

The Evolution of Welfare in Ghana: A Rural-Urban Perspective

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Abstract

Welfare patterns in Ghana are characterised by widespread rural-urban disparities, with the welfare of rural residents lagging behind that of their urban counterparts.

This paper argues that Ghana's rural-urban welfare gap is influenced by the concentration – in urban areas – of business and industrial activity, and is sustained by the resultant inequalities in education, access to healthcare, and basic amenities.

Given the pervasiveness and self-perpetuating nature of the disparities, the paper calls for a major policy initiative to address the imbalance.

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1. Introduction

A universal goal of economic policies is the improvement in the welfare of individuals. This becomes imperative when a considerable proportion of a country's population experiences acute welfare deprivations. According to the most recent estimates of Ghana's consumption poverty, approximately four out of every ten individuals live in poverty, whereas 26.8 percent of the population are extremely poor (Ghana Statistical Service 2000). Over the past two decades, poverty reduction has featured prominently on the research and policy agenda in Ghana, and the world at large. This has been influenced largely by the increasing realisation that such a focus is vital for economic and human development.

In Ghana, this focus has spawned various studies, most of which examine the pattern and profile of poverty. Whilst quantitative Ghana poverty studies typically address issues relating to the measurement and profile of poverty, the qualitative approaches have surveyed the poverty perceptions of the poor, as well as, their livelihood coping strategies. One key message from these studies is that, even though poverty is widespread, the incidence of rural poverty is higher than that of the urban sector.

This study takes a closer look at the evolution of welfare in Ghana, focusing on the nature of rural-urban welfare disparities, and the factors that underpin these. The scope of the welfare analysis is therefore broadened to include both poor and non-poor households and individuals. The usefulness of such an emphasis is based on two

broad sets of reasons; one relates to the importance of studying the entire welfare distribution, and the other concerns the appropriateness of a rural-urban perspective.

The relevance of widening the welfare focus may be explained by the following two reasons. First, since the poverty line(s) – the basis of designation of the poor in most (if not all) of the quantitative studies on poverty in Ghana – is fraught with subjectivity to varying degrees, poverty studies typically ignore the many non-poor individuals whose money-metric welfare measures happen to be marginally above the chosen poverty line. Second, focusing on the entire welfare distribution makes possible an examination of overall welfare inequality, as well as, characteristics of different welfare groups; key ingredients for the formulation of any successful income redistribution policy.

Various factors justify the importance of studying the rural-urban dimension of welfare in Ghana. Ghana and a number of developing countries are grappling with widespread welfare disparities between rural and urban localities. In Ghana, these disparities have been quite persistent, and have often attracted calls to stem them. A rural-urban perspective to a discussion of Ghana's welfare is thus pertinent. It is worth noting also, that there are bound to be rural-urban differences in both livelihoods and coping strategies. Furthermore, considerable linkages usually exist between rural and urban areas, with significant implications for welfare within the two sectors.

The above issues give an indication of the wideness of scope for exploring the rural-urban dimension of welfare in Ghana. An examination of all the issues raised is

beyond the scope of this study. Focusing mainly on the period, 1991-1999, this paper specifically aims to:

- i. Highlight some aspects of Ghana's welfare distribution in the 1990s;
- ii. Present a picture of patterns, differences, and changes in welfare between Ghana's rural and urban areas;
- iii. Identify the major influences on the evolution of Ghana's rural-urban welfare; and
- iv. Explore the prospects for improving the rural-urban welfare patterns.

The next section provides an overview of Ghana's economy, as well as, that of the rural and urban sectors. After reviewing some relevant literature in the third section, some aspects of consumption welfare inequality in the 1990s are highlighted. The fifth section would be a presentation of information on rural-urban welfare patterns. The sixth section is devoted to a discussion of plausible explanations for – and prospects for improving – the observed rural-urban welfare patterns. The concluding section offers a summary, limitations of the paper, and some thoughts on future research direction.

2. Background

2.1 Overview of the Economy

Ghana's economy has had a chequered history. At the dawn of independence in 1957, there was considerable optimism about the economy's future (Huq 1989). This was based, at least in part, on the country's substantial foreign reserves and the high world market price for cocoa (a major export). As part of the then ruling CPP (Convention People's Party) government's import substitution policy, there were huge investments in infrastructure and new industries. Between 1961 and 1965, real GDP growth averaged more than 3 percent per annum. Ghana's first military coup in 1966 turned out to be the beginning of a series of political and economic instabilities. The economy suffered its first negative real GDP growth in 1966, with an annual growth rate of -4.3 percent. Even though output growth was positive over the next few years, on the whole, output performance in the 1970s was erratic.

By 1983, the economic decline had been exacerbated by drought, bushfires, and the return – due to an expulsion by the Nigerian government – of an estimated one million Ghanaians. With a negative real GDP growth, a three-digit inflation rate, and chronic balance of payments deficits, the Provisional National Defence Council (PNDC) – the government at the time – opted for a set of economic reforms supported by the IMF and the World Bank. These reforms – dubbed the Economic Recovery Programme (ERP) – included trade liberalisation, the elimination of exchange rate

distortions, price-deregulation, divestiture, and the rehabilitation of economic and social infrastructure.

By the end of 1989, the inflation rate had fallen – from 123 percent in 1983 – to 25 percent, and real GDP growth had improved to 5 percent per annum. Even though output growth in the 1990s was not as impressive as the performance in the first five years of the ERP, some modest gain was achieved. For the period 1990-1999, output growth averaged 4.3 percent per year, and the stabilisation and adjustment policies were generally maintained. Furthermore, the 1990s witnessed an explicit policy focus on poverty reduction.

In spite of a change in government¹ in January 2001, there has been no major change in Ghana's macroeconomic policy. The NPP government has, on the whole, been trying to consolidate gains made under the economic reforms. In 2001, a bold decision was taken by the government to opt for the Enhanced HIPC (Heavily Indebted Poor Countries) Initiative². This decision has enhanced the economy's capacity for achieving macroeconomic targets. For example, in 2003, real GDP growth was 5.2 percent, exceeding the 4.7 percent target, whilst the budget deficit (3.4 percent of GDP) was just slightly above the target (3.3 percent of GDP). Moreover, the HIPC funds have been judiciously spent on social services, attracting the commendation of the World Bank President during a visit to Ghana in March 2004. Even though the economy is yet to achieve the desired level of stability and growth, it is gratifying to note that some progress – even if modest – is being made in that direction.

¹ The NPP (New Patriotic Party) replaced the NDC (National Democratic Congress) government after winning the 2000 Presidential and Parliamentary elections.

² The HIPC Initiative – proposed by the World Bank and the IMF, and supported by governments around the world – is the first comprehensive attempt to reduce the external debts of the world's poorest, most heavily indebted countries (HIPC website).

