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International  
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Geneva

## **Ghana**

### **Rationalizing social protection expenditure in Ghana**

#### **Consolidated version**

Social Protection Department  
International Labour Office - Geneva

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## Executive Summary

Ghana has achieved favourable socio-economic development and political stability over recent years, put substantial efforts in improving human development indicators, especially regarding health and education, and made significant investments in social protection. However, relatively high rates of economic growth have not benefited the population equally, resulting in persistently high levels of poverty in certain areas, in particular in the rural savannah and coastal regions. Stronger emphasis on social protection has however been associated with an increase in the number of activities, projects and programmes related to social protection, which leads to duplications and a fragmentation of the social protection system. The government efforts to develop a national social protection strategy is a key step to improving the coordination, effectiveness and efficiency of the social protection system, and it is hoped that this report can support the government in defining a coherent strategy that sets out a strong vision, clear objectives and concrete milestones and indicators of how to achieve the goals set out. Developing a consistent and agreed-upon definition of social protection is essential, as different stakeholders are currently still working with very different understandings of which programmes are social protection programmes. Based on this definition, the Government of Ghana should carefully consider the range of schemes and programmes which fall into its social protection basket.

The draft national social protection strategy sets the objective of building a national social protection floor for its population that ensures universal access to at least essential health care and at least a basic level of income security for children, people in active age and older people. Based on an inventory of the most important existing social protection interventions and existing related data available, this report analyses the existing social protection provisions and coverage gaps in the Ghanaian social protection floor:

- Access to at least essential health care

An estimated 32 per cent of the population are registered with the National Health Insurance Scheme (NHIS). 58.7 per cent of the members are women. Older people above 70 are more likely to be a member (56.9 per cent), whereas only 28.8 per cent of people in active age are members of the scheme. Membership of children under 18 is 33.8 per cent. The increase in coverage rates reflects the implementation of the exemptions from paying contributions for poor and vulnerable groups of the population, namely children under 18, persons 70 years or older, pregnant women and the indigent. The strategy of making people who have the capacity to pay contribute while exempting the vulnerable is a good strategy to work towards making the scheme more sustainable. However, 68 per cent of the population have not registered with the NHIS. Without supporting measures, the exemptions are insufficient to provide incentives for registration, and to protect the population against hardship arising from costs related to accessing health services. Further efforts are needed to increase membership.

In addition to the out-of-pocket expenditure remaining at around 30 per cent of total health expenditure, the health system is facing serious challenges regarding the adequacy and quality of health care, which constitute important challenges for ensuring adequate health protection of the people in Ghana: even people who enjoy NHIS membership are often not adequately protected because of persistent challenges regarding the quality of health care services. The density of health workers in Ghana as a whole is 13.8 per 10,000, which is substantially less than the regional average of 26.3 and even further below the benchmark of 34.5 per 10,000 (AHWO, 2010a and ILO, 2010). The health staff deficit in relation to the benchmark is 67.9 per cent. Challenges regarding the quality of services are reflected in the high maternal mortality ratio of institutional deliveries of 201 per 100,000 live births in 2008 (Ministry of Health et al., 2011). Areas for improvement include increasing the number and competencies of staff, especially related to maternal and child health

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management, staff incentives for good performance and availability and quality of pharmaceutical supplies. Serious efforts are needed to extend NHIS membership and to improve the availability and quality of health care.

■ Income security for children

Despite recent improvements in addressing child poverty, a significant share of Ghana's children grow up in poverty. Existing programmes for children with significant coverage rates focus primarily on reaching universal access to education (e.g., in 2012, the capitation grant provided universal coverage, the school feeding programme reached 21.9 per cent of children aged 4-14 and the free exercise books programme 64.2 per cent of children aged 4-14). While fulfilling their objective of encouraging enrolment, their contribution to the household budgets is rather small, and as a consequence, these programmes are not sufficient to address income security for children and their families on a large scale. The only programme focusing explicitly on poor children (aged 0-18) is the Livelihood Empowerment Against Poverty (LEAP) cash transfer which targets orphans and vulnerable children in poor households. LEAP covers an estimated 1.6 per cent of children under 15. Overall, existing programmes leave significant coverage gaps for children under four years of age, as well as poor children not falling into the category of orphans and vulnerable children but living in poverty. In addition, the current level of the transfer is rather modest and has a limited impact on poverty reduction for poor children and their families.

■ Minimum income security for people in working age

Active age groups able to work are supported through active labour market programmes like the National Youth Employment Programme (NYEP) and the Local Enterprises and Skills Development Programme (LESDEP) that receive relatively large budget allocations, amounting to 75 per cent of the expenditure of all the programmes reviewed in this report or 3.85 per cent of government revenue, while covering only 1.41 and 0.46 per cent of their targeted age groups respectively (in 2012). While Ghana does not have a statutory unemployment protection scheme, the Labour-Intensive Public Works (LIPW) programme provides a limited number of work days at minimum wage to a limited number of rural workers during the off-farm season in selected districts. Income security in the case of maternity is currently provided only through paid maternity leave (paid by the employer) for employees in the formal sector. LEAP provides cash benefits for poor and severely disabled persons without working capacity but only covers a small share of the population.

■ Minimum income security in old age

While an estimated 24 per cent of older people live in poverty, only 4.8 per cent of the population aged 65 and older are covered by the LEAP programme. Taking into account that 5.1 per cent of older people receive a pension from the Social Security National Insurance Trust (SSNIT), this leaves 90 per cent of the older population without pension benefits and likely to face income insecurity.

The Government should carefully examine policy options to close the above coverage gaps and ensure that Ghana's population enjoys access to at least essential health care and at least a basic level of income security along the life cycle. As outlined above, this could include the extension of the LEAP programme, the LIPW programme, the NHIS, the modification of other existing programmes, or the introduction of new benefits such as a universal old age pension or a maternity cash benefit.

Projections and impact modelling carried out on the basis of the available data indicate that the currently existing provisions can be financed sustainably with some reallocations between programmes to cover minor funding gaps (status quo scenario). However, when including government plans for extending social protection in the calculation, for example

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a nationwide extension of LEAP and the full implementation of the NHIS exemption, the projections indicate difficulties in covering the projected costs with the assigned budgets.

The nationwide extension of LEAP is estimated to achieve an immediate reduction of extreme poverty rates by 2.2 percentage points in addition to the broader impact on strengthening poor people's command of their income, facilitating their access to health and education, and channelling cash income into poor communities. Considering the scale of the planned expansion, the programme would remain relatively modest in funding requirements, which is estimated to reach 0.25 per cent of total government revenue (excluding grants) by 2016. A possible increase in benefit levels in the future (Scenario 1b) could further amplify LEAP's impact in terms of poverty reduction but unless sufficient resources could be allocated to the programme, it would be advisable to prioritize the geographic expansion over an increase in benefit levels in the short term.

The policy scenario of a combined (modest) cash benefit for households with pregnant women and children under five has a significant potential in achieving not only a direct reduction in extreme poverty rates by 2.2 percentage points but would also contribute to enhancing maternal and children's health. The necessary budget would amount to 0.59 per cent of government revenue (excluding grants) for 2014 and is projected to decline thereafter to 0.42 per cent (0.12 per cent of GDP) by 2018.

A non-contributory pension for the older population could achieve a direct reduction of extreme poverty rates by 1.3 percentage points and would recognize older people's contribution to society and strengthen their sense of dignity and economic independence. If fully implemented as a universal programme immediately, it would initially cost 2.4 per cent of government revenue (excluding grants), or 0.58 per cent of GDP, in 2014, yet the projected cost would decrease to 1.43 per cent of government revenue or 0.4 per cent of GDP by 2018. At the same time, the programme would realize significant savings in the LEAP programme that are not reflected in the above figures.

Overall, Ghana does not spend a sizable amount of public resources on social protection. Social protection expenditure amounts to 4.8 per cent of total government revenues and 1 per cent of GDP in 2012, representing 21.5 per cent of government spending on poverty reduction. In light of a budget deficit of 11.3 per cent of GDP in 2012 and a projected deficit of 9 per cent for 2013 (up from 4.4 in 2011), the prospects for expanding government spending in the short term are not favourable. Unless fiscal space can be increased, any additional allocations for social protection would have to be financed through re-prioritizing expenditures in the current government budget. Possible policy options include the termination of energy and fuel subsidies or the generation of revenues from oil exploitation to free some fiscal space for scaling up certain social protection programmes. The government should develop a social budget as a planning tool for the financing of social protection policies. At the same time, when looking at the composition of the programmes labelled as social protection expenditure in the draft national social protection strategy, imbalances can be observed in that the largest share goes to two active labour market programmes (NYEP and LESDEP) that are reaching only a very limited number of beneficiaries and do not even fall into the category of social protection programmes as defined in this report.

The programmes analysed in this report also suffer from volatility of resource allocation and unreliable transfer of funds. The Government should introduce measures to enhance the predictability, reliability and sustainability of funding sources for social protection programmes. This would include reviewing, and if necessary amending, the rules governing the flow of funding to social protection programmes, including financial flows that are redirected through the statutory funds. Such measures would be supported by the creation of a legal basis for the social protection programmes.

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The targeting logic of Ghana's social protection programmes seems to be inverted compared to trends that can be observed in many other countries, where benefits for vulnerable persons outside the labour market, i.e. children, severely disabled, older persons are often universal for all individuals who fall into that category (universal pensions, child grants etc.). In Ghana, the LEAP programme, which targets vulnerable persons largely outside the labour market, is means-tested. In contrast, programmes for the active age are typically means-tested in other countries but the NYEP and LESDEP are not targeting the poor and vulnerable; only the Labour-Intensive Public Works Programme aims to attract poor workers by paying participants who register in the programme the minimum wage which is not attractive to those who are better-off.

The limited availability of up-to-date reliable data on the level and structure of expenditure and revenue, as well as of the number and composition of beneficiaries and benefit levels for the different schemes and programmes, has shown the need to strengthen the knowledge base and the monitoring and evaluation framework to facilitate meaningful policy and budget planning and inform decision-making processes on social protection interventions.

The governance of the social protection system should be strengthened through the development of a coherent social protection policy and related action plan. Regarding the governance framework of the social protection system, a key weakness of the current social protection system is the insufficient legal basis of social protection provisions. With the exception of the NHIS and SSNIT, none of the programmes has a legal basis. A key priority in the action plan should therefore be the strengthening of the legal framework of the social protection system through a consolidated body of social protection laws that define social security entitlements, eligibility criteria and the rules and regulation for financial and administrative governance of the programmes. The governance framework also needs to establish clearly the roles and responsibilities of all the actors involved as well as the coordination mechanism between different actors. A national social protection monitoring and evaluation framework that sets clear targets, milestones and time frames for achieving the set objectives should constitute the core part of the national social protection strategy.

At programme level, all programmes should be required to establish a set of well-defined eligibility criteria and targeting and selection processes in order to ensure greater clarity and transparency as to who is entitled to which benefits and on what grounds. Programmes should further be obliged to keep sound administrative records of their membership, financial flows, including administrative costs, and benefits delivered. Existing rules need to be applied rigorously on the ground, and the discretionary power to select beneficiaries at the community level that exists in many programmes should be reduced. In this context, the Government should step up its efforts to raise awareness about social protection programmes and ensure that rules, eligibility criteria and entitlements in social protection programmes are clearly communicated to scheme administrators and the general public.

The Government should take measures to improve administrative efficiency by enhancing coordination and cooperation among programmes. Synergies could be created among programmes in such areas as communication and awareness activities, community outreach, membership management, identification and registration, delivery of benefits, data collection, monitoring and evaluation.

In developing a common targeting mechanism, the Government should consider carefully which programmes are to be included. It should also ensure that the mechanism is sufficiently flexible to allow for different eligibility criteria for different programmes. There is also a procedural risk that delays in the implementation of the common targeting mechanism may delay the extension of programmes relying on that mechanism.

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## List of abbreviations

ALMP	active labour market programme
CST	communication services tax
DACF	District Assembly Common Fund
DFID	Department for International Development (UK)
FAO	Food and Agricultural Organization of the United Nations
GEBSS	Graduate Business Support Scheme
GES	Ghana Education Service
GETFund	Ghana Education Trust Fund
GHC	Ghanaian cedi: the GH¢ was introduced as the national unit of currency on 1 July 2007 at a rate of GH¢ 1 = 10,000 "old" cedis. (At the 2013 exchange rate, GH¢ 1 = approx. 46 US cents.)
GHS	Ghana Health Service
GLSS	Ghana Living Standards Survey
GLST	Ghana Luxembourg Social Trust
GNSPS	Ghana national social protection strategy (draft)
GPRS	Growth and Poverty Reduction Strategy
GSFP	Ghana School Feeding Programme
GSGDA	Ghana Shared Growth and Development Agenda
GSOP	Ghana Social Opportunities Project
GSS	Ghana Statistical Service
GSOP	Ghana Social Opportunities Project
GYEEDA	Ghana Youth Employment and Entrepreneurship Development Agency
ILO	International Labour Organization
IPEC	International Programme on the Elimination of Child Labour
LEAP	Livelihood Empowerment Against Poverty programme
LESDEP	Local Enterprises and Skills Development Programme
LIPW	Labour-Intensive Public Works programme
MAF	Millennium Acceleration Framework

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MESW	Ministry of Employment and Social Welfare (before December 2012)
MGCSF	Ministry of Gender, Children and Social Protection
MoFEP	Ministry of Finance and Economic Planning (before December 2012)
MLGRD	Ministry of Local Government and Rural Development
NDPC	National Development Planning Commission
NHIA	National Health Insurance Authority
NHIF	National Health Insurance Fund
NHIL	national health insurance levy
NHIS	National Health Insurance Scheme
NPECLC	National Programme for the Elimination of the Worst Forms of Child Labour in Cocoa
NYEP	National Youth Employment Programme
OVC	orphans and vulnerable children
SHEP	Self-Help Electrification Programme
SIF	Social Investment Fund
SIT	Social Inclusion Transfer
SPIC	Social Protection Interministerial Committee
SPSG	Social Protection Sector Group
SPTC	Social Protection Technical Committee
SSNIT	Social Security National Insurance Trust
WFP	World Food Programme

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## 1. Introduction

### 1.1. Ghana's national social protection strategy

In recent years Ghana has been pursuing an ambitious agenda of economic and social development. As one of the key elements of this agenda the Government has taken bold steps to extend social protection by means of a variety of schemes and programmes. Ghana's Shared Growth and Development Agenda 2010-13 (GSGDA) highlights the need to reduce spatial and income inequalities, to intensify the implementation of the national social protection strategy and to review the overall national social protection framework (NDPC, 2010a, p. xvii). In this regard, the GSGDA notes that "while Ghana has a number of policies on social protection, these have not been harmonized and are not coordinated within a comprehensive guiding vision. Lack of a comprehensive vision of social development and weak institutional capacities have led to gaps in the delivery of social services and entitlements." (ibid., p. 94). The GSGDA therefore emphasises the need to "establish a holistic National Social Protection Framework to ensure harmonization of various schemes" (ibid., p. 110). The GSGDA costing framework (NDPC, 2010b) further states that "key policy measures to be implemented to ensure social protection and inclusion include:

- prepare a comprehensive national social policy framework to provide social safety nets, especially for the poor, vulnerable and excluded;
- strengthen coordination of social sector policies and programmes across sectors;
- provide adequate resources for social policy formulation, implementation and evaluation;
- improve targeting of existing social protection programmes;
- mainstream social protection into sector and district planning; and
- strengthen monitoring of social protection programmes."

The draft national social protection strategy (GNSPS) (MESW, 2012) aims to bring the multitude of social protection programmes under a common umbrella, based on a coherent framework and programmatic approach. It involves using the available resources in the most effective and efficient way possible to avoid duplication of effort and close the gaps in social protection coverage. This is reflected in the objective of establishing a national social protection floor as a fundamental feature of the social protection system, in line with the ILO's Social Protection Floors Recommendation, 2012 (No. 202).

The Government has requested technical advice from the ILO in analyzing current social protection expenditure in terms of its sustainability, robustness, efficiency and effectiveness in preventing or reducing poverty and social exclusion.

Ghana has a multiplicity of social protection schemes and programmes that it implements through a variety of mechanisms. They are complemented by broader programmes that have a social protection dimension - for example, electricity and fuel subsidies or active labour market programmes. While some of these are based on legislative texts and are implemented nationwide and financed through earmarked taxes, others are of a short-term nature or limited in geographical and personal coverage and have a volatile and insecure resource base. Different mechanisms are employed to deliver transfers and services to different population groups, including:

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- cash transfers for households or individuals
  - in-kind transfers to households or individuals aiming at facilitating access to health and education
  - active labour market programmes
  - subsidies, either to producers or to consumers of certain goods or services

The national social protection framework (outlined in the draft GNSPS) seeks to consolidate this multitude of programmes into an integrated, coherent and sustainable social protection floor, as part of the social protection system, that would avoid duplication and gaps in social protection provisions. The draft GNSPS states:

"The GNSPS is intended to achieve Ghana's poverty reduction goals by facilitating the design, implementation and monitoring of a variety of social protection programmes aimed at providing the extremely poor with a secure 'social protection floor' of assistance. Towards the overall goal of ensuring a social protection floor, the extremely poor will be assisted to access existing government social services that will provide them with a buffer against various risks and shocks." (MESW 2012, p. xii).

In emphasizing the need for a social protection floor and building a coherent social protection system, Ghana is in line with the ILO's social security extension strategy (ILO, 2012) and Social Protection Floors Recommendation, 2012 (No. 202).<sup>1</sup> According to this Recommendation, national social protection floors are nationally defined sets of basic social security guarantees that secure protection aimed at preventing or alleviating ill health, poverty and vulnerability and social exclusion. These guarantees should ensure that, over the life cycle, all persons in need have access to at least essential health care and basic income security, which together ensure their effective access to essential goods and services defined at the national level.

Closing the gaps in Ghana's social protection coverage by means of a social protection floor requires a solid financial basis. First and foremost, the best possible use should be made of available resources within a well-coordinated policy framework. In addition, fiscal space needs to be mobilized to achieve the objectives set by the Government.

The fact that a more coherent and integrated social protection framework is needed to maximize the poverty-reducing impact of future and existing programmes is at the root of this study of the rationalization of social protection expenditure in Ghana.

## 1.2. Objective of the report

This report has been prepared in the context of the Ghana Social Opportunities Project (GSOP)<sup>2</sup> that seeks to support Ghana to rationalize its social protection expenditure. The report analyses that expenditure in terms of its sustainability, robustness, efficiency and

<sup>1</sup> As an ILO member State, Ghana's tripartite delegation to the 100th and 101st Sessions of the International Labour Conference in 2011 and 2012 contributed actively to the ILO social security strategy and the ILO Social Protection Floors Recommendation.

<sup>2</sup> The Ghana Social Opportunities Project consists of five components addressing some of the weaknesses of the current social protection framework, notably the implementation of a comprehensive public works programme targeting the poorest regions and the improvement and nationwide roll-out of Ghana's Livelihood Empowerment Against Poverty (LEAP) pilot programme.

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effectiveness in preventing or reducing poverty, social exclusion and ill health. It includes an analysis of the current structure of social expenditure and makes recommendations as to how the Government can redirect its resources to the most effective areas and reducing expenditure on less effective activities, in order to increase coverage of the poor and vulnerable despite fiscal constraints. The report looks carefully the impact, cost effectiveness, sustainability and complementarities of existing programmes and proposes a range of credible and effective monitoring and evaluation instruments.

The object of the report is to assist the Government of Ghana in setting priorities for the review and implementation of the draft GNSPS by a process of consultation. A broad national dialogue that includes the social partners and other stakeholders is essential to ensure that the strategy meets the needs of the population and builds on a broad national consensus. An initial workshop was organized to fine-tune the scope of the report and to identify the programmes which should constitute its main focus. A second national workshop was held to validate the first part of this report describing the status quo (Chapters 2-5) and to identify policy options that are assessed in the second part (Chapters 6-8). A third national workshop discussed the assessment of the policy options, their cost and their potential impact on the reduction of poverty. On the basis of that discussion, the ILO has made recommendations to guide the Government in rationalizing its social protection expenditure and in adopting a coherent and comprehensive approach to enhancing the effectiveness and coordination of the country's social protection system.

The report complements a recent assessment of the major social protection programmes in Ghana, which focused on benefit incidence and targeting performance (World Bank, 2010b) and provided a valuable insight into the extent of their success in reaching the poor. With regard to user-fee exemptions under the National Health Insurance Scheme (NHIS), the report also complements a recent overview of the performance of the health sector in Ghana (Schieber et al. 2012; Saleh, 2013).

Developing a coherent social protection framework calls for the cooperation of several ministries and other stakeholders at the national and sub-national level. In order to ensure the efficient allocation of public funds to social protection and the generation of the necessary revenue, the Government entrusted the leadership of this study to the then Ministry of Finance and Economic Planning (MoFEP), which does not administer any social protection programmes directly and is therefore expected to take a neutral position with regard to their implementation. The other line ministries involved in the project are the Ministry of Gender, Children and Social Protection (MGCSP), as coordinator of the GNSPS since December 2012, the Ministry of Labour and Employment and the Ministry of Local Government and Rural Development (MLGRD), which is entrusted with overall coordination of the various components of the GSOP.

The preparation of this study has been entrusted to the ILO as the specialized UN agency with the mandate to set international labour standards, including standards on social protection, and as a tripartite organization with a unique rights-based and participatory approach. The ILO has long-standing technical experience in supporting member States in the reform of their social security systems, and it has advised the Government of Ghana several times before. In line with its mandate to promote social justice, the ILO's approach is based on the premise that equitable and sustainable social protection policies need to ensure the adequacy of benefits, efficient administration, sound financial management, as well as the financial sustainability and fairness of the social protection systems. Thanks to the international social security standards embodied in its Conventions and Recommendations, the ILO is ideally equipped to provide countries with advice that is based on internationally recognized criteria.

The Social Security Department of the ILO has a long history of technical cooperation with Ghana that is particularly relevant to this study, including actuarial valuations for the

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NHIS and Social Security National Insurance Trust (SSNIT) and a cash benefit pilot programme for pregnant women and children under the age of five in two districts. Other ILO departments have supported the government in combatting child labour, fighting HIV/AIDS, developing a national employment policy and to develop a training centre to support the country's Labour-Intensive Public Works (LIPW) programme.

### 1.3. Conceptual framework

It is essential from the outset to have a clear and precise understanding of what is meant by "rationalizing social protection expenditure". Regarding the scope of such expenditure, the draft GNSPS proposes as a working definition that social protection refers to "a set of transfers and services that help individuals and households confront risk and adversity (including emergencies) and ensure a minimum standard of dignity and well-being throughout the life cycle" (MESW, 2012, p. 4). To this the ILO's definition adds further detail regarding the risks and adversities that are to be remedied, stating that social protection comprises "all measures providing benefits, whether in cash or in kind, to secure protection, inter alia from (i) lack of work-related income (or insufficient income) caused by sickness, disability, maternity, employment injury, unemployment, old age or death of a family member, (ii) lack of access or unaffordable access to health care, (iii) insufficient family support, particularly for children and adult dependants (iv) general poverty and social exclusion" (ILO, 2010). While both definitions include contributory *and non-contributory* components of the social protection system, the report focuses on non-contributory schemes and programmes, including the financing of part of the NHIS through subsidized contributions.

These definitions help to distinguish social protection programmes from other programmes, such as labour market programmes that provide temporary jobs. Even if the latter target vulnerable members of the population such as the poor or unemployed youth, and even if they pursue social objectives such as environmental protection or better social services, the beneficiaries of these programmes work full time and receive a salary or allowance in return for their work. They should therefore be classified as employment policies or labour services but not as social protection, since they do not constitute a transfer, benefit or service.

Secondly, the notion of "rationalizing" expenditure also requires clarification. The working definition used throughout this report is that rationalizing social protection expenditure means making it more *effective, efficient and sustainable*, both at the *system level* and at the level of *individual programmes*, and with respect both to the programme's impact and to its costs, including administration costs, all in accordance with the objectives stated in the draft GNSPS.

The rationalization of social protection expenditure is also concerned with the extent to which social protection programmes are reaching the poor and vulnerable. Reducing or preventing poverty and social exclusion are important objectives for all programmes and some use targeting mechanisms to achieve their objectives, but targeting is not always the most efficient way to deliver programmes. Generally speaking, targeting is used for three reasons: maximizing the impact on the poor and vulnerable, an available budget that is limited, and the trade-off within budgetary constraints between the number of beneficiaries and the level and quality of the benefit. Costs are involved in targeting, too, the main items being transaction costs (for the administration as well as for the beneficiaries) and incentive costs arising from changes in the economic behaviour of the beneficiaries so as to be (or to remain) eligible for the programme. Other costs associated with targeting include social costs (the programme might stigmatize its beneficiaries) and political costs (there tends to be less support for programmes that cater for a limited number of constituents) (World Bank, 2010b). The analysis therefore needs to go beyond

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targeting efficiency in a narrow sense and consider also how poverty, ill health and vulnerability can be effectively prevented. This requires an adequate, accessible, affordable, effective, efficient, sustainable and equitable social protection system and for coherent economic, employment and social policies.

Most programmes appear to have more than the sole objective of social protection, such as facilitating universal access to services, supplementing existing programmes, promoting local economic activities and improving governance at the district and local level, and this has implications for any assessment of their efficiency, effectiveness and impact. For example, some programmes may be very effective in terms of their other core objectives yet not have a major impact on the provision of social protection.

A crucial concept that this report needs to clarify is what exactly constitutes coverage. "Wide coverage, especially of poor and vulnerable people", is one of the key objectives stated in the draft GNSPS, and yet the concept is not further defined. The ILO emphasizes the importance of achieving effective coverage that goes beyond mere legal requirements or affiliation with a scheme. Effective coverage means that all the conditions are met for people to have practical access to the benefits and services to which they are entitled. In addition to a rights-based approach, the ILO definition of coverage therefore includes the proviso that the benefits and services guarantee financial protection and be available, accessible, adequate, affordable and acceptable.

#### **1.4. Methods, data and structure of the report**

##### ***Methods and procedure of the analysis***

*The* analysis of the status quo in the Part I of this report (Chapters 2-5) provides an overview of the existing social protection provisions, in terms of their performance in offering income security and access to essential services throughout the life cycle or during gaps in protection. It includes an assessment of public social protection expenditure and of the overall government budget. Based on this analysis, reform scenarios and priority actions were identified at a workshop for stakeholders held in Dodowa on 2-3 July 2013.

Part II of the report (Chapters 6-8) presents an estimate of the cost of different policy scenarios, their implication for the government budget and their potential impact on poverty reduction. The estimate was discussed at a validation workshop in Asutsuare on 29-30 July 2013.

Table 1.2 presents an overview of these steps.

**Table 1.2. Process followed to produce the report**

Phase	Activities	Outputs
1. Mapping existing programmes	Inception seminar Selection of national consultants team / Inventory of existing programmes Establishing monitoring and evaluation matrix	Inception report Detailed inventory of existing programmes
2. Assessing the performance and expenditure of existing programmes	Establishing a social expenditure and revenue accounting frame Cost/benefit review of existing programmes Assessing the impact of the existing programmes on the poor and vulnerable Identification of social protection gaps and duplications	Status quo report (Chapters 2-5 of the present report)
3. Identifying policy alternatives in order to rationalize social protection expenditure	Stakeholder consultations regarding policy scenarios and validation of status quo analysis Constructing medium-term projections Modelling cost/benefits, fiscal space, impact and remaining gaps in these reform options	Policy scenario report (Chapters 6-8 of the present report)
4. Recommendations and dissemination	Stakeholder consultations for validation of policy scenarios report Conclusions and recommendations for rationalizing social protection programmes Dissemination (transfer) of skills and tools	Final report and model

### **Mapping of existing programmes**

As shown in the table 1.2, the first step in the analysis was the mapping of existing programmes and the selection of the programmes to be discussed in greater detail in this report. The study takes as its basis the programmes that were included in the draft GNSPS and the definition in the strategy that was discussed in the previous section on the conceptual framework. From that definition the programmes may be classified as "social protection programmes" when their primary objectives are:

- to help people to confront risks and adversities and/or to ensure a minimum standard of dignity and well-being (i.e., they have a direct impact on poverty and well-being)
- to assist individuals or households (i.e., they have a measureable impact at the household or individual level)

For the purpose of this study, which focuses on public social protection programmes, a third criterion is that the programmes are mandatory or publicly financed.

Applying these criteria, many of the programmes can more accurately be classified as mainly focusing on access to education or employment, and thus are not social protection programmes *stricto sensu*. This is also reflected in the GSGDA, which distinguishes between policy interventions in the areas of health, education, productivity and employment and social protection. The GSGDA assessment tool and the chapter on Human Development in annual progress reports provide information separately on education (Focus area 1), health (Focus area 3), productivity and employment (Focus area 6) and social protection (Focus area 8).

Further developing the categories already provided in the GSGDA and the draft GNSPS, Table 1.3 lists the programmes in the draft GNSPS by their primary objective, and this

report applies the same logic in distinguishing between social protection and other human development interventions. Programmes discussed in this report are highlighted in bold. Some programmes that are discussed here would normally not be classified under social protection but have been included because of their size and importance, while others could not be included for lack of data. The coordination of social protection programmes with human development, employment and poverty reduction programmes is important for exploring synergies and measures that could reduce the cost of administration and implementation.

**Table 1.3. Overview of programmes in the draft GNSPS, by primary objective**

<b>Primary objective</b>	<b>Scheme or programme</b>
Social protection	<p><b>Livelihood Empowerment Against Poverty (LEAP)</b></p> <p><b>Ghana school feeding programme</b></p> <p><b>Ghana Luxemburg Social Trust</b></p> <p><b>Labour-Intensive Public Works (LIPW)</b></p> <p><b>National Health Insurance System (NHIS)</b></p> <p><b>Social Security National Insurance Trust (SSNIT)</b></p> <p>Programme to reduce nutrition and micronutrient deficiencies</p> <p>Supplementary school feeding programme and take-home rations for girls</p> <p>Elimination of the worst forms of child labour</p> <p>Community-based rehabilitation programme for the disabled (CBRP)</p> <p>Services of the Department of Social Welfare</p>
Education	<p>Scholarships programme</p> <p><b>Education capitation grant</b></p> <p><b>Free school uniforms and exercise books programme</b></p> <p>Replacing schools under trees</p> <p>Free bus rides for children in school uniform (Metro Mass Transport)</p>
Employment, productivity and economic growth	<p><b>National Youth Employment Programme (NYEP)</b></p> <p><b>Local Enterprises and Skills Development Project (LESDEP)</b></p> <p>Graduate business support scheme</p> <p>National forest plantation programme</p> <p>Integrated agricultural input support</p> <p>Mass cocoa spraying programme</p> <p>Eco brigade</p> <p>Integrated community centres for employable skills</p>
Public health	<p>Safe drinking water for the poor</p> <p>Environmental health and sanitation</p> <p>Malaria control programme</p> <p>Expanded programme on immunization</p> <p>HIV/AIDS programme</p> <p>Prevention of mother-to-child transmission of HIV/AIDS</p> <p>Breast cancer awareness</p>
Security and safety	<p>Domestic Violence and Victims Support Unit</p> <p>Anti-Human Trafficking Unit</p> <p>Community policing</p> <p>Food and Drugs Board</p> <p>Ghana Standards Authority</p> <p>National disaster and conflict management</p>

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Private risk management	Private life insurance Micro life insurance Microfinance
Informal and traditional forms of social protection	Cultural practices in child rights protection
Subsidies	<b>Levies for rural electrification</b> <b>Lifeline tariff</b> <b>Petroleum subsidies</b> <b>Fertilizer subsidies</b>

Source: Own compilation based on draft GNSPS (MESW 2012).

### **Information and data inputs**

*The* limited availability of information has proved a major limitation for this report since, because of time constraints, it was commissioned to be carried out on the basis of existing data. For most schemes and programmes no detailed information (and sometimes no information at all) was available on expenditure, the number and demographic characteristics of beneficiaries over time, the administrative structures or the impact of the programmes on poverty reduction and on the living standards of the population. The report is therefore based on the following sources:

- *Administrative data and qualitative information.* At the start of the project a questionnaire was distributed among the organizations administering selected programmes, most of which responded - though often with considerable gaps in the data.
- *Official government records and statistics.* such as the annual state budget and reports from the Ghana Statistical Service (GSS) and Bank of Ghana. These sources include statistics from the GSS's latest population census in 2010.
- *International data sources from the* FAO, ILO, UNDP, UNICEF, WHO and World Bank, as well as the United Kingdom's Department for International Development (DFID).
- *Micro-data*, as far as available, for use in a static micro-simulation of the potential impact of the programmes on poverty reduction and for identifying the remaining social protection gaps. Ghana's most recent survey of living standards (GLSS 5) dates back to 2005/06, while the data from GLSS 6 are not yet available.
- *Academic studies.*
- *Interviews with stakeholders and other experts and field visits.*

The fact that its sources were limited should be borne in mind when considering the report's recommendations, the first of which must be that each scheme ensure adequate data collection so as to inform future policy decisions with sound evidence.

### **Structure of the report**

Following this introductory chapter, Chapter 2 summarizes the social, demographic and economic context, focusing on key economic, employment and social indicators. Chapter 3 describes the programmes analyzed in the report in terms of their legal and policy framework, eligibility criteria for entitlement to benefits, expenditure and financing,

coverage, level and adequacy of benefits, administrative efficiency, impact and challenges to their implementation. With a view to maximizing the impact of social protection expenditure, Chapter 4 assesses the effectiveness and efficiency of these programmes in providing a social protection floor for Ghana, i.e., in guaranteeing access to essential health care, including maternal care, prevention and income security for children, people of working age and older persons (Table 1.4). Chapter 5 addresses the resources that are available for non-contributory social protection programmes in the state budget and in statutory funds, as well as their sustainability. Chapter 6 provides cost estimates for a set of policy options developed at a stakeholders workshop, together with a static micro-simulation of their impact on poverty reduction. Chapter 7 outlines a proposal for the governance structure of the social protection system, and while Chapter 8 develops a related national monitoring framework. Chapter 9 concludes the report with a set of policy recommendations to guide the Government in its future social protection policies.

**Table 1.4. Overview of social protection programmes discussed in the report**

		Social protection floor guarantees			
		Access to essential health care	Income security for children, facilitating access to nutrition, education and care	Income security for people of working age	Income security for older people
Programme categories	Cash transfers		LEAP: orphans and vulnerable children, persons with disabilities or who are chronically ill, elderly persons		
			GLST*		
				SSNIT (contributory disability benefits and old-age pensions)	
	Non-cash transfers	Services covered under the NHIS	School uniforms Exercise books School feeding		
	Subsidies	NHIS contributions for children, the indigent, the elderly, pregnant women)	Capitation grant	Fuel subsidies	
				Lifeline tariff	
				SHEP	
				Agricultural input subsidies	
	Active labour market programmes			NYEP SIT (SIF) LIPW (GSOP) LESDEP	

Note: The presentation of programmes in Chapter 3 is structured according to the vertical axis of the table, grouping the programmes by their intervention mechanism (cash or non-cash programmes, subsidies and active labour market programmes). Chapter 4 discusses social protection coverage from a systemic perspective following a social protection floor logic reflected in the horizontal axis of the table (access to health care, income security for children, active age and older people).

Source: Own compilation based on draft GNSPS

## 2. The socio-economic context

With rates of economic growth above the African average, Ghana has experienced a favourable socio-economic development over recent years. Well ahead of the target set by its national development strategic framework "Vision 2020", Ghana has reached the status of a lower-middle-income country, with an annual per capita GDP of USD 1,240 in 2010. The Government's current policy document, the Coordinated Programme of Economic and Social Development Policies 2010-2016, sets the attainment of an annual per capita income of at least US\$ 3,000 by the year 2020 as the new target.

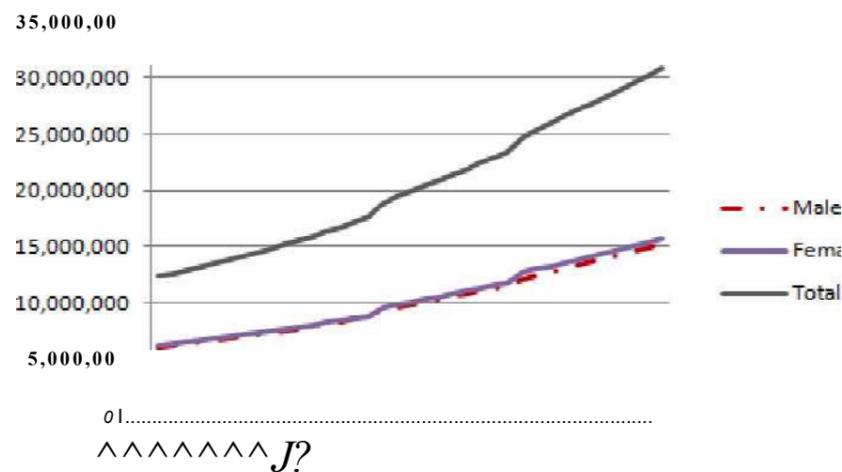
Since 1990 the poverty rate has decreased from over 50 per cent to 28.5 per cent in 2005/06 (the latest official count). Regional disparities, however, are substantial, in particular in the southern and forest areas in the west-central part of the country, on the one hand, and in the Eastern, Upper East, Upper West and Northern regions on the other. In some districts in the north and in the Upper East and Upper West regions, over 80 per cent of the inhabitants are poor.

The following sections summarize briefly the main developments and trends in the socio-demographic and socio-economic structure of the country, which will serve as a background to the report.

### 2.1. Population structure and trends

According to the 2010 census Ghana's population stood at 24.7 million (GSS 2012, with an average annual growth of 2.7 per cent between 1984 and 2010). The population is expected to exceed 30 million by 2020 (Figures 2.1 and 2.2).

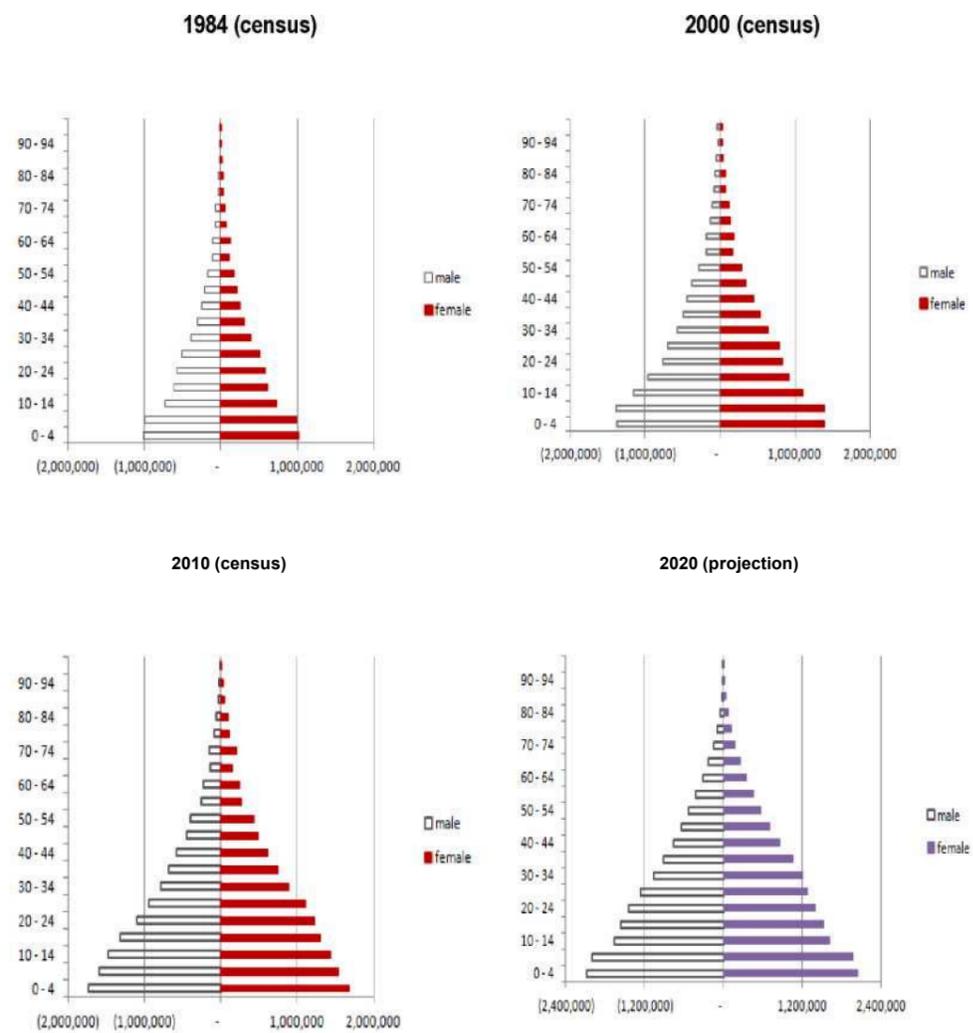
Figure 2.1. Population size and growth in Ghana, 1984-2020



Source: Compiled from GSS data, 2013

The population is characterized by a large young population, with an average age of 24 and a median age of 20. Over 38 per cent of the population were under 15 years old in 2010, and a further 20 per cent were between 15 and 24. The proportion of men and women aged 65 and over in the total population in 2010 was 4.7 per cent (Figure 2.2).

Figure 2.2. Population structure, 1984, 2000, 2010 and 2020 (projected)



Source: Based on census data (GSS, 2012).

The ratio between people of active age and those not of active age is slowly decreasing, due mainly to the decreasing percentage of children in the overall population (Table 2.1). The proportion of the population considered to be in its prime (i.e., the age categories from which the labour market draws its main productive labour force) was 57 per cent in 2010 and is estimated to rise to 59 per cent in 2020. As a result, the demographic dependency ratio is expected to fall from 76 to 69, which means that 100 Ghanaians in the age categories 15-64 supported 76 children and elderly persons in 2010 and will support 69 children and elderly persons in 2020. This suggests that Ghana is likely to enter a demographic window of opportunity in the coming years, as a large and growing share of working age people in the population offers a substantial potential for economic growth. The realization of this potential will depend to a large extent on Ghana's abilities to invest in its future workforce and to offer decent and productive employment opportunities. This has important implications for Ghana's social protection policies, particularly with regard to investment in the nutrition, health, education and skills of children and youth.

**Table 2.1. Age structure and demographic dependency ratios, 1984-2020**

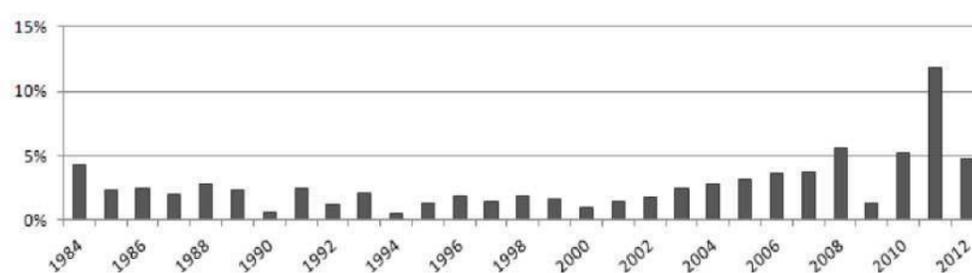
Age group	1984		2000		2010		2020	
	'000	%	'000	%	'000	%	'000	%
0 - 14	5,465	43.9	7,807	41.3	9,450	38.3	11,361	36.8
15 - 24	2,364	19.0	3,485	18.4	4,933	20.0	5,920	19.2
25 - 49	3,326	26.7	5,331	28.2	7,275	29.5	9,726	31.5
50 - 64	798	6.4	1,291	6.8	1,833	7.4	2,630	8.5
65+	493	4.0	999	5.3	1,168	4.7	1,254	4.1
Total	12,445	100.0	18,912	100.0	24,659	100.0	30,892	100.0
Demographic dependency ratio		91.8		87.1		75.6		69.0

Source: Own calculations using GSS 2013 statistics

## 2.2. Economy

Since the introduction of major economic reforms in 1983, Ghana has experienced a favourable economic climate, with a fair degree of fiscal discipline, steady domestic prices and a stable exchange rate. Real annual per capita GDP growth, which averaged around 2.0 per cent between 1983 and 2005, accelerated to 5.3 per cent between 2006 and 2012 (Figure 2.3). In 2009 GDP growth slowed, possibly due to a contraction in domestic demand following the introduction of a fiscal stabilization package (MoFEP 2011b), before it accelerated again to reach double digits in 2011.

**Figure 2.3. Real per capita GDP growth,**



Source: Own compilation from various

Subsistence agriculture accounted for an estimated 22 per cent of GDP in 2012, down from 29 per cent in 2008; in 2008 it employed about 57 per cent of the workforce, mainly small landholders. Growth in agricultural production slowed down towards the end of the previous decade, except in the cocoa subsector which has continued to maintain its favourable performance. Structural problems, such as lack of infrastructure and underutilization of the irrigation potential, hamper the sector's productivity.

Well-endowed with natural resources, Ghana has traditionally relied on gold, timber and cocoa as its main sources of foreign exchange. Industrial growth accelerated in 2006, mainly as a result of gold mining activities. Since 2010 the exploitation of the country's oil resources has established itself as one its principal economic drivers. In 2011 crude oil exports of USD 2 billion accounted for 22 per cent of Ghana's total export revenue, more than cocoa (USD 1.7 billion), making it the second largest export earner after gold (USD

3.7 billion) (AfDB/OECD, 2012). Manufacturing, on the other hand, has remained sluggish, while the services sector was fairly steady over the period.

**Figure 2.4. Annual rate of inflation, 1983-2012**

		Social protection floor guarantees			
		Access to essential health care	Income security for children, facilitating access to nutrition, education and care	Income security for people of working age	Income security for older people
	Cash transfers		LEAP: orphans and vulnerable children, persons with disabilities who are chronically ill, elderly persons		

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Source: Own compilation based on information from the GSS.

The annual average rate of inflation declined from over 120 per cent in 1983 to around 10 per cent after 2010. This positive development has resulted in positive real interest rates since the mid-1990s, although the dollar exchange rate fell gradually from GH00.92: in 2006 to GH01.95 in 2012.<sup>3</sup> Flexible exchange rates are part and parcel of the Bank of Ghana's commitment to contain inflation (AfDB/OECD 2012), and low inflation enabled it to ease its prime lending rate from 18 per cent at the start of 2010 to 12.5 per cent at the close of 2011. Commercial banks followed suit by reducing their interest rates from more than 31 per cent to 23 per cent on average.

**2.3. Employment and the labour market <sup>4</sup>**

Ghana's labour force has grown rapidly in recent years and the favourable economic climate has helped to absorb the working-age population into employment (Table 2.2 and Figure 2.5).

<sup>3</sup> The Ghanaian currency was redenominated on 1 July 2007 at a rate of 10,000 old cedis to 1 new Ghana cedi (GH^).

<sup>4</sup> Ghana does not have a regular labour force survey, and this chapter therefore draws largely on census data provided by the GSS.

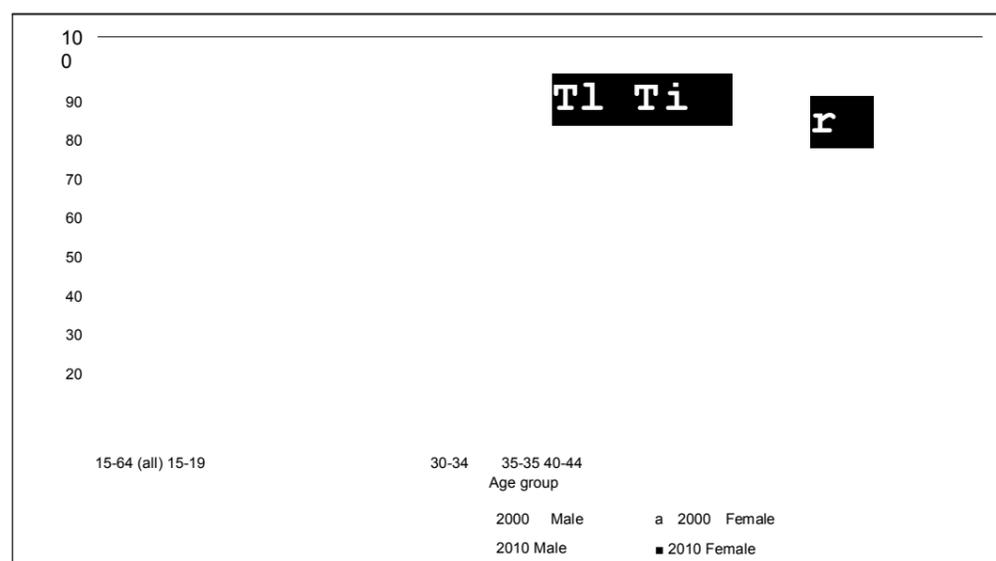
**Table 2.2. Labour force aged 15-64 years, employed and unemployed, 2000 and 2010**

	Labour force		Employed		Unemployed	
	2000	2010	2000	2010	2000	2010
Total	7,698,672	10,268,699	6,919,877	9,657,179	778,796	611,520
Male	3,838,333	4,987,813	3,463,699	4,713,480	374,635	274,333
Female	3,860,339	5,280,886	3,456,178	4,943,699	404,161	337,187
As a percentage of the population aged 15-64						
Total	76.2	73.1	68.5	68.8	7.7	4.4
Male	77.7	74.1	70.1	70.1	7.6	4.1
Female	74.7	72.2	66.9	67.6	7.8	4.6

Source: Own calculations based on data provided by the GSS.

The growth of employment between 2000 and 2010 contributed to a slight improvement in the employment-to-population ratio for both women and men and across most age groups, except for young people between 15 and 24.

**Figure 2.5. Employed-to-population ratio (aged 15-64 years), 2000 and 2010**



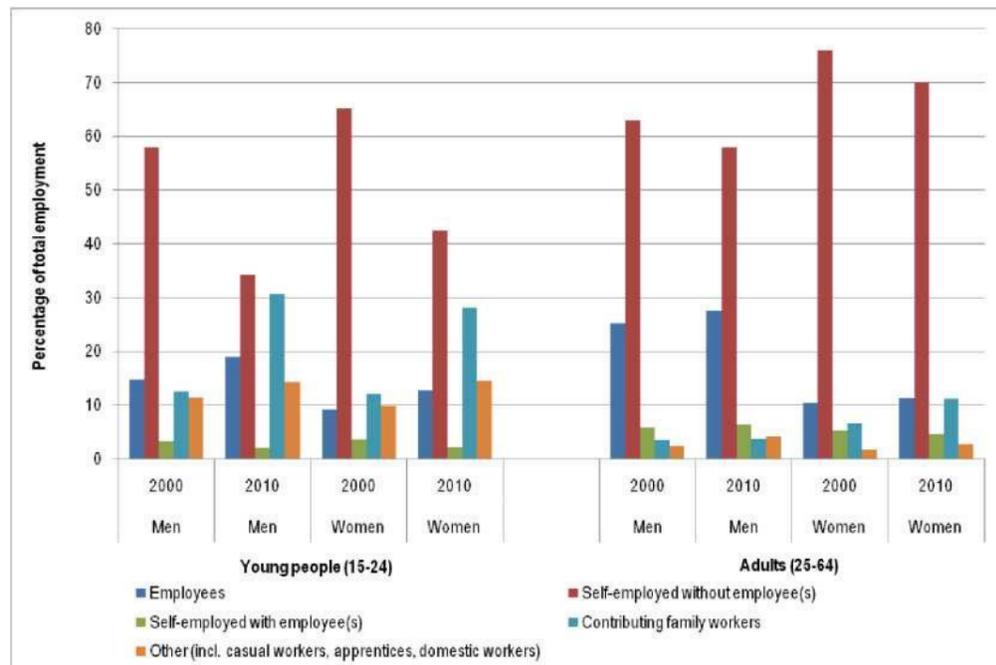
Source: Own calculations based on census data provided by the GSS.

*Status in employment.* According to 2010 census data the great majority of the active population in Ghana are self-employed without employees, which points to a high degree of informality and limited access to social protection (see below); some 58 per cent of men and 70 per cent of women in the 25-64 year age group were in this category.

The proportion of employees has increased since 2000, reaching 28 per cent of employed men and 11 per cent of employed women in the 25-64 year age group in 2010. Among younger workers in the 15-24 age group, only 19 per cent of young men and 13 per cent of young women worked as employees, while 9 per cent of young men and 11 per cent of young women were classified as apprentices. About 30 per cent of younger people in this

age group worked as contributing family workers in 2010, significantly more than in 2000 (Figure 2.6).

