

Becoming poor in Ghana

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Abstract

This short article shows through a few cases in both urban and rural Ghana reasons why non-poor families fall into poverty. The causes can be found at different geographical levels, and the process of becoming poor often consists of a sequence of negative events. Most of these events could easily be mitigated by rather simple and inexpensive social protection policies. Poverty alleviation policies are nearly always focused on how to help poor people out of their low level of consumption, and out of their problems of access to social services, jobs and resources. In the present article it is argued that another equally important focus is to formulate and implement policies that can prevent people, who are clearly not poor, from entering a down-ward spiral of negative events and circumstances, both personal and work or income related, in order to bring their consumption below the poverty line for a short or long time.

Keywords: Poverty; social protection; safety nets; Ghana

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Introduction

The article describes through selected cases the reasons why some clearly non-poor families become poor. The cases are based on qualitative interviews made by Vera Akoto in both urban and rural Ghana during 2008 and 2009. The range of cases presented represents examples to illustrate different explanatory factors. Although it is a goal in qualitative research to achieve variation saturation, this is not fully reached in this research project.

The objective is to identify causes that are at the individual or family level as well as local and contextual, and those that can be said to be national and global. A long range goal is to establish whether there are key societal events that transcend personal characteristics and family related reasons for becoming poor. Presently, the emphasis is placed on empirical examples on both types of causes: on those related to family matters and those connected to higher geographical scales.

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The following short introduction to the topic is mainly based on the work of Anirudh Krishna and collaborators (Krishna 2003, Krishna et al. 2003, Krishna 2004a, 2004b, Krishna et al. 2004a, 2004b, Krishna et al. 2005, Krishna 2006, Krishna et al. 2006a, Krishna et al. 2006b, Krishna 2007, 2009, 2010). They carried out a quantitative research programme covering several countries dealing with the reasons why rural people got out of and why they fell into poverty.

The reasons for becoming poor in the Peruvian Andes, Uganda, Kenya and several states in India are quite similar, and they differ from changes leading to an *escape from poverty*. The most common factors helping people to get out of poverty are obtaining a permanent job, improving the farm land, and most importantly diversification of income sources. Interestingly, it is *seldom* specialization on one source of income.

In general, people *become poor* not by a sudden event, although that also happens, but by a *combination* of events. Furthermore, there is often a gradual accumulative process, a sequence of events. The following reasons are highlighted by Krishna et al.: 1. Health problems that require expensive medicines and hospital treatment. This leads to private indebtedness with interest payments as high as 3-7% per month. In addition, it entails loss of work ability that may not be compensated for by somebody else in the family; 2. Customary expenses for marriage and funeral that also result in private indebtedness; 3. Changes related to the land cultivated that may be due to fragmentation as a result of family disputes, drought or irrigation failure. Crop disease and/or soil fertility exhaustion that may happen simultaneously are further common problems. Low-income families have few if any buffers to these causes of becoming poor, especially when more than one of the reasons happen within a short time period. The above findings support the view that it is necessary to apply partly *different* strate-

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gies and policies to prevent the non-poor from falling into poverty from those needed to improve already poor people's lives.

Although similar reasons for becoming poor can be found in very different contexts, the causes are to some extent place-bound. Krishna et al. report only *local level reasons* dealing mainly with family matters. This is a weakness acknowledged by Krishna et al., and said to be a result of the method applied in the studies. In the research programme regional, national and global processes, and how these impact on families and local level issues, are excluded from the focus of the research. This is unfortunate. In the present article such processes will be dealt with.

According to Davis (2009) in his study on Bangladesh, descent into poverty is often stepwise with *several* (multiple) *causes*, for instance in the form of a chain of events. More seldom, the reason is a sudden major (single) event. Such a reason could be a serious illness pertaining to the main breadwinner in the family. However, the normal poverty trajectory for a family is a smooth decline, for instance when it has several daughters for whom to provide dowry. Regardless of the reasons for becoming poor, the change typically lasts for a long time or may even be *irreversible* for the family.

