

GENDER RESPONSIVE PUBLIC SERVICES (GRPS) AND MACRO-ECONOMIC POLICY IN GHANA

1. BACKGROUND

Introduction

This Fact Sheet is an abridged version of a research report titled: *Gender Responsive Public Services and Macro-economic Policy in Ghana*. The research looks at the reality of how macro-economic policies which are mostly dependent on recommendations by international financial institutions, impact on access to gender responsive public services (GRPS) by vulnerable groups, especially women and girls. The research was conducted as part of ActionAid's multi country initiative known as the Young Urban Women's (YUW) Programme. The project, executed since 2013 in India, Ghana, Kenya and South Africa, is committed to building the active agency of young urban women between the ages of 15-25 years living in economically vulnerable environments to combat and challenge rights violations and inequalities they face.

Ghana has built an enviable reputation as a beacon of democracy with an active and vibrant civil society, a pluralistic media and a growing economy. This perception of Ghana's economy provides a perfect camouflage which hides inequalities particularly in the area of gender public services delivery. Gender-responsive public services are those services whose content, delivery, and cultural orientation addresses the unique needs and characteristics of women and girls to draw them out of poverty,

discrimination and gender inequality. They are a critical component of reducing vulnerability and are expected to be delivered publicly through government institutions and agencies so they can support the promotion of fairness and accountability to all citizens. Such public services include education, health, water, sanitation, electricity, roads, law and many more.

In 2018 ActionAid Ghana (AAG) commissioned a research with the overall objective of exploring, identifying, analysing and gaining an understanding of how Ghana's macro-economic policies have directed sector policies on the provisioning of essential gender responsive public services. Of particular interest are policies in the water, sanitation and health sectors and how they enhance or impede the rights of those living in vulnerable conditions, especially women and girls. Relatedly, the research was interested in uncovering the extent of influence of the International Monetary Fund (IMF) and the World Bank in the formulation of these macro-economic policies and subsequent implications in supports of the provision of gender-responsive public services (GRPS). This Fact Sheet aims at presenting the major findings of the GPRS research and related recommendations for policy action.

Rationale of the Research

The 1980s saw Ghana, implementing macro-economic strategies of structural adjustment recommended by the World Bank and the International Monetary Fund (IMF). This can be marked as the beginning of the trend of increased relative disadvantage on large vulnerable sections of society with increasing rights erosion and inequalities in the provision of and access to essential social and economic services. Public services however, are considered basic rights to all citizens without differentials of gender, income, physical ability, social status, location, ethnicity or background. They remain critical for human growth and lead to the achievement of the Sustainable Development Goals (SDGs) and the fulfillment of international human and women's right commitments.

The research in Ghana has focused on GRPS as critical to life-changing transformation and the fulfilment of girls' and women's rights. The conviction is that Governments have a central role in facilitating access to core public services such as water, healthcare and sanitation failing to do so violates rights, increases poverty and results in higher disempowerment levels. Understanding such issues is essential for advocating with national and local

governments on increased allocations and the enhancement of existing services for equality. Therefore, this study examined Ghana's macro-economic policy and budgetary allocation in relation to 3 key sectors namely, water, sanitation and sexual and reproductive health as mandated through IMF-sponsored recommendations.

The specific objectives of the research therefore were as follows:

- To assess the role of the IMF in Ghana's macro-economic policies towards gender-responsive public service provision, especially water, sanitation and sexual and reproductive health;
- To review the major trends in Ghanaian budgetary allocations for the provision of these key GRPS, and how this relate to IMF policy recommendations to Ghana's macro-economic policy;
- To make policy recommendations on how to consolidate existing gender-responsive policies while identifying appropriate mechanisms that can help to increase budgetary allocations to these sectors.

The Social Aspect of Macro-Economic Policies

Macro-economic policies are often associated with goals of increasing financial stability and creating sustainable growth and can limit or expand the range of opportunities for the realisation of gender equality depending on the level of attention paid to the consideration of gender equality. However, broad-based economic policies—such as fiscal, monetary or trade policies—have different impacts on women and men. They matter for gender equality because they shape the overall economic environment for realising women's rights by affecting

opportunities for paid employment, resources for policies aimed at reducing inequalities, and the demand for women's unpaid labour. Macro-economic decisions may also bring about economic crises, with women and men bearing different costs of the negative shocks.¹ In recent history, the result in many developing countries like Ghana has included trade liberalisation which has meant reduced public revenues, budget cuts that downsize social spending,

¹UN Women. Policy Brief 04: Why Macroeconomic Policy Matters For Gender Equality. UN Women-PolicyBrief04-MacroeconomicPolicyMattersForGenderEquality-en%20 (2).pdf

meaning that fewer resources are available to finance government outlays.

