



# Women in Informal Employment Globalizing and Organizing

WIEGO Budget Brief N° 5

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## Budgeting and the Informal Economy in Accra, Ghana

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Summary of report written by Nicholas Adamtey



# WIEGO Budget Briefs

Budgetary analysis has been used widely to understand how government budgets differentially address the needs and interests of women and men, girls and boys. The global research policy network Women in Informal Employment: Globalizing and Organizing (WIEGO) has initiated a series of informal economy budget analyses (IEBAs). These aim to understand how government budgets address the needs and interests of informal workers, and also investigate what opportunities exist for informal workers, or their representatives, to participate at different stages of the budget process. WIEGO Budget Briefs provide popular versions of the longer country reports for wider dissemination of the research findings. The more detailed reports appear in WIEGO's Working Paper series - see [www.wiego.org](http://www.wiego.org).

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## Introduction

About 86 per cent of Ghanaian workers work in the informal economy, but together they earn only 40 per cent of national income. This is because many informal jobs are low paid and there is little job security. Of employed women, 91 per cent work in the informal economy, while the percentage for employed men is 81 per cent. The Ghana Shared Growth and Development Agenda 2010-2013 acknowledges that government is not doing enough to ensure that the informal economy reaches its potential.

Ghana's 2014 national budget document said that government would establish a new small and medium enterprises fund to support the informal economy. The document said that in 2013, more than 7,300 market traders in four markets were given cash grants to help their businesses that had been damaged by fire.

This brief looks at whether and how the budget of the Accra Metropolitan Assembly (AMA) provides for informal economy workers and, in particular, for traders<sup>1</sup>. In Greater Accra (the region in which Accra Metropolitan is situated), nearly a third of employed people work in wholesale and retail trade and nearly 10 per cent work in food service activities. Many of these workers are traders. The brief presents information sourced from official documents, other research, interviews with AMA officials, and focus groups discussion and interviews with traders and their leaders in many of the city's markets.

## Accra Metropolitan Assembly

In this brief, AMA constitutes both the Accra Metropolitan Assembly and the ten Sub Metropolitan Assemblies operating under AMA. The central Metropolis accounts for more than half of all people employed in the AMA and ten sub-metropolitan assemblies.

In 2010, the estimated population of the AMA was 1.7 million – about 42 per cent of the total population of the Greater Accra region. In addition, every day about 1 million additional people come into the Metropolis for various socioeconomic activities.

Accra is both the national capital of Ghana and the regional capital. This status means that the area has more formal employment than most other parts of Ghana. Nevertheless, informal workers account for 73 per cent of all employed people in the Greater Accra region – 82 per cent of employed women and 64 per cent of employed men.

## The AMA budget

Government budgets in Ghana are prepared at two levels – national and district. Section 92(3) of the Local Government Act states that districts must prepare and implement composite budgets which cover both the departments of the district assemblies and the assembly itself. AMA has prepared composite budgets that cover its 17 decentralized departments since 2012. However, examination of budget documents shows that the 2012 documents have numbers and patterns that are very different from 2013 and 2014. It seems that in 2012 AMA struggled to do the budget accurately. This brief therefore looks at budgets for 2013 and 2014. However, even for these years, the fact that the total budget amount changes from Gh ₵ 58.9 million in 2013 to Gh ₵ 96.7 million in 2014 means that the composite budgets may not be accurate or comparable.

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<sup>1</sup> There are two main categories of informal retailers - street vendors and market traders: see *WIEGO Statistical Brief No. 8* for details. In Accra, Ghana, there are a number of built markets with informal market traders. In this Budget Brief, the findings and analysis relate primarily to the market traders.

Among the 17 AMA departments, there is no single department that is responsible for the informal economy. This makes it difficult to trace allocations to the informal economy at the department level. The only group in the informal economy to which some of the activities in the budgets can be linked is traders. This is not surprising because traders are the largest group in the informal economy and they play a key role at both the national and local levels.

