

Evaluation of Household Production using Satellite Accounts (HHSa) for Macroeconomic Policies in Ghana

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Abstract:

Analysis of macroeconomic policies including gender can only be analyzed based on the information compiled within a consistent, coherent and organized framework. One of such macroeconomic frameworks used to measure the performance of an economy¹ for purposes of economic analysis, economic policy-making and decision-taking, as well as monitoring the behaviour of the economy at all levels of government is the System of National Accounts (SNA). However, no such framework has been available for macroeconomic policy analysis on gender in Ghana until recently.

The production boundary within the SNA framework is more restricted than the general production boundary (SNA 2008, 6.26) because it excludes household activities that produce domestic or personal services for own final consumption within the same household such as cooking, caring for children and adults, cleaning, etc (non-SNA). To capture these activities within the production framework, the SNA production boundary will have to be expanded to include all the non-market household production by compiling a household satellite accounts (HHSa) so as to extend the coverage of production activities in Ghana. The sum of SNA and non-SNA household production is referred to as “extended production” (the term used by Goldschmidt- Clermont and Pagnossin-Aligisakis 1995; 1999)².

The HHSa will be compiled in compliance with SNA 2008 and Eurostat 2003 statistical methods. Non-market activities will be assessed using the “third party criterion” by Margaret Reid³ which states that “if an activity is of a kind that enables it to be delegated to a paid worker, then such an activity should be considered to be productive...” This criterion will be applied for the selection of the productive activities. Based on the submission of Blade (1997)⁴, the paper will use the gross national daily minimum wage of the domestic worker in Ghana for valuing unpaid labour inputs by the principal functions using the input-based generalist cost method. For the valuation of non-market goods, the paper will apply the sum of costs incurred in producing such output as recommended by SNA 2008 para.6.125 as there are either no prices, or no economically significant prices.

To broadening or extend the core national accounts framework for the satellite analyses, the step-by-step approach recommended by SNA 2008 para. 29.31 will be followed. The first step will be to identify production and products of household principal activities and the

¹ Total economy composes of both market economy and household economy.

² Cited by Eurostat 2003, p. 6

³ Cited by Eustat 2004, p. 7.

⁴ Cited by Eurostat 2003, p. 27

accompanying ancillary activities. This will be followed by the allocation of Household final consumption expenditure into intermediate consumption, final consumption and Household durables and semi-durables (Gross Fixed Capital Formation).

In this paper, SNA production and non-SNA production will be compiled for different principal functions, and also by sex disaggregation. These functions are: providing housing, meals, clothing, and care. Shopping, services and travel related to unpaid household work are always part of household activities. Therefore, it will be classified as an ancillary activity to the principal functions.

The data from the 2009 Ghana's Time Use Survey, the 2005/2006 Ghana Living Standard Surveys, and the minimum wage will be utilized for the HHSA compilation. Other information to be employed for the paper will include National Accounts statistics figures for 2009.

It will be expected that the inclusion of household production in the national accounts will drive up the share of service production due to the increase in services related to the principal output: housing, meals, clothing care and the care of children and adults to achieve inclusive economic growth that will be sustainable to alleviate poverty, monitor gender equality and women empowerment.

It will, also, be expected that the HHSA will produce useful information to classify non-SNA household production by principal function (housing, meals, care, clothing and care) in the next updated ICATUS, and further, development of HHSA to serve as a tool to incorporate unpaid work in the country's economic accounts to evaluate the impact of macroeconomic policies effects on women and men.