

AFRICAN CENTRE OF EXCELLENCE FOR INEQUALITY RESEARCH

AN ASSESSMENT OF INEQUALITY ESTIMATES : THE CASE OF GHANA

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Outline

- Introduction
 - Objective
- Inequality Trends in Ghana
 - What is the story?
- WIID Inequality Narrative
 - Overview of the dataset
 - Inequality trends

- ACEIR's narrative

Introduction and objectives

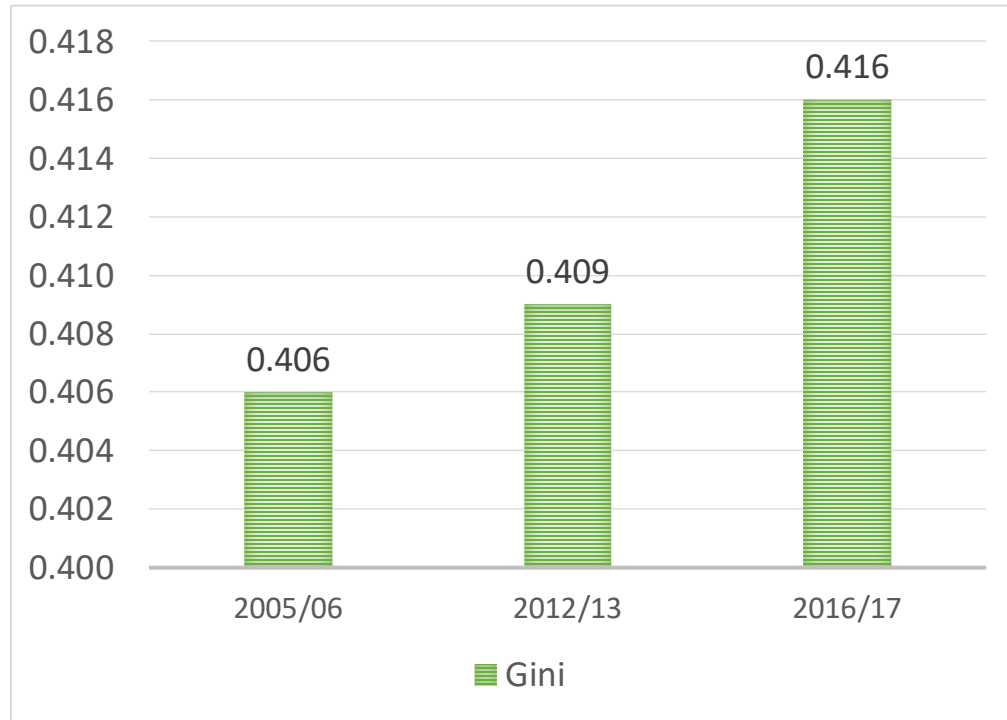
- Accurately measuring inequality is critical for effective policy making
 - Less reliable and consistent inequality measures makes monitoring changes in inequality difficult
 - Different inequality measures used for the same country
 - Difficult to undertake comparative studies.
- UNU-WIDER-World Income Inequality Database (WIID) and WIID Companion
 - accessible inequality data more accessible to facilitate inequality research
 - WIID Companion for comparable estimates
 - Variance observed in the inequality estimates from WIID and National estimates.
- Objective of country case study
- Investigate the extent to which the observed variances could be considered reasonable.
 - Explore in detail the (in) consistencies in the national surveys used in measuring inequality in Ghana
 - Describe inequality trends in Ghana (Using data from 1992-2016)
 - Compare the inequality estimates with reported estimates in WIID Companion for Ghana

Inequality Story in Ghana

- Rising inequality in Ghana amidst impressive economic growth performance over time.
- Inequality dimensions:
 - Consumption (income inequality)
 - Labour market inequality (wage employed only)
 - Inequality in access to social amenities
- Inequality in Ghana more of a within-group phenomenon

