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'POVERTY IN GHANA IS BASICALLY A RURAL PHENOMENON': ARE WE UNDERESTIMATING URBAN POVERTY?

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ABSTRACT

Poverty in Ghana is generally described as a rural phenomenon. While this statement is widely quoted, little attention has been given to the methodology used in the measurement of poverty. This article argues for a critical re-examination of this statement. While not underestimating the extent and depth of rural poverty, it argues that the present consumption-based approach used in estimating or measuring the level of poverty in Ghana is biased against urban areas. Such bias is traced to the evidence of the underestimation of urban poverty resulting in the consequent confounding of data on the overall poverty level of the country. The article examines the poverty line setting methodology, biases against urban areas, and the implications of underestimating urban poverty. It concludes that the bias against urban areas may be a logical extension of the 'anti-urban' development perspective, which has its roots in the urban bias thesis (the perception that urban areas have always been favored in development policies and in the allocation of resources). It stresses that poverty reduction programmes such as the Ghana's poverty reduction strategy papers (GPRSI&II) should place equal emphasis on both rural poverty and urban poverty.

KEY DESCRIPTORS: *Urban poverty, Poverty Measurement, Poverty Reduction, Consumption-based approach, Locational Characteristics*

INTRODUCTION

'Poverty reduction,' 'poverty alleviation,' and 'poverty eradication' were concepts which took centre stage during the 1970s under the alternative development paradigm. However, 'poverty' at the centre stage of development in the 1970s was short-

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lived due to what has been generally described as the 'neo-liberal economic turn' typified in particular by the Structural Adjustment Programmes (SAPs) and economic liberalisation in the early 1980s (Mafeje, 2001; Nederveen Pieterse, 2001). Poverty has re-emerged in the development debates once again (beginning in early 1990s) due to the disenchantment and disappointing results of SAPs. In sub-Saharan Africa, the period of SAPs (1980s) is described as the *lost decade* (Martinussen, 1997; Mafeje, 2001)

To some extent, the disappointing results and the conceptual critique of SAPs have forced the International Monetary Fund (IMF) and the World Bank to reconsider their stand on economic growth and the use of the market as the sole means of allocating resources. According to Nederveen Pieterse (2001), the World Bank and the IMF now accept 'development from below' and participation of development stakeholders as necessary requirements for development and poverty reduction. These institutions now generally recognize that development and poverty reduction must be country-led and country-specific. Again, there must be broad internal (national) consensus about the strategies to be applied to achieve poverty reduction. The World Bank and the IMF acknowledge that adopting these principles improve implementation of development programmes. These principles also promote transparency and accountability, and therefore reduce corruption and mismanagement of development (Thomas, 2000a, 2000b).

An underlying strong argument necessitating poverty reduction strategies is that, in situations where the poor predominates, it is more efficient to invest in them than in the non-poor who are prone to absorb more resources than can be economically justified. In other words, not only is it cheaper in terms of capital outlay (including foreign exchange) to invest in the undercapitalized majority but also it helps to mobilize their only form of wealth – labor. This is a guarantee for self-development and a necessary foundation for national development (Mafeje, 2001: 29-30). Also, the rich needs the poor, and vice-versa. This is more the case in an ever increasing and interconnected (globalized) world. Better and improved incomes of the poor in both the North and South have implications for both worlds. These rationales for addressing poverty can be stretched on the political front to include the avoidance and uprooting of terrorism. This flows from the notion that mass poverty resulting in violence and failed states serves as breeding grounds for terrorism and terrorist groups, with serious implications for the security, peace and economic prosperity of the rich in both the South and North.

The refocusing of attention on poverty has resulted in an array of strategies aimed at reducing poverty in developing countries especially sub-Saharan Africa. Key among these strategies includes the country Poverty Reduction Strategy Papers (PRSPs) and the adoption of the Millennium Development Goals (MDGs). Defining and measuring poverty in terms of, who the poor are and the methods used are very important and critical as they have a huge impact on the strategies that a country adopt to

reduce poverty. They are also the foundation on which the analyses of the poor are anchored.

The statement that 'poverty in Ghana is basically a rural phenomenon' is a common quote in the literature on poverty in Ghana. A Ghana Statistical Service (GSS) publication titled *Poverty Trends in Ghana in the 1990s* (GSS, 2000a) notes that in general terms there is a general decline in poverty level in Ghana (except the Urban Savannah). It, however, added that poverty is still substantially higher in rural areas than urban areas, so that poverty in Ghana is disproportionately a rural phenomenon (GSS, 2000a; ISSER, 2004; World Bank, 2005). This article calls for a critical examination of this view. In calling for a critical re-examination of this view, it is not suggested here that Ghana's urban poverty is worse than that of rural poverty, or that resources and attention on rural poverty should be shifted to urban areas but the need for adequate attention to be paid to the growing incidence of urban poverty.

