

Poverty & Equity Brief

October 2024

GHANA

Ghana experienced considerable poverty reduction up until the COVID-19 pandemic. Between 2005 and 2012, the share of people below the national poverty line fell from 32 to 24 percent. Between 2012 and 2016, poverty continued to fall, albeit at a much slower pace, stalling at 23.4 percent in 2016, the latest year for which survey data is available. The stalling in national poverty reduction between 2012 and 2016 is the combined result of additional people falling into poverty in the less well-off regions—particularly Northern and Upper East regions—while at the same time, households continued to escape from poverty in the more prosperous regions. As a result, poverty became more concentrated in the North of the country.

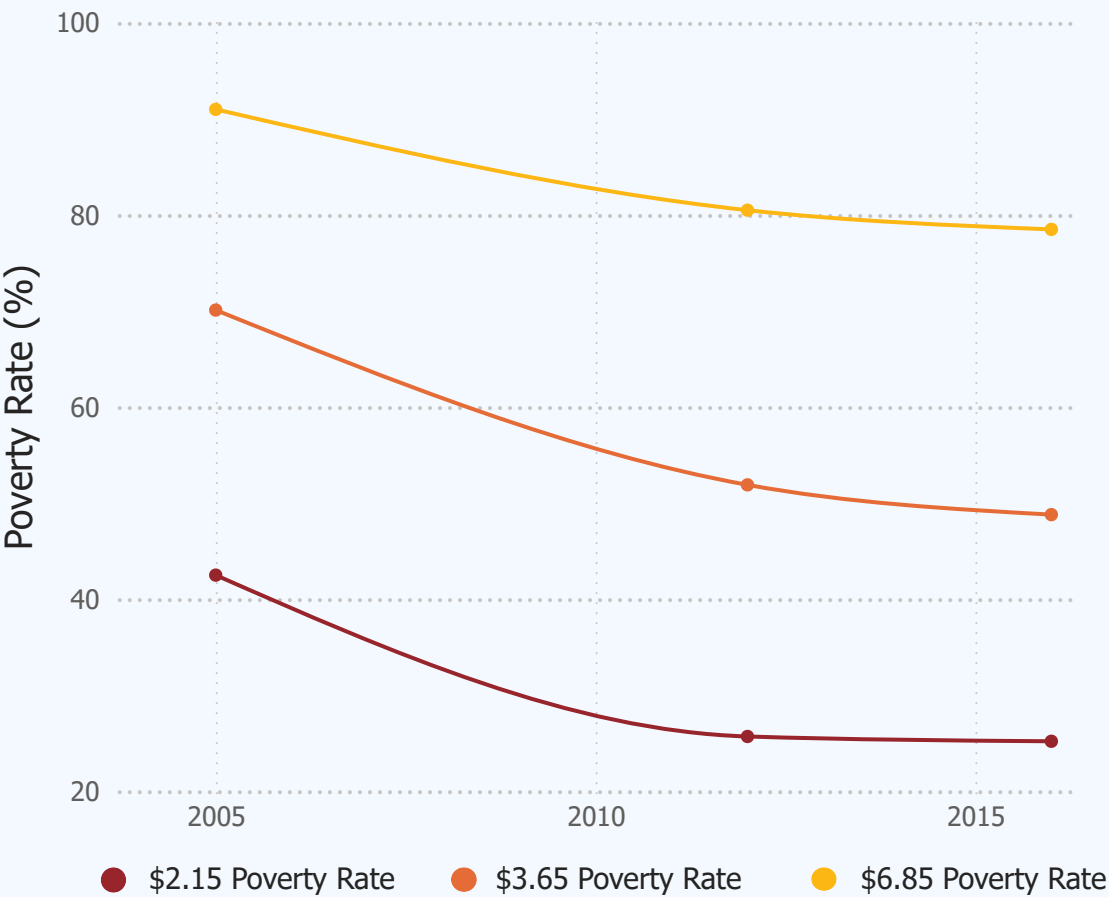
After years of poverty reduction, since 2020, poverty projections have worsened due to high inflation and slow economic growth. Fiscal vulnerabilities stemming from the COVID-19 pandemic and other shocks, such as Russia's invasion of Ukraine, exacted a heavy toll on Ghana's economy: fiscal deficits rose and revenue collection underperformed, international reserves declined, inflation surged, and GDP growth was muted. In the meantime, Ghanaian households have been under pressure from inflation, which has been compounded by the depreciation of the Cedi vis-à-vis the U.S. dollar. Annual inflation for 2023 was 40.3 percent and is expected to be close to 23 percent in 2024, implying a considerable loss in purchasing power for households.

The poor are expected to have fared worse during the recent inflation bouts because food inflation has outpaced non-food inflation, with the poor devoting a larger share of their household budget on food. Other price increases, particularly the rise in electricity prices since September 2022 and the increase in the VAT rate of 2.5 percentage points in 2023, have added to the struggle of middle-class households, particularly in urban areas. The Government has revised its main cash transfer program (LEAP) by increasing the value of transfers and indexing to inflation to ameliorate the situation.