The *definition of poverty* used by Krishna et al. is the same as applied in my research in Ghana. The poverty line is set at what can be called basic needs in a narrow sense including food consumption, shelter and clothing, but little else. The level and quality of these items are decided according to the opinion of the local people in each context separately. In the Ghana study I did not include border-line non-poor families, that is, people just above the basic needs poverty line. The poor people interviewed had earlier an adequate consumption of basic necessities, they had at their low-income level a relatively comfortable life.

Krishna et al. use a relatively long *time period* in their study. They include families that have changed their poverty status during the last 25 years at the time of fieldwork (2002-2005). In the Ghana study I use only ten years previous to the time of fieldwork.

In the countries studied by Krishna et al. *more people escape poverty than fall into it*. The net improvement is, however, seldom large. The exception is Kenya where the percentage of people in poverty is unchanged. India is another example where a national representative panel sample of rural households studied in 1993-94 and re-examined in 2005-04 revealed that 18% of the population escaped poverty while 22% descended into it (Krishna and Shariff 2011). Thus, it is important to address not only the most effective ways by which people can be brought out of poverty, but also to direct attention to the reasons why non-poor families become poor. Assistance is necessary since macro-economic growth does not easily solve, among other problems, unaffordable and inaccessible health treatment; loss of the main income earner through death or divorce; and compensation for a bad harvest for middle-scale farming families. Thus, a national *system of social protection* is required to block paths leading to poverty, counteract risk-averse economic behaviour and serve as a substitute for the fast disappearing traditional community safety nets in the rapidly urbanizing South. It is high

time that, in addition to their assistance to the poorest, development institutions and agents also focus their attention on the vulnerable non-poor (World Bank 2009, Hanlon et al. 2010, Adato and Bassett 2012, Barrientos 2013, Bender et al. 2013, ILO 2014, Monchuk 2014, World Bank 2015). In the words of Lund et al. (2008): “These new faces [of poverty in Ghana] have to be seen within the context of certain vulnerable groups which have emerged in response to local, national and global processes ...” (page 136).

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The urban setting

Ten short cases of families that have become poor in an urban setting in Ghana will be presented. The study included 44 qualitative interviews of such families. The fieldwork was conducted in a large slum area and in three low-income settlements, all in Accra. The slum area is ill-planned and the environment is rather bad with little sanitation. Diseases such as cholera, diarrhea and malaria are common. Although the population has little education, the informal economy is vibrant. Women are often the main breadwinners in the families. The willingness of the people to be interviewed was low. It was time consuming to walk around to find examples of families that previously had a better life, and who accepted without any monetary compensation to allow the interviewer into their home for the dialogue about why they had become poor.

Family 1

The female head and her daughter of this family have AIDS. The son is not ill. The husband refused to be tested. He blamed the wife for “bringing death to their home”, and divorced her five months after the discovery of the illness. He promised to provide for the wife and young children after they had to leave the home, but he never did. Later the woman lost her job as primary school teacher when her colleagues learned that she had AIDS. Thus, the livelihood of the woman and her two children disintegrated. They survive on handouts from an NGO.

Family 2

This family consisted of husband and wife and two sons. The husband worked as a clerk at the airport. He wanted to go abroad to earn more money. The wife assisted him in getting sufficient money for the travel. He went to the USA, and kept his promise to send money to the family. After a year he asked for divorce since he had found another woman he wanted to marry. The wife and children who up to that time had lived in the husband’s family compound, were thrown out. They managed to survive due to help from family and friends, albeit in poverty. The woman tried a number of cleaning jobs and engaged in petty trading but never earned enough to send her children to school.