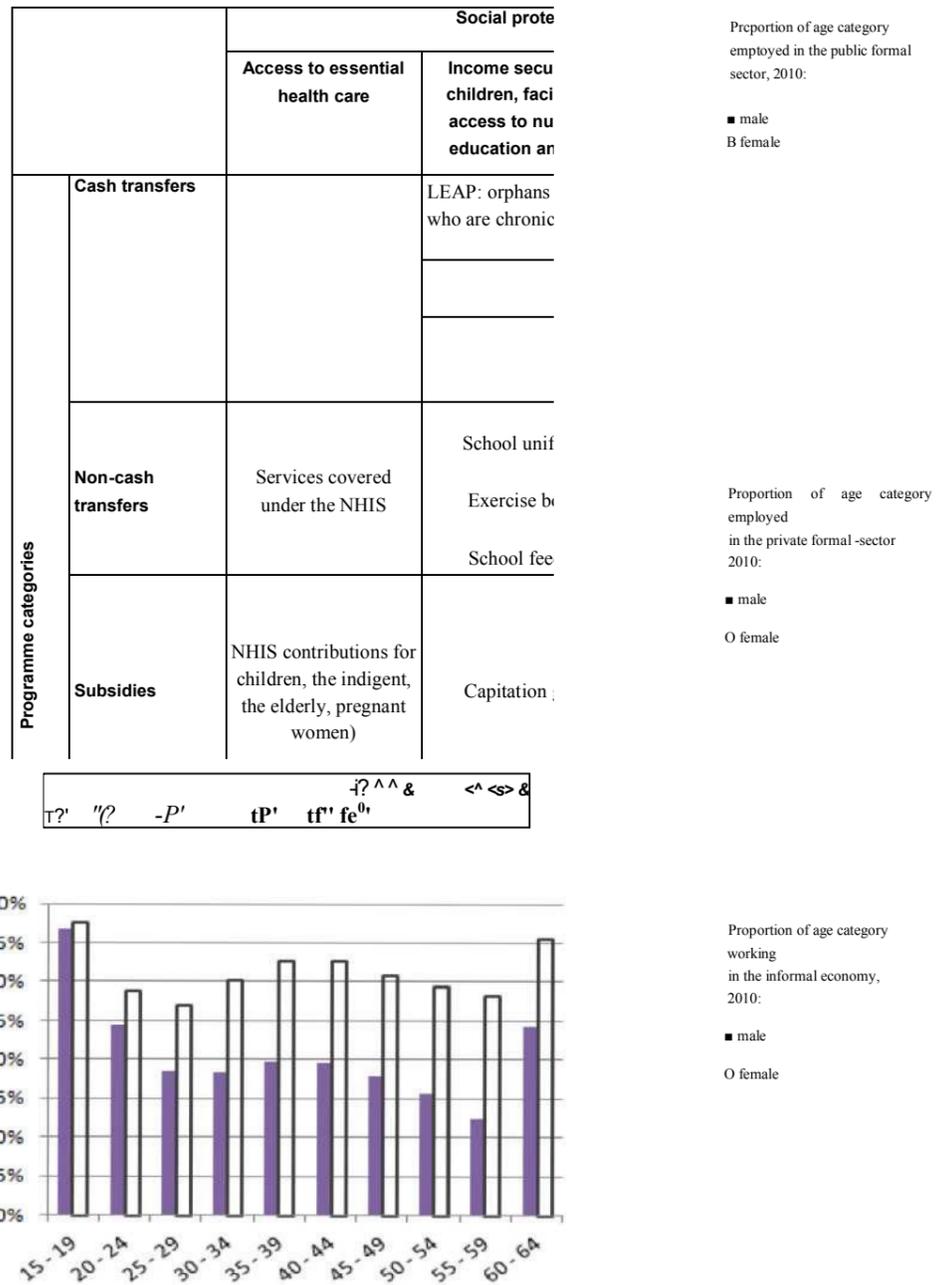
**Figure 2.6. Structure of employment by status in employment, 2000 and 2010**



Source: Own calculations based on GSS census

*Formal versus informal sector employment.* The 2010 census data indicate that 85.7 per cent of the labour force was engaged in informal economic activities, compared to 14 per cent of the labour force in formal employment. The private sector accounted for 7.1 per cent of the labour force and the public sector (government, semi-public and parastatal organizations and NGOs) for the remaining 7.2 per cent. This pattern is strongly dependent on sex and on age; men are more likely to be engaged in formal employment, both public and private, while women are more likely to work in informal employment (Figure 2.7).

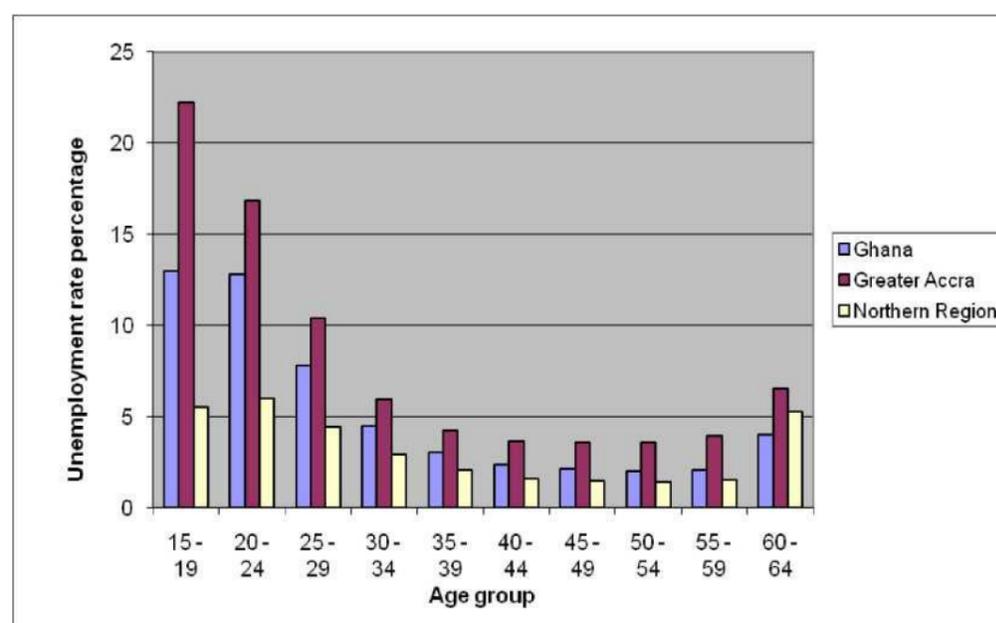
Figure 2.7. Gender/age profile of employment in the formal (public/private) and informal sectors



Source: Own calculations based on statistics provided by the

*Unemployment.* While noting that the concept of unemployment is difficult to apply in countries with a large informal economy, the unemployment rate in Ghana decreased from 10.1 per cent in 2000 to 6.0 per cent in 2010. Unemployment rates among youth (15-24 years) are significantly higher than in the older age groups, particularly among young women.

**Figure 2.8. Structure of unemployment in Ghana, in Greater Accra and in the Northern region, by age group**



Source: Own calculations based on 2013 GSS

Unemployment in Ghana has a strong regional and age dimension and tends to be higher in urban areas than in rural areas, where subsistence agriculture necessitates the active contribution of all family members. Agricultural incomes are low and provide few opportunities for youth to be employed in rural areas; consequently, unemployment rates are highest among youth aged 15 to 29 years, who are also the main contributors to rural-to-urban migration. Because they often lack employable skills and education and are unable to find gainful employment in the urban formal sector, many migrants resort to informal economic activities (AfDB/OECD, 2012). Migration from the north to Accra and other major metropolitan areas is also common among children and women seeking work.

## 2.4. Household income, poverty and vulnerability

### 2.4.1. Household income

Although economic growth over the past two decades has been accompanied by a reduction in absolute poverty, income disparities have widened (GSS, 2008).

The Ghana Statistical Service has produced a breakdown of poverty reduction in terms of economic growth and income redistribution (GSS, 2007) between 1991/92 and 2005/06, both nationwide and in urban and rural areas. It shows that the income growth effect is much stronger than the income redistribution effect. The table also indicates that the decline in the poverty rate by 23.2 percentage points could have been even greater (27.5 percentage points) if the benefits of growth had been distributed more equally. Instead, the rise in inequality tended to increase the level of poverty and thus to some extent offset the beneficial effect of economic growth.

**Table 2.3. Change in the incidence of poverty between 1991/92 and 2005/06: Economic growth and income redistribution effects**

	Total change in incidence of poverty	Share of change due to:	
		economic growth	income redistribution
National	-23.2	-27.5	4.3
Urban	-16.9	-20.0	3.1
Rural	-24.4	-29.8	4.3

Source: GSS 2007 (computed from the GLSS rounds 3 to 5).

Table 2.4 gives a further breakdown of household income by source for 2005/06. Households in the bottom segments of the income distribution derive their income predominantly from farming, whereas more affluent households draw their incomes from a variety of sources.

In addition, there are clear differences in average household income between urban and rural areas and between regions; the average household income in the Upper East and Upper West regions, for example, was about half the national average.

**Table 2.4. Household sources of income by quintile, locality and region, 2005/06 (percentages)**

	Wage income from employment	Household agricultural income	Non-farm self- employment income	Rental income	Net Other remittance income		Total Mean annual household income (GH¢)
Quintile							
Lowest	11.8	62.0	14.8	3.0	8.1	0.3	100.0
Second	16.0	58.0	18.7	2.5	4.6	0.2	100.0
Third	20.6	46.9	23.9	1.6	5.4	1.6	100.0
Fourth	27.6	32.8	30.2	1.5	7.1	0.8	100.0
Highest	39.5	19.5	25.9	2.1	11.5	1.5	100.0
Urban	<b>42.7</b>	<b>12.3</b>	<b>30.7</b>	<b>2.1</b>	<b>10.7</b>	<b>1.5</b>	<b>100.0</b>
Accra	58.6	2.2	24.5	3.4	8.9	2.4	100.0
Other urban	33.4	18.2	34.4	1.3	11.8	0.9	100.0
Rural	<b>14.8</b>	<b>57.7</b>	<b>18.8</b>	<b>1.9</b>	<b>6.1</b>	<b>0.7</b>	<b>100.0</b>
Coastal	22.9	47.8	20.1	1.7	7.1	0.4	100.0
Forest	16.6	50.9	22.7	1.7	6.9	1.2	100.0
Savannah 6.3		75.2	11.9	2.3	4.1	0.2	100.0
Region							
Western	24.3	45.1	21.1	1.8	6.1	1.6	100.0
Central	27.2	37.7	26.1	1.1	7.3	0.6	100.0
Greater Accra	56.6	5.0	24.3	3.2	8.7	2.2	100.0
Volta	17.2	40.4	29.9	2.0	8.3	2.2	100.0
Eastern	21.1	42.4	28.1	1.6	6.3	0.5	100.0
Ashanti	26.5	20.9	34.3	1.2	16.1	1.0	100.0
Brong Ahafo	19.8	56.5	15.5	1.9	5.9	0.4	100.0
Northern	10.4	68.5	13.8	2.0	5.4	0.0	100.0
Upper East	11.0	56.9	26.1	3.1	2.8	0.1	100.0
Upper West	20.1	50.1	20.8	5.3	3.3	0.4	100.0
Ghana	<b>28.8</b>	<b>34.9</b>	<b>24.8</b>	<b>2.0</b>	<b>8.4</b>	<b>1.1</b>	<b>100.0</b>

Source: GLSS5, tables 9.19, 9.20, 9.22.

**2.4.2. Poverty and vulnerability**

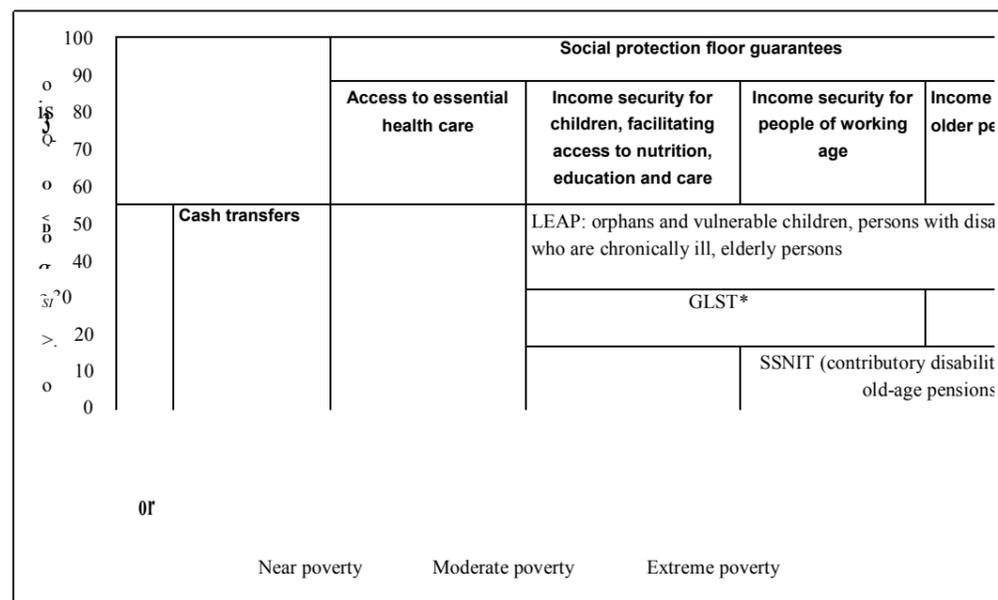
Poverty rates in Ghana declined markedly from 51.7 per cent in 1991/92 to 39.5 per cent in 1998/99 and to 28.5 per cent in 2005/06 (GSS, 2007).<sup>5</sup> In line with the general trend, the percentage of the rural population living below the poverty line declined from about 64 per

<sup>5</sup> Ghana's definition of poverty is based on a nationally defined poverty line of 3,708,900 cedis at 2005/06 prices (GH0 371 in today's currency denomination) per "equivalent adult" per year (GSS, 2007, p. 6). The equivalence scale used is based on recommended energy intakes depending on the age and the sex of household members (GSS, 2007, p. 71).

cent in 1991/92 to about 39 per cent in 2005/06. Moreover, extreme poverty<sup>6</sup> (defined as those who are unable to meet their basic nutritional requirements even if they were to devote their entire consumption budget to food) fell from 36.5 per cent of the population in 1991/92 to 18.2 per cent in 2005/06. A large proportion of the population, although not currently poor, is just above the poverty line. To illustrate this point Figure 2.9 and the following figures include a third category of "near poverty", comprising households and individuals who are currently not poor but who face a high risk of falling below the threshold should a minor income shock occur, such as a rise in food or fuel prices or an event affecting the health of one or more household members. For illustration purposes this category is defined as households that have resources of up to 1.2 times the poverty line at their disposal.

Despite Ghana's impressive achievements in poverty reduction over the last decade, poverty remains a major concern for a significant part of the population, especially in the rural savannah area in the north of the country.

**Figure 2.9. Poverty rates by administrative region and locality, 2005/06**



Source: Own calculations based on GLSS 5 data.

Poverty is most prevalent in the rural savannah areas and in the Northern regions (Figure 2.9).<sup>7</sup> While the poverty rate for Greater Accra was 12 per cent in 2005/06, a broad majority of the population of the three regions in the north was affected - 52 per cent in the Northern region, 70 per cent in the Upper East region and 88 per cent in the Upper West. Extreme poverty affects 39 per cent of the population in the Northern region, 60 per cent in the Upper East and 79 per cent in the Upper West. As the area with by far the highest incidence of poverty and extreme poverty in the country, the rural savannah also lagged behind the decline in poverty in other parts of Ghana between 1991/92 and 2005/06 (GSS, 2007). In the rural areas in the north, factors accounting for extreme poverty include geographic conditions and the existence of vast acres of drought-prone plains where viable

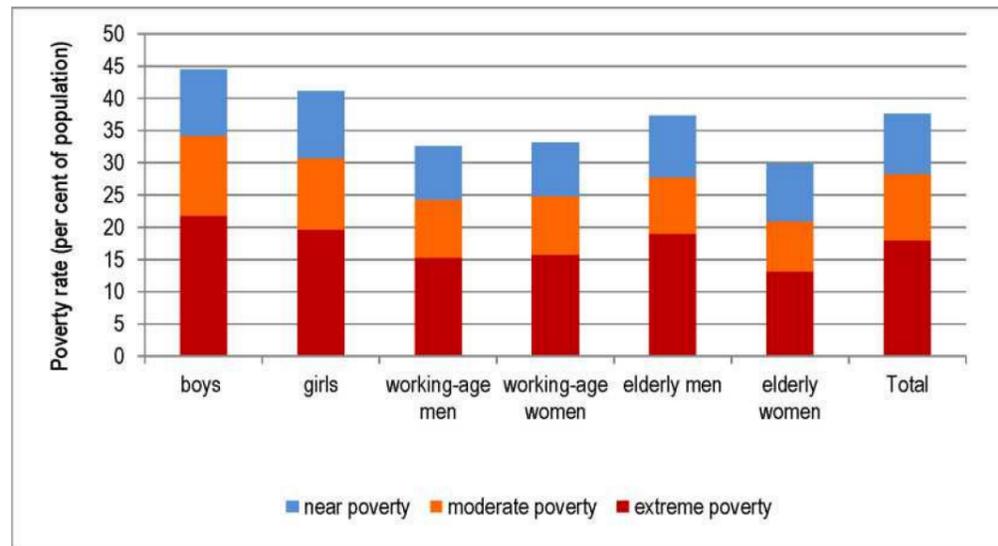
<sup>6</sup> The calculation of extreme poverty is based on an extreme poverty line of 2,884,700 cedis (GH^288 in today's currency denomination) in 2005/06 per equivalent adult per year (GSS, 2007).

<sup>7</sup> Regional variations in the cost of living can explain only partially, if at all, these regional variations, as the data are adjusted through a regional cost-of-living index (GSS, 2007, p. 3-4).

year-round cultivation of crops is difficult. Factors that are responsible for rural poverty in general include low productivity, poorly functioning markets for agricultural products and an increase in the proportion of female-headed households (NDPC, 2005). A lack of diversification in both farming and non-farming activities exacerbates the situation.

About a third of all children live in poor households (Figures 2.10 and 2.11). It may seem surprising that poverty rates for boys are higher than for girls in Figure 2.10, and that elderly men face higher poverty risks than elderly women, but this may be partly explained by the fact that the equivalence scale used for the calculating poverty rates in Ghana is based on the recommended energy intakes differentiated by sex and assumes lower needs for girls and women in all age groups and for people over the age of 50.<sup>8</sup>

**Figure 2.10. Poverty rates by age group and sex, 2005/06**

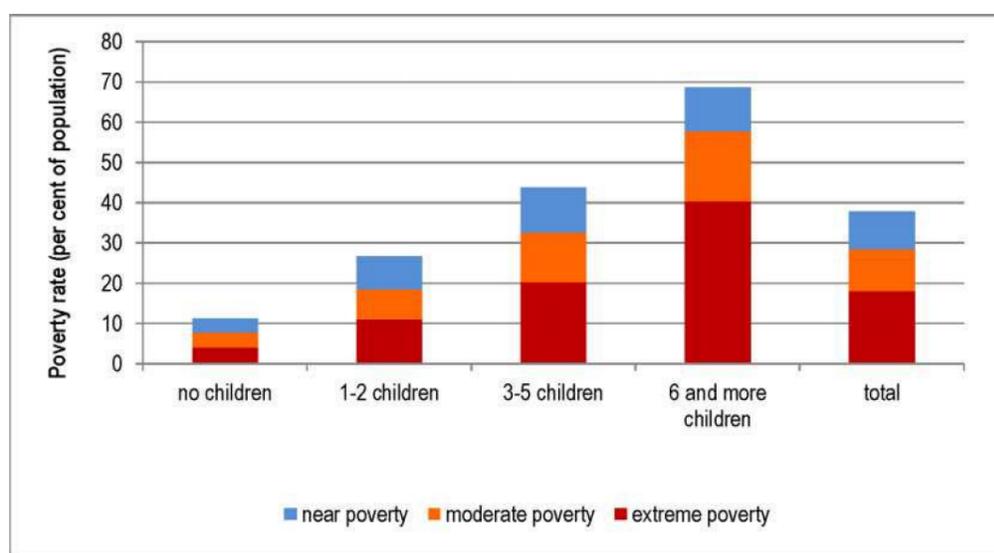


Note: Definition of broad age groups: boys and girls 0-17 years, working-age men and women 18-64 years, elderly persons 65+.

Child poverty is prevalent, particularly among households with six or more children, which is more common in rural areas and in the north.

<sup>8</sup> This assumption that girls and women, as well as older people, have smaller energy requirements may be justified for assessing extreme poverty, focusing on nutritional needs and energy requirements necessary for physical survival. However, as the higher poverty line reflects needs other than nutrition that may be more equally distributed between the sexes and age groups. That being so, it may be useful to review the implications of sex- and age-differentiated equivalence scales for the measurement of poverty when poverty statistics are updated for the GLSS 6.

Figure 2.11. Poverty rates for households with children, by number of children, 2005/06



Source: Own calculations based on GLSS

The average shortfall in income among the poor compared to the poverty line (income gap ratio) provides an indication on the depth of poverty. Average consumption among the poor in Ghana was about 34 per cent below the upper poverty line in 2005/06 and only marginally below the figure of 35 per cent in 1998/99. In the case of the extremely poor, the depth of poverty has remained relatively stable over the last decade but the income gap ratio increased slightly from 30 per cent in 1998/99 to 31.3 per cent in 2005/06, indicating that the average consumption of those living in extreme poverty is about 31 per cent below the lower poverty line (GSS, 2007).

#### 2.4.3. Overall progress in poverty reduction and human development

Ghana has made impressive progress in reducing poverty and advancing towards broad human development objectives, and this is most visible in its attainment of the MDGs (UNDP and NDPC, 2012). For example, the country is largely on track for the MDG1 target of reducing the proportion of the population living in extreme poverty by half, albeit with slow process in the northern regions. While it has made good progress in terms of nutrition, further effort is required to reduce the prevalence of stunting (estimated at 28 per cent of children under 5 in the 2008 *Ghana Demographic and Health Survey*). With regard to universal primary education (MDG2) and gender equality in education (MDG3), Ghana is likely to achieve all its targets by 2015. Enrolment rates in primary schools increased to 84.8 per cent in 2005/06 but are reported to have decreased again, with estimates for 2010/11 standing at 77.9 per cent. Meanwhile, increased enrolment has given rise to concerns regarding the quality of education (AfDB/OECD, 2012), and Ghana has remained behind target with respect to women's participation in public life and their access to wage employment in the non-agricultural sector. Gender inequality in access to education beyond the primary level is a further concern.

While Ghana is doing well enough in terms of improved health outcomes (life expectancy increased by 6.9 per cent between 1990 and 2008), it is not on track to meet some of the health-related MDG targets. Notably, with child mortality at 77 per 1,000 live births in 2009 and maternal mortality at 350 per 100,000 live births in 2008, it is unlikely to attain the child mortality target of 50 per 1,000 live births and the maternal mortality target of 185 per 100,000 live births (Schieber et al., 2012, UNDP and NDPC, 2012; AfDB/OECD,

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2012). With regard to MDG6 on combating HIV/AIDS, malaria, tuberculosis and other diseases, Ghana appears to have stabilized the HIV/Aids epidemic and now needs to sustain its earlier decline. HIV/AIDS is responsible for an estimated 15,000 deaths every year (UNDP, 2013). Ghana Health Service data show that, with over a million reported cases per year, malaria is the leading cause of morbidity in the country. Other significant causes of morbidity and mortality include acute respiratory infections and diarrheal diseases (WHO, 2010), as well as non-communicable diseases such as anaemia, overnutrition, cardiovascular diseases and diabetes. Regarding MDG7 on environmental sustainability, further effort is needed to guarantee access to safe water and improved sanitation. Rural populations have on average more limited access to health services than urban populations. The determinants of health are also less favourable in rural areas, where an estimated 19 per cent of urban dwellers have access to improved drinking water sources compared to 80 per cent in rural areas. This results in rural dwellers being on average less healthy than persons living in urban areas (WHO, 2013). The availability, affordability and adequacy of health care and financial protection for households seeking to access these services will be discussed in Chapters 3 and 4. The development of global partnerships for development (MDG8) suggests that Ghana's development policies are strongly dependent on official development assistance (12.8 per cent of GDP in 2010), most of which is project aid, a source of revenues that is likely to dry up with the country attainment of lower-middle-income status (see Chapter 5) (UNDP and NDPC, 2012, p. 10).

## 2.5. Key messages

Ghana is likely to enter a demographic window of opportunity in the years to come, as having a large and growing share of the population that is of working age affords a definite potential for economic growth, provided enough decent and productive jobs can be created for the country's growing workforce.

Ghana's economic structure, however, suffers from some structural imbalances. First, despite high rates of economic growth, the good economic performance of just a few sectors of the economy has not yet shown signs of generating the more broad-based economic growth that could create a sufficient number of decent and productive jobs. Continued success in cocoa production, a further expansion of gold mining and the development of the oil and gas subsector will be the main determinants of economic growth. Labour productivity has increased considerably in agriculture in the past decade (although coming from a low base), probably due to the strong performance of the cocoa subsector. Whether the manufacturing sector will succeed in expanding its horizons remains to be seen. Power shortages, the high cost of credit and skills mismatches are among the major challenges for Ghanaian manufacturers.

A second challenge is the existence of persistent labour market imbalances. Despite sizable employment growth between 2000 and 2010 that resulted in a drop in the unemployment rate to 6.0 per cent from 10.1 per cent, huge disparities remain between age groups and between regions. Moreover, there is extensive hidden unemployment or underemployment in the informal economy, which employs 85.7 per cent of the labour force. Here, too, there are gender and age disparities, with men generally more engaged in formal sector activities, both public and private, while women are overrepresented in informal sector activities. Particularly worrying is the fact that it is most people over 45 years of age who are in formal employment, while younger workers are more often in informal employment. This has serious implications for current and future levels of social protection.

Poverty rates in Ghana declined markedly in the last two decades, but poverty nevertheless remains a major concern for a much of the population, especially in the rural savannah area in the north of the country. Moreover, about one-third of all children still live in poor

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households, and the depth of poverty (for all poor and for the extremely poor) has not greatly changed over the past ten years.

Ghana has made impressive progress in its broader human development objectives, which is most visible in its progress in achieving most of the MDGs. In terms of universal primary education (MDG2) and gender equality in education (MDG3), for example, Ghana is likely to achieve all its targets by 2015. While the country has done much to improve its health outcomes, however, it is not on track to meet some of the health-related MDG targets.

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## PART I. ANALYSIS OF THE STATUS QUO

### 3. Social protection programmes in Ghana: Design, coverage and impact

Of the 43 programmes that are considered relevant to the social protection system in the draft GNSPS, only some are discussed in detail in this report. The programmes selected are those that receive a sizable share of the government budget (such as the NYEP), operate nationwide, cover a sizeable portion of the population (such as the capitation grant) or are social protection programmes as defined in the draft GNSPS. As discussed in chapter 1, only some of these programmes aim at social protection as their primary objective (see table 1.3). Pragmatic considerations regarding the availability of information on data also played a role in the inclusion of programmes in the report.

Different programmes use different mechanisms to deliver benefits to individuals or households, including cash transfers, in-kind benefits related to for example health and education, active labour market programmes and subsidies for certain goods or services. Following up on the overview of these mechanisms in Chapter 1 (Tables 1.3 and 1.4), this chapter describes selected programmes in detail, their objectives, administrative set-up, coverage and impact.

#### 3.1. Cash-transfer programmes

Three cash-transfer programmes catering for the poor and vulnerable are discussed in this section. The *Livelihood Empowerment Against Poverty (LEAP)* programme is a cash transfer scheme that plays a crucial role in the social protection system through its pioneering work on a standardized methodology for identifying the poor and its national scope. The *Social Inclusion Transfer (SIT)* and *Ghana Luxembourg Social Trust (GLST)* are donor-financed cash transfer projects of limited scope and duration that are included in the report for the lessons that can be drawn from them.

##### 3.1.1 Livelihood Empowerment Against Poverty

###### Programme objectives, policy and legal framework

The Livelihood Empowerment Against Poverty (LEAP) programme is a conditional social cash-transfer programme that aims at improving basic household consumption and nutrition as well as school enrolment, attendance and retention and access to health and other services. MoUs to this end have been signed with the Ministry of Health, Ministry of Education and Ministry of Agriculture. The programme started in 2008 on a pilot basis and now operates in an increasing number of districts and households. LEAP is administered by the Ministry of Gender, Children and Social Protection and implemented through the LEAP Management Unit and District and Community Implementation Committees. So far, the programme is not rooted in national legislation and receives strong support from donors, including DFID (£36.4 million 2012-16)<sup>9</sup>, the World Bank (USD 20 million) and

<sup>9</sup> Most of the funding from DFID (£30.8 million) goes to funding the LEAP grant directly. The remainder is used for technical assistance, capacity development, systems development and, policy and legislative work. Systems development involves strengthening the programme's targeting and enrolment, registration, payments and monitoring and evaluation

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UNICEF through USAID (USD 2.5 million for monitoring and evaluation).<sup>10</sup> The Government is committed to continuing LEAP even after the financial support from donors is phased out. LEAP is currently piloting the common targeting mechanism and the building up of a single registry that could be used by other social protection programmes for membership management. A baseline report and mid-term assessments in 2010 and 2012 led to a number of reforms, including a revision of the proxy means test, adjustment of the benefit level and revision of co-responsibilities (see below).

#### Eligibility criteria and direct beneficiaries

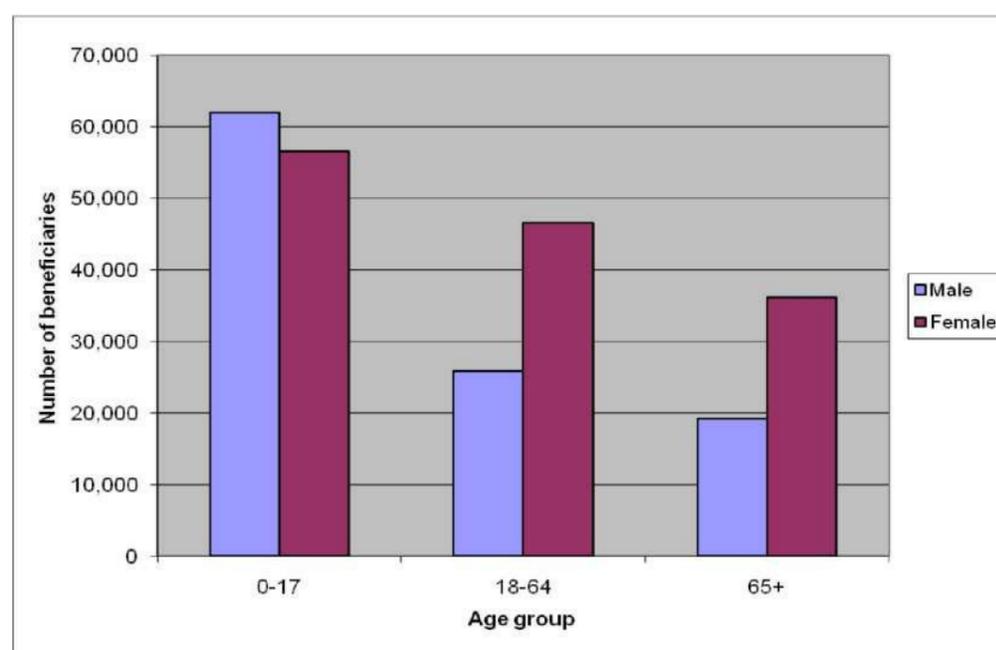
According to its operational manual, LEAP targets extremely poor households with one or several elderly persons over the age of 65 who have no means of support, persons with a severe disability and orphans and vulnerable children (OVC). The latter include children under 18 years of age who are single or double orphans, disabled, chronically ill or living in a household whose head is a child or is chronically ill, or whose parents' whereabouts are unknown (MESW, 2012). The GNSPS also lists subsistence farmers and fishers as a target group, but they are not cited as beneficiaries in the programme's operational manual.

The selection of eligible households involves a complex targeting mechanism that operates in four stages. First, districts with deprived communities are identified (geographic selection). Second, poor households within these communities are identified by local LEAP committees (community-based targeting). Third, a proxy means test is administered and the households are ranked according to their poverty "score" and checked against the eligibility criteria of the relevant category (older people, severely disabled persons, vulnerable children). Finally, a community validation mechanism determines whether or not the selected households are among the most impoverished (community validation). Eligibility entitlements should be verified every four years. Selected households receive a photo-ID beneficiary card that they have to present to collect the benefit. Payments are made twice a month through the Ghana Post Office. At the end of 2012 some 73,304 households with 246,115 eligible household members were receiving a benefit, somewhat short of the 165,000 households originally planned which is now the target for 2016. Thereafter, an additional 50,000 households are to be added each year up to 634,500 households. Of the beneficiaries 118,678 (almost half) are children up to 17 years of age, 72,429 are of working age<sup>11</sup> and 55,428 are older. More than half the beneficiaries are female (139,366). It should be added that LEAP has a multiplier effect on local communities that contributes to poverty reduction, employment creation and improved well-being beyond the programme's direct beneficiaries

<sup>10</sup> Available information does not provide a clear picture of the annual share of government resources and donor resources in the funding of the LEAP programme.

<sup>11</sup> The list of LEAP beneficiaries does not distinguish clearly between eligible household members and caretakers of orphans or vulnerable children or elderly people who collect the benefit on their behalf. For this reason the figure of 246,115 beneficiaries may overstate the number of beneficiaries by approximately 15 per cent.

**Figure 3.1. Gender and age characteristics of LEAP beneficiaries, 2012**



Source: Own calculations based on data received from LEAP secretariat

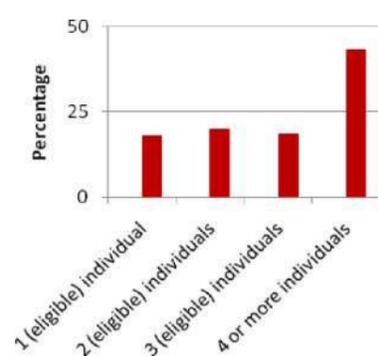
Beneficiary households with children under the age of 15 commit themselves to certain co-responsibilities when they sign up for LEAP. The original co-responsibilities included registration of household members with the NHIS, school enrolment of school-age children, birth registration, vaccination and abstention from child labour, but from 2012 the programme's operational manual requires only that the children enrol in and attend school (maximum absenteeism of 20 per cent), that they live in the household and are under 15 years old and that children under the age of five are vaccinated and visit health facilities every five months. Households in communities that are not covered by education or health facilities or where the capacity of existing facilities is insufficient are exempted from these conditions. Monitoring of compliance should take place every three months and households not complying receive warnings, house visits and, in the case of repeated non-compliance, penalties.

The removal of "abstention from child labour" from the co-responsibilities is a lost opportunity for the Government's objective of eliminating the worst forms of child labour and for the LEAP programme's objective of improving the well-being of vulnerable children. Ghana's child labour monitoring system has the potential to identify vulnerable children who may be eligible for LEAP, and collaboration between the programme and government agencies combating child labour should therefore be enhanced.

#### Level and adequacy of benefits

The level of the LEAP benefit varies with the number of members of a household who are eligible under the LEAP programme. For one eligible member the benefit for the household is GHC 24 per month, for two members GHC 30, for three members GHC 36 and for four or more GHC 45. These levels were introduced in 2012, before which they ranged from GHC 8 to GHC 15. Almost half of the LEAP households have four or more eligible members (Figure 3.2) and the average household benefit, nationwide, stood at GHC 31 per month in 2012.

**Figure 3.2. Number of eligible members per household receiving LEAP**



Source: Own calculations based on data received from LEAP secretariat

Increasing the level of the benefit has been an important step towards ensuring its adequacy and maintaining its real value; benefit levels must be either automatically adjusted or periodically reviewed. The draft GNSPS suggests that the benefit level be set as a percentage of the monthly minimum wage (currently LEAP benefits range from 20 to 40 per cent of the minimum wage). Alternatively, it could be adjusted with inflation or fixed at a percentage of the poverty line. The extreme poverty line for one adult at 2012 prices is GHC 53.6 per month. The average LEAP transfer to the entire household currently covers 45 per cent of the amount for one adult.<sup>12</sup>

LEAP is also endeavouring to improve access to complementary services for beneficiary households, although this has not yet been fully implemented. For example, LEAP beneficiaries are entitled to free membership of the NHIS, the cost of which is transferred directly from the MoH to the National Health Insurance Authority (NHIA) which then issues the membership cards (see Section 3.3.1 for more details).

*Financing and expenditure.* For 2013 the budget allocated to LEAP is GHC 30 million, up from the annual allocation of GHC 12 million for 2010 and 2011 and GHC 10 million for 2012. The increase in expenditure on benefits and the relative decrease in administrative expenditure follow the typical scenario of a programme that starts in pilot districts before being extended further afield. The programme receives support from the World Bank, UNICEF and DFID for setting up and extending the programme and for increasing the level of benefits. Donor support is scheduled to be phased out by 2017, after which the programme will need to be fully funded out of government revenue.

<sup>12</sup> These calculations rest on the assumption that the poverty line at 2012 prices would be GHC 643 in annual expenditure per equivalent adult in the case of extreme poverty, and GHC 827 in the case of the upper poverty line (using the consumer price index provided by GSS for July 2012).

**Table 3.1 LEAP financing and expenditure 2009-2013 (in GH¢ unless otherwise indicated)**

	2009	2010	2011	2012	2013
<b>Budget allocation</b>	<b>2,200,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>14,000,000</b>	<b>30,000,000</b>
- per beneficiary household		307	175	136	
- as a percentage of total government revenue (excluding grants)	0.04	0.16	0.10	0.06	0.14
- as a percentage of GDP	0.01	0.03	0.02	0.01	0.03
- of which external sources (donors)					
<b>Total expenditure</b>		<b>3,557,675</b>	<b>6,829,341</b>	<b>22,614,173</b>	
- per beneficiary household	127.1		125.9	73.6	377.9
- as a percentage of total government revenue (excluding grants)		0.05	0.06	0.15	
- as a percentage of GDP			0.01	0.01	
<b>Programme expenditure</b>		<b>3,442,158</b>	<b>6,666,477</b>	<b>22,382</b>	
- per beneficiary household		..	87.9	97.2	
<b>Administrative expenditure*</b>	<b>{53,023}</b>	<b>{115,517}</b>	<b>{162,864}</b>	<b>{231,501}</b>	
- per beneficiary household	{3.11}	{2.95}	{2.38}	{3.16}	
- as a percentage of total expenditure		{3.2}	{2.4}	{1.0}	
<b>Number of beneficiary households</b>	<b>17,065</b>	<b>39,146</b>	<b>68,557</b>	<b>73,304</b>	

\* It appears that some of the costs accruing from the operation of the programme have not been included in the figure for administrative expenditure, whose total is therefore likely to be higher than indicated.

Source: Own calculations based on information provided by LEAP administration.

In the past some LEAP payments were not executed because of a delay in the release of funds from the Ministry of Finance. In both 2010 and 2011, for example, only three out of six scheduled payments were made, and these at irregular intervals. No payments were made between May 2011 and January 2012, though beneficiaries received three times the amount in February 2012. One of the key objectives of the programme - to ensure a steady cash flow for households so as to spread their consumption more evenly - could therefore not be achieved.

#### Administrative efficiency

According to information received, the LEAP programme has classified a relatively small share of its total expenditure as administrative costs (1.0 per cent of total expenditure in 2012, down from 3.2 in 2010 and 2.4 per cent in 2011). While a decrease in per capita administrative expenditure is to be expected once a programme has been set up, the level indicated may understate some of the components of LEAP's total administrative costs. It has been estimated (White et al., 2013) that the latter averaged USD 35 per recipient (23 per cent of the total) in 2012. This is confirmed by calculations based on more detailed data for 2012, which indicate a level of non-programme expenditure of GH¢ 89 (approximately USD 45) per beneficiary. This figure still compares favourably with similar programmes in the region (the child grants in Nigeria and Zambia operate at a cost of USD 60 and USD 107 per recipient respectively, for example). No detailed breakdown of administration costs was received from LEAP, but discrepancies could arise from a not

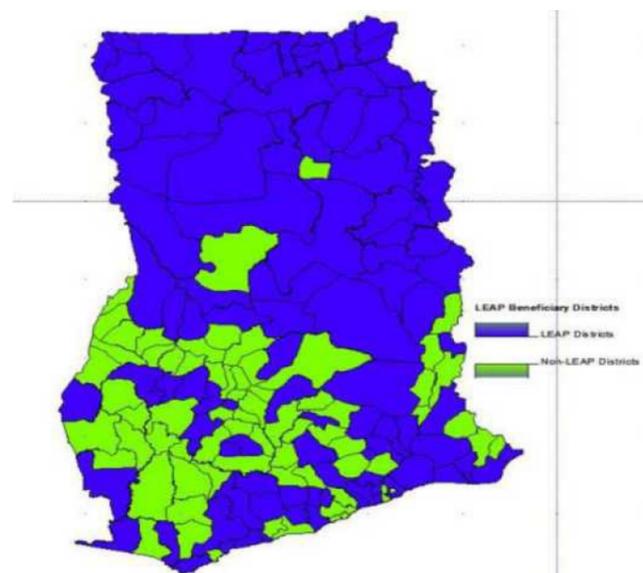
including full staff costs when reporting administration costs for staff employed both at the Department of Social Welfare and in district administrations. If one assumes that the full administrative cost is more of the order of magnitude indicated by White et al., it can be expected that the share of administrative expenditure will decrease with the programme's extension and increased level of benefits.

In the programme design, the District and Community LEAP Implementation Committees have been attributed a strong sensitization, monitoring and support role, helping to identify and support employment and investment opportunities for beneficiaries. In practice the degree to which the committees fulfil their tasks depends on the local context and the members selected. Evidence suggests that the process for selecting the members of the committees sometimes lack transparency and that committees often do not receive enough training and resources to fulfil their role effectively. As a result, the committees are dysfunctional in some communities. At the community level the committee members are volunteers and in practice their engagement typically does not extend beyond the identification of beneficiaries; some beneficiaries even reported handing part of their benefit back to committee members. In some instances, dysfunctional community-level committees have thus caused tension owing to perceived bias or politicized selection of beneficiary households and the absence of a proper complaints mechanism. A key problem is that, according to the programme design, beneficiaries are supposed report complaints to the community-level committee so that it can notify the district committee, but this obviously poses a problem if they want to complain about the malfunctioning of the committee itself (FAO, 2013).

#### Geographic coverage

LEAP aims at nationwide coverage and has been implemented in more and more districts since it was launched in 2008. As of 2012 LEAP was being implemented in 127 of Ghana's 216 districts, including at least 10 districts in each region.

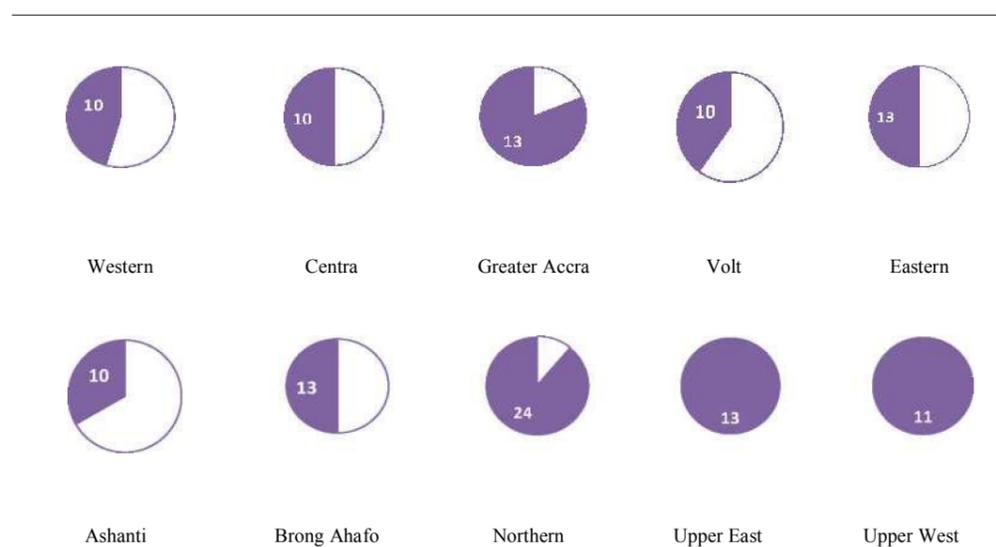
**Figure 3.4. LEAP district coverage,**



Source: Compiled from statistics received from the LEAP secretariat

Figure 3.5 shows the number of districts covered and their share in the various regions. For the Central and Eastern regions, for example, half of the districts are covered, whereas all districts are covered in the Upper East and Upper West regions.

**Figure 3.5. LEAP district coverage, by region, 2012**



Note: The graphs show the share of districts covered relative to all districts in the respective region. In total, 126 (or 60 per cent) of the 216 districts are covered.

Source: Own calculations on data received from the LEAP secretariat.

### Programme impact

The Government commissioned a baseline report and an impact evaluation report of which drafts were published in 2012 (Handa and Park, 2012; Handa and Osei, 2012). The programme also attracted considerable interest internationally among both academics and the development community, and LEAP is included in the "From Protection to Production" project that analyses the economic impact of cash transfer programmes in sub-Saharan Africa and is conducted by the FAO and DFID in six African countries (FAO, 2013).

The evaluation collected data in three regions (Brong-Ahafo, Central and Volta) and found that LEAP had a positive impact on NHIS registration, on access to schooling (enrolment and attainment) and on morbidity, especially among children (particularly girls aged 0-5, who were 55 per cent more likely to have accessed preventive care than girls in non-LEAP households). LEAP households were shown to be significantly more likely to have members registered with the NHIS (90 per cent) than non-LEAP households (76 per cent) in 2012 (Handa and Osei, 2012). However, the increased enrolment in NHIS was not found to have led to an increase in curative care seeking, although there was some evidence of greater use of health facilities for preventive care.

Evidence of the impact of LEAP benefits on consumption is not conclusive. Handa and Osei (2012) found a surprising negative impact on consumption, including consumption of foods, although this decreased over the 24 months' observation period. Non-consumption spending and savings, on the other hand, increased (e.g., on re-payment of outstanding loans). The report attributes this to the irregularity of the payments, yet a qualitative impact evaluation sponsored by FAO found that beneficiary households were able to increase consumption (FAO, 2013).

The FAO evaluation, based on fieldwork in two districts (Komenda and Tolo Kumbungu) finds significant improvements for LEAP beneficiary households in terms of increased household consumption, investment in income-generating activities, participation in social networks and reduced reliance on cash gifts or borrowing to meet household needs. Distress sales of assets also became less frequent and expenditure increased on an improved and more diversified diet, clothes, health and school items. The transfer enabled

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beneficiary households with school-age children to send them to school and to reduce the need for them to engage in child labour.

Given that the benefit targets poor households and individuals outside the labour market, it is to be expected that most of it would be spent on consumption. Nevertheless, a significant percentage of beneficiary households were able to invest part of the benefit in income-generating activities, especially in increasing farm productivity and diversifying their investments by, for example, buying livestock. This included both the purchase of equipment or inputs such as fertilizers and the hiring of extra labour to clear and farm the land. This is important since the constraint on agricultural productivity in Ghana is generally attributable to a lack of capital to make the land productive rather than to a lack of access to land.

The FAO study also found an increase in petty trading, but it questioned the sustainability of such investment as the profits tended to be spent on consumption and there was little sign of a medium or long-term vision in terms of investing in a business to trade on a larger scale. The impact of the LEAP transfer on local economies varied from one community to another. The number of beneficiaries and the amount of the benefit were too small to have a significant impact in urban areas (this was before the tripling of the benefit level), but smaller communities did describe a noticeable effect on economic activities, including on local labour markets, especially on pay-days. The study also noted a diversification of the goods being traded as beneficiaries were able to invest in small businesses, including food preparation and processing of rice and *shea* butter. The improved creditworthiness of beneficiary households further increased their scope for investment and consumption, but most beneficiaries were found to be risk averse and to avoid taking out loans, preferring to use the new source of income to reduce borrowing.

The FAO study emphasizes the importance of cash benefits in particular for the very poor and marginalized, who are often unable to depend on the extended family for support. Household members who have nothing to contribute to the household or to informal family risk-sharing arrangements face the risk of being sidelined, of not being involved in community decision making and of not being asked to join social gatherings. The ability to contribute to social events such as funerals, naming ceremonies or weddings is important to avoid social exclusion and allows people to build their own networks for risk sharing. Besides reducing their isolation from the family and immediate household, the benefit also enables some beneficiaries to participate in contribution-based savings (*susu*) groups, although LEAP beneficiaries are nevertheless looked upon as poor and therefore a potential liability for such groups.

Overall though, and contrary to the concern that LEAP beneficiaries might be stigmatized, the study found that they appeared to have greater self-esteem, to be more optimistic about their life and future and not to suffer from the entrenched sense of hopelessness noted in a control group of most vulnerable non-beneficiaries. Despite these positive findings, the study concludes that the benefit has not yet fully exploited its potential role in poverty alleviation, and this for three reasons: irregular payment of benefits, which hamper the cash transfers' objective of consumption smoothing and is an obstacle to household budgeting and investment planning; failure to implement fully the support structures which are supposed to link households to complementary services and encourage and support economic activities; and the discretionary application of the targeting mechanism which can cause jealousy, latent tension and incipient conflict

#### Challenges to implementation

LEAP has been successful in contributing to poverty reduction and social inclusion but overall performance indicates that there is still scope for increasing the programme's efficiency and effectiveness in certain areas. For example:

- The roll-out of LEAP programme is proceeding slower than planned and needs to be stepped up.
- The management information system and the monitoring and evaluation framework (currently being developed) need to be improved.
- The payment delivery system needs to be improved, inter alia through the use of modern technology.
- An improved financing system is needed to ensure the timely and reliable release of cash grants from the state budget.
- The communication channels at community levels to raise awareness about the programme's objectives, eligibility criteria, benefit entitlements, delivery mechanisms and complaint mechanisms needs to be improved

### **3.1.2. Social Inclusion Transfer**

#### **Objectives, policy and legal framework**

The objective of the Social Inclusion Transfer (SIT) is to reduce the social exclusion of people below the extreme poverty line through cash transfers and skills development to improve access to services, build capacities and encourage income-generating activities. SIT seeks to reduce the financial barriers that the extreme poor face in accessing basic services even if they are free; they include the cost of transport and medicine and the loss of income when children are sent to school. SIT is a component of a five-year urban poverty reduction project financed by the African Development Bank, requiring a co-financing of 25 per cent. The present study discusses SIT only briefly, as the transfer ended in 2012. The GNSPS foresees that the metropolitan, municipal and district assemblies (MMDAs) will take over the funding of SIT when donor funds are exhausted, but as the assemblies have difficulty co-financing even 25 per cent of the programme it is doubtful whether SIT will be sustainable in the long term.

#### **Beneficiaries, eligibility criteria and entitlements**

The initial aim of SIT was to provide conditional and unconditional cash benefits to 12,000 individuals (4,000 households) in urban areas, but due to mid-term budget shortfalls this has been reduced to 9,000 individuals (3,000 households). The programme covers 11 MMDAs and targets the extreme poor, defined as: chronically poor but able to work (unskilled and unemployed youth and households headed by women), chronically poor and unable to work (disabled, persons suffering from AIDS, orphans and vulnerable children), chronically poor children, schoolchildren at basic school level, street children and pregnant women.

The following conditions and benefit levels apply:

- Extremely poor women (a maximum of 4,000 women with a per capita income of up to GHC 0.20 per day) receive GHC 10 every three months for transport and related expenses, on condition that they attend training classes regularly.
- Pupils from extremely poor households (a maximum of 8,000) receive GHC 10 per term (three terms per school year), if they attend school regularly ;
- Pregnant women (aged 18-39) from extremely poor households receive GHC 10 per quarter, if they attend local clinics regularly.

Youth (a maximum of 200, up to 45 years of age) living with HIV receive GHC 5 per month if they attend a clinic regularly.

In addition to this conditional component the SIT programme has a non-conditional cash component under which those affected by HIV/AIDS receive a grant and subsidized drugs; Care-givers of orphans and vulnerable children are also theoretically entitled to a non-conditional grant, but this is not implemented as it is already covered under the LEAP programme.

SIT's targeting mechanism is similar to LEAP's, namely, geographic targeting of deprived communities in larger districts and universal targeting in smaller districts, as a first step. Subsequently, the communities are engaged and NGOs are subcontracted to carry out a proxy means test, for which households fill in an application form that is validated by the community and NGO. Duplication is avoided, as households with access to other benefits are not eligible.

#### Financing and expenditure

Some 75 per cent of SIT's budget is funded by external donors (AfDB) and 25 per cent by local governments. The total budget in 2011 was GHC 15 million and the programme ended in 2012. Table 2.8 shows the annual budget allocated to the SIT programme in the period 2009-13.