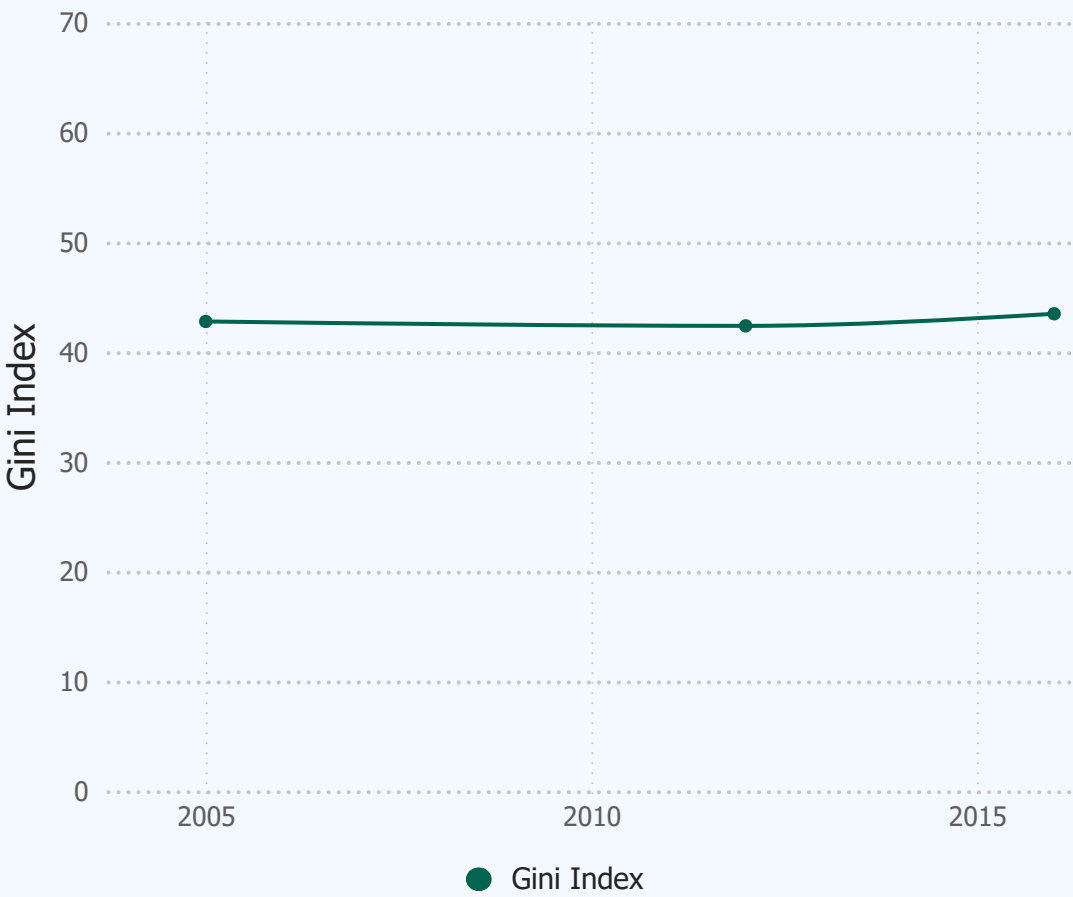
In August 2024, a dry spell in the Upper West Region raised concerns of food insecurity and increased poverty in what is already the poorest region of the country. With 70 percent of households in this region considered poor, the capacity of households to cope with such a shock is extremely limited.



Poverty Rate



Inequality



Poverty at Different Lines

| Poverty Line | Number of Poor (Thousands) | Rate (%) | Year |
|---|-------------------------------|-------------|------|
| National Poverty Line | 6,664.8 | 23.4 | 2016 |
| International Poverty Line (\$2.15/day) | 7,450.2 | 25.2 | 2016 |
| Lower Middle Income Class Poverty Line (\$3.65/day) | 14,426.4 | 48.8 | 2016 |
| Upper Middle Income Class Poverty Line (\$6.85/day) | 23,193.2 | 78.5 | 2016 |
| Multidimensional Poverty Measure | | 32.8 | 2016 |

Group and Multidimensional Poverty

| Poverty by Group | Poverty Rate (%) | Multidimensional Poverty Components | (% of Pop.) |
|---|------------------|--|-------------|
| Urban population | 9.0 | Daily income less than US\$2.15 per person | 25.2 |
| Rural population | 41.9 | At least one school-aged child is not enrolled in school | 9.0 |
| Males | 25.3 | No adult has completed primary education | 15.1 |
| Females | 25.1 | No access to limited-standard drinking water | 40.8 |
| 0 to 14 years old | 31.5 | No access to limited-standard sanitation | 79.9 |
| 15 to 64 years old | 21.0 | No access to electricity | 19.5 |
| 65 and older | 25.6 | | |
| Without education (16+) | 44.3 | | |
| Primary education (16+) | 29.4 | | |
| Secondary education (16+) | 13.5 | | |
| Tertiary/post-secondary education (16+) | 3.0 | | |

Note:
Data for the "Poverty by Group" table is derived from a 2016 survey and data for the "Multidimensional Poverty Components" table is derived from a 2016 survey. The rates in the "Poverty by Group" table above are shown at the \$2.15 international line. "N/A" denotes a missing/removed value, while "N/A*" refers to a value which was removed due to having fewer than 30 observations.

Poverty Data & Methodology

Since 1987 the Ghana Statistical Service (GSS) has implemented seven rounds of the Ghana Living Standard Survey (GLSS). The three most recent rounds were carried out in 2005, 2012, and 2016, with the next one planned for 2024. These surveys are used by the Government to measure the population's welfare over time. The latest national poverty rate is based on the GLSS7 (2016). The country's poverty line is based on the nutritional requirements of households as well as essential non-food consumption. New GLSS8 data will help provide a more accurate and comprehensive picture of poverty and living conditions of households across Ghana. Data collection is starting in late 2024 and new poverty data is expected in 2026.

GSS has prepared two poverty maps using population censuses and household survey data for the years 2000 and 2010, and one poverty map using area level models for 2017. GSS gives users free access to the GLSS microdata and publishes its poverty reports and poverty maps online. The Government has continued to develop its statistics system with the assistance of the World Bank's statistical support project (2020-2024). The project focuses on the production and dissemination of a core package of social and economic statistics.

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.