## Budget revenue

AMA's revenue can be divided into three broad categories – (a) taxes on income, property, goods and services, and trade; (b) grants from foreign governments, non-governmental agencies, and other parts of government; and (c) “other” revenue (income from property, from sales of goods and services, and fines and penalties).

Grants (mostly from other government units) accounted for nearly three-quarters (72 per cent) of the projected revenue of AMA in 2013 and 2014. The share of taxes increased from 8.1 per cent in 2012 to 11.9 per cent in 2014. Workers in the informal economy pay several different types of payments to the AMA, as discussed below.

## Budgeted and actual expenditure

Table 1 shows the budgeted expenditure for AMA's 17 departments for 2013 and 2014. (In 2013, 1 cedi was equivalent to approximately US\$ 0.3.) For 2014, Administration accounts for 45 per cent of expenditure and the Works department for 44 per cent. This leaves very small allocations for the remaining 15 departments. Natural Resource Conservation and Transport have no budgetary allocations.

**Table 1: Budgeted expenditure of AMA, 2013 and 2014**

Department	2013	2014	
	Amount	Amount	% of total
Administration	29,797,908	43,917,684	45
Finance	188,551	223,151	0
Education, Youth, and Sports	547,020	489,500	1
Health	1,043,125	1,688,580	2
Waste Management	2,648,732	2,151,970	2
Agriculture	755,167	785,582	1
Physical Planning	1,382,551	1,910,930	2
Social Welfare & Community Development	525,025	783,248	1
Natural Resource Conservation	0	0	0
Works	17,981,534	42,931,325	44
Trade, Industry, and Tourism	109,973	201,927	0
Budget and Rating	265,505	298,585	0
Legal	110,000	130,000	0
Transport	0	0	0
Disaster Prevention	142,000	127,120	0
Urban Roads	3,442,560	1,045,741	1
Birth and Death	7,000	15,000	0
Total	58,946,651	96,700,343	100

The trade component of Trade, Industry, and Tourism is more focused on international trade rather than local street traders and market traders. The Works department and others may play some role in the construction of markets and market facilities. However, for policy and budget issues regarding development of the informal economy, there seems to be no responsible department.

Table 1 shows expenditure by department. If we look at expenditure by economic category, assets (investment or capital expenditure) accounts for 53 per cent of the total in 2014, compensation of employees for 28 per cent and goods and services for 18 per cent. However, the allocations vary a lot from year to year.

The assets and goods and services categories are the most relevant categories for street vendors and market traders. For example, the construction of markets will be budgeted as assets while transport costs for AMA officials to educate and engage with traders, as well as payments for services such as electricity and water, will be budgeted as goods and services.

Actual expenditure does not always match budgeted expenditure. Unfortunately, information on actual expenditure was available only for the first six months of 2013.

**Table 2: Actual expenditure January-June as % of full year budget, 2013**

Expenditure category	% spent
Compensation of employees	45.3
Goods and services	40.6
Assets	9.4
Total budget	28.1

Table 2 shows that by the end of June 2013 AMA had spent only 28.1 per cent of the budgeted expenditure. Spending on compensations of employees (such as staff salaries) was nearly half of the budget, as expected for a six-month period. The percentage spent was lowest for assets – the category that is most relevant for trader-related projects, such as the construction of markets.

## Trader-related budget allocations and spending

Grants from central government and donors, as well as private sector investments and levies and fees collected by AMA, are the main sources of funding for the construction of markets. For example, AMA's 2014 budget document shows that AMA is hoping for funding from the French Government to construct four markets in the metropolis. However, because the funding has not yet been secured, the amount is not shown in the budget document. AMA is also exploring a partnership with a private company to reconstruct selected markets in Accra. It plans to construct high-rise buildings for seven markets and says it is in constant discussion with traders about what kinds of structures would be convenient for them.