**Table 3.2. SIT financing and expenditure, 2009-13 (in GHC unless otherwise indicated)**

	2009	2010	2011	2012	2013
<b>Budget allocation</b>	<b>52,600</b>	<b>1,681,708</b>	<b>16,483,841</b>	<b>989,227</b>	
- per beneficiary				96.5	
- as a percentage of total government revenue (excluding grants)	0.00	0.02	0.14	0.01	
- as a percentage of GDP	0.00	0.00	0.03	0.00	
- of which external sources (donors)	700.00	11.82	9.00	100.00	
<b>Total expenditure</b>	<b>131,567</b>	<b>112,807</b>	<b>818,051</b>	<b>1,547,879</b>	
- per beneficiary				150.92	
- as a percentage of total government revenue (excluding grants)		0.00	0.01	0.01	
- as a percentage of GDP		0.00	0.00	0.00	
<b>Programme expenditure 0</b>		<b>10,380</b>	<b>722,476</b>	<b>1,391,862</b>	
- per beneficiary				136	
<b>Administrative expenditure*</b>	<b>131 567</b>	<b>102 427</b>	<b>95,575</b>	<b>156,017</b>	
- per beneficiary				15.21	
- as a percentage of total expenditure	1000 908		11.7	10.1	
<b>Number of individual beneficiaries</b>				<b>10,256</b>	

Source: Own calculations based on information provided by SIF secretariat.

Not enough information is available to appreciate the real cost of the SIT programme. The average expenditure of GH¢ 136 per participant appears high for the level of benefits, and more information is needed on the number of beneficiaries under each programme component for a more thorough assessment.

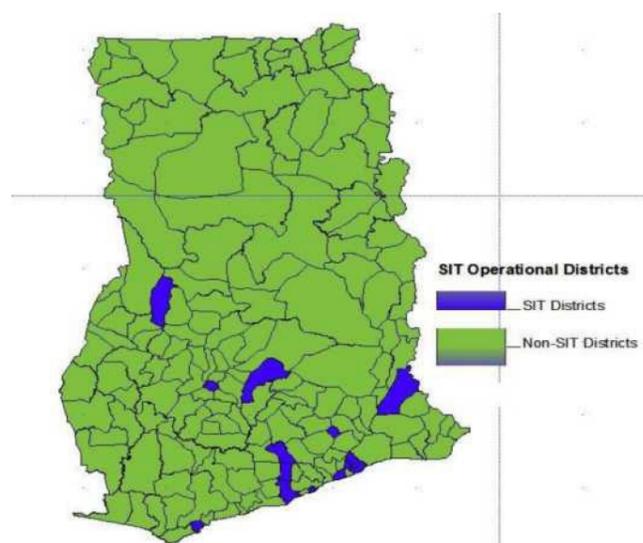
With regard to expenditure on administration, Table 3.2 illustrates the normal evolution of a programme that requires an initial investment to launch operations, after which the administrative costs gradually decline as the number of beneficiaries increases. In 2012 the administrative cost of SIT had reached around 10 per cent, which is relatively low for cash-transfer programmes of this kind in sub-Saharan Africa. Such a small project-based programme covering only 10,256 beneficiaries in a small number of districts over a limited period of time cannot operate with the same economies of scale as a nationwide programme that is set up to run indefinitely such as LEAP. However, because SIT focuses on urban areas, the transaction cost for certain items such as benefit delivery could be kept much lower than for LEAP, which specifically targets remote areas.

#### Programme impact

The Social Inclusion Transfer programme set out to integrate the chronically poor into the GPRS policy in selected MMDAs, but its scope was limited because most MMDAs did not allocate the 25 per cent of the budget that they were supposed to co-finance. One of the beneficiary groups targeted by SIT is people living with HIV/AIDS, but it has been difficult to identify the latter because of the risk of their being stigmatized.

Moreover, the programme's limited geographic scope (Figure 3.6) would seem to undermine its effectiveness in achieving its objectives.

**Figure 3.6. SIT district coverage,**



Source: Own compilation from 2013 SIT secretariat

#### **3.1.3. Ghana Luxemburg Social Trust**

##### Objectives and institutional framework

The Ghana Luxemburg Social Trust (GLST) is a pilot conditional cash-transfer project, operating in 2 districts (Greater Accra), that seeks to improve maternal and child health status by including poor pregnant women and children under five years old as potential

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target groups eligible under the LEAP programme. The project is implemented through the Luxembourg trade union NGO *Solidarite syndicate*, in collaboration with local partners including LEAP, Ghana Health Services, NHIS, district administrations and Ghana Post.

#### Beneficiaries, eligibility criteria and entitlements

The programme provides a conditional flat-rate benefit (recently raised to GHC 50, paid every 2 months, delivered through Ghana Post) and free skilled health education. A cohort of 700 pregnant women who will receive the benefit until the child reached the age of five was identified in 2009. As of May 2013, 648 beneficiaries were still considered active under the project. The project followed the LEAP methodology in selecting poor households but targeted pregnant women. The conditions to be fulfilled include registering household members with the NHIS, pre- and post-natal care, skilled delivery, newborn and child health care, completing the full vaccination cycle and birth registration.

The project invests a lot in conducting skilled health education sessions that are carried out by nurses and linked to payment of the benefit. Before receiving the benefit, the women meet for the education sessions and for monitoring their compliance with the conditions set. This close follow-up through nurses and social workers is a key factor in producing the intended results in terms of maternal and child health. The human factor in the interaction with beneficiaries is a key aspect that cannot be replaced by technology (e.g., by transferring the cash benefit through mobile phones) but technology *could help to speed up* the payment process. Focal persons follow up on beneficiaries who miss consecutive payments or are not complying with the conditions, and the programme closely monitors *the* impact of the benefit through a matched control-group study.

#### Programme impact

An interim evaluation of the programme was carried out in 2011 that provided the first evidence of its positive impact in the following areas:

- *Poverty reduction and income-generation.* Ten months into the programme 13.9 per cent fewer beneficiaries described themselves as unemployed compared to the baseline and 25 per cent fewer compared to the control group.
- *NHIS registration.* Some 67 per cent of beneficiaries had valid NHIS membership compared to 17.3 per cent in the control group
- *Utilization of maternal care services.* Some 85.7 per cent had three or more ante-natal care visits compared to 63.7 per cent in the control group, and 48.5 per cent had their child delivered at a health centre or hospital against 37.3 per cent in the control group.

#### Challenges to implementation

The benefit suffers from the typical challenges of a project-based scheme in that it has just one cohort of registered beneficiaries with an arbitrary cut-off point for registering pregnant women. While the knowledge gained regarding maternal and child health issues and some of the poverty-alleviating trends may be sustainable, the scheme can only have a broader impact if the positive evidence collected is taken up by the Government to develop a national maternity protection scheme.

The greatest challenge in implementing the project is monitoring compliance with the requisite conditions, which is extremely costly in terms of time and resources. Since the project follows the LEAP methodology for the registration and administration of membership as well as for payments, it suffers from the same weaknesses than LEAP: Paying beneficiaries in cash on pay days through Ghana Post is costly and time-consuming both for the project administrators and for the beneficiaries.

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## 3.2. Benefits in kind

Government in-kind benefits targeting the poor are to enable access to social services, especially education and health care and to ensure an investment in children. Evidence shows that the non-poor currently benefit disproportionately from general public spending on health care, maternal care and education (World Bank, 2010b). This confirms the importance of improving access for the poor to ensure more equitable outcomes. The mix of cash and in-kind benefits is a key element in enabling poor households to benefit from public services equally with other income groups.

The following sections discuss exemptions from paying NHIS contributions, free school uniforms, free exercise books, free school meals and the capitation grant. These programmes have been selected as they reduce the cost of accessing services and thus contribute to the household budget. With the exception of the capitation grant and the free exercise books, which are universal, they specifically target poor households. The more general (but also very important) question of adequate levels of public spending for quality education and health services is not addressed here.

### 3.2.1. In-kind *benefits related to health*

#### 3.2.1.1. NHIS coverage of the indigent, children under 18, pregnant women and older persons

##### *Objectives, policy and legal framework*

Ghana's National Health Insurance Scheme (NHIS), which was created by the National Health Insurance Act (No. 650) of August 2003, is one of the few initiatives pursued by a sub-Saharan African country to implement a national-level, universal social health insurance scheme. The NHIA was commissioned to implement a national health insurance policy to ensure access to health care services for all Ghanaian residents. The NHIA licenses and regulates district-level mutual health insurance schemes as well as other health insurance providers allowed under the Act, accredits health service providers, determines contribution levels and tariff structures in consultation with the district schemes and generally oversees and reports on NHIS operations. The district schemes, of which there are currently 154, have to set the contribution level within the range established by the NHIA. In 2012 a revision of the Health Insurance Act (852) centralizing the operation of the scheme was adopted by Parliament.

##### *Benefit entitlements*

The NHIS (including all district schemes) has a single benefit package that is set by Legislative Instrument No. 1809 and is described by the NHIA as covering 95 per cent of the disease conditions that affect Ghanaians. Benefits include outpatient and inpatient services - such as diagnostic testing, specialist care, most forms of surgery, hospital accommodation, maternity care services, emergency care, and drugs on the NHIA Medicines List. The NHIS package excludes some procedures such as certain forms of surgery, cancer treatment (other than for breast and cervical cancer), organ transplants, dialysis, non-vital services such as cosmetic surgery, and some items such as HIV antiretroviral drugs (which are heavily subsidized by the separate National AIDS Programme). Other than the excluded services, few formal limits are placed on NHIS members' utilization of services, and there is officially no cost-sharing beyond contributions (i.e., no co-payments, co-insurance or deductibles), no annual or lifetime limits and little effective gate-keeping (Blanchet et al., 2012). However, de facto limitations in this comprehensive package arise from the limited availability of certain services and pharmaceuticals, particularly in rural areas. Because of this, large parts of the population have to pay providers out of their own pocket, and this creates a barrier to

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access and can cause (greater) poverty and ill health. This financial burden and ill health are among the most frequent causes of impoverishment, even among those who are not currently poor, when there is no income support measure or paid sick leave in the event of illness.

#### *Eligibility criteria and beneficiaries*

The NHIS sets out to attain universal health insurance coverage by collecting contributions from those with a contributory capacity and exempting vulnerable segments of the populations so as to avoid out-of-pocket payments for health services. Act No. 650 requires all Ghanaians to enrol in the NHIS or in another health insurance plan, but individuals or households are not automatically enrolled and in practice there is no monitoring and no penalty for not doing so. Ghanaians are expected to go to a district office in person, complete the paperwork for registration and pay their contribution as well as an administrative charge and the price of an identity photo. Children under 18, people aged 70 or more, pregnant women<sup>13</sup> and the indigent are exempted from paying a contribution. Pregnant women and the indigent also are exempted from paying the registration fee but it is not clear whether this exemption is consistently applied. Even workers who contribute to the NHIS through the Social Security National Insurance Trust (SSNIT) must enrol personally and pay the registration fee in order to obtain their insurance card (Blanchet et al., 2012)

In 2012 the NHIS reported that 8.2 million Ghanaians (33.4 per cent) were registered, of which more than half (55.8 per cent) were in one of the exempt categories. The largest group (3.9 million) was children under the age of 18, followed by 392,000 persons aged 70 and over (not counting SSNIT pensioners) and 335,000 indigents. According to the LEAP's records, only 18 per cent of its beneficiaries are registered with the NHIS. The Government is planning to have them covered automatically. Once this is effective, the registration of indigents should increase by at least 200,000 individuals.

#### *Financing and expenditure*

*The NHIS is* funded by four main sources: a 2.5 per cent national health insurance levy (NHIL) on goods and services, an earmarked portion of social security taxes from formal sector workers, individual contributions, and miscellaneous other funds from returns on investment, Parliament or donors. The NHIL is by far the largest source of financing and in 2008 and 2009 accounted for about 61.5 per cent and 61.0 per cent of the NHIS's total income respectively. In those two years formal sector contributions made up 16.9 per cent and 15.6 per cent and the informal sector only 5.0 per cent and 3.8 per cent respectively (data received from NHIA).

<sup>13</sup> The exemption for pregnant women waives the NHIS premium and registration fees and waiting time for pregnant women and entitles them to the full package of care provided by the NHIS. It also covers the newborns for the first three months of their life.

**Table 3.3. NHIS indigent exemption: Budget and expenditure, 2009-13 (in GH¢ unless otherwise indicated)**

	2009	2010	2011	2012	2013
<b>Budget allocation</b>					
<b>Total expenditure</b>	<b>4,612,535</b>	<b>6,062,172</b>	<b>24,605,322</b>	<b>16,548,667</b>	
- per registered indigent			51.7	71.9	50.7
- as a percentage of total government revenue (excluding grants)	0.08	0.08	0.21	0.11	
- as a percentage of GDP	0.01	0.01	0.04	0.02	
- of which external sources (donors)					
<b>Programme expenditure</b>	<b>4,215,267</b>	<b>5,664,811</b>	<b>22,900,057</b>	<b>14,962,144</b>	
- per registered indigent		48.3	66.9	45.9	
<b>Administrative expenditure</b>	<b>397,268</b>	<b>397,361</b>	<b>1,705,265</b>	<b>1,586,523</b>	
- per registered indigent		3.4	5.0	4.9	
- as a percentage of total expenditure	8.6	6.6	6.9	9.6	
<b>Number of registered indigents</b>		<b>117,295</b>	<b>342,127</b>	<b>326,182</b>	

Note: The budget and expenditure relate only to the exempt groups, not to the NHIS as a whole  
Source: Own calculations based on information provided by NHIA.

As stated above, most registered persons are exempted from contributing to the insurance scheme. In total there were 3.2 million contributors in 2012, just 35 per cent of those registered. The range of contributions was set between GH¢ 7.20 and GH¢ 48, and the average premium per month was reported as GH¢ 8.5 for Ghana as a whole (Saleh, 2013) and GH¢ 21 for the Greater Accra Metropolitan Area (Blanchet et al, 2012). While districts schemes are encouraged to charge contributions according to income, most have adopted a flat rate. Table 2.14 provides an overview of sources of revenue for 2008 and 2009.

**Table 3.4. NHIS sources of funding, 2008 and 2009**

	2008	2009	2010	2011	2012 (prov.)
	(million GH¢)				
VAT and levies (customs collection)	218	263	315	450	573
SSNIT	60	67	87	108	141
Subtotal	278	330	402	558	714
Premiums from informal sector	21	18	21	28	28
Interest earned on reserves	43	76	58	33	29
Other income	19	1	4	1	12
<b>Total</b>	<b>361</b>	<b>425</b>	<b>485</b>	<b>620</b>	<b>783</b>

Source: NHIA, provisional figures for 2012

While the focus of this chapter is on the NHIS and, more particularly, on the exemption granted to children, indigent, older people and pregnant women, it is important to consider the data in the context of the health sector as a whole. Table 3.5 shows that both government and private spending on health increased substantially during the last decade, reaching USD 75 in 2011, with a dip in 2009 during the financial and economic crisis. Surprisingly, the level of out-of-pocket expenditure remained relatively stable even after the launch of the health insurance. According to the NHIA, many health care providers are not yet aware of NHIS procedures and still bill for their services, even though these have already been paid for under the health insurance scheme. Combined with the facts that two out of three people are still not registered and that those who are registered often prefer to pay for services out of pocket - if they can afford to - in order to be attended to faster and to receive better services, this explains in part why paying for health care services has not been sufficiently reduced or abolished altogether. As a result, there are still persistent financial barriers to accessing health services which need to be addressed in order to ensure universal health coverage.

**Table 3.5. Selected health financing indicators**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Per capita total expenditure on health* 146			18	25.8	34.8	47.2	65.5	68.5	54.2	68.5 75
Per capita government expenditure on health*	7.2		9.2	16	23.1	27	40.9	39.8	30.6	39.9 42.1
Per capita private expenditure on health* 7.4			8.8	9.8	11.7	20.2	24.6	28.7	23.6	28.6 32.9
Per capita out-of-pocket expenditure*	4.8		5.6	6.3	7.5	13.5	16.5	19.4	15.72	19.1 21.8
Out-of-pocket expenditure as a percentage of total health expenditure 32.5			31.3	24.3	21.4	28.7	25.2	28.3	29.0	27.9 29.1
Out-of-pocket expenditure as a percentage of private expenditure on health 64.2			64.1	64	63.7	67	67.2	67.6	66.6	66.7 66.3

\* US\$ (average exchange rate).

Source: WHO Global Health Observatory data.

#### *Programme impact*

Several authors have researched the impact of the NHIS and established that, by and large, it appears to have improved financial health protection and access to health services for NHIS members, including albeit to a lesser extent for the poor. As stated above, children, pregnant women and older persons have all benefited more from the exemptions than have the poor (see also Derbile and Geest 2012), but this shortcoming is to be addressed by registering LEAP beneficiaries with the NHIS.

Research into the impact of NHIS on women in the Greater Accra Metropolitan Area (Blanchet et al., 2012) found that registration did not seem to increase with educational status or with (self-assessed) health status. Instead, age appeared to be the main factor, with older women being more inclined to enrol than younger women. Women registered with the NHIS were much more likely to seek formal care and to visit a clinic. All other factors being equal, they were 40 per cent more likely to have attended a clinic over the previous year and 57 per cent more likely to have been prescribed medicine.

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A study of the impact of the NHIS in the Akatsi District, one of 18 administrative districts in the Volta region (Gobah and Zhang, 2011) showed a significant improvement in the use of health services in both the public and private sector that could be attributed to the National Health Insurance Scheme and the presence of medical facilities. The proportion of insured persons seeking outpatient and inpatient care increased from 52.8 and 24.1 per cent in 2007 to 77.6 and 65.6 per cent in 2009. However, this means that between 22.4 and 34.4 per cent of residents using health facilities in the district still made out-of-pocket payments at the point of delivery. Moreover, a higher proportion of insured persons (70.8 per cent) than non-insured persons (6.0 per cent) reported seeking formal care during ill health. Lack of insurance (42.3 per cent) is the single most important reason for not seeking formal care among the non-insured. Unlike the study by Blanchet et al., the authors found age, level of education and professional status (occupation) to be significant determinants of membership of the scheme.

The NHIS has contributed to improving access to health care for insured members where services are available, but the limited coverage of the population raises concerns as to the equity and sustainability of the scheme. Wealthier Ghanaians are better able and more likely to enrol than poorer Ghanaians, despite premium exemptions for the indigent. The exemption of indigents is not yet fully operational, as there is no clear methodology for identifying the poor. Consequently, the population at large is not even fully aware that the indigent exemption exists. The concern as to the scheme's sustainability stems from the likelihood that less healthy individuals will opt to join scheme, thus raising the average cost as long as coverage remains less than universal (this did not come out clearly from the study, except in so far as enrolled persons on average were older.) and from the fact that the increase in utilization that must largely be financed through tax-based financing sources, which may grow more slowly than enrolment and utilization of services. This is also the thrust of a recent World Bank report, which concludes that the sustainability of the NHIS programme is at risk and requires urgent attention (Saleh, 2013).

#### *Administrative efficiency and challenges to implementation*

Available information suggests that the administrative cost of exempting indigents from contributing to the NHIS amounts to 6-10 per cent of total expenditure (see Table 3.3 above), which is reasonable for such a programme. However, as we have seen, there are several areas where the implementation of the exemption could be improved. Given the socioeconomic, geographic and operational barriers to covering the population adequately, a gain in efficiency and effectiveness could be achieved, for instance, by: (i) improving coordination between the NHIS and vertical health programmes to combat malaria and HIV/AIDS and to promote immunization, etc.; (ii) improving monitoring, evaluation and reporting and harmonizing them with the social protection system; (iii) closing gaps in the coverage of the population and in the supply of health care. Delivery challenges stemming from the health workforce itself, the supply of pharmaceuticals, the availability of health facilities and the quality of the services provided also need to be addressed.

The impact evaluation carried out in the Akatsi District (Volta region) mentioned earlier found that more than half of the insured respondents (53.5 per cent) reported encountering difficulties when enrolling in the scheme. The difficulties were largely institutional and operational and included delays in the issuance of identity cards (41.7 per cent) and in the registration process (26.8 per cent), the long distance to registration centres (11.9 per cent) and insufficient public information on the scheme (8.3 per cent). Many of the non-insured (41.9 per cent) cited the cost of contributions and registration fees as the main obstacle, as even such small expenses can be a barrier to enrolment in the NHIS, particularly for the poor. The more general health sector bottlenecks as well as the operational challenges of processing claims, reimbursing providers, managing membership and ensuring financial sustainability are discussed in more detail in Chapters 4 and 5.

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### 3.2.1.2. Malaria control

Malaria is endemic in Ghana and the entire population is at risk. Between 2004 and 2009, 3.1 to 3.5 million cases of clinical malaria were reported in public health facilities annually, of which over 900,000 cases were of children under five years of age (NMCP, 2009). Children under five and pregnant women are first among the high-risk categories. The National Malaria Strategic Plan (NMSP) for 2008-15 provides for a rapid, nationwide increase in malaria control interventions, including the distribution of treated nets. The National Malaria Control Programme is a public health measure whose social protection impact at the household and individual level is difficult to assess. As this report focuses on the financial protection provided through the NHIS, this and other public health measures, such as the expanded programme on immunization, are not discussed in any detail.

### 3.2.2. In-kind transfers to facilitate access to education

Ghana's Free and Compulsory Universal Basic Education (FCUBE) programme is a major focus of the Government's human development efforts. Since 2004 Ghana has made impressive gains in net enrolment, especially in primary schools. Disparities between the poor and the non-poor persist, however, and regional disparities also remain high. Enrolment in primary education in the rural savannah area in 2005/06 was as low as 61 per cent, whereas most urban areas and the rural coastal area recorded 95 per cent and more. Moreover, there are indications of a reversal in enrolment between 2008/09 and 2010/11, when it was estimated at 77.9 per cent (AfDB/OECD, 2012). Even when education is free, the cost of schooling (including costs for parent/teacher associations, uniforms, school supplies, transport, food) is an obstacle to enrolment, and lowering these costs, especially for poor households, could help increase the figures. School uniforms were found to be the most expensive item of expenditure on schooling and accounted for 11 per cent of the total cost of education for the poorest quintile (World Bank 2010b).

#### 3.2.2.1. Free school uniforms and exercise books

##### *Objectives, policy and legal framework*

The Ghana Education Service, under the Ministry of Education (MoE), operates two in-kind transfers providing school uniforms and exercise books free of charge for children attending public schools. The two schemes, which operate strictly at the national level and have been operational since 2009/10, is to facilitate universal access to basic education, avoid social stigma for impoverished households that cannot afford decent clothing and materials for their children and promote local entrepreneurship in the manufacture of the uniforms and exercise books. Given the limited capacity at the regional level for producing the required quantities and quality and in order to benefit from economies of scale, however, procurement of all uniforms and exercise books is awarded through a competitive bidding process to a few suppliers located in Accra.

##### *Eligibility criteria and beneficiaries*

The free school uniforms programme is directed at schoolchildren in educationally deprived communities, based on the MoE's enrolment statistics. In order to reduce administrative costs and avoid stigmatization, all the children in the selected schools receive uniforms. The provision of free exercise books benefits a large majority of schoolchildren. The Ghana Education Service estimates that approximately 4.8 million children in public basic schools (up to junior high school level, aged 5 to 14) received free exercise books in 2009/10 and 2011/12, i.e., 89.8 per cent and 87.6 per cent of all children in public basic schools respectively.

The school uniform programme was originally designed to supply two school uniforms per year to every child, but only a fraction of the children enrolled in public schools in deprived communities have so far received even one uniform. To date 400,000 uniforms have been distributed each year over the past four years, reaching an estimated 7 per cent of children in public schools and 75 per cent of the communities targeted (GNSPS).

According to World Bank estimates only half of the uniforms actually went to poor families. To improve the targeting performance, the World Bank recommends using poverty or food insecurity maps rather than educationally deprived communities for targeting purposes. The World Bank recommends that the programme continue to target schools rather than individuals, to avoid the stigmatization of children receiving uniforms and to reduce administration costs (World Bank, 2010).

#### *Financing and expenditure*

The two programmes are fully funded by the Government from general revenue based on *the* annual budget statement. Tables 3.6 and 3.7 give the annual budget allocations for the two programmes between 2009 and 2013.

**Table 3.6. Free school uniforms: Budget and expenditure, 2009-13 (in GH¢ unless otherwise indicated)**

	2009	2010	2011	2012	2013
<b>Budget allocation -</b>		10,000,000	10,000,000	8,240,000	28,000,000
- per beneficiary			25.67	25.00	20.60 70.00
- as a percentage of total government revenue (excluding grants) .		0.13	0.09	0.05	0.13
- as a percentage of GDP .		0.02	0.02	0.01	0.03
- of which external sources (donors)		0.00	0.00	0.00	0.00
<b>Total expenditure</b>					
<b>Programme expenditure ..</b>					
<b>Administrative expenditure* ..</b>					
<b>Number of beneficiaries (pupils)</b>		389,584	400,000	400,000	400,000

Note: No information was received on administrative expenditure.

Source: Own calculations based on information provided by

**Table 3.7 Free exercise books: Budget and expenditure 2009-13 (in GH¢ unless otherwise indicated)**

	2009	2010	2011	2012	2013
<b>Budget allocation</b>	<b>7,556,327</b>	<b>13,962,000</b>	<b>7,000,000</b>	<b>28,967,500</b>	<b>28,672,000</b>
- per beneficiary		2.91		6.03	6.01
- as a percentage of total government revenue (excluding grants)		0.18	0.60	0.19	0.13
- as a percentage of GDP	0.02	0.03	0.12	0.04	0.03
- of which external sources (donors)	0.00	0.00	0.00	0.00	0.00
<b>Total expenditure</b>	..				
<b>Programme expenditure</b>	..				
<b>Administrative expenditure*</b>	..				
<b>Number of exercise books procured</b>	..	42,116,000		13,000,000	31,958,160
<b>Number of beneficiaries (pupils)</b>	..	4,791,080		4,807,092	4,768,806

\* No information was received on administrative expenditure.  
Source: Own calculations based on information provided by

There have been reports of significant arrears in the release of funds from the central government to the districts and schools, as well as of delays in the distribution of books and uniforms in time for the beginning of the school year.

### Implementation

The implementation of the two programmes has encountered some difficulties. Payments to suppliers of exercise books are reported to have sometimes taken six months or more to process, and irregular funding has prevented the programme from supplying the numbers of books needed for the targeted schools on a regular basis and in a timely manner.

### Impact

As several initiatives to increase enrolment rates were introduced simultaneously, it is difficult to isolate the effect of the free school uniforms and text books programmes and there has been no systematic monitoring of the programme's impact. However, the combined effect of the education programmes in increasing enrolment, retention and attainment is encouraging, though recent figures pointing to a decline in enrolment from 84.8 per cent in 2005/6 to 77.9 per cent in 2010/11 suggests that the progress made needs to be consolidated (AfDB/OECD, 2012). The objective of promoting local economic activities by using local supplies was abandoned for both programmes due to capacity constraints.

#### 3.2.2.2. Ghana school feeding programme

##### Objectives, policy and legal framework

The Ghana school feeding programme (GSFP) was introduced in 2005 and is administered through the Ministry of Local Government and Rural Development. It provides children in public primary schools and kindergartens with one hot and nutritious meal every day during the school week. It has several objectives, including facilitating universal access to universal education and improving attendance, retention, concentration and learning in class through improved nutrition. It also aims to generate income for local farmers and

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caterers by promoting local entrepreneurship in the production of food. Communities are expected to take on certain responsibilities to ensure the smooth functioning of the school feeding process, such as organizing the serving of the food and cleaning up after the meal. Schools generally do not have kitchens and the meals are prepared and transported to the schools by local caterers who finance the meals that they prepare and are subsequently reimbursed by the Government; most of them need to take out loans to advance the money for preparing the meals. Partners and donors of the programme include the Government of the Netherlands (which provided funding for the programme in its initial years), the World Food Programme (WFP), Partnership for Child Development, SNV Netherlands Development Organization, the World Bank, the Bill and Melinda Gates Foundation and Dubai Cares.

#### *Eligibility criteria and beneficiaries*

The programme started in 2005 in 10 pilot schools in each of the ten regions and has since expanded rapidly. According to information received, the programme served meals to over 1.6 million children in 4,952 public schools (13.5 per cent of all public schools) in 162 districts all over Ghana, reaching approximately 29.8 per cent of all children registered in public schools in 2012. The programme is now reported to be operating nationwide.

There have been concerns about the selection of participating schools, which has been perceived as arbitrary. The World Bank estimates a rather weak targeting efficiency of 21.3 per cent (World Bank, 2010b). A national re-targeting of the programme in 2011 sought to address these concerns, using a range of variables (mainly related to the infrastructure available) to target schools. The WFP estimates that, as a result, 70-80 per cent of the investment in school meals now goes to the poorest communities (WFP, 2013). However, many basic schools in poor communities are still said not to be benefiting from the programme, the criteria for selecting beneficiary schools are still being questioned and a lack of transparency has been observed by some stakeholders (Essuman and Bosumtwi-Sam, 2013).

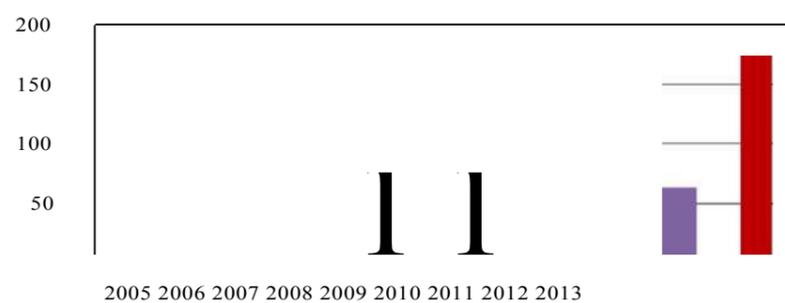
In addition, implementation across different types of schools appears to be uneven. While disaggregated data on the age and sex of recipients are not available, the low enrolment of 35.6 per cent in pre-schools (children aged three or four) suggests that only very few children under five years old benefit from the programme.

There are plans to expand the programme further over the coming years, and this is reflected in the increasing budget allocations reported below. The target for 2013 is to extend the programme to 5,629 schools and to reach about 50 per cent of the 2 million children in public primary schools.

#### *Financing and expenditure*

In line with the planned expansion of the programme, its budget increased from GH¢ 0.9 million in 2005 to approximately GH¢ 50 million in 2009 and 2010 and to GH¢ 60 million in 2011, in addition to which the GSFP received external grants of around GH¢ 13 million in 2009 and 2010. In 2012 no budget was allocated to the school feeding programme, but in 2013 GH¢ 199 million was allocated to cover the year 2013 and the programme's arrears for 2012 (Figure 3.7).

**Figure 3.7. Government school feeding programme, budget allocations 2005-2013 in million GHC (constant 2012 prices)**



Source: ILO calculations based on data received from School Feeding Programme

The total annual expenditure per beneficiary in 2012 was estimated at 38.40 GHC, which implies a unit cost of less than 0.25 GHC per meal. Irregularities in the release of funds have been a problem, as payments have sometimes been delayed for a whole four-month term. Not being able to pay back loans that caterers take out to pre-finance the meals means it will be more difficult for them to obtain credit in future, thus jeopardizing the supply of meals.

**Table 3.7. Ghana school feeding programme: Financing and expenditure, 2009-13 (in GHC unless otherwise indicated)**

	2009	2010	2011	2012	2013
<b>Budget allocation</b>	<b>62,316,367</b>	<b>63,611,280</b>	<b>60,000,000</b>	<b>63,717,514</b>	<b>199,000,000</b>
- per beneficiary				38.80	
- as a percentage of total government revenue (excluding grants)	1.10	0.82	0.51	0.41	0.94
- as a percentage of GDP	0.17	0.14	0.11	0.09	0.22
- of which external sources (donors)	20.60	21.03	0.00	0.00	0.00
<b>Total expenditure</b>	<b>34,863,979</b>	<b>54,186,773</b>	<b>69,214,220</b>	<b>63,064,715</b>	
- per beneficiary				38.40	
- as a percentage of total government revenue (excluding grants)	0.61	0.70	0.59	0.41	
- as a percentage of GDP	0.09	0.12	0.12	0.09	
<b>Programme expenditure</b>	<b>34,032,076</b>	<b>53,256,163</b>	<b>68,218,367</b>	<b>62,005,363</b>	
- per beneficiary				37.76	
<b>Administrative expenditure</b>	<b>831,903</b>	<b>930,610</b>	<b>995,853</b>	<b>1,059,352</b>	
- per beneficiary	^^			0.65	
- as a percentage of total expenditure	24	17	1.4	1.7	
<b>Number of beneficiaries (pupils)</b>				1,642,271	

Source: Own calculations based on information provided by GSFP administration.

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### *Implementation*

The implementation of the school feeding programme has encountered some difficulties. The available data suggest that administration costs in terms both of the number of beneficiaries and of total expenditure are low, but it is possible that the data cover only part of the actual cost of implementation. In practice the programme is managed by the head teachers and depends on local caterers and members of the community for delivery, and the administration cost may not account for the time thus spent. Depending on local circumstances this arrangement has been more or less successful, but the programme has been criticized for a uniform system of delivery across all districts and communities that is not always suited to the context.

### *Main challenges*

*The* programme uses a single implementation framework nationwide. However, the quality of delivery varies according to the capacity of local caterers, the management ability of the head teachers who are responsible for logistics and distribution and the degree of involvement of the community. Transport also poses problems, especially in the rainy season. Other challenges include the lack of effective monitoring of the District and School Implementation Committees and the lack of disaggregated statistics on the gender and age of beneficiaries (Haverkort 2008).

Another concern relates to the loss of teaching and learning time due to the time spent serving, eating and cleaning up and the effects on the quality of education if teachers are using their time to manage the school meals instead of teaching. Schools running a shift system have little room to change their schedule to accommodate the additional time needed for meals (Essuman and Bosumtwi-Sam, 2013). Finally, the implementation framework requires community support that is difficult to organize in some communities because of the opportunity cost of the time not spent on the farm or trading when rendering voluntary services for the school feeding programme. The non-involvement of certain communities also hampers the smooth delivery of the programme.

### *Impact*

No detailed monitoring or evaluation of the GSFP was available at the time of writing but such a study is reported to be in progress (WFP, 2013). Evidence suggests that the programme has been successful in increasing enrolment, attendance, retention, attentiveness and punctuality at the basic school level. For some children the school meal is the main meal of the day and a major motivation for attending (Essuman and Bosumtwi-Sam, 2013).

#### 3.2.2.3. Take-home rations for girls

This is a smaller programme that runs separately from the GSFP and is administered through the Ghana Education Service. The programme has its basis in the annual budget statement and provides take-home rations for 30,000 girls annually in the three northern regions. Each girl receives 8 kilograms of maize, 2 litres of oil and 1 kilogram of iodized salt if they are in school for at least three-quarters of the month. The programme was started in 1999 and has been cited as a major reason why two of the regions covered under the programme, Upper East and Upper West, were the first in Ghana to attain gender parity in their schools.<sup>14</sup> In general, take-home ration programmes have higher administration costs than school feeding, but at the same time they tend to target the poorest households

<sup>14</sup> See <http://www.wfp.org/stories/take-home-rations-promoting-girls%E2%80%99-education-and-bringing-peace-home>

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more effectively (World Bank, 2010b). No detailed information on this programme was available.

#### 3.2.2.4. Capitation grant

##### *Objectives, policy and legal framework*

The enrolment of poor and vulnerable children is sensitive to school fees even when they are low. The capitation grant programme, which has its basis in the annual budget statement, aims to facilitate universal access to basic schools by abolishing the school registration fee for parents. Schools receive GHC 4.5 (equivalent to the former registration fee) per pupil directly from the Ministry of Education. The capitation grant uses the school enrolment registries from the Ministry of Education for the allocation of funds to the schools. This relieves schools from collecting registration fees individually from parents. A second objective is the improvement of school governance.

##### *Coverage and impact*

A pilot capitation grant programme was launched in 2004 in the 40 most deprived districts, where it obtained an impressive 14.5 per cent increase in school enrolment on average and even 36 per cent in pre-schools. This success led to the programme's adoption nationwide in 2005 for all public schools and it is now reported to have reached universal coverage.

The impact of the capitation grant has been assessed for a range of indicators: pupil/teacher ratios, class size, enrolment and persistence to Grade 5 and the Basic Education Certificate Examination (BECE) pass rate. No clear empirical link could be established between achievements and the introduction of the capitation grant, in part because of the difficulty of isolating the impact of a single programme or a combination of programmes. However, the study from which the information in this section is based (Osei et al., 2009) observes certain trends. There was an impressive average increase in gross enrolment in basic schools from 80 per cent in 2003 to 97 per cent in 2007, with the Northern region even recording an increase of 65 per cent to 100 per cent during the period. Gross enrolment in junior high schools rose from 62 per cent in 2003 to 76 per cent in 2007, again with an even more impressive achievement in the Northern region where it increased from 40 to 84 per cent. The pupil/teacher ratios for all public school categories went down significantly in the three northern regions, whereas it remained more or less constant in the other regions. Finally, the BECE pass rate went up across the board between 2003 and 2007, from 57 to 71 per cent for boys and 35 to 62 per cent for girls.

##### *Financing and expenditure*

Table 3.9 gives the annual budget allocated for the capitation grant programme. Although the funding derives entirely from the state budget, the allocation was not always released on schedule in full. For example, the average amount released for the grant between 2005 and 2007 was never more than 75 per cent of the amount due - ranging between 84 and 97 per cent in basic schools and 67 and 76 per cent in junior high schools - precisely at a time when schools were under pressure from the increase in enrolment rates. As a result, some schools reintroduced school fees, and this may have led to the effective exclusion of some pupils.

**Table 3.8. Capitation grant: Budget and beneficiaries, 2009-13 (in GH¢ unless otherwise indicated)**

	2009	2010	2011	2012	2013
<b>Budget allocation</b>					<b>25,835,396</b>
- per beneficiary	4.64	4.50	4.27	4.36	4.50
- as a percentage of total government revenue (excluding grants)	0.41	0.31	0.20	0.16	0.12
- as a percentage of GDP	0.06	0.05	0.04	0.03	0.03
- of which external sources (donors)	51.63	100.00	35.10	0.00	0.00
<b>Total expenditure</b>	..	..	..	..	..
<b>Programme expenditure</b>	..	..	..	..	..
<b>Administrative expenditure*</b>	..	..	..	..	..
<b>Number of beneficiaries (pupils)</b>	<b>5,068,571</b>	<b>5,281,000</b>	<b>5,598,133</b>	<b>5,637,335</b>	<b>5,741,198</b>

Source: Own calculations based on information provided by GES

Due to a lack of economies of scale, smaller schools found it more difficult to cover their cost with the capitation grants than larger schools. In order to compensate smaller schools for their higher fixed cost, an additional basic grant scheme has been envisaged to complement the capitation grant, to be funded by external donors (World Bank).

#### Challenges to implementation

The positive effect of increased enrolment had the unintended negative consequence of lowering the quality of education and average learning outcomes, as the increase was not matched by an increase in the number of teachers and other resources. Shortage of classrooms, trained teachers and learning materials has also been observed (Osei et al. 2009, MoF 2011b).

#### 3.2.2.5. Metro Mass Transport

The Metro Mass Transport programme finances free bus services for children attending public primary schools to compensate poor families for the rise in the cost of transportation when fuel subsidies were reduced. The number of beneficiaries under the programme was reported to have decreased from 6.2 million in 2006 to 248,000 in 2011. The budget allocated to the programme stood at GH¢ 30.9 million in 2011. Table 3.10 shows that in terms of the number of beneficiaries the budget increased sharply between 2006 and 2011. For lack of data, a more detailed assessment of the programme is not at present possible.

**Table 3.9. Metro mass transport: Budget and beneficiaries, 2006-11**

	2006	2007	2008	2009	2010	2011
Budget allocation (in GH¢)	6,860,000	30,540,000	50,650,000	34,810,000	29,870,000	30,860,000
Number of beneficiaries	6,165,956	4,005,654	1,507,656	492,038	242,850	247,799
Budget per capita (in GH¢)	1.11	7.62	33.60	70.75	123.00	124.54

Source: ILO calculations based on data received from Metro Mass Transport Ltd.

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### 3.3. Active labour market programmes

Active labour market programmes help unemployed people start or return to work by combining a cash benefit with in-kind benefits such as job placement services and human capital generating programmes including vocational education, skills training, and (sometimes) job creation. The objective of these programmes, is twofold: (i) at the macro level, to improve the functioning of the labour market as a market, and (ii) at the individual level, to enhance employability or provide job opportunities (an entry point to the labour market) for people of active age who are unemployed or underemployed. This report, which discusses these programmes only in terms of their social protection function at the individual level, focuses on four programmes: the National Youth Employment Programme (NYEP), the Local Enterprises and Skills Development Programme (LESDEP), the Labour Intensive Public Works (LIPW) programme and the Graduate Business Support Scheme (GEBSS).

#### 3.3.7. National Youth Employment Programme

##### Objectives, policy and legal framework

Initiated in 2006, the National Youth Employment Programme (NYEP) seeks to empower graduates from junior and senior high school and from technical and vocational schools as well as school drop-outs and illiterate youth, to reduce unemployment and underemployment, to enhance food security and to provide work experience to improve career opportunities for young people. A secondary objective is to reduce rural to urban migration of young people in search of a job by creating opportunities in rural areas. The programme, which is run by the Ministry of Youth and Sport, provides temporary employment for up to 24 months as well as skills training. It collaborates with business associations in the private sector in designing course contents and structures in order to ensure that the programme is geared to the skills needed on the labour market. It aims at universal coverage, with a focus on disadvantaged youth. There are plans to turn the programme into a permanent Ghana Youth Employment and Entrepreneurship Development Agency (GYEEDA). The programme has established a nationwide implementation structure that operates through a national coordinator, 10 regional coordinators and 197 district coordinators.

##### Eligibility criteria, coverage and benefits

In order to maintain a balance between the needs of different economic sectors and its focus on disadvantaged youth, the programme offers job placement services, skills training and a provident fund to set up a business, for which it uses various targeting mechanisms. Initially, the programme focused on job placements, organized around ten different modules: Youth in Security Services, Youth in Fire Prevention, Youth in Immigration, Youth in Agri-Business, Youth in Health Extension, Youth in Waste and Sanitation, Youth in Paid Internship, Youth in Community Teaching Assistants, Youth in Trades and Vocation, Youth in Eco-Brigade, Youth in Information Communication Technology. Some of these modules are divided into subcomponents; for example, the Youth in Agriculture module includes block farm, livestock, fisheries and agribusiness development sub-programmes. A Youth in Entrepreneurship module was added in 2011, which will be financed through a World Bank credit, and others are being developed. The programme intends to introduce exit plans for beneficiaries to assist their entry into employment after *the end of the* placement, but this has proved a challenging task.

The eligibility criteria vary according to the module and job placements are for a limited duration (maximum 24 months), during which allowances (not salaries) are paid. Since 2009 the allowances have been as follows: youth with no formal education - GHC 60.00; SHS graduates - GHC 80.00; diploma holders - GHC 110.00; those with first-class degrees

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- GHC160.00 (Gyampo, 2012). No breakdown of beneficiary numbers into the different allowance categories was available, but the average budget allocation per beneficiary in 2010 was GHC 94. Except for allowances for diploma holders and those with first-class degrees, all allowances were below the minimum monthly wage of GHC 121 in 2012 and well below the average wage of GHC 497 in 2011. It is not clear whether the participants in the programme are required to register with the NHIS.

Like the LEAP programme and some child protection programmes such as school feeding, the NYEP has suffered from a lack of communication regarding its objectives, implementation and rules (notably the conditions attached to job placement, which sometimes raises expectations of subsequent employment after two years in the programme whereas the programme is intended only to provide experience for a maximum of two years).

With the new focus on encouraging business start-ups, the activities have shifted from placement services to a stronger emphasis on empowerment (human capital building) by developing an individual pathway plan for each participant. This creates some overlap with LESDEP (see below), which also promotes entrepreneurship. A major reason for this repositioning seems to have been cost containment. In 2012 the NYEP offered jobs to about 142,700 Ghanaians and the estimated number of beneficiaries since the programme's inception is 566,182. Over half the beneficiaries are women (52 per cent in 2011 and 2012). The programme reports the following distribution of beneficiaries by age group: 15 per cent aged 15-19, 25 per cent aged 20-24, 30 per cent aged 25-29, 20 per cent aged 30-34 and 10 per cent over 35 (although the programme is supposed to target those aged 15-35). No disaggregated data by region or districts was available, and there was no data available on the number of beneficiaries receiving services from the Youth Enterprises and Skills Development Centre (YESDEC), with which the NYEP collaborates.

**Table 3.10. Number of participants in NYEP**

Placement	2009	2010	2011	2012
Agriculture	20,000	30,000	100	30,000
Community education and teaching assistants	11,000	16,413	3,587	5,000
Health extension officers	10,250	11,331	6,669	10,000
Waste and sanitation	9,500	12,767	7,433	10,000
Paid internships	4,500	7,499	1,501	4,000
Dressmaking	7,000	10,000	23,000	10,000
Mining			1,000	8,000
Project staff	949	1,000	1,130	1,200
YESDEC			10,000	10,000
Phone repairs	10,000	10,000	10,000	10,000
Basket weaving		3,000	3,000	3,000
Hairdressing	10,000	10,000	10,000	10,000
Persons with disabilities			5,000	5,000
Construction				10,000
Non-formal educators			10,000	10,000
Other	1,600	15,650	10,200	6,500
<b>Total</b>	<b>84,799</b>	<b>127,660</b>	<b>102,620</b>	<b>142,700</b>

Source: Based on information provided by the NYEP

Some placements (e.g., teaching assistants, health extension officers, waste collection) are with quasi-government institutions or public services while others are in the private sector. No information was available as to how the placements are negotiated with agencies and businesses.

**Table 3.11. Target number of participants, 2013-18**

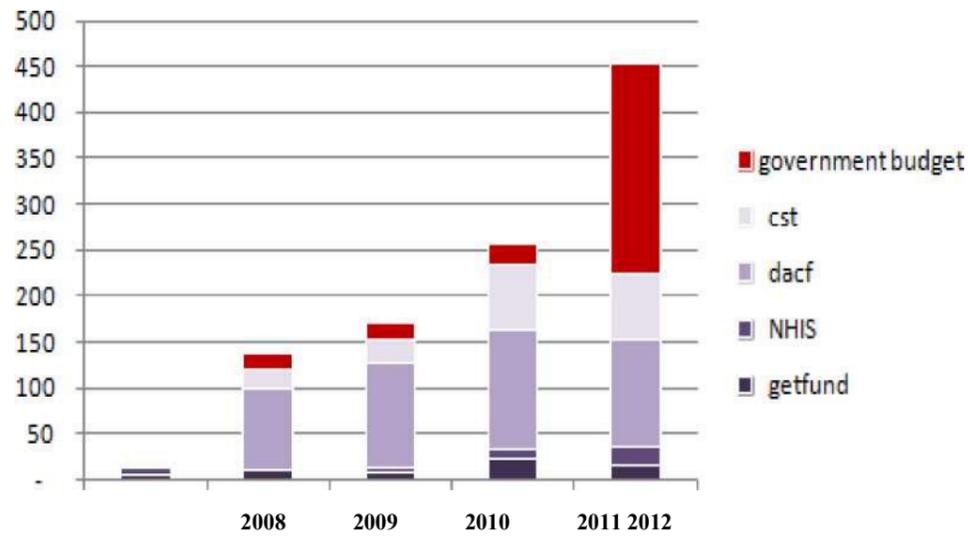
	annual target		total	cumulative target 2013-2018		
	male	female		male	female	total
Waste and sanitation	11,000	22,000	33,000	35,000	65,000	100,000
Paid internships	6,000	6,000	12,000	18,000	18,000	36,000
Health extension workers	3,500	6,500	10,000	11,000	20,000	31,000
Community teaching assistants	4,320	7,680	12,000	16,000	28,000	44,000
Security, community protection	5,500	3,000	8,500	15,000	3,000	23,000
Agri-business and Forest	8,550	6,450	15,000	30,000	23,000	53,000
Skills training and business set-up	100,000	100,000	200,000	330,000	330,000	660,000
<b>total</b>	<b>138,870</b>	<b>151,630</b>	<b>290,500</b>	<b>455,000</b>	<b>492,000</b>	<b>947,000</b>

source: draft operations manual GYEEDA, 2013

## Financing and expenditure

The programme is funded from various sources. In addition to a budget from the central government, it receives allocations from the main statutory funds - in particular the DACF, GETFund and the National Health Insurance Fund (NHIF) - and from the community services tax (see Box 5.1 in Chapter 5 for details of the statutory funds).

**Figure 3.8. NYEP/GYEEDA sources of revenue. 2008-12 (in million GH¢ at constant 2012 prices)**



Source: information received from GYEEDA.

Table 3.12 provides an overview of the budget allocated to NYEP/GYEEDA and expenditure. The average budget per participant per month in 2010 was GH¢ 94. The table reveals that the budget has increased much faster than the number of beneficiaries between 2010 and 2012. For 2013 the allocation was reduced again to GH¢ 30 million. It is not clear, what this money was spent on since no breakdown of expenditure for the various components (skills training, job placement, entrepreneurship development) is available. Administration cost per beneficiary was reported at GH¢ 44.07 for 2012. It is not clear what expenditures were included in the administration cost but this seems high for a large programme that operates nationwide and that does not have to carry out complex tasks such as a poverty targeting mechanism or delivering the benefit to marginalized groups.

**Table 3.12. NYEP/GYEEDA: Budget and number of beneficiaries, 2009-12 (in GH¢ unless otherwise indicated)**

	2009	2010	2011	2012	2013
<b>Budget allocation</b>	<b>84,005,304</b>	<b>144,465,976</b>	<b>227,304,544</b>	<b>488,601,379</b>	<b>30,000,000</b>
- per beneficiary	990.64	1,131.65	2,215.01	3,423.98	
- as a percentage of total government revenue (excluding grants)	1.48	1.87	1.95	3.15	0.14
- as a percentage of GDP	0.23	0.31	0.40	0.68	0.03
- of which external sources (donors)	0.00	0.00	0.00	0.00	
<b>Total expenditure</b>					
<b>Programme expenditure</b>					
<b>Administrative expenditure*</b>				<b>6,289,149</b>	
- per beneficiary				44.07	
- as a percentage of total expenditure					
<b>Number of beneficiaries</b>	<b>84,799</b>	<b>127,660</b>	<b>102,620</b>	<b>142,700</b>	

Source: Own calculations based on information provided by GYEEDA.

### 3.3.2. Local Enterprises and Skills Development Programme

#### Objectives, policy and legal framework

The Local Enterprises and Skills Development Programme (LESDEP) was set up in 2010 as a public-private partnership under the auspices of the Ministry of Local Government and Rural Development. The objective of the programme, which is run by a private agency (LESDEP Ltd.), is to encourage the creation of more sustainable businesses by providing entrepreneurial skills, start-up equipment, access to credit and post-start-up support. The combination: free entrepreneurial skills training and providing access to equipment/credit is considered an innovative approach to supporting entrepreneurship. Funds for equipment are provided as loans to be used as a revolving fund. The businesses established through LESDEP include transport services, water services, catering services, mobile telephone and laptop assembly and repair, sales vans, farming equipment services, dressmaking and fashion designing, beauty care, barbering services, fruit juice processing, fishing gear support, construction materials, canopies and chair rental.

The programme subcontracts private sector companies to deliver most of the services it requires (such as skills assessments and loans). Specialized training in trade sectors is conducted in collaboration with the Ministry of Employment and Labour Relations and other agencies, including the National Youth Council, the Integrated Community Centre for Employable Skills, the National Technical Engineering College and the National Board for Small Scale Industries. The programme operates nationwide through national, regional and district steering committees and has offices in all 170 MMDAs in Ghana.

#### Eligibility criteria, beneficiaries and benefits

LESDEP provides in-kind benefits (access to credit and skills training), but little information was available regarding its implementation. To select beneficiaries LESDEP

cooperates with the district assemblies, where announcements are made, registration forms distributed and assessments conducted; lists of screened applicants are then transmitted to the headquarters in Accra where the funds are released. School graduates are included among the target groups because of the high unemployment rate among this group.

In total, 44,735 beneficiaries participated in the programme's training and support towards setting up a business in 2012. It is not clear whether the participants in the programme are required to register with the NHIS.

