

25 YEARS OF CONSTITUTIONAL DEMOCRACY
**IMPACT ON INEQUALITY AND
INCLUSIVE DEVELOPMENT**

~ Mr. Charles Abugre ~



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Preface

Article 36 (1) of Chapter 6 (the Directive Principles of State Policy) of the 1992 Constitution enjoins the Ghanaian State “to take all necessary action to ensure that the national economy is managed in such a manner as to maximize the rate of economic development and to secure the maximum welfare, freedom, and happiness of every person in Ghana and to provide adequate means of livelihood and suitable employment and public assistance to the needy”. Sub-section 2 of the same article, further directs that the State “establish a sound and healthy economy whose underlying principles shall include, among many others, implementing even and balanced development of all regions, and every part of each region of Ghana; seek to achieve improved living conditions in rural areas of the country; and above all redress any imbalance in development between rural and the urban areas.” The 1992 Constitution thus charges the State to ensure equitable distribution of national resources and promote inclusive development.

The recently published Ghana Living Standards Survey (Round 7, 2018) indicates, however, that, while economic growth has led to a decline in poverty over the past three decades, inequality has worsened during the same period. Moreover, Ghana’s poverty profile has not changed significantly over the years. Poverty remains largely rural, and the three regions of northern Ghana continue to record higher and rising poverty rates. Data from the Ghana District League Table (2014 to 2017) confirm growing spatial inequalities across the country and within regions in terms of service delivery.

What measures have been taken to realize the aspirations and demands of Article 36 and related provisions of Chapter 6 of the 1992 Constitution for inclusive and

equitable development? Why has inequality worsened? To what extent does Ghana's current constitution and democratic practice enable or constrain the ability of the State to address the challenges of under-development and inequality? What kinds of reform in the structure and distribution of power and resources or other aspects of Ghanaian constitutional design and democratic practice might help address these challenges? To what extent and in what ways do the proposals or recommendations of the Constitutional Review Commission (CRC) and related Constitutional Review Implementation Committee (CRIC) address these challenges?

Introduction

Ladies and gentlemen

I am honored to be invited by CDD to speak on the impact of the constitution of the 4th Republic, the longest surviving constitution since independence, on Inequality and inclusive development.

For the purposes of this lecture, I will dwell on the following areas: what we might glean from the constitution regarding inclusive development, some dimensions of disparities and non-inclusive development, what might be driving these disparities and I will conclude with some pointers on issues to address.

1. What does Inclusive development Mean?

The term applies to individuals and their place in society; regions and their place in the nation; nations and the nature of their integration into the global economy and geo-politics, and international relations generally. It came to prominence in the second half of the 20th century – the post-war period – driven by three main factors: (i) the universal declaration of human rights that pronounced inalienable and extensive civic and political rights for all humans; (ii) the emergence of the “third world” in the 1950s following decolonization and the relative ineffectiveness of the “modernization” approach to integration; and (iii) the International Covenant on Social, Economic and Cultural Rights and related Conventions such as the Convention on all forms of discrimination against women (CEDAW).

These 3 factors combined made “inclusivity” a central pillar of political, economic and human development endeavors. Various dimensions emerge from these, including: (i) economic inclusivity (otherwise called economic inequalities); (ii) social inclusivity, including equitable access to essential services spelt out in the Social and Economic rights Covenant and its focus on non-discrimination and vulnerability especially in relation to the most marginalized in society and groups facing discrimination by virtue of their sex, sexual orientation, religion or tribe (and in more recent times in Ghana, their partisan affiliation), (iii) gender equality more broadly; (iv) participatory development; (v) inclusivity of urban spaces; (vi) inclusivity in politics, power and the technocratic arrangements

for the management of power; (vii) inclusivity in terms of knowledge systems (e.g. knowledge), cultures and traditions including language.