Even though there is growing literature on urban poverty, studies that specifically target the methodology for measuring poverty in specific countries are lacking or inadequate. The article draws attention to the methodology used in measuring poverty, which fails to take into account the peculiarity of urban centres, more especially the 'million' cities of Accra and Kumasi. In making this argument, the article acknowledges the multiple connections and similarities between rural and urban areas (Okali et al., 2001; Rakodi, 2002; Satterthwaite & Tacoli, 2002, 2003, Owusu, 2004, 2005a). At the same time, it also recognizes the differences between rural and urban areas. It is some of these differences with regards to measuring poverty in Ghana which the article seeks to highlight. After the introduction, the article begins with the measurement of poverty in Ghana. It then looks at the limitations of the present approach with reference to urban areas. This is followed by discussions of the underestimation of urban poverty and its implications, and lastly, the conclusion of the article.

MEASURING POVERTY IN GHANA

Even though in recent times, non-income indicators such as access to health, education, housing, security and the level of employment have been increasingly considered in the measurement of poverty, the use of the poverty line is still widely used in Ghana (Government of Ghana, 2002). In other words, though the GPRS views poverty as multidimensional, the basis of analyses and projections are, to a large extent, based on the poverty line. The argument on the probable underestimation of urban poverty, and by extension the overall poverty level of Ghana[8] is based on the Ghana Statistical Service food consumption poverty measurement. It is from this that a pov-

[8] Overall (total) poverty level is the addition of rural and urban poverty levels. Overestimation or underestimation of either rural or urban poverty directly affects the total poverty level of the country.

erty line is set that indicates the level of standard of living measure at which minimum consumption (or nutritional requirements) must be met (GSS, 2000a: 2). The data on which this poverty line is set is derived from the third and fourth rounds of the Ghana Living Standard Survey (GLSS) – a multi-purpose and nation wide survey of households in Ghana, which collects information on the many different dimensions of households living conditions (GSS, 2000b).

The use of the nutritional or food-based consumption poverty measurement and the setting of the poverty line take into account the following:

- Variations in the cost or prices of food, housing and other non-food items between regions in Ghana

- Exclusion of items considered non-appropriate in the measurement of the standard of living (these include expenditures on major hospital treatment and on transfers (remittances) made to other households)

- Use of adult equivalent scales in the measurement of household consumption expenditure

Adopting the consumption (food) based poverty measurement results in the setting of two nutrition-based poverty lines. The first is a lower (extreme) poverty line of 700,000 cedis which is the income needed to meet nutritional requirement per adult per year. Individuals whose total expenditure fall below this line are considered to be in extreme poverty since even if they allocated their entire budget to food they would not be able to meet their minimum nutrition requirements. The second is an upper (standard) poverty line of 900,000 cedis which incorporates both essential food and non-food consumption[9]. Individuals consuming at levels above this can be considered able to purchase enough food to meet their nutritional requirements as well as basic non-food needs (GSS, 2000a). In many projections and analyses, the standard (upper) poverty line is used since it comprises both food and non-food consumption expenditures. Applying these two poverty lines, the incidence of poverty in urban and rural areas is shown in Table 1.

As already indicated, the overall trends indicate declining levels of poverty (both extreme and standard). For instance, there was overall national poverty reduction of 51.7% and 36.5%

[9] Standard Poverty and extreme poverty lines of ¢900,000 and ¢700,000 respectively was equivalent to US Dollars 376 and USD 292.4 respectively at March 1999 exchange rate of 2394 cedis to 1 US Dollar) (GSS, 2000b: 83).

Table 1. Poverty Incidence between Rural and Urban Areas in the 1990s

	Standard Poverty Line		Extreme Poverty Line	
	Poverty Incidence (%)	Contribution to Total Poverty (%)	Poverty Incidence (%)	Contribution to Total Poverty (%)
GLSS 3: 1991/1992				
Urban	27.7			
Rural	63.6	17.8	15.1	
National Average	51.7	82.8	47.2	13.7
		-	36.5	86.3
GLSS 4: 1998/1999				-
Urban	19.4			
Rural	49.5	16.3	11.6	
National Average	39.5	83.7	34.4	14.4
		-	26.8	85.6
				-

Source: Derived from Poverty Trends in Ghana in the 1990s (GSS, 2000a).