#### Financing and expenditure

The programme is funded out of the central government budget. Due to the high number of subscriptions allocations increased from GHC 63 million in 2011 to GHC 93.35 million in 2012. In 2011 GHC 4.5 million was spent on administration costs and GHC 55 million on programme costs, and the programme generated a profit of GHC 2.6 million. The budget allocation in 2012 was GHC 84 million, of which GHC 7.3 million were spent on administration. Administration costs in LESDEP are estimated to be GHC 164 per beneficiary, almost four times as much as for the NYEP/GYEPA's GHC 44 per beneficiary. If the entire allocated budget was spent, this left GHC 1.878 per beneficiary for training and loans (Table 3.14).

**Table 3.13. LESDEP: Financing and expenditure, 2010-2013 (in GHC unless otherwise indicated)**

	2010	2011	2012	2013
<b>Budget allocation</b>	<b>6,000,000</b>	<b>63,000,000</b>	<b>84,000,000</b>	<b>75,000,000</b>
- per beneficiary			1,877.72	
- as a percentage of total government revenue (excluding grants)	0.08	0.31	0.54	0.35
- as a percentage of GDP	0.01	0.06	0.12	0.08
- of which external sources (donors)	0.00	0.00	11.13	
<b>Total expenditure</b>				
<b>Programme expenditure</b>		<b>55,000,000</b>		
<b>Administrative expenditure</b>		<b>4,500,000</b>	<b>7,324,123</b>	
- per beneficiary			163.71	
- as a percentage of total expenditure				
<b>Number of beneficiaries (households)</b>			<b>44,735</b>	

Source: Own calculations based on information provided by

#### Challenges to implementation

The programme is able to provide support for only a small fraction of applicants, but there are no clear eligibility criteria for selecting those that are ultimately enrolled in the scheme. As a result, the programme has the reputation of selecting beneficiaries randomly, either on a "first come first served" basis or according to political motivations rather than assessed needs. A key challenge to delivery has been that some beneficiaries have to wait for a long time after their training to receive the equipment they need to set up a business.

LESDEP's sustainability depends on beneficiaries' ability and willingness to repay loans on schedule. No information was available regarding the repayment of LESDEP loans.

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Considering the difficulties encountered in this regard by similar programmes, LESDEP should put mechanisms in place to ensure that its loans are repaid.

### **3.3.3. Labour-Intensive Public Works programme**

#### Objectives and institutional framework

The objective of Ghana's Labour-Intensive Public Works (LIPW) programme is to increase access to employment and cash-earning opportunities for the rural poor during the agricultural off season and to improve the social and economic infrastructure in targeted districts, for example through rehabilitation and maintenance of feeder roads, small dams and dugouts, and soil and land conservation works. The programme is funded through the World Bank's Ghana Social Opportunities Project and is run by the Ministry of Local Government and Rural Development. LIPW activities are selected from district development plans and district administrations are responsible for implementation. Given the weak management and technical capacity of many districts, the project has a strong capacity-building component to support the planning and implementation of activities, especially for the civil works engineers responsible for supervising the LIPWs and training private contractors, district engineers, line ministry technical staff and community-based organizations in labour-intensive methods.

#### Eligibility criteria, beneficiaries and benefits

Participants are selected in stages. For the first phase of the project, 49 poor districts were selected (on the basis of food vulnerability and poverty incidence) where the district councils had detailed poverty profiles and medium-term infrastructure development plans. For a project to be eligible it has to have a labour costs share of at least 40 per cent and the assets created should be of benefit to the poor. A sensitization process and a check whether the suggested works met the actual needs of the community was conducted in poor communities close to the selected project that were willing to participate in the programme. As a second step, people interested in participating applied to join the programme, which pays approximately the minimum wage in order to attract workers with no income or extremely low incomes.

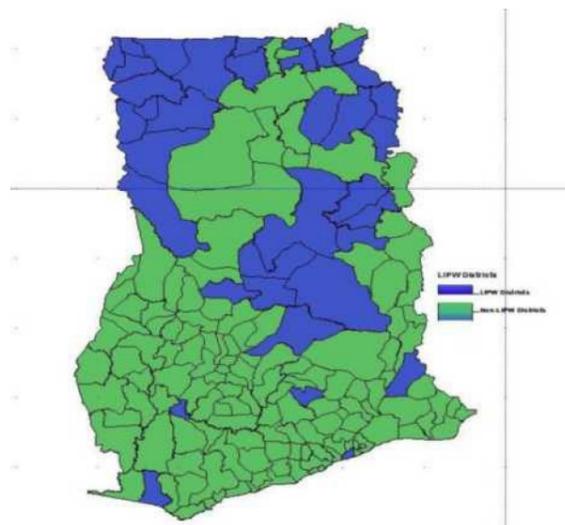
The wage paid in 2012 (when the minimum wage was GHC 4.48) was GHC 4 for a six-hour working day, rising to GHC 6 per day in 2013 (slightly above the minimum wage at GHC 5.24). Workers are paid every two weeks. The third stage was for the community to approve the list of applicants, and the fourth and final step involved proxy means tests of a random sample of beneficiaries to validate the selection. The target benefit level was set at GHC 150, or 25 working days per worker for the entire season, but due to over-subscription workers were only able to work 16 days on average. The actual number of days per worker varied significantly, with some workers reporting that they had worked more than 100 days. According to the operations manual, the number of work-days available should be shared in rotation among all those who are eligible, but it is unclear whether this is actually the case. The work input required by the project is typically unskilled, manual and physically demanding labour such as excavation, transportation of material, tree planting, etc. The implementation manual provides for environmental and social safeguards in selecting and implementing the activities, as well as for social audits (for example through community score cards). Anecdotal evidence suggests that not all sites are fully compliant with these and that some did not have adequate sanitation facilities or water supplies for the workers, the majority of whom were not registered with the NHIS.

The programme reached 28,619 workers in 2012, of which 24,900 were unskilled and more than half (55.3 per cent) were women. No age breakdown was made available but it has been observed that workers were permitted to register from the age of 15 although the

project was intended for workers aged 18 and above. (Statutory working age is 15 except for jobs in heavy industries such as mining.) The programme's extension nationwide to cover all ultra-poor households is planned for phase II of the project.

The LIPW programme started in 40 districts (49 districts after some were split up), with a focus on the north of the country (Figure 3.9).

**Figure 3.9. LIPW district coverage,**



Source: Compiled from statistics for 2012 received from the MLGRD/GSOP

#### Financing and expenditure

The programme's expenditure in 2012 totalled GH¢ 9.5 million, of which 19.6 per cent was spent on wages, for an average of GH¢ 64 per worker (Table 3.15).

**Table 3.14. LIPW: Financing and expenditure, 2012-13 (in GH¢ unless otherwise indicated)**

	2012	2013
<b>Budget allocation</b>	<b>11,104,398</b>	
- per beneficiary	388.0	
- as a percentage of total government revenue ( <i>excluding grants</i> )	0.07	
- as a percentage of GDP	0.02	
- of which external sources ( <i>donors</i> )	0.00	
<b>Total expenditure</b>	<b>9,350,281</b>	
- per beneficiary	326.7	
- as a percentage of total government revenue ( <i>excluding grants</i> )	0.06	
- as a percentage of GDP	0.01	
- per beneficiary	326.72	
<b>Programme expenditure</b>		
<b>Administrative expenditure</b>		
<b>Number of beneficiaries</b>	<b>28,619</b>	

Source: Based on information received from LIPW

The LIPW did not provide any information on administration expenditure, but less than 20 per cent was spent on the wages of the unskilled labour. This can be attributed in part to the cost of setting up the scheme, which started operations only in 2012. Moreover, public works programmes in general have additional costs for equipment and materials and, provided that the works are well chosen, build up assets that benefit communities beyond the wages paid to the workers.

#### Implementation

In terms of assets created, Table 3.16 gives a breakdown of the physical achievements of LIPW as at 31 March 2013.

**Table 3.15. LIPW: Physical achievements, 2012 to 31 March 2013 (ongoing project)**

Description	Feeder roads	Dams	Climate change/Tree planting
Number and of subprojects completed	27 (166.5 km)	12	46 (258.3 ha)
No. (km/ha) of subprojects on-going	99 (412.4 km)	70	100 (1006.3 ha)
Percentage completion of on-going subprojects	30	28	58
Person-days of unskilled labour	265,272	190,033	302,107
Total person-days for all projects			757,412

Source: Based on information received from LIPW

Given the complexity of executing public works programmes, communities and districts have a particularly important role to play in implementing the programme. The LIWP component of the Ghana Social Opportunities Project (GSOP) was designed to support the

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decentralization process by channelling funds for its subprojects through the districts. According to the implementation manual, responsibilities at the community level include

- assisting in mobilizing the community to participate in the programme
- assisting in the information and education campaign
- preparing community action plans for selecting priority subprojects for implementation, selecting and implementing small subprojects
- assisting in the selection of participants
- facilitating the payment of participants
- monitoring the timely payment of wages and providing the district authorities with feedback
- keeping records of daily attendance
- liaising between the community workforce and other players
- assisting in the resolution of complaints and conflicts
- monitoring progress and providing feedback on progress to the district authorities
- assisting in general security arrangements at the project site
- assisting in gathering data on the project
- assisting in the enforcement of core labour standards.

Responsibilities at the district assembly level include:

- carrying out the information and education campaigns throughout the project life
- working with the community to select projects from district, area and community action plans
- working with community facilitators to select participants in the programme
- working closely with the Regional Coordinating Office to hire contractors/consultants
- arranging for contracts to be signed within beneficiary communities, witnessed by a traditional ruler
- channelling funds for the execution of selected projects
- ensuring timely payment of wages of service providers
- monitoring progress and providing feedback to the Regional Coordinating Office for submission to the central office
- assigning labour officers to ensure compliance with labour laws in the field
- establishing a complaints desk and ensuring their speedy resolution
- ensuring the compliance of public works with social and environmental safeguards

- submitting timely financial returns for replenishment
- keeping accurate and proper records on all activities and transactions on the project
- ensuring proper utilization and maintenance of the facilities put in place
- ensuring value for money, efficiency, accountability and transparency in project implementation

As it depended on administrative, management, technical and oversight capacities at the community, district and regional level, the programme effectively mobilized communities to select projects that made a difference in the local communities and gave them a sense of ownership and empowerment, in addition to inserting cash flows into local economies and smoothing consumption at the household levels. In some cases programme implementation faced challenges in carrying out the works in conformity with the guidelines or in attracting workers into the programme. There was sometimes a lack of understanding among the workers as to why the work was executed using labour-intensive strategies rather than heavy machinery, or workers doubted whether they would actually be paid for their work. The foreman who oversees and organizes the work plays a key role in the success or failure, creating a good working atmosphere and explaining both the works to be carried out and the overall design and objectives of the programme.

The ILO has assisted the Government by providing training at all levels for the LIPW components. The main aim of the capacity-building component is to create capacity at the national and local level to implement LIPW projects in the selected districts and thereby to strengthen the Government's decentralization programme and enable the related strategy to be introduced nationwide. This is being achieved through:

- strengthening the capacity of the Kumasi Traditional Council to meet the demand for training within the GSOP project; so far, there have been 755 trainees, including district engineers, small and medium enterprise operators, community-based organization members, etc.;
- formulating a national policy for labour-intensive public works.

#### **3.3.4. Graduate Business Support Scheme**

In addition to the NYEP and LESDEP, the Graduate Business Support Scheme (GEBSS) was launched in 2012 to provide practical training, exposure and mentoring programmes for unemployed graduates. The scheme is divided into four segments and lasts 12 months. The first segment of five days involves a comprehensive nationwide preparation session for 10,000 unemployed graduates having the requisite competence (attitude, skills, knowledge) to identify opportunities for setting up their own businesses. The second segment targets 2,000 participants for a one-week session where they learn to produce viable business plans that can attract investment funding. For the third segment, 500 participants are attached to local industries to gain experience and receive professional guidance support. The fourth segment provides executive-level mentoring and overseas exposure for 100 participants to learn the best international practices in order to set up 100 trans-generational businesses in Ghana. No detailed information on how to join the programme or achievements of the scheme to date was available.

#### **3.3.5. Community-based rehabilitation programme for the disabled**

In collaboration with the private sector the former Ministry of Employment and Social Welfare initiated a programme to train 5,000 people with disabilities in information and

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communications technology, mobile phone repair and computer assembly and repair. The objective of the programme is to empower people with disabilities to engage in gainful employment, earn a better income and reduce their dependency on others. The total cost of the programme was GHC21.741 million (GSGDA Annual Progress Report 2011). No detailed information for assessing the programme was available.

### **3.4. Subsidies : Lifeline tariff, rural electrification, fuel and agricultural subsidies**

The general idea behind subsidizing basic necessities is that the poor will benefit more than others, as basic necessities account for a larger share of their consumption basket, and that at the same time costly targeting mechanisms can be avoided. Moreover, subsidies are easily and quickly introduced because no delivery structure needs to be set up. They are therefore often used by countries, especially in response to shocks or in times of crisis but their actual impact on the poor is rather limited. Especially in the case of electricity as the poorest population is usually not connected to the grid. The World Bank estimates that only about 9 per cent of the electricity subsidies reach the poor in Ghana. Moreover, experience of fuel subsidies in Ghana show that it is very difficult to abolish subsidies once they have been put in place, as governments are reluctant to take unpopular measures and fear popular protest against their reduction. Subsidies in place in Ghana include the lifeline tariff for poor consumers of electricity, the Self-Help Electrification Programme (SHEP) to expand connection to the grid in rural areas, and subsidies on fuel products and fertilizers.

#### **3.4.7. Lifeline tariff**

This is a flat-rate tariff subsidy of basic electricity consumption. The lifeline tariff, which *has been set at* GHC 0.095 per KWH up to a threshold of 50 KWH/month, was introduced in 2002 as part of a reform that simplified the tariff structure into three brackets: non-residential (industries), residential (households) and lifeline (customers). The idea was to shield poor households from adjustments in the tariff. For example, for residential consumers consuming 51 to 300 KWH/month, a rate of GHC 0.17 per KWH was announced for 2013, an increase of almost 50 per cent from its 2011 level. The central government budget for 2012 allocated GHC 30 million for lifeline subsidies. However, the threshold tariffs have also been subsidized. In order to reduce electricity subsidies, several times in the past decade an automatic tariff adjustment formula has been announced (the latest in 2011 was never implemented in full). According to the latest Ministry of Finance figures, power subsidies cost the Government GHC 485 million in 2012 (3.8 per cent of revenue from taxes).

Apart from the general disadvantages of subsidizing utilities, such as stimulating inefficient consumption and (due to arrears in reimbursing the power generating and distributing companies) underinvestment in maintaining and expanding the existing grid, the main drawback in Ghana is the badly targeted nature of the lifeline tariff. Poor households often are not connected to the grid or, where they are connected, it is often in the form of a collective meter in compound houses shared by several households. This has the unintended consequence that the poorest households usually do not benefit from the lifeline tariff as the collective consumption exceeds the threshold, while less poor households that consume less than the threshold do benefit.

The lifeline tariff was never designed specifically to target the poor but to lower administrative costs for small accounts, and this limits the extent to which the administration is motivated to adjust the programme to improve targeting (Keener and Banerjee, 2006). Other implementation issues at the time were the accumulation of arrears, resulting in households being disconnected from the grid, and people's limited awareness

of being eligible for the lifeline. Information on the subsidy is not sufficiently up to date to assess whether some of the implementation issues have been resolved.

### 3.4.2. Rural electrification: Self-Help Electrification Programme

The Self-Help Electrification Programme (SHEP) is part of a more comprehensive electrification programme. SHEP targets communities with the objective of upgrading the access of poor households to the grid. Funding derives from the central government, local communities and external grants. Currently the programme is in its fourth phase (SHEP 4). In 2008 some 4,070 communities were connected nationwide, while 81,892 communities were not. Given the fact that 72 per cent of the population has access to the grid (Table 3.16) these are predominantly small communities in the Ashanti, Brong Ahafo, Western and Eastern regions, and the successive phases of SHEP have therefore focused on them. Between the commencement of SHEP 1 in 1990/91 and the end of 2011, 2,837 communities were connected under the programme (Abavana 2012). SHEP is a conditional programme and communities need to meet a set of criteria and to provide funding themselves to qualify. The criteria include the distance to the grid (less than 20 kilometres from an existing high-voltage pole) and the proportion of houses that are wired and thus ready to receive the service. The "self-help" funding component requires that the community procure the low-voltage poles needed to connect the houses, for which they subscribe through the district assemblies.

The proportion of households in urban areas with access to electricity is nearly three times that of households in rural areas; in the northern regions electricity access is 50 per cent or less (Table 3.17). This disparity varies sharply among households with different standards of living. In the lowest quintile the proportion of households in urban areas with access to electricity is over four times that of households in rural areas, and the highest quintile just over double. Still, access to electricity has increased for the two lowest quintiles in urban areas and for almost all in rural areas between 1998/99 and 2005/06. Developments in the past decade have thus reduced the gap in access to the grid between urban and rural areas. The Ghana Statistical Service ascribes the increased access to electricity in rural areas to the sustained rural electrification programme carried out over the period (GSS, 2007).

**Table 3.16. Access to the electricity grid**

Accra	Ghana Greater Ashanti Central Brong- Eastern Western Volta Northern Upper Upper										
					Ahafo					East West	
Population (Pop)	24,659	4,070	4,780	2,202	2,311	2,633	2,376	2,118	2,479	1,047	702
Electricity Access	72.0%	97.0%	82.0%	81.0%	67.1	70.0%	68.0%	65.0%	50.0%	44.0%	40.0%
Households (HH)	5,467	1,036	1,126	527	491	632	554	496	318	178	110
HH with access	3,936	1,005	923	427	329	442	376	322	159	78	44
Pop with access	17,754	3,890	3,920	1,784	1,548	1,843	1,616	1,377	1,240	460	281

(source: 2010 Census GSS)

### 3.4.3. Fuel subsidies

The aim behind fuel subsidies was to shield consumers from volatile fuel prices in international markets and the negative consequences of exchange rate fluctuations. Over the past decade the Government has attempted several times to curtail the subsidies on consumer fuel (GSI/IISD, 2010). In the meantime not only the price is regulated but the extent to which petroleum products cross-subsidize each other as well. For example, premium gasoline is taxed and part of the proceeds is channelled into subsidies for

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kerosene. However, the volatility in international oil prices and the depreciation of the GHC against the dollar have made this an increasingly expensive policy. Thus in 2005 a regulating authority, the National Petroleum Authority, was established to set both the refinery price and the maximum price at the pump. The National Petroleum Authority uses a band width for periodically adjusting these prices when international price movements make this inevitable. Some social protection programmes - such as the subsidizing of Metro Mass Transport, SHEP and the capitation grant - were initiated or expanded at the same time to mitigate the impact of fuel subsidy cuts on the poor (GSI/IISD, 2010). With elections due in mid-2008, however, the Government took several measures to mitigate the impact of rapid global increases in fuel and food prices, including the re-introduction of price subsidies on gasoline, diesel and kerosene.

In mid-2012 the Minister of Finance announced that the budget deficit target for 2012 was to be adjusted mid-term to 6.7 per cent (up from its earlier target level of 4.8 per cent), owing to increased allocations for fuel and power subsidies, along with public sector salaries. The staggering 11.5 per cent fiscal provisional deficit in 2012 compelled the new cabinet to act, and in February 2013 the Government announced cuts in the subsidies. Prior to this, petrol and diesel fuel had been under-priced by as much as 30 per cent, kerosene by 72 per cent and the premix fuel used in fishing by 88 per cent. As a result, according to Ghana's *Daily Graphic* on 19 February 2013, prices increased by an estimated 15 per cent (kerosene) to 50 per cent (liquid petroleum gas). Otherwise, according to a Bank of Ghana estimate, the cost of subsidies would have doubled from GHC 1.2 billion in 2012 to GHC 2.4 billion in 2013 (a sizable 2.8 per cent of GDP). Current budget estimates for 2014 do not include any allocations for fuel subsidies.

#### **3.4.4. Fertilizer subsidy programme**

In 2008 the Government of Ghana instituted a fertilizer subsidy to help farmers increase *crop* production by raising fertilizer application to at least 50 kg/ha/year by 2015, as recommended in the Medium Term Agricultural Sector Investment Programme and as prescribed by the Abuja Declaration. The fertilizer application rate of 8 kg/ha in Ghana is among the lowest in the subregion, compared to 20kg/ha in sub-Saharan Africa, 99 kg/ha in Latin America, 109 kg/ha in South Asia and 149kg/ha in East and South-East Asia. The low application rate is attributed inter alia to the high cost of fertilizers. In 2012, improved seeds of maize and rice were added to the subsidy programme.

Over the past four years (2008-11) the Government subsidized about 383,215 metric tons of fertilizers valued at GHC163.8 million. In 2012 it subsidized about 173,000 metric tons of fertilizers at an estimated cost of about GHC117.0 million. For the 2012/13 season the Government allocated GHC 124.8 million (up from GHC 79 million) for 176,000 tonnes of non-cocoa fertilizer each year to increase the use of certified seeds and fertilizer.

Over the past years the Government has experimented with various mechanisms to deliver the subsidy, including a voucher scheme and, currently, by reducing the price for non-commercial quantities directly through the suppliers. The voucher has been criticized for the lack of transparency and biased distribution, and depending on the community only 30-50 per cent of the vouchers were used due to problems in the timing of distributing the vouchers and accessing points of distribution of seeds and fertilizers. The current general subsidy is applied at the point of sale and does not target poor farmers in particular. Dissatisfaction also arose from the late delivery of subsidized fertilizers that could not be used early enough to maximize the yield. In terms of impact, the average yield per hectare for maize was found to have doubled; the average percentage increase across all regions was 131. The advantage of fertilizer and seed subsidies is the potential to increase agricultural productivity while reducing the cost for farmers, but since this is not considered a social protection programme in the strict sense and it is not discussed in detail here.

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### 3.5. Key messages

The authors of this report had great difficulty finding the necessary data and information to assess the design, coverage and impact of Ghana's social protection programmes properly. To some extent these difficulties stem from the weak regulatory and administrative framework of most of the programmes. With the exception of the National Health Insurance Act and the Pensions Act, none of the social protection programmes are anchored in national law. As the majority of programmes derive their legitimacy solely from annual budget statements, it is not easy for them to establish regular administrative routines and ensure their smooth implementation.

The following key messages can be retained from the assessment of the design, coverage and impact of social protection programmes:

- With the exception of the LEAP programme and some of the education-related programmes, most of the programmes were not able to present a baseline study and an adequate monitoring and evaluation framework. While in many cases it would be difficult (though not impossible) to establish a baseline study ex-post, programmes should make an effort to develop a monitoring and evaluation framework that is adapted to the needs of their programme and is consistent with a future national monitoring and evaluation framework (see Chapter 8).
- Many programmes were unable to present comprehensive statistical data derived from administrative records which give a clear indication of the number of beneficiaries disaggregated by sex, age and place of residence, or of expenditure disaggregated into programme costs and administrative costs. Even more difficult is the systematic monitoring of the programmes' impact. For some of the schemes that have attracted academic or donor interest it is possible to find journal articles or reports on their operations and impact, but as these studies pursue different research interests, use different methodologies and vary in scope, quality and level of detail, a systematic assessment or a comparison is problematic.
- The available information does not allow for the thorough analysis of the administration costs, staffing levels and operational efficiency of programmes reviewed. As a result, it has not been possible to analyse systematically the impact, operational efficiency and effectiveness of most of the schemes or to make any valid comparisons. In particular, it has been difficult to establish the distribution of tasks between district and national administrations or a breakdown of the items included in administrative costs.
- Most programmes were not able to make available an operational manual that laid down clearly the objectives of the programme, the eligibility criteria for selecting beneficiaries, the methods of delivering the benefits, or the procedures to follow, for example in the case of complaints. Such operational manuals are an important element in the effective implementation of social protection programmes, as they help to ensure the uniform application of rules across the country and to avoid the excessive use of administrative discretion, which can lead to the ineffective, inefficient and inequitable allocation of resources and undermine the credibility of a programme among the general public.

The available evidence further suggests that improvements are possible in the following areas:

- Most programmes suffer from the irregular release of funds, which makes planning and reliable implementation extremely difficult and causes frustration in collaborators who sometimes pre-finance the services delivered and are reimbursed with considerable delay.

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- The staff of most programmes is insufficient or inadequately qualified. Some programmes rely on volunteers from the community to deliver the benefits and this jeopardizes the quality and reliability of the service.
  - Most programmes have unsatisfactory implementation arrangements, particularly regarding the selection of beneficiaries. Many programmes are perceived by the population as having arbitrary selection criteria or of being politically biased. This is attributable to a number of factors. First, many programmes do not clearly lay down the eligibility criteria for the various benefits and how they are delivered. Second, even programmes that define such rules do not always train their staff adequately in the programme's operation and, as a result, unintended errors often occur. Third, many programmes lack effective communication strategies to inform the public at large and the targeted beneficiaries of their rights and obligations under the different programmes, which risks giving rise to rumours and misunderstandings about the programmes. Finally, programmes do not put in place adequate monitoring and evaluation measures to establish whether the rules are followed on the ground and to provide information about any mismanagement, unintended consequences or flaws in implementation that need to be addressed.

The importance of strengthening the financial and institutional framework of the social protection system is also emphasized in the GSGDA, which identifies as a key policy measure the provision of "adequate resources for social policy formulation, implementation and evaluation" and highlights the need to review the existing social protection strategy to "streamline overlapping mandates and strengthen institutions in the social sector, especially in neglected areas as well as the introduction and implementation of social budgeting and enhanced monitoring and evaluation".



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#### 4. Performance of the social protection system in Ghana from a social protection floor perspective

Building on the review of individual programmes in Chapter 3, this chapter assesses them from a systemic perspective. It focuses in particular on their performance in contributing to the implementation of Ghana's social protection floor, defined as guaranteed access to at least essential health care throughout the life course and to at least basic income security for children, people of working age and the elderly. Each section of the chapter examines the attainment of policy objectives, the legal coverage of the population, the degree to which programmes reach the poor, the level of the benefits and quality of service, the financing and expenditure of the programme, the sustainability of the intervention, and the programmes' administrative efficiency and coordination.

A key principle for the effective and sustainable provision of social protection to the population is the adoption of a rights-based approach. Yet, with the exception of the NHIS, none of the programmes discussed in Chapter 3 is anchored in law; they are all based on somewhat volatile budget statements that have to be renegotiated for each fiscal period, even if they draw their legitimacy from obligations arising from international human rights instruments and from Ghana's Constitution.

Social protection is enshrined as a fundamental and universal human right in various international and regional legal instruments, most prominently the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights (ICESCR), which was ratified by Ghana in 2000. By virtue of this covenant, Ghana is committed to guaranteeing the right to social security for everyone within its national boundaries. The importance of the human right to social security is also underlined in the GSGDA, which states that the "existing social protection strategy will be reviewed to ... ensure mainstreaming of a human rights framework into development" (NDPC, 2010a).

Several provisions in Ghana's Constitution provide for the institution of social protection provisions. For example, Article 36 (1) foresees that "the State shall take all necessary action to ensure that the national economy is managed in such a manner as to . provide adequate means of livelihood and suitable employment and public assistance to the needy", while Article 37(2)(b) refers to "the protection and promotion of all other basic human rights and freedoms, including the rights of the disabled, the aged, children and other vulnerable groups in development processes".

Social protection programmes derive further legitimacy from the Constitution's emphasis on reducing inequalities, inter alia between different regions and between rural and urban areas. Article 36(1)(d) embodies the principle of undertaking even and balanced development of all regions and every part of each region of Ghana and, in particular, improving the conditions of life in the rural areas and generally redressing any imbalance in development between the rural and the urban areas. Several articles refer to the importance of non-discrimination on grounds of race, place of origin, political opinion, colour, religion, creed, occupation, social or economic status or gender, as well as of affirmative action. Regarding equal opportunities for women in particular, Article 36(6) provides that "the State shall take all necessary steps so as to ensure the full integration of women into the mainstream of the economic development of Ghana", while Article 27 guarantees special support for pregnant women and nursing mothers in terms both of maternity benefits and child-care services, stating that special care must be accorded to mothers during a reasonable period before and after child-birth, that during those periods working mothers should be accorded paid leave, and that facilities should be provided for the care of children below school age to enable women who have the traditional responsibility for their children to realize their full potential.

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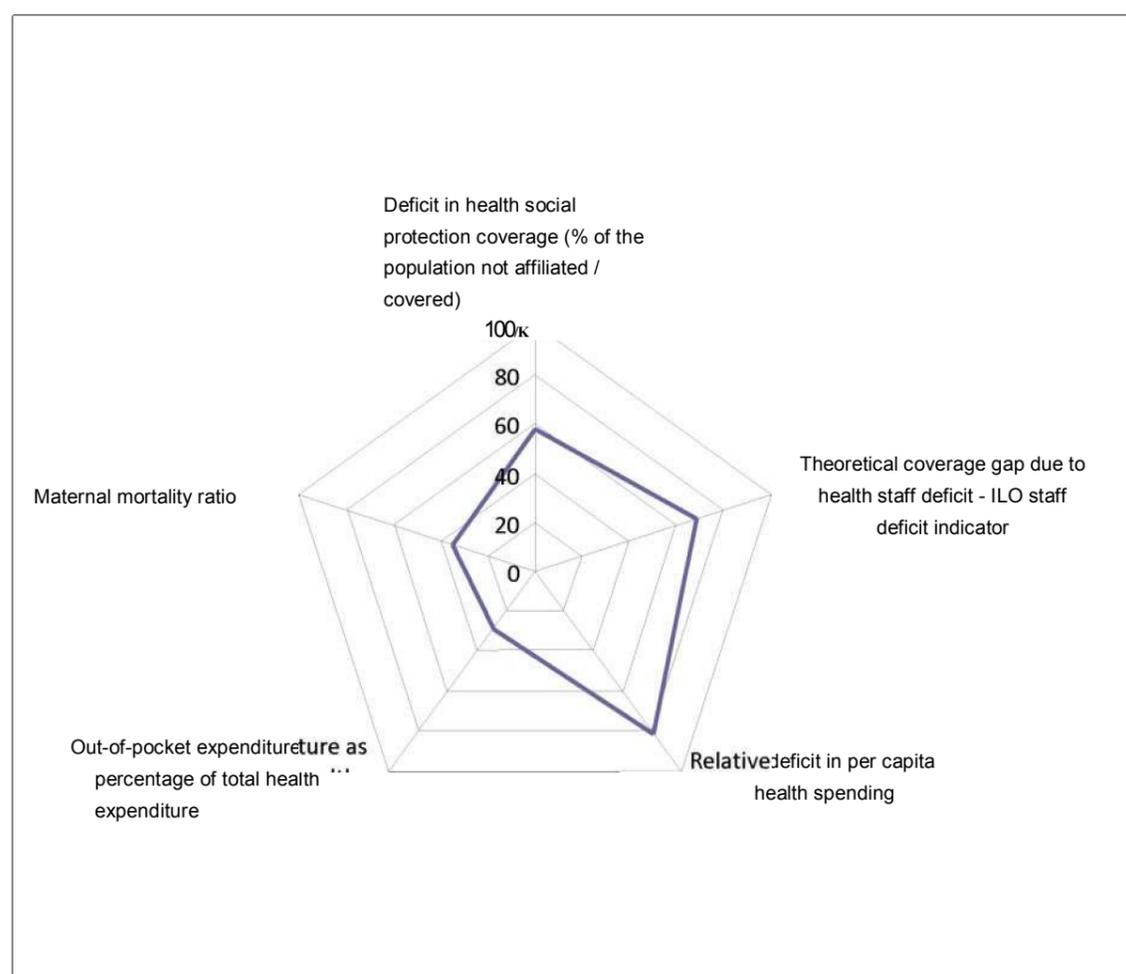
Though the Constitution thus creates obligations for the State to provide social protection to the population, the provisions are by nature general and insufficient to ensure concrete entitlements for persons in need of social protection. Further legislative acts should clearly establish the institutional implementation structures, eligibility criteria and benefit entitlements for social protection provisions in order to ensure their sustainability.

#### **4.1. Effective access to essential health care**

In line with the ILO's Social Protection Floors Recommendation, 2012 (No. 202), this section considers some of the measures that contribute to guaranteeing effective access to at least essential health care. Guaranteeing free access to at least essential health care obviously has an income dimension in the sense that it offers financial protection to households with respect to the cost of utilization of health care. Out-of-pocket expenditure on health care can have a devastating effect on the income of households and is an important poverty risk that may prevent people from seeking needed care. It is impossible to ensure income security without financial protection vis-a-vis health care, and so this section needs to be considered in conjunction with the subsequent sections on income security.

Measures to guarantee effective access to at least essential health care should ensure that persons in need of health care do not face hardship and an increased risk of poverty because of the financial consequences of accessing essential health care. According to the Social Protection Floors Recommendation, effective access to health care needs to take both supply and demand side factors into account so as to ensure that health care is available, affordable, of adequate quality and a rights-based entitlement and that financial protection is ensured when accessing care. Based on these criteria, the ILO has developed a set of indicators to capture deficits in countries' progress towards universal health coverage as outlined in the Recommendation. These indicators are the ILO's health staff deficit indicator, the relative per capita deficit in total health spending, out-of-pocket expenditure as a percentage of total expenditure, the maternal mortality ratio and the share of the population not affiliated to any health scheme. Figure 4.1 shows the related coverage and access deficit in Ghana. Each criterion is discussed in further detail below.

**Figure 4.1. Key indicators regarding progress towards universal health coverage**



Source: Own compilation based on WHO data

**Availability of health care**

*In order for* people to be able to access services, the services have to be available, i.e., there has to be both adequate health infrastructure, equipment and pharmaceuticals *and* a sufficient number of skilled health staff working in health facilities. Health care must also be physically accessible in the sense that people need to be able to reach the points of delivery within a reasonable amount of time and without undue effort.

The availability of health care is a major challenge in Ghana. The total number of nurses in 2011 was estimated at 20,031, an increase of 23.1 per cent over the 2010 level, compared with an increase of 1.8 per cent recorded in 2010. The nurse-to-population ratio improved from 1:1,510 in 2010 to 1:1,240 in 2011, but the target of 1:1,000 set for 2011 was not achieved. The doctor-to-population ratio is still low but did improve from one doctor per 11,479 people in 2010 to one doctor per 10,034 in 2011 (NDPC 2012). The density of health workers in Ghana as a whole is 13.8 per 10,000, which is substantially less than the regional average of 26.3 and even further below the ILO benchmark of 34.5 per 10,000 (AHWO, 2010a and ILO, 2010). The health staff deficit in relation to the ILO benchmark is 67.9 per cent. The unequal distribution of health infrastructure, pharmaceuticals and health staff in Ghana further exacerbates the situation. For example, more than 45 per cent of Ghana's doctors are employed by the two teaching hospitals Korle Bu and Komfo

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Anokye and the rest are concentrated in the urban areas, leaving the rural areas largely unserved (AHWO, 2010b). As to the availability of pharmaceuticals, generic drugs (which should be free of charge for insured persons) are often not available at all and the insured have to pay the high price of brand drugs out of their pocket. These supply side constraints seriously limit the accessibility of health care. NHIS members are thus only in theory entitled to a more or less comprehensive benefit package; in practice many services are unavailable for a large part of the population.

### ***Affordability of health care and financial protection***

Minimizing out-of-pocket expenditure is crucial to make health services affordable, to overcome barriers to health care and to avoid health-related impoverishment. Since 2006 the estimated level of out-of-pocket expenditure has fluctuated between 25 and 30 per cent of total health expenditure, the latest figure for 2011 being 29.1 per cent (WHO, 2013). The poorer quintiles of the population bear the heavier burden of out of pocket expenditure relative to their income (World Bank, 2012) and many of the poor do not access health care at all because they simply cannot afford it. One of the key objectives of establishing the NHIS was to pool risks amongst members and to introduce a prepayment mechanism that provides free access to care at the point of delivery and thus protection against financial hardship in case of illness. Despite continuous adjustments and reforms to improve its operation and expand its membership, only about one-third of the population is currently registered with the NHIS; in the lower income quintiles the share of the population that is registered is even smaller. This means that 70 per cent of the population continues to pay for health care out of their pockets. Newly registered persons need to wait for three months before they have access to free services under the scheme. The section below on financing discusses the question of the financial sustainability of the NHIS as a whole.

### ***Quality of health care***

Essential health services should be of adequate quality. Ghana faces important supply side constraints, such as inadequate health infrastructure and pharmaceuticals, shortages, low motivation and insufficient qualification of health staff, and weak governance, performance, management and accountability in the health sector. Deficits in the quality of services are reflected in the high maternal mortality ratio of institutional deliveries of 201 per 100,000 live births in 2008 (Ministry of Health et al., 2011). Despite substantial improvements in recent years, the quality of health care, staff competencies, especially in the areas of maternal and child health management, and the limited availability and quality of pharmaceutical supplies still demand serious attention (Saleh, 2013; Schieber et al., 2012). Many of the better-off users who are registered with the NHIS prefer to pay for services out of their pocket rather than use their NHIS card, since this allows them to avoid waiting periods. Moreover, the general perception is that patients are treated better if they pay directly, which may explain at least in part why the level of out-of-pocket expenditure has remained largely unchanged since the introduction of the NHIS.

### ***Rights-based entitlements to health care***

A rights-based approach or legal coverage is a further prerequisite for social health protection. Ghana is one of the few countries in sub-Saharan Africa to have implemented a national health insurance scheme with a strong legislative basis in the 2003 National Health Insurance Act (Act No. 650, revised in 2012 by Act No. 852) and the 2004 legislative instrument No. 1809. Still, we have seen, only one-third of the population is registered with the NHIS and thus legally covered (see the following section on NHIS registration). Since legal coverage does not necessarily mean that people have effective access to health care services, there is a clear need to close the remaining gaps in coverage.

## NHIS registration and exemption from contributions

Overall, 8.2 million Ghanaians (32 per cent of the population) are registered with the NHIS and have a health card that entitles them to health care benefits and services free of charge (Table 4.2 and Figure 4.1). More than half (58.7 per cent) of the NHIS members are women.

A key component of national policy is the exemption of various categories of the population, namely children under the age of 18, older persons above 70, pregnant women and the indigent, from paying contributions to the NHIS. The exemption for pregnant women was introduced in July 2008. The responsibility to for identifying those who qualify for the indigent exemption lies with the Department of Social Welfare and will be implemented through the common targeting mechanism. Following the negotiation of a Memorandum of Understanding between the Ministry of Health and the LEAP programme in 2013, the NHIS started in to register LEAP beneficiaries automatically. Until the common targeting mechanism and automatic registration of LEAP beneficiaries is fully operational, the NHIS suffers from under-subscription of indigents, as it does not have the means to verify the poverty status of its members.

Data received from the NHIA indicate that 56.7 per cent of the membership is exempt from paying contributions and are subsidized by the central government; the subsidy rose from GHC 12 per person per year in 2008 to GHC 18 in 2010, well short of the average expenditure per member of GHC 68 a year.

**Table 4.1. Overview of exemptions from contributing to NHIS membership**

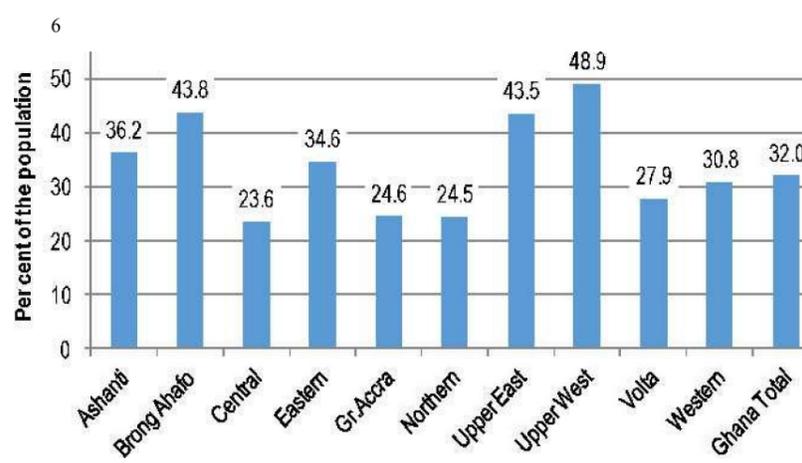
	2010	2011	2012 2013
<b>Registered population (thousands)</b>			
NHIS		8,164 8,224	
NHIS exemption (total)		4,937	
- of which: children		2860	
- indigent	117	342 326	
- elderly		477	
- pregnant women		273	
<b>Registered population as a percentage of</b>			
total population		33.1 31.9	
- children aged 0-17		33 8	
- persons aged 19-69		28 8	
- elderly aged 70+		56 9	
<b>Persons exempted as a percentage of total registered population under NHIS</b>		<b>56.7</b>	

Source: Based on information provided by the NHIA

Figure 4.3 shows estimates for the regional distribution of NHIS members in 2012. In the Central and Northern regions and in Greater Accra the share of persons registered with the NHIS is comparatively low, whereas membership in Upper East, Upper West and Brong Ahafo is well above the national average. However, as mentioned above, given the limits

of health care facilities, medicines and the health staff the NHIS coverage rates do not necessarily indicate effective access to health care.

**Figure 4.2. Membership in the NHIS by region, 2012**



Source: Based on information provided by

### **NHIS affiliation among the poor**

Although the law contains specific provisions to facilitate registration of the poor, marked inequities in NHIS membership remain, and an estimated 65 per cent of the top quintile (compared to less than a third of the bottom quintile) are registered (Saleh, 2013). A key problem in the current design lies in the fact that NHIS agents who register new members into the scheme do not receive any fee for registering persons from the exempt categories, while new members who pay the contribution have to also pay a registration fee and a share of the fee goes to the agent or registration officer. There is thus no incentive for agents or registration officers to register people in the exempt groups.

The joint effort of the NHIS and the LEAP programme to have all members of LEAP households automatically registered is an important step towards improving coverage of poor people. However, given LEAP's low coverage rate, it may be some time before there is an increase in coverage of poor households on a national scale. The implementation of a common targeting mechanism will allow the NHIS to identify poor individuals other than those living in households benefiting from LEAP. Given the importance of health care and the legal obligation of all Ghanaians, including the poor, to register with the NHIS, coverage should be extended beyond LEAP beneficiaries and the common targeting mechanism.

### **Sustainability, financing and expenditure of the NHIS**

The NHIS represented 16 per cent of total health spending in 2009 (Saleh, 2013), the remainder coming from the general government budget and out-of-pocket expenditure. The financial sustainability of the health sector in general, and of the NHIS itself, is of some concern to the Government as donor financing, which covers 25 per cent of total public health expenditure and up to 60 per cent of some programmes, has been falling since 2011 and is expected to decline further since Ghana achieved the status of a lower-middle-income country. The NHIS relies primarily on the VAT and the SSNIT levy for its funding, which has enhanced the stability of recurrent expenditure on health and increased overall public spending (Saleh, 2013). The current financing structure faces the risk of

suffering from fluctuations in the economy; as medical costs tend to increase faster than average inflation, the revenues generated through tax levies and contributions may not be sufficient in the future. It has also been argued that the financial sustainability of the NHIS depends on its ability to contain costs in the face of possible provider- and user-induced overconsumption of health services. Because the reporting of the District Mutual Health Insurance (DHMI) schemes to the central level is not sufficiently detailed, it is difficult to get a clear picture of the increase (or otherwise) in the use of health services. In recent years spending on claims increased twice as fast as revenue generation. Health care expenditure could be more efficient if a referral mechanism was introduced for specialized and tertiary care providers (Saleh, 2013).

**Table 4.2. NHIS: Financing and expenditure (in 1,000 GH¢ unless otherwise indicated)**

	2009	2010	2011	2012	2013
<b>NHIS financing</b>	<b>425,000</b>	<b>485,000</b>	<b>620,000</b>	<b>783,000</b>	
- as a percentage of government revenue (excluding external sources)		7.5	6.3	5.3	5.0
- as a percentage of GDP	1.2	1.0	1.1	1.1	
- of which: NHIS indigent exemption					
National Health Fund	133,484	351,267	376,982	587,236	917,858
<b>NHIS expenditure</b>	<b>427,057</b>	<b>508,126</b>			
- as a percentage of government revenue - (excluding external sources)	7.53	6.57			
- as a percentage of GDP	1.16	1.10			
- of which: NHIS exemption	4,613	6,062	24,605	16,549	
- as a percentage of government revenue (excluding external sources)	0.08	0.08	0.21	0.11	
- as a percentage of GDP	0.01	0.01	0.04	0.02	
<b>Budget/registered person</b>					
NHIS		59.4		95.2	
NHIS indigent exemption		51.7	78.5	49.4	

Source: Based on information provided by NHIA.

The Government's overall approach in institutionalizing a national health insurance scheme, with a progressive financing structure and substantial government subsidization of the poor, has been assessed as positive, despite a number of ongoing challenges (Schieber et al., 2012). For example, contribution rates and the level of subsidization from tax levies are not determined actuarially. While the current contribution rates may be too high for many poor households, they are too low to cover health care costs fully and to ensure financial sustainability. Adverse selection resulting from voluntary affiliation exacerbates the threat to the financial sustainability of the system. The people who are more likely to have high and immediate health care needs, such as children, older persons and women of child-bearing age, constitute the largest groups already covered by the system, while those with potentially less immediate needs are more reluctant to contribute. Contributions from workers in the informal economy are still small and may decrease further should the Government implement the proposed once-in-a-lifetime premium.

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## **Administrative efficiency**

Questions of efficiency and effectiveness have been discussed in a large body of literature (e.g. Schieber et al. 2012; Saleh, 2013) and need not be repeated here. Difficulties in administration have been attributed to weak regulatory enforcement by the NHIA and to the poor performance of the information systems and reporting. The Government has tried to address these concerns by centralizing the NHIS. An Act was adopted in 2012 to dissolve the district health mutual insurance schemes, which had previously operated with a considerable degree of autonomy, and replace them by district NHIS offices, but it is too early to judge if it has produced the desired effect.

Meanwhile, evidence points to serious challenges:

- *Membership registration and management.* Apart from the relatively low coverage rate, an estimated 13 per cent of enrolled individuals did not receive their cards after registration and many more experienced serious delays (3-6 months). The delays contributed to low rates of renewal, since many insured persons are not aware that there is no such waiting time for renewal. While the management of membership data has improved over the past years, it is still full of contradictions.
- *Processing and reimbursement of claims.* The claims tracking system appears by and large to be reliable, but the lack of adequate information technology, poorly equipped facilities, insufficiently trained staff and absence of an inspection system make it impossible to vet the 19 annual million claims annually in a timely manner. The system requires claims even for the reimbursements of standard outpatient services and many are processed manually. The regulations foresees a maximum of four weeks for reimbursement, but providers complain about long delays, with most claims taking 60 days or more to be processed (Saleh, 2013). The system is piloting a move to capitation payments to overcome some of these difficulties.
- *Overall management and planning.* There are difficulties in the NHIS's information management system, monitoring, overall planning and financial administration. The rapid expansion of the system is a further challenge, as the administration already cannot keep pace with its membership and with its processing of claims at the current rate of enrolment and utilization.
- *Health system challenges.* The NHIS can function properly as an insurance only if the overall health sector provides adequate, accessible and affordable health care efficiently. Supply side constraints seriously undermine people's confidence in the system, since in practice they are often unable able to seek the care they need and are legally entitled to. Like the social protection system, the governance of the health system is highly fragmented and lacks coordination between the multiplicity of programmes.

## **Increasing utilization of maternal care**

A particular concern regarding social health protection is access to maternal care and to health care for children under five years old. Pregnancy and early childhood are periods of particular risk in the life cycle and special attention is needed to ensure equality in health outcomes across the population. The Ghana Luxembourg Social Trust (GLST) project has shown the effectiveness and importance of conditional cash benefits in strengthening the demand for and facilitating access to maternal and child health services. The flexible use of cash benefits for consumption spending, which cover the indirect cost of health care and a better diet to improve the health status has been found very effective as a multifaceted approach to maternal and child health issues.

**Table 4.3. Overview of NHIS exemption and benefits related to maternal care under the GLST project**

	Governance and administration	Programme objective and main target groups	Geographic and population coverage	Total expenditure (2010)
<b>Benefits in kind focusing on universal access to health</b>				
NHIS	Ministry of Health, NHIA/DMHI	Statutory national health insurance scheme for the entire population	8.2 million beneficiaries nationwide	GHC 508 million (2010) <i>1.1 per cent of GDP</i> <i>6.6 per cent of GR*</i>
NHIS exemption	Ministry of Health, NHIA/DMHI	Exemption from paying contributions for various groups: children aged 0-17, older persons aged 70+, pregnant women and the indigent nationwide	4.9 million beneficiaries nationwide	GHC 16.5 million (2010) <i>0.02 per cent of GDP</i> <i>0.11 per cent of GR*</i>
<b>Benefits in kind focusing on child and maternal health</b>				
GLST	Donor in collaboration with district assemblies, LEAP, GHS	Pilot programme to improve maternal and child health through the provision of a conditional cash transfer to poor pregnant women and children under five.	2 out of 216 districts	

\* GR: Government revenue from domestic sources (excluding external sources)

Source: Own compilation based on the sources cited in Chapter 3.

### **Conclusions on access to at least essential health care**

Although Ghana has made significant progress over the years and is performing relatively well in comparison to many other African countries, there are still substantial gaps in coverage and in effective access to health care, which have to be closed to achieve universal social health protection. The current NHIS coverage rate of about one-third of the population is encouraging but far from sufficient, and further measures are needed, especially for the groups that are exempted from paying contributions. The coverage gaps for children (66 per cent), older persons (43 per cent) and other exempt groups warrant urgent attention, and it is essential that the Government remain committed to extending NHIS membership and to improving the system's efficiency and effectiveness. Meanwhile, the strategy of exempting certain categories of the population from paying premiums and registration fees while maintaining a contributory system for those who can afford them is a pragmatic strategy for advancing towards universal coverage and securing long-term financial sustainability.

The exempt categories (children, people over 70 years old, pregnant women and the indigent) have been chosen wisely, but consideration could be given to extending coverage to other vulnerable categories (e.g., by lowering the age threshold for older people). However, the current government allocation for exempted NHIS members of GHC 18 per year is far below the average cost per member. This may even act as a disincentive to increasing membership further, as doing so might jeopardize the scheme's financial sustainability. The contribution rate for workers in the informal economy, the subsidy per member for informal economy members with limited contributory capacity and the allocations for exempted groups should be determined actuarially at a level that ensures the sustainability of the NHIS while taking into account members' contributory capacity. This will provide a more solid basis for accelerating the extension of coverage to larger groups of the population. However, supply-side constraints need to be addressed urgently to ensure that members can effectively access the health care they are entitled to and that providers can cope with an increase in utilization.

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For certain vulnerable groups, further measures to facilitate access to health services may be necessary. In the light of relatively high levels of pregnancy-related morbidity and maternal mortality rates, the Government has decided to focus on maternal health as the priority issue for its Millennium Acceleration Framework (MAF). Evidence from the GLST project suggests that conditional cash benefits for pregnant women can improve both maternal and child health status and access to health services where they are available. Ongoing MAF interventions focus almost exclusively on access to health care and, while this is important, other measures - such as a safe working environment for pregnant women and nursing mothers, the granting of leave before and after childbirth, employment protection, non-discrimination, support for breastfeeding and adequate child care - are also key interventions that are needed to ensure that pregnant women and nursing mothers can maintain adequate living standards and good health.

At the same time, Ghana should further step up its efforts to address the remaining supply-side obstacles to universal access to health care in order to ensure that the entire population, rural areas included, enjoys effective access.

#### **4.2. Minimum income security for children**

Ghana's future economic and social development is critically dependent on its ability to invest in the potential of its children today. Social protection for children contributes to reducing and preventing poverty and to fostering children's access to nutrition, health, education and care and is one way to invest in the country's future. This is highlighted in the GSGDA, which states that "without a well-educated, skilled and informed population, the transformation of the key sectors of the economy and the effort to raise living standards and productivity as the bases for wealth creation and the optimization of the potential of the economy will continue to stall." (NDPC, 2010a)

Children under the age of 18 make up 45 per cent of the Ghanaian population, and 38 per cent of the population is under the age of 15. Despite rapid population growth, the proportion of children in the total population is expected to decline slightly over the coming years. Many families with children, and especially those with two or more, live in poverty. Child labour<sup>15</sup> is still prevalent, despite the efforts of the Government and other stakeholders to eliminate its worst forms. Social protection can contribute to preventing and reducing child labour by enhancing the living standards of families, protecting them from social risks and promoting access to education (ILO, 2013).

This section discusses the various programmes available to assist poor and vulnerable children, in line with ILO Recommendation No. 202 (Para. 5(b)) which states that children should enjoy "basic income security ... at least at a nationally defined minimum level, providing access to nutrition, education, care and any other necessary goods and services". In other words, income security is seen in a household context and means income security for the entire family. It is thus based on a broad interpretation that comprises both cash and income in kind, in the form of nutrition, education, care and other services to which the Recommendation draws attention. Access to health care for children is discussed separately under the basic social security guarantee on access to health (see Section 4.1).