These “inclusivities”, or the lack of them are mutually re-enforcing and can be inter-generational in nature such that usually, the most socially marginal groups will also tend to have limited political influence and command the least share of income and wealth and their cultures likely to be most set-aside and invisible. The reverse is also true.

An inclusive society suggests legal pluralism in both **process as well as outcomes**. The inclusive development approach has given birth to several development frameworks, including the human development framework and its indices; the multi-dimensional poverty framework and its index and the sustainable development framework and the 3 pillars that make it up – economic, social and environmental sustainability. The Sustainable Development Goals (SDGs) is perhaps the ultimate bureaucratic global manifestation of what inclusive development is about and how to achieve it.

2. Economic Inequalities

Economic Inequalities – a specific dimension of “exclusivity” generally refers to disparities in income and wealth. Wealth is a stock of assets which provides incomes and they may be physical (animal, land, residential and commercial real estate, factories, agricultural equipment) or financial (stocks, bonds, deposits, equity, loans), human (the skills, knowledge and health body that provides a person with opportunities for employment and other forms of income) or even social (the tribal, political, and school-boys/girls networks that open doors). Wealth inequalities tend to be much higher than income inequalities and they are a lot more enduring and more damaging to society because of their inter-generational nature. The children of the wealthy have a head start and will most likely be tomorrow’s rich through inheritance and through the investment in social and human capital that their parents made for them.

Income inequality refers to the concentration of incomes in a few hands, generated either at the household level or at the work place. The latter is often referred to as functional income distribution – the share of added-value going to (in the form of wages) owners of capital, or investors (in the form of profits) and owners of landed assets (in the form of rents). Income inequality

manifests in other forms of inequality dimensions, including social inequalities (inequalities in access to good quality essential services) Spatial (the geographic/regional dimensions), gender and other forms. These inequalities tend to be mutually re-enforcing.

Inequalities that originate from the labour market take the form of large wage gaps between the highest and lowest paid workers, and between men and women for similar work done of equal value. The labour market is segmented between a small formal sector and a large informal one. The former has failed to grow employment and is dominated by the public sector while the latter does not generate sufficient mark-up to support decent living. Inequalities in post-secondary education and skills training including between males and females, as well as unequal access to opportunities and social networks shape inequalities in the labour market. Low employment creation in the Ghanaian economy also has much to do with the limited innovation, diversification and generally low productivity. High levels of self-employment, the large share of the informal sector, precarious work conditions and the persistence of underemployment are key obstacles to reducing poverty, and figure among the most relevant causes of persistent economic inequalities in Africa (Ravallion, 2013).

Economic inequalities may be presented vertically, as a percentage of income to a percentage of a population, or horizontally as a percentage of income to a defined social group e.g. men vs women; Christians vs Muslims or distributed by spatial categories e.g. rural vs urban, or among administrative or ecological regions or districts. The distribution of income may also be functionally categorized e.g. the share of workers who earn a wage vs owners of capital who earn profits respectively. In the 18th and 19th centuries economic debates were predominantly about how and why the benefits of work were distributed between labour and capital, the reason why Economics at that time was known as political-economics.

3. Why disparities and lack of inclusive development matter

Concern about rising economic disparities has recently climbed to the top of the global development agenda. Goal 10 of the United Nations Sustainable Development Goals (SDGs) is devoted to reducing global and national

inequalities. Several studies and significant books have recently been written on the subject, Thomas Picketty's "Capital", Joseph Stiglitz' "The Price of Inequalities" and with such institutions as the IMF, the World Bank and the UN all weighing in on the matter.

This is because global income inequalities that had been declining since the Russian Revolution of 1917 began rising from the mid-1980s following the radical market liberalization policies that, among others, unleashed capital, accelerated the informalization of employment and weakened labour unions around the world. These changes have seen financial markets boom and labour markets shrink. Over the last 3 decades income inequality has increased by over 12 percent in developing countries. More than 75 percent of the world's population today live in societies where income is more unequally distributed than it was in the 1990s (UNDP, 2017).