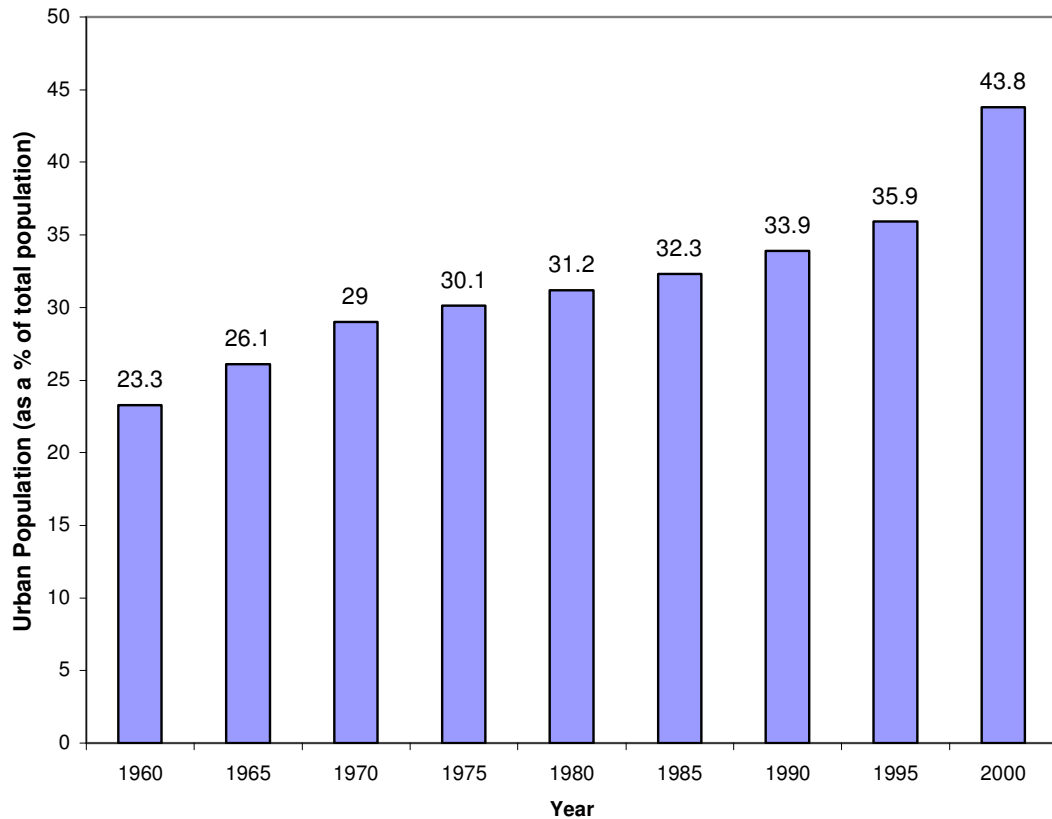
2.2 Ghana's Rural and Urban Sectors

Before providing an overview of the characteristics of Ghana's rural and urban sectors, it is important to note the lack of universal uniformity in the definition of "rural" and "urban" settlements. Hugo et al (2001) observe, that in most countries, urban localities are identified on the basis of specific criteria and rules, whilst the residual (non-"urban") areas are classified as "rural". These criteria and rules – one or more of which may be adopted – include population size threshold³, population density, availability of specific metropolitan facilities, and political or legal status.

In Ghana, a population threshold of 5,000 is used to classify settlements as being "urban", and all other localities – those with a population size less than 5,000 – are designated "rural". Even though over the years, the urban sector's share in Ghana's population has been increasing (see Figure 1), most Ghanaians still reside in the rural areas. The rural sector is characterised by a predominantly agricultural and informal economy, and accounts for the bulk of Ghana's agricultural output. A key characteristic of Ghana's rural settlements is the lack of reasonably adequate infrastructure and basic amenities.

³ Even with respect to this threshold, differences exist amongst countries.

Figure 1: Urbanisation in Ghana



Source: Based on data from 2000 World Development Indicators and Ghana's 2000 Population and Housing Census.

The urban sector, on the other hand, is home to the country's industries and businesses. Apart from their relatively high population densities, Ghana's urban localities are associated with significant unemployment, compared to the rural areas. Economic activity in this sector is dominated by public sector employment, informal activities, and non-agricultural self-employment. The provision of basic amenities and infrastructure is skewed toward the urban sector, giving rise to the popular notion that rural-urban migration is high; a perception that is contestable in the light of results of the 1998/99 Ghana Living Standards Survey. It is likely though that natural

population growth is a major cause of the rise in the rate of urbanisation, as it tends to result in a reclassification of some settlements from “rural” to “urban” status.

According to Ghana’s 2000 population and housing census, 43.8 percent of the population reside in urban localities. The three most urbanised regions are Greater Accra, Ashanti, and Western, with urban population shares of 87.7 percent, 51.3 percent, and 43.8 percent, respectively. Significantly, the three regions in the northern part of the country have the three lowest rates of urbanisation; the urbanisation rates for the Upper East, Upper West, and Northern regions are 15.7 percent, 17.5 percent, and 26.6 percent, respectively.

3. Ghana Welfare Studies

Even though academic interest in Ghana’s welfare is not a recent phenomenon, data constraints – prior to 1988 – limited the number and coverage of Ghana welfare studies. In general, studies on Ghana’s welfare may be roughly categorised into two; one group focuses on poverty (for example, Boateng et al 1992, and GSS 2000), and the other, emphasises welfare distribution (see Knight 1972, and Vanderpuye-Orgle 2002). Although the studies, on the whole, capture the multi-dimensional notion of welfare, measurement difficulties have led to the almost exclusive use of a money-metric measure in the quantitative studies.

For the purpose of computing aggregate measures of poverty, the Ghana welfare literature typically highlights consumption poverty. This usually entails the use of

poverty lines, with absolute poverty lines replacing relative or semi-relative⁴line(s) in more recent studies; see Glewwe and Twum-Baah (1991), Boateng et al (1992), and Ghana Statistical Service (2000) for the use of relative, semi-relative, and absolute poverty lines, respectively. It is worth mentioning that, in an inter-temporal cross-country analysis of forty-seven countries (including Ghana), Sahn and Stifel (2002) adopt a “nutrition poverty line” by using anthropometric measures of nutrition as indicators of welfare.

A common feature of many of the Ghana welfare studies is a description of the pattern of poverty across various subgroups (see Boateng et al 1992, Glewwe and Twum-Baah 1991, and GSS 1995). Several studies have also highlighted the main poverty characteristics or correlates. Some of these studies are based mainly on cross tabulations computed from GLSS data (e.g., Coulombe and McKay 1995, Appiah et al 2000, and GSS 2000). Other studies employ regression analyses to help determine the relative importance of these correlates (see Asenso-Okyere et al 1997, and Coulombe and McKay forthcoming). Useful insights have also been offered on poverty correlates by qualitative studies (e.g., Norton et al 1995 and Narayan 1999).

Consumption poverty incidence has been found to be higher in rural areas than in the urban (for example, Glewwe and Twum-Baah 1991, Coulombe and McKay 1995, and GSS 2000). It has also been observed that poverty is more intense in Northern Ghana than in the other parts of the country. This is supported by both quantitative and qualitative studies (for example, Kunfaa et al 1999, and GSS 2000). A pattern of a

⁴ This has typically taken the form of a fraction of the mean household consumption expenditure per adult equivalent in 1987/88. Defined this way, the poverty line retains some relativity, since it is a fraction of the mean of income distribution; it however, also reflects some semblance of absoluteness by being held fixed when measuring and analysing poverty in different years.

disproportionate overrepresentation of farmers (especially food crop farmers) among the poor has also been noted. Poverty correlates identified in the literature include inadequate access to healthcare and education, lack of assets and amenities, large household size, and low educational attainment of household head. Even though the quantitative studies indicate an overall decline in poverty incidence in the 1990s (a reduction of 12.2 percent between 1991/92 and 1998/99), this does not emerge clearly from the qualitative literature (see, for example, Norton et al 1995).

Some earlier studies on Ghana's economy suggest that rural-urban welfare disparities were not very large in the 1960s and early 1970s. More than three decades ago, Knight (1972) observed that the available data were suggestive of a small lag in rural income, relative to that of the urban. Omaboe (1966, p.20) also notes that Ghana's rural population *"is not as poor as it is in many underdeveloped countries. The main reason for this is the great impact which the cocoa industry has had on the income and general welfare of the rural populations, especially those in the forest areas"*.

In more recent years, the Gini coefficient and the generalised entropy class of inequality indices have been employed to investigate changes in overall welfare inequality, as well as, within group and between group inequality changes. Using the entropy class of inequality measures and stochastic dominance, Canagarajah et al (1998) found evidence for an overall improvement in inequality between 1987/1988 and 1991/92. Coulombe and McKay (forthcoming) also report a marginal improvement in consumption inequality between 1991/92 and 1998/99, but observe considerable variations in inequality changes across different ecological zones.