<sup>15</sup> Not all work performed by children is considered as child labour, defined here as work that deprives children of their childhood, their potential and their dignity and is harmful to their physical and mental development. It refers to work that is mentally, physically, socially or morally dangerous and harmful to children because it deprives them of the opportunity to attend school, obliges them to leave prematurely or entails combining school attendance with long hours of heavy work.

In line with the priorities laid down in the draft GNSPS, the provisions for children in Ghana focus largely on efforts to facilitate access to education, including the capitation grant, free transport, school uniforms and text books, school meals (Table 4.4 and Figure 4.3) and the NHIS exemption for children discussed in Section 4.1. This focus reflects the universal consensus that investment in education and child health is a key factor in development and helps to break the inter-generational transmission of poverty. In addition to these programmes, the LEAP programme targets orphans and vulnerable children specifically. Ghana is also implementing a programme on the elimination of the worst forms of child labour in cocoa farms.

**Table 4.4. Overview of programmes contributing to income security for children**

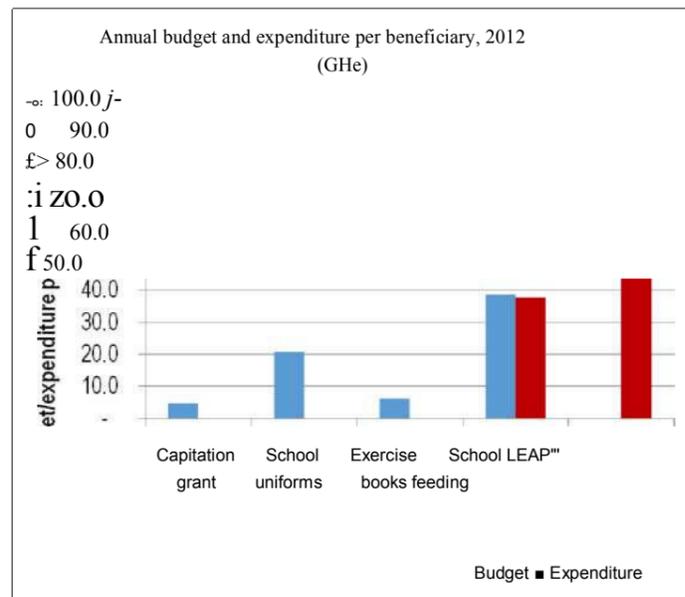
	Governance and administration	Programme objective and main target groups	Geographical and population coverage	Total budget/expenditure
<b>Benefits in kind focusing on access to education</b>				
Capitation grant	Ministry of Education	Facilitate access to universal basic education through abolition of school fees for parents and ensure financial basis for schools	5.6 million children nationwide (97 per cent of children in public schools) (2012)	GHD: 25.8 million (2013 budget) 0.03 per cent of GDP 0.12 per cent of GR*
School uniforms	Ministry of Education	Facilitate access to universal basic education through provision of school uniforms to deprived areas (2012)	Nationwide with a focus on educationally deprived communities: 400,000 beneficiaries (2012)	G H : 28 million (2013 budget) 0.03 per cent of GDP 0.13 per cent of GR*
Exercise books	Ministry of Education	Facilitate access to universal basic education through provision of exercise books	4,8 million children nationwide (2012)	G H : 28.6 million (2013 budget) 0.04 per cent of GDP 0.19 per cent of GR*
^tod meals	Ministry of Local Government and Rural Development	Facilitate access to universal basic education through provision of one hot meal per child per day	1.6 million children nationwide (30 per cent of children in public schools) (2012)	G H : 63 million (2012 expenditure) 0.09 per cent of GDP 0.41 per cent of GR*
<b>Cash benefits providing income support for poor families, orphans and vulnerable children</b>				
LEAP	Ministry of Gender, Children and Social Protection	Conditional social cash transfer programme for extremely poor households which include orphans and vulnerable children, persons with severe disabilities or older people.	127 out of 216 districts 0.01 per cent of	GH: 30 million (2012 budget)** 0.06 per cent of GR + partial funding by donors

\* GR: Government revenue from domestic sources (excluding external sources).

\*\* Including benefits for children and older persons.

Source: Own compilation based on the sources cited in Chapter 3.

**Figure 4.3. Programmes contributing to minimum income security for children: Annual budget and expenditure per beneficiary, 2012**



Source: Own compilation based on the sources cited in Chapter 3.

### **Facilitating access to education and reducing education-related expenditure**

*In* line with Ghana's strategic objectives, most of the social protection programmes for children focus on reducing the cost of education for households, especially poor households, since even if fees and other education costs are small they can still have a strong negative impact on enrolment. By removing the registration fees and reducing the indirect cost of schooling through free uniforms, text books and school meals, these programmes make an important contribution to the goal of universal access to basic education and to alleviating the household budget, especially for poor households. School uniforms, for instance, are the single most important item of expenditure on schooling for poor households and are thus a good choice for cutting costs for the poor.

With the exception of the LEAP programme, which currently covers only a relatively small percentage of children, all child benefits target school-age children, mainly those aged 6-12 years (Table 4.5).

**Table 4.5. Programmes aiming at ensuring income security for children: coverage**

		2009	2010	2011
<b>Beneficiaries (thousand)</b>				
Capitation grant	5,069	5,281	5,598	5,481 5,741
School uniforms		390	400	400 400
Exercise books		4,791		4,807 4,769
School Feeding				1,642
LEAP				119
<b>Beneficiaries as a percentage of targeted children</b>				
Capitation grant	97.8	99.0		102.2 99.9
School uniforms		7.3		7.3 7.3
Exercise books		89.8		- 87.6
School Feeding	-	-		- 29.9
<b>Beneficiaries as a percentage of all children in the relevant age group</b>				
Capitation grant (aged 4-14)	73.0	74.0		76.6 73.3
School uniforms (aged 4-14)		5.5		5.5 5.3
Exercise books (aged 4-14)		67.1		- 64.2
School Feeding (aged 4-14)	-	-		- 21.9
LEAP (aged under 15)				1.6

Source: Based on information provided by MoFEP and programme administrations.

While the social protection programmes' focus on access to education is important, there is a coverage gap for children under the age of four.

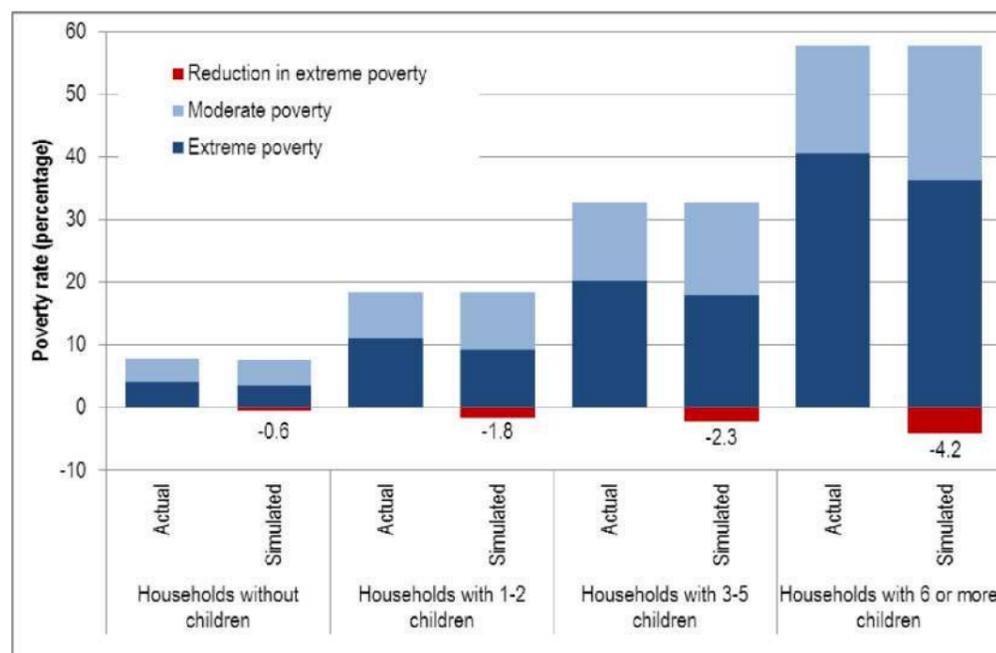
### **Effectiveness in ensuring income security for children's families**

The LEAP conditional cash-transfer programme is the main vehicle for providing additional cash income to families with orphans and vulnerable children. The level of benefits of the the education-related programmes is too modest to have a significant impact on household budgets. The main objective of these programmes, however, is to increase school enrolment rather than to reduce poverty. The figure below shows the benefit levels and estimated budget allocation (and expenditure, where data was available) of the various programmes benefiting children.

Given the LEAP programme's limited geographic coverage, the current coverage rate of about 1 per cent of children in the age group 0-17 raises questions as to whether the programme in its current form can address children's needs adequately. It is likely that the extension of the programme envisaged by the Government for 2014 will increase its impact on poverty reduction. However, since the programme is still relatively small in terms of beneficiaries and expenditure, LEAP alone will not have much of an impact on overall poverty levels or on the pockets of poverty that persist despite Ghana's impressive poverty reduction record. This is illustrated by the following simulation, which assumes an extension of the LEAP programme to all districts and communities nationwide. Based on a static micro-simulation of the programme's impact on poverty reduction (explained in

greater detail in Chapter 6 and Annex I), the analysis shows that LEAP has indeed had a measurable effect on reducing extreme poverty for families with children but that it does not greatly influence overall poverty rates.<sup>16</sup> Though the programme focuses on orphans and vulnerable children, it has a broad effect on all families with children, reducing extreme poverty rates for families with 1-2 children by 1.8 percentage points, for families with 3-5 children by 2.3 percentage points and for families with 6 or more children by 4.2 percentage points (Figure 4.4).

**Figure 4.4. Simulation of poverty-reducing effect of LEAP programme on households with children, assuming nationwide coverage**



Note: See Annex 1 for a summary of the methodology used.

Although LEAP also requires families both to send children to school and to attend health check-ups, compliance with these requirements is not systematically monitored or enforced and no data were available on their effectiveness.

#### ***Do the provisions reach poor households?***

The capitation grant and free exercise books programme are universal, aiming to reach all children attending public schools. In addition, the NHIS exemption (discussed in Section 4.1) is supposed to cover all children under the age of 18. The LEAP, GSFP and free uniform programmes are poverty targeted. The GSFP and, to a lesser degree, the free school uniforms programme suffer from the lack of transparency and accuracy of the targeting mechanism.

<sup>16</sup> This static micro-simulation assumes that poverty rates have remained constant since 2005/06 (when the last round of the GLSS survey was conducted) and that the LEAP programme was available in all districts. It is based on an approximation of the eligibility criteria of the population under the LEAP programme for orphans and vulnerable children and elderly persons (see Annex 1) and considers only the direct effect of cash transfers on household expenditure; secondary effects (e.g., behavioural changes) are not considered.

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With an accuracy of about 57 per cent, LEAP was found by the World Bank to be one of the best targeted programmes in the country (World Bank, 2010b; Wodon, 2012). However, the estimates are based on a targeting mechanism and proxy means test that has in the meantime been revised to improve performance. There is currently no up-to-date information on the accuracy of the new mechanism, but evidence suggests that beneficiaries were widely perceived by the community as belonging to the ultra-poor, most marginalized and most vulnerable households (FAO, 2013). The fact that many non-eligible households are perceived to be equally poor has sometimes led to tension, especially where the District and Community Implementation Committees are not functioning well (FAO, 2013). Poor sensitization and misunderstandings as well as real or perceived bias in the selection of households can result in confusion and even the exclusion of potential beneficiaries.

As stated above, targeting performance of the school feeding programme has been weak at an estimated 21.3 per cent. Some observers argue in favour of targeting the programme at the individual level rather than at the school level to ensure that only poor households benefit. This would make it possible to serve meals also to poor children in higher age groups (Essuman and Bosumtwi-Sam, 2013), but the administration costs of a programme targeting only the poor children in public schools would be high and carry the risk of stigmatization. The share of poor children could be doubled without increasing administrative cost or causing stigmatization if the programme used poverty maps or food insecurity maps for simple geographic targeting (World Bank, 2010b; Wodon 2012).

In general, even where the operational manual of a programme lays down the targeting methodology in detail, the eligibility criteria and beneficiary identification process is not communicated satisfactorily by any of the programmes. As a result, the targeting methodologies are not well known or understood by either the scheme administrators or the recipients at the community level. This introduces substantial administrative discretion for targeting at the local levels, which may (wittingly or unwittingly) lead to the inclusion of schools, households or children that are not poor at the expense of those that are. Administrative guidance and greater public awareness of entitlements and implementation is important to maximize overall efficiency.

### ***Financing and financial sustainability***

Altogether, the total social protection budget for children amounts to about 1.1 per cent of government revenue (excluding external grants) or 0.2 per cent of GDP. Table 4.6 gives an overview of budget allocations and of the children reached by the various programmes.

**Table 4.6. Programmes to ensure income security for children: Financing and expenditure**

	2009	2010	2011	2012	2013
<b>Budget (in 1,000 GH\$)</b>					
Capitation grant		23,528 23,766	23,923	24,605	25,835
School uniforms		10,000	10,000	8,240	28,000
Exercise books	7,556	13,962	70,000	28,968	28,672
School Feeding	62,316	63,611	60,000	63,718	199,000
LEAP*	1,059	5,777	5,777	4,814	14,442
Metro Mass Transport	34,810	29,870	30,860		
NPECLC - child labour	2,762	24,093	27,021	20,000	
Take-home rations for girls	2,410	3,440	3,240	850	
Scholarships			22,000	22,000	
<b>Total budget</b>	<b>134,441</b>	<b>174,518</b>	<b>252,820</b>	<b>173,194</b>	<b>295,949</b>
<i>percentage of government revenue</i>	2.4	2.3	2.2	1.1	1.4
<i>percentage of GDP</i>	0.4	0.4	0.4	0.2	0.3
<b>Expenditure (in 1,000 GH\$)</b>					
Capitation grant					
School uniforms					
Exercise books					
School Feeding	34,032	53,256	68,218	62,005	
LEAP*		1,713	3,288	10,886	
<b>Budget/beneficiary in GH\$</b>					
Capitation grant	4.6	4.5	4.3	4.5	4.5
School uniforms		25.7	25.0	20.6	70.0
Exercise books		2.9		6.0	6.0
School meals				38.8	
LEAP (benefit per household)				31	

\* Broad estimate of share of budget allocated to children.

Source: Based on information provided by MoFEP and programme administrations

*All the* programmes discussed have been reported as suffering from the inadequate, delayed and irregular release of funds, a major implementation challenge because it has a direct impact on delivery of the programmes and the achievement of their objectives. The predictability and reliability of social protection services is crucial if they are to fulfil their role of eliminating some uncertainties from people's lives. Delayed delivery of school uniforms and text books may mean children cannot go to school or learn their lessons. If school meals are not served, children go hungry. If schools have to introduce fees because of the late or insufficient payment of the capitation grant, poor children may in practice be excluded from attending school, despite the Government's strong commitment to free and universal education. While the introduction of a basic grant for smaller schools may address some of these challenges, it may not be enough to ensure sustainable financing.

One of the reasons for delays in the release of funds is the late submission of enrolment figures. Non-compliance with reporting requirements regarding school accounts and the use of funds is also an issue, and it has been suggested that reporting forms be simplified to facilitate the process.

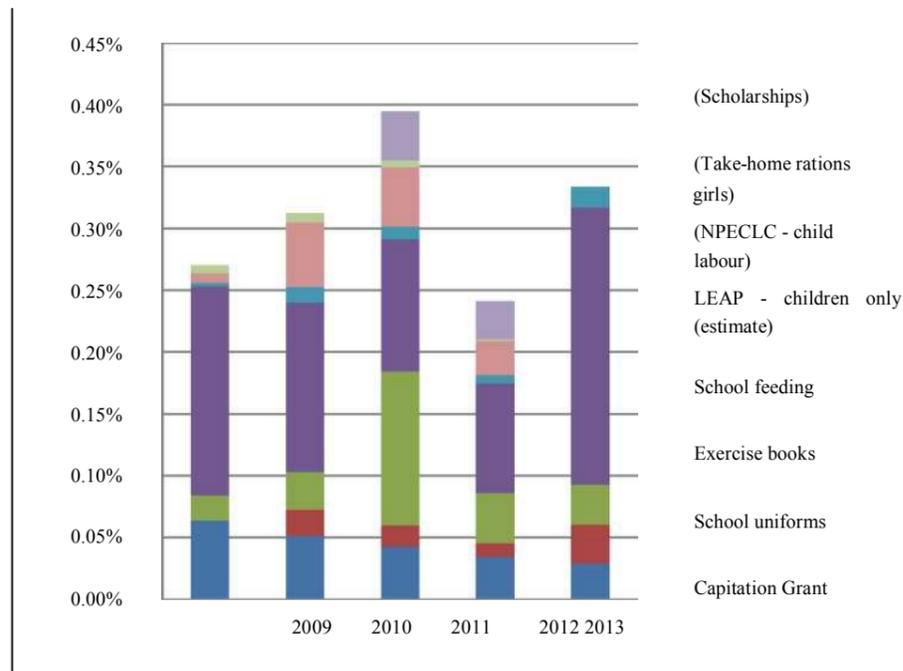
Delays in releasing funds also marred the LEAP programme, one of whose key objectives - smoothening household consumption and ensuring a steady cash flow - could only be partly achieved as a result.

Measures need to be taken to ensure that the Government's commitment to at least minimum income security for children, which is essential for meeting their basic needs and ensuring their access to education, can be achieved effectively and efficiently.

**Sustainability**

*Free basic* education for all is anchored in Article 25 (1) of Ghana's 1992 Constitution. Article 37(2) (b) further provides that the State shall ensure "the protection and promotion of all other basic human rights and freedoms, including the rights of the disabled, the aged, children and other vulnerable groups in development processes." This provides a strong constitutional basis for the public financing of schools through the capitation grant and other methods, which have contributed to removing the barriers to. However, apart from the provisions in the Constitution the programmes in fact have no legal basis and depend on the political will of the Executive to allocate the necessary funds. Fortunately, there seems currently to be a strong commitment on the part of the Government to continue and even scale up the programmes. The LEAP and the GSPF have received donor support both for financing and for technical advice on design and implementation, but the continuation of the schemes after the withdrawal of that support will be the litmus test for their sustainability. Figure 4.5 illustrates how tenuous is the financing of some of Ghana's programmes.

**Figure 4.5. Overview of expenditure on programmes contributing to income security for children**



Source: Own compilation based on data received from various sources

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## **Implementation**

The substantial increase in enrolment in schools, especially at primary level, suggests that the programmes performed well overall. The programmes have all been launched relatively recently and adjustments to further improve delivery based on the experience are to be expected and, in many cases, have already been implemented. For example, provision of adequate storage facilities for the books in the regions and districts, which used to be a major problem, has been resolved by restructuring contracts with suppliers to include the direct delivery of the books to beneficiary schools. Also, because of capacity constraints at the local level, both the free school uniform and free exercise books programme switched to central suppliers, with a beneficial outcome for efficiency but at the cost of missing an opportunity to stimulate local economic activities.

Some challenges, are beyond the scope of the programme to address, such as poor road conditions that delay the delivery of the cash benefit or the distribution of exercise books. Some of the reported difficulties of programmes where action could be taken by the executing agencies are discussed below. Further challenges specific to each programme and have been discussed in the previous chapter under each programme.

The school feeding programme, which is managed by head teachers and depends on local caterers and the active involvement of the community for delivery has been criticized for a uniform implementation framework that does not suit all local contexts. More flexibility in allowing for different delivery structures could be considered, and this might also help to address the concern that adverse learning outcomes are sometimes an unintended consequence of the programme. More flexibility, taking into consideration local capacities and programme costs, might ensure to balance the objectives of a reliable provision of nutritious meals, preparation of meals from locally grown produce and learning outcomes.

The LEAP programme is relying on manual data collection and on a payment mechanism through the Ghana Post which is cumbersome, time consuming and prone to errors. Pilot projects are under way to introduce electronic devices for administering the survey and for making payments. However, while this may speed up the pay-out process, the direct interaction between beneficiaries and focal persons, social workers and LEAP officers to explain the programme, monitor compliance with co-responsibilities and resolve misconceptions or disputes that arise cannot be replaced by technology.

## **Administrative efficiency**

Except for the LEAP programme and the school feeding programme information on administrative costs was not available, but evidence suggests that, overall, LEAP is being implemented more efficiently than similar programmes in other countries (White et al., 2013).

From the standpoint of administrative efficiency the introduction of the capitation grant, replacing school fees as the main mechanism for financing public schools has been a major milestone in financing education and facilitating access to poor children. There is little information on the administrative efficiency of the free exercise books and school uniform programmes, which target schools in educationally deprived communities, and it is not clear what effect the proposed change in the targeting mechanism might have.

## **Conclusions regarding income security for children**

Social protection for children in Ghana focuses mainly on schooling. Interventions for school-age children include the capitation grant and school feeding programme, which

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have fairly high coverage (universal for the capitation grant and an estimated 30 per cent for school meals), but the estimated impact on household income of the is minimal.

Though the focus on school-age children is a key element in the Government's strategy of universal access to education and has led to an increase in enrolment in recent years, some coverage gaps remain, particularly with regard to the age groups 0-5 and 15-18. While schooling is important, early childhood development and ensuring the well-being of children under five is also a major concern; LEAP is the only programme providing funds also for these children but it currently reaches only a small fraction of extremely poor households.

The programmes that exist make an important contributions to the building up of human capital and to preventing poverty among future generations. However, their primary objective is not social protection and the monetary contribution to poor households is far too low to close the poverty gaps. The relatively higher benefit levels of LEAP have more potential in this regard but LEAP targets only orphans and vulnerable children, not all children in poor households. Also, LEAP's low level of coverage means that a significant proportion of vulnerable children are not covered at present.

#### **4.3. Minimum income security for people of working age**

As opposed to benefits for children and older persons, non-contributory programmes for people of working age usually have the twin objectives of alleviating and preventing poverty and enhancing income security, at the one hand, and improving access to the labour market, enhancing skills and employability and promoting employment and income generation capacities, on the other. The benefit design is therefore typically more complex and costly as it often combines cash and in-kind benefits that, for example, include a training and skills development component in a cash benefit programme or through the provision of employment services. This is the case of the Local Enterprises and Skills Development Programme (LESDEP), the National Youth Employment Programme (NYEP) and the Social Inclusion Transfer (SIT).

The Labour Intensive Public Works Programme (LIPW) aims to provide employment for agricultural workers during the off season and at the same time build assets that respond to community needs. Although LEAP targets beneficiaries outside the labour market (children, the elderly and the severely disabled), it is a household benefit often paid to a working-age head of household, and many households use part of the transfer for income-generating activities. The NHIS exemption for the indigent also reaches many people of working age (see Section 4.1).

Basic utility subsidies, which likewise benefit children and older people, are also discussed here.

**Table 4.7. Overview of programmes to ensure income security for people of working age**

	Governance and administration	Programme objective and main target groups	Geographic and population coverage	Budget
<b>Benefits in kind focusing on access to employment and income generating activities</b>				
LESDEP	Ministry of Local Government and Rural Development	Encourage the setting up of sustainable businesses through entrepreneurial skills training, provision of start-up equipment, access to credit and other support	68,000 participants nationwide (2012)	GHS 488 million 0.13 per cent of GDP 0.6 per cent of GR*
NYEP	Ministry of Youth and Sports	Facilitate the entry of young people into the labour market through job placements, skills training and support towards enterprise creation	142,700 participants nationwide (2012)	GHS 93.4 million (2012) 0.68 per cent of GDP 3.15 per cent of GR*
LIPW	Ministry of Local Government and Rural Development	Increase access and earnings opportunities for the rural poor through public works	28,619 participants from 40 districts, mainly in the north (2012)	GHS 11.1 million 0.02 per cent of GDP 0.07 per cent of GR*
<b>Cash benefits providing income support for poor families, including household members who are chronically ill or with severe disabilities.</b>				
LEAP	Ministry of Gender, Children and Social Protection	Conditional social cash transfer programme for extremely poor households which include OVCs, persons with severe disabilities or older people.	127 out of 216 districts	GHS 10 million (2012)* 0.01 per cent of GDP, 0.06 per cent of GR*
<b>Subsidies</b>				
Fuel subsidy	National Petroleum Authority	Shield consumers from volatile fuel prices	Nationwide	
Electricity subsidy		Shield poor households from adjustments in electricity tariffs; lowering administrative cost for small accounts	Nationwide	

\* GR = Government revenue from domestic sources (excluding external sources)

Source: Own compilation based on the sources cited in Chapter 3.

### **Coverage of active labour market programmes and LEAP**

The programmes and policies focus on different age groups. The NYEP targets the working-age population in the age group 15-35 (15 being the legal minimum working age) and the LIPW workers above 18 years of age. The geographic scope, total number of beneficiaries, benefit level and budget allocated differ greatly from one programme to another (Table 4.8). NYEP and LEAP are national programmes, but the latter is active in only 127 of the 216 districts. NYEP is the largest programme for the active-age population with 142,700 beneficiaries - approximately 2.9 per cent of the population aged 15-35 in 2012. 52 per cent of NYEP beneficiaries are women.

**Table 4.8. Coverage of programmes to ensure income security for people of working age**

	2009	2010	2011	2012 2013
<b>Beneficiaries (thousand)</b>				
NYEP	84.8	127.7	102.6	142.7
LIPW				28.7
LESDEP				68.0
SIT				10.3
LEAP (estimated number of individuals of working age)				72.4
<b>Beneficiaries as a percentage of target group</b>				
NYEP (as a percentage of age group 15-34)	0.98	1.32	0.56	1.41
LIPW				
LESDEP (as a percentage of age group 15-64)				0.46
SIT				
LEAP				
<b>Budget per beneficiary in GHt</b>				
NYEP	990.6	1,131.6	2,215.0	3,424.0
LIPW				387.4
LESDEP				1,372.8
SIT				96.5
LEAP (individuals of working age)				51.7

Source: Based on information provided by MoFEP and programme

As of 2012 LEAP records 72,429 beneficiaries in the age group 18-64, some of whom are persons with severe disabilities or chronic illnesses and others caretakers of vulnerable children or elderly collecting the benefit on behalf of eligible household members. More than half of these (64.3 per cent) are women. Evidence suggests that the LEAP programme also reached indirect beneficiaries, as some LEAP households used the benefit to hire labour to work on the land; in small communities especially this had a small but noticeable effect on the local labour market.

With 68,000 beneficiaries in 2012 LESDEP is similar in terms of the number of households reached. No information regarding the region, district, age, income level or sex of recipients was available for LESDEP. Operational in 40 districts, largely in the north, the LIPW reached 28,619 workers in 2012, of whom 24,900 were unskilled and more than half (55.3 per cent) were women. The Social Inclusion Transfer reached 5,445 working age beneficiaries in 2012, 1,597 of whom received skills training. Together, the NYEP, LEAP, LESDEP and LIPW reach approximately 288,177 beneficiaries (this may include double-counting) or 1.6 per cent of the population aged 15-64. Considering the estimated poverty rates of well over 20 per cent, this suggests a significant coverage gap for the active age population.

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Only very limited information on the impact of the diverse programmes on people of working age was available. Overall, it seems that LEAP and LIPW were effective beyond the immediate goals of smoothing consumption of poor households and generated positive social network and inclusion outcomes in addition to alleviating poverty. In interviews with stakeholders, reduced migration in the search for work during the off-season, increased opportunities to participate in community life for marginalized households, increased investment in farming inputs, in community assets and in human capital (schooling of children and accessing health services) and a decrease in the distress sale of assets were all attributed to LEAP and LIPW (FAO, 2013).

### ***Do active labour market programmes and cash transfer programmes reach poor households?***

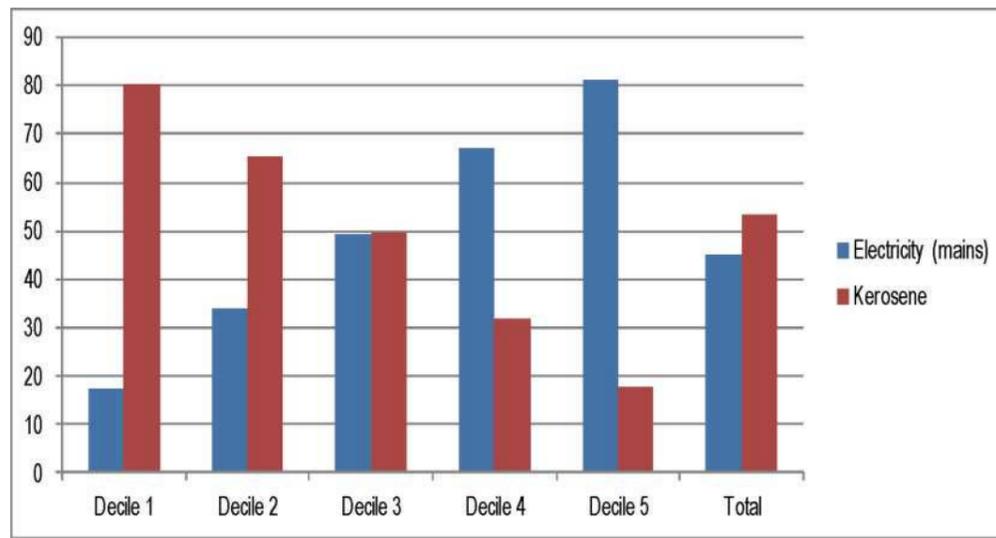
NYEP and LESDEP do not target poor households in particular and, since they at least in part target high school graduates or first degree holders, the programmes are unlikely in the main to reach very poor households. Overall, the emphasis of these programmes on supporting entrepreneurship and labour market integration falls more into the category of promoting economic activity and preventing poverty than that of protecting poor households. However, the new orientation of the NYEP towards activities targeted at the rural poor and disadvantaged youth may change this and strengthen the programme's poverty focus. Both programmes play an important role in the overall social protection efforts to prevent an increase in poverty and to ensure opportunities for future generations of poor households. Like other social protection programmes, they can also be expanded in *times of* economic crisis to ensure the protection of development gains already achieved.

LEAP and SIT are poverty-targeted through means testing and the LIPW is using a self-targeting mechanism by paying wages at minimum wage level. No information was available regarding the poverty status of SIT and LIPW households. Evaluations of LEAP report difficulties with the targeting mechanism because of the complexity of the procedure, its discretionary application at the local level, biased or politicized selection of beneficiaries due to the limitation of funds and delays in roll-out which resulted in not all extremely poor households being covered. Also, the fluctuation of households between these categories of extremely poor, poor and near-poor often makes the cut-off points of such programmes somewhat arbitrary. While this has led to tension and discontent at the local level, the overall feeling is that households currently benefiting from LEAP are by and large indeed extremely poor and that the "right" households are benefiting: "On the whole, both beneficiaries and non-beneficiaries in the communities perceived that the LEAP transfer was reaching the poorest households in the community [and] there was a general consensus that those reached were worthy of extra financial support" (FAO, 2013, p. 43). Complaints are related more to the fact that equally poor households are not receiving benefits than that better-off households are receiving them.

### ***Effectiveness of subsidies in reaching the poor***

In terms of expenditure the basic utility subsidies are by far the largest programmes contributing to income security for the working-age population. However, in so far as subsidies for electricity and fuel are considered social protection mechanisms, there have been major concerns regarding their ability to reach the most vulnerable households and their targeting efficiency (World Bank, 2010b). In fact, the low connection rate of poor households to the electricity grid does not allow them to benefit more fully from this subsidy, and only 14 per cent of the extremely poor, 29 per cent of the moderately poor and 17 per cent of those in the first quintile use electricity for lighting their homes (Figure 4.6).

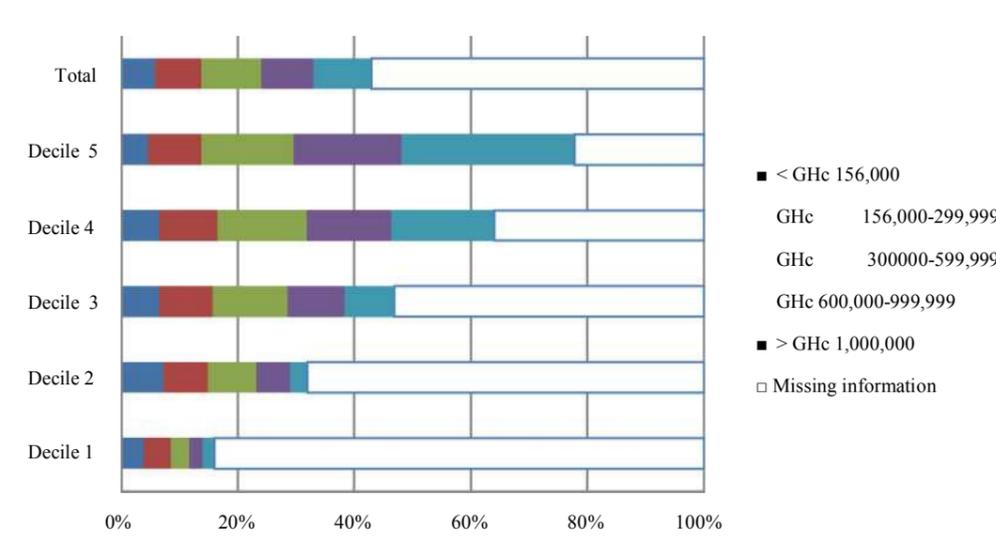
**Figure 4.6. Main source for lighting of dwelling, 2005/06**



Source: Own calculations based on GLSS

The GLSS 5 provides some limited data on household expenditure on electricity that allows to draw some conclusions on the effectiveness of the lifeline tariff (persons shown in Figure 4.5 as living in households with less than 156,000 cedis in 2005/06) in reaching the poor. The "missing information" across the quintiles in Table 4.7 suggests that many of these missing values are for households with zero expenditure, which would indicate that the uneven distribution of expenditure is in fact even more uneven than suggested in Figure 4.7.

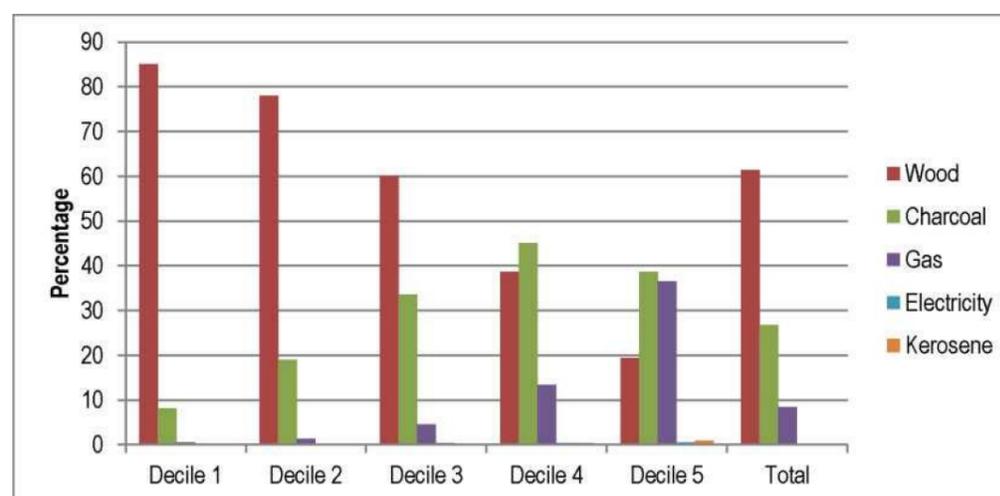
**Figure 4.7. Main source for lighting of dwelling, 2005/06**



Source: Own calculations based on GLSS 5

As to cooking fuel, more than 80 per cent of those in the first quintile use wood for cooking (Figure 4.8).

**Figure 4.8. Main fuel used for**



Source: Own calculations based on GLSS

### **Level of the benefits and quality of services**

Of the programmes for people of working age the NYEP pays the highest allowances. Depending on the level of qualification (ranging from school drop-outs to first degrees) the allowance paid in 2010 ranged from GHC 50 to GHC 150 per month (60-179 per cent of the minimum wage, or 11-33 per cent of the average wage); work placements are for two years, with an average budget allocation per beneficiary of GHC 94.

The LIPW paid GHC 4.5 per day in 2012, the equivalent of the daily wage of GHC 4.48, rising to GHC 6 in 2013, slightly above the minimum wage of GHC 5.24. The number of work days per worker is limited, the target being a minimum of 25 days in the off season. While some beneficiaries are reported to have worked as many as 100 days, the average number per beneficiary was only 16 days.

The level of benefits for the SIT was the lowest, at GHC 10 per quarter, but it included in-kind transfers (training and subsidized drugs for people with HIV/AIDS). No detailed information regarding the skills development component was available.

LESDEP provides in-kind benefits (access to credit and skills training), but no information was available on implementation. The budget allocation in 2012 was GHC 93.3 million, of which GHC 7.3 million was spent on administration, leaving GHC 1.265 per beneficiary for training activities and credits if the entire allocated budget was spent on the reported 68,000 beneficiaries.

The LEAP benefit is paid to the household rather than to the individual. Benefits range from GHC 24 for one eligible household member to GHC 45 for four or more. Household members of working age are not eligible unless they are severely disabled and unable to work. Benefit may be collected on behalf of dependent children or the elderly.

### **Financing and expenditure**

The active labour market programmes and cash transfer programmes considered here are very heterogeneous with regard to financing and expenditure. NYEP is by far the biggest programme in terms of budget allocation and the number of beneficiaries and has by far the largest budget allocation per beneficiary. This is attributable in part to the broad range of benefits and services the programme provides to target groups ranging from

disadvantaged youth and school dropouts to job-seeking university graduates. However, available information does not allow a more detailed analysis of the financial effectiveness and efficiency of the various components.

**Table 4.9. Programmes to ensure income security for people of working age: Financing and expenditure**

	2009	2010	2011	2012	2013
<b>Budget in 1,000 GH\$</b>					
NYEP	84,005	144,466	227,305	488,601	30,000
LIPW				11,104	
LESDEP		6,000	36,000	93,350	75,000
SIT	53	1,682	16,484	989	
LEAP (individuals, working age only)*	834	4,548	4,548	3,790	11,370
Total budget allocation	84,892	156,696	284,336	597,835	
- as a percentage of government revenue	1.50	2.03	2.44	3.85	
- as a percentage of GDP	0.23	0.34	0.51	0.83	
<b>Expenditure in 1,000 GHc</b>					
NYEP					
LIPW				9,350	
LESDEP					
SIT	132	113	818	1,548	
LEAP (individuals, working age only)*		1,348	2,588	8,571	
<b>Budget per beneficiary in GH\$</b>					
NYEP	990.6	1,131.6	2,215.0	3,424.0	
LIPW				387.4	
LESDEP				1,372.8	
SIT				96.5	
LEAP (individuals, working age only)*				51.7	

\* Broad estimate of share of budget allocated to persons of working age

Source: Based on and information provided by MoFEP and programme administrations.

### **Sustainability**

All programmes for people of working age depend on annual budget allocations, and there is no statutory provision regarding a social assistance or unemployment protection scheme. The NYEP is the only programme that has more predictable sources of financing in the form of earmarked funds from the Ghana Education Trust Fund (GETFund), NHIS, MMDAs and communication services tax (see chapter 3 for more details on the financing of the NYEP). Earmarked funds made up about 90 per cent of the funding in 2010 and 2011. The programmes are also influenced by donors and by the level of external funding

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available. The LIPW is financed by a World Bank loan, LEAP receives financing from the World Bank and from DFID and support from UNICEF. SIT was financed by AfDB until the programme ended in 2012.

### ***Programme execution and efficiency in the delivery of benefits***

No detailed information on the implementation of the NYEP and LESDEP was available; the LIPW and LEAP rely on community and district involvement. The efficiency of execution varies with local capability, the actors involved and the interest shown in the programmes. Depending on administrative capacity at the district and community levels, there are marked differences in implementation of the LIPW programme.

The efficiency of the LEAP targeting mechanism has been criticized as being unduly complex, lacking transparency and in some instances showing bias in the selection of beneficiaries. Sometimes, even members of the Community and District Implementing Committees did not fully understand the targeting criteria and procedure and as a result did a poor job of raising awareness among community members. This varied, however, depending largely on the selection and retention of committee members. Jealousy and tension often arise when "near" beneficiaries who were initially placed on community lists for the proxy means test were later excluded on the basis of their score. The fact that the programme's budget is limited and that the number of beneficiary households is fixed regardless of how many have the same or similar poverty level leads to further confusion. (FAO, 2013) The NYEP suffers from similar challenges inasmuch as the mechanism for selecting beneficiaries is not transparent and perceived as being politicised.

LEAP impact evaluations show that the benefit is spent primarily on consumption, enabling LEAP households to eat better and spend more on education and health without selling assets or borrowing. However, a core objective of the programme is also to link beneficiaries to complementary services and encourage households to engage in income generating activities so as eventually to "leap" out of poverty, which is of particular relevance to people of working age.

### ***Programme execution and administrative efficiency.***

Poverty-targeted cash transfers such as SIT, LEAP and LIPW are complex and costly to administer. The observations recorded above regarding the implementation of LEAP suggest that the programme administration is not sufficiently funded to perform all the tasks required of it properly. At the community level the administrative structures only organize the registration of beneficiaries and support the payment process, but the success of the programme's other objectives, including the monitoring of required conditions and the provision of support in identifying and undertaking income generating investments and in linking beneficiaries up to complementary services, is patchy at best. This is particularly relevant for working-age beneficiaries as it is they who would benefit most from these additional measures designed to empower households to leap out of poverty. The irregular payment of LEAP because of delays in the financing and budget allocations has already been discussed in the context of child income security.

Regarding the NYEP, the new module, Youth in Entrepreneurship, seems to duplicate some of the objectives and activities of LESDEP, but no information was available on the extent to which activities under the two programmes are coordinated.

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## **Conclusions on income security for persons of working age**

Ghana allocates a relatively large share of public resources to active labour market programmes and cash transfers to people of working age, amounting to about 3.85 per cent of government revenue (excluding external grants) or 0.85 per cent of GDP in 2012. The resources for the NYEP and LESDEP absorbed almost 75 per cent of the total budget allocated to social protection that year, and it would be useful to conduct a more detailed analysis of the programmes' performance to ensure that the resources allocated are being used in the most effective and efficient way to attain Ghana's policy objectives.

These programmes comprise not only income transfers to beneficiaries but also other components, including general skills training, entrepreneurship support and facilitation of credit activities. While playing an essential role in promoting employment and enhancing income security in a broad sense, some of these components would normally not be classified as social protection benefits. Nonetheless, the LIPW and the job placements under the NYEP aim to enhance income security for people of active age, although they reach only a small fraction of the potential target group (just 1.4 per cent of the total population aged 15-35 worked in a NYEP job placement in 2012). Moreover, in the case of the LIPW the average number of work days and the income generated is far below the poverty line. Neither programme thus provides a predictable, rights-based entitlement that the working-age population can rely on to manage the risk of being unable to earn a sufficient income. Large coverage gaps thus exist both regarding the number of working age population not adequately protected and the level of benefits provided.

A more detailed analysis of the overlap and synergies between parts of the NYEP, LESDEP and other skills training and business support initiatives needs to be undertaken. This should focus in particular on the range of services to be provided by a Ghana Employment and Entrepreneurship Development Agency, which could be tasked to administrate all the active labour market programmes so as to improve their effectiveness and efficiency. The resources currently committed to the active labour market programmes would be sufficient to establish such a public employment service.

It is not clear whether the extensive funds spent on subsidized jobs through the NYEP have an impact that lasts longer than the duration of the subsidy. If job placements through the NYEP and loans provided by LESDEP are continued, there needs to be greater transparency in the selection process, based either on need or on merit. From a social protection perspective, additional measures to address marginalized and poor youth and school drop-outs are important and need to be introduced in conjunction with labour market reforms that offer better entry options for school graduates and incentives to join the formal sector. While this is outside the scope of this report, it is a crucial step in ensuring the sustainability of the social protection system in the longer run. If these issues are not addressed, the pressure on social protection programmes will remain excessive.

### **4.4. Minimum income security for older persons**

As noted above, Ghana has a young population and a comparatively small proportion of elderly people. In 2010 more than 1.1 million Ghanaians were 65 years old or older, and more than 1.6 million were older than 60 years. However, the number of older persons and their share in the total population is expected to increase significantly in the coming years from the current level of 4.7 per cent of the population to 6.8 per cent by 2050.<sup>17</sup> As Ghana

<sup>17</sup> Based on UN World Population Prospects: The 2012 Revision, medium variant.

has not yet entered a phase of demographic transition, there is a window of opportunity for enhancing income security for the current and future older generations.

Income security is an important challenge for many older women and men in Ghana, 24.0 per cent of whom live in poverty and 15.8 per cent in extreme poverty. It is also a major issue for their families: according to the 2005/06 GLSS survey, 33.8 per cent of Ghanaians living in households that include an older person are poor (23.4 per cent in extreme poverty), compared to 27.4 per cent of the population living in households without an elderly person (17 per cent in extreme poverty).

As in many other countries, urbanization and modernization are eroding traditional systems of protection and care for older persons, and this threatens older people's access to basic goods and services, including safe and nutritious food, clean water and geriatric and health care (see Section 4.1).

This section discusses the effectiveness and efficiency of existing provisions in alleviating poverty in old age and ensuring at least a minimum level of income security for older people. In addition to the LEAP cash transfer programme (see Section 3.2.1), a small portion of the population also benefit under the Social Security National Insurance Trust (SSNIT), provided that they or their spouses have contributed to this statutory scheme during their working lives. Another contribution to the income security of older people is their exemption from paying contributions for the NHIS, which was discussed in Section 4.1.

**Table 4.10. Overview on existing programmes to ensure income security for older people**

	<b>Governance and administration</b>	<b>Geographic coverage</b>	<b>Programme objective and main target groups</b>	<b>Budget or total expenditure</b>
LEAP	Ministry of Gender, Children and Social Protection	127 out of 216 districts	Conditional social cash transfer programme for extremely poor households which include orphans or vulnerable children, persons with severe disabilities or older people.	GHD: 30 million (2012 budget)* <i>0.01 per cent of GDP</i> 0.06 per cent of government revenue, partly financed by donors
SSNIT	Ministry of Employment	Nationwide	Statutory social insurance covering employees in the formal sector on a mandatory basis, and other groups on a voluntary basis	G H : 355 million (2011 expenditure) <i>3 per cent of GDP</i> , financed by contributions

\* Total budget including benefits for children and older persons.

Source: Own compilation based on the sources cited in Chapter 3

## Coverage

Overall, about 10 per cent of the Ghanaian population aged 65 or older receives a regular social protection benefit so as to provide them with at least basic income security. About half of them receive a contributory pension from SSNIT, based on their earlier contributions, and the other half receive poverty-targeted benefits under the LEAP

programme (Table 4.10).<sup>18</sup> It is estimated that, assuming perfect targeting, LEAP thus covers about 30 per cent of older people living in extreme poverty.

**Table 4.11. Income security in old age: coverage**

	2009	2010	2011	2012	2013
<b>Beneficiaries (thousand)</b>					
SSNIT (aged 65+)		**56.9	**59.6		
LEAP					55.4
<b>Beneficiaries as a percentage of target group</b>					
SSNIT (as a proportion of population aged 55+)		5.0	5.1		
LEAP (as a proportion of people aged 65+ living in extreme poverty)					30.1
<b>Beneficiaries as a percentage of population aged 65 or older</b>					
SSNIT		4.9	5.1		
LEAP					4.8

\* ILO estimate based on the age structure of the beneficiary population in 2012.

\*\* ILO estimate based on number of SSNIT pensioners (eligible as of age 55) and assuming that the age distribution among SSNIT pensioners is similar to that of the total population.

Source: Own calculation based on information provided in the SSNIT Annual Report and from the LEAP programme administration.

This means that approximately 90 per cent of older people above 65 are not receiving any pension benefits and are thus likely to face a high degree of income insecurity in old age. As a result, many elderly persons continue to work until their death or else rely on informal support and family networks. While family and community networks in Ghana are strong, the dependence of older persons on family support can strain family relations, exacerbate already high levels of stress in making ends meet, and may in extreme cases give rise to abuse, neglect, discrimination or violence.

This constitutes a significant gap in the social protection floor and in the social protection system as a whole. Since the current rate of SSNIT membership among people of working age is not high (6.9 per cent), the situation is unlikely to change in the medium term.

#### ***Do the provisions reach poor households?***

Among SSNIT pensioners, 850 (0.76 per cent) were reported as receiving the minimum pension of 45 GHC per month in 2011. No data was available regarding the poverty status

<sup>18</sup> In addition, there is a voluntary tier of the Ghanaian pension system, which is open to workers who are not covered by the statutory pension scheme under SSNIT. It operates more like a savings account than a genuine pension fund, allowing for the withdrawal or payment of accumulated funds as a lump-sum and without a guaranteed minimum level of pensions and thus does not provide the guaranteed minimum level of protection envisaged by the social protection floor concept. While the scheme is important to encourage workers in the active age groups, at least for those who can afford to save, to think of their retirement income, it clearly cannot be expected to play a major role in providing social protection in old age for the majority of the Ghanaian population, given its limited current scope in terms of membership, its functioning on an individual accounts system and the limited current contributory capacity of large parts of the population.

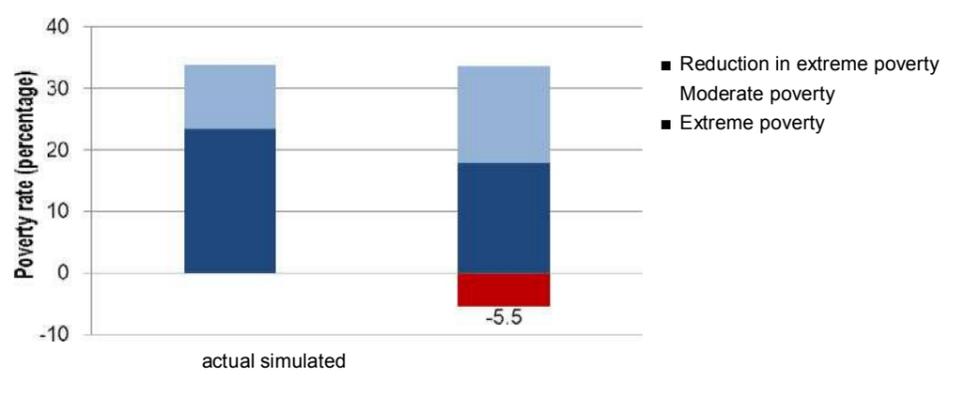
of SSNIT pensioner households. The 55,428 elderly LEAP beneficiaries (over 65 years old) account for 4.76 per cent of the total population and 30 per cent of elderly persons living in extreme poverty (20 per cent of elderly persons living in poverty). No information on the performance of the revised targeting mechanism is available, but even assuming perfect targeting the LEAP currently reaches only a small proportion of older people.

### Level and adequacy of benefits

As already mentioned, the level of LEAP benefits paid as household benefits is fairly modest, yet it still constitutes an important source of income for older persons, particularly in rural areas. The household benefit under LEAP ranges from GHC 24 to GHC 45, depending on the number of eligible household members. A pensioner living on his or her own would receive GHC 24, whereas a household with four or more eligible members is paid GHC 45, leaving GHC 11.25 or less per household member.<sup>19</sup> The extreme poverty line per adult equivalent in 2011 was GHC 47.78 per month and is estimated at GHC 66.92 as of March 2013. The respective poverty lines were GHC 61.55 and GHC 86.04. Despite the comparatively low level of benefits, some elderly beneficiaries reported that the benefit had enabled them to stop farming or day labouring which they had struggled to keep up despite failing health. Others well past working age use the LEAP benefit to organize productive farming activities by hiring labour to cultivate the land (FAO, 2013).

A closer look at the effectiveness of the LEAP programme in reducing extreme poverty, based on a static micro-simulation assuming nationwide coverage,<sup>20</sup> reveals that it would have a significant effect on poverty rates, despite a relatively modest level of benefits. Extreme poverty for individuals living in households with an elderly member would be reduced from 23.4 to 18.0 per cent through the LEAP programme (Table 4.9).

**Figure 4.9. Simulation of the poverty-reducing effect of LEAP programme on households with elderly members, assuming nationwide coverage**



Source: Own calculations based on GLSS 5

<sup>19</sup> The level of benefit is determined by the number of eligible household members, yet the household may include additional non-eligible members.

