) or US\$3.65 (2017 PPP) per day per capita	14.4	48.8	2016
Upper Middle Income Class Poverty Line 11.7 in Ghanaian cedi (2016) or US\$6.85 (2017 PPP) per day per capita	23.2	78.5	2016
Multidimensional Poverty Measure		32.8	2016
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		-0.20	2012-2016
INEQUALITY			
Gini Index		43.5	2016
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-1.47	2012-2016
GROWTH			
Annualized GDP per capita growth		1.44	2012-2016
Annualized Consumption Growth per capita from Household Survey		1.27	2012-2016
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.48	2012-2016

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of April 2023, and Global Monitoring Database for the rest.

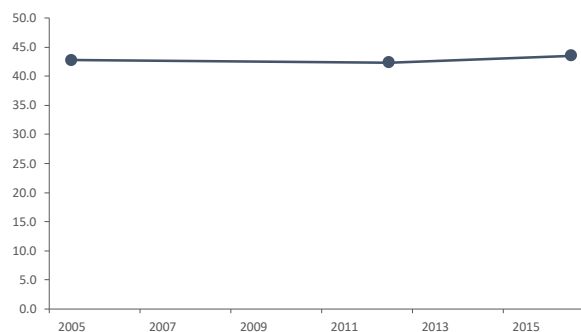
## POVERTY HEADCOUNT RATE, 2005-2016



Source: World Bank using GLSS-VII/SSAPOV/GMD

## INEQUALITY TRENDS, 2005-2016

### Gini Index



Source: World Bank using GLSS-VII/SSAPOV/GMD

## KEY INDICATORS

Distribution among groups: 2016	International Poverty Line (%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	91	9	20	80
Rural population	58	42	61	39
Males	75	25	40	60
Females	75	25	40	60
0 to 14 years old	68	32	48	52
15 to 64 years old	79	21	34	66
65 and older	74	26	41	59
Without education (16+)	56	44	61	39
Primary education (16+)	71	29	46	54
Secondary education (16+)	87	13	27	73
Tertiary/post-secondary education (16+)	97	3	8	92

Source: World Bank using GLSS-VII/SSAPOV/GMD

Notes: N/A missing value, N/A\* value removed due to less than 30 observations

Multidimensional Poverty Measures: 2016	(% of population)
<b>Monetary poverty (Consumption)</b>	
Daily consumption less than US\$2.15 per person	25.2
<b>Education</b>	
At least one school-aged child is not enrolled in school	9.0
No adult has completed primary education	15.1
<b>Access to basic infrastructure</b>	
No access to limited-standard drinking water	40.8
No access to limited-standard sanitation	79.9
No access to electricity	19.5

Source: World Bank using GLSS-VII/SSAPOV/GMD

## POVERTY DATA AND METHODOLOGY

During 1987-2016, the Ghana Statistical Service (GSS) implemented seven rounds of the Ghana Living Standard Survey (GLSS). The three most recent rounds of the GLSS were carried out in 2005, 2012 and 2016. These surveys are used by the Government to measure the population's welfare and changes over time. The latest national poverty rate is based on the GLSS7 (2016). In addition, GSS has prepared two poverty maps using population censuses and household survey data for the years 2000 and 2010. An updated poverty map will be prepared after the Population and Housing Census in 2021 and GLSS8 in 2023 are completed. GSS gives users free access to microdata and publishes its poverty reports and poverty maps online.

The Government has embarked on developing its statistics system with the assistance of the World Bank's statistical support project (2020-2024). Under this project, GSS will focus on the production and dissemination of a core package of social and economic statistics.

GSS is closely monitoring the impact of the global pandemic on the population by carrying out a high-frequency survey, COVID-19 Household and Jobs Tracker Survey. It publishes its results on its website.

**Note on new global poverty lines:** Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See [pip.worldbank.org](http://pip.worldbank.org).

## HARMONIZATION

The numbers presented in this brief are based on the SSAPOV database. SSAPOV is a database of harmonized nationally representative household surveys managed by Sub-Saharan Team for Statistical Development. It contains more than 100 surveys covering 45 out of the 48 countries in the SSA region. The three countries not covered in the database are Eritrea, Equatorial Guinea, and Somalia. Terms of use of the data adhere to agreements with the original data producers.