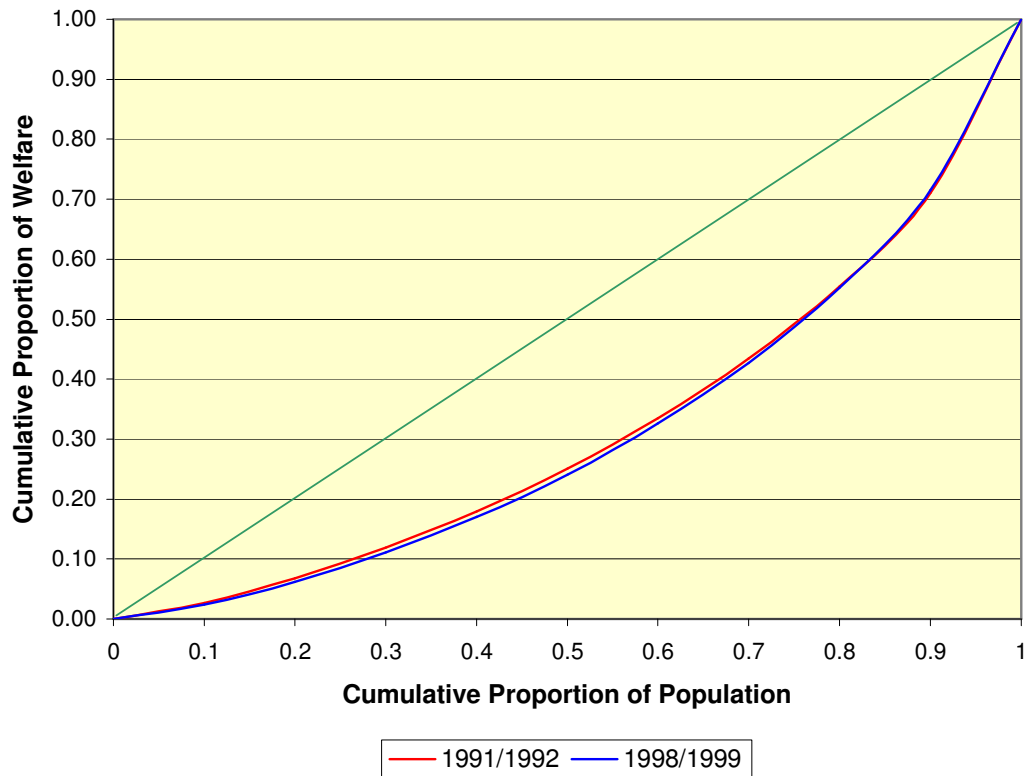
Even though an examination of within-group versus between-group inequality is dependent on the groupings employed, there are indications that Ghana's welfare inequality is mainly driven by within-group variations (see, for example, Vanderpuye-Orgle 2002, Coulombe and McKay forthcoming, and Sahn and Stifel 2002). This is not to discount the importance of between-group inequality, since small changes in between-group inequality can have a large impact on overall inequality (Vanderpuye-Orgle 2002). Vanderpuye-Orgle also found evidence for an increase in polarization⁵. In the next section, Ghana's welfare distribution in the 1990s is further explored.

4. Some Aspects of Welfare Distribution in the 1990s

In this section, the focus is on highlighting certain aspects of consumption welfare distribution in the 1990s, employing data from GLSS3 and GLSS4. It is worth noting that there was little change in the distribution between the two surveys. In fact, on the basis of Lorenz curves of welfare inequality for 1991/92 and 1998/99, no firm judgement can be made about the direction of change in welfare inequality between the two periods since the curves intersect (see Figure 2).

⁵ Polarisation refers to the clustering of the welfare distribution, such that welfare levels are very similar within each cluster, but very different between any pair of clusters (see Zhang and Kanbur 2001).

**Figure 2: Lorenz Curves of Welfare Inequality in Ghana;
1991/1992 and 1998/1999**



In spite of the inconclusive information provided by the Lorenz curves, it seems the gap between the rich and the poor widened slightly over the period. The ratio of the mean welfare of the richest 10 percent of the population to that of the poorest 10 percent increased – between 1991/92 and 1998/99 – from 10.6 to 11.7 (see Tables 1 and 2). The richest quintile - poorest quintile ratio (with respect to mean consumption welfare) also increased from 6.5 (in 1991/92) to 7.3 (in 1998/99). On the whole, it appears there was a slight increase in consumption inequality in both rural and urban localities.

Table 1: Some Indexes of Consumption Welfare Inequality; 1991/1992

	Mean welfare of poorest 10% (cedis)	Mean welfare of richest 10% (cedis)	Richest – poorest ratio	Mean welfare of poorest 20% (cedis)	Mean welfare of richest 20% (cedis)	Richest – poorest ratio
Overall	308,944.9	3,278,619.3	10.6	387,596.85	2,518,049.5	6.5
Urban	290,457.74	3,343,131.4	11.5	398,783.61	2,633,567.4	6.6
Rural	310,349.61	3,144,096.5	10.1	386,574.39	2,333,723.4	6.0

Source: Computed from GLSS3 data

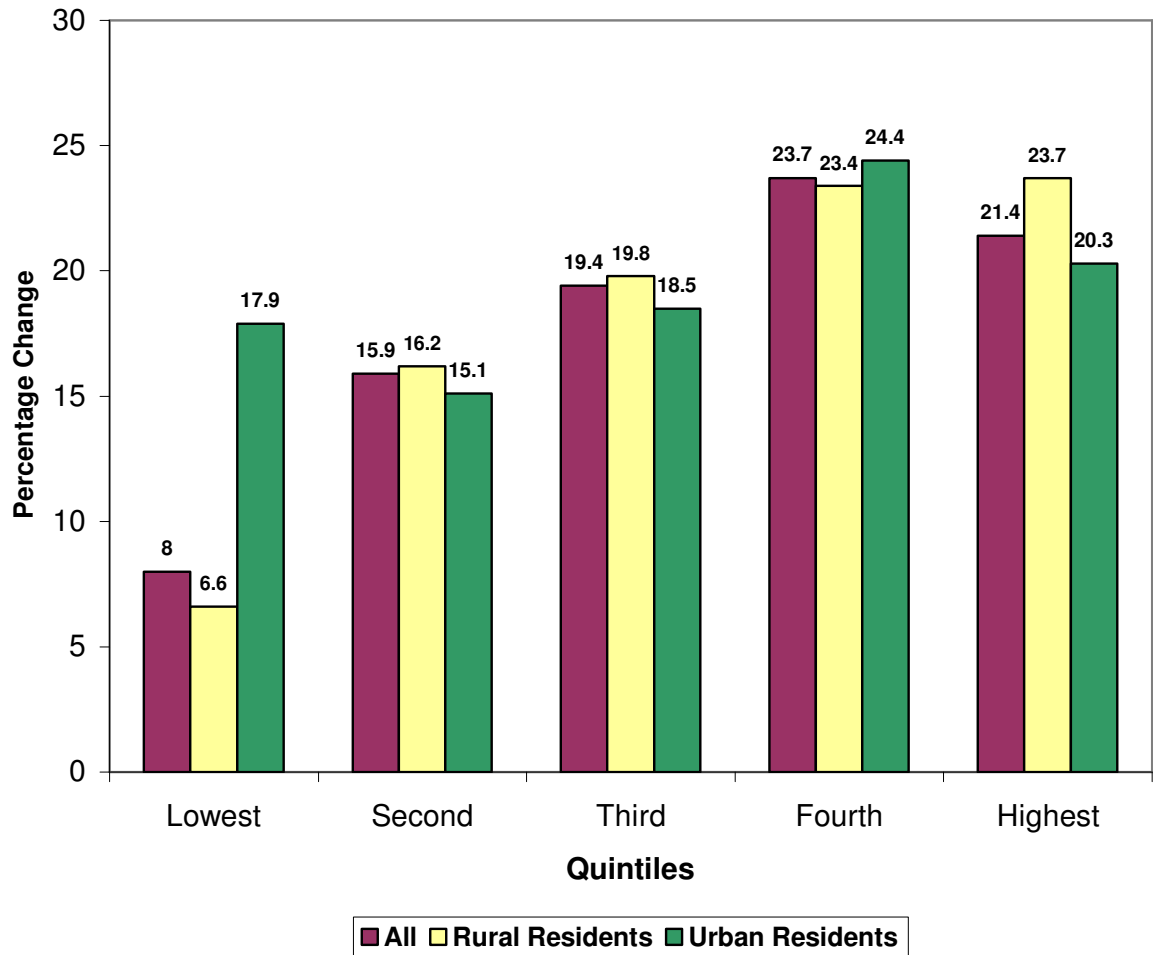
Table 2: Some Indexes of Consumption Welfare Inequality; 1998/1999

	Mean welfare of poorest 10% (cedis)	Mean welfare of richest 10% (cedis)	Richest – poorest ratio	Mean welfare of poorest 20% (cedis)	Mean welfare of richest 20% (cedis)	Richest – poorest ratio
Overall	328,710.85	3,850,501.4	11.7	418,558.43	3,056,583.7	7.3
Urban	347,395.11	3,902,185	11.2	470283.33	3,168,999.9	6.7
Rural	327,455.64	3,752,547.5	11.5	412069.5	2,887,774.2	7.0

Source: Computed from GLSS4 data

Between 1991/92 and 1998/99, all quintiles (irrespective of rural-urban location) experienced an increase in consumption welfare (Figure 3). On the whole (regardless of rural-urban location), individuals belonging to higher welfare quintiles experienced higher percentage increases. For instance, the poorest 20 percent of the population had an increase of 8 percentage points in consumption welfare, whereas the richest 20 percent of the population gained a 21.4 percent rise. It seems therefore that consumption inequality worsened, at least slightly, between 1991/92 and 1998/99.