<sup>20</sup> This static micro-simulation is based on the assumption that poverty rates have remained constant since 2005/06 (when the last round of the GLSS survey was conducted) and that the LEAP programme was available in all districts. The simulation is based on an approximation of the eligibility criteria of the population under the LEAP programme with respect to orphans and vulnerable children and elderly people (see Annex 1). It considers only direct effects of cash transfers on household expenditure, not secondary effects (behavioural changes).

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Contributory pensions from the SSNIT are obviously higher, at an average GHC 351.42 in 2011, which is 70.7 per cent of the average salary of SSNIT contributors. Nonetheless, 48 per cent of SSNIT pensioners received a pension of less than GHC 100 per month, about 1.6 times the poverty line.<sup>21</sup> More than 5 per cent of SSNIT pensioners received a pension which was below the poverty line (SSNIT, 2012). In 2011 the SSNIT minimum pension was set at GHC 45 and in 2013 at GHC 100, which would be equivalent to 72 per cent of the poverty line in 2011 and 116 per cent of the poverty line in 2013.<sup>22</sup> Accordingly, while the broad majority of SSNIT pensioners are relatively well off, there is a minority who receive comparatively small pensions and who may even be at risk of living below the poverty line unless they have sufficient revenue from other sources.

### **Financing**

The resources allocated for the income support of older persons currently amount to about *0.6-0.7 per cent of GDP*. Most of these resources come from the SSNIT; they are entirely financed by the contributions of employers and workers and are not subsidized out of the general government budget (Table 4.12).

The level of resources allocated to the income security of older people through the LEAP programme has been estimated at GHC 2.2 million (0.6 per cent of GDP), based on the number of elderly persons who received LEAP benefits in 2012.

<sup>21</sup> This calculation is an update of the poverty line used by the GSS (GSS, 2007) and is based on the consumer price index.

<sup>22</sup> This calculation is based on an update of the poverty line used by the GSS (GSS, 2007) based on the CPI.

**Table 4.12. Income security in old age: Financing**

	2009	2010	2011	2012	2013
<b>Budget allocation in 1,000 GHC</b>					
SSNIT	*223,240	*310,730	*354,830		
LEAP**	**495	**2,698	**2,698	**2,248	6,745
Total budget in 1,000 GHC	223,735	313,428	357,528	[2,248]	[6,745]
- as a percentage of government revenue	3.9	4.1	3.1		
- as a percentage of GDP	0.6	0.7	0.6		
<b>Expenditure in 1,000 GHC</b>					
SSNIT	223,240	310,730	354,830		
LEAP**		*800	*1,535	*5,084	
Total expenditure in 1,000 GHC	223,240	311,530	356,365	[5,084]	
- as a percentage of government revenue	3.9	4.0	3.1		
- as a percentage of GDP	0.6	0.7	0.6		
<b>Expenditure per beneficiary in GHC</b>					
SSNIT		2,895.6	3,153.4		
LEAP**				*91.7	
* As no budget data for old-age pensions were available for SSNIT, total expenditure figures were used, which is likely to overstate the share of expenditure actually allocated to old-age pensions.					
**LEAP is paid to the household, there is no data on how much of the household transfer benefits elderly					
Source: Own calculation based on information provided in the SSNIT Annual Report (SSNIT 2012) and from the LEAP programme					

### **Sustainability**

A constitutional commitment obliges Ghana to provide assistance to older women and men, inasmuch as Article 37(6)(b) that "the State shall provide social assistance to the aged such as will enable them to maintain a decent standard of living." However, for the time being LEAP is not grounded in national legislation and therefore depends entirely on the annual budget negotiations and allocations. As a result, despite the political commitment of the Government and development partners, the programme faces a high level of volatility and a degree of uncertainty that compromises the income security of older citizens.

SSNIT is a statutorily defined benefit pension scheme which is contributory and self-financing and whose sustainability is assessed in regular actuarial valuations. The Constitution specifically provides that "the State shall ensure that contributory schemes are instituted and maintained that will guarantee economic security for self-employed and other citizens of Ghana" (Art 37, Paragraph 6).

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### **Administrative efficiency**

The available information does not permit a detailed assessment of the SSNIT's administrative efficiency.

### **Policy coordination**

Ghana has recently adopted a national policy on ageing to ensure the active participation of older persons in society and development. However, the policy focusses to a large extent on preventing age discrimination and ensuring equal opportunities for older people in the labour market. Though important, the policy does not sufficiently address the question of *social* protection needs of the elderly or develop appropriate social protection policies.

### **Conclusions regarding minimum income security for older people**

The cash benefits currently available to older persons through the SSNIT and LEAP are important mechanisms for providing income security to older people and are at the same time core elements of Ghana's national social protection system. Despite their achievements, they cover only a small proportion of older persons and are currently not in a position to meet the income security needs of the elderly population in full, particularly of those who are outside the formal economy or for one reason or another have not contributed enough to SSNIT during their working life.

Further development of the systems could include ensuring that a larger share of Ghana's population can enjoy at least a basic level of income security in their old age. Extending the LEAP programme to all districts and to a larger share of those older people living in extreme poverty (of whom fewer than one-third are covered at present) would certainly be an important contribution to improving their living standards.

Given the complex targeting process of the LEAP programme, consideration might also be given to a less cumbersome administrative solution. Other countries with universal pensions have shown that modest but reliable pensions can have a major impact on the livelihood of older people and their households, especially on the development of children living in their households, and that such pensions enable older people (women in particular) to contribute actively to household income and to raise their sense of dignity, their rights and their status within the family.

## **4.5. Key messages**

The following key lesson on the performance of the social protection system can be drawn from the above assessment.

- Despite the impressive progress that Ghana has made with regard to the extension of social protection over the last years, significant coverage gaps remain. Efforts to establish a national social protection floor will require a greater focus on income security for children, people of working age and the elderly, and on providing access to at least essential health care for all age groups.
- Only about one-third of the population is insured under the NHIS and the scheme faces operational challenges that weaken its performance in terms of social health protection. In addition to the weak demand due to the low coverage rate, the limited availability of health infrastructure, skilled health staff and pharmaceuticals seriously limit access to services. The health sector, like the social protection system as a

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whole, suffers from fragmentation and would benefit from improved coordination and collaboration among the various schemes and programmes.

- Too many children are brought up in poor or extremely poor households resulting in malnutrition and undernutrition, child labour and missed development potential. Given the importance of early childhood for overall development, the large coverage gaps for children under the age of five are particularly worrying. The education-related programmes (capitation grant, free school uniforms, free exercise books and scholarship programmes) are located with the Ministry of Education and are fairly well coordinated. Given the different technical expertise that is required to run the school feeding programme, the LEAP programme and interventions to eliminate child labour, as well as their different objectives, they are located respectively with the Ministry of Local Government, Ministry of Gender, Children and Social Protection and Ministry of Employment. MoUs for collaboration have already been agreed upon between the Ministry of Education and the LEAP programme, but child labour interventions could benefit from closer collaboration with the LEAP programme and the school feeding programme from closer collaboration with the Ghana Education Service (GES).
- The relatively large allocations for active labour market programmes benefit only a small fraction of the population (NYEP covers about 1.4 per cent of people of working age) and may not be the most effective allocation of resources. Because of the multiplicity of programmes with similar or the same objectives and activities, programmes for people of active age suffer from a duplication of administrative structures and inefficiencies, and synergies and opportunities for collaboration should be sought in the training and skills development components of the NYEP, LESDEP, GEBSS and their administrative structures and district offices.
- Only approximately 10 per cent of the population aged 65 and above receive an old-age pension from SSNIT or are covered under LEAP, so that many older people are forced to continue working until they die or else are dependent on support from their family and community. Although the LEAP benefit was recently tripled, the benefit level is still low compared to key indicators such as the poverty line or minimum wage.

Closing the coverage gaps in the social protection floor means mobilizing additional fiscal space. Experience has shown that, as countries increase the share of the state budget spent on social protection, they generate more inclusive and more sustainable economic growth. At the same time, the Government has to maximize the impact of the resources spent. The analysis in this chapter suggests that a rationalization of social protection expenditure can be achieved by improving the administration and implementation structures of the various programmes and by exploring the synergies and cost-saving opportunities of economies of scale that can be obtained by focusing on activities that all the programmes have in common. This has already been initiated through the development of a common targeting mechanism, but further activities with a potential for collaboration and cost-saving should be thoroughly investigated, including:

- a. information and awareness-raising activities for the various programmes,
- b. membership and database management, not just for targeting purposes but also for the actual registration of beneficiaries,
- c. benefit delivery mechanisms ,
- d. complaints and appeals procedures,
- e. monitoring and evaluation.

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## 5. Public finance and social protection spending

As the economic development strategic framework for the period 2010-13, the Ghana Shared Growth and Development Agenda (GSGDA) guides the Government of Ghana in implementing its economic and social policies, and thus also in allocating public expenditure. The latest progress report reveals that, although major social protection initiatives to address poverty and vulnerability have been implemented over the years, certain categories of Ghana's population are still affected by multiple vulnerabilities due to chronic poverty and the negative impact of certain macroeconomic and environmental factors and socio-cultural practices. Reviewing the National Social Protection Framework to address the remaining gaps is therefore one of the GSGDA's priorities (NDPC, 2012). Unlike previous strategic programmes (the GPRS1 and 2), the GSGDA reflects a shift in government planning that focuses more on social protection within pro-poor spending. This calls for a clear view of current spending on social protection programmes.

Section 5.1 of this chapter highlights government revenue and expenditure and sets the stage for a more in-depth analysis of pro-poor spending and social protection in section 5.2. Section 5.3 looks into the main sources of social protection funding, the consolidated budget and the statutory funds. Section 5.4 analyses the flow of funds as a first step towards a social budget that could serve as the financial basis for Ghana's national social protection strategy. Section 5.5 contains a number of conclusions.

Some aspects of the analysis were hampered by the shortage of data, which has made it difficult to fully establish the flow of funding for the social protection programmes, and such information as is available from different sources has often proved inconsistent. It has therefore not always been possible to map Ghana's social budget with accuracy and in sufficient depth.

### 5.1. Government budget and main trends in revenue and expenditure

Table 5.1 and Figure 5.1 show overall government revenue and expenditure between 2004 and 2012, along with government estimates for 2013-15. Between 2004 and 2011, central government expenditure increased from GH¢ 2.5 billion to GH¢ 13.4 billion in nominal terms. From 2006 onwards, when the Ghana Statistical Service re-based the level of GDP, the share of government expenditure in GDP increased by 2.5 percentage points to 23.8 per cent in 2011. Much of this increase in expenditure was used to finance the extension of access to public services of health and education, infrastructure improvements and fiscal decentralization measures (MoFEP, 2011b). From 2005 onwards the acceleration in expenditure was pronounced, as the successful completion of MDRI and HIPC debt relief initiatives provided more room for public spending (MoFEP, 2011b). Expenditure in 2012 again accelerated to GH¢ 20.9 billion, or 29.2 per cent of GDP. Revenue followed expenditure at some distance, from GH¢ 2.4 in 2004 to GH¢ 16.7 billion in 2012.

**Table 5.1. Overview of government revenue and expenditure. 2004-15 (in million GH¢ unless otherwise indicated)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013*	2014*	2015*
Total revenue and grants	2,383	2,826	3,192	4,508	5,620	6,775	8,811	12,852	16,668	22,533	27,712	34,879
- as a percentage of GDP	29.9	29.1	17.1	19.5	18.6	18.4	19.0	22.8	23.2	25.4	25.3	25.7
Total expenditure	2,542	2,971	4,009	5,625	8,010	8,248	11,532	13,380	20,945	28,163	33,254	41,244
- as a percentage of GDP	31.8	30.5	21.4	24.3	26.5	22.4	24.9	23.8	29.2	31.7	30.4	30.4
Overall balance (commitment)	-159	-145	-818	-1,116	-2,390	-1,473	-2,721	-528	-4,276	-5,630	-5,542	-6,365
- as a percentage of GDP	-2.0	-1.5	-4.4	-4.8	-7.9	-4.0	-5.9	-0.9	-6.0	-6.3	-5.1	-4.7
Overall balance (cash)	-191	-268	-881	-1,216	-2,559	-2,131	-3,408	-2,466	-8,106	-8,011	-8,725	-8,189
- as a percentage of GDP	-2.4	-2.8	-4.7	-5.3	-8.5	-5.8	-7.4	-4.4	-11.3	-9.0	-8.0	-6.0

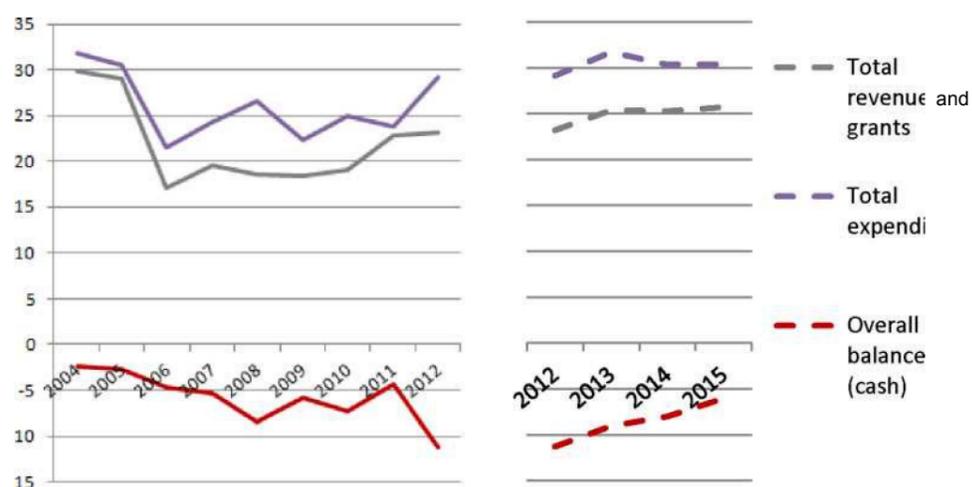
\* Estimated.

Source: Own calculations based on information received from Bank of Ghana and MoFEP.

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**Figure 5.1. Government budget highlights for 2004-12 and projection for 2013-15**



Source: Own calculations based on info received from Bank of Ghana and

The overall cash-based deficit fluctuated between 2.4 and 8.5 per cent of GDP throughout the period 2004-11. The peak of 8.5 per cent fell in the election year 2008, which cannot be seen as a coincidence as government spending tends to rise sharply when elections are imminent (MoFEP, 2011b). Between 2009 and 2011 the Government was successful in implementing a set of fiscal stabilization measures which, together with the revenues from the oil sector that started to accrue from late 2010 onwards, helped to bring the fiscal deficit down to 4.4 per cent of GDP in 2011. In 2012 however, again against the backdrop of general elections in December that year, a jump in expenditure led to an overall deficit of 11.3 per cent of the GDP. The Government's 2013 budget statement reflects the rise in salaries in the public sector which, together with cost overruns attributable to the subsidizing of fuel and utilities (GH¢ 339 million), is the main cause of the hike in expenditure (MoFEP, 2013). Public debt increased sharply, from 40.8 per cent (end of 2011) to 49.4 per cent of GDP towards the end of 2012.

It is thus clear that the prospects for the financing of social protection programmes in 2013 and the immediate future are not favourable. Rationalizing social protection expenditure will therefore mean re-allocating the existing budget rather than expanding it.

## 5.2. From pro-poor spending to social protection planning and budgeting

The International Monetary Fund's effort to increase the effectiveness of the Heavily Indebted Poor Countries (HIPC) initiative in 2001 provided the Government with fiscal relief in return for a commitment to a set of measures and signalled the start of a series of intensified pro-poor expenditure programmes. In 2004, with the accomplishment of the GPRS 1 agenda, the reduction in the Government's debt servicing commitments took some of the pressure off the budget. Table 5.2 gives an overview of expenditure in the annual central government budget related to poverty reduction, which includes a substantial amount of social expenditure.

**Table 5.2. Poverty reduction expenditure as outlined in annual budget statements, 2004-12**

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Poverty reduction Expenditure (million GHC)	516	769	965	1,293	1,682	1,860	2,348	2,485	3,423
- as a percentage of recurrent expenditure)	32.1	42.6	37.7	35.8	32.0	33.0	29.2	25.6	21.4

Source: Own calculations based on information annual budget statements, various years

Since 2011 the government budget lists the various social protection programmes as a separate item, where before the focus had been more on pro-poor (or poverty-related) spending which includes much expenditure that cannot strictly speaking be characterized as social protection spending. Consequently, it is difficult to track social protection spending in the government budget in the preceding years. Table 5.3 shows some of the social protection programmes and subsidies to the extent these were itemized in the budget statements for 2004-11.

**Table 5.3. Social protection programmes and subsidies itemized as poverty reduction expenditure, 2004-11 (in million GHC unless otherwise indicated)**

	2004	2005	2006	2007	2008	2009	2010	2011
Total poverty-related expenditure	516	769	965	1,293	1,682	1,860	2,348	2,485
of which itemized:								
NHIS		52	60					
Lifeline tariff		35	35	35	10	19	26	29
SHEP 4							35	30
NYEP					100	18		5
LEAP					2	12		
SIF 15								
School meals 169								
Scholarships 15								
Other itemized*	228	199	228	426	211	661	647	658
of which not itemized	288	483	642	730	1,443	1,145	1,486	1,724
Percentage of poverty-related expenditure	56	63	67	56	86	62	63	69

\* This includes a variety of items such as sanitation, rural water, district assemblies, which are highly volatile.

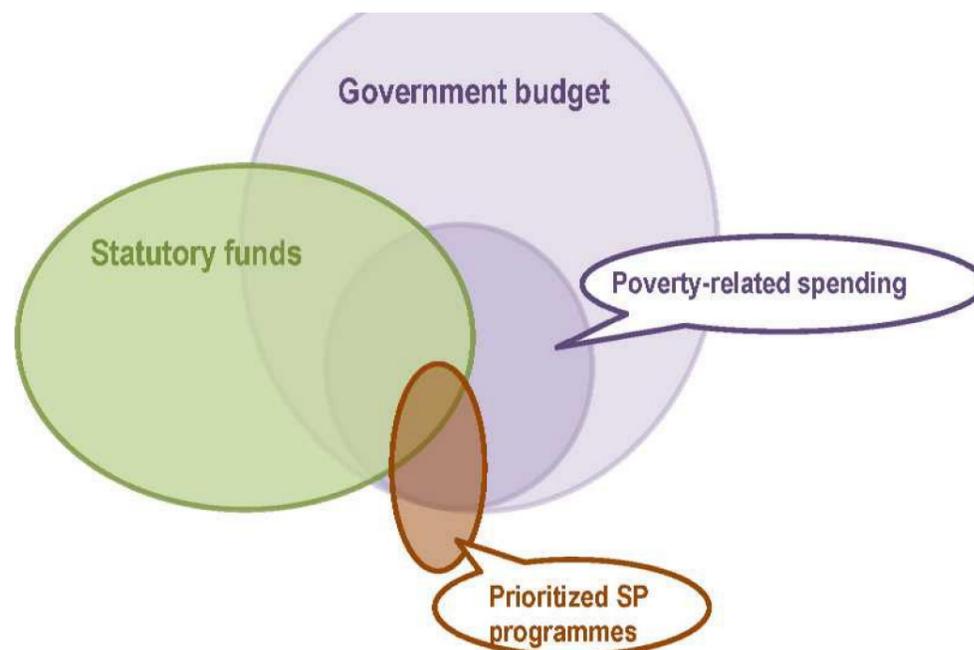
Source: Own calculations based on MoFEP annual budget statements, 2004-11.

Given that it is impossible to derive a comprehensive overview of past expenditure on the various social protection programmes, this report relies on information obtained from the programme administrations to fill the gaps. This is obviously not ideal, and one of the main recommendations for the MoF is that it ensure that social protection is listed transparently in the budget.

### 5.3. Sources of social protection funding

Social protection in Ghana is funded from various sources, including the Government's consolidated budget, direct inflows from international donors, allocations from the statutory funds and social security contributions. Figure 5.2 illustrates the four major sources of funding, of which the most important are the consolidated budget and the statutory funds. Funding from international donors is often limited in time and scope and is not a sustainable basis for social protection financing. To the extent possible, the Government should strive to channel these donor inflows through the consolidated budget to enable coordination and comprehensive financial planning. So far, contributions as a source of revenue are relevant only to SSNIT old-age pensions and the NHIS. The focus in this report is on non-contributory social protection schemes and contributions are therefore not shown separately.

Figure 5.2. Links between government budget, earmarked funds and social protection programmes



#### 5.3.1. Social protection in the government consolidated budget

The social protection programmes reviewed here receive most of their funding from the government's consolidated budget, where they come under "goods and services" even though some of them are transfers rather than services. Allocations to the statutory funds are also relevant to social protection financing in Ghana (see Section 5.3.2). Last but not least, the subsidies to utilities and fuel are relevant inasmuch as they are considered to be pro-poor spending. Tables 5.4 to 5.6 show the historical development of these items in the budget and the Government's estimates for the period up to 2015.

**Table 5.4. Consolidated government budget: Main items of expenditure on social protection, 2004-15 (in million GH¢)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013*	2014*	2015*
Personal emoluments (salaries)	695	792	1,137	1,419	1,988	2,479	3,183	4,535	6,666	7,465	9,421	11,390
Goods and services	236	331	428	565	648	621	962	724	1,322	1,742	1,972	2,441
Transfers	360	333	602	1,035	1,477	1,331	1,991	2,505	4,478	8,808	9,335	11,807
of which other transfers	232	171	365	747	1,116	923	1,554	1,734	3,966	6,209	7,571	9,660

\* Projections.

Source: Own compilation based on Bank of Ghana, 2013.

Table 5.5 shows for 2013-15 a sharp deceleration of spending on civil servants' salaries which accounted for much of the imbalances in the budget last year. Expenditure on transfers (including the National Health Fund), on the other hand, has increased rapidly and is further projected to accelerate to over 21 per cent annually in real terms.

**Table 5.5. Consolidated government budget: Evolution of main expenditure items, 2008-12 and 2012-15 (percentages)**

	2008 - 2012		2012 - 2015	
	Nominal	Real	Nominal	Real
Personal emoluments (salaries)	35.	18.0	19.6	5.0
Goods and Services	3	4.2	22.7	7.7
Transfers	19.	15.1	38.2	21.3
of which: other transfers	5	19.7	34.6	18.2

Source: Based on information provided by the Bank of Ghana (2013).

The budget does not give a breakdown of subsidies to utility companies and on fuel products before 2012. The expectation of a staggering 11.3 per cent provisional fiscal deficit in 2012 compelled the cabinet to announce a cut in subsidies in February 2013; otherwise they would have reached GH¢ 2.4 billion in 2013 (2.8 per cent of GDP), according to a Bank of Ghana estimate. The sharp rise in subsidies to utilities companies in 2013 includes a one-time GH¢ 586 million transfer to the Volta River Authority, which had to import crude oil in 2012. From 2014 onwards no further expenditure on subsidies on utilities and fuel products is foreseen in the latest budget (Table 5.6).

**Table 5.6. Consolidated government budget: Expenditure on subsidies, 2004-15 (in million GHtt)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013*	2014*	2015*	
Subsidies	231	41 267			4	20	0 131		0	809	1,022	0	0
Subsidies to utility companies										186	795	0	0
Subsidies on petroleum products										623	228	0	0
Social benefits (lifeline tariff)	0	0	0			4	13	0	29	30	30	52	78

\* Projections.

Source: Based on information provided by MoFEP,

Social benefits listed as a separate item are subsidies on electricity consumption through the lifeline tariff scheme. The lifeline tariff was introduced as part of a 2002 reform to shield poor households from tariff adjustments (described in Chapter 3). The central government budget 2012 allocated GH¢ 30 million for lifeline subsidies, and this is projected to increase to GH¢ 78 million by 2015.

### 5.3.2. The role of the *statutory funds*

In addition to allocations from the consolidated budget, the social protection programmes receive substantial financing from the statutory funds.

*These are* earmarked funds that comprise a pre-defined proportion of certain designated tax revenues. While designed to secure the allocation of public revenue to defined sectors, the funds are not part of the consolidated general government budget and do not have the same reporting mechanism. The main statutory funds are the District Assemblies Common Fund (DACF), the Ghana Education Trust Fund (GETFund), the National Health Insurance Fund (NHIF) and the Road Fund.

#### Box 5.1: The main statutory funds

**District Assemblies Common Fund.** The District Assemblies Common Fund (DACF) was established in 1993 to give the metropolitan, municipal and district assemblies financial autonomy to make decisions locally. The DACF has since become an important tool for fiscal and overall decentralization. The District Assemblies Common Fund Act 1993 (Act No. 455), which regulates allocations to the assemblies for development purposes, calls for an annual allocation of at least 5 per cent of total central government revenues to the DACF. In 2008 the proportion of the revenues allocated to the DACF was raised to 7.5 per cent. The Ministers of Finance and Economic Planning and of Local Government and Rural Development designate the areas for spending to be made from this fund (these are the designated categories of the assemblies' approved development plan). The other source of revenue is interest earned on reserves.

**Ghana Education Trust Fund.** The main objective of the Ghana Education Trust Fund (GETFund), as stipulated in the Ghana Education Trust Fund Act 2000 (Act No. 581), is to supplement the resources available in the general budget for education infrastructure expenditure, scholarships and loans schemes for underprivileged students. Most areas of spending lie with higher education. An annual share of VAT revenue of at least 2.5 per cent is earmarked for the GETFund, in addition to which it receives revenues from other sources, including interest earned on invested reserves.

**National Health Insurance Fund.** The objective of the National Health Insurance Fund (NHIF) is to secure the implementation of the National Health Insurance Act, which guarantees access to basic health care services for all Ghanaian residents. Revenue derives from a 2.5 per cent earmarked share of VAT revenue, customs collections, SSNIT contributions (2.5 percentage points of the SSNIT contribution charge), insurance contributions (for those who are not exempted) and interest earned on reserves.

**Road Fund.** The objective of the Road Fund is to finance periodic maintenance and rehabilitation of public roads. Revenue derives from levies and user fees based on actual use of services. The Road Fund is not a source of funding for social protection programmes.

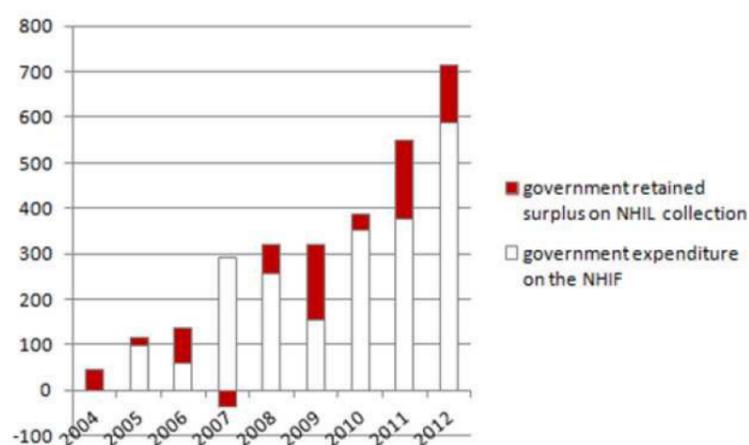
The National Health Insurance Fund is particularly relevant to social protection. Table 5.7 and Figure 5.3 show the difference between the NHIL collection and government allocations to the NHIF. The table shows that government spending on the fund has fluctuated widely over the years. Moreover, health care in Ghana will run into deficit when coverage is further expanded (see Chapter 3). As annual per capita spending on health care is GHC 62, it would cost around GHC 1.5 billion, or the equivalent of some 2.1 per cent of GDP, to expand coverage to the entire population. However, the Government is at present not spending all the NHIL collection on health care, so there is at least some room to expand coverage. Between 2009 and 2012, for example, GHC 1.468 billion of NHIL collection was spent on health care but GHC 503 million was not, or was allocated elsewhere, which would have given scope for an average 34 per cent increase in expenditure on the NIHF during this period.

**Table 5.7. National health insurance levy and financing of the National Health Insurance Fund, 2004-12 (in million GHC)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012
NHIL (total collection)	46	116	138	258	318	319	388	550	714
Government expenditure on NIHF	0	98	61	292	257	153	351	377	587
Retained surplus on NHIL collection	46	17	78	-34	62	166	37	173	127

Source: Own calculation based on data provided by the Bank of Ghana, 2013.

**Figure 5.3. National health insurance levy and financing of the National Health Insurance Fund, 2004-12**



Source: Own calculation based on data provided by the Bank of Ghana,

The discrepancies in tables 5.8 and 5.9 illustrate the challenges in reconciling information on flows of funding that are derived from different agencies. Table 5.8 lists the NHIL collections that the Bank of Ghana reports, whereas table 5.9 lists total revenues, including NHIL collections, from NHIA records. The explanation for the substantial differences could be that the Bank of Ghana figures are still provisional, even for older years, whereas the NHIA figures are realizations. This might indicate that the Bank of Ghana and MoFEP have difficulty obtaining the latest information from the institutions. If this is so and MoFEP and the Bank of Ghana are presenting provisional revenue and expenditure figures rather than the realizations, then it has implications for interpreting the entire historical overview of public finance in Ghana as presented in the first section of this chapter.

**Table 5.8. National health insurance levy, 2004-12 (in million GHC)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012
National health insurance levy	46	116	138	258	318	319	388	550	714
Customs collection						142	170	183	364
Domestic VAT collection						72	91	133	212
SSNIT contribution						104	58	79	138

Source: Based on information provided by the Bank of Ghana, 2013.

**Table 5.9. NHIS sources of funding, 2008-12 (in million GHC)**

	2008	2009	2010	2011	2012 (prov.)
VAT and levies (customs collection)	218	263	315	450	573
SSNIT	60	67	87	108	141
<i>Total NHIL collections</i>	278	330	402	558	724
Premiums from informal sector	21	18	21	28	28
Interest earned on reserves	43	76	58	33	29
Other income	19	1	4	1	12
<b>Total</b>	<b>361</b>	<b>425</b>	<b>485</b>	<b>620</b>	<b>783</b>

Source: NHIA provisional figures for

**Table 5.10. District Assemblies Common Fund (DACF), 2004-12 (in million GHC)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Earmarked funds</b>									
District Assemblies Common Fund	75	94	105	143	252	153	410	622	407
- as a <i>percentage of government tax revenues</i>	4.2	4.4	4.2	4.3	5.8	3.2	6.3	6.3	3.2
Non-road arrears	20	102	39	61			95	551	454
to DACF	5	5	5	5	5	0	35	24	117
Hence, total resources available:									
DACF	80	99	110	148	252	189	434	739	
- as a <i>percentage of government tax revenue</i>	4.5	4.7	4.5	4.5	5.8	3.9	6.7		7.5

Source: Own calculations based on information from the Bank of Ghana, 2013.

Table 5.10 shows the allocations to the DACF and reveals that the budget allocated is consistently below the level prescribed by law. In 2011, for example, 6.3 per cent of

government revenue was allocated to DACF where the law called for 7.5 per cent. With the addition of arrears due, the total in 2011 was GHC 739 million, thus exactly meeting the 7.5 per cent requirement on a cash basis. For 2013 the transfer to DACF is estimated as GHC 1,149 million, which would mean that the share of government tax revenue transferred to DACF is 6.7 per cent.

**Table 5.11. GETFund (in million GHC)**

Earmarked funds	2004	2005	2006	2007	2008	2009	2010	2011	2012
GETFund	82	98	106	143	204	139	244	321	1,276
GETFund 2.5 collection from VAT					72	91	133	186	
GETFund collection from other sources					132	48	111	134	
GETFund collection as a percentage of total VAT collection					17.3	19.3	20.5	18.9	20.0
Non-road arrears	20	102	39	61	95	551	454	1,536	3,306
to GETFund	4	4	4	4	0	49	20	142	
Total resources available									
GETFund	87	102	111	148	204	188	264	462	
GET Fund as a percentage of government tax revenue	4.9	4.8	4.5	4.5	4.7	3.9	4.1	4.7	

Source: Own calculations based on information from the Bank of Ghana, 2013.

Table 5.11 shows that the budget allocations to GET Fund are highly volatile. A substantial amount of arrears (GHC 142 million) was transferred to GETFund in 2011, adding more than 44 per cent to the regular budget. For 2013 the transfer has been estimated as GHC 692 million.

#### 5.4. Flow of funds for social protection

The GNSPS aims to be affordable and financially sustainable and therefore calls for a social budget, i.e., a comprehensive mapping of all social protection programmes along with their respective flows of funding. Establishing a social budget is crucial for sound financial planning of government expenditure on social protection and an indispensable instrument for rationalizing spending.

Mapping the financial flows to the various social protection programmes is a first step towards constructing a social budget for Ghana, and this section sets out to do so as far as the available information permits. Table 5.12 shows the financial flows into the social protection programmes from the statutory funds, the consolidated budget and external donors for 2008-12, though the table is of course only as accurate as the information received from the authorities permits. Given the inconsistencies that arise from different data sources, further work needs to be done to arrive at a comprehensive tabulation of the flow of funds that can serve to underpin the GNSPS.



	FLOWS FROM EARMARKED FUNDS				Total (1)	FLOWS FROM OTHER SOURCES		Total (2)	GRAND TOTAL
	GETFund	NHIF	DACF	CST	General budget (untied)	External sources			
School uniforms									
Free exercise books					7,556,327			7,556,327	7,556,327
LESDEP									
SIT						52,600		52,600	52,600
ECOBRIGADE									
GSOP/LIPW									
<b>Total</b>	<b>8,000,000</b>	<b>4,600,000</b>	<b>43,525,304</b>	<b>17,480,000</b>	<b>73,605,304</b>	<b>90,917,654</b>	<b>25,035,464</b>	<b>115,953,118</b>	<b>189,558,422</b>

**2010**

Capitation grant							23,765,656	23,765,656	23,765,656
NHIS*		6,100,000			6,100,000				6,100,000
Ghana school meals	-	-	-	-	-	50,232,866	13,378,414	63,611,280	63,611,280
LEAP	-	-	-	-	-	12,000,000		12,000,000	12,000,000
NYEP	6,000,000	5,500,000	94,968,047	21,997,929	128,465,976	16,000,000		16,000,000	144,465,976
School uniforms	-	-	-	-	-	10,000,000		10,000,000	10,000,000
Free exercise books	-	-	-	-	-	13,962,000		13,962,000	13,962,000
LESDEP	-	-	-	-	-	6,000,000		6,000,000	6,000,000
SIT	-	-	-	-	-	1,483,000	198,708	1,681,708	1,681,708
GSOP/LIPW									
<b>Total</b>	<b>6,000,000</b>	<b>11,600,000</b>	<b>94,968,047</b>	<b>21,997,929</b>	<b>134,565,976</b>	<b>109,677,866</b>	<b>37,342,778</b>	<b>147,020,644</b>	<b>281,586,620</b>

**2011**



	FLOWS FROM EARMARKED FUNDS					Total (1)	FLOWS FROM OTHER SOURCES		Total (2)	GRAND TOTAL
	GETFund	NHIF	DACF	CST		General budget ^^D^	External sources (untied)			
GSOP/LIPW	-	-	-	-	-	-	11,104,398		11,104,398	11,104,398
<b>Total</b>	<b>25,770,000</b>	<b>37,500,000</b>	<b>217,019,969</b>	<b>71,830,083</b>	<b>352,120,052</b>		<b>372,511,477</b>	<b>12,093,625</b>	<b>384,605,102</b>	<b>736,725,154</b>

\* Expenditure on the indigent exemption only.

Source: Own compilation based on information received from MoFEP, Bank of Ghana and programme administrations.

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The NYEP is the only programme that received funding from the statutory funds consistently throughout the period 2008-12. More significantly, it received funding from *all the* statutory funds listed in the table (GETFund, DACF and NHIS), except in 2009 when it received no funding from NHIS. The amount of funding from the NHIS in 2012 (GH¢ 21.0 million) was higher than the cost of the indigent exemption (GH¢ 15.0 million). GYEEDA claims that only part of the allocated resources were actually received and spent, but this could not be verified as it did not make its expenditure data available. Moreover, it is not clear why the NYEP is funded from GETFund and NHIS in the first place. If it is for training staff for the health and education sectors, then it is not the obvious way to pay. It is not clear whether there are any contractual arrangements between, for instance, GYEEDA as the provider and NHIA as the purchaser. When contractual arrangements are made directly between health providers (for example, hospitals) and GYEEDA to train staff, then the health provider would obviously pay for the services and seek reimbursement from the NHIA.

Furthermore, the NYEP receives funding from community service tax (CST) revenue. In April 2011 the share of CST allocated to NYEP was raised from 20 to 60 per cent, reflected in the GH¢ 63 million (47 per cent of CST) allocated to this programme in 2011 and the further GH¢ 72 million (56 per cent) in 2012.

Two of Ghana's education service programmes, the capitation grant and the school uniforms programme, received funding from GETFund in 2012, even though the latter's focus according to the law is on higher education (the Act makes a provision that allows the financing of all levels of public education).

The capitation grant is consistently funded by external donors and in 2009, 2011 and 2012 it also received funding from the consolidated budget. The other programme that has received considerable funding from external donors is the Ghana school feeding programme and, to a much lesser degree, the Social Inclusion Transfer.

Most programmes receive their resources from the government consolidated budget, but the amount is extremely volatile and seems to some extent dependent on inflows from other sources. This certainly appears to be the case for the capitation grant and the Ghana school feeding programme, where the Government acts as a "funder of last resort". The NYEP is an exception in that in 2012 the Government "topped up" an already high allocation from the statutory funds and the CST (GH¢ 260.8 million) with an additional GH¢ 227.8 million from the consolidated budget. The rationale behind this is not mentioned in the budget statement; in fact, it was not even included in the 2012 budget 2012, and there would therefore appear to have been a mid-term revision at some point.

## **5.5. Conclusions: Challenges to the public financing of social protection**

This section draws some conclusions from the foregoing commentary, with a focus on the funding of social protection programmes in Ghana.

### **5.5.1. Inconsistencies in data from official sources**

Rationalizing social protection expenditure in Ghana means, first and foremost, establishing a comprehensive and consistent database containing all flows of funding into the social protection programmes. This chapter endeavours to pursue this objective, but incomplete data and inconsistencies in the information received from the various authorities have hampered the exercise. This is instructive in itself, inasmuch as the first

step in establishing a sound financial planning framework to underpin the social protection strategy must be to get the database right.

### 5.5.2 Volatility in resources

From the available information it appears that the allocations to the statutory funds are volatile; jumps from 3 to 7 per cent of government (non-grant) revenue are no exception. This has repercussions for social protection as it limits the funds' capacity to act as a financial resource for the programmes. The volatility is due in part to the linking of resources to the level of GDP - for example, via the designated share in VAT collections - but also to the accumulation of arrears. When those arrears are eventually paid, the funds' revenues could double from one year to the next.

Moreover, there are no clear rules for the allocations from the statutory funds to the social protection programmes. The flow of funds varies from year to year and the political decisions that drive the allocations are not transparent. As a result, the programme planners never know what to expect and financial planning and management becomes more complicated.

### 5.5.3. Size of the programmes

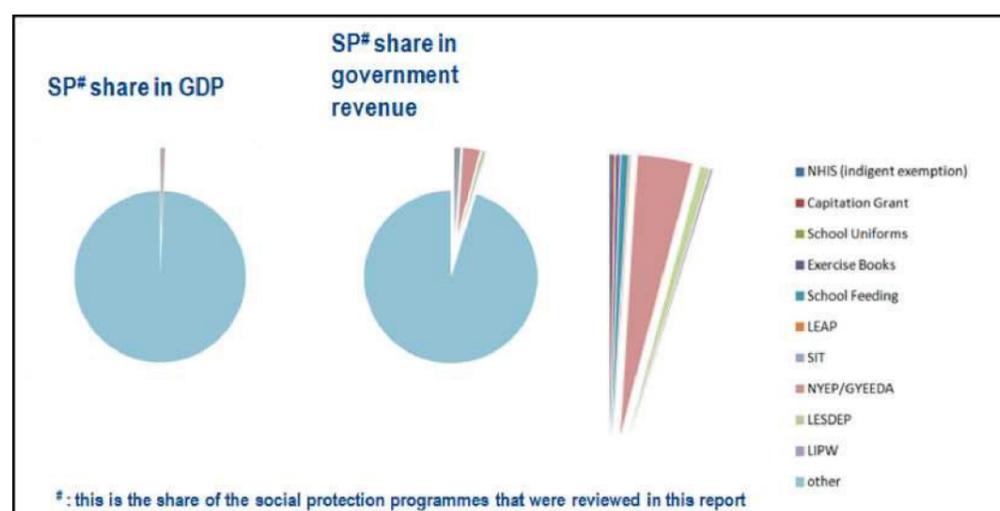
To date, Ghana does not spend a sizable amount of public resources on social protection. Table 5.13 and Figure 5.4 show the share of total government revenues and GDP committed to the social protection programmes considered in this report, as well as the shares relative to the government's poverty-related expenditure.

**Table 5.13. Government social protection expenditure on the schemes and programmes reviewed, 2005-13 (in million GHC)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013
NHIS (indigent exemption)	0.1	0.7	1.9	6.1	4.6	6.1	24.6	16.5	
Capitation grant	12.9	12.9	10.7	15.0	23.5	23.8	23.9	24.6	25.8
School uniforms							10.0	10.0	8.2
Exercise books						7.6	14.0	70.0	29.0
School meals	0.9	1.8	16.2	33.4	62.3	63.6	60.0	63.7	199.0
LEAP					2.2	7.5	12.0	12.0	10.0
SIT						0.1	1.7	16.5	1.0
NYEP/GYEEDA					74.6	84.0	144.5	227.3	488.6
LESDEP							6.0	36.0	84.0
LIPW									11.1
<b>Total social protection programmes (excluding NHIS)</b>	<b>14.0</b>	<b>15.4</b>	<b>28.9</b>	<b>131.3</b>	<b>189.6</b>	<b>281.5</b>	<b>480.3</b>	<b>736.8</b>	<b>416.5</b>
- as a percentage of government revenue, excluding grants	0.6	0.6	0.8	2.7	3.3	3.6	4.1	4.8	2.0
- as a percentage of GDP	0.1	0.1	0.1	0.4	0.5	0.6	0.9	1.0	0.5
- as a percentage of spending on poverty reduction	1.8	1.6	2.2	7.8	10.2	12.0	19.3	21.5	

Source: Based on information received from MoFEP and programme

**Figure 5.4. Expenditure on social protection programmes reviewed as a share of GDP and government revenue, 2012**



Source: Based on information received from MoFEP and programme

Table 5.13 and Figure 5.4 show the level of allocations to the social protection programmes in this report. The table shows that these programmes account for an increasing but overall modest share of total government revenue, reaching 4.8 per cent in 2012, and an even less sizable share of the GDP, amounting to 1.0 per cent. This is substantially less than the target of 4.42 per cent of GDP set in the national monitoring and evaluation plan 2006-09. The table also shows that the allocations to these programmes are modest even in terms of the resources that flow to poverty-related activities in the annual budget.

Re-prioritizing the current social protection programmes, within the set of social protection programmes themselves and within the pro-poor spending portfolio, would create fiscal space for enhancing expenditure on the more successful programmes. In 2012, for example, 0.8 per cent of GDP was allocated to labour market programmes that are expensive and do not cover more than a fraction of people in need (Chapter 4).

Re-prioritizing might also require putting the programmes under the right heading; social protection, for example, is listed in the government consolidated budget under "goods and services", even though most of the programmes are not services but transfers. It would make sense to shift at least the programmes that offer transfers, such as LEAP and some of the education programmes, to the appropriate place in the budget.

The termination of fuel subsidies should provide some fiscal space for expanding social protection in Ghana from 2014 onwards. In 2012 GHC 809 million was spent on subsidies on fuel and utilities, which was more than the GHC 755 million that was spent on the social protection programmes reviewed in this report. In 2013 GHC 1,022 million is earmarked for subsidies. However, from 2014 onwards estimated expenditure on subsidies on fuel and utilities will be zero, and this should afford an additional fiscal space of around 1 per cent of GDP, part of which could be used to step up social protection spending.

Last but not least, parallel with the establishment of a Ghana National Social Protection Strategic framework, a medium-term budget planning frame should be introduced - i.e., a social budget. This does not have to be an earmarked fund; it is even preferable that it not be a new statutory fund, which would add further rigidity to the budget. It could instead appear as a special chapter in the budget, similar to the current chapter on pro-poor spending. The most important point is that a sound planning framework be introduced that

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can be amended from time to time - for example, when the economic environment forces the Government to cut spending or when political priorities are revised in favour of (or, if need be, against) social protection. But the political decision-making process must be transparent and connected to changed perceptions that at the same time find their way into the GNSPS framework. What is essential is that the government's policy framework (the GNSPS), on the one hand, and the budget allocated to the entire set of social protection programmes (the social budget), on the other, be interlinked.

#### **5.5.4. Key messages**

*From the* foregoing assessment of Ghana's public finance and social protection spending, the following key messages should be highlighted:

- Consistency in data collection and representation needs to be enhanced, both for social protection programmes and for public finances in a wider sense.
- Clear rules are needed for the flow of funding to the social protection programmes, including the financial flows that are redirected through the statutory funds.
- The financial size of social protection in Ghana is modest.
- Social protection programmes need to be re-prioritized within the more encompassing poverty-related expenditure portfolio, in order to channel available resources to the programmes that are most effective.
- The reduction or termination of energy subsidies should free at least some fiscal space for stepping up social protection programmes in Ghana.
- There is a need for a social budget as a planning instrument to support the GNSPS.

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## PART II. POLICY SCENARIOS

### 6. Development of policy scenarios: Estimation of costs and impact on poverty reduction

#### 6.1. Introduction: Rationale and methodology

- The foregoing chapters have analysed the structure of social expenditure in Ghana and assessed a number of components of its social protection system. This chapter takes the analysis a step further and considers different policy scenarios that could be pursued with a view to enhancing the social protection system's sustainability, robustness, efficiency and effectiveness in preventing or reducing poverty and social exclusion. In order to develop recommendations on how to redirect resources to the most effective areas and reduce expenditure on less effective activities, it is necessary to look more closely into the future revenues and costs and cost-effectiveness or impact of the programmes. More specifically, this chapter contains baseline projections of the cost and impact of most of the programmes and, for some, the projection results of alternative scenarios.
- The remainder of this section explains the methodology used. Section 6.2 sets out the framework for the projections of seven current programmes. Section 6.3 analyses the cost and impact of alternative policy scenarios aimed at improving access to health care through the NHIS exemption and enhancing income security through LEAP and related programmes. Section 6.4 summarizes some of the conclusions to be drawn.
- Annex 2 summarizes the assumptions and drivers that were used for the projections.

##### 6.1.1. Rationale and methodology of cost estimates and cost projections

- The first step in costing the social protection programmes is to set out the general macroeconomic framework, the population projections and the government budget, *all of* which will serve as a frame of reference for the projections.
- The second step is to establish suitable "drivers" for projecting programme revenue, expenditure and number of beneficiaries. What constitutes a suitable driver depends on the design of the programme (for example, entitlement conditions, benefit levels, etc.) and on the available data. For some programmes demographic variables are suitable for projecting future beneficiaries. This is the case with universal programmes; for example, some of the education related programmes that are not specifically targeted at the poor or vulnerable. For other programmes, such as the labour market programmes, it makes more sense to look at economic variables as cost drivers. But in all cases it is the available resources - and therefore the government budget projections - that are the crucial factor in determining their sustainability.
- The final step is to use the analysis of the status quo to construct the projections by applying the drivers to the number of beneficiaries in the base year 2012. (For a further insight into the methodology used, see Cichon et al., 2004).

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### **6.1.2. Methodology for estimating the direct impact of policy options on poverty, based on static micro-simulations**

- *In order to* appreciate fully the policy options considered, this study complements the cost estimates and projection with an estimation of the impact on poverty reduction of the policy options considered.
- These estimations are based on a static micro-simulation of the transfer of cash and near-cash resources to households, and of its potential impact on poverty reduction. The methodology has been applied in a variety of contexts, (ILO, 2008a and 2008b, Behrendt, 2002, Bonnet et al., 2012, Gassmann and Behrendt, 2006). The static micro-simulation is limited to the direct impact of transfers on household income and expenditure (first-order effects); potential changes in behaviour (second-order effects) which could result from the availability of higher cash income (changes in consumption patterns, participation in employment, productive investments) are not considered here.
- The micro-simulation draws on the fifth round of the Ghana Living Standards Survey (GLSS 5) conducted in 2005-06. Given the limited data available, it is based on a number of simplifying assumptions.
- It is thus assumed that the population structure and distribution of incomes and consumption remain unchanged between 2005/06 and 2013 and therefore do not reflect possible changes in the distribution of incomes and poverty levels that may have occurred. While some studies suggest a decrease in poverty levels for 2010 based on GLSS 4 data for 1998/99 (Osei, 2011), the evidence currently available does not offer a sufficiently solid basis for updating income distribution in the country. When the GLSS 6 data become available, however, they could be applied to the model used for this study.
- All monetary amounts, including total household consumption and poverty lines, have been adjusted to 2013 price levels to allow for inflation, based on the change consumer prices reported by the Ghana Statistical Service. Accordingly, it is assumed that in 2013 the poverty line (GHC 370.89 per year in 2005) would reach GHC 1,032 per year (GHC 86 per month) in 2013, and the extreme poverty line (GHC288.47 per year in 2005) would reach GHC803 per year (GHC 67 per month).
- A more detailed description of the methodology applied is provided in Annex 1.

## **6.2. Baseline projections: Estimated cost of current programmes under the status quo**

### **6.2.1. The economic environment and population projections**

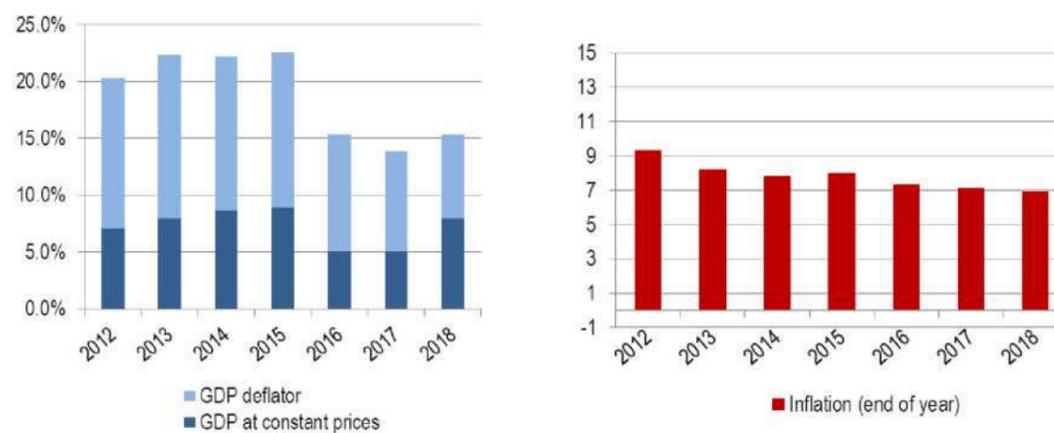
- Reflecting the macroeconomic, population and labour market framework used in this report, Table 6.1 and Figure 6.1 are based on the main economic assumptions that underpin the projections of social protection expenditure.

**Table 6.133. Economic parameters for 2012-18 (in million GH¢ unless otherwise indicated)**

	2012	2013	2014	2015	2016	2017	2018
GDP (at constant 2012 prices)	71,847	77,595	84,346	91,852	96,537	101,460	109,577
GDP (at current prices)	71,847	88,764	109,547	135,598	156,480	178,231	205,679
Real percentage GDP growth	7.1	8.0	8.7	8.9	5.1	5.1	8.0
Annual percentage increase in labour productivity	3.7	4.5	5.2	5.4	1.6	1.6	4.5
GDP deflator (annual percentage change)		14.3	13.5	13.7	10.3	8.8	7.4
Inflation (annual percentage change)	9.3	8.2	7.8	8.0	7.3	7.1	6.9

Source: Based on MoFEP budget for 2013-15, IMF for 2016-18, and own estimates for labour productivity.