Global wealth disparities are even higher and growing even faster. In 2017 148,000 millionaires and billionaires owned over US\$900 billion in Africa, 24 of them were billionaires. This wealth is expected to multiply faster than population growth in the next 10 years. 30% of this wealth is held abroad.

A widening gap between rich and poor (people and places) matters because it produces an unfair society normatively, and result in a violation of the fundamental rights as set out in the Universal Declaration as well as well as the Covenant on social, economic and cultural rights. They represent the exclusion of millions of people from services and basic income necessary to live a fulfilling life. Rising inequalities harm freedoms and through it, the ability to reduce poverty.

High inequalities produce a vicious cycle of less investment in education, higher population growth, less development progress (Latin America) whilst higher equality produces a virtuous cycle of higher investment in education, lower population growth, higher productivity, higher demand. An Oxfam report referred to earlier claims that 300,000 more Ghanaians could have been lifted out of poverty between 2006 and 2013 had inequality not increased.

A sharply unequal society also coincides and often sustained by regressive taxation – the rich pay far less tax relative to their incomes than the poor. This is the reason why our Finance Ministers keep complaining that "high tax paying

units” and “high networth individuals” don’t pay their taxes. Moreover the rich tie their money in properties which are also not taxed or shipped out of the country. This partly explains why our tax system is dominated by consumption taxes. With less tax revenues, governments are unable to invest adequately in public services, further increasing the economic and social divide, or forced to borrow which simply postpones the burden on the non-rich.

The United Nations, the World Bank and others say that when inequalities are high, economic growth is not efficient in reducing poverty. The main conclusion of the 2006 World Bank report titled “Equity and Development” is that equity is a good thing, “it is complementary to the pursuit of long-term prosperity, and that there is no necessary dichotomy between policies for growth and policies aimed at equity. Those who work in the peace and conflict sector also say that high levels of inequality increases the risk of violent conflicts especially when the inequality is horizontal, i.e. when specific groups feel left out.

The really worrying impact of economic inequalities is that they tend to be interlocking, re-enforcing and inter-generational. Those who are economically wealthy also tend to be the most politically and culturally influential and dominate institutions of society. This multiple domination creates “inequality traps” where social differences are reinforced by the overt and covert use of power by the dominant groups to entrench their domination. With a limited political voice, the marginalized groups find it hard to break free. This translates into unequal opportunities in society leading to wasted potentials, inefficient allocation of resources and impaired institutional development. When this takes a spatial dimension, a regional “inequalities trap” is created and becomes hard to break and social cohesion can be threatened.

This spatial inequalities trap has long been recognized by economists and political scientists alike. The 19th Century Swedish Economist Gunnar Myrdal argued that once a region takes a lead in socio-economic development ahead of others, all new major economic activities tend to be concentrated in the already relatively developed areas creating intersecting comparative

advantages— what he calls ‘circular and cumulative causation’ (CCC) - thereby exacerbating the existing spatial inequalities.

Political scientists explain this phenomenon through the power lens – how power shapes the unequal distribution of public resources. It does that either through social exclusion - the product of some groups being ‘left out’ of broader socio-economic and political structures and processes, or Adverse Incorporation - how political structures and processes can incorporate some ethno-regional groups in ways that are detrimental to their development. These concepts can operate in mutually reinforcing ways to entrench poverty and inequality. Abdul-Gafaru (a young Ghanaian academic), writing on these matters, also argues that inequalities in political power among regional elites, and elite capture by political players, can also shape the inequitable distribution of state resources. These factors are relevant for explaining the nature of economic disparities in Ghana today.

4. What the Constitution say about inclusive development

It is often said that our Constitution was motivated first and foremost by the experiences of military dictatorships and military coup d'états that predated it. We therefore enacted a constitution in the hope that its implementation will create the conditions to halt coup d'états and entrench liberal democracy especially civic and political rights. Not surprisingly, our Constitution is loaded with institutional structures designed to implement the rule of law, to oversee the mechanics of democracy and accountability and promote civic and political rights. It is thin on socio-economic rights – social and economic inclusion – and provisions that make it affordable for active citizenship to be practically expressed in a context where there is clearly a strong convergence of elite interests. An example is the cost of public interest litigation.