**Figure 3: Percentage Change in Mean Welfare Between 1991/92
and 1998/99
(By Quintile and Locality)**



The rural-urban disparity in consumption welfare distribution is evidenced by the proportion of rural versus urban residents represented in the national consumption welfare quintiles. Included in the poorest 20 percent of the population in 1991/92, were 27 percent of the rural population, and only 12 percent of the latter were amongst the richest 20 percent of the national population (see Figure 4). On the other

hand, only 5 percent of the urban population were amongst the poorest 20 percent of the national population. Amongst the richest 20 percent of the national population were 37 percent of the urban population. This pattern was repeated in 1998/99. In fact, as shown in Figures 4 and 5, higher national quintiles were associated with declining proportions of the rural population, and with increasing proportions of the urban population.

Figure 4: Rural-Urban Representation in National Welfare Quintiles; 1991/1992

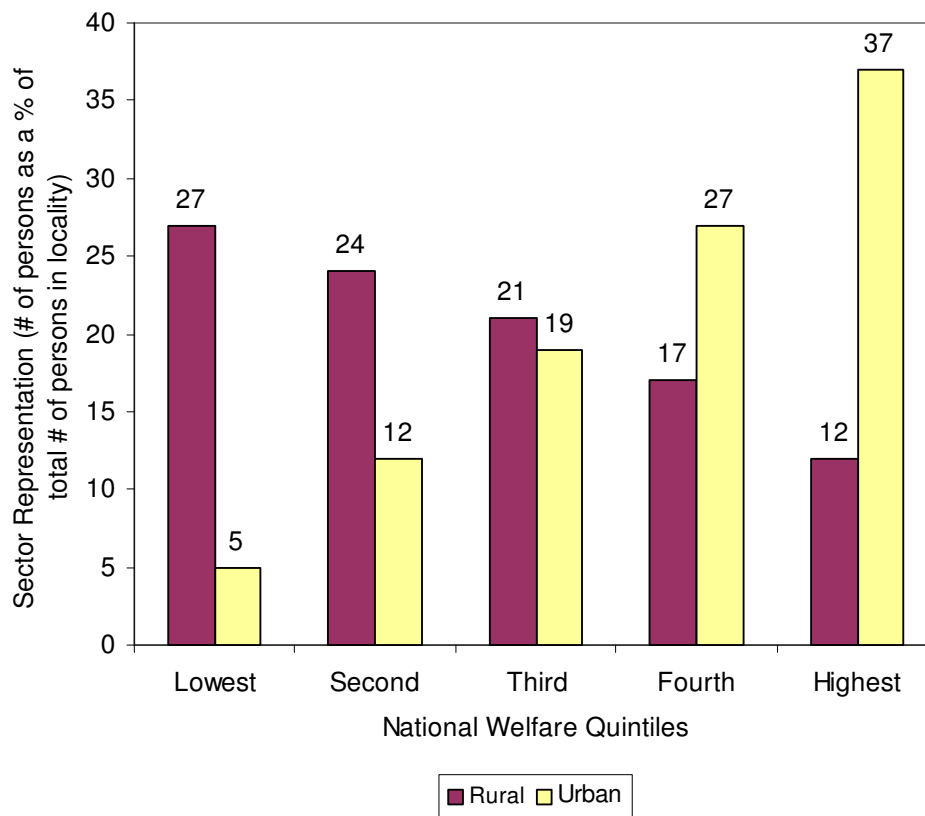
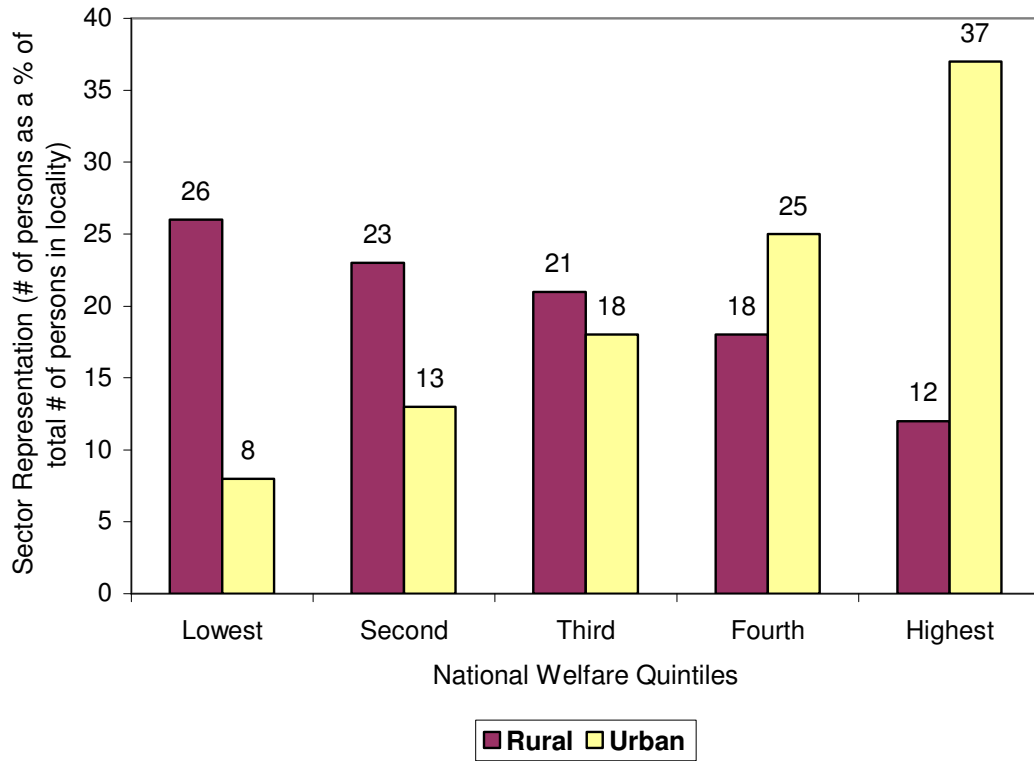


Figure 5: Rural-Urban Representation in National Welfare Quintiles; 1998/1999



The emerging importance of remittance incomes – in the evolution of welfare in Ghana – has been observed by Coulombe and McKay (forthcoming). Between 1991/92 and 1998/99, there were – on the whole – increases in the proportions of households receiving remittances (see Tables 3 and 4). These increases mainly occurred amongst households located in the bottom two quintiles, with remarkable increases amongst the poorest quintile.

Table 3: Proportion of households (in welfare quintiles) receiving remittances, by rural-urban location; 1991/92

	Lowest	Second	Third	Fourth	Highest
Urban	0.54	0.58	0.57	0.57	0.61
Rural	0.47	0.58	0.61	0.64	0.63
National	0.48	0.58	0.60	0.61	0.62

Table 4: Proportion of households (in welfare quintiles) receiving remittances, by rural-urban location; 1998/99

	Lowest	Second	Third	Fourth	Highest
Urban	0.71	0.65	0.56	0.60	0.59
Rural	0.58	0.59	0.64	0.59	0.63
National	0.60	0.61	0.62	0.60	0.61

Despite the increases in the proportions of households (within the poorest quintiles) receiving remittances, there were glaring inequalities in the magnitudes of remittances received. In each of 1991/92 and 1998/99, the mean remittance income of urban remittance recipients was consistently higher than that of their rural counterparts (see Figures 6 and 7). There is also a positive association – in both survey years, as well as, in rural and urban localities – between mean remittance income (of remittance recipients) and the level of welfare.

Whilst no clear pattern emerges from the percentage increases in mean remittance income between 1991/92 and 1998/99, higher percentage increases were generally associated with higher welfare quintiles. It would be noticed (from Figures 6 and 7) that the largest percentage increase – between 1991/92 and 1998/99 – in mean remittance income was registered in the highest welfare quintile, regardless of whether recipients reside in rural or urban localities.