(standard and extreme poverty lines respectively) in 1991/1992 to 39.5% and 26.5% (standard and extreme poverty lines respectively) in 1998/1999. The decline in poverty level, however, is not evenly distributed geographically, the poverty reductions being concentrated in Accra [national capital and its region] and forest (rural and urban) localities of southern Ghana. In the remaining localities (both urban and rural), poverty falls only modestly, apart from the Urban Savannah (mainly northern Ghana), where the proportion of the population defined as poor has increased during the period 1991/1992 to 1998/1999 (GSS, 2000a). In terms of the distribution with reference to locality (rural and urban), the largest proportion of over 80% of the population classified as poor (either using the extreme poverty line or the standard poverty line) can be found in rural areas. In fact, the rural poor's contribution to total poverty using the standard poverty line actually shows a slight increase from 82.8% in 1991/1992 to 83.7% in 1998/1999 (see Table 1). This therefore supports the view that poverty in Ghana is largely a rural phenomenon.

It is the contention of this article that while not underestimating the depth and extent of rural poverty, the apparent description (both qualitatively and statistically) of overwhelming proportion of the total poor population as located in rural areas may be due to the underestimation of the scale and depth of urban poverty. This is because the adjustment made in the setting of the poverty line in terms of the non-food consumption are very low in relations to cost of housing, transport, water and other needs which must be paid for by the poor in urban areas (Wratten, 1995; Rakodi, 2002; Mitlin, 2004; Satterthwaite, 2004). As Wratten (1995) notes, certain basic items (including fuel, potable water and building materials) have to be purchased in urban areas but can be obtained free or are much cheaper in many rural areas. In addition, rural dwellers can obtain some of their food free or engage in home consumption.

These make urban consumption expenditures much higher than captured in poverty lines. It is therefore important that quantitative measures take account of the major differences in the minimum essential 'consumption basket' between rural and urban areas (Baharoglu & Kessides, 2001).

POVERTY LINE SETTING METHODOLOGY AND POSSIBLE IMPACTS ON URBAN POVERTY ESTIMATION

According to Satterthwaite (2004), the way poverty is defined in many developing countries remains rooted in questionable assumptions about what 'poverty' is, and the real needs of the poor. The setting of Ghana's poverty line is no different from this view. In fact, GSS (2000a: 6) acknowledges this, noting that setting an absolute poverty line for a country is not a precise scientific exercise. In other words, the exercise involves subjective judgments and questionable assumptions. It is some of these subjective judgments and questionable assumptions in regard to urban areas in Ghana's poverty line methodology, which are examined under this sub-section. These questionable assumptions to a large extent tend to underestimate urban poverty.

Cost of Food Basket: Urban Poor People's Cost or Experts' Cost?

According to GSS (2000a: 2) though an absolute poverty line can be defined as the value of consumption necessary to satisfy minimum subsistence needs, difficulties arise in specifying these minimum subsistence needs as well as the most appropriate way of attaining them. These problems identified with the poverty line are even problematic in the urban context where society is highly heterogeneous and complex in terms of dietary and food preference, and where there is less self-provision and all food must be bought. In short, the poverty line set on a 'basket of food consumed' may not reflect the 'right' basket of the urban poor.

According to GSS (2000b: 68), in all, urban households, which constitute about a third of the total population in Ghana, account for only 10% of the total home-produced food consumed by households. The limited or inadequate self-provision of food in urban areas implies that households' expenditure on food would be significantly higher in urban areas than rural areas. This is more the case in urban places like Accra and Kumasi where urban land zoning and planning do not make any provision for urban agriculture, despite its importance to both urban poor households and the general urban economy (Yankson, 2000). Again, Essamuah & Tonah's (2004) work on Nima, Accra, indicates increasing resort of the urban poor to purchase already prepared meals. This strategy, though may be convenient to poor urban households, it tends to increase urban household food expenditure both directly (in terms of the costs of such already prepared meals) and indirectly (costs relating to the poor health and nutritional status of such already prepared meals). This is because as Essamuah & Tonah (2004) noted the nutritional content of such cooked food as well as the unhygienic environment of most of these street-corner food stalls take a toll on

the health of household members. They added that most of the street-corner food, whether fully cooked or partially prepared are the sources of diseases such as typhoid, cholera, diarrhoea, hepatitis, etc. Therefore, using expenditure on food consumption as a basis of constructing or setting the poverty lines in essence may not be able to capture the real cost (both direct and indirect) of food needs of urban poor households.