That said, the Constitution, beginning with the Preamble through to the Directive Principles of State Policy in Article 36 makes clear that as a country we desire to build an inclusive society defined not only in terms of political participation but in the distribution of the benefits of a prosperous, peaceful and democratic society. This desire for inclusivity is not limited to individuals but also spatial.

Article 36, Clause 2, Section (d) of the Directive Principles of State Policy of the 1992 Constitution of the Republic of Ghana which specifies that the State

shall as a matter of principle undertake “*even and balanced development of all regions and every part of each region of Ghana, and, in particular, improving the conditions of life in the rural areas, and generally, redressing any imbalance in development between the rural and urban areas*”.

We have also signed onto the Sustainable Development Goals (SDGs) which commit the country to address multiple exclusivities and their focus on the marginalized through their underlying principle of ‘*leave no one behind*’ and “*reaching the furthest first*”. Our President is a Co-Chair of the Eminent Groups of Advocates for the SDGs.

5. How inclusive is Ghana’s development today

As a country we have made significant progress in multiple areas. In 1992, roughly half of the Ghanaian population was classified as poor. In 2017, less than a quarter of the population is so classified. In 2005/06 over 16% of us were in extreme poverty (living in destitution). In 2017, this proportion has also been cut in half. We have made similar progress in access to healthcare, education, toilet facilities and running water, such that our Human Development Index which measures the combined progress in school enrolment, basic health, gender and per capita incomes has also improved steadily. The same can be said of the quality of governance as measured by the Mo Ibrahim Index of Good Governance.

The problem with these figures is what some people call the “tyranny of averages”. Averages conceal more than they reveal. “It is a bit like that proverbial person whose temperature, on average, was fine, except that their head was on fire and their feet freezing”.

Who knew that when Ghana was celebrating the fact that she had achieved the MDG1 (to cut extreme poverty by half of the 1990 level) ahead of the 2015 target, that the poverty incidence had actually increased in Northern Ghana? Some people estimate that an additional one million northern Ghanaians had become poor.

Ghana’s income inequality levels are high even by African standards. With a most recent gini index of 43, Ghana income inequality is far higher than the West African average and comparable to East Africa. The striking issue of

Ghana's income inequality is that it has been rising since 2012/13 after a steady decline between the 1990s and early 2000s. Similarly, efforts to reduce poverty stalled since 2012/2013. According to the IMF when inequality in society exceeds a Gini of 27, it harms long term economic growth and prosperity.

Ghana's wealth concentration is also among the highest in the continent. According to the AfriAsia Bank's Africa Wealth Report (2018), Ghana is the 8th wealthiest country on the African continent with \$63 trillion in wealth in 2017. This wealth is expected to grow by nearly 40% in the next 10 years. Accra alone controls about 43% of Ghana's wealth. An Oxfam Ghana Inequalities Report (2018) observed that one thousand more US dollar millionaires were created in Ghana in the period 2006-2016, and that "one of the richest men in Ghana earns from his wealth more in a month than one of the poorest women could earn in 1,000 years"¹. This wealth concentration mostly benefit men. Only an estimated 6% of the richest people in Ghana are women according to Oxfam.

But while a few got super-rich, nearly 1 million more people, mostly from the Savannah regions of the country, entered the poverty pool and thousands of the already poor sank even deeper into poverty (GSS, 2018)

A number of reports very recently published on the issue of growing disparities that should otherwise have raised alarm in a caring country had raised hardly an eyebrow in the corridors of power. A fourth report, with a similar conclusion has also gone unnoticed because it was not launched in Ghana.