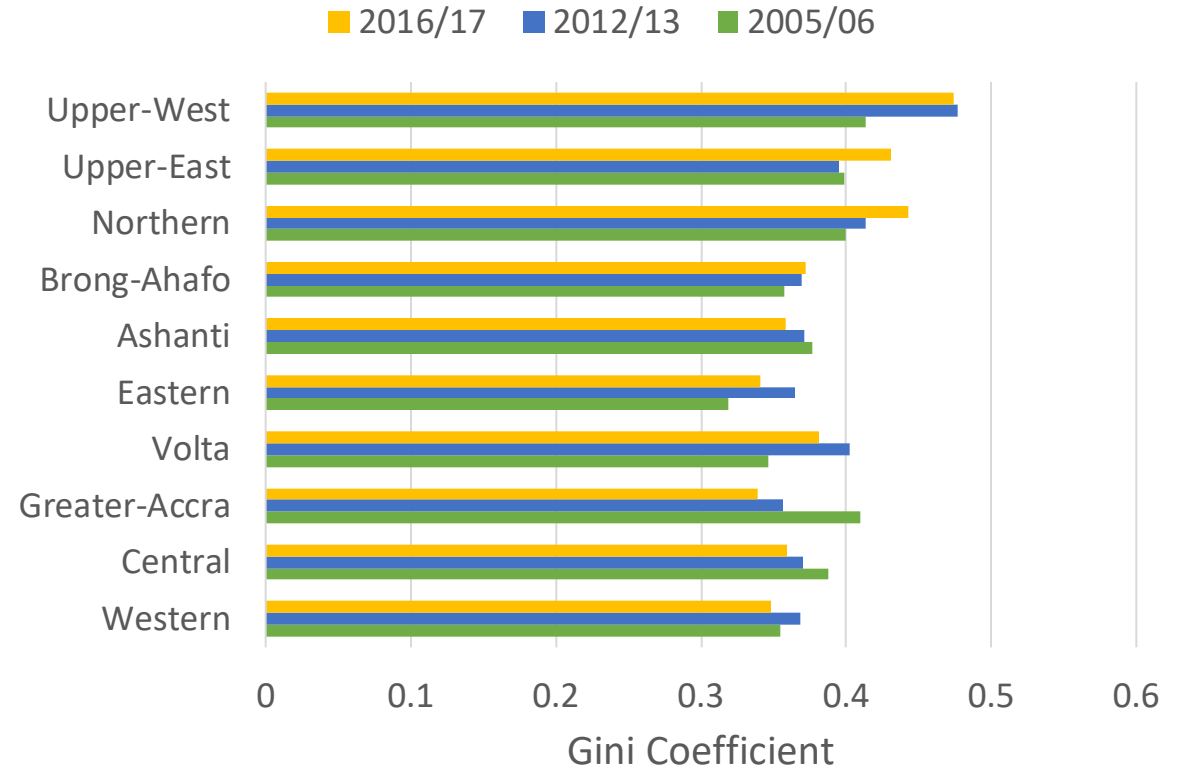
Consumption inequality in Ghana

Gini Coefficient (2006 -2015)



- Rising consumption inequality over the years
- Disaggregation by sub group shows inequality is a within group phenomenon in Ghana- largely systemic and not driven by a particular group