Figure 6: Mean Remittance Income (of Remittance Recipients), by Quintile and Locality; 1991/1992

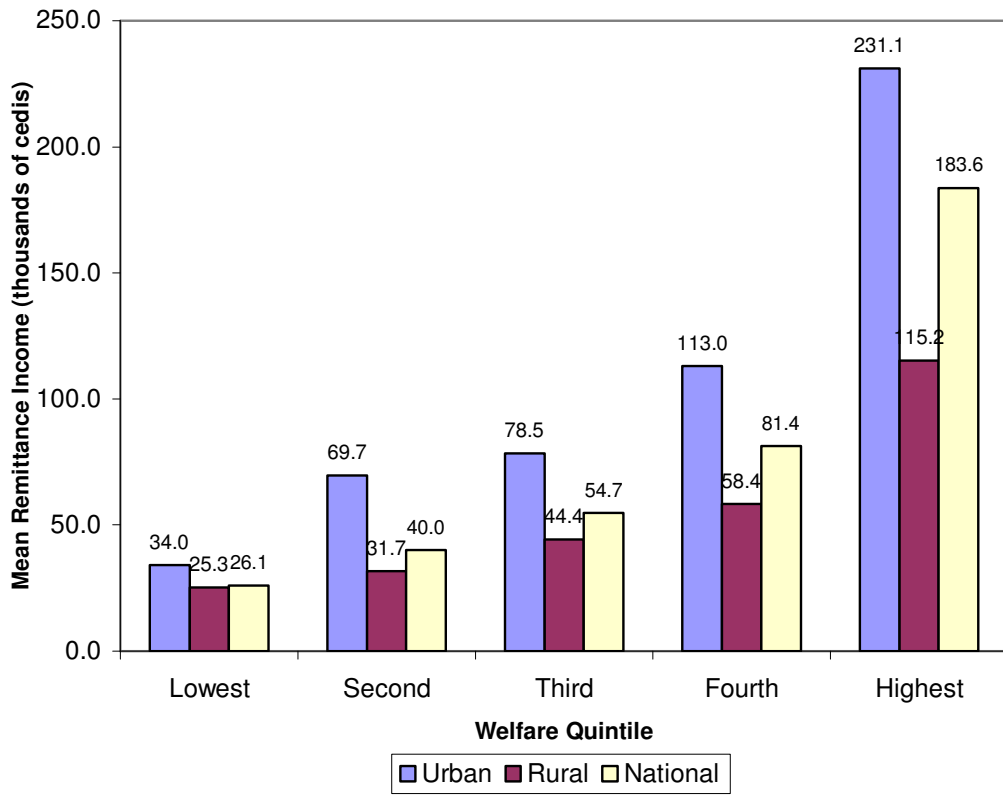
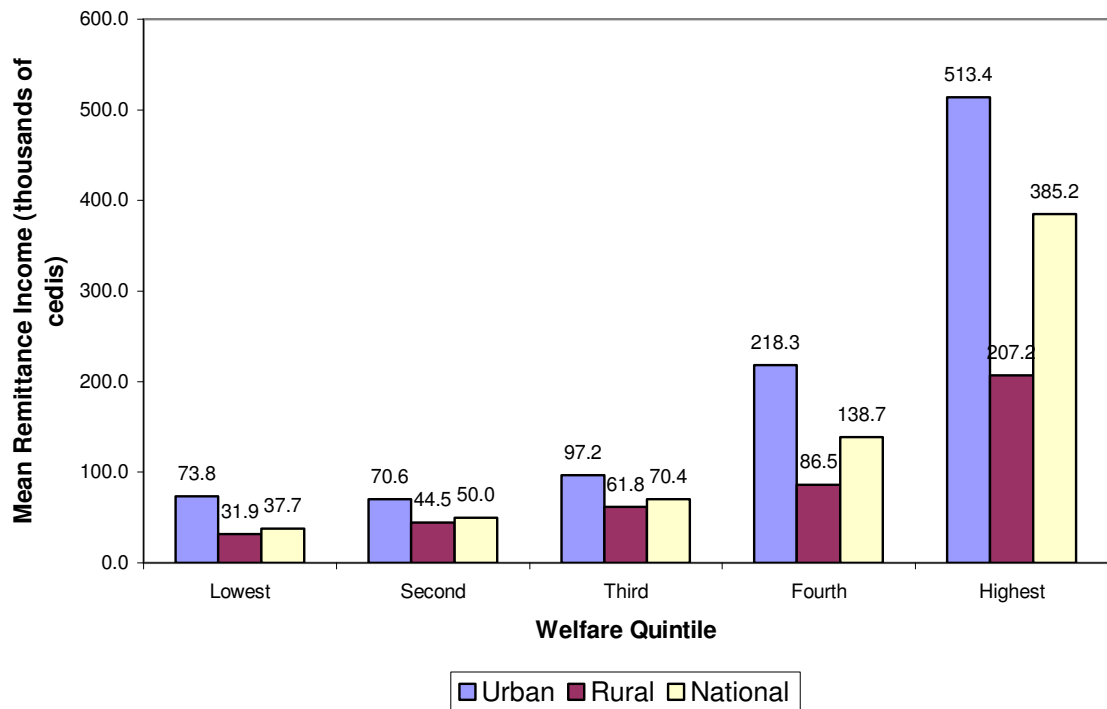


Figure 7: Mean Remittance Income (of Remittance Recipient), by Quintile and Locality; 1998/1999



5. Rural-Urban Welfare Patterns

The purpose of this section is to present information – mainly based on data from GSS (2000) or computations from such data – on welfare patterns in rural and urban areas in the 1990s. The section begins with information about consumption welfare, followed by that of other welfare indicators. A couple of notes about the consumption welfare indicator are in order. An individual’s consumption welfare is the total consumption expenditure per adult equivalent of that individual’s household,

measured in real terms (January 1999 Accra prices). Secondly, all references to poverty incidence are based on a poverty line of 900,000 cedis.

a. Consumption Welfare

For any given ecological zone (i.e., Coastal, Forest, or Savannah), and in both 1991/92 and 1998/99, rural consumption poverty incidence was higher than the urban incidence. In both 1991/92 and 1998/99, the Savannah zone had the highest consumption poverty incidence in each of rural and urban sectors. In 1991/92, the urban sector's highest poverty incidence was 38 percent (registered in the Savannah zone), but the rural sector's lowest poverty incidence was 53 percent (recorded in the Coastal zone).

In terms of contributions to national poverty, the rural sector contributed more than the urban, irrespective of ecological zone or year. The rural sector's aggregate contributions to national poverty in 1991/92 and 1998/99 were 82.3 percent and 77.7 percent, respectively. In each of 1991/92 and 1998/99, rural-urban disparities in contributions to national poverty were particularly severe in the Forest and Savannah zones; the rural sector's contributions in each of these zones were consistently more than five times that of the urban sector.

In 1991/92 the lowest rural-urban gap in poverty incidence was 27 percentage points, and it was registered in the Coastal zone, whereas the highest gap (36 percentage points) was found in the Forest zone. In 1998/99, however, the pattern was reversed; the Forest zone registered the lowest rural-urban gap in poverty incidence (20 percentage points), and the highest gap (32 percentage points) was in the Coastal

zone. Between 1991/92 and 1998/99, the Forest and Savannah zones experienced a decline in the rural-urban poverty incidence gap, but there was an increase of 5 percentage points in the gap found in the Coastal zone.

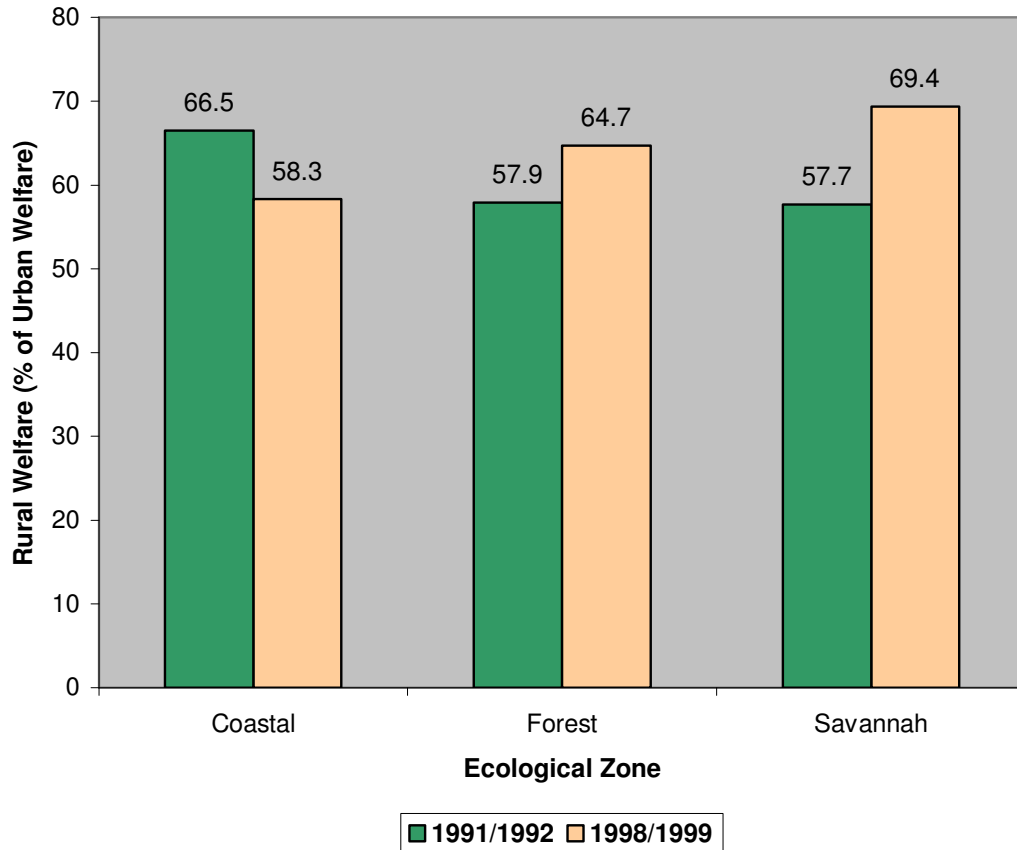
In 1991/92, the Coastal zone had the highest average welfare, in both rural and urban areas, with the Forest and Savannah zones following in that order. In 1998/99, the Coastal zone again registered the highest average welfare in the urban sector, with the Savannah zone recording the lowest welfare in both urban and rural sectors, whilst the Forest zone achieved the highest welfare in the rural sector. In 1991/92, the highest rural-urban welfare gap (measured as urban average welfare less rural average welfare) was found in the Forest zone, with the Coastal zone registering the lowest. In 1998/99, however, the lowest rural-urban welfare gap was in the Savannah zone, and the highest was found in the Coastal zone. Between 1991/92 and 1998/99, the rural-urban welfare gap increased in both the Coastal and Forest zones, but fell in the Savannah zone.

