






GHANA COUNTRY REPORT ON CHRONIC POVERTY

SESSION THREE Vulnerability and Poverty Dynamics

- Poverty Dynamics
- Inter-Generational Transfer of Chronic Poverty
- Natural Resources and Chronic Poverty
- Coping Strategy and Social Protection

Introduction contd.

- Davis (2009) classified well-being trajectories into 8 broad groups.
 - Improving 
 - Unchanging or constant
 - Declining 
- They can be further classified into:
 - Saw-tooth of fluctuating 
 - Single-step 
 - Multi-step 

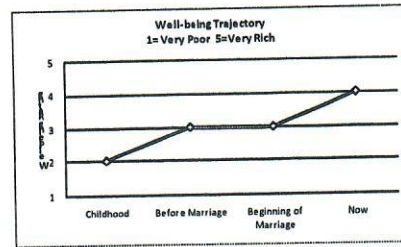
Method (1)

- At the end of the conversation the respondent was asked to indicate the level of well-being at each critical point that had been mentioned.
- Some respondents seemed to have difficulty in going through this exercise. In one instance one was not sure whether it was because the interpreter had not explained the process correctly.
- Different techniques were used to obtain the graphical display of well-being trajectories. Initially a scale of 5 was used, where 1 indicated very poor, the person was not doing well and 5 was very rich, the person was happy, confident and satisfied.
- We later realised that the scale of 1 to 5 did not allow for enough differentiation. The ratings were increased to 1 to 10. 1 indicated very poor the person was not doing well and 10 indicated very rich, the person was happy, confident and satisfied.

Method (2)

- Of the four persons from whom it was possible to develop life-cycle trajectories two had improving trajectories.
- The third had a combination trajectory, i.e. it declined then improved and remained constant thereafter.
- The fourth had a cyclical trajectory.

Improving trajectory - Aba



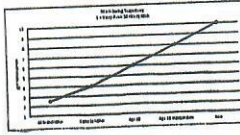
Aba (2)

- Aba is a 29 years old, married and a seamstress with her own small shop. She has 4 apprentices. She lives in a semi-urban community.
- Parents- peasant farmers
- Father died when she was seven years. When he was alive there was no problem with food. They had decent clothing and she wore shoes.
Aftermath of father's death:
 - Sent to live with paternal aunt after funeral, who sent her to school.
- Reasons for low level of childhood well-being:
 - Meals were not always regular, some times have to wear clothes of neighbour's children.
 - She was withdrawn from school by aunt when she was in primary 3
 - Went back to her mother who sent her to school but could not keep her in school. She ended her education at primary 6

Aba (3)

- Explaining the upward trajectory:
 - Labourer on a pepper farm – used earnings to buy a sewing machine.
 - Support from sister – covered all her expenses
 - Became an apprentice:
 - Sister initially covered expenses
 - Brother of the 'Madam' proposed marriage. She accepted proposal and was supported by her future in-laws to complete apprenticeship.
 - After marriage Aba's husband provided her with the money to construct a shop.
 - In addition to her small tailoring shop she works for a private company a few hours in the early morning (Zoomlion).

Nana Yaw (1)



- Nana Yaw is a 48 year old farmer and fisherman living in a small community (mud huts and thatched roof) with no electricity or piped water by the river.
- He is married to 4 women and has 14 children.
- All his children have either completed basic education or are still in school.
- He has no formal education.

Nana Yaw (2)

- He spent his childhood and early adolescence with his grandfather.
 - Three meals a day
 - No shoes
 - Clothes sewn out of flour sacks
- He went to live with his parents when he was about 16 years old.
- His father had land, livestock, a fishing boat and a net.

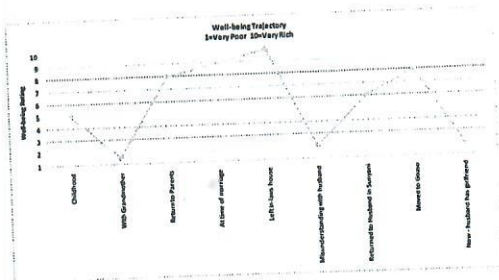
Nana Yaw (3)

- His improvement in well-being is directly linked to his capacity to earn money and keep the proceeds for himself.
 - When he was young any money he generated was handed over to his grandfather or father.
- When he was 30 he finally became independent. He received some capital from his parents:
 - His father gave him 3 acres of land and then another 5 acres 3 years later.
 - His mother gave him money to purchase a boat and a fishing net.
- He gave his father some of his produce but he was now fully in control of his income.