The first is the official Government of Ghana study (the 7th round of the Ghana Living Standards Survey) conducted by the Ghana Statistical Service (GSS) and launched in August this year. The study, which is based on household consumption + measures what is going on in relation to

¹ Oxfam, GII, Send Foundation (2018)

consumption poverty, access to public services and overall disparities. In presenting disparities the analysis went beyond the traditional gini measures and included deciles as well as Palma measures the actual distribution of income between the top and the bottom groups. The poverty data was as disaggregated as possible including regional and ecological ways.

This report makes for grim reading. It says that while headcount poverty had declined, the rate of decline between 2005/06 was slower than previously but was hardly changed between 2012/13 and 2016/17. Poverty had in fact increased in the Volta Region (from 33.8% to 37.3%), the Northern Region (from 50.4% to 55.7%), the Upper East Region (44.4% to 54.8), Upper West Region (70.7% to 70.9%). Poverty reduced everywhere else, marginally though in Brong Ahafo and Western regions. The increases in poverty in the Volta Region and the marginal change in the Brong Ahafo was largely down to the increase in poverty in the Savannah areas of these regions. Poverty in Ghana is therefore largely a rural Savannah problem. Indeed the rural Savannah contributes 75.4% to Ghana's poverty incidence and 84.3% of extreme poverty in Ghana. Access to public services such as education and health follow similar trends.

The report has two other important messages: that economic growth has become less pro-poor; and meanwhile national income inequalities have been increasing steadily since 2005/06 and is now approaching the most unequal countries on the African continent with a Gini index of 43%. The poorest regions are the most unequal and they also exhibit the worst education and health care outcomes as well as access to health, education, electricity and sanitation. The northern Savannah have fewer doctors, fewer trained nurses per population; fewer functioning health facilities, fewer text books per pupil, fewer access to internet and computers; fewer use of mobile phones and fewer still of smart phones. We do not know why the poorest regions are also the most internally unequal.

The second report, released by Oxfam, SEND Foundation and Ghana Anti-Corruption Coalition (CSOs) came to similar conclusions but convey the problem in more imaginative ways: "one of the richest men in Ghana earns from his wealth more in a month than one of the poorest women could earn in 1,000 years"; the wealthiest 10% of Ghanaians consume more

than the bottom 60% of the population combined; nearly a third of the poorest children in the Northern Region have never been to school, compared with just 5% of the wealthiest families.

UNDP also recently published the second Regional Human Development Report (HDR), this time focusing on Northern Ghana, following the Western Region one. The Human Development Index (HDI) which measures several human conditions – life expectancy, health, income and years of schooling - found that the HDI for Northern Ghana was 0.116 compared to a national index of 0.576. The closer to 1, the higher the quality of human development, meaning that the quality of life of the average northern Ghanaian is not only low, it is one twentieth of that of the average Ghanaian.

Finally the Oxford Human Development and Poverty Initiative (OHPI) also recently published their Multi-dimensional poverty Index (MDPI) report which is a composite measure of income, health, education, access to electricity, water, decent housing and asset ownership. The closer to zero the score is, the better the average quality of life. It shows Ghana's latest score (2014 figures) as 0.156. In comparison, Northern Region scored 0.352, Upper West, 0.259, UER, 0.389 compared to Ashanti 0.101, Eastern 0.155, Volta, 0.138 and GAR 0.058. Only the 3 regions of northern Ghana exceed 0.2 score.

Economic and social inequalities have a clear gender dimension, with women scoring worse compared to men in most human development and MDPI indicators, as well as access to power and assets. Evidence also shows that, despite significant progress in education and some progress in health outcomes, women continue to lag behind in terms of access to livelihood: across the board, they remain disproportionately represented in vulnerable employment and continue to earn significantly less than men. Furthermore, they remain grossly underrepresented among political decision makers. A number of factors, including social norms, prevent advancements in capabilities from translating into equivalent advancements in livelihood and agency.