Expressing rural welfare as a percentage of urban welfare, the biggest rural-urban welfare gap (42.3 percent)⁶ in 1991/92 was found in the Savannah zone, and the lowest (33.5 percent) was registered in the Coastal zone (see Figure 8). In 1998/99, the order was reversed; the Coastal zone had the largest gap (41.7 percent), whereas the smallest gap (30.6 percent) was found in the Savannah zone. Thus, in percentage terms, the rural-urban welfare gap improved – between 1991/92 and 1998/99 – in both the Forest and Savannah zones, but worsened in the Coastal zone.

⁶ That is, rural welfare was 57.7 percent of urban welfare.

Thus between 1991/92 and 1998/99, the rural-urban consumption welfare gap declined in the Savannah zone, but increased in the Coastal zone. With respect to the Forest zone, the direction of change in the rural-urban welfare gap depends on whether the gap is defined in absolute or percentage terms. In percentage terms, the Forest zone experienced a bridging of the gap, but the absolute definition shows a widening of the disparity.

Figure 8: Rural Welfare as a Percentage of Urban Welfare



b. Health and Nutrition

Infant and under-five mortality rates are useful indicators of access to healthcare.

Using data over the period 1988-1999, Ghana Statistical Service and Macro International Inc. (1999) found an obvious disparity in these rates between rural and urban areas. In urban localities, the infant mortality rate was 43 deaths per 1,000 live births, whilst the corresponding rural rate was 68 deaths per 1,000 live births. With regard to under-five mortality, urban areas registered a rate of 77 deaths per 1,000 births, and rural localities had a rate of 122 deaths per 1,000 live births.

Children's nutritional status offers valuable insights into a society's well being, and a standard method for capturing this is the use of anthropometric indicators. Table 5 shows – for rural and urban localities – the proportions (in percentages) of children under-five who were malnourished during the 1998 Ghana Demographic and Health Survey (DHS). The table shows the proportions of children who are stunted⁷, wasted⁸, or are underweight⁹. From the table, rates of malnourishment (and that of severe malnourishment) are consistently higher in rural localities than in urban areas. These strongly suggest that rural welfare lags behind that of urban residents.

⁷ A stunted child is one whose height-for-age index is more than two standard deviations below the median of an international reference population.

⁸ A wasted child is one with a weight-for-height score in excess of two standard deviations below the median for the reference population.

⁹ A child is described as underweight if his/her weight-for-age index is less than the median of the reference population by more than two standard deviations.

Table 5: Rates (%) of malnourishment¹⁰ and of severe malnourishment amongst children under five; 1998
(Note: rates of severe malnourishment are in parentheses)

	Height-for-age (Stunting)	Weight-for-height (Wasting)	Weight-for-age (Underweight)
Urban	14.3 (4.8)	6.5 (0.7)	15.6 (2.6)
Rural	29.7 (10.8)	10.5 (1.6)	27.9 (6.1)

Source: Ghana Statistical Service (GSS) and Macro International Inc. (MI) (1999).

Most Ghanaians – whether residing in rural or urban areas – do not consult health personnel when ill or injured. The consultation of doctors by the urban ill or injured (in proportionate terms) is higher than that of other health personnel. In rural localities, a sizable proportion (though not the majority) of those who consult health personnel do consult doctors (see Table 6). Relative to the urban areas, a smaller proportion of ill/injured individuals in rural areas consult doctors and pharmacists, whereas a higher proportion consult nurses, midwives, and medical assistants.

Between 1991/92 and 1998/99, there was an increase in the incidence of non-consultation by the ill/injured in both rural and urban areas. The rural incidence of non-consultation increased from 54.7 percent to 60.2 percent, whilst that of urban areas increased from 42.5 percent to 46.6 percent. Between 1991/92 and 1998/99, there was a decline in doctor consultation – by the ill or injured – in both rural and urban areas. Urban doctor consultation fell from 38.9 percent to 33.9 percent, whereas that of rural areas decreased from 18.4 percent to 14 percent.

¹⁰ These include those who are severely malnourished.

Table 6: Rural-Urban Health Personnel Consultation (%) by Ill or Injured Individuals; 1991/1992 and 1998/1999

	Rural 1991/1992	Urban 1991/1992	Rural 1998/1999	Urban 1998/1999
Doctor	18.4	38.9	14.0	33.9
Nurse/Midwife	8.8	3.5	9.0	5.5
Medical Assistant	8.9	5.7	9.3	3.4
Pharmacist	3.2	3.4	1.1	6.0
Other	6.1	6.1	6.5	4.5
Did not consult	54.7	42.5	60.2	46.6
All	100.0	100.0	100.0	100.0

Source: Ghana Statistical Service (2000)

c. Access to Drinking Water and Toilet Facilities

According to GSS (2000), potable water (that is, water from non-natural sources) was the main source of drinking water for just a little over half of rural residents in 1991/92, with more than half of those in the two lowest welfare quintiles using natural water sources (e.g. water from lakes, rivers, and rain water). In urban localities, a sizeable majority of residents (with the proportion rising with welfare quintile) had access to potable water.

In 1998/99, there was a remarkable improvement in access to potable water in rural areas; about 65 percent of rural households had access to potable water, and at least 60 percent of households in each quintile used potable water. Urban households also

registered an improvement in access to potable water, but the change was less pronounced, ostensibly due to the relatively high level of access in 1991/92.

Data from the third and fourth waves of the GLSS indicate that pit latrine was the main type of toilet facility used by rural households (GSS 2000); the proportions of rural households using pit latrines as their main toilet facility were 61.2 percent and 45.3 percent in 1991/92 and 1998/99, respectively. In urban localities, pit latrines were the main type of toilet facility for 29.6 percent of households in 1991/92, but by 1998/99, KVIPs¹¹ had become the major type, with a 45.2 percentage usage. The proportion of urban households using KVIPs in 1991/92 was 12.6 percent. Between 1991/92 and 1998/99, rural household usage of KVIPs also increased from 3.7 percent to 19.9 percent.

Both GLSS3 and GLSS4 report a wide rural-urban disparity in the usage of flush toilets. The proportions of rural and urban households using flush toilets in 1991/92 were 1.4 percent and 17.6 percent, respectively. The corresponding proportions for 1998/99 were 1.6 percent and 15.2 percent.

d. Education

According to GSS (1998), there was little difference in net primary enrolment rates between rural (87.3 percent) and urban (89.6 percent) localities. Large disparities were, however, found between net primary enrolment rates and net lower secondary enrolment rates at the national, rural, and urban levels. The disparities were especially high at the national and rural levels, where the net primary enrolment rates were more

¹¹ KVIP is the abbreviation for Kumasi Ventilated Improved Pit latrine.

than twice the net lower secondary enrolment rates. A sizable gap was registered in rural-urban net lower secondary enrolment rate; the urban rate was 49.6 percent and the rural rate was 39 percent.