According to Yankson (2000) and Essamuah & Tonah (2004), an appreciable proportion of poor urban households (and even some middle income households) in Ghana are engaged in urban agriculture as a means of supplementing household food and nutritional requirements as well as generating income. Though people engaged in urban farming are generally not harassed by town and city authorities (Yankson, 2000), urban agriculture is premised on several conditions, which in many instances are very difficult to guarantee in the urban environment. These conditions include low land use intensity as agriculture cannot compete with other urban land uses under conditions of high land use intensity; access to free land (unoccupied institutional land, land along water courses, land along roads, backyards, etc); access to water and; secure land tenure. Getting the balance of these conditions right to enable urban households to engage in agriculture is not always very easy. According to Yankson (2000: 42) due to rapid urbanisation of the major cities, such as Accra and Kumasi, peri-urban agricultural land is under pressure. Farms lands are being converted rapidly to other urban uses. Again, though land may be freely available in the peri-urban areas of the cities, there is usually the problem of secure land tenure due to multiple land ownership and land speculation. This situation may prevent several poor urban households from engaging in agriculture even though there may be free availability of land.

The argument on the cost of food and the urban poor raises several questions when related to the fact that the *2003 Core Welfare Indicator Questionnaires (CWIQ)* survey shows that urbanisation in Ghana appears to be associated with the worsening of nutrition indicators among urban children (Cavalcanti, 2005). What this situation indicates is that urban households may not be meeting their food and nutrition requirements. As a result, the weaker members of poor urban households' children are bearing the blunt of this situation. Put in another way, the food consumption expenditure line set as the poverty line may be too low in the context of urban households' real costs of nutritional requirements.

Limited Allowance made for Non-food Needs

It is generally accepted that urban dwellers spend large proportion of their income on non-food essential (Rakodi, 2002). Many empirical works on Ghana have shown the high costs paid by the urban poor for non-food essentials such as water, housing, electricity, etc (Songsore & McGranahan, 1993; McGranahan & Songsore, 1994; Songsore, 2003). Yet, the costs of these non-food essential have not been adequately taken into account in the computation of Ghana's poverty line. Indeed, the allow-

ances made for non-food essentials in Ghana's poverty line is based on what the poor spend on non-food items regardless of whether or not their needs are met. This allowance would therefore be very low since it is based on households whose total expenditure is just about enough to cover minimum food requirements. Again, the low allowance made for non-food needs is due to the fact that it does not take into account the full list of non-food essentials consume by urban poor households. This is therefore not a fair measure of the non-food needs of the urban poor (Satterthwaite, 2004; Mitlin, 2004) both in terms of costs and the full list of non-food needs.

Of little considered in the costing of expenditures are the related indirect costs with regards to access to services. In rural areas, these indirect costs are to do with man-hours lost to access services as a result of the travel distance between service points and communities. For poor urban households, the costs are due to poor environmental situations and unfavorable tariff system. This has the potential of compromising access to services such as water and electricity due to the existing pricing system. Water and electricity tariffs in Ghana are progressive with higher prices charged to high volume consumers. This intention is undermined by the fact that poor households are more likely to share water and electricity connections thereby increasing the use per connection of these services (Essamuah & Tonah, 2004).

The GLSS 4 from which the poverty lines are derived provides several illustrations of how expenditures on non-food items differ remarkably between rural and urban areas in Ghana. This raises questions about the validity of Ghana's poverty measurement methodology which makes little provision for non-food items, or the assumption that poor households spend very little on non-food essentials. Some of the items in the GLSS 4 indicate wide expenditure differences between rural and urban areas in Ghana. Table 2 illustrates this with the mean annual per capita cash expenditure between rural and urban areas by expenditure groups.

Table 2. Mean Annual Per Capita Cash Expenditure, by Local and Expenditure Group

Expenditure Group	Locality (¢)		Country Average	
	Accra	Other Urban	Rural	
Food & Beverage	736,041	508,990	265,479	366,531
Alcohol & Tobacco	159,444	113,008	62,088	83,126
Clothing & Footwear	134,588	104,244	64,192	80,193
Housing & Utility	146,269	88,681	25,247	51,435
Household Goods, Operation & Services	98,916	56,177	38,258	47,996
Medical Care & Health	67,575	45,662	29,753	36,981
Transport & Communications	116,028	58,310	31,154	45,289
Recreation & Education	175,632	85,686	37,255	61,315
Miscellaneous Goods & Services	51,370	45,915	23,088	31,160
Total	1,685,863	1,106,673	576,514	804,026

Source: GLSS 4 (GSS, 2000b: 152).