Family 3

The woman in this family has primary education. She operated a drinking spot that provided a good additional income to her university educated husband's animal husbandry. He died suddenly of an illness. With four children, the woman found it difficult to survive adequately on only her own income. The family was not yet poor. However, some customers at her drinking spot soon took advantage of her new situation as a widow and did not pay for the drinks. She eventually had to give up that source of income. She survived, although in poverty, by sending two of her children to relatives in the country-side, and by moving to live with other relatives elsewhere in the city. She started as a fish trader on a meager income.

Family 4

A woman caring for two children and a young niece lived comfortably with her carpenter husband. As an additional income, she sold plastic bowls at a local spot. The husband became suddenly ill but without a clear diagnosis. The medical bills soon depleted their savings and became too much for her to manage. The family became indebted. The daily life became too difficult for her to continue with the time consuming sale of bowls. She started the much less profitable activity of cassava dough making for street sale. She had to take the children out of school. However, she was lucky to live in a rented place with a nice landlady who allowed her to pay a reduced rent. The husband had moved to their rural home village in order to survive on the help of relatives. Since she could not afford the price of travel to that far away place, she had not seen her husband for several years. She wondered whether she in fact was still married.

Family 5

In this family the husband used to be a taxi driver with a good income. He lost the job and was unable to reenter this business working for another employer. He did not look for other jobs, and was then supported by his wife. The woman was gainfully self-employed and provided well for the whole family. She was able to send the children to school, provide for the husband and even save some money every month. She sold different simple consumer goods at a shop at a busy bus station. One night the station burned down and she lost all her stored goods. Even her savings, which she kept in a wooden box at the shop, disappeared in the fire. She never recovered from this event, and she and her husband had to be supported by her daughter at a much reduced level of living.

Family 6

The man in this family used to be a sailor. After losing his job in shipping he tried different kinds of work, ending up successfully with sewing men's clothing. The family lived comfortably. He developed a well-stocked shop and had many customers. The down-turn started in 2002 when gradually fewer customers came to have their clothes made. The twin reasons

were that people had less money available to buy clothes and that the prices in the shops selling imported ready-made men's wear had dropped relatively. The influx of low cost foreign clothing was impossible for him to compete with. Eventually, he had to give up the shop and depend on his petty trading wife for support. He stated: "I hate my life. The government should develop the people before it develops the nation."

Family 7

The husband in this family has a university education and owned a printing firm. The wife helped in operating the business. Their problems started in 2005, and they have since had a down-ward spiral of deteriorating livelihood. A customer asked for the printing of several thousand copies but he could not pay beforehand. The risk involved was somewhat higher than normal, and it proved disastrous. The man trusted the customer and took a private loan to do the printing. The customer was, however, not able to sell all the books, and the interest on the loan soon became a heavy burden. The man was unable to pay his employees, and many of them left. The workers who remained got very little payment but kept the firm in business until the next customer also failed to pay fully. Then a friend, who had lent the family money privately, needed cash due to financial difficulties. In their bid to pay back this and other loans they lost the business as well as the car and valuable household items. The children had to change from a private to public school. The man blames the banks for not allowing him to take credit, forcing him to rely on private lending at very high interest rates.

Family 8

The husband in this family was a navy commander. The wife had a hair salon with several employees. The man was transferred but the woman and children did not relocate with him because she was reluctant to lose her salon. This split the family over a not too long distance. However, the result was that the man found a new woman. Initially, he provided money for his sick son but even that was soon terminated. The woman could ill afford the repeated hospital bills for the son. Simultaneously, the salon started to lose some customers due to the fact that prices of her products increased. This forced the woman to charge higher prices and use less quality inputs. She lost more customers and eventually had to close the shop. She then became involved in prostitution.

Family 9

The wife used to have a good banana trade. She went to rural areas and brought back to Accra banana that she sold on the street. The husband only brought home money irregularly. The price increase on transportation in 2002 resulted in higher prices of banana from the rural middlemen. In the local area where she sold her banana, most customers could not afford the increased price due to a general increase in prices on simple consumer goods. She then tried various other food stuffs but nothing succeeded. Thus, she could no longer save enough money to buy large quantities of goods for later sale. The profit from the small quantities that she

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was able to obtain went mainly for consumption and to pay for the children's schooling. Her children were eventually not allowed to attend class because she had not paid for school books and study fees.