For the majority of primary school pupils in both rural and urban areas, the nearest primary school is, at most, half-an-hour away, even though the proportion of urban pupils (97 percent) with this level of proximity is higher than that of rural areas (89.6 percent). For most (77.4 percent) rural secondary school students, the nearest school is more than thirty minutes away. The corresponding urban and national proportions are 41.5 percent and 65.2 percent, respectively.

Data from the 1998 Ghana Demographic and Health Survey consistently indicate higher school attendance ratios in urban areas, relative to those of rural localities (GSS and MI 1999). At the primary level, the urban net attendance ratio (NAR)¹² was 85.4 percent, and the corresponding rural rate was 70.7 percent. The urban and rural gross attendance ratios (GAR)¹³ for primary school were 114.8 percent and 96.7 percent, respectively. The urban NAR and GAR at the secondary level are 40.3 percent and 51 percent respectively, whereas the corresponding rural rates are 29.7 percent and 33.7 percent.

This section has provided an overview of Ghana's rural-urban welfare patterns in the 1990s with a view to emphasise the welfare disparities between rural and urban residents. Whilst Ghana's rural-urban welfare differences are not surprising – and, are

¹² The NAR for primary schooling is the percentage of the population of primary school age that is attending primary school. An analogous definition applies to the NAR for secondary schooling.

¹³ The GAR for primary schooling is the total population of students attending primary school – irrespective of age – expressed as a percentage of the official primary school-age population. Thus, the GAR can be greater than 100 percent. The GAR for secondary schooling has an analogous definition.

possibly, lower than those in several African countries (Sahn and Stifel 2003) – it is important to investigate the forces underpinning these disparities, and to explore the prospects for ameliorating them; the purpose of the next section.

6. Factors Underpinning (and Prospects for Improving) Ghana's Rural-Urban Welfare Differences

Any attempt at determining the key factors underlying Ghana's rural-urban welfare differences must acknowledge the complexity of the potential factors, some of which are non-economic. In the discussion that follows, an attempt is made to garner insights into the underlying factors in the evolution of Ghana's rural-urban welfare disparities. The focus is on establishing plausible factors underlying the patterns established in the literature. Prospects for improving the rural-urban welfare patterns are also examined. The following hypotheses would be the starting point for the discussion:

- i) Ghana's rural-urban welfare gap is influenced by the concentration – in urban areas – of business and industrial activity, and is sustained by the resultant inequalities in education, access to healthcare, and basic amenities;
- ii) In the absence of a major policy shift to address this imbalance, there will be little change in the welfare gap.

6.1 Gaps in Concentration of Business and Industrial Activity

One of the glaring features of economic life in Ghana is the concentration of business and industrial activities in a few urban centres, especially, Accra, Tema, and Kumasi. Accra and Tema are in the Greater Region whilst Kumasi is the capital of the Ashanti Region. Although this state of affairs may be attributed to various factors, economic considerations are key.

Accra's attraction as a commercial and industrial centre is linked to its being the country's capital. As the fulcrum of national political power, Accra is the ultimate preference with regard to the location of the head offices of major establishments. Government ministries, major financial institutions, parastatals, and multinational corporations have their head offices in Accra (Republic of Ghana 1999). Tema, on the other hand, is home to Ghana's largest port, the oil refinery, Volta Aluminium Company (VALCO), and other major industrial establishments. Accra's capital status and Tema's industrial character have generated – in these cities – a relatively well-developed infrastructure, with its attendant positive externalities. Accra and Tema have consequently become the industrial hub of Ghana.

The importance of Kumasi, on the other hand, is largely due to its geographic location, coupled with the economic/political importance of Accra. Owing to its fairly central location, Kumasi serves as an essential economic link between the Upper East, Upper West, Northern, and Brong-Ahafo Regions, on one hand, and Accra, on the other. Business and commercial activities in Kumasi have further been enhanced by the city's tourist appeal.

Over the years, factors such as the economic and socio-political appeal of urban centres have led to an influx of Ghanaians from other parts of the country to these areas, notably, Accra-Tema and Kumasi. As a consequence, even though Greater Accra is the smallest (in terms of land area) Region, it has the second highest population in the country, with Accra-Tema constituting a major market for industries and businesses. It should be noted that factors underlying business activities in other urban centres largely mirror – howbeit to a lesser extent – the account given about Accra-Tema and Kumasi. The interaction of market size and industrial/business concentration has contributed to the emergence of other rural-urban welfare inequalities.

6.2 Education-Related Inequalities

In Ghana, there is a tendency for urban residents to have higher levels of education than rural residents. This is partly due to the fact that relative to jobs located in rural areas, urban jobs typically require higher levels of education. As a result, there is the tendency for rural school leavers and educated members of the rural labour force to migrate to urban centres. Writing in the 1960s, Omaboe (1966) drew attention to this phenomenon. He noted:

“In Ghana ... there is a growing drift of labour from the rural areas to the urban centres. Unfortunately, the drift has been largely of the educated sections of the rural population. These have not found agricultural employment attractive either

economically or socially and they have swarmed to the few urban centres to seek employment in white-collar jobs” (Omaboe 1966, p.26).

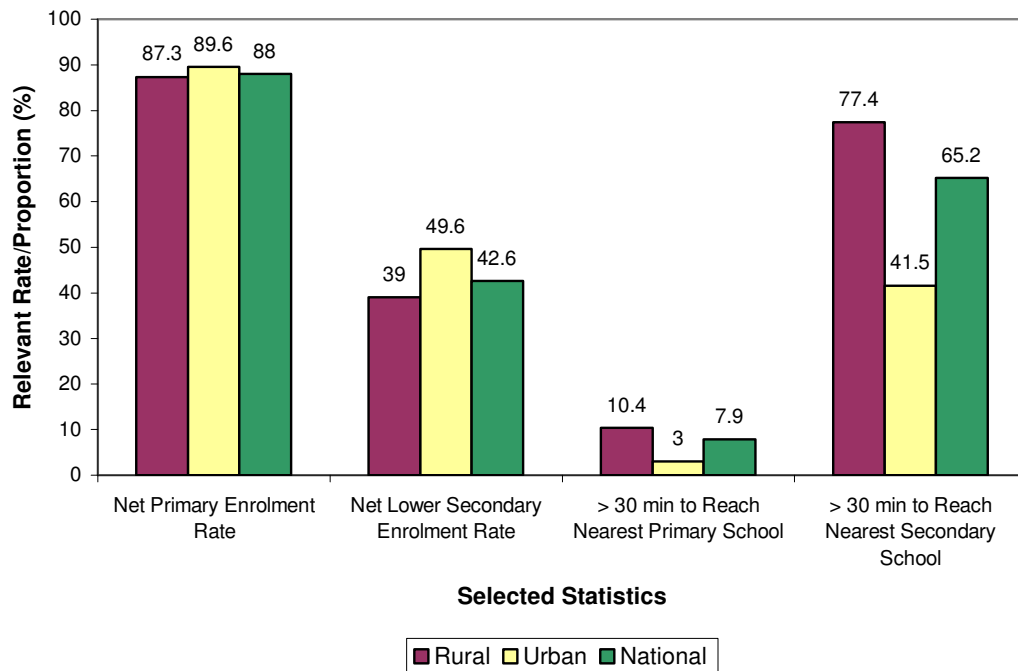
It must be emphasised that the concentration in the urban centres of better-educated workers tends to result in other education-related inequalities between rural and urban localities. This is linked to the fact that better educated workers generally wield considerable economic, social, and political clout, compared to the less educated. As a result, urban residents tend to have an advantage in terms of the number, quality, and affordability of schools available.

In his “model” of educational inequality, Farrell (1999) identified four categories of educational equality; equality of access, equality of survival, equality of output, and equality of outcome. This classification scheme is adopted in the discussion of Ghana’s rural-urban educational inequalities. The meanings of these concepts of equality (or inequality) – as used in the present paper – are given below.

Inequality of access refers to rural-urban disparities in the likelihood of an individual entering (a given level of) the school system. Inequality of survival relates to rural-urban differences in the probability of staying in the school system to some specified level, such as to the end of a complete cycle (e.g. primary or secondary). Output inequality refers to rural-urban differences in knowledge gained by the end of a given stage of the school system. Inequality of outcome has to do with rural-urban disparities in living standards, subsequent to the completion of the same level of schooling.