In terms of non-economic dimensions of inequalities, Ghana performs poorly in terms of women's representation in the leadership of political, business

and bureaucratic institutions. The cultural projection of Ghana to the outside world is overwhelmingly Akan and smaller cultures have little visibility except in their own little spaces. Indigenous knowledge systems, especially of smaller cultures, are largely unknown and un-projected. Inclusivity is similarly disappearing in politics as politics is conducted without ideology, policies adopted and implemented with little consultation outside own-partisan circles, there is little interest in facts and evidence, and political discourse has become so vitriolic as to be off-putting. Moreover, politics is captured by money and is increasingly violent. Vote-buying and the power of the party/candidate financiers are growing in our electoral politics and driving the behavior and choices of the winning candidates. “We the people” increasingly has little meaning.

6. Drivers of disparities and exclusion in today’s Ghana?

What is driving these growing disparities? The factors are many and complex but I will highlight the following:

- i. Growing wealth concentration:** Wealth concentration in Ghana manifests itself in frivolous conspicuous consumption expenditure – flashy cars, marbled multiple residential villas some held abroad. We have little evidence of wealth creating jobs or wealth arising from innovation and entrepreneurship as opposed to “tenderpreneurship” – accumulation through inflated government procurements, corruption, and tax dodging. Without data on wealth and how wealth is created in Ghana we may never know the truth. Nevertheless, it is clear that wealth is also buying political influence which in turn pollutes our politics. Wealth unconnected with productivity and value addition distorts economic incentives and as we observed earlier, also undermines the tax system. Wealth that is doing no good to society is at best a waste. At the very least, wealth should be taxed

- ii. Perverse economic growth:** In the recent past, most of the growth was driven by the cocoa economy. It is increasingly driven by sectors whose employment and poverty reducing impacts are limited e.g. oil and gas, low value-added services and stagnating agriculture. This confirms the need to focus on economic transformation but it must also be noted that economic transformation can occur without necessarily reducing

inequalities. For growth to be inclusive, it should be driven by sectors that create the most jobs and unlock potentials in left-behind areas – it should be spatially sensitive.

iii. Low real wages: Real wages in the informal sector are too low to support meaningful living. In the formal sector, Ghana's minimum wages are low even for African standards. Real wages are also continuously eroded due to inflation (largely caused by poor fiscal management over the years), the decline in the bargaining power of labour and the growing informalization of labour. With the economy not creating jobs, governments have devised low-paid temporary job programs for the educated youth, further informalizing work. Minimum wage legislation may need a second look.

iv. Large pay gap: We noted that Ghana has one of the largest pay gaps on the continent in spite of the single-spine pay policy designed partly to address this problem. The gap between the lowest and highest paid workers is thirteen times and may be even higher in some public sector bodies. The reward for heads of public corporation bear no relevance to their outputs and are increasingly a means of rewarding party loyalists and funders. While compensation at the top continues to grow, minimum wages fall below living wages.

v. Poor public finance management: Late and unpredictable releases of budgetary allocations, large gaps between allocation and disbursements of budgets, poor quality of expenditure including patronage driven corruption, the disconnect between budget policy priorities and actual resource allocation, and limited attention to equity as a driver of resource allocation.

vi. The growing crisis of decentralization: Fiscal decentralization has come to a halt. DACF disbursements are volatile and unpredictable, and huge portions of the Assembly's share deducted by the central government; a mismatch between functions the assemblies are expected to perform and the paltry share of common funds allocated to them –part of 5% (which is less than what is originally allocated). This has been exacerbated in recent times by the “flagship projects” phenomenon that further divert resources from the Assemblies into more unaccountable disbursement arrangements.

vii. Low political will to address inequalities broadly, but especially the growing north-south disparities. The current ruling party that pioneered the Northern Development Fund – the precursor to SADA – as a special vehicle to address the special case of northern Ghana has all but ditched the idea of preferential attention to Northern Ghana in the creation of Development Authorities covering all of Ghana and using a resource allocation formula – one constituency one \$1 million dollars which works against northern Ghana because of the relatively fewer constituencies in that part of the country. Moreover, northern Ghana is perceived as economic failure rather than a dormant economic potential not sufficiently awakened.