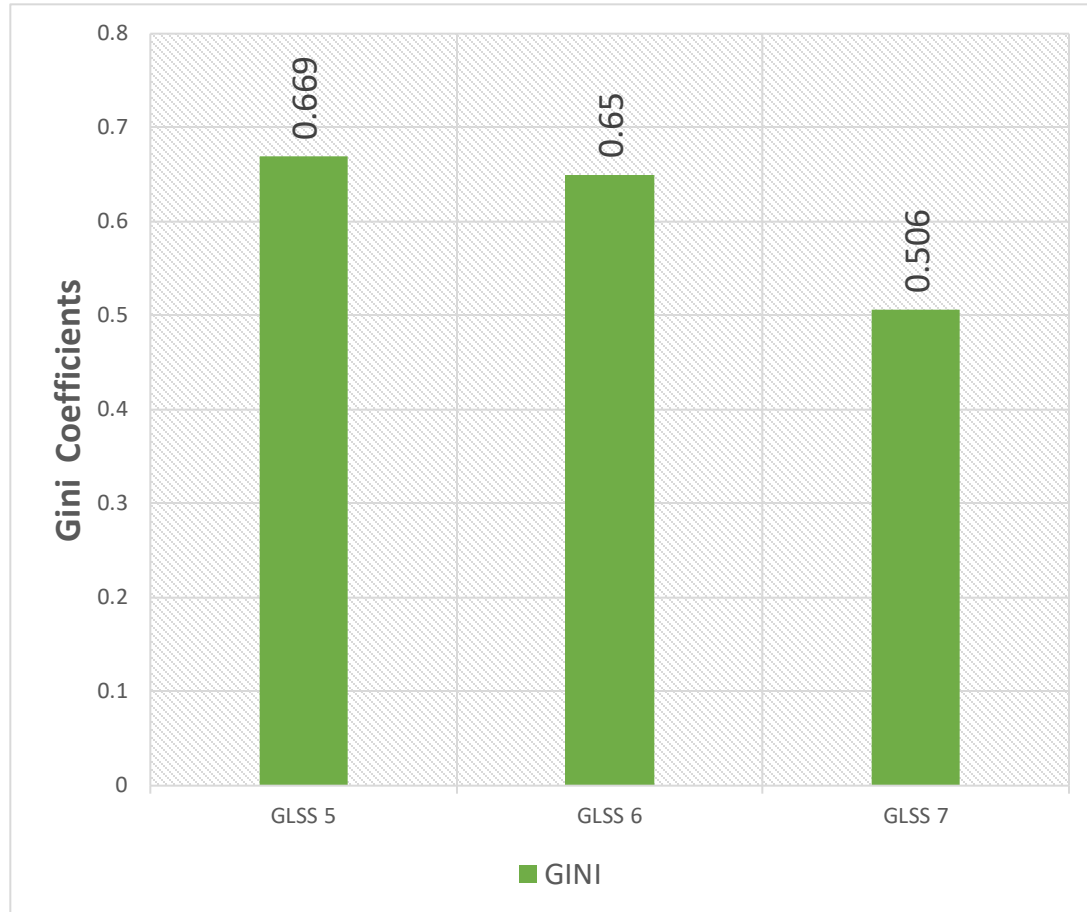
Consumption inequality by region (2006 & 2015)