The GLSS 4 survey report indicates that cash expenditure was much higher in urban areas than in rural areas; average household cash expenditure was ¢4.9 million per annum in urban areas, compared with ¢2.6 million per annum in rural areas. Considering that rural households tend to be larger than urban households, the differences are even remarkable on per capita basis (see Table 2). The average cash expenditure was ¢1.3 million per person per year in urban areas but only around ¢580,000 in rural areas (GSS, 2000b: 88).

These differences in expenditure pattern between rural and urban areas are against the background of other items such as house and land ownership which do not favor urban areas. Even though, the poverty line does acknowledge the higher cost of housing in urban areas, this needs to be related to households' assets (including land and house). With the exception of ownership of household electrical items (which due to the presence of electricity in most urban areas favor urban households) not much difference exists in terms of the proportion of rural and urban households' ownership of various assets. According to GLSS 4, owning a home in Ghana is a common feature in rural areas particularly in the rural savannah where more than 60% own their houses. In urban areas, home ownership is not common; only one quarter of urban dwellers (about 25% of Accra households and 24% of other urban households) own a house. Renting a home is rare in rural areas, but it is a common occurrence in urban areas (GSS, 2000b, pp. 44-45). Owning a house in Ghana has both socio-economic and cultural importance (Owusu, 1998; Konadu-Agyemang, 2001; Yeboah, 2000) which when factored into the computation of poverty line heavily weighs against urban households in Ghana. According to Baharoglu and Kessides (2001), poverty and vulnerability are closely linked to asset ownership. The more asset people have, the less vulnerable they are; the fewer assets held by households, the greater their insecurity. To this could be added the economic and socio-cultural value of assets, which is a function of the premium society puts on a particular resource. Simply put, the higher the societal premium, the higher the price and socio-economic value of the asset in question. In this case, for the Ghanaian society, assets with highest premium are land and house.

Even though the GLSS 4 report indicates that urban dwellers earn more income than their rural counterpart – they also spend far more than the rural population. Also some goods that are essentials for everyone may have to be purchased in urban areas but may not be marketed in rural areas, for instance, shelter, water and fuel (see Wratten, 1995; Rakodi, 2002; Mitlin, 2004).

The overall cost of living in urban areas is against a background of higher unemployment in urban areas (see Table 3). According to Table 3, adult unemployment appears to be increasing across all localities in Ghana. It is, however, higher in urban areas compared to rural areas. As at 1998/1999, it was 13.4% in urban areas compared to 5.5% in rural areas. ISSER (2004) conclude that unemployment in Ghana appears to be an urban phenomenon in spite of the sharp rise in unemployment rate in rural areas since 1992. However, ISSER (2004) notes that some analysts argue that

rural unemployment rates appear to be underestimated on the grounds that many people engaged in farming are classified as employed rather than underemployed even though they are not working full-time. Nevertheless, the fact still remains that the proportion of the urban population not engaged in any productive enterprise (unemployed) is higher than that of the rural, yet these are the individuals who by their location in urban places have to bear higher cost of living.

Table 3. Adult Unemployment Rate by Location (%)

Location	1984	1991/1992	1998/1999
Urban	6.0	11.3	13.4
Rural	1.4	1.7	5.5
National	2.8	5.5	8.2

Source: ISSER (2004: 184)

Use of Adult Equivalent Scale

Given that there is currently no Ghana-specific adult equivalent scale to use, the scale used in the measurement of Ghana's poverty line is based on calorie requirements derived from the *Recommended Dietary Allowances* scale developed by the United States National Research Council. This scale is commonly used in nutritional studies in Ghana. The scale is based on age and gender specific calorie requirements. Measuring household size in equivalent adults recognises for example that the consumption requirements of babies or young children are less than those of adults (GSS, 2000a: 4).

The use of the adult equivalent scale assumes that babies and children consume less and therefore have low expenditures. Therefore, they need less income to ensure that their consumption needs (both food and non-food essentials) are met. As such poverty line of households with children could be adjusted downwards using the equivalence scale (Satterthwaite, 2004). Information derived from the GLSS 4 would indicate that this assumption might in reality not be the case especially in the urban context where there is increase need for cash by the poor to meet various essentials.