**Figure 6.1. Percentage GDP growth and inflation, 2012-18**



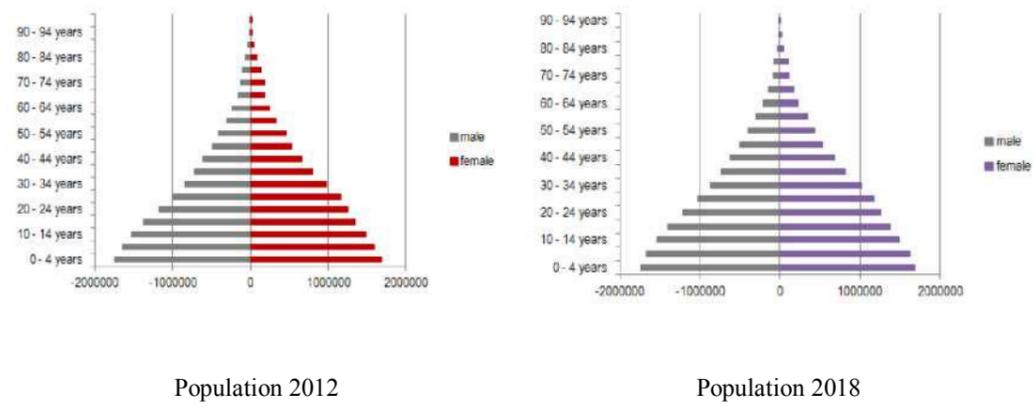
Source: MoFEP budget for 2013-15 and IMF for

**Table 6.2. Population projections, 2012-18**

(in 1,000)	2012	2013	2014	2015	2016	2017	2018
<b>Both sexes</b>	25,749	26,329	26,929	27,549	28,188	28,845	29,519
Male	12,581	12,876	13,182	13,497	13,821	14,154	14,497
Female	13,168	13,452	13,747	14,052	14,367	14,690	15,023

Source: Own calculations based on data from the GSS 2010 census and Government projections. An econometric interpolation

Figure 6.134. Population projections, 2012 and 2018



Source: Own calculations based on 2010 GSS census data and Government projections.

### 6.2.2. Public finance

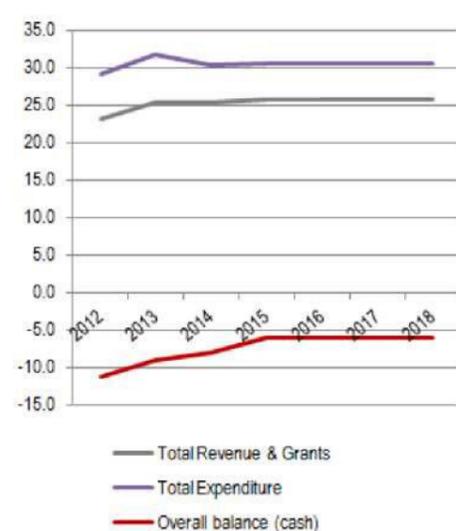
The assumptions for the government budget are shown in Table 6.3. The IMF provides projections for the entire period up to 2018. However, as the IMF estimates for 2013 to 2015 deviate substantially from the Government's estimates and in order to avoid large breaks in the series, this report makes the assumption that all major revenue and expenditure items in the government budget increase with nominal GDP growth between 2016 and 2018 - in other words, the GDP share of the revenue and expenditure items listed in the table are constant from 2015 onwards, as can be seen clearly in Figure 6.3.

**Table 6.135. Government budget: revenue and expenditure, 2012-18 (in million GH¢ unless otherwise)**

	2012	2013	2014	2015	2016	2017	2018
<b>I. REVENUES</b>							
Total revenue and grants	16,668	22,533	27,712	34,879	40,251	45,845	52,906
(percentage of GDP)	23.2	25.4	25.3	25.7	25.7	25.7	25.7
Total revenue	15,508	21,275	26,500	33,687	38,875	44,279	51,098
Tax revenue	12,655	17,255	21,560	27,356	31,569	35,957	41,494
Direct taxes	5,536	7,825	10,094	13,343	15,398	17,538	20,239
Indirect taxes	3,508	4,823	5,935	7,440	8,585	9,779	11,285
National Health Insurance Levy	714	918	1,081	1,331	1,536	1,750	2,019
Non-tax revenue	2,853	4,020	4,940	6,332	7,307	8,323	9,604
Grants	1,160	1,258	1,212	1,192	1,375	1,566	1,808
<b>II. EXPENDITURE</b>							
Total expenditure	20,945	28,163	33,254	41,244	47,596	54,211	62,560
(percentage of GDP)	29.2	31.7	30.4	30.4	30.4	30.4	30.4
Recurrent	15,973	23,008	26,947	32,914	37,983	43,263	49,925
Non-interest expenditure	13,537	19,814	23,013	28,057	32,378	36,879	42,558
Overall balance (commitment)	-4,276	-5,630	-5,542	-6,365	-7,345	-8,366	-9,654
(percentage of GDP)	-6.0	-6.3	-5.1	-4.7	-4.7	-4.7	-4.7
Overall balance (cash)	-8,106	-8,011	-8,725	-8,189	-9,451	-10,764	-12,422
(percentage of GDP)	-11.3	-9.0	-8.0	-6.0	-6.0	-6.0	-6.0

Source: IMF and government estimates (for 2012, Bank of Ghana provisional figures; for 2013-15, 2013 government budget)

**Figure 6.3. Government budget: revenue, expenditure and deficit, 2012-18 (percentages)**



Source: IMF and Government

Table 6.4 shows the projections for the main sources of funding for the social protection programmes in Ghana, outside the consolidated government budget. For 2013-15 the 2013 budget statement (MoFEP, 2013) has been used, whereas for 2016-18 a similar method has been applied as in previous years, i.e., holding the GDP shares of the various items constant.

**Table 6.4. Budget allocations to statutory funds and CST, projections, 2012-18 (in million GH¢)**

	2012	2013	2014	2015	2016	2017	2018
Statutory funds	1,357	2,759	3,377	4,262	4,918	5,602	6,465
National Health Insurance Fund	587	918	1,081	1,331	1,536	1,750	2,019
District Assemblies Common Fund	407	1,149	1,438	1,843	2,127	2,423	2,796
Ghana Education Trust Fund	363	691	858	1,087	1,255	1,429	1,649
Community services tax (CST)	128	151	181	217	251	285	329

Source: Bank of Ghana provisional figures for 2012, MoFEP for 2016-18 and ILO estimates.

These macroeconomic and fiscal assumptions set the stage for the baseline projections for the current social protection programmes (Section 6.2.3) and the reform scenarios (Section 6.3).

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### **6.2.3. Baseline expenditure projections for current social protection programmes, 2012-18**

#### **6.2.3.1. Baseline projections for social protection expenditure based on the status quo**

This subsection presents baseline projections for all programmes except LEAP and NHIS, which will be presented in the next section. The approach was adopted for each of the nine social protection programmes reviewed in this report (excluding the SIT which has ceased to exist).

*Assumptions used to project revenue.* First, the revenues for the programmes were projected, assuming the current 2013 level, adjusted for inflation when the source of revenues is the government budget. Several programmes also derive revenues from other sources. For the NHIS the assumption is that the entire amount collected through the NHIL, minus the share that flows to GYEEDA, is allocated to the scheme. This is an ideal scenario and deviates from historical practice where not more than two-thirds of NHIL collections were channelled to the NHIS. For GYEEDA it is assumed that 2 per cent of NHIF, 12 per cent of DACF, 3 per cent of GET Fund and 60 per cent of CST collections are allocated to the programme throughout the projection period. For LESDEP, apart from inflation-adjusted allocations from general revenue (constituting 75 per cent of total revenue), the assumption is that 25 per cent of the revenue is constituted by revolving funds from loans and income from revenue-generating operations. For the LIPW programme the status quo assumption is that the programme terminates after June 2016; the budget for the entire programme period that has not been spent in 2012 has been distributed in equal parts over the period 2013-16.

The next step was to project expenditure. Total expenditure is the sum of programme and administrative expenditure; both are explained below.

For both revenues and expenditure, the GDP share and the share of government revenue are shown in the tables.

The difference between projected revenues and expenditure is the deficit that needs to be funded from additional resources (e.g., through additional general revenue allocations) if the programme is continued in its current form.

*Assumptions used to project programme and administrative expenditure.* Where available, future programme and administrative expenditure was extrapolated from the initial data provided. For most programmes, administration expenditure was taken as a constant percentage of total expenditure. The percentage varies among the programmes and is based on initial administrative expenditure. Where the available information suggested unusually low levels, it was assumed that administrative expenditure would eventually stabilize at a higher level. For other programmes - for example, GYEEDA and LESDEP - the opposite applies. For LESDEP the administrative expenditure over the period was adjusted downwards to the current level of GYEEDA's administrative costs per participant, since this usually decreases after the initial implementation phase. Programme costs were calculated per beneficiary or participant and were then multiplied by the total number of beneficiaries or participants to arrive at the aggregate level. Individual benefit levels were adjusted for inflation over the projection period (i.e., benefit levels in most cases were fixed in real terms). For medical expenditure a mark-up of 2 per cent was applied on top of the annual inflation rate, to accommodate the empiric fact that medical inflation rates tend to be above non-medical inflation rates. For GYEEDA no information on current programme expenditure was received and the assumption was made that the average level of spending per participant was GHC 120, which is close to the current minimum wage and well within the range of earnings categories in the programme. For LESDEP information

was drawn from the 2011 financial statement to derive programme expenditure per participant (the result is close to the level of programme spending assumed for GYEEDA). For LIPW the 2013 level of earnings was used.

*Assumptions used to project the number of participants.* The final step was to estimate the number of beneficiaries or participants for each programme. For the baseline scenarios in general, the assumption is made that beneficiaries increase with demographic growth. This applies to most of the Ghana Education Service programmes, except for school uniforms where the number of pupils was capped at the current level. For the NHIS the trend increase from 2010 to 2012 was used (this results in a somewhat conservative estimate of future numbers of registered beneficiaries). For LEAP the target of 150,000 households in 2015 was applied, and the baseline assumption was that the level of households under the programme would stabilize at 164,000 in 2016-18. For some LIPW and LESDEP the number of beneficiaries was capped. For GYEEDA the target set for the period 2013-18 was used as a reference.

The results of the baseline projections for these programmes are given in Tables 6.5 to 6.11.

**Table 6.5. Baseline cost projections for Ghana Education Service capitation grant, 2012-18 (in million GHC unless otherwise indicated)**

	2012	2013	2014	2015	2016	2017	2018
Budget allocation	24.6	25.8	27.9	30.1	32.3	34.6	37.0
- as a percentage of total government revenue (excluding grants)	0.16	0.12	0.11	0.09	0.08	0.07	0.06
- as a percentage of GDP	0.03	0.03	0.03	0.02	0.02	0.02	0.02
Total expenditure	24.6	25.8	30.4	33.2	36.0	39.1	42.4
- as a percentage of total government revenue (excluding grants)	0.16	0.12	0.11	0.10	0.09	0.08	0.07
- as a percentage of GDP	0.03	0.03	0.03	0.02	0.02	0.02	0.02
- per beneficiary (GHS)	4.36	4.50	5.25	5.67	6.08	6.51	6.96
Surplus (deficit)	0.0	0.0	-2.6	-3.1	-3.7	-4.5	-5.4
Number of beneficiaries (1,000 pupils)	5,637	5,741	5,797	5,853	5,920	5,998	6,085

Source: Own calculations and estimates based on information provided by GES.

**Table 6.6. Baseline cost projections for Ghana Education Service free school uniforms programme, 2012-18 (in million GH¢ unless otherwise indicated)**

	2012	2013	2014	2015	2016	2017	2018
Budget allocation	8.2	28.0	30.2	32.6	35.0	37.5	40.0
- as a percentage of total government revenue (excluding grants)	0.05	0.13	0.11	0.10	0.09	0.08	0.07
- as a percentage of GDP	0.01	0.03	0.03	0.02	0.02	0.02	0.02
Total expenditure	8.2	28.0	11.7	12.6	13.5	14.5	15.5
- as a percentage of total government revenue (excluding grants)	0.05	0.13	0.04	0.04	0.03	0.03	0.03
- as a percentage of GDP	0.01	0.03	0.01	0.01	0.01	0.01	0.01
- per beneficiary (GH¢)	20.60	70.00	29.16	31.49	33.79	36.19	38.69
Surplus (deficit)	0.0	0.0	18.5	20.0	21.5	23.0	24.6
Number of beneficiaries (1,000 pupils)	400.0	400.0	400.0	400.0	400.0	400.0	400.0

Source: Own calculations and estimates based on information provided by GES

**Table 6.7. Baseline cost projections for Ghana Education Service free exercise books programme, 2012-**

	2012	2013	2014	2015	2016	2017	2018
Budget allocation	8.2	28.0	30.2	32.6	35.0	37.5	40.0
- as a percentage of total government revenue (excluding grants)	0.05	0.13	0.11	0.10	0.09	0.08	0.07
- as a percentage of GDP	0.01	0.03	0.03	0.02	0.02	0.02	0.02
Total expenditure	8.2	28.0	11.7	12.6	13.5	14.5	15.5
- as a percentage of total government revenue (excluding grants)	0.05	0.13	0.04	0.04	0.03	0.03	0.03
- as a percentage of GDP	0.01	0.03	0.01	0.01	0.01	0.01	0.01
- per beneficiary (GH¢)	20.60	70.00	29.16	31.49	33.79	36.19	38.69
Surplus (deficit)	0.0	0.0	18.5	20.0	21.5	23.0	24.6
Number of beneficiaries (pupils, 1,000)	400.0	400.0	400.0	400.0	400.0	400.0	400.0

Source: Own calculations and estimates based on information provided by GES.

**Table 6.8. Baseline cost projections for Ghana school feeding programme, 2012-18 (in million GH¢ unless otherwise indicated)**

	2012	2013	2014	2015	2016	2017	2018
Budget allocation	63.7	199.0	70.0	75.6	81.1	86.9	92.9
- as a percentage of total government revenue (excluding grants)		0.41	0.94	0.26	0.22	0.20	0.18
- as a percentage of GDP	0.09	0.22	0.06	0.06	0.05	0.05	0.05
Total expenditure	63.1	69.2	75.3	82.1	89.1	96.7	104.8
- as a percentage of total government revenue (excluding grants)		0.41	0.33	0.28	0.24	0.22	0.20
- as a percentage of GDP	0.09	0.08	0.07	0.06	0.06	0.05	0.05
- per beneficiary (GH¢)	38.40	41.55	44.79	48.37	51.91	55.59	59.43
Surplus (deficit)	0.7	129.8	-5.3	-6.5	-8.0	-9.8	-12.0
Programme expenditure	62.0	68.0	74.0	80.7	87.6	95.1	103.1
Administrative expenditure	1.1	1.2	1.3	1.4	1.5	1.6	1.8
- per beneficiary (GH¢)	0.65	0.70	0.75	0.81	0.87	0.93	1.00
- as a percentage of total expenditure	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Number of beneficiaries (1,000 pupils)	1,642	1,665	1,681	1,697	1,717	1,739	1,764

Source: Own calculations and estimates based on information provided by GSFP administration.

The capitation grant programme will run into deficit unless the budget allocation allows for future increases in the number of children, even if the per capita amount is adjusted for inflation, which it is not the case at present. The same applies to some extent to the free exercise books programme and to the Ghana school feeding programme. The school uniforms programme, on the other hand, appears to run a sizable surplus. This report will not touch on priorities, but the Government could decide to spend the excess resources within the programme to distribute school uniforms to more children than the current rather low number benefiting from the programme. It can in any case be concluded that, with some reallocations of resources within the Ghana Education Service programmes, these programmes should be sustainable in the medium term.

**Table 6.141. Baseline cost projections for GYEEDA National Youth Employment Programme, 2012-18**  
(in

	2012	2013	2014	2015	2016	2017	2018
Budget allocation	488.6	297.5	360.8	445.7	511.5	580.0	665.9
- as a percentage of total government revenue (excluding grants)	3.2	1.4	1.4	1.3	1.3	1.2	1.2
- as a percentage of GDP	0.7	0.3	0.3	0.3	0.3	0.3	0.3
Total expenditure	211.8	258.0	313.1	380.6	459.8	554.4	667.2
- as a percentage of total government revenue (excluding grants)	1.4	1.2	1.2	1.1	1.1	1.2	1.2
- as a percentage of GDP	0.3	0.3	0.3	0.3	0.3	0.3	0.3
- per participant (GHS)	1,484	1,606	1,731	1,869	2,006	2,148	2,297
Surplus (deficit)	276.8	39.5	47.8	65.0	51.7	25.6	-1.2
Programme expenditure	205.5	250.3	303.8	369.3	446.1	537.9	647.4
Administrative expenditure	6.3	7.7	9.3	11.3	13.7	16.5	19.8
- per participant (GHS)	44	48	51	56	60	64	68
- as a percentage of total expenditure	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Number of beneficiaries (1,000 participants)	142.7	160.6	180.9	203.6	229.2	258.0	290.5

Source: Own calculations and estimates based on information provided by GYEEDA.

Despite the sizable resource allocations that accrue to this programme, GYEEDA will run into a small deficit towards the end of the projection period, given its targeted number of participants.

**Table 6.142. Baseline cost projection for LESDEP, 2012-18 (in million GH¢ unless otherwise indicated)**

	2012	2013	2014	2015	2016	2017	2018
Budget allocation	107.1	100.0	107.8	116.5	125.0	133.8	143.1
- as a percentage of total government revenue (excluding grants)		0.69	0.41	0.35	0.31	0.28	0.25
- as a percentage of GDP	0.15	0.11	0.10	0.09	0.08	0.08	0.07
Total expenditure	102.6	95.8	112.4	120.1	126.3	135.3	144.7
- as a percentage of total government revenue (excluding grants)		0.66	0.42	0.36	0.31	0.28	0.25
- as a percentage of GDP	0.14	0.11	0.10	0.09	0.08	0.08	0.07
- per participant (GH¢)	2,294	1,597	1,653	1,766	1,858	1,990	2,127
Surplus (deficit)	4.5	4.2	-4.6	-3.6	-1.4	-1.5	-1.6
Programme expenditure	93.9	86.7	105.9	114.4	122.7	131.4	140.5
Administrative expenditure	7.3	7.8	7.9	6.9	4.1	4.3	4.6
- per participant (GH¢)	164	130	117	101	60	64	68
- as a percentage of total expenditure	7.2	8.2	7.0	5.7	3.2	3.2	3.2
Number of beneficiaries (1,000 participants)	44.7	60.0	68.0	68.0	68.0	68.0	68.0

Source: Own calculations based on information provided by LESDEP

Assuming the continued availability of funding, according to the above assumptions the LESDEP programme is projected to incur a small deficit. Having said this, it should be noted that the projections are based on the assumption that the number of participants will not increase further after 2014. Should that nevertheless occur, then the financial resources as projected will not be sufficient.

**Table 6.143. Baseline cost projections for Labour-Intensive Public Works programme, 2012-18 (in million GHC unless otherwise indicated)**

	2012	2013	2014	2015	2016	2017	2018
Budget allocation	38.4	15.7	15.7	15.7	15.7		
- as a percentage of total government revenue (excluding grants)	0.25	0.07	0.06	0.05	0.05	0.04	
- as a percentage of GDP	0.05	0.02	0.01	0.01	0.01	0.01	
Total expenditure	9.4	14.3	14.3	14.2	14.1		
- as a percentage of total government revenue (excluding grants)	0.06	0.07	0.05	0.04	0.04	0.04	
- as a percentage of GDP	0.01	0.02	0.01	0.01	0.01	0.01	
- per participant (GHQ)		326.72	499.93	498.07	496.22	494.35	
Surplus (deficit)		*	1.4	1.4		1.5	1.5
Programme expenditure	8.2	12.6	12.5	12.5	12.5		
Administrative expenditure	1.1	1.7	1.7	1.7	1.7		
- per participant (GHQ)	39	60	60	60	59		
- as a percentage of total expenditure	12.0	12.0	12.0	12.0	12.0		
Number of beneficiaries (1,000participants)	28.6	28.6	28.6	28.6	28.6		

\* The surplus for 2012 has been reallocated to 2013-16

Source: ILO calculations based on information provided by the MLGRD/GSOP

The LIPW is a pilot programme of limited duration and budget. Its targeted number of participants has been reached and therefore no further expansion in terms of numbers of participants was projected. Given the number of beneficiaries, the benchmark of GHC 150 per participant and the requirement that half the expenditure should go to the earnings of low-skilled workers, programme spending will remain well below the available budget. Within the resources available, a further extension of the programme could be envisaged to other communities and districts in the regions where it is currently operational.

### 6.3. Policy scenarios: Estimated cost and impact of various policy scenarios

#### 6.3.1. Income security

##### 6.3.1.1. Base case 1: Existing LEAP programme design

###### *Description*

The base case reflects the current benefit design and eligibility conditions under the LEAP programme as described in Section 3.1.1 of this report.

For the baseline cost estimates for the LEAP programme the following parameters were applied:

- 
- *Budget allocation.* The GHC 30 million budget allocation for 2013 is the basis for the projections. The assumption for the baseline is that this budget is adjusted for inflation, but not increased further. Possible funding from external donors to finance the envisaged scaling up of the LEAP programme is not reflected in the budget allocation in the projections.
  - *Programme and administrative expenditure.* For expenditure the various benefit levels (ranging from GHC 24 to GHC 45, depending on the number of eligible persons in the household) are multiplied by the number of households that were reported to have receive the benefits in 2012. This results in an estimate of programme expenditure that falls some 30 per cent short of actual spending in 2012 (even if not all the benefits were actually paid). For the short term, the part of reported programme expenditure that cannot be reconciled with the reported statistics on expenditure on benefits paid has been attributed to administration costs. The recalculated non-programme expenditure is therefore 28.9 per cent of total expenditure, i.e. a recalculated administrative cost that is close to 30 per cent of total expenditure. Consequently, the cost projections are based on the assumption that administrative costs will gradually decrease to 12 per cent of total expenditure by 2016.
  - *Beneficiaries and benefit level.* Reflecting the envisaged expansion of the programme and the targets set out in the draft GNSPS, the number of beneficiaries was assumed to increase from 73,300 in the baseline year (2012) to 150,000 by 2015, and further to 164,000 from 2016 onwards. It was assumed that benefit levels would be adjusted annually for inflation.

It is not possible from GLSS 5 data to estimate the direct impact on poverty with any degree of accuracy, as the roll-out of the programme is still incomplete.

#### *Results of cost estimates and projections*

*The* baseline projections show a modest deficit (Table 6.12), which derives from the fact that budget allocations were assumed to increase with inflation whereas the substantial increase in the number of beneficiaries was not taken into account. Since the envisaged expansion in the number of beneficiaries to approximately 164,000 is to be funded through external donor resources, the table only shows the gap to be bridged in order to achieve the target towards 2016. The projected deficit occurs only towards the end of the projection period because it was assumed that the current "overspending" would decrease only gradually (in line with improved administration), and hence that there is still some "windfall" in the resources in 2013-15.

**Table 6.145. Baseline cost projections for LEAP, 2012-18 (in million GH¢ unless otherwise indicated)**

	2012	2013	2014	2015	2016	2017	2018
Budget allocation	10.0	30.0	32.3	34.9	37.5	40.1	42.9
- as a percentage of total government revenue (excluding grants)		0.06	0.14	0.12	0.09	0.08	0.07
- as a percentage of GDP	0.01	0.03	0.03	0.03	0.02	0.02	0.02
Total expenditure	22.6	24.6	29.2	35.6	44.8	47.9	51.2
- as a percentage of total government revenue (excluding grants)		0.15	0.12	0.11	0.11	0.10	0.09
- as a percentage of GDP	0.03	0.03	0.03	0.03	0.03	0.03	0.02
Surplus (deficit)	-12.6	5.4	3.2	-0.7	-7.3	-7.8	-8.3
Programme expenditure	16.1	18.5	23.4	30.2	39.4	42.2	45.1
- per household (GH¢)	219.29	184.58	170.40	201.06	239.63	256.64	274.35
Administrative expenditure*	6.5	6.1		5.8	5.5	5.4	5.8
- per household (GH¢)	89.21	60.44	42.20	36.42	32.68	35.00	37.41
- as a percentage of total expenditure	289	24.7	199	153	12.0	12.0	12.0
Number of beneficiaries (1,000 households)	72.2	100.2	127.2	150.0	164.4	164.4	164.4

\* This includes officially reported administrative spending and spending that cannot count as programme expenditure.  
Source: Own calculations and estimates based on information provided by LEAP administration.

### 6.3.1.2. Scenario 1a: Nationwide extension of the LEAP programme

#### *Description of the scenario*

Scenario 1a reflects the extension of the LEAP programme to nationwide coverage. It was assumed that the LEAP programme would be available in all regions, districts and communities throughout the country and that all households living in extreme poverty and with members who fulfil the eligibility criteria (old age, orphans and vulnerable children)<sup>23</sup> would be eligible for the benefits. It was also assumed that benefit levels would be unchanged except for an adjustment for inflation.

Although the eligibility criteria and benefit levels are unchanged from the current situation, the assumptions with regard to geographic extension (including districts and communities not yet covered) and targeting (assuming full coverage of those living in extreme poverty who meet the eligibility criteria) imply a significant expansion of the programme. This would result in a substantial increase in costs, but at the same time an increase in the programme's impact on poverty reduction compared to the current situation.

<sup>23</sup> Due to data limitations it was not possible to include persons with disabilities and chronic illnesses in the micro-simulation. As a result, the scenario slightly underestimates the potential cost and impact on poverty reduction.

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For the cost estimates for this scenario the following parameters were applied:

- *Budget allocation.* The scenario follows the same assumptions as under the baseline.
- *Programme and administrative expenditure.* The scenario follows the same assumptions as under the baseline.
- *Beneficiaries and benefit level.* For the cost projections, it was assumed that full national coverage would be reached by 2016. Hence this scenario shows a rapid increase of the number of beneficiaries in 2013-15. From 2016 onwards the increase in the number of LEAP households follows the population projections and the assumption that the average household size would continue to decrease from 4.5 in 2010 to 4.2 in 2020. The estimated number of eligible households was based on the assumption that approximately 5.7 per cent of all households would fulfil the LEAP eligibility criteria (living in extreme poverty and including at least one older person, orphan, vulnerable child or person with a disability) according to the GLSS survey. This share is kept constant over the projection period so that the number of beneficiary households increases in line with demographic trends (from approximately 374,000 in 2016 to 399,000 in 2018).

#### *Cost estimates and projections*

*Table 6.13 shows that under this scenario the programme will run into a sizable deficit. Hence, in order to expand the LEAP programme to the size that was simulated in this scenario, additional resources need to be mobilized. Nevertheless, the required additional resources appear manageable. The extra budget would be of the order of 0.15 per cent of estimated government revenues (excluding grants).*

**Table 6.147. Scenario 1a: Cost projections. 2012-18 (in million GH¢ unless otherwise indicated)**

	2012	2013	2014	2015	2016	2017	2018	
Budget allocation	10.0	30.0	32.3	34.9	37.5	40.1	42.9	
- as percentage of total government revenue (excluding grants)	0.06	0.14	0.12	0.10	0.09	0.08	0.07	
- as percentage of GDP	0.01	0.03	0.03	0.03	0.02	0.02	0.02	
Total expenditure	22.6	30.2	44.0	69.1	101.8	112.7	124.4	
- as percentage of total government revenue (excluding grants)	0.15	0.14	0.17	0.21	0.25	0.23	0.22	
- as percentage of GDP	0.03	0.03	0.04	0.05	0.07	0.06	0.06	
Surplus (deficit)	-12.6	-0.2	-11.7	-34.1	-64.3	-72.5	-81.5	
<i>Difference relative to baseline scenario</i>		-5.6	-14.8	-33.4	-57.1	-64.7	-73.2	
Programme expenditure	16.1	22.7	35.3	55.9	89.6	99.1	109.5	
- per household, in GH¢		219.29	212.49	221.54	231.17	239.63	256.64	274.35
Administrative expenditure*		6.5	6.1	5.8	7.6	12.2	13.5	14.9
- per household, in GH¢	89.21	56.65	36.38	31.52	32.68	35.00	37.41	
- as percentage of total expenditure	28.92	0.20	0.13	0.11	0.12	0.12	0.12	
Number of beneficiaries (1,000 households)	73.3	107.0	159.2	241.6	373.9	386.3	399.1	

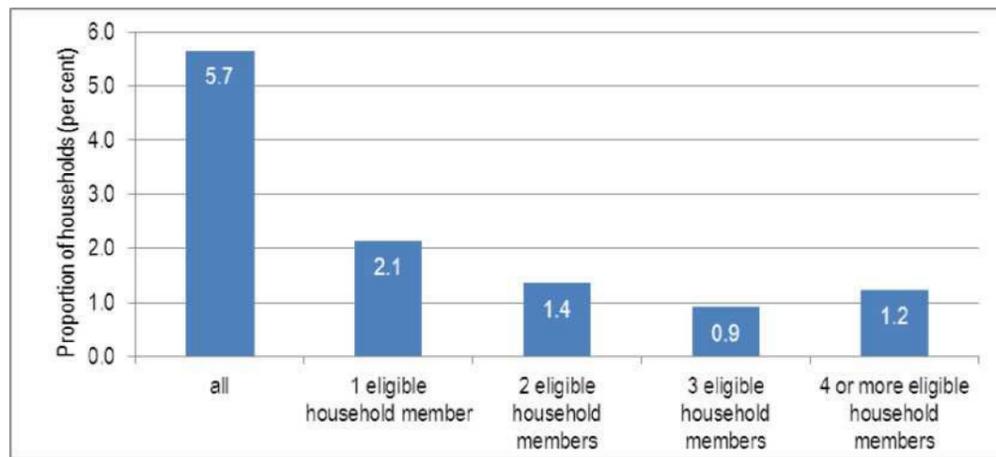
Source: ILO calculations based on information provided by LEAP administration

\* this includes officially reported administrative spending and spending that cannot account as programme expenditure

**Potential direct impact on poverty (static micro-simulation)**

Based on the assumptions set out above, the nationwide extension of the LEAP programme could reach 5.7 per cent of all households, which would cover more than 300,000 households (see Figure 6.1). The extension to full nationwide coverage would be a marked increase from the current 75,000 households and take the programme beyond the 165,000 households scheduled for coverage by 2016. It is estimated under this scenario that 9.1 per cent of the population would live in a household receiving LEAP benefits.

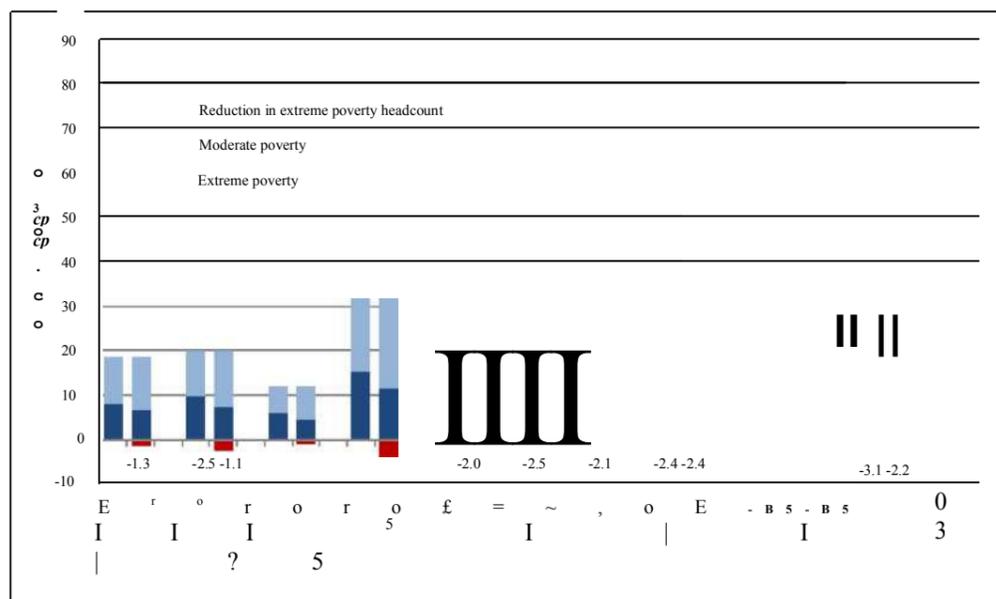
**Figure 6.1. Scenario 1a: Nationwide extension of LEAP: Proportion of households covered (total and by number of eligible household members)**



Source: Own simulation based on data from GLSS

The micro-simulation estimates that the nationwide extension of the LEAP programme could reduce the prevalence of extreme poverty by 2.2 percentage points, from 18.1 per cent to 15.9 per cent of the population (Figure 6.2). As the programme is assumed to focus only on households in extreme poverty, there is no significant effect on overall poverty rates. However, the benefit would of course have an impact on the depth of poverty of recipient households, even if it did not lift them above the poverty line (see poverty gap analysis below).

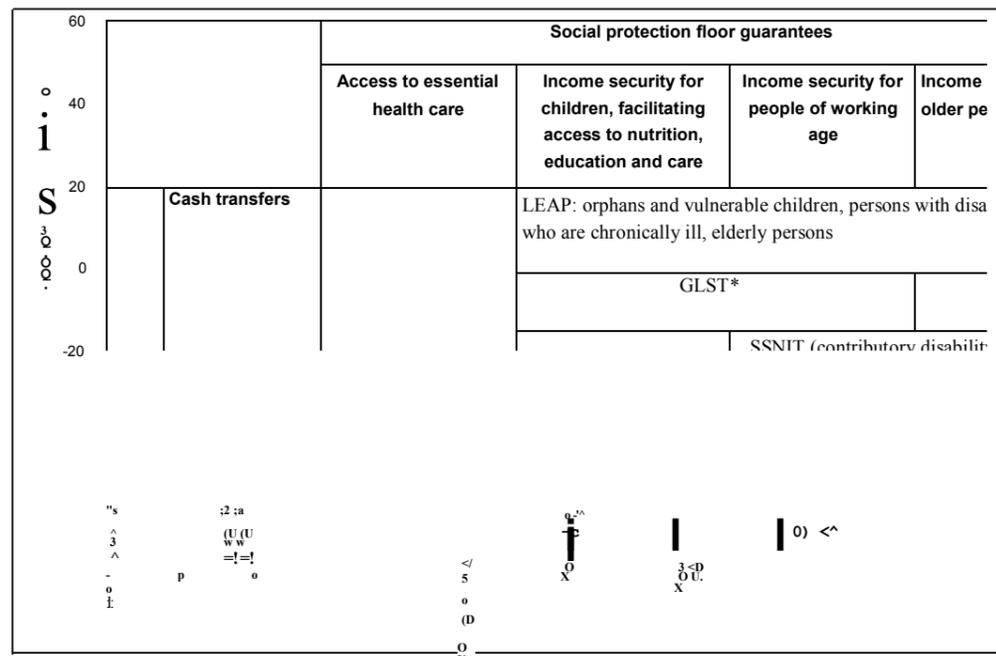
**Figure 6.2. Scenario 1a: Nationwide extension of LEAP: Reduction of extreme poverty rates by region**



Source: Own simulation based on data from GLSS 5.

The nationwide extension of LEAP would have the strongest effect in terms of a reduction in extreme poverty rates in Volta (- 3.8 percentage points) and Upper West (- 3.1 percentage points).

**Figure 6.7. Scenario 1a: Nationwide extension of LEAP: Reduction of extreme poverty rates by household type**



Source: Own simulation based on data from GLSS 5.

The nationwide extension of LEAP would have a marked impact on reducing extreme poverty rates for households with older people (- 5.5 percentage points), households with orphans and vulnerable children (OVCs) (- 4.5 percentage points) and households with six or more children (- 4.2 percentage points), as well as people living in female-headed households (- 3.9 percentage points) (see Figure 6.3).

#### Policy considerations

In view of the Government's commitment to a significant expansion of the LEAP programme in the near future, it appears reasonable to assume that a further expansion to nationwide coverage can be achieved in the medium term. However, this calls for a firm commitment to a reliable and stable funding base in order to ensure that benefits are paid in a timely and efficient manner. This is all the more important because current benefit levels are relatively modest and because, for maximum impact, beneficiaries need to be able to rely on them for day-to-day planning.

The nationwide extension of the programme will also require greater emphasis on the effectiveness and efficiency of targeting mechanisms, ensuring that beneficiaries and non-beneficiaries understand on what grounds they have or have not been included in the programme. An important step would be to give the programme a legal foundation, i.e., for eligibility criteria to be stipulated in a law. This would strengthen the appeals and complaints mechanisms and enhance its transparency and effectiveness. The reform of the targeting mechanism, which has already begun, is an important step in this direction.

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6.3.1.3. Scenario 1b: Nationwide extension of the LEAP programme and increase in the level of benefits

*Description of the scenario*

Assuming a nationwide extension of the LEAP programme as in Scenario 1a, this scenario further assumes an increase in the level of benefits. This assumed increase responds to concerns that the current level of benefits under the LEAP programme, even after the substantial increase introduced in 2012, is still somewhat low compared to similar programmes in other countries.

It is therefore assumed that benefit levels would be increased by 50 per cent. The benefit for the first eligible person in the household (currently GHC 24 per month) would be increased to GHC 36 - i.e., 42 per cent of the poverty line for a single person in 2013 and 54 per cent of the extreme poverty line, compared to 36 per cent and 28 per cent respectively under the current programme.

*Cost estimates and projections*

The increase in the level of benefits, which is assumed to become effective from 2014 onwards, would have a large impact on the deficit in 2014 and in 2015 (given that the windfall in the resources in these years was assumed to have already been allocated to the expansion of the programme under Scenario 1a); the deficit would rise further to an estimated shortfall of GHC 120 million towards the end of the period (Table 6.14), and would call for an additional budget of around 0.2 per cent of estimated government revenue (excluding grants).

**Table 151.14. Scenario 1b: Cost projections. 2012-18 (in million GH¢ unless otherwise indicated)**

	2012	2013	2014	2015	2016	2017	2018	
Budget allocation	10.0	30.0	32.3	34.9	37.5	40.1	42.9	
- as percentage of total government revenue (excluding grants)	0.06	0.14	0.12	0.10	0.09	0.08	0.07	
- as percentage of GDP	0.01	0.03	0.03	0.03	0.02	0.02	0.02	
Total expenditure	22.6	30.2	60.9	96.1	141.7	156.8	173.1	
- as percentage of total government revenue (excluding grants)	0.15	0.14	0.23	0.29	0.35	0.33	0.30	
- as percentage of GDP	0.03	0.03	0.06	0.07	0.09	0.09	0.08	
Surplus (deficit)	-12.6	-0.2	-28.6	-61.2	-104.2	-116.6	-130.2	
<i>Difference relative to baseline scenario</i>		-5.7	-31.7	-60.5	-96.9	-108.8	-121.9	
Programme expenditure	16.1	22.7	49.1	77.7	124.7	137.9	152.4	
- programme exp. per household, in GHQ		219.29	212.49	308.27	321.67	333.43	357.11	381.75
Administrative expenditure*		6.5	6.1	5.8	7.6	12.2	13.5	14.9
- admin.exp. per household, in GHQ	89.21	56.65	36.38	31.52	32.68	35.00	37.41	
- as percentage of total expenditure	28.92	20.05	9.51	7.93	8.62	8.62	8.62	
Number of beneficiaries (households, 1,000)	73.3	107.0	159.2	241.6	373.9	386.3	399.1	

\* This includes reported administrative expenditure and spending that cannot count as programme expenditure.

Source: ILO calculations based on information provided by the LEAP administration

#### *Potential direct impact on poverty (static micro-simulation)*

The higher LEAP benefit levels in Scenario 1b result in a more pronounced reduction of extreme poverty rates (Figure 6.4) compared to Scenario 1a. The strongest effect on poverty rates is found in Upper West (- 6.5 percentage points) and Volta (- 5.1 percentage points).



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### *Policy considerations*

While Scenario 1b suggests a substantial increase in the impact of the LEAP programme on poverty reduction compared to Scenario 1a, it would of course necessitate a significantly higher budget allocation. The evidence from a qualitative study conducted in the context of the mid-term evaluation of the LEAP programme indicates that many beneficiaries would prefer an extension of the coverage of the programme (that is, the inclusion of other members of their community) to an increase in the level of benefits (which could have benefitted themselves personally).<sup>24</sup>

The relatively low benefits in the LEAP programme is certainly a concern in terms of its limited impact on poverty reduction, but it may nevertheless be advisable to prioritize the geographic extension of the programme to all districts and communities, particularly in the north, before further increasing their level. Priority might thus be given to Scenario 1a in the short term.

#### 6.3.1.4. Scenario 1 c: Cash benefit for pregnant women, young mothers and children under five

##### *Description of the scenario*

This scenario responds to concerns about Ghana's impressive but still insufficient progress in reducing maternal mortality and morbidity, as well as about the relative lack of appropriate social protection instruments for children under the age of five. It also responds to the need to accord special care and paid leave to mothers during a reasonable period before and after child-birth, as set out in Article 27 of the Constitution. The scenario reflects the priorities of the GSGDA, which observes that "the responsibilities of social reproduction and care, which are basically left to women and go unremunerated and undervalued, and which hold down women's ability to earn sustainable incomes and compound their structural disadvantages, will be reviewed and supported with appropriate policy interventions." (NDPC, 2010a, p. 120).

Support for children was expressed as the single most important priority by stakeholders at the consultation workshop. In order to enhance maternal health and invest in young children's health and development, this scenario proposes a combined benefit for extremely poor families with pregnant women and young children.

While the actual design and implementation of such a programme would certainly need to be further refined,<sup>25</sup> the following broad assumptions are used for the purpose of this study: A flat cash benefit of GHC 25 per month would be payable to poor families which include a pregnant woman and/or children up to the age of five. The benefit could possibly be linked to the recommended schedule of prenatal care, assisted birth or post-natal care visit within 48 hours (if realistic) postnatal care for mother and infant, as well as information sessions on maternal and reproductive health and on child health and child care. However, this may not be sufficient to meet the needs of pregnant women and young children.

<sup>24</sup> Evidence presented by FAO during a workshop on the mid-term evaluation of the LEAP programme, Akosombo, July 2013.

<sup>25</sup> Administratively, the programme could possibly be linked to the existing LEAP programme once it is scaled up to full national coverage. It would also require close coordination with the National Health Insurance Agency and its regional and district structures, as well as with district health services. The Government of Ghana is currently discussing collaboration with the ILO to explore further the design and implementation of a maternity benefit scheme.

Further study would be necessary to evaluate the adequacy of the assumed benefit level for the programme

With regard to the cost estimates, programme expenditure has been calculated on the basis of the number of beneficiaries and the level of benefits. It is assumed that this benefit would be paid to all eligible households from 2014 onwards and that the level of benefit would be adjusted for inflation. Administration costs were estimated at 12 per cent of total expenditure.

#### Cost estimates and projections

Table 6.15 shows the estimated costs of this programme for the projection period. Expenditure would be around 0.5 per cent of government (non-grant) revenue.

**Table 6.15. Scenario 1c: Cost projections, 2012-18 (in million GH¢ unless otherwise indicated)**

	2012	2013	2014	2015	2016	2017	2018
Total expenditure			157.3	175.5	194.5	215.2	237.7
- as percentage of total government revenue (excluding grants)			0.59	0.52	0.48	0.45	0.42
- as percentage of GDP			0.14	0.13	0.12	0.12	0.12
- per beneficiary (GH¢)			341	368	395	423	452
Programme expenditure			138.4	154.4	171.2	189.4	209.2
Administrative expenditure			18.9	21.1	23.3	25.8	28.5
- per beneficiary (GH¢)			41	44	47	51	54
- as percentage of total expenditure			12.0	12.0	12.0	12.0	12.0
Number of beneficiaries (1,000)			461.5	476.6	492.4	508.7	525.5

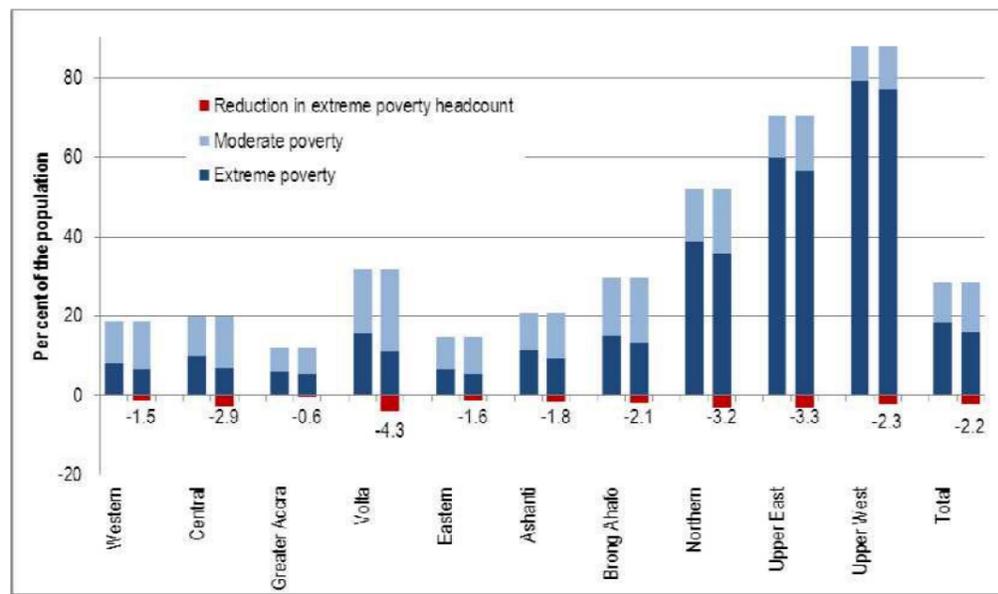
Source: ILO calculations

#### Potential direct impact on poverty (static micro-simulation)

A cash benefit for pregnant women and children under the age of five, as set out above, would reach an estimated 7.4 per cent of all households. As beneficiary households tend to be larger households, about 13.4 per cent of the population would be members of a beneficiary household and be entitled to the benefit.

Overall, extreme poverty rates could be reduced by 2.2 percentage points, which is considerable given the relatively limited budget for the implementation of the programme (roughly 0.5 per cent of GDP). It is estimated that the impact on poverty rates would be greatest in Volta (- 4.3 percentage points), the three northern regions and the Upper East (- 3.2 and - 3.3 percentage points, respectively) (Figure 6.6).

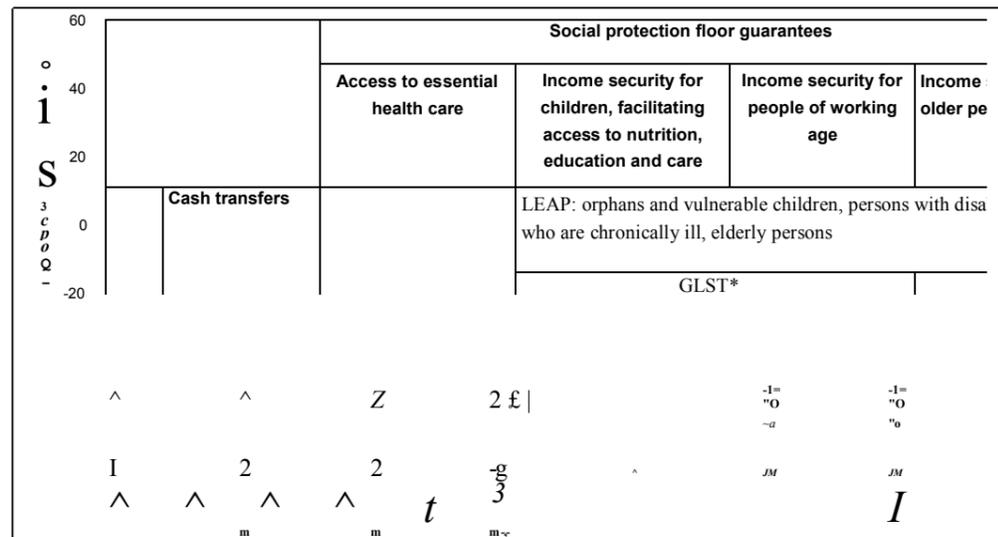
**Figure 6.6. Scenario 1c: Reduction of extreme poverty rates by region**



Source: Own simulation based on data from GLSS

It is not surprising that households with several children stand to benefit from this programme more than others (Figure 6.7). However, given that the scenario is based on the assumption that only one benefit can be paid to a household, its impact may become diluted in larger households.

**Figure 6.7. Scenario 1c: Reduction of extreme poverty rates by household type**



Source: Own simulation based on data from GLSS 5.

**Policy considerations**

Scenario 1c addresses one of the gaps that have been identified in the current social protection system in Ghana, which is the relative weakness of social protection benefits for children under the age of five. At the same time, the benefit modelled in this scenario contributes to maternal and child health, as well as to income security during this critical phase in the life of mothers and children. The potential linkages of such a benefit with

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several policy objectives, including maternal and reproductive health, nutrition and care, could render it very appealing, but at the same time it increases the need for careful design of the benefit and qualifying conditions and of its linkages to essential social services, so as to ensure optimal implementation and functioning of such a programme.

6.3.1.5. Scenario 1d: Non-contributory pension for all older persons

*Description of the scenario*

According to Ghana's National Ageing Strategy, the Government should put in place policies that empower older persons to participate fully and effectively in the economic, social and political lives of their society. While some extremely poor older persons are currently covered under the LEAP programme, their situation is such that they are unlikely to graduate from the programme. This scenario therefore proposes a modest non-contributory pension for all older people, which would provide them with a basic level of income and contribute to assuring them a dignified old age.<sup>26</sup>

This scenario assumes that all older people above the age of 65 would benefit from a non-contributory pension of GHC 40 per month, which is equivalent to 46 per cent of the poverty line and 60 per cent of the extreme poverty line for a single person. A gradual implementation of the programme could start with people aged 70 and older and subsequently reduce the age threshold as fiscal space widens. In view of the high level of deprivation in rural areas, the programme could also start with older persons in rural areas and extend to urban areas when possible.

The costing exercise below does not take into account such phasing-in arrangements, and it is assumed that the programme is operational from 2014 onwards. Obviously a more gradual implementation will give a more gradual increase in spending.

Programme expenditure is the number of beneficiaries multiplied by the level of the benefit. The assumption is that the benefit is paid to all individuals aged 65 and above from 2014 onwards, and that the level of the benefit will be adjusted with inflation. Administration costs were estimated at 6 per cent of total expenditure.

*Cost estimates and projections*

Table 6.16 shows the cost estimates and projections for a universal non-contributory pension. The required resources are of the magnitude of 1.5 per cent of (non-grant) government revenue or 0.5 per cent of GDP.

While the projected costs are substantial, there are some cost savings to be expected in LEAP, considering that a large proportion of current elderly LEAP beneficiaries could be transferred to this social pension programme.

<sup>26</sup> Other African countries have implemented a non-contributory pension for older people (often referred to as a "social pension"), including Cape Verde, Lesotho, Namibia and South Africa. Lesotho's and Namibia's programmes are universal, while Cape Verde's and South Africa's are means-tested.

**Table 6.16. Scenario 1d: Cost projections (in million GH¢ unless otherwise indicated)**

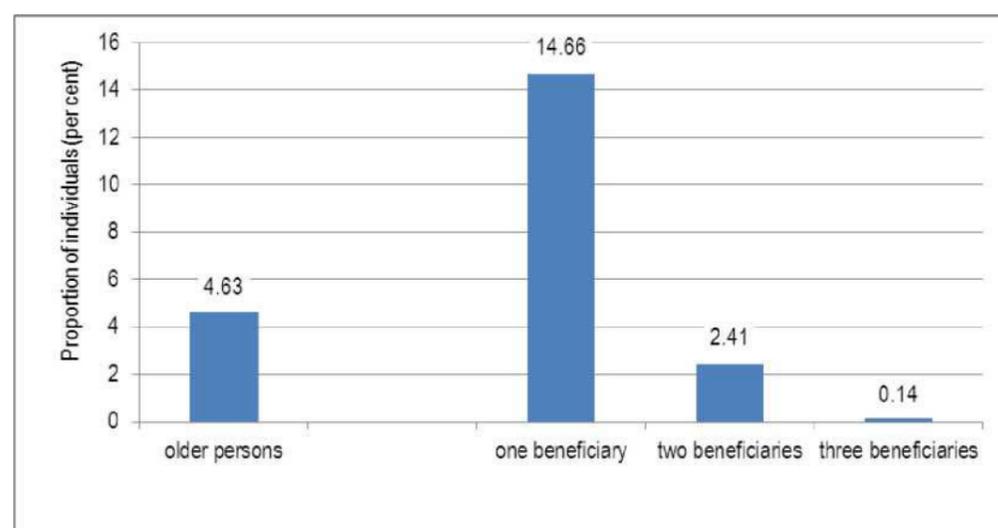
	2012	2013	2014	2015	2016	2017	2018
Total expenditure			631.6	645.6	701.1	758.0	816.8
- as percentage of total government revenue (excluding grants)			2.38	1.92	1.75	1.57	1.43
- as percentage of GDP			0.58	0.48	0.45	0.43	0.40
- per beneficiary (GH¢)			545	551	592	634	677
Programme expenditure			555.8	606.9	659.0	712.5	767.8
Administrative expenditure			75.8	38.7	42.1	45.5	49.0
- per beneficiary (GH¢)			65	33	36	38	41
- as percentage of total expenditure			12.00	6.00	6.00	6.00	6.00
Number of beneficiaries (1,000)			1,157.9	1,170.7	1,184.8	1,196.0	1,205.6

Source: ILO calculations

*Potential direct impact on poverty (static micro-simulation)*

Although they directly reach only a relatively small proportion of the population (4.6 per cent), non-contributory pensions would directly benefit more than 17 per cent of the population (all those living in a household which includes an older person) (Figure 6.8).