Macroeconomic policy also has effects on income distribution and therefore social implications. It has been well documented that three biases prevent macroeconomic policies from internalising social policies;

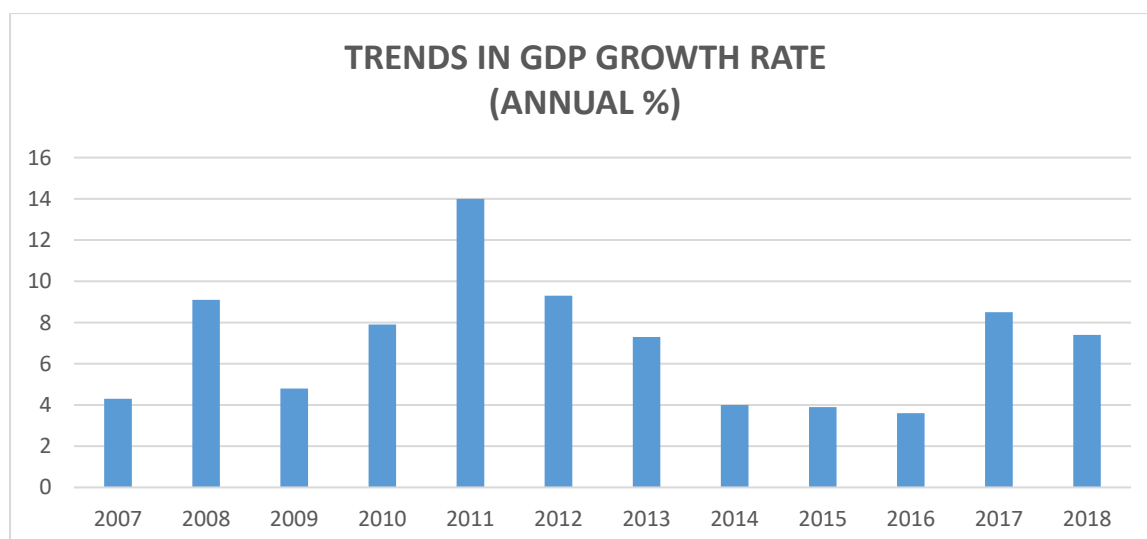
1. "**Deflationary bias**" stems from prioritising credibility of financial markets to attract short-term capital by pushing high interest rates and cutting fiscal expenditures.
2. "**Male-breadwinner bias**" comes from the fact that the unpaid care and reproductive economy and formal market economy are linked through a wage paid to the typically male breadwinner, who provide for their women, children, and elderly. Structurally, this makes women dependent on the breadwinner and excludes them from entitlements.
3. "**Marketisation bias**" describes the policies minimising the state's role, leading to the privatisation of public services. This excludes the poor from high quality services and lays a burden on women who disproportionately provide unpaid social reproduction. Such mechanisms demonstrate the need to pursue macroeconomic strategies that provide greater equality.

Culled from Elson and Cagatay (2000)

2. OVERVIEW OF IMF/WORLD BANK IN GHANA'S MACRO-ECONOMIC POLICY DEVELOPMENT

Ghana with a population of about 31 million (YN, 2020) has recorded appreciable economic progress within the last three decades. Under the recommendations of the Bretton Woods financial institutions, Ghana has undertaken policy reforms like financial sector reforms and tax reforms. Until

recently, the country has experienced stronger per capita GDP growth rate, averaging about 6.5 percent over the last decade. This consistently outperformed other countries in Sub-Saharan Africa (SSA) and the global economic growth rates.



Compiled from various sources

Earlier economic growth allowed the country to undertake initiatives that impacted positively on poverty reduction, making it possible for Ghana to achieve the MDG1 target of halving poverty by 2015. Despite these aggregate gains, there are huge differentials in terms of the benefits of the economic growth on different individuals and groups of citizens. There has also been limited decent jobs and a failure to close the gender disparity gap. Per the Ghana Living Standard Survey Report (GSS, 2017), income inequality has widened over the last decade. Again, while headcount poverty (i.e., those

living on under US\$1.25 per day) is about a quarter of the population, it remains above 70 percent in the rural north. While the employment to population ratio is about 67 percent, the majority (over 86%) are employed within the informal sector with more than 7 out of 10 of these jobs considered as vulnerable with women at the bottom of the ladder.