Family 10

This family has no children. The couple lived well because the husband is a successful painter and the wife an enterprising seamstress. They both have high school education. The apartment owned by the husband and wife was severely damaged by fire. They had used all their savings on it and had no insurance. Thus, they had to move to a slum area. Shortly thereafter, the woman fell ill, needing rather expensive surgery. They became indebted because the husband's income only covered house rent and interest payments. They were forced to survive on handouts from relatives.

The rural setting

The field area consists of two villages in south-central Ghana. The interviews were conducted in the homes of male middle-scale farmers and female pottery makers. Twenty-five families that had experienced a change from a relatively secure and comfortable level of living to a situation of absolute poverty were interviewed. The area is humid and hilly with cocoa as main and ginger as minor crop. Winds and rains can be quite strong in this area. As in city slums, illnesses such as diarrhea, cholera and malaria are common.

Family 1

The husband left his young wife and three children to find more rewarding work in Accra. He promised to send money back and come to visit as often as possible. Not long thereafter he instead asked for a divorce. The woman then had to provide for herself and the children only by making pottery. This changed her situation drastically from when the husband also provided for their livelihood through his labour on cocoa farms. Moreover, she and her son were involved in a highway incident. The son was seriously injured. The loss of the support of her husband and the expenses for the medical treatment of her son both made her extremely poor, so she survived by relying on relatives and neighbours.

Family 2

After the death of her husband, the woman and her six children depended on her pottery making. This is a risky business because all or a large part of the pots may break during the burning process. It is especially difficult for female-headed families if this happens. Without any other source of income, it took the woman half a year to recover from a large percentage of breakage in one burning. During this time the food available for the family was much less than it used to be. Furthermore, the children could not go to school due to lack of funds. The

situation further deteriorated when the woman suffered pain in her legs, thus compounding the problems with selling the pots.

Family 3

At the time of the fieldwork, the family consisted of an old woman. Out of nine children (with two husbands) only one remained in the village. This son provided a safe and ample life for her. Her other children rarely sent her remittances, and even then only in small amounts of money. When the son, who had a wife and four children, was shot and died, the old woman lost her comfortable life. She tried to take up pottery making again, but the quantities she could make were small. In addition, the wife of her late son often placed the four children in her care, saying she was going to look for work. However, she seldom brought back any money. To add to her misery, the person who shot her son only spent one year in prison.

Family 4

An old man with ten children and three wives used to be a well-to-do cocoa farmer. The last wife he married used to be a successful pottery maker. He lent her money for the business. After divorcing his first two wives, he no longer got any support from the children, who had moved to Accra. Then his last wife became ill. She died leaving him with a large debt to the local moneylender which accrued from hospital expenses. Moreover, the cost of the funeral became a new burden. Custom requires that relatives and neighbours put money in a wooden box at the funeral service, thus sharing the expenses for food, drinks, clothes, coffin and sermon. This box was stolen. As a result, he had to sell his land.

Family 5

In this female-headed household there are five children. The husband died, but according to the wife this did not constitute a financial loss; on the contrary, it reduced the household's expenses. The woman was a midwife with a good income but the husband had been unemployed. However, when the National Health Insurance Scheme provided for free service delivery for the poor, she lost most of her work. Her only customers now are those who are afraid of going to hospital to give birth and those who, for various reasons, either do not register for the scheme or fail to pay the premium.

Family 6

A man with two wives and twelve children used to have bountiful harvests and a good income from his cocoa farm, enabling him to support his wives and children at a comfortable living standard. After 2003 the farm did not yield as before. The reduced income from the farm, together with higher prices on both inputs and necessary consumer goods, forced him to sell part of the farm land. Bad harvests in 2007 and 2008 left him with little land for the future. The single most important reason for the trouble in cocoa farming was said to be exces-

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sive rainfall. The cocoa trees absorb too much water, and the yield suffers as a result. In addition, nutrients in the soil are washed away and there are more diseases on the beans. As a result, the man's wives had to provide for themselves and their children by preparing food for sale at the local market place. The profit from this activity is very low, thus they all became poor.