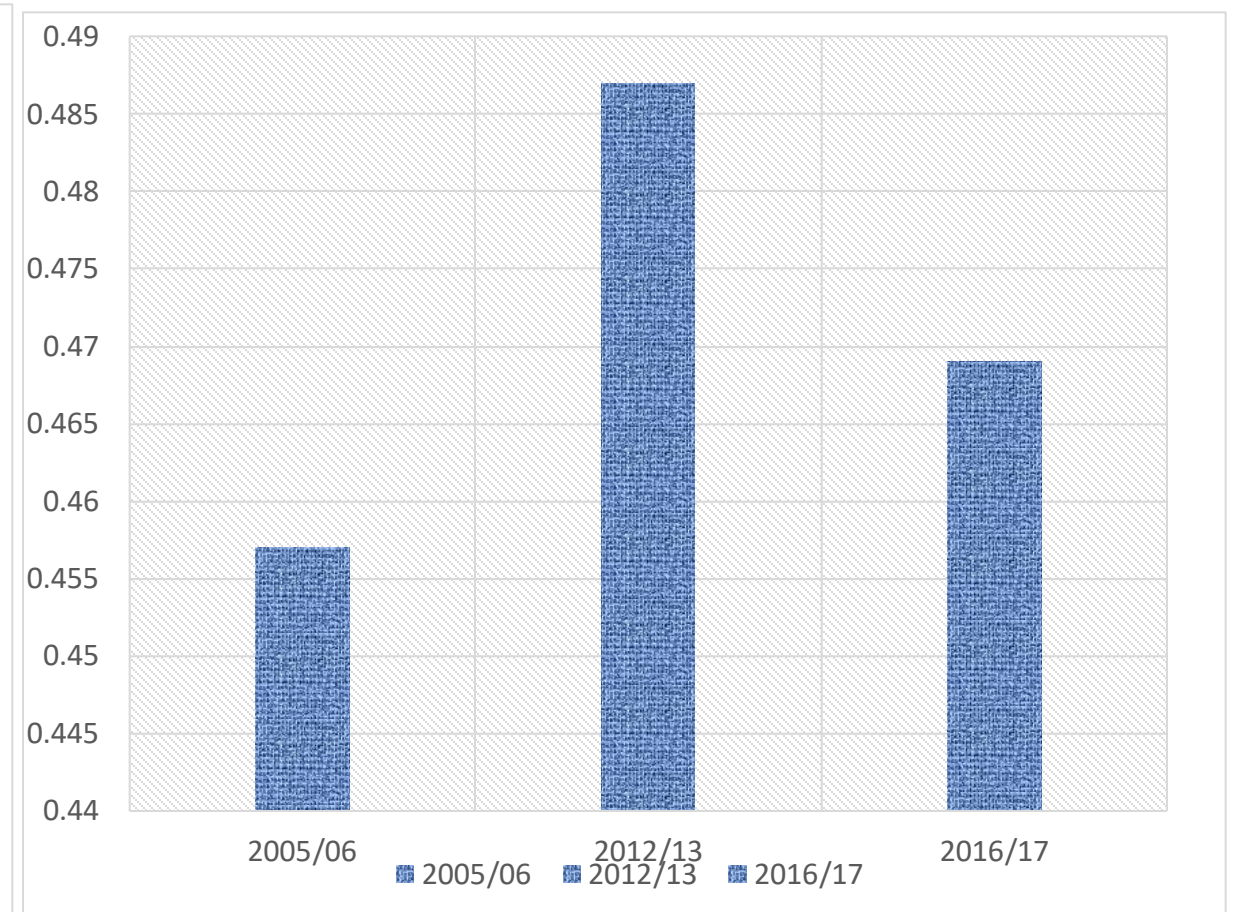
- Large heterogeneity exists by region- regions with high poverty record high levels of inequality

Wage and Asset Inequality

Wage inequality (Paid Employees)