Ghana has functioned under IMF/World Bank-led programmes since Independence in 1957, prominent among these strategies are:

Year	Type of Programme	Purpose	Result
1983	Structural Adjustment Programme (SAP)	To place emphasis on natural resource extraction and primary agricultural commodities for export	Scaling down of economic diversification displacing non-export sectors where informal and smallholder activities are concentrated.
2001	Highly Indebted Poor Country (HIPC)		
2009-2012	Extended Credit Facility (ECF) I	To ensure fiscal stabilisation due to difficult economic conditions resulting in a large fiscal deficit.	Stringent tax policy reforms, more spending cuts and spending controls and policy amendments. A more liberal environment for foreign mineral-exploration and extraction.
2015-2019	Extended Credit Facility (ECF) II		

While the macro-economic indicators show achievement in targets, significant challenges persist. This forced government cuts in expenditure in some critical sectors of the economy such as health and educational infrastructure. Other measures were taken to limit the nominal increase in the total wage bill to 10 percent; discontinuation of the 10 percent cost of living allowance granted in 2014, and a freeze on net hiring in the public sector. This situation undoubtedly has affected some public social services delivery such as adequate healthcare facilities and personnel and water and sanitation. The disproportionate effect of these measures on women and girls, particularly in urban and semi-urban areas is a major cause for concern. It is also important to note that because of the frontloaded fiscal consolidation which severely curtailed public investments, growth shrunk severely in 2016, constraining the economy's ability to create new jobs. Since 2014, the ongoing fiscal consolidation has continued to constrain the public investment budget. Total capital expenditures fell from 6-7 percent of GDP

between 2008 and 2010 to 4-5 percent between 2011 and 2016, falling further to 2.4 in 2017. This low public investment levels have negative implications for growth, job creation, and public services delivery.

The constant need for Ghana to turn to the IMF for fiscal stabilisation programmes is problematic. It indicates that the IMF's approach to fiscal consolidation rather than acting as a temporary liquidity problem solver, rather pushes loan mechanisms that prop up unsustainable and protracted debt insolvency. The dictated conditions attached to Ghana's current funding agreements with IMF confirms common disapproval voiced by civil society activists and other development practitioners. Their belief is that the IMF's approach necessitates further fiscal cuts, especially in social public services. Since 2015, the government has strictly implemented the public sector hiring and wage freeze resulting in a huge backlog of a variety of qualified workers in the education and health sectors where women predominate.

3. SOCIAL SPENDING IN GENDER RESPONSIVE SERVICES

Public goods and services are those that are provided or financed by government from budgets. The range of public services provided by governments vary widely and may have objectives that are social (e.g. health or education), economic (e.g. roads, transport) or civic/political (e.g. law and order). The basis of many public services is today rooted in international and national legally binding obligations of governments to promote and fulfil human rights, such as the right to health, food or water. The Government of Ghana has reduced public expenditure under its current IMF programme since 2015. According to the Ghana SDG Baseline Report, government allocations for poverty reduction activities increased progressively from 24.8 per cent in 2013 to 28 per cent in 2015, but then fell to 19.4 per cent in 2016, (Sept. 2018). The fiscal space to deliver the new Coordinated Programme of Economic and Social

Development (2018) is largely determined by expenditure targets defined in the 2015-2018 loan agreement with the IMF. Civil society groups bemoaned a 77per cent drop in the 2019 Budget for a key sector government institution-the Ministry of Gender, Children and Social Protection.

Austerity targets and structural conditionalities influenced by IMF loans such as privatisation have affected the provisioning of various social services. Fiscal adjustments have reduced resourcing (financial and human) in public services including those of health, water and sanitation critical to girls and women's wellbeing. A World Bank Report, observes that the low public investment levels have negative implications for growth, job creation and public service delivery given Ghana's large infrastructure and development needs.²

Access to Basic Services

I. Water

Safe drinking water remains an important commodity categorised as a human right with implications for livelihoods. Unfortunately, access to water remains problematic as macro-economic policy reforms in the sector have seriously affected access and pricing. For urban young women, this is a major concern since they bear the brunt of walking long distances daily to procure water for households.