viii. Declining volumes of aid and poor aid targeting and coordination: Development assistance that could have played a key role in not just mitigating poverty and inequalities but stimulating economic development and critical social infrastructure in left-behind areas. The aid system also needs to re-orient mind-sets to see left-behind areas such as the Northern Savannah and rural Western Region as areas of potential economic development where strategic, aligned infrastructure development is a necessary condition to unlock economic growth.

ix. Like development partners, there appears to be no clear, consensus-based transformational vision for left-behind regions, to guide infrastructure planning and resource allocation. The SADA Law, much of which was inherited by the NDA law, contains such a vision but implementation in both phases depart from the strategic objects of the law. It is unclear whether the good efforts made in the second phase of SADA to plan the zone strategically for transformational development following the initial failings of the Authority will be followed through. Without a transformational approach, the current dominance of the southern growth triangle will accentuate, thereby worsening spatial inequalities.

x. Elite political capture, represented by growing impunity of the political, religious, business and administrative elite in terms of their accountability to the citizen in the use of public resources. The intractability of corruption in public and private institutions, the persistence of perceived manipulation of public procurement suggest collusive behaviour between political and bureaucratic public sector leadership on the one hand and the

private sector (local and international) on the other. It is often said that Ghana's private sector is driven not so much by entrepreneurs as by "tenderpreneurs".

7. What can be done about it?

Ghana has signed on to the SDGs which mandates us to ensure that:

- By 2030, we progressively achieve and sustain income growth of the bottom 40% of the population at a rate higher than the national average
- By 2030, we empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
- Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard
- Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

To do anything about the widening disparities, a good starting point is to recognize that this is an urgent problem with serious consequences for the country. Only then can public discussion be encouraged leading to a plan of action. Currently we seem to fear talk about inequalities and definitely do not have any systematic strategy to roll them back

To break the vicious cycle, policies, investments and initiatives need to address both outcomes and opportunities – these are 2 sides of the same coin.

Equality of opportunities cannot coexist with deep inequality of outcomes—or, in other words, as outcomes become more unequal, opportunities to live a fulfilling life shrink for those who are born into relatively disadvantaged households. Furthermore, the persistence of unequal outcomes for specific groups can entrench underlying patterns of discrimination and cultural biases. Put differently: inequality cannot be effectively confronted unless the inextricable links between inequality of outcomes and inequality of opportunities are taken into account (UNDP).

Equality of opportunities should address multiple sectors – the socio-economic, the political and the cultural. It is opportunities that fuel aspiration and aspiration drives creativity and social migration upwards. The CSOs report proposes a 5-point agenda: manage public finances efficiently and review the resource allocation formula underpinning the budget; improve equitable access to good quality public services for the poor and girls in particular; pay living wages; pursue gender equality including increasing women's control of economic assets; and break the political capture and corruption that plague our society.

The UNDP Northern Ghana HDR recommends that given the poverty and inequality traps that Northern Ghana finds itself, a socio-economic transformation approach is necessary to unlock the traps. This involves an integrated response at scale involving strategic investment in economic and social infrastructure combined with social protection for the poorest and environmental regeneration. To finance this, a review of the public finance allocation formulas and better coordination of development assistance would be required.

I would also like to highlight the following:

i. Re-shaping the Ghana Beyond Aid discourse The transformation approach of Ghana Beyond Aid (GBA) is the right one. However it currently lacks a narrative and strategy for inclusive transformation of the left-behind areas. The starting point for government, donors and residents of left-behind areas is a mind-shift to shift the perception of these areas as only needing poverty alleviation interventions, to one that sees the economic and social transformation potentials of these areas to be unlocked. A World Bank report (2012) put it appropriately: “a diamond in the rough”. GBA should strategize its communication to not suggest in any way that aid may not be desirable now or in the near future. This is a harmful narrative, which fortunately has been recently clarified by the Senior Minister in a speech read for him at Bolgatanga in which he emphasized that Ghana Beyond Aid is not the same as Ghana Without Aid”.