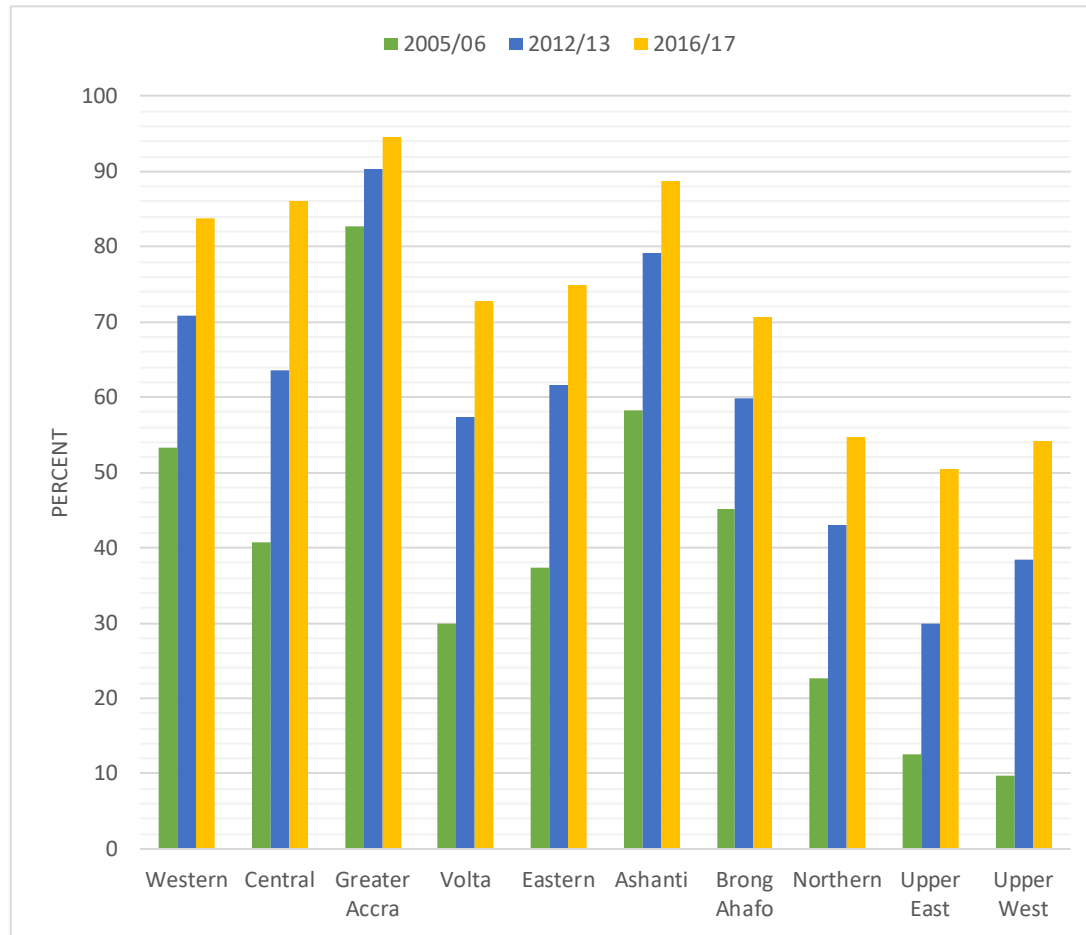


Asset Inequality

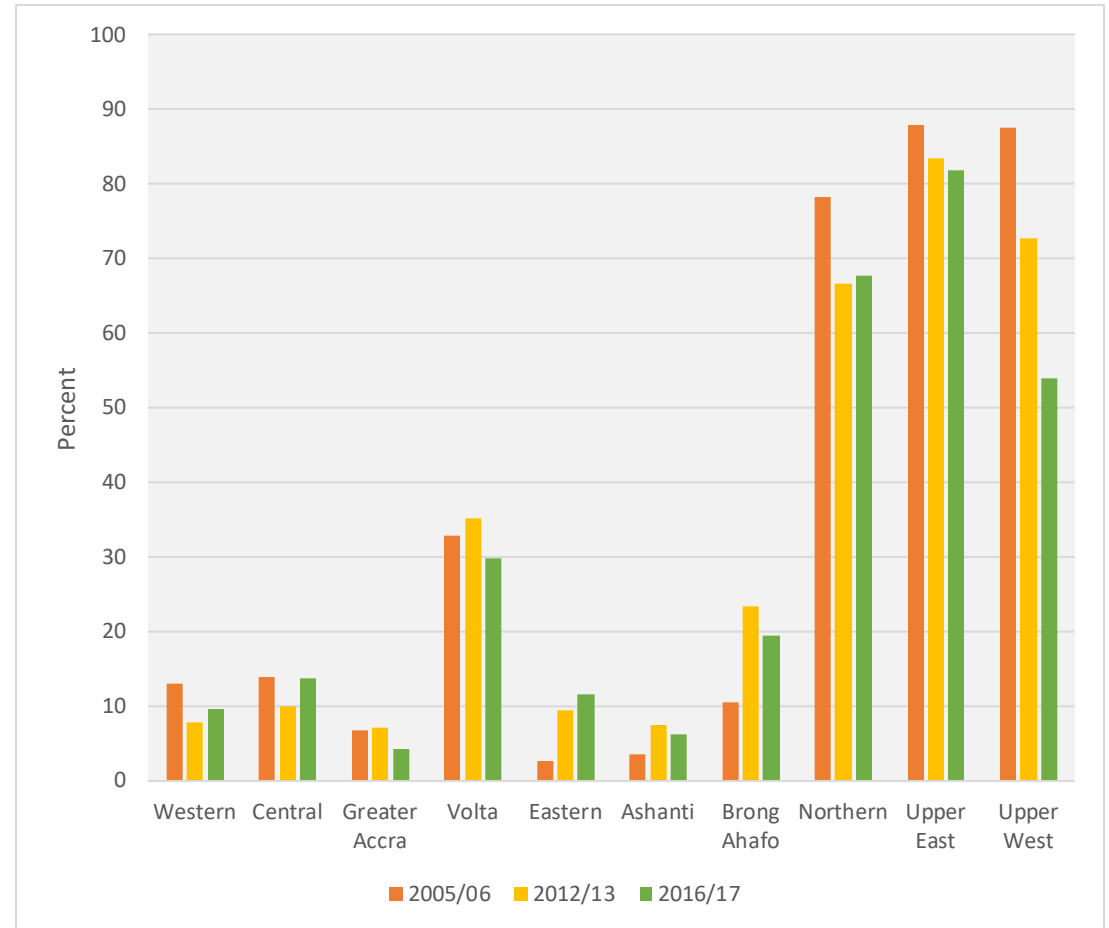


Inequality in access to social/economic amenities or services