The GLSS 4 indicates that 26% of all age groups reported to have suffered from an illness or an injury during the two weeks preceding the survey. It was, however, 37% and 36% for the 50 years and above, and under 5 years respectively. The report noted that the effects of illness and injury appear to be greater in urban areas (particularly Accra) than rural areas (GSS, 2000b: 15-16). The poor environment and housing conditions in many urban places especially Accra results in higher incidence of diseases such as malaria, diarrhoea, upper respiratory infectious diseases, etc, which trigger frequent illnesses and medical attention of children and the aged (Songsore & McGranahan, 1993). In other words, besides the cumulated cost of treatment, fre-

quent illness or injury of weaker members of the urban households also requires that active members of the household have to abandon their work and income-generating activities to care for the sick. The lost of man-hours and income add up to the costs of treatment which impacts on the overall burden of poor urban households.

To the high medical bills of children from poor urban households could be added other costs such as education, transportation, the need to feed children with nutritional foods due to poor health and anaemic conditions. Adding all these costs would indicate that the assumption that children consume less and therefore have low expenditures might not hold in all cases, especially in poor urban households.

Exclusion of 'non-essential' Expenditures

In an attempt to refine the methodology for measuring household consumption aggregate, the set poverty lines exclude expenditures on major hospital treatment and on transfers (remittances) made to other households. According to GSS (2000a: 3), these expenditure items are considered not to be appropriate in the measurement of standard of living. The logic of excluding what is defined as 'major hospital treatment' (especially in the context of the HIV/AIDS pandemic and high incidence of malaria and other environmentally-related diseases) or not taken into account household remittance expenditures is not all that very clear. This is more the case whereby these expenditure items have impact on the cycle of poverty in either rural or urban areas.

The GLSS 4 survey report shows that a large proportion of Ghanaian households do engaged in transfers. It notes that 76% of all households reported having remitted money or goods in the previous 12 months to persons who were not their household members. The Report also added that even though remittance receipts appear to be higher than remittance expenditures across all localities with the exception of the rural savannah, remittances from urban households were generally higher than those from the rural households (see Table 4). Though the GLSS 4 report on urban transfers did not disaggregate the total transfers in terms of income quintiles, the higher number of households involved (76%) indicates that there is the high probability that it may include poor urban households as well.

Studies also indicate that besides cash transfers, remittances in kind are also common among the poor (including the urban poor) (see Hogset, 2005). The situation whereby urban households' remittance expenditures exceed their remittance receipts (GSS, 2000b) represent a lost of income to these households. In a situation of limited income and resources, the loss of income irrespective of its size has severe implications for poor urban households' consumption and expenditure.

Table 4. Estimated Total Annual Remittance Expenditures and Receipts by Locality Source: GLSS 4 (GSS, 2000a: 109)

Locality	Estimated remittance expenditures by Locality of household receiving (¢billion)				Estimated remittance receipts by Locality of household giving (¢ billion)			
	Urban	Rural	Abroad	Total	Urban	Rural	Abroad	Total
Urban	158	48	2	208	259	17	269	545
Rural	150	118	4	272	155	72	70	297
Total	308	166	6	480	414	89	339	842

Survey Sample Weaknesses

Even though some of the survey sample weaknesses stressed here may apply to all localities (including rural areas), our emphasis is on urban areas. The GLSS surveys from which the poverty lines are derived are based on household surveys. These surveys are unlikely to capture the increasing number of the urban population living on the street, kiosks and uncompleted buildings. This may also exclude people living in places generally described as 'dangerous' and off limit to city authorities such as slums and unauthorised urban settlements. Many studies, however, indicate that the urban poor are most likely to be found in these places due to relatively cheaper cost of shelter, or free squatting in these places. Yet, these are the places in the urban environment unlikely to be visited by enumerators undertaking poverty surveys. According to Satterthwaite (2004), this raises the question whether the samples used in these surveys really are representative for urban areas, especially for those sections of the urban poor who are most difficult to be included in surveys.

Again, the various amounts of expenditure set aside as the minimum to meet food and non-food requirements raise methodological issues. The GLSS survey from which the poverty measurement is derived is a snapshot survey. On the other hand, one needs long term data gathering or longitudinal surveys to be able to capture fully households' expenditure on both food and non-food items. This is because expenditure on food consumption in Ghana may vary with the time and season of the year. For instance, prices of food items are relatively very low during the harvesting season and very high during the lean season.