The AMA's 2014 budget document shows that the following market projects were completed in 2013:

- Five 12-unit market sheds at Nima Market;
- Three 12-unit market sheds at Maamobi Market;
- Five 12-unit market sheds at Mallam Atta Market;
- Re-construction of 2 market sheds at Adabraka Market;
- Re-construction of 2 market sheds at Odawna Pedestrian Shopping Mall;
- Paving of Osu Market; and,
- Design for the redevelopment of Mallam Market.

The project cost for the above projects is shown in the AMA's 2014 budget document, but the actual expenditure is not shown. Visits to the markets confirmed that all had been completed. However, in Mallam Atta market, traders said that the shed has not yet been allocated to them by AMA.

*“Even though AMA has almost completed five sheds in this market, what we need most is the construction of the main market. The sheds are temporary. We need shops where we can securely keep our wares so that people will not tamper with them... We suffer a lot when it rains; you see for yourself that the place is not cemented.” [Trader at Mallam Atta Market]*

We can identify further activities relating to traders. The trader-related activities accounted for 11.6 per cent of total expenditure allocations in 2013, but the percentage declined to 8.1 per cent in 2014. The table below groups the trader-related activities into six broad categories and shows the share that each category makes up of the total budgeted activities relating to traders.

**Table 3: Distribution of trader-related expenditure by category of activity**

Expenditure category	2013	2014
Meetings with traders	0.1%	0.0%
Educating and sensitizing traders	0.5%	0.4%
Food trader inspection and certification	0.3%	0.2%
Market sanitation	0.2%	0.1%
Information and creating a database	0.1%	0.1%
Construction and rehabilitation of market facilities	98.9%	99.2%

The category of construction and rehabilitation of market facilities accounts for 99 per cent of the budgeted activities for traders in both 2013 and 2014. The actual amount for market facilities increased by 29 per cent in 2014 – much more than inflation, which was less than 10 per cent.

## Experiences and needs of traders

During the research visits to markets traders spoke about their experiences and needs in relation to fees and levies, market infrastructure and services, the relationships with the AMA, as well as other concerns.

### Levies and taxes

Every year, AMA approves a Fee-Fixing Resolution that details categories of fees and licenses for different business groups. The categories include business operation permits (paid by all formal businesses and privatized corporations), licenses, dealer permits, building development fees, rent, land development application fee, education levy, and sanitation and waste management fees. The resolution also details fees for the markets. AMA officials said that they discuss the fees with traders before finalizing the rates.

In 2014, street vendors who carried or displayed their goods on tables paid a daily toll of Gh¢ 0.50 to AMA. In 2013, the rate was Gh¢ 0.20. The charge for wholesalers is based on the size of bags or baskets. Traders who have stalls and shops in the markets pay an annual license fee to AMA. In 2014, the amount was Gh¢ 10 in all the markets visited.

AMA records revenue from the daily toll and licences under the category “taxes on goods and services”. Revenue from rent for stores, stalls, and other structures in the markets is recorded under the category “property income”. The rental amount varies across markets and also for different types of stalls and goods within each market. For example, in 2013, the monthly amount ranged from Gh¢ 4 for a small open stall to Gh¢ 10 for an “A” category store in Mallam Atta market. In Makola 31st December market, the rent for an “A” category store was Gh¢ 30. The rents charged by AMA are lower than the rents charged by private owners.

As noted above, privatized corporations, such as the Electricity Company of Ghana and the Ghana Water Company, pay business operating permits, which are quite large. These companies then collect tariffs for the use of their services in the markets. In public markets where these services are available, the AMA is responsible for paying the tariffs. When AMA does not pay, the services may be disconnected and traders will suffer.

Kaneshie Market Complex is categorized as a private company and must therefore pay a business operating permit of thousands of cedi to AMA. The Makola markets must also pay this permit fee. The market companies probably pass on these costs to the traders who work in their markets. This is one of the reasons that fees and rent are higher in private than in AMA-owned markets.