Regional differences in electricity access



Regional differences in access to Sanitation

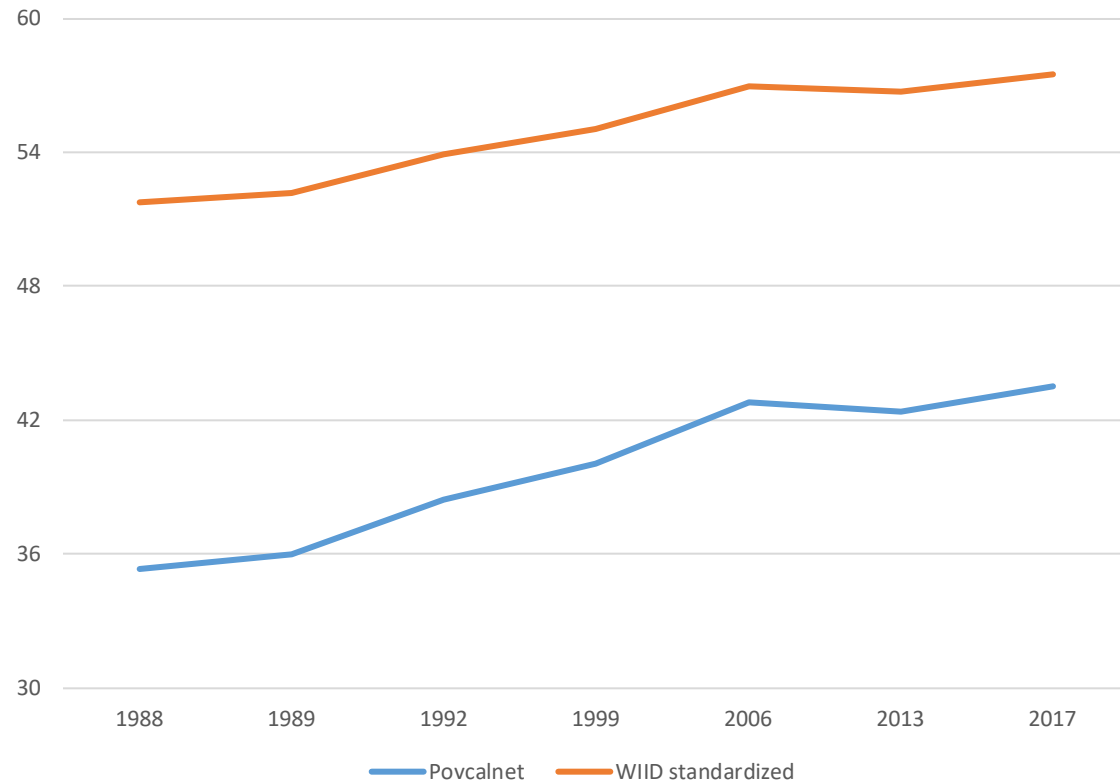


Main Data source for Ghana (ACEIR and WIID Analysis)