There are five levels in Ghana’s entire educational system. These are Pre-school, Primary school, Junior Secondary School (JSS), Senior Secondary School (SSS), and the Tertiary level. The Primary and JSS levels are jointly classified as Basic Education. Pre-school education is available mainly in urban localities, and as a result, rural children are typically excluded from it. At the primary level, evidence from the 1997 Core Welfare Indicators Questionnaire (CWIQ) Survey suggests there is very little inequality of access between rural and urban areas. Net primary enrolment rates for rural and urban localities were 87.3 percent and 89.6 percent, respectively (see Figure 9).

Figure 9: Selected Education Statistics; 1997



Source: Based on data from GSS (1998)

Inequality of access at the JSS level is, however pronounced, with the rural enrolment rate lagging behind that of the urban by more than 10 percentage points. Indeed, it is expected that rural-urban access inequality will widen for higher levels of the schooling cycle. It has also been observed that for many children in Ghana, basic education is terminal (Penrose 1998). Given the disadvantages of rural school children (in relation to their urban counterparts) such as, time taken to reach nearest schools (see Figure 7), it is very probable that survival inequality at the primary, JSS, and SSS levels are high.

There is a dearth of data on educational output inequality in Ghana. This notwithstanding, it is fairly reasonable to assume that rural educational output is markedly lower than that of the urban. This is because it is common knowledge that the quality of education in rural localities is significantly below that of urban areas. Urban schools tend to have better qualified teachers, owing – at least in part – to the unwillingness of qualified teachers to accept postings to rural localities. This is, in turn, due mainly to many (or all) of the rural-urban disparities highlighted in section 5, such as inequalities relating to basic amenities, healthcare, and education. Other areas of rural-urban disparities in schooling quality include availability of relevant textbooks, adequate furniture and other logistics. At this point, it is fairly obvious that a vicious cycle is at work.

With regard to inequality in respect of educational outcome, statistics are – to the best of my knowledge – unavailable. This is partly because numerous factors influence a person's living standard, and information which link income/expenditure to the

locality of a person's past education are difficult to obtain. Any assessment of this type of inequality would, at best, be speculative.

6.3 Disparities in Access to Healthcare and Basic Amenities

A key aspect of Ghana's rural-urban disparities lies in the area of access to healthcare and basic amenities. The information already provided (in section 5) about malnourishment, infant and under-five mortality, accessibility to potable water, and the usage of toilet facilities attest to the extent of rural-urban inequalities in access to healthcare and basic amenities. It must be noted that there are "quantity" and "quality" dimensions to these inequalities.

Many rural areas in Ghana lack adequate health personnel, such as doctors, nurses, and pharmacists. This is a perennial problem akin to the shortage of qualified teachers in rural localities. The irony of the problem is the cyclical nature. Health personnel are often unwilling to take up jobs in rural localities, a major reason ostensibly being the lack of basic amenities and good-quality schools (for their children). Many qualified teachers are also unwilling to accept jobs in rural areas mainly because of the deprivations already highlighted.

There are fairly obvious interrelationships amongst the various aspects of rural-urban welfare disparity. For example, GSS and MI (1999) found a strong inverse relationship between mothers' education and infant and under-five mortality rates. They observe, "*children born to mothers with little or no education suffer the highest*

mortality” (GSS and MI 1999, p.84). Furthermore, inadequate access to basic amenities, such as potable water and decent toilet facilities, leads to poor health, decreased productivity, and reduced educational outcomes.

6.4 Synthesis of Factors Underlying the Rural-Urban Welfare Gap

The highlighted factors – gaps in concentration of business/industrial activity, educational disparities, and inequalities with respect to health and basic amenities – have a propensity to reinforce each other. Inherent in the agglomeration of business and industrial activity (with its attendant increased population) are significant economies of scale and positive externalities that benefit various segments of the urban population.

There has also been a concentration – in urban centres – of the educated and influential members of the population, owing to the nature of jobs in urban centres and the urbanisation – at the national, regional, and district levels – of political power. Given the widely documented positive relationship between educational level and earnings/welfare (see, for example, Asenso-Okyere et al, and Coulombe and McKay forthcoming), the logical outcome of such a concentration of economic and political power in urban areas is the pervasive rural-urban disparities.

As observed in section 4, the prevalence of rural-urban inequalities extends to remittance incomes (as seen in Figures 6 and 7). This lends further support to the view that these rural-urban inequalities are entrenched. It is highly plausible, that owing to

their relatively high welfare and influence, urban residents – on the average – tend to have an edge in the formation and maintenance of social networks, and as a result, receive higher remittances. It is well known that relative to urban communities, rural localities tend to have stronger social ties. But if these ties are mainly with people or institutions that are not affluent, they may not be enough for narrowing the rural-urban gap

The above discussion of factors underpinning Ghana's rural-urban welfare is not offered as a complete explanation of the complex interplay of forces. On the contrary, other factors are often at work, but an examination of these factors is beyond the scope of this paper.

6.5 Prospects for Improving the Rural-Urban Welfare Gap

Given the widespread and perennial nature of Ghana's rural-urban welfare gap, it is appropriate to explore prospects for improving it. Any attempt to deal with these rural-urban disparities must be within a broad framework of policies to improve welfare (especially poverty reduction) within each of rural and urban areas. This is because to a large extent, Ghana's rural and urban sectors are not dichotomous; they are a continuum. Moreover, there are diversities within each of these sectors, especially within the cities. For example, the standard of living in certain slums of Accra are likely to be considerably lower than welfare levels in certain rural localities. It is critical to identify policies that would enhance opportunities for increased productivity and income generation in each of these sectors.

One effective means of narrowing the rural-urban gap is by enhancing spatial linkages between rural and urban localities. This would have the effect of reducing transportation costs, improving trade links, and promoting technology transfer between these sectors. It can also increase the labour pool and the market for several goods and services. The proximity – in time and space – of rural localities to urban centres can, thus, be mutually beneficial to both rural and urban economies.

The importance of education and access to healthcare – in narrowing the rural-urban gap – can hardly be overemphasised. It is essential to improve upon the current provision of infrastructure and basic amenities in the rural areas, as an objective in itself, and as a means of reducing the unwillingness of health personnel and qualified teachers to accept postings in these areas. It should be noted that major improvements in the provision of infrastructure and basic amenities have the potential of setting in motion a series of disparity-reducing effects. Specific policies to establish special incentives for health personnel and teachers who are willing to accept jobs in rural areas would be particularly useful.

In a nutshell, even though improving the rural-urban welfare gap is feasible, it requires a concerted effort within a general policy framework of addressing welfare deprivation in each of rural and urban localities. Given the country's significant budget constraints, this obviously calls for enormous political will. Specific incentives to attract investment in rural areas – or in urban localities that are close to rural settlements – can have a highly beneficial impact on the rural-urban welfare gap.

It is fair to assert that there is support for the hypotheses posed at the beginning of this section. Ghana's rural-urban welfare gap is influenced by the concentration – in urban areas – of business and industrial activity, and is sustained by the resultant inequalities in education, access to healthcare, and basic amenities. These inequalities are self-perpetuating and firmly entrenched. Thus, without a major policy shift to address these disparities, there will be little change in the welfare gap.

7. Conclusion

Welfare patterns in Ghana are characterised by pervasive rural-urban disparities, with the welfare of rural residents lagging behind that of their urban counterparts. A series of self-perpetuating factors have been identified as key elements in the perennial welfare pattern. These include gaps in concentration of business and industrial activity, education-related inequalities, and disparities in access to healthcare and basic amenities. In the absence of a major policy shift to address this imbalance, there will be little change in the welfare gap.

In addressing the issues raised, some broad generalisations have been made. For instance, little attempt was made to highlight the heterogeneity within each of rural and urban areas. An impression might also have been created that the overwhelming majority of urban residents enjoy high levels of welfare. These are limitations that would require further studies to address.

It should suffice to note that the diversities within each of Ghana's rural and urban settlements are non-trivial. For example, large welfare gaps exist between residents in the Rural Coastal zone and their Rural Savannah counterparts. Apart from the fact that residents of large urban centres such as Accra and Kumasi have been grappling with hazards of city life – such as overcrowding, traffic congestion, and crime – attention has been drawn to the increasing numbers of street children in Accra and other cities (see Beauchemin et al 1999). The interplay of these issues and rural-urban welfare definitely require further research

There are also very important linkages between rural and urban localities. These linkages include migration, remittance flow, and trade. How do these linkages inform the particular kind of coping and accumulation strategies employed by the poor and non-poor in the two sectors? These are all issues that should be explored in future research.

Hopefully, the issues raised in this paper would stimulate a large volume of studies into various aspects of Ghana's rural-urban welfare, and eventually contribute to the formulation and implementation of policies to enhance the levels and distribution of welfare.

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