Nana Yaw (4)

- He accumulated wives and children in quick succession.
- The wives provided:
 - Labour
 - Source for borrowed funds
 - Children – who provided labour
- He inherited his father who was the chief linguist in the community. Inherited land and his father's position.
- He has acquired livestock that he uses to:
 - Pay school related expenses
 - Health expenses
- He has a savings account

Gertrude (1)



Gertrude (2)

- Gertrude has a cyclical trajectory. She is a 33 year old farmer, with no education and is married with three children.
- She considered her parents to be rich when she was young. Her father was a salaried worker and he had a farm. Her mother was a farmer.
- She is the eldest of three children but was not sent to school. She had to stay home to look after her younger brother who is mentally impaired.

Gertrude (3)

- Explaining the first decline in well-being
 - This was when she was sent to live with her paternal aunt. She was not very happy there. She worked on her aunt's farm and helped look after her grandmother.
- Explaining the improvement in well-being.
 - She returned to her parents
 - She worked – washed plates of food sellers and picked groundnuts
 - She could not save very much because her father took most of her earnings.

Gertrude (4)

- She chose her husband. He was a farmer and had small ruminants.
- She was happy in the early years of her marriage.
 - She provided labour to her husband on his farm and picked groundnuts on the farms of others.
 - He provided her with money for ingredients to cook the meal.
 - She was even happier when she moved away from her parents-in-law because she did not get on well with her mother-in-law.

Gertrude (5)

- After the birth of her second child there was a misunderstanding between she and her husband. They were separated for 2 years. During the period she was responsible for the children because her husband did not provide support. How did she cope?
 - Her husband had bought her a sewing machine and she became an itinerant mender. She never received formal training in sewing.
 - She picked groundnuts
- She patched up with her husband and they moved to another town. Her well-being improved.

Gertrude (6)

- She provided labour to her husband and he some years later gave her some of his land to do her own farming.
- Her well-being has declined again because her husband is seeing another woman.
- Assets:
 - She has not had the opportunity to acquire assets – she takes care of her parents and her children.
 - She has had to take a loan from her young son (he does galamsey), borrow and use some of her savings to perform her father's funeral.
 - If she could save she could put aside GHC30 a month.

Inter-Generational Transfer of Chronic Poverty

PRELIMINARY INSIGHTS INTO IGT

KEY QUESTIONS

- Do poor parents produce poor adults?
- Do poor grandparents produce poor grand adults?
- What facilitates IGT?
- Does education interrupt transmission of poverty from older to younger generation?

PRELIMINARY OBSERVATIONS

- Many life histories suggest possibility of IGT – frequently self-reported by participants
- Parent-child model which dominates Moore and others is limited in Ghana context due to high level of fostering of children to adulthood

PRELIMINARY OBSERVATIONS – NATURE IGT OF HUMAN CAPITAL

Human capital: - largely dependent on private transmission of capital (family resources)

Widespread instances of modest/ significantly limited parental/ care-giver support during childhood; many participants sold petty items for pocket money

High incidence of school drop-out for lack of school fees; limited choices for skills / capacity development

Indications that low income mobility among children reduced welfare of older generation – inability to remit care-givers regularly

A few grandparents are acknowledged to have had influence on human capital formation; many did not know grandparents

Natural Resources and Chronic Poverty

Preliminary Findings

- Initial observations show that there is a link between natural resource and chronic poverty
 - Incidence of people losing their livelihood (farming) to sand-winning, flood and other natural disasters
 - Incidence of limited access to land for farming

Coping Strategy and Social Protection Preliminary Findings

Preliminary findings on coping strategies

| Response after a recent shock | Frequency | Responses |
|------------------------------------------|-----------|-----------|
| sale of livestock | 568 | 2.9 |
| sale of land | 43 | 0.2 |
| sale of other property | 472 | 2.4 |
| sent children to live with friends | 52 | 0.3 |
| withdrew children from school | 27 | 0.1 |
| engaged in additional income activity | 950 | 4.8 |
| received assistance from friends/family | 1,536 | 7.7 |
| borrowed from friends/family | 648 | 3.3 |
| took a loan from a financial institution | 63 | 0.3 |
| members migrated for work | 28 | 0.1 |
| credited purchases | 886 | 4.5 |
| delayed payment obligations | 685 | 3.4 |
| sold harvest in advance | 357 | 1.8 |