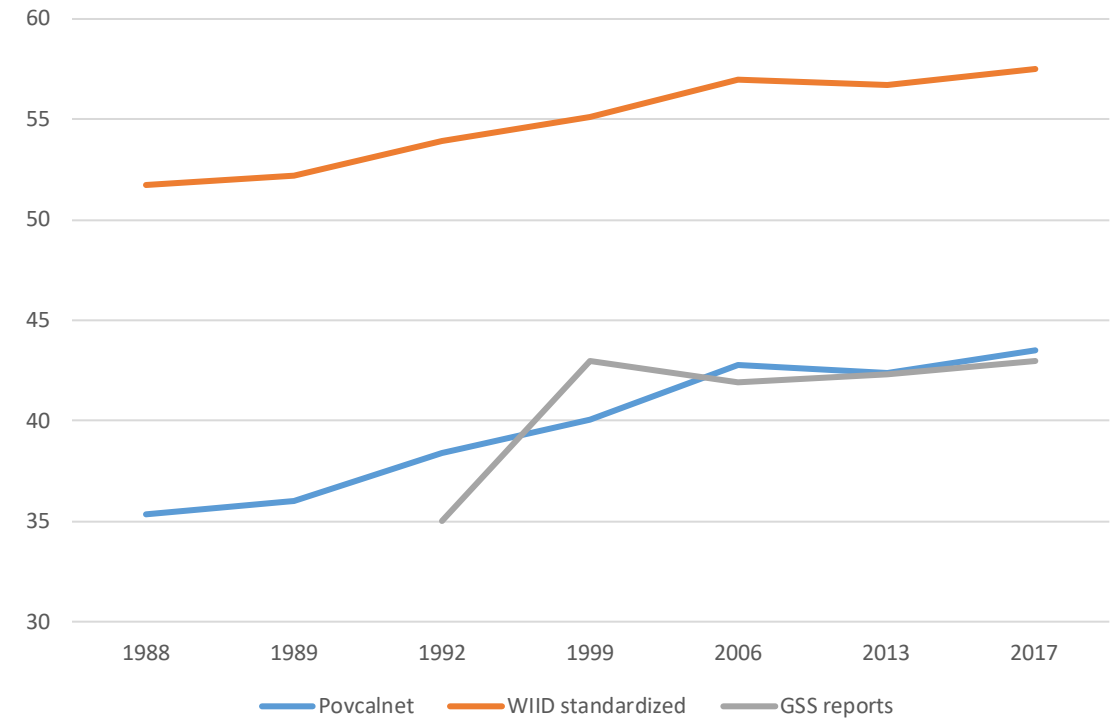
- All data used by WIID is based on the Ghana Living Standard Surveys
 - A total of 7 rounds starting from 1988/89-2016/2017
- Previous rounds largely not comparable
 - Some years use expenditure per capita; others use adult equivalence
 - Some years have income data and other years do not (gross or net)
 - Additional consumption expenditure items were included in the last two rounds
- Most recent three rounds have identical instruments and are thus comparable