In addition to paying the other fees, food traders must have a medical examination before they can be certified to sell in the Metropolis. They must renew their medical examination license every year. In 2013, the fee was Gh¢ 3 to register, Gh¢ 4 for the cheapest licence, and Gh¢ 133 per year for the cheapest health certificate.

Traders with stalls and stores also pay tax to the Internal Revenue Service. The amount of tax varies by location, size of shop and quantity of goods sold. At Makola 31st December Market, traders in a small stall pay about Gh¢ 15 every three months as tax. At Abosey Okai Spare Parts Market, the traders who import goods say that they also pay value added tax.

Many traders pay private operators for refuse removal as the municipality does not provide this service. The amount paid is between Gh¢ 1 and Gh¢ 4 per day. In addition, in some markets traders pay private security providers.

*AMA does not do anything for us, all they know is to come and collect money and go.  
[Spare parts dealer at Abosey Okai]*

## Market infrastructure

The land on which the market infrastructure is situated belongs to AMA in some cases, and to private owners, churches, or Ghana Railways, in other cases. For example, the large Agbogbloshie market has some land belonging to AMA while other parts of the land belong to private owners. The owners lease the parts of the market constructed on private land to the traders.

The central government provided the infrastructure at Kaneshie Market Complex, Osu Market and London Market several decades ago before decentralization began. In contrast, construction was done less than four years ago at Nima, Maamobi, Adabraka Mallam Atta, and Osu markets. In Adabraka market, three sheds were refurbished after a rainstorm caused severe damage. In most markets, sheds were constructed.

In Osu Market, AMA provided paving. In Nima, Maamobi, Mallam Atta, and Mamprobi markets, the floors have not yet been cemented. The traders at Adabraka cemented the floor of the market from money they themselves contributed.

In the Salaga and Santana markets, the construction projects were incomplete at the time of the research visit. At Salaga, the traders were moved to a nearby area when construction commenced almost two decades ago under the central government's Agricultural Sector Improvement Programme. At the time of the research visit, the traders were still selling in a temporary structure provided by AMA. The leaders of the traders' organization said that the project had not progressed for more than 16 years despite many meetings between them and the AMA.

At Santana, the traders were moved to a nearby street for the construction period. The local Member of Parliament is funding the construction from the member's share of the District Assembly Common Fund. The leaders of the traders' organization said the project was delayed.

The traders at Freedom Market said that they themselves constructed all the sheds that they are using a long time ago. They said that one of the local councillors later paid for the paving of the floor. The traders said that AMA promised to fix the roofs of the sheds but had not yet done so.

*“Currently in this market, when it rains we are in trouble, when the sun shines too we are in trouble. In fact, we get soaked up when it rains. Please come and assist us.” [Trader at Freedom Market]*

## Maintaining the market environment

Traders at Nima, Maamobi, Salaga, Mamprobi Tuesday Market, and Mallam Atta Market report that when it rains some parts of the markets become flooded and the floors become muddy because they have not been cemented. At Makola 31st December Market, the flooding occurs even though the floor is cemented because the narrow open drain behind the market is often blocked by refuse.

In most markets, traders report that AMA contracts private cleaning companies to clean the streets and pavements but not the markets. The traders are responsible for cleaning their own stalls and stores and the surroundings. Some traders pay other private operators to remove the refuse. At Makola 31st December Market, traders pay others to clean the drains.

Fires can also cause problems. In some markets, traders have themselves procured fire prevention equipment. At Kaneshie Market Complex, a private market, traders have been trained in fire-fighting by Ghana Fire Services and other private institutions.

## Market security

The security systems differ from market to market. At Makola 31st December Market and Maamobi Market, some traders have constructed metal containers where they keep their goods overnight. This prevents the problems faced at Nima, Maamobi, Salaga, Mamprobi Tuesday Market, Freedom, and Mallam Atta, where traders' goods sometimes get stolen from the places where they store them overnight.