Infrastructural development has occurred to improve water sources (2016, UN Population Data) from the government and partners, for both rural and urban populations. There is still a huge access gap as many citizens still lack affordable access to safe water (Safe Water Network, (2017). According to the World Bank's Country Assessment Report (2002), huge fiscal investment is required to upgrade basic infrastructure in the urban water and sanitation sectors.

²Ghana Ministry of Finance, 2017. Fiscal data 2008-2017. From www.mofep.gov.gh/fiscal-data

IMF/World Bank loan conditions generally insist on water privatisation which leads to the transferring of rights and obligations from public to private corporations (e.g. Aqua Vitens Rand Ltd. 2016). This increases costs for the poor, especially women and girls. The IMF believes in substituting state-owned enterprises for privately-owned and managed firms for social services provisioning to reduce public debt and improve budget management (IMF, 2017).

However, delegation of state's obligation of essential services provision to profit making providers has higher costs implications. It also violates the human rights principle of equal opportunity if only those who can pay have access. Various IMF policy documents consistently claim that water tariffs in Ghana are too low to recover service costs. The IMF has often prevailed on government to remove all forms of subsidy for a full cost recovery policy. In adherence to this conditionality, the government through the regulator, PURC

approved a 67.2 per cent increase in urban water tariffs in 2015; tariffs were increased from GHS1.78/ m³ (USD0.45/ m³) to GHS3.01/ m³ (USD0.76/ m³). Simultaneously, GWCL had requested a 400 per cent tariff increase to cover costs. Since then, water tariffs have been adjusted periodically and government subsidies have been removed. Responses from interviews with a group of ActionAid's YUW mentioned the time-consuming nature of accessing water outside homes, affordability and the safety of the water available. *"Government has a lot to do in terms of providing water for the communities because, even with the privatisation aspects going on, people are spending a lot of time and money to get water and demand is also very high...so they should factor that in their budgeting area...and be gender sensitive so that women will spend less amount of time in fetching water and have time for other important tasks..."*

1.2 Sanitation

Ghana faces serious constraints to meeting the challenge of providing adequate and improved sanitation for its rural and urban inhabitants. Among competing demands for public investment (including education, health, transport electricity and water), sanitation has not been prioritised. The country registered an increase in access to adequate basic sanitation over the 15-year period of the

MDGs from just 11 per cent in 2000 to 15 percent in 2015. This means that sanitation coverage only increased by 4 per cent since the year 2000 (WHO/UNICEF 2015). Currently, available data shows that the total access to basic sanitation in Ghana is estimated at 21 per cent; with rural and urban coverage of 17 per cent and 25 per cent, respectively (GSS 2018). This shows that 79 percent is left defenseless against the consequence of poor sanitation. Only one in every five households in Ghana has an improved sanitation facility for their household (GSS 2018).

Many schools lack access to improved sanitation and hygiene facilities. While attempts have been made to improve water supply, sanitation continues to suffer from almost non-existent levels of investment and coverage by global standards. Over half the population do not have access to improved sanitation facilities. To meet its SDG sanitation target (6.2) of providing access to adequate and equitable sanitation and hygiene for all and end open defecation, Ghana must pay special attention to the needs of women and girls and those in vulnerable situations. The country will have to spend more to address the sanitation needs of the majority of the population. It is difficult to see how this can be achieved if Ghana continues to abide by the IMF and World Bank prescriptions to build infrastructure through public private partnerships (PPPs). It is less likely that community led approaches can address the magnitude of the problem. At the same time, sanitation stands out as one area where the starting point is close to zero and where

approaches have been understated. Cutting resource allocation will surely result in missing the SDG development target.

Lack of water and sanitation facilities in schools also affect girls' education and health. Out of 11,140 basic schools only 48% have toilet facilities (Water.org, 2017). The

1.3 Healthcare

Despite national level commitments towards meeting health delivery services, the reality is different. Unsatisfactory and poor living conditions, especially challenges faced in accessing clean drinking water and sanitation for the vulnerable, have significant health implications. In addition, sexual reproductive health must imply that people, especially women and girls are able to have a safe sex life and possess the capability and the freedom of voice and choice. Implicit in this condition are the rights to have access to safe, effective, affordable and acceptable methods of reproductive health, and the right of access to appropriate healthcare services. Women's sexual and reproductive health remains a major health concern in Ghana where there is a high incidence of teenage pregnancy. In the face of high cost of reproductive health, inaccessibility, oppressive norms and practices, unfriendly health services, coercion, discrimination and violence, many women and girls turn to the use of unsafe and harmful methods.