Nevertheless, the narrative should be non-ambiguous which is that, more aid is needed now and that aid should be front-loaded and properly coordinated and directed to areas that can unlock economic and social development. Moreover the transition for withdrawing that aid should be gradual. Northern Ghana, BA, Northern Volta and Western Region for example need the government to access cheaper money than can be obtained from Eurobond if possible under Public Private Partnerships to construct roads, bridges, dams, hospitals and TVETs which are all necessary ingredients for such areas to grow “beyond aid”.

ii. Give more attention to Spatial Planning: Without a spatial planning approach, plans and policies will continue to aggregate and conceal the spatial impact of those policies. Correspondingly, policies and strategies will lack the unique economic transformational potentials of left-behind areas, how such areas can be better integrated to other parts of the country and the world, and how land-use can be better planned. The Land-use and Spatial Planning Authority (LUSPA) needs to be better resourced, better integrated to the national planning body – NDPC – and Local Government in the case of urban planning. We really must take urban planning and the enforcement of regulations seriously. Left-behind areas and smaller towns can improve their comparative advantages with better planned cities and stimulate more balanced migration.

iii. Revive and deepen fiscal decentralization and use part of the allocation as an instrument to correct structural inequalities: The Common Fund share of revenue should increase (much like Kenya to at least 15%). Part of it should be earmarked for correcting inequalities using an “equalization formula”. Some flagship initiatives can be rolled into the MMDAs for efficiency, effectiveness and grassroot democratic controls of expenditures and reduce duplication. Efforts should be made to improve the predictability of Common Fund disbursements and it should be understood that the penchant for re-centralizing DACF resources through centralized procurement in Accra undermines, the very essence of the type of decentralization we set about achieving – taking responsibility for local level development to as far a local level democratic control as possible. We seem to be rolling this principle back.

Ladies and gentlemen, to conclude, let me emphasize that there are no easy solutions to addressing disparities. A long term, multiple disciplinary approach is necessary, and rooted in the transformational approach. However, if “you don’t see a problem you cannot fathom a solution”.

I thank you for your audience.

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Notes



Charles Abugre is a Development Economist by training and has devoted most of his life in the struggle against poverty and inequalities and also for social justice in Ghana, both at the pan-African level and globally. In Ghana, Charles is associated with many of the well-known NGOs including ISODEC, The Third World Network, the Center for Public Interest Law, the Ghana National Education Campaign Coalition; the Northern Ghana Network for Development and the Alliance for Reproductive Health Rights.

He has also been associated with major social campaigns such as the Campaign Against the Privatisation of Water in Ghana; Trade Justice Campaign, Make Poverty History Campaign and the Tax Justice Campaign. He pursued these endeavors as an NGO activist, an academic and as a UN technocrat. As an academic he is associated with global think-tanks as the World Economics Association (WEA); the International Development Economics Associates (IDEAs) and the Canon Economics Network all aimed at promoting more pluralist and heterodox ideas, as opposed to, the dominant neo-liberal economic ideas. Charles is also on the advisory group of the Chronic Poverty Research Network hosted by ODI, UK.

On the subject of inequalities and inclusive development, Charles hosted, in February 2014, a high-level conference on Inequalities and Economic Transformation in Africa, held in Ghana, in his previous capacity as the African Regional Director of the United Nations Millennium Campaign, UNDP. He continues to write about inequalities.

Charles was until recently, the CEO of the Savannah Accelerated Development Authority (SADA). He is now a Co-Convenor of the Foundation for the Transformation of Marginal Areas (TAMA Foundation Universal) which seeks to focus on spatial inequalities.

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