Furthermore, the categorization of settlements and localities into rural and urban is too broad and tends to hide vast differences between settlements of different sizes and economic base. Of equally important are peri-urban areas where due to intense pressure of urbanization, households' livelihood systems are changing rapidly as a result of the increasing reduction in the size of physical land resources. An attempt to

refine the methodology for undertaking poverty related surveys should take account of the situation prevailing in different localities or places. This should be done within the overall framework of improving the methodologies for measuring poverty in Ghana.

IMPLICATIONS OF UNDERESTIMATING URBAN POVERTY

The underestimation of poverty in urban areas has implications for policy, planning and strategies for addressing the phenomenon of urban poverty. Defining and measuring poverty should be central to local and national governments' policies, since this helps identify who is in need of assistance, and to establish what actions and strategies are required to address the needs of the poor. It is also important to get the definition and measurement right so that those suffering deprivation as a result of poverty would feel that their needs and prioritises are receiving the required attention within policy circles (Satterthwaite, 2004).

The implications of not getting the definition and measurement of poverty in Ghana right are quite obvious. Intellectually and programmatically, setting of the poverty line provides a background against which to measure progress made on poverty reduction, and to evaluate current strategies which might be at variance with declared objectives or simply inadequate or even misconceived. In particular, projections based on inaccurate data and statistics on rural and urban poverty levels are likely to have limited effects on promoting economic growth and development. For instance, the projections for poverty reduction in Ghana, as presented in the Ghana Poverty Reduction Strategy (GPRS) paper, are based on the urban and rural levels of poverty derived from GLSS 4. The analysis in the GPRS indicates that the pace of poverty decline is sensitive to the rate of growth in total consumption. For instance, a consumption growth rate of 7% per annum based on current level of urban poverty (see Table 5, projection 3) would basically completely eradicate urban poverty by 2020 (Government of Ghana, 2002: 29). The various projections made on consumption-based poverty reduction in the GPRS are shown in Table 5.

Further, the GSS (2000a) analysis captures the extent to which a small change in the methodology for measuring and estimating of poverty has a large impact on the size of those identified as poor. According to the GSS (2000a: 2-3) applying a 'refined and improved methodology' (that is, the methodology used to estimate the poverty level for the GLSS 4) to the old estimates (GLSS 3) yielded higher estimates of poverty in Ghana than previously derived. Whereas GSS (1995) reported the incidence of poverty for the country as a whole to be 31.4% in 1991/1992, the revised estimate for 1991/1992 based on the upper poverty line is 51.7%, and based on the lower poverty line, 36.5%. It is therefore not inconceivable that refining further the current methodology to take account of urban peculiarities could lead to higher poverty level figures for urban places and consequently the overall poverty level of the country.

Table 5. Poverty Projections in Relation to Growth of Consumption*

	1998	2005	2010	2015	2020
Consumption poverty headcount (%):	*Projection 1(consumption growth of 6% per annum)*				
Urban	18.6	13.0	8.7	5.0	2.6
Rural	49.9	38.9	30.7	22.5	15.9
All Ghana	39.5	30.3	23.4	16.6	11.4
Total Poor Population (million)	7.29	6.70	5.87	4.76	3.72
Consumption poverty headcount (%):	Projection 2 (consumption growth of 4.3% per annum)				
Urban	18.6	15.0	12.4	10.4	8.5
Rural	49.9	43.2	37.9	33.4	29.9
All Ghana	39.4	33.8	29.4	25.7	22.7
Total Poor Population (million)	7.29	7.45	7.33	7.26	7.26
Consumption poverty headcount (%):	Projection 3 (consumption growth of 7% per annum)				
Urban	18.6	11.9	7.2	3.2	1.1
Rural	49.9	36.7	26.2	17.1	10.5
All Ghana	39.5	28.5	19.9	12.5	7.3
Total Poor Population (million)	7.29	6.27	4.96	3.52	2.34

*Variation in baseline figures from those in GLSS 4 [and GSS 2000a] is due to slightly different weights analysis by World Bank staff. This makes no significant difference to the projections (Government of Ghana, 2002: 29).

Source: Ghana Poverty Reduction Strategy (Government of Ghana, 2002).