Source: ISSER Mida Survey, 2009

Preliminary findings on coping strategies

| | | |
|---------------------------------------------|---------------|--------------|
| reduced food consumption | 2,137 | 10.7 |
| reduced non food consumption | 1,362 | 6.9 |
| relied on savings | 1,549 | 7.8 |
| received assistance from NGO | 30 | 0.2 |
| received assistance from district assembly | 7 | 0.0 |
| took advanced payment from employer | 10 | 0.1 |
| received assistance from central government | 6 | 0.0 |
| was covered by insurance policy | 22 | 0.1 |
| did nothing | 8,458 | 42.5 |
| Total | 19,896 | 100.0 |

Chronic Poverty and Asset Stock-1

- Preliminary findings suggest that the poor do not have capital assets needed to exit chronic poverty
- For those who have some assets such as cattle, they are unwilling to dispose off assets in order to reduce the impact of risk they face. Therefore, they may have some assets but may be chronic poor.
- Asset disposal was mainly influenced by cultural consideration including myth and the level of poverty

Perception of some participants on asset disposal

- *"Properties or assets are things you toiled for in life to keep. They are part of your life, when you start selling your property, you start dying"* (A 76 year old man from the Eastern region)
- *"The cattle we have belong to the entire family, there is no way I could sell them for anything, they are our lives. They are for the future"* (a family head in Northern Ghana)

Chronic Poverty and Asset Stock -2

- Another observation made was that persons who did not report chronic poverty were positive about asset disposal in times of need.
- *"I usually sell some of my cattle in order to meet my other needs. I know I can replace them with time"* (a participant from Northern Ghana)

Chronic Poverty and Asset Stock-3

- Thus even though poor people may have some assets, the asset may not necessarily transform their status unless it is disposed off. Yet disposal of assets is clouded by serious cultural considerations
- Therefore, we may not at this point establish that persons who have stocks of physical capital or assets, for example cattle are unlikely to be chronically poor. This is still under investigation

Chronic Poverty and Social Networks

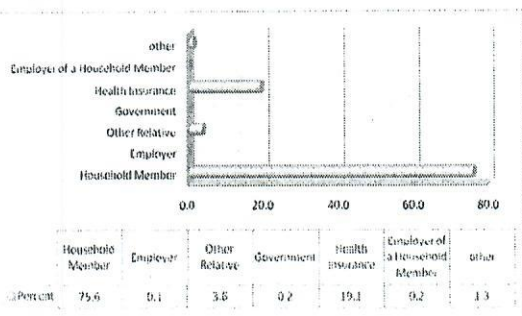
- Preliminary observations indicates that informal social networks are predominant among participants
- Direct family relations have contributed significantly during crises situations and remain the most available option for the poor

- The evidence suggests that some participants who were chronic poor previously did receive support from family members and have improved their circumstances over the years.
- *"I used to repair bicycles in this village in the past, it was very difficult then to get a meal a day. I had no land and no property. Then my uncle gave me a cow. Today I have more than 30 cattle and a big farm. I can eat what I want to eat". (a participant from Northern Ghana)*

The Role of Family in Asset Acquisition

- Improving Trajectories:
 - The help *Aba* received from her sister was instrumental in seeing her through her apprenticeship.
 - When her husband fell ill her sister helped her to pay the hospital bills.
 - The start up provided to *Nana Yaw* by his parents was instrumental in getting him started in life.
 - He has also made "effective" use of his wife and children to provide labour and generate income.
- Non-Improving Trajectories
 - *Adwoa Grace's* experience brings to the fore the other side of the informal social protection arrangements. The adverse event her brother experienced has negatively impacted her, because in providing him with assistance she has had to reduce her savings.
 - In the case of *Gertrude* having to provide support to her aged parents has reduced somewhat her ability to save.

Support via Social Networks during health shock



Source: ISSER, Mida Survey, 2009

Chronic Poverty and Public Safety Nets

- Very little can be said about the link between public safety nets and chronic poverty at this point.
- Data is still under investigation. However, preliminary observation indicates that unlike traditional social networks, public safety nets are limited in coverage