

Abstract

Over time, while some countries have experienced trends of poverty and inequality moving in the same direction, others have witnessed the two developmental issues panning out in opposite directions. The latter is observed in Ghana, where in the last two decades poverty has been reducing and consumption inequality is on the ascendency. Motivated by this observation, we address three objectives in this paper. First, we decompose inequality using administrative districts as the unit of analysis to examine within and between contributions to national inequality. Second, we examine trends of inequality in the only region (Eastern) of Ghana that experienced a reduction in inequality over the period 1991-2006; and, finally, we investigate the relationship between district-level inequality and household poverty. The last three rounds of the Ghana Living Standard Survey are used for our analysis. We observe that the contribution of within district inequality is higher than inequality between districts. This pattern is observed for other geographical classifications, such as rural-urban, ecological zone and regions. In the Eastern region of Ghana, where overall inequality reduced over the period 1998 to 2005, this was not the case for about 50 percent of the districts in the region. Finally, district-level inequality shows a significant effect on household poverty, but with varying signs, depending on the state of economic activity of the unit of analysis (district) and factors that affect both poverty and inequality. We recommend that district-level policy implementers should be tasked with the responsibility of minimising inequality within their district and therefore overall inequality in Ghana. Also, poverty reduction strategies should take into consideration district-level poverty and other factors, such as land size distribution, that jointly affect poverty and inequality.

Keywords: Spatial inequality, poverty, district, household, Ghana

S. Annim is a Senior Lecturer at the Department of Economics, University of Cape Coast, Ghana, and a Research Assistant at the Institute of Global Development and Finance, University of Central Lancashire, UK.

S. Mariwah is a Lecturer at the Department of Geography and Regional Planning at the University of Cape Coast, Ghana.

J. Sebu is an MPhil graduate of the Department of Economics, University of Cape Coast, Ghana.