WIIDS's Inequality Narrative

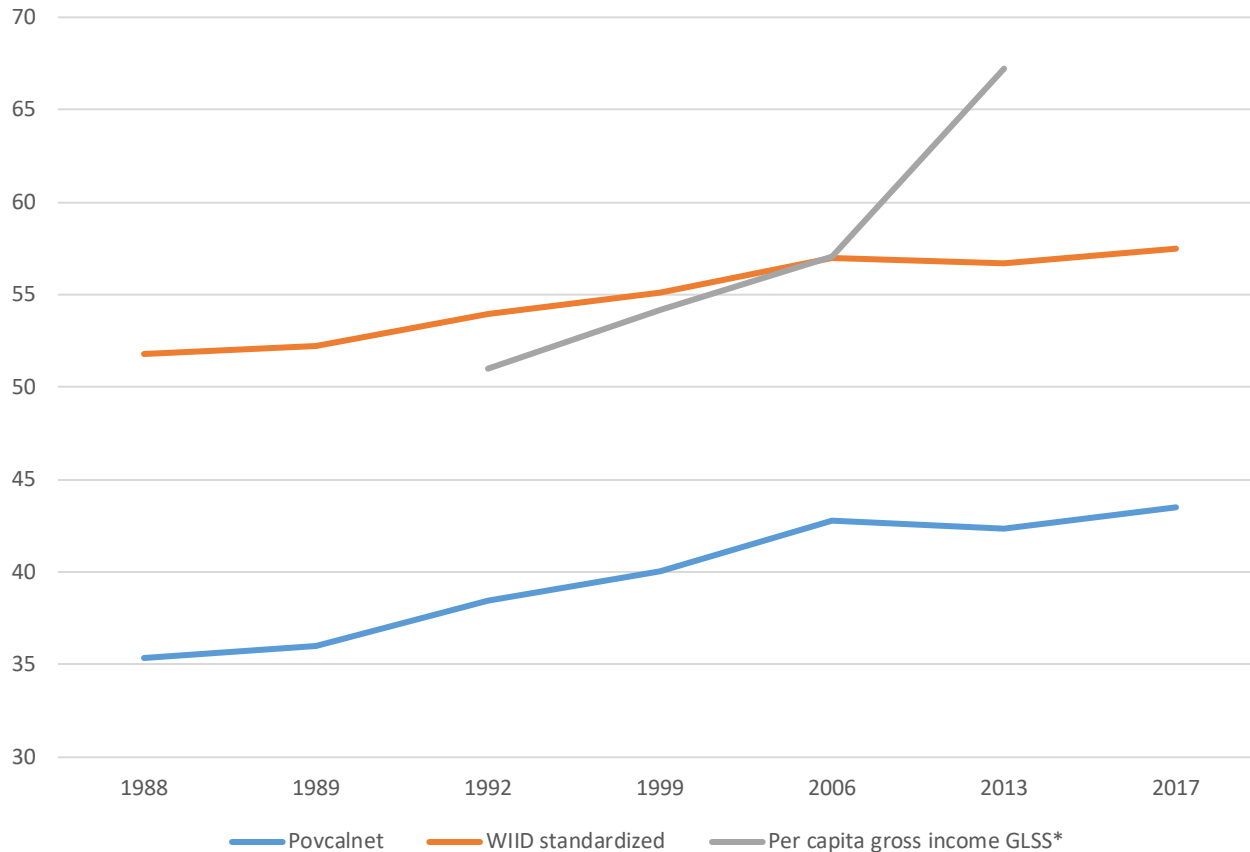
WIID Original and WIID Standardized



WIID Original and WIID Standardized And National Statistical Office



ACEIR's Narrative of Inequality Trends



- WIID estimates and ACEIR estimates similar with little variation (1992-2005)
- significant difference noted after 2006
- Overall, large differences between WIID standardized and ACEIR estimates

Conclusion

- Useful to have a comprehensive Database (eg WIID) for comparative inequality research
- Inequality measures largely based on consumption expenditures due to problems associated with collecting income data in developing country contexts
- Inconsistencies in measuring consumption aggregates across time are influenced in part by methodological modifications implemented across different surveys over time.
- Deeper understanding and more research is required on the best ways to compute income inequality given the non-availability of reliable income data.
 - WIID companion makes an attempt to provide income inequality measures,
 - However, using predictive analytical techniques based on data from other countries may not provide a true picture of inequality in Ghana



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