Furthermore, analyzing current poverty trends in Ghana based on the results of the 2003 Core Welfare Indicator Questionnaire (CWIQ) in a paper titled *Ghana: Recent Trends in Growth and Poverty Reduction,* Cavalcanti (2005) notes that poverty is on the decline, especially in rural areas, with slight increases in urban areas, albeit from much lower levels. He explains this as the result of a shift away from agriculture and toward urban activities linked to trade and other services, manufacturing and construction as well as rising rates of educational attainment. In short, a virtuous cycle of urbanization has led to progress in poverty reduction (or decline in poverty levels). However, Cavalcanti's admission that the expansion of the urban economy characterized by mostly job creation in the informal sector means lower wages, greater job insecurity and lower productivity (which implies less scope for raising real wages) is a reminder that all is not well with the Ghanaian urban economy. Again, Cavalcanti's (2005) conclusion that much of the reduction in poverty is associated with the movement of people from rural to urban areas reinforces the argument that urban areas

may be 'hiding' or holding more poor households than what the present statistics would tend to indicate. This is because the present methodology for measuring poverty is inadequate in terms of capturing the level of urban poverty. This may therefore account for the lower level of poverty in Accra, and the other urban areas.

Lastly, under the dual process of rapid population growth and high rate of urbanization, the Ghanaian population would be virtually urbanized upwards from 2050, and more than 50% of the nation's poor are likely to be found in the towns and cities (Dinye, 1995). Ghana's population has increased significantly since the 1920s when formal censuses were introduced. Along with the increased population has come the increasing concentration of the population in settlements with 5000 or more people. In 1921, 7.8% of the population lived in urban centres. This had risen to 23.1% by 1960 to 32% in 1984, and to 43.8% in 2000 (GSS, 2000a; Owusu, 2005b). The current urban growth rate averaging 4.5% is far higher than the total population growth rate averaging 3%. Given the seemingly irreversibility and inevitability of the process of urbanisation (Frayne, 1998; Kamate et al., 2001), it is not inconceivable that a larger proportion of Ghana's total population (including the poor) would be in urban places in the not too distant future. The implications of definitions and measurement methodologies that underestimate the magnitude of the urban poor would tend to exacerbate the problems of planning to meet the challenges to be faced by towns and cities in the country. This is likely to compound the existing problems of the lack of job creation, deteriorating urban infrastructure and services in many Ghanaian towns and cities. The impact of such a scenario on the general well being and development of Ghana is not far fetch. Underpinning this argument is the increasing recognition of the close association between urbanization and economic growth – malfunctioning towns and cities also have negative macro-economic consequences (Tostensen et al., 2001).

CONCLUSION

Both basic needs and living costs vary considerably between rural and urban places in Ghana. Even though Ghana's poverty line based on costs of food and some non-food essentials is adjusted to reflect price and cost differences between rural and urban areas, it is still inadequate with regards to measuring urban poverty. It is the contention of this article that these shortcomings of the Ghana's poverty line have tended to underestimate urban poverty. Clearly, the choice of methodology for measuring poverty is very important as it has direct impact on the proportion of the population, which could be described as poor and the strategies for poverty reduction to be adopted. If therefore the measurement of poverty indicates that the contribution of Accra to the total poverty using the poverty line of ¢900,000 is only 0.8% (16.3% for all urban centres) and 83.7% for all rural areas (GSS, 2000a), then clearly the focus of attention should be on addressing rural poverty.

This article has highlighted some of the biases against urban areas with regard to the methodology for measuring poverty in Ghana. The lack of attention to methodologies

which adequately capture the urban poor may be the result of a logical extension of the 'anti urban' development perspective which has its roots in the urban bias thesis. This urban bias thesis advanced in the 1970s by the dependency development paradigm school is still active in policy and planning circles. The urban bias thesis is based on the perception that urban areas have always been favored in development policies and resource allocation. In short, a long-standing belief in development studies holds that, on the whole, living conditions for residents in cities and towns of developing countries are superior to rural areas hence, the concept of urban areas as 'islands of privilege' (Harris, 1982, p. 145 cited in Brockerhoff & Brennan, 1998). This perception is reinforced by the presence of relatively large number of high and middle-income households in urban areas, especially in the large cities and towns such as Accra, Kumasi, Tamale and Sekondi-Takoradi. The existence of affluence side by side poverty tends to marginalize the priorities and needs of poor urban households (Songsore, 2003).

The Ghana's poverty reduction strategy papers (GPRSI&II) place much emphasis on rural development through the commercialization and modernization of agriculture. Reducing poverty in Ghana must place equal emphasis on both rural poverty and urban poverty. But this can only happen when the 'true' magnitude of urban poverty is revealed. From the perspective of rural-urban linkages, identifying the urban poor through improved poverty measuring methodologies and improving their livelihood opportunities has direct and indirect impact on rural areas. This perspective should also recognize that any solution to rural development must take account of the conditions of the urban population. In other words, any policy that transforms the urban economy will affect the scale and pace of rural development as rural and urban development are inseparable but interlinked.

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