When citizens are unable to access good, affordable public health care services, they can be pushed further into poverty and insecurity. The introduction of the National Health Insurance Scheme (NHIS) in 2003 saw a large increase in government health expenditures, both nominal and percentage of GDP. Nonetheless, the NHIS has been beset with funding problems and is far from universal in its accessibility. The drop in funding after 2013 is perhaps a consequence

fact that nearly 80% of the Ghanaian population lack access to hygienic toilet facilities is a very worrisome situation because it poses a grave public health threat (Mariwah *et al.* 2017). Major challenges affecting basic rural and urban sanitation delivery are largely due to limited resource allocation.

of donor proliferation. With donors funding 87 per cent of Ghana's health infrastructure (GhanaWeb, 2015), failures to meet benchmarks attached to receiving aid result in sanction including withdrawal. When existing financial pledges by donors have been dishonoured, they have severe consequences in budgetary execution. Such consequences are often aligned with failure to meet IMF loan performance criteria. Aid is then cut off and attempts to reduce fiscal deficits include tightening of social spending and tax increases. The IMF's insistence on increased revenue collection may increase funding for healthcare. However, pressure for reductions in the health workforce wage bill can lead to reduced care quality. It is also important to note that despite the NHIS, out of pocket payments for accessing healthcare remains prevalent in many urban areas. This is since many hospitals have resorted to charging fees as a result of the government's inability to settle huge arrears owed to NHIS public and private service providers to the detriment of the poor, especially women and girls.

The National Gender Policy (NGP) identifies "inadequate basic social services (including healthcare) as a challenge preventing women accessing decent and sustainable economic opportunities (MoGCSP, 2015: 16).

4. Conclusion and Recommendations

Conclusions

Obtaining loans and financial facilities from the MF is often accompanied by a heavy dose of macro-economic policy prescriptions. Consequently, Ghana's ability to facilitate universally accessible and affordable gender responsive public services has been stretched. A roadmap intended to get Ghana out of its economic predicament of sovereign debt crisis, rising interest costs, and external shocks into recovery is in place. But the IMF has dictated austerity measures negatively impacting gender equality. Many Ghanaians are faced with the erosion of their social and economic rights, especially women and girls.

In Ghana, wholesale conditionalities have, among others, affected public service provision in a way which adversely impacts certain social groups, particularly women and girls. The 2015-2019 ECF agreement with the Government of Ghana, does not indicate any attention to the social impacts of adjustment programmes. The limited social

safety nets for those in extreme poverty cannot resolve the problem of inequality. Inequality is an issue that impedes access to public services. Therefore, macro-economic policy reforms need to be implemented in a more customised form taking into consideration gender and age differentials for fairness and justice.

Interventions and technical assistance by the IMF have been critical for Ghana's growth and development. Yet, even though Ghana's overall poverty rate has declined, both vertical and horizontal inequality has worsened. There is growing income inequality helped by governments' increasing desire to raise tax revenues from indirect sources as VAT and petroleum excise tax and levies which impact heavily on the poor and women. Other less extreme options can be adopted to respond to the delivery of gender responsive public services like water, sanitation and sexual and reproductive healthcare towards a more equitable society.

Recommendations

The following recommendations for policy action are directed to the Government of Ghana:

<ul style="list-style-type: none">• Introduce equality-oriented public policies
<ul style="list-style-type: none">• Revive the 2007/2008 piloted gender budgeting project, expand and entrench it into the normal national budgetary processes
<ul style="list-style-type: none">• Generate and disaggregate data by sex and gender to enable proper assessment of government's commitment to gender responsive budgeting
<ul style="list-style-type: none">• Implement macro-economic policies based on fulfilling human rights, equal economic empowerment and life opportunities to all
<ul style="list-style-type: none">• Develop methodologies that allow for the monitoring and evaluation of the effects of macro-economic strategies on inequality, inequity and exclusivity

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| <ul style="list-style-type: none"> • Discontinue the “easy-to-collect” taxes like VAT as well as the presumptive tax that disproportionately impact negatively on the welfare of women and disempower them from building and generating wealth |
| <ul style="list-style-type: none"> • Develop a more progressive tax system focusing on corporate taxes and reducing harmful tax incentives to make up for shortfall in revenues. |
| <ul style="list-style-type: none"> • Maintain state control of public service delivery especially those less attractive to private financing but critical for human development to promote universal and affordable accessibility. |







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