At Kaneshie Market Complex, traders have set up their own 24-hour security and there is very little pilfering. At Adabraka and Agbogbloshie, traders employ their own security guards to protect their goods overnight. A trader leader at Agbogbloshie Market said that AMA offered to provide security for them but traders chose to employ their own security – perhaps because they know that AMA guards remain at the entrance and do not patrol inside the market during the night.

*“Some of the wares we send for safekeeping in the evening get stolen. It does not happen frequently but when it happens ... you do not have anyone to hold responsible so you have ... to absorb it yourself.” [Leader in Nima Market]*

## Other services and facilities

Of the 11 markets visited, only two had water services and only four or five had electricity. The meat shops at Makola 31st December Market and Mamprobi Tuesday Market reported that water and electricity services had been disconnected because AMA did not pay the tariffs to the privatized companies. The water supply at the Nima Market butchers’ shop had also been disconnected. Electricity and water are especially important for butcher shops to avoid the meat going bad.

At Makola 31st December Market, the market shed was originally constructed as a bus terminal and does not have good ventilation. As a result, the afternoon heat makes it uncomfortable to work and also causes health problems for the traders. Ghana Textile Printing Limited installed fans in the market many years ago but the fans no longer function.

## Management of markets

In public and some private markets, the traders elect their own leaders who manage the markets. These leaders serve as a link between AMA and the traders. In the smaller markets, there is a separate leader for each type of commodity and the commodity leaders elect the overall leader – the Ohemaa (market queen). In larger markets, a leader and Ohemaa are elected for each section of the market.

In some private markets, the management works differently. For example, the Presbyterian Church manages the market in a shed it constructed in Osu. In Kaneshie Market Complex, a large private market, the trader leaders have a well-equipped office. The market has its own artisans, such as electricians, plumbers, and metal workers, who ensure services are working. The market also has security guards and porters, a refuse collection system, and fire extinguishers. The trader leaders employ revenue collectors who collect the levies both for AMA and for services provided in the market. The leaders at the market did not provide information on the amounts that traders must pay in levies.

## AMA interaction with traders

AMA officials report that they have a good relationship with traders in the Metropolis. They recognize the importance and power of traders and engage with them regularly. They report that trader leaders are diligent in attending meetings, and submit petitions when they have problems that they want AMA to address.

Most trader leaders said that they had met with AMA at least once in the past three months. They said that the AMA writes to inform them before coming to talk to them, or invites them to the AMA office for meetings. This allows the leaders to discuss issues with other traders before meeting with the AMA officials.

Trader leaders in markets where there were construction projects said that AMA discussed the project with them. However, they say that AMA did not consult them when it increased the daily market toll from Gh¢ 0.20 to Gh¢ 0.50.

Traders who are not leaders come into contact with AMA officials mainly through payment of levies, and sometimes through inspections. Food traders interact more often than other traders because of special education initiatives and certification.

Traders at Abosse Okai said that the mayor of Accra visited the market in early 2014 and had discussions with them. The mayor advised them not to display their wares on the pedestrian walkways. However, the traders are not happy with AMA rules on the distance from the shop where they can display their goods. They say that their shops are too small to display their goods effectively.

*“We are in a good relationship with AMA; whatever is worrying us and we call on them they come to assist us.” [Leader at Agboghloshie Market]*

*“A lot of people come and talk to us. When it is getting to elections even the top executives of the political parties come to ask us for our needs and the challenges we face.” [Leader in Nima Market]*

## Recommendations

The following recommendations emerged from the research and discussions with traders and their leaders:

- AMA should provide services such as water, electricity, refuse collection, and effective 24-hour security in the markets it constructs and manages.
- AMA should fix the roofs and drains so as to minimize flooding of markets.
- AMA should support traders with a revolving fund to enable them to expand their business.
- AMA must act swiftly after meeting with traders to avoid traders becoming apathetic or angry about many meetings without follow-up action.
- AMA should establish a decentralized department with responsibility for the informal economy.

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