Conclusion

In both urban and rural settings illness and resulting expenses for treatment and medicine can quite easily lead to a fundamental change in a family's life situation. If the health problem concerns one of the breadwinners, it is probable that a low-income, or even a middle-income family may become poor. The savings that a non-poor family has accumulated may not last long enough for them to escape high-interest private indebtedness. Today the national system of health insurance goes a long way to rectify this reason for falling into poverty.

Another reason that comes out clearly from the above cases is the loss of a husband either through divorce, abandonment or death. Commonly, at least two sources of income are required to stay out of poverty. Often, women left to care for children and to support themselves find this task impossible to accomplish without a considerable reduction in level of living. A consequence can be that the children have to terminate their schooling. Here a general social benefit or assistance is the only hope when the traditional communal or customary safety net has disappeared or lost most of its earlier value. It is furthermore valuable to ensure free schooling not only for the poorest but also the vulnerable non-poor. This should include free books, uniforms and school meals. Interestingly, this is in accordance with the current government's plans.

Many non-poor have jobs that are insecure (e.g. taxi driving) or they operate risky businesses (e.g. pottery making). Unemployment support for a period plus access to bank loans and micro credit would be important to help them stay out of poverty and to get back into economic activities. Governments should also be careful when opening up for imports of cheap low quality goods from abroad that compete out local production. Import liberalization should be a gradual and planned process, and not, as has happened in most countries in the South, a sudden and general policy change.

Improvements in public physical infrastructure, for instance, would reduce serious car accidents and events such as apartment fires due to bad wiring. The consequence of the latter could be ameliorated by national inducement to make it common (or compulsory) for the non-poor to insure their property.

In many rural areas today old people are taken care of by remittances from their children staying in urban areas. This may provide especially women with a rather comfortable life. They are, however, in a vulnerable position. To rely on children as the only source of income may prove poverty creating when for one reason or other remittances stop coming. To rectify

this situation, old age pension is of course the answer. However, for most people who throughout their life have been self-employed, there has not been an easy system to use for this purpose (Ellis et al. 2009, Barrientos 2010). Governments should realize that their societies are in a period of transition where customary care systems are gradually losing their former meaning and thus should be replaced by a modern state pension system.

It is difficult to see what can be done to help women who lose their jobs due, for instance, to a new national policy that make child delivery affordable at a hospital. The case of the mid-wife left with few customers after the introduction of this scheme is an example.

In farming there can be many reasons for becoming poor, as shown above. A recent classic case is reported by Gough and Fold (2010) regarding Ghanaian pineapple farmers. They were gradually out-competed by transnational companies. Many of them eventually lost their land. Farmers are seldom insured; they prefer to rely on several sources of income besides the farm, both off-farm (e.g. firewood collection for sale) and non-farm (e.g. local seasonal wage work) (Hesselberg and Yaro 2006). Most small- and middle-scale farmers are multi-active today. In order for farmers to invest more of their time and other resources in the farm, there are many initiatives that can be established but most important is some form of protection for failed harvests and falling real producer prices.

Farming families, like all other rural and urban families, are squeezed by increasing prices on necessary consumer goods and the price they can obtain from selling their goods, profits earned by hawking, and wages received from work. The latter does not often rise in step with the former; sometimes it does not increase at all. Thus, living expenses may gradually turn a family from being non-poor into experiencing difficulties with covering its basic needs (in a narrow sense). However, it is more common to become poor by an additional unfortunate event. Falling into poverty is then normally step- or chain-wise, either happening over time in a sequence or by two or more events taking place more or less simultaneously.

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