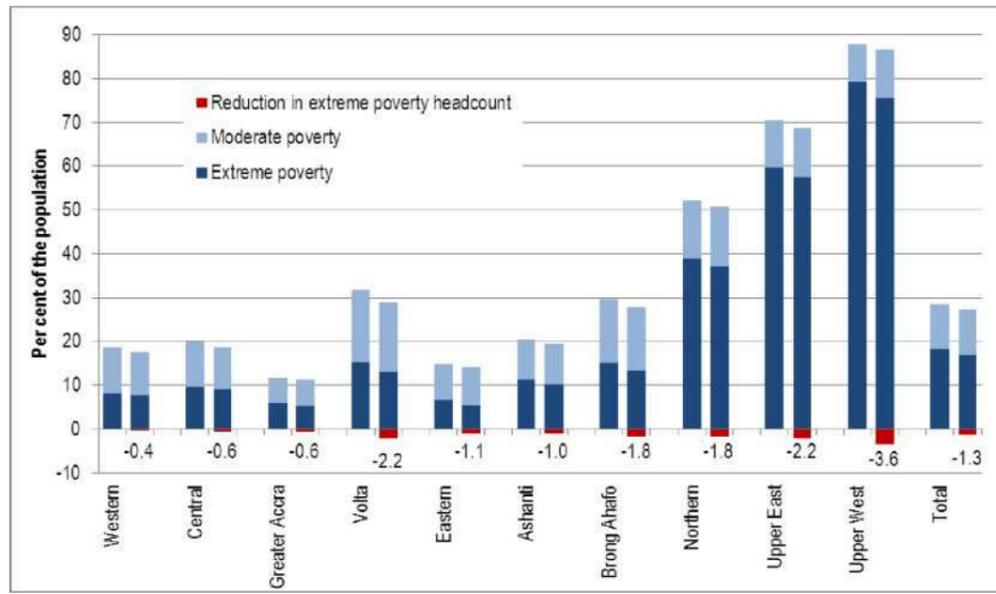
**Figure 6.8. Scenario 1d: Proportion of older persons and of people living in a household with a beneficiary**



Source: Own simulation based on data from GLSS

Overall, a non-contributory pension as outlined in this scenario would reduce extreme poverty rates by 1.3 percentage points, and overall poverty by about 0.06 percentage points (see Figure 6.9).

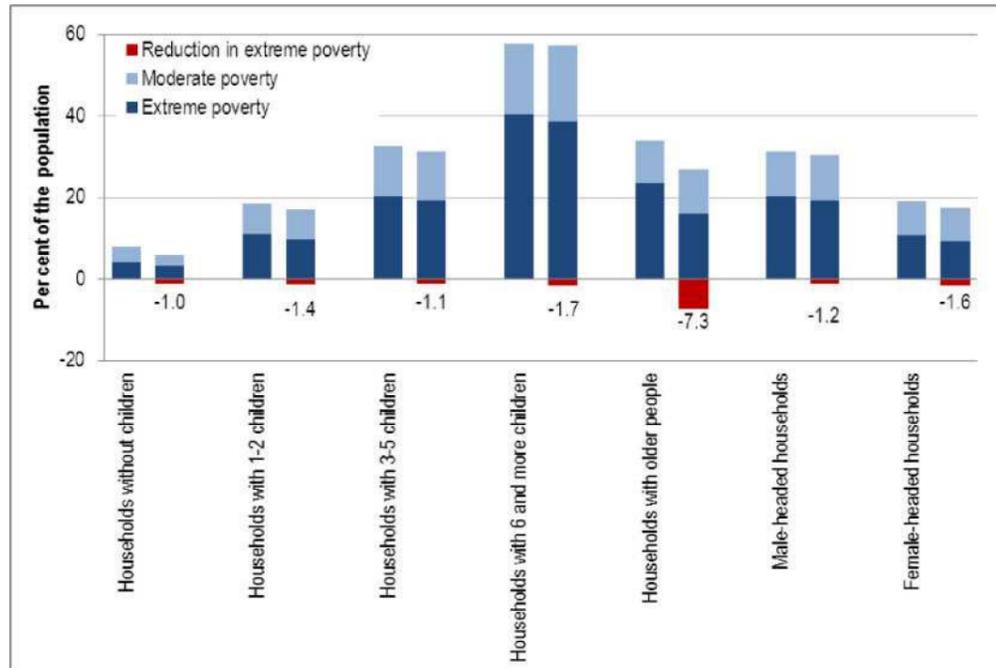
**Figure 6.9. Scenario 1d: Reduction of poverty rates through a non-contributory pension**



Source: Own simulation based on data from GLSS

It is not surprising that the direct impact of non-contributory pensions is strongest on people living in a household that includes an older person; extreme poverty rates in this group would be reduced by 7.3 percentage points, from 23.4 per cent to 16.1 per cent of the population (Figure 6.10). But there are also significant effects on other groups of the population, including families with several children and female-headed households.

**Figure 6.10. Scenario 1d: Proportion of older persons and of people living in a household with a beneficiary**



Source: Own simulation based on data from GLSS

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## Policy considerations

While it might not be realistic to implement such a large programme immediately, even considering Ghana's status as a lower-middle-income country, a stepwise implementation could be considered for the medium term. Possible strategies could include introducing a social pension programme with a high threshold age (e.g., from age 70) and gradually reducing it (as was done in Nepal), or starting with the implementation of a rural pension (as in Brazil) before extending it to the urban population. While granting a universal pension to all older persons would constitute a recognition of older people's contributions to society and strengthen their sense of dignity, it may only be possible to target those living in poverty or those who are not already benefiting from a higher pension from the SSNIT or other sources. In the latter case, stepping up the effort to enforce registration of workers with the SSNIT, so as to expand formal employment and ensure the participation of those parts of the population that have a capacity to contribute, would reduce the cost of the programme.

### 6.3.2. Making health care affordable: NHIS exemption

#### 6.3.2.1. Base case 2: Existing programme design

##### *Description*

The base case provides cost estimates and projections for the exemptions from payment of NHIS contributions according to the current legislation (NHIA, Act 852), as outlined in Section 3.2.1.1 of this report.

For the baseline cost estimates for the NHIS package, the following parameters were applied:

- *Budget allocation.* The main assumption here is that the entire NHIL collection, minus what is redirected to GYEEDA, accrues to the NHIS programme. Where this crucial assumption does not hold, it will have major implication for the outcome of the baseline projections and the alternative scenario elaborated below. NHIL collections are derived straight from the government finance projections (see Section 6.2.1). In the current situation, the NHIS also attracts insurance contributions from informal sector workers and other income (for example, interest earned on profits). In the projections, the contributions from informal sector workers are adjusted for inflation (price) but not for volume (expanding coverage of informal sector workers). Other income is not taken into account in the projections because the necessary information is inadequate.
- *Programme expenditure.* This is the estimated expenditure per registered member multiplied by the number of registered persons. The 2012 figures are taken as a basis. The per capita expenditure is adjusted for general inflation plus a 4 per cent mark-up for medical inflation and a 2.5 per cent increase in utilization, assuming changes in the habits and in the demographic distribution of the potential users..
- *Administrative expenditure.* Like the programme costs, this is taken as the estimated expenditure per registered person multiplied by the number of registered persons. The 2012 figures are taken as a basis and per capita expenditure is adjusted for general inflation.
- *Beneficiaries and benefit level.* From available information a trend has been derived of the total number of registered persons and the breakdown in the exempted categories. This trend is extrapolated to the projection period for the baseline scenario. It is assumed that the insured medical package remains the same as in 2012.

The GLSS 5 data is not sufficient for a reliable estimate of the direct impact on poverty.

### Cosf estimates and projections

The baseline results in a sizable surplus (Table 6.17). This might be surprising at first sight, considering widespread concerns about the financial sustainability of the NHIS (Saleh, 2013). However, the surplus is based on the assumption that the full amount collected under the NHIL (minus transfers to GYEEDA) accrue to the programme, which has not always been the case in the past. In addition, as indicated in Chapter 3, the health costs funded through the NHIS are just a part of total expenses on health, and possible increases in utilization rates may drive up costs. Nonetheless, the projected surplus justifies cautious optimism regarding the further expansion of NHIS coverage currently planned by the Government.

**Table 6.17. Scenario 2: Baseline cost projections for the NHIS exemption (NHIS, total and indigent exemption), 2012-18 (in million GHC unless otherwise indicated)**

(NHIS, total and indigent exemption - baseline projections)							
<i>(in million GHC, unless indicated otherwise)</i>	2012	2013	2014	2015	2016	2017	2018
Budget allocation (NHIL)	783.0	899.4	1,088.2	1,353.6	1,546.4	1,759.3	2,027.4
as percent of total government revenue (excluding grants)	5.0%	4.2%	4.1%	4.0%	3.9%	3.7%	3.5%
as percent of GDP	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total expenditure (all registrants)	443.0	593.5	683.9	789.5	905.6	1,036.7	1,184.6
as percent of total government revenue (excluding grants)	2.86%	2.79%	2.58%	2.34%	2.25%	2.15%	2.07%
as percent of GDP	0.62%	0.67%	0.62%	0.58%	0.58%	0.58%	0.58%
per registered (in GHC)	53.86	71.91	82.56	94.96	108.51	123.77	140.91
Surplus (deficit)	340.0	305.9	404.2	564.1	640.8	722.7	842.8
programme expenditure	377.2	523.1	602.7	695.8	798.1	913.6	1,043.9
administrative expenditure	65.7	70.5	81.2	93.7	107.5	123.1	140.6
(admin.exp. per registered, in GHC)	7.99	8.54	9.80	11.27	12.88	14.69	16.73
as percent of total expenditure	14.8%	11.9%	11.9%	11.9%	11.9%	11.9%	11.9%
Number of registered (total in 1,000)	8,224	8,254	8,284	8,315	8,345	8,376	8,407
Total expenditure (all exempted categories)	265.9	356.3	410.6	474.0	543.6	622.3	711.1
programme expenditure	226.5	314.0	361.8	417.7	479.1	548.5	626.7
administrative expenditure	39.4	42.3	48.7	56.3	64.5	73.9	84.4
Expenditure on indigents	16.5	22.4	25.9	29.9	34.2	39.2	44.8
programme expenditure	15.0	20.7	23.9	27.6	31.7	36.2	41.4
administrative expenditure	1.6	1.7	2.0	2.3	2.6	3.0	3.4
Number of exempted (total in 1,000), of which:	4,937	4,955	4,973	4,992	5,010	5,028	5,047
children	2,860	2,870	2,881	2,892	2,902	2,913	2,924
elderly	477	479	481	482	484	486	488
indigents	326	327	329	330	331	332	333

Source: to calculations based on information provided by NHIA

6.3.2.2. Scenario 2: Full implementation of the NHIS exemptions

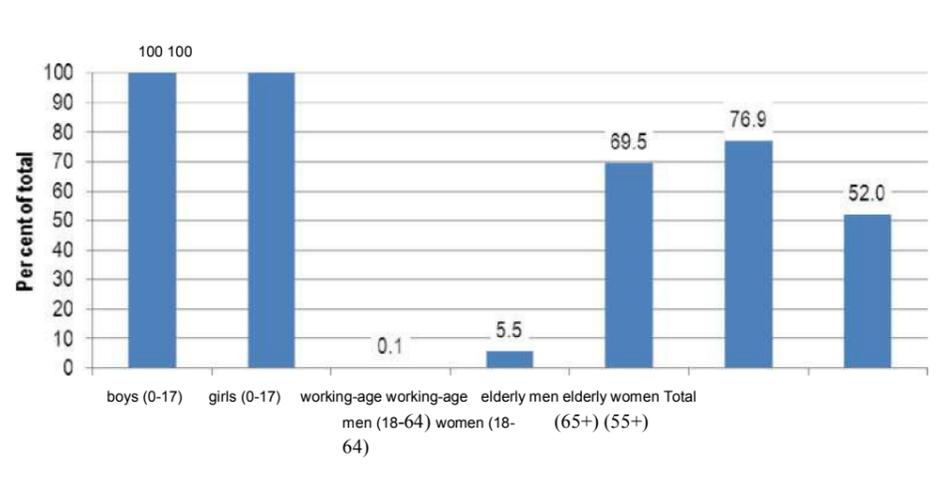
*Description of the scenario*

This scenario is based on the assumption that the exemption of the main groups from paying NHIS contributions, as provided for in Section 29 of Act No. 852, is fully implemented.<sup>27</sup>

According to this scenario, about 52 per cent of the total population would be eligible for the NHIS exemption (Figure 6.11), under the narrow assumption that the "indigent" category would include only those persons eligible for LEAP benefits but not other household members in the age category 18-64 and not other categories of the population (which does not fully capture the current definition of "indigents"). If the category of "indigents" were to include further categories of the population (members of LEAP households who themselves do not qualify for LEAP or other categories of vulnerable and poor persons), the percentage would be even higher.

Based on this narrow definition, those eligible for the NHIS exemption would include all children under the age of 18, 70 per cent of men and 77 per cent of women aged 65 and older, taking into account that the exemption currently starts only at age 70. Among people of working age about 5.5 per cent of women would be eligible, which broadly includes those eligible for an exemption during a pregnancy, but hardly any men (Figure 7.11). However, if the category of "indigents" includes other categories, a larger proportion of the working-age population and older people would be eligible.

**Figure 6.11. Scenario 2a: Full implementation of NHIS exemption: Estimation of beneficiary rates by age group and sex (narrow definition of "indigent")**



Source: Own simulation based on data from GLSS 5.

<sup>27</sup> The law provides for the following exempt groups: (a) a child; (b) a person in need of ante-natal, delivery and post-natal healthcare services; (c) a person with mental disorder; (d) a person classified by the Minister responsible for Social Welfare as an indigent; (e) categories of differently-abled persons determined by the Minister responsible for Social Welfare; (f) pensioners of the Social Security and National Insurance Trust; (g) contributors to the Social Security and National Insurance Trust; (h) persons above 70 years of age; and (i) other categories prescribed by the Minister.

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For the cost estimates for the NHIS coverage extension scenario, certain parameters were applied in so far as they deviated from the baseline scenario. Thus, it was assumed that there is no change in the non-exempted categories compared to the baseline scenario. For the exempted categories, however, the assumption is a gradual but steep increase to arrive at 52 per cent of the total population from 2016 onwards. This would include all Ghanaian residents in the age categories below 18 and above 70, pregnant women and indigents. It is further assumed that all beneficiaries of LEAP under Scenario 1a would be eligible for the NHIS exemption, with on average one working-age person per LEAP household. The other parameters remain as in the baseline.

*Cost estimates and projections*

Table 6.18 projects a surplus of revenues over expenditure until 2015. Again, as for the baseline cost projections, these results rest on the assumption that the full amount of NHIL, minus the share that flows into GYEEDA, would be available for the financing of the NHIS exemption. As in the baseline cost projections, total health costs may turn out to be higher than those projected in this scenario.

**Table 6.163. Scenario 2: Cost projections. 2012-18 (in million GH¢ unless otherwise indicated)**

(in million GH¢, unless indicated otherwise)	2012	2013	2014	2015	2016	2017	2018
Budget allocation (NHIL)	783.0	899.4	1,088.2	1,353.6	1,546.4	1,759.3	2,027.4
- as percentage of total government revenue (excluding grants)	5.05	4.23	4.11	4.02	3.85	3.65	3.54
- as percentage of GDP	1.09	1.01	0.99	1.00	0.99	0.99	0.99
Total expenditure (all registrants)	443.0	703.3	975.7	1,376.0	1,952.8	2,271.1	2,636.8
- as percentage of total government revenue (excluding grants)	2.86	3.31	3.68	4.08	4.86	4.72	4.61
- as percentage of GDP	0.62	0.79	0.89	1.	1.	1.	1.
- per registered (in GH¢)	53.86	71.91	82.56	01	25	27	28
Surplus (deficit)	340.0	196.2	112.5	94.96	108.51	123.77	140.91
Difference relative to baseline scenario		-109.7	-291.8	-22.4	-406.4	-511.8	-609.4
programme expenditure	377.2	619.8	859.9	-586.5	-1047.2	-1234.5	-1452.2
administrative expenditure	65.7	83.5	115.8	1,212.7	1,720.9	2,001.5	2,323.8
(admin.exp. per registered person, in GH¢)	7.99	8.54	9.80	163.4	231.8	269.6	313.0
as percentage of total expenditure	14.8	11.9	11.9	11.27	12.88	14.69	16.73
Number of registered (total in 1,000)	8,224	9,780	11,819	11.	11.	11.	11.
Total expenditure (all exempted categories)	265.9	466.0	702.4	9	9	9	9
programme expenditure	226.5	410.7	619.0	14,491	17,996	18,350	18,713
administrative expenditure	39.4	55.3	83.4	1,	1,590.8	1,856.8	2,163.4
Expenditure on indigents	16.5	23.3	27.6		1,	1,	1,906.5
programme expenditure	15.0	21.5	25.5	060.5			256.8
administrative expenditure	1.6	1.8	2.1	934.6	402.0	636.4	53.6
Number of exempted (total in 1,000), of which:	4,937	6,481	8,508	125.9	188.8	220.4	49.6
children	2,860	4,065	5,779	32.8	38.7	45.6	4.1
elderly	477	539	609	30.3	35.8	42.1	15,353
indigents (aged 18-64)	326	339	350	2.5	2.9	3.5	12,023
Source: ILO calculations based on information by NHIA.					14.661	15.002	773

#### 6.4. Key messages

The projections of the future development of social protection expenditures for a set of programmes illustrate the need to strengthen the knowledge base on social protection, in

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particular with regard to a national monitoring framework. Reliable planning of future expenditure and financing requirements calls for a better understanding of the level and structure of expenditure and revenue, as well as of the number and composition of beneficiaries and benefit levels. The next chapter discusses these issues in more detail.

#### Base case *projections*

In the base-case projections of the future cost of social protection programmes, there do not seem to be major funding gaps if each programme is assessed individually or if they are assessed in clusters of similar programmes (within education-related programmes or active labour market programmes). The Ghana Education Programmes remain sustainable in the medium term, given current per capita spending levels and no major increases in the number of eligible beneficiaries. Some of the programmes would incur deficits, but with a reallocation of revenues within the four programmes - e.g., reallocating resources from the school uniform programme to the other programmes - the larger part of these deficits could be covered. For the active labour market programmes, likewise, no major funding gaps are foreseen in the short to medium term. In fact, GYEEDA seems to be running annual surpluses over much of the projection period, although the available information does not permit drawing firm conclusions with respect to the costs of this programme. More information, in particular on expenditure on the various categories of instruments, would have afforded a more solid base from which to draw conclusions. For LESDEP no further expansion in the number of participants seems warranted unless the revenue from reimbursed loans are higher than foreseen in the calculations. On the basis of its cost estimates the labour-intensive public works programme (LIPW) could be expanded, even within the confines of the available resources for the pilot period.

However, when looking at the cost projections from a system perspective, some imbalances appear to emerge. For example, when comparing expenditure of the various programmes in the table, it appears that the two employment related programmes (GYEEDA and LESDEP) account for a large part of total spending on the programmes listed on the draft GNSPS. There are at least two reasons why this is not well balanced. The first is that, in terms of its GDP, Ghana appears to be spending on active labour market programmes the same as average Western European countries, whereas it spends far less on social protection. The second reason is that GYEEDA and LESDEP appear to reach a relatively limited number of beneficiaries and, hence, are actually rather expensive for what they offer.

On the other hand, relative spending on income replacement programmes - in particular those that would target the poor and the vulnerable who are not capable of earning their own income at subsistence level - accounts for only a very small portion of total spending. These programmes, however, should be the backbone of any well performing social protection system.

**Table 6.165. Summary of cost projections, 2012-18 (in million GH¢ unless otherwise indicated)**

	2012	2013	2014	2015	2016	2017	2018
<b>Expenditure in million GH¢</b>							
LEAP*	23	30	61	96	142	157	173
NHIS"							
overall	443	703	976	1,376	1,953	2,271	2,637
all exempted categories	266	466	702	1,060	1,591	1,857	2,163
indigent exemption (children)	17	23	28	33	39	46	54
Capitation Grant	25	26	30	33	36	39	42
School Uniforms		28	12	13	14	14	15
Exercise Books	29	20	31	34	37	40	43
School Feeding	63		75	82		97	105
(working age/ALMPs)							
GYEEDA/NYEP	212	258	313	381	460	554	667
LESDEP	103	96	112	120	126	135	145
LIPW		14	14	14	14		
Total expenditure™	737	1,016	1,352	1,833	2,508	2,894	3,354
(percent government revenue)	4.	4.8	5.1	5.4	6.5	6.5	
(percent GDP)	3	1.1	1.2	1.4	1.6	1.6	
<b>Expenditure on the suggested new programmes in million GH¢</b>							
Maternity benefits				157	175	195	215
Universal old age pension			632	646	701	758	
Total expenditure"	737	1,016	2,140	2,655	3,404	3,867	
(percent government revenue)	4.8	4.8	3.1	7.9	3.3	3.7	
(percent GDP)	1.0	1.1	2.0	2.0	2.2	2.2	

(source: ILO calculations)

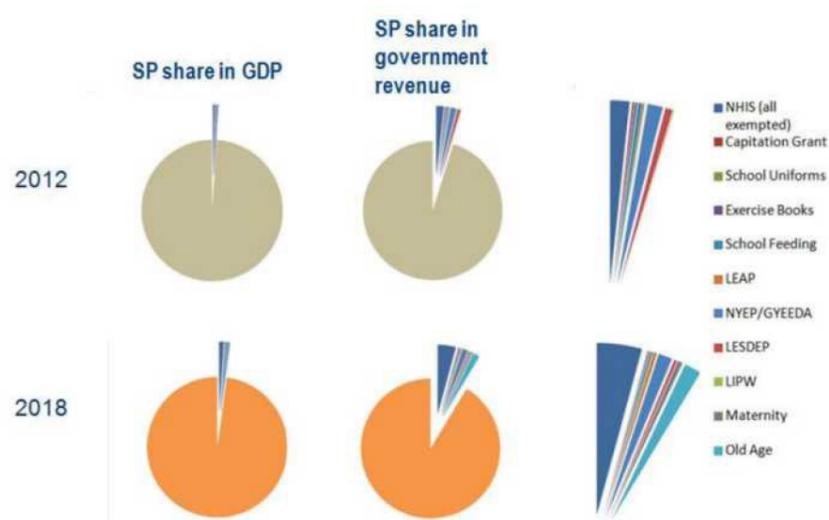
\*: this includes the expansion of exempted beneficiaries and the increase of the benefit level as described in section 7.3 (scenario

this includes the expansion of exempted beneficiaries as described in section 7.3 (senaria 2a)

Source: ILO calculations.

Figure 6.12 shows the share in GDP and in government (non-grant) revenue of the social protection programmes, including the new programmes suggested in this chapter, as well as their relative size.

Figure 6.12. Share of social protection programmes in Ghana, 2012 and 2018



Source: Own

### Policy scenarios

The set of policy scenarios that has been presented in this study partly reflect commitments that have already been fully or partially undertaken (such as the extension of the LEAP programme and the full implementation of the NHIS exemption). In addition, some policy scenarios have been included that respond to a perceived need to close existing gaps in the social protection system (such as the needs of pregnant women and children under five, or older persons).

With regard to the expansion of the LEAP programme to full national coverage (Scenario 1a), such a policy could achieve an immediate reduction of extreme poverty rates by 2.2 percentage points and is likely to have a broader impact by strengthening poor people's command of their income, facilitating their access to health and education, and channelling cash income into poor communities. Considering the scale of the planned expansion, the programme would remain relatively modest in funding requirements, which would reach 0.25 per cent of total government revenue (excluding grants) by 2016. The Government has already taken significant steps towards expanding the LEAP programme in the near future, and it appears reasonable to assume that further expansion to nationwide coverage is possible in the medium term, provided a reliable and stable funding base can be ensured.

A possible increase in benefit levels in the future (Scenario 1b) could further amplify LEAP's impact in terms of poverty reduction. Unless sufficient resources could be allocated to the programme, it would be advisable to prioritize the geographic expansion over an increase in benefit levels in the short term. A modest increase in benefits (at least in line with inflation) may nevertheless be envisaged in the short term, and a more substantial increase could take place after nationwide coverage has been achieved.

Responding to one of the major gaps in the current social protection system, a combined (modest) cash benefit for households with pregnant women and children under five (Scenario 1c) not only has a significant potential in achieving not only a direct reduction in extreme poverty rates by 2.2 percentage points but could also contribute to enhancing maternal and children's health. The necessary budget would amount to 0.59 per cent of government revenue (excluding grants) for 2014 and is projected to decline thereafter to 0.42 per cent (0.12 per cent of GDP) by 2018. In view of the potential linkage of such a

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benefit with several policy objectives, including maternal and reproductive health, nutrition and care, it would have to be carefully designed to ensure maximal impact.

A non-contributory pension for the older population (Scenario 1d) could achieve a direct reduction of extreme poverty rates by 1.3 percentage points and would recognize older people's contribution to society and strengthen their sense of dignity and economic independence. If fully implemented as a universal programme immediately, it would initially cost 2.4 per cent of government revenue (excluding grants), or 0.58 per cent of GDP, in 2014, yet the projected cost would decrease to 1.43 per cent of government revenue or 0.4 per cent of GDP by 2018. At the same time, the programme would realize significant savings in the LEAP programme that are not reflected in the above figures. While it might not be realistic to implement such a large programme immediately, even considering Ghana's status as a lower-middle-income country, a step-by-step implementation could be considered for the medium term. Possible strategies could include introducing a social pension programme with a high threshold age (e.g., from age 70) and gradually reducing it (as it was done in Nepal), or starting with a rural pension (as in Brazil) before extending it to urban populations.

The cost projections for the full implementation of the NHIS exemption (Scenario 2) reveal difficulties in covering the expected expenditures with the budget assigned, even if the NHIS is able to obtain the full amount of the NHIL. Further studies would be necessary to obtain a full picture of the funding requirements based on a more complete assessment of the projected development of the cost of health care, taking into account possible changes in utilization, the availability of qualified staff and infrastructure even in remote areas, and other related factors.

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## 7. Governance and institutional framework for social protection

The analysis of the various social protection programmes has illustrated some inefficiencies that are due to the overall fragmentation of the social protection system, with overlaps, duplications, gaps and lack of coordination between schemes. The report has discussed coverage gaps as well as the challenges facing the social protection system in terms of the implementation of the various programmes, including their administrative capacity, the application of transparent eligibility criteria, the reliable and timely delivery of benefits and the efficient organization of the flow of funds. Its findings suggest that the governance, monitoring and evaluation of the social protection system as a whole need to be improved if it is to fulfil its role of ensuring the well-being of persons who depend on social benefits. This chapter discusses the institutional arrangement, the actors involved and their related roles and responsibilities in the social protection system. Chapter 8 will outline the elements of a monitoring and evaluation framework for the social protection system.

### 7.1. Governance of the social protection system

The efficient operation of the social protection system depends to some extent on an overall enabling environment of good governance and efficient public administration. Although Ghana performs well compared to other countries in the region, the GSGDA indicates that there is room for improvement in the system's transparency and accountability (which should include a clear definition and enforcement of the roles and responsibilities of government institutions), as well as in respect of resource disparities between different bodies, participation, public awareness and perceptions of corruption (NDPC, 2010a, p. 97). To address these issues, the GSGDA emphasizes the importance of improving public policy management, and improving access to rights and entitlements by:

- improving the general coordination of the development planning system,
- upgrading the capacity of the public and civil service for transparent, accountable, efficient, timely, effective performance and service delivery,
- fighting corruption and enhancing the rule of law,
- improving access of the public to information,
- strengthening local governance and decentralization.

In improving the overall governance framework in Ghana, special consideration needs to be given to the structure of the social protection system. Resources allocated for social protection interventions should be used in a way that ensures the delivery of the promised benefits in a transparent way so as to build trust, credibility and overall public support for the social protection system. This means establishing legal, regulatory, financial and administrative frameworks that ensure good performance in implementing social protection schemes and programmes. Good governance requires not just that social security benefits be provided for by law but also that the requirements for the system's financial and administrative governance be set out clearly.

Overall, the governance framework should ensure the implementation of social protection interventions in a transparent and accountable manner. The ILO Social Protection Floors Recommendation (No. 202) and other ILO social security standards such as the Social Security (Minimum Standards) Convention, 1952 (No. 102), provide useful guidance in

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this respect. In addition, the ISSA Good Governance Guidelines for Social Security Institutions (ISSA, 2011) and the ITC/ILO guide to the governance of social security systems (ITC/ILO, 2010) contain valuable advice in this regard.

First of all, it is important to recall the objectives that a good governance framework for the social protection system would aim to achieve. These include a guaranteed minimum level of protection for all, through adequate, predictable, rights-based and sustainable benefits based on solidarity, non-discrimination, gender equality, responsiveness to special needs and participatory processes that respect the dignity of the beneficiaries. To meet these objectives, the governance framework needs to ensure coherence and effective communication, both across the institutions responsible for the delivery of social protection and between the actors in the social protection system and the institutions responsible for social, economic and employment policies. The governance framework needs to guarantee transparent, accountable and sustainable financial management and administration, with satisfactory checks and balances that include provisions for efficient and accessible complaint and appeal procedures. Finally, the governance framework must lay down the requirements for regular monitoring and evaluation and for auditing the various schemes and programmes.

Transparency, accountability and sustainability are mutually reinforcing. Operational rules to ensure transparency and accountability must be established at the level both of individual schemes and programmes and of the social protection system as a whole. The participation of stakeholders is a key aspect in building transparent and accountable administrative structure. In laying down rules and procedures, it is important to remember that the judgement on whether a system is well run rests ultimately with the people, since transparency and accountability are matters of public confidence. Rules need to be laid down and enforced that will ensure that the average person in the street feels confident that the decisions are taken in the public interest.

These rules should cover the following areas:

- a) powers and responsibilities, division of labour of the institutions and all parties involved
- b) personnel and contracting issues: recruitment, selection, promotion, appraisals, code of conduct, salaries, training systems
- c) reporting requirements, communication and disclosure of information
- d) the accounting framework, budget and financial controls, auditing
- e) beneficiary/membership management: eligibility criteria and procedures for membership registration and the keeping of records
- f) service standards for the provision of benefit
- g) standard procedures for procurement and maintenance of equipment
- h) prevention and control of corruption and fraud
- i) enforcement of all rules and monitoring of compliance.

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## 7.2. Institutional structure of the governance framework of the social protection system

The draft GNSPS outlines the institutional structure (Figure 8.1) that is in place or planned in order to improve the coordination and coherence as well as the sound administration and implementation of the social protection system. This chapter seeks to clarify further the role and responsibilities of each of the actors in the organizational chart. There is often a tendency to plan for all stakeholders to participate in all the steps of the process, but the efficiency of the system as a whole relies precisely on a clear division of labour and the delegation of certain functions to certain actors. The following functions or responsibilities should generally be clarified for each step of the policy cycle, from agenda setting, policy formulation and decision-making to implementation and evaluation:

- consultation
- advisory function
- decision making, executive authorities
- approval
- information and/or reporting
- execution
- oversight.

### ***Ministry of Gender, Children and Social Protection***

*The* Ministry of Gender, Children and Social Protection (MGCSP) has a core mandate in social protection and will therefore play a leading role in the planning, implementation and coordination of social protection policies. This includes negotiating the necessary funds to ensure the progressive implementation of a national social protection floor for the whole population. The Ministry's Directorate for Policy, Planning and Monitoring and Evaluation is responsible for assessing the progress in implementing the GNSPS and the performance of the social protection system as a whole and the various social protection programmes under the MGCSP. The Ministry also has the responsibility to lead and act as the secretariat of both the Social Protection Interministerial Committee (SPIC) and the Social Protection Technical Committee. It will have the further responsibility of co-chairing, together with a development partner, the social protection sector group.

Playing the leading role in these bodies means that the Ministry has an important function to carry out in setting the agenda for meetings, identifying problems and issues to be discussed, documenting the meetings and outcomes, keeping all relevant actors informed, and overseeing and facilitating the collaboration of stakeholders in maintaining the overall coherence of the social protection system. It is also responsible for coordinating the reporting by all the actors involved to the Office of the President, the National Development Planning Commission (NDPC) and Parliament. Reporting to the NDPC is particularly important as it is mandated by Articles 86 and 87 of the Constitution to guide and coordinate the formulation of development plans and to undertake the monitoring and evaluation of the country's development efforts.

Though the Ministry has the ultimate say in deciding new social protection interventions, it would have to consult the Social Protection Interministerial Committee on any new initiatives. The MGCSP is not a new "superministry" that hosts all social protection interventions undertaken by the Government. Given the multisectoral nature of social

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protection policies, the technical expertise required for certain programmes means that it may be preferable that the responsibility for these programmes rest with different ministries.<sup>28</sup> However, other line ministries planning to engage in social protection activities related to their areas of responsibility should consult the SPIC about the interventions planned and submit the final proposal to the MGCSP for its attention or approval.

### **Social Protection Interministerial Committee**

The (SPIC) would be the most important body for overall coordination and harmonization of social protection interventions. Social protection activities cut across different sectors and ministries and, some programmes, though primarily focused on other objectives, are also contributing to the social protection of the population. It is impossible to integrate all programmes satisfactorily under one ministry, and a coordinating body like the SPIC is needed to ensure overall coherence and avoid duplication and fragmentation. This need for improved coordination across the various social protection interventions has been widely acknowledged both by the draft GNSPS and in the GSGDA, which explicitly calls for establishing a holistic National Social Protection Framework to ensure harmonization of various schemes, strengthen coordination of social sector policies and streamline overlapping mandates.

The Social Protection Interministerial Committee is currently being constituted and, as illustrated in Figure 7.1 below, all relevant ministries, departments and agencies should be represented. Each of these bodies should establish a focal point or create a social protection unit to ensure continuity and adequate expertise for their participation in the SPIC. These units would also make sure that social protection as an objective becomes and remains well integrated in broader government policy areas (such as infrastructure, private sector development, agriculture development, employment policy, etc.). Detailed terms of reference for the Committee with its roles, responsibilities and reporting obligations should be drafted. The draft GNSPS outlines the core functions of the committee as follows:

- oversight responsibility for all social protection activities in Ghana
- sensitization of stakeholders at all levels to ensure commitment and support from relevant stakeholders to the processes and structures of social protection
- ensuring the effective design and use of the Single Register targeting and monitoring system
- overseeing social protection monitoring and evaluation activities.

Regarding the latter point, the SPIC should develop and oversee the implementation of a coherent nationwide monitoring and evaluation framework for the social protection system as a whole, on the basis of harmonized methodologies and data collection systems at the level of the individual social protection programmes (see the next section for further details). In addition, the SPIC might be given the following responsibilities:

- overseeing the development of the governance framework of the social protection system as outlined and keeping its rules up to date;

<sup>28</sup> During the stakeholder consultations it was suggested that social protection interventions be spread among four different ministries according to whether they concern cash transfer programmes, in-kind programmes, labour market programmes or subsidies. However, this would not be advisable, since the same type of intervention (such as a subsidy or an in-kind benefit) can be used in different policy sectors (health, education, agriculture) that may require different expertise.

- developing, monitoring and updating a National Social Protection Action Plan. The current draft GNSPS provides an excellent starting point with its conceptual framework, mission statement, formulation of objectives, analysis of human development, employment and social protection programmes, institutional analysis and list of recommendations. The document should become a real strategy or action plan that clearly lays down priorities, targets, milestones and timelines for the provision of social protection to the people of Ghana;
- ensuring coordination and overall policy coherence with policy areas that are related to social protection. To this end, the Committee should report to the NDPC and institutionalize the exchange of information with relevant bodies such as the National Employment Coordination Council and the National Steering Committee on Child Labour;
- advising the MGCSP on the planning, implementation and coordination of social protection policies and legislation;
- providing recommendations to the Social Protection Technical Committee on how better to coordinate the implementation of social protection programmes

In order to fulfil its oversight, coordination and advisory roles effectively, the Committee should meet periodically (e.g., once every three months). The way for the Committee to carry out effectively its role of ensuring the progressive realization and sustainability of a comprehensive social protection system is to establish a legal basis that sets out its functions and membership clearly. The following institutions could be considered for representation in the Committee: National Planning Commission, Ministry for Gender, Children and Social Protection, Ministry of Finance and Economic Planning, Ministry of Local Government and Rural Development, Ministry of Employment and Labour Relations, Ministry of Education, Ministry of Health, Ministry of Food and Agriculture, Ministry of Youth and Sports. Depending on the agenda items of its meetings, the SPIC could decide to consult other actors involved in or relevant to the implementation of social protection interventions, such as the Ghana Statistical Service, representatives from the NHIS and SSNIT, representatives from regional and district administrations, traditional chiefs and queen mothers, the social partners, international development partners and representatives of civil society organizations of people concerned.

### **Social Protection Technical Committee**

A Social Protection Technical Committee (SPTC) will bring together the technical staff of the ministries and the implementing agencies involved in the various social protection programmes. The formation of such a forum is foreseen in the draft GNSPS but the strategy does not elaborate on the roles and responsibilities of such a body. The SPTC might serve as an arena for exchanging experiences and sharing lessons learnt and good practices between social protection programmes. It would report to the Social Protection Interministerial Committee, and representatives delegated by the different organizations to participate in the forum would have the responsibility to report back and inform their own organizations of the outcome. The forum should be responsible for elaborating technical proposals for the implementation of policies or reforms upon request from the MGCSP or *the SPIC*. In addition to regular meetings (e.g., twice a year), the forum could set up working groups to deal with particular areas of expertise and to meet as needed. Areas for which working groups could be set up may include:

- information and awareness raising
- membership management: targeting, selection, registration and keeping records of beneficiaries

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- financial management
  - delivery of benefits
  - complaints and appeals procedures
  - monitoring and evaluation.

Generally speaking, all schemes need to perform these functions. Improved coordination in their implementation could prevent overlaps and duplications as well as produce cost savings from economies of scale if several programmes carry them out jointly. Activities that require a presence on the ground are especially costly (e.g., outreach activities in the communities, benefit delivery structures, monitoring and evaluation, and complaints and appeals procedures). Again, the cost-saving potential of collaboration in these areas could be enormous.

The administrative and financial information received was not sufficiently detailed for making concrete reform proposals, which should be looked into thoroughly. Since some programmes related to human development, while not falling into the category of social protection, have similar needs for their activities at the district and community level, the participation of the ministries, departments and agencies concerned in the Social Protection Technical Committee (SPTC) should be encouraged to improve coordination. At the initial stages a key task for working groups to perform would be the identification of synergies between their work in order to develop ideas for enhanced collaboration or joint implementation structures that could improve the efficiency and effectiveness of their programmes. This work has already started with the Social Protection and Livelihood Technical Team that drew together participants from some 50 ministries, departments and agencies to consult on the drafting of the GNSPS.

### ***Ministries, departments and agencies***

Ministries, departments and agencies will participate in the SPIC and SPTC through their social protection focal points or the members of their social protection units. The line ministries, sometimes directly, sometimes through their affiliated agencies or services, are important for the execution of social protection interventions, as they oversee the implementation of the social protection programmes that in turn report back to them. Depending on the type of intervention, the implementation structure of the programme varies. Some operate independent regional and district offices while others operate through the Department of Social Welfare or rely on civil society organizations or private actors.

All programmes should be required to draw up implementation plans and social protection extension strategies for their programmes that set clear indicators and targets for the number of beneficiaries, level of benefits, eligibility criteria and benefits delivery. Through their line ministries programmes should submit annual progress reports to the SPIC that indicate to what extent the planned activities were implemented, the related costs and challenges encountered and justifications for unmet targets.

### ***Metropolitan, municipal or district assemblies and social welfare offices***

The implementation structure at the metropolitan, municipal, district and community level is a decisive feature of a functional governance framework. If the delivery on the ground fails, the entire structure becomes ineffective; and it is precisely this part of the chain that seems to be the weakest link in the current set-up of the social protection system. The draft GNSPS is somewhat vague on the question of the local implementation structures. It

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suggests that the Department of Social Welfare to oversee implementation through social protection committees set up at the metropolitan, municipal, district and community level but it is unclear what the exact shape, sources of financing, staffing, role and responsibilities of these committees in the implementation process would be. For example it needs to be decided whether the committees would act as a unified entity responsible for executing the activities of the various programmes or whether they would merely perform oversight and coordination functions.

The structures that are set up at the district and community level are the point of contact for people in need to access their entitlements. The success or failure of programmes or of the system as a whole will to a large extent depend on establishing efficient delivery structures to reach the population that they target. Any social protection system relies on having at its command a sufficient number of adequately trained staff to carry out the programmes as planned. The current system relies largely on voluntary work, community participation and support through services outside the realm of social protection for organizing the delivery structures. It should be clearly recognized that social protection and social welfare services are professional work that requires certain skills. The requisite reliability, quality and accountability of social protection programmes can be ensured only through formalized structures with staff that is adequately trained and remunerated. The challenges that confront implementation structures at the district and community level are not peculiar to the social protection system but need to be seen in the overall context of the Government's effort to strengthen decentralization and address weaknesses in the functioning of local government sub-structures.

It is beyond the scope of this report to discuss the implementation structure of all the programmes in detail, but this would be an important issue to address through the SPTC and SPIC, with the Ministry of Local Government and Rural Development playing a leading role.

Ghana's decentralization policy framework explicitly emphasizes the importance that district assemblies have a strong focus on the "social agenda", with the objective of giving a rights-based orientation to local development and ensuring equitable access to public resources and inclusiveness in decision making. The framework further outlines a range of policy measures to be carried out through local authorities, including measures concerning children, youth, women, the aged, women, disabled, access to health services and poverty reduction (MLGRD, 2010).

The budget allocations designated by the MoFEP and MLGRD for social interventions through the DACF leave discretion for local authorities to set their own priorities and develop their own programmes. The SPIC and SPTC should nevertheless provide general guidance or minimum standards for how these funds should be used and how to coordinate national programmes with local initiatives, as well as acting as a platform to share experiences and identify good practices. However, for the local authorities to be able to implement these programmes in line with the guidance provided, they need to be adequately resourced, staffed and trained. Regional and district administrations would need to create social protection focal points (gender or social welfare officers) to participate in expanded policy coordination units and social services sub-committee and ensure the implementation of social protection interventions through these bodies.

At the community level unit committee members should be involved in overseeing the implementation of social protection programmes and should assist in the monitoring and evaluation.

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## **Ghana Statistical Services**

The draft GNSPS discusses the role of the Ghana Statistical Services (GSS) in the creation of the single register system, but the responsibilities of the GSS in the governance framework go beyond this. A system of social security statistics that is based on sound data and supplementary qualitative data is at the heart of any governance framework to guide policy decisions regarding the design, reform or re-orientation of the social protection system as a whole or parts thereof. This is important for many reasons:

- to optimize operational efficiency;
- to forecast financial implications and thus ensure the financial sustainability of the system;
- to evaluate the level of social protection afforded to various population groups in the country;
- to increase transparency in public finances and mobilize support for and ensure commitment to the social protection system among policy-makers and the general public.

The GSS has an important role in facilitating the planning, operation and monitoring of social protection policies. Population census data and data from household surveys provide key information on socioeconomic status, demographic developments, consumption patterns, etc., which is needed for analysing overall development trends and social protection needs in the country. Ministries, departments and agencies working on social protection rely on this information for planning and costing their interventions and for identifying beneficiaries (since entitlement criteria are typically organized by age group and target specific regions or households with specific socioeconomic characteristics).

In order to monitor the implementation and impact of social protection programmes, the GSS should participate in the SPIC and SPTC so as to benefit from their expertise in the standardization of terminology and classification, data collection, management and analysis. The GSS should be responsible for consulting the MGCSP and SPIC in advance on possible questions relating to social protection interventions that should be included in new survey rounds and population censuses.

The collection of social protection data and the compilation of related statistics should be part of an ongoing process that is built into the operation of individual social protection programmes but also, at the aggregate level, into the system as a whole. It would be the responsibility of the GSS to provide related inputs for the Ministry's Directorate for Policy, Planning and Monitoring and Evaluation.

## **Ministry of Finance**

The MoFEP is the actor responsible for planning and overseeing the financing of social protection within the government budget. It also oversees the financial linkages between the social protection programmes and outside sources of funding as well as the statutory funds. It should ensure consistency between policy-making and financing in order to help to establish sustainability of funding. The Ministry of Finance plays a key role in ensuring the reliable financing of the non-contributory social protection provisions, in line with national legislation, policies and budget statements. In order to perform this function in a coherent and efficient manner, it is important that there be a clearly designated unit in the Ministry with the necessary technical expertise to evaluate and respond to all financing requests related to social protection. Moreover, this unit should exchange information with other units in the Ministry that are responsible for related areas of work on human

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development issues. The reliability and timeliness of the execution of the required payments for the various social protection programmes as foreseen in the planned budget statements is a sine qua non for the social protection system to operate (see also Chapter 5, which includes a discussion of the statutory funds and their role in financing social protection interventions).

### ***Social Protection Sector Group***

The Social Protection Sector Group (SPSG) is open to all organizations involved in social protection activities, including ministries, departments and agencies, development partners, civil society organizations and research institutions. The group, originally known as the Vulnerability and Excluded Sector Group, was re-launched in April 2013. It aims at improving the implementation and coordination of social protection interventions, in particular by development partners. As with the national ministries, departments and agencies, it needs to be ensured that donor's initiatives are embedded in the overall social protection system and strategy so as to prevent these being merely ad hoc measures. The SPSG should also fulfil an advisory role to the MGCSP and the SPIC on request.

### ***National Employment Coordination Council***

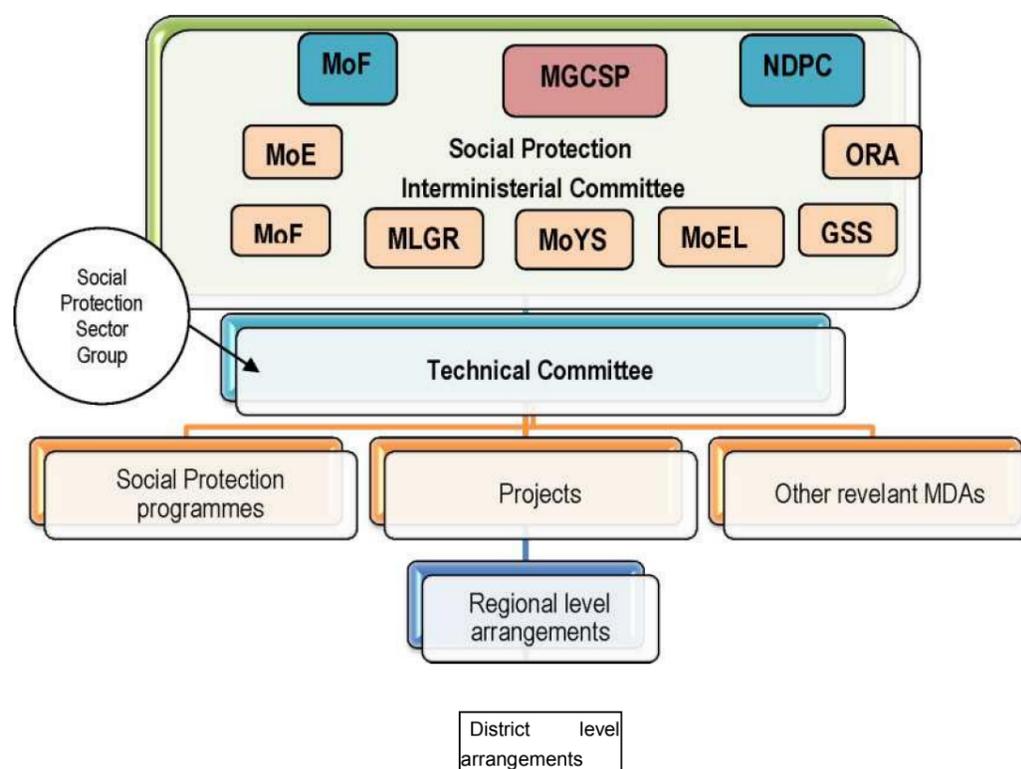
The Government is in the process of setting up a National Employment Coordination Council and developing a national employment policy and related strategy for a plan of action. Given the close linkages between employment programmes and social protection for age groups of active age and the need for close coordination between the GNSPS and employment strategy, the organizational chart includes references to the institutional framework for the coordination of employment programmes. Like social protection, employment is a cross-cutting issue that is addressed through a variety of initiatives in different ministries that need to be coordinated through employment focal points or employment policy units.

### ***Civil society organizations***

Social welfare is a big domain for charity organizations. Whenever traditional family support structures are overburdened or eroded through urbanization and migration, people in need have come to rely on civil society organizations, including faith-based organizations, for support. The work of these organizations can help to reduce overhead costs and provide useful support in the planning and implementation of social protection benefits, in particular for the delivery of benefits, as they are often more flexible and better informed of the needs of the communities they serve and how best to reach them. At the same time, many of the organizations have capacity constraints, operate within a very limited scope and on a volatile financial basis and cannot necessarily be counted on as sustainable partners. A further challenge for coordination with civil society organizations involved in social welfare lies in their fragmentation and the limited information available on their specific activities. Registration and reporting obligations are not fully enforced and the district, regional or national level administrations are not always fully aware of the organizations operating in their communities or what the nature of their activities is.

Collaboration with civil society organizations in specific social protection activities needs to be carefully considered and, if pursued, should be strategic and pragmatic so as to make best use of their comparative advantage. If the resource pool of these organizations is to be tapped into for public social protection programmes, it should be done on the basis of contractual public private partnerships that stipulate the rights and obligations of each party clearly. In this context it would be important to consider the experience of LEAP and the school feeding programme in collaborating with NGOs and volunteers on the delivery of benefits.

Figure 7.1. Outline of the institutional structure governing Ghana's social protection sector



### 7.3. Legal framework

Currently, neither the individual social protection programmes nor the institutional framework discussed above are backed by legislation (with the exception of the National Health Insurance Act and the Pension Act). The medium-term goal should be to develop the related legislation to ensure a transparent, accountable and sustainable governance framework for the social protection system. In the meantime the social protection system does not operate in a legal vacuum. The general public sector laws that ensure accountability and sound financial management in public administration hold for social protection interventions carried out by different ministries, just as for any other public expenditure. The Financial Administration Act (No. 654), the Public Procurement Act (No. 663), Internal Audit Agency Law (Act No. 658) are of particular relevance in this context.

Individual programmes are executed through the various line ministries, and their sound governance can be ensured through appropriate administrative directives and operational manuals. However, the need for improved coordination and harmonization of the monitoring and evaluation frameworks, for reporting formats and for a more efficient administration of schemes through enhanced collaboration in various areas requires the setting up of interagency coordination bodies such as the Social Protection Interministerial Committee and the Social Protection Technical Committee discussed above.

### 7.4. Key messages

The governance framework of the social protection system should be strengthened through the development of a social protection policy and related action plan. This calls for strengthening the legal framework of the social protection system through a consolidated

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body of social protection laws that define social security entitlements and lay down rules and regulation for financial and administrative governance. The legal framework should cover the sources of social protection financing, the rules for the auditing of the schemes and programmes, requirements for freedom of information as well as rules of confidentiality, anti-corruption rules, rules regarding the ethics and behaviour of the staff working in social security administrations, complaints and appeals mechanisms and other regulatory frameworks such as investment rules.

The institutional framework and governance structure of the social protection system need to establish clearly the roles and responsibilities of all the actors involved. At each step of the process this governance structure should establish who needs to be consulted, who can give advice, who has the authority to take decisions, what the information and reporting obligations are, who is responsible for implementation, who for oversight.

Social protection is a multi-sectoral issue that cuts across many different ministries. The constitution of coordination bodies such as a Social Protection Interministerial Committee is crucial for ensuring the overall coherence of the social protection system. Given the multiplicity of programmes and the potential for synergies through collaboration, a coordination body with a technical focus would further improve the efficiency of social protection interventions. The participation in these bodies of all agencies involved in the design, management and implementation of the programmes is key to the successful harmonization of social protection interventions. The implementation structure for the delivery of benefits under the various programmes on the ground needs to be clarified. The Ministry of Gender, Children and Social Protection, Ministry of Finance and Ministry of Local Government and Rural Development have a particularly important role to play in ensuring that effective, efficient and sustainable structures are designed and guaranteeing the political, technical and financial feasibility of social protection interventions.

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## **8. Monitoring and evaluating the social protection system**

### **8.1. Developing a national monitoring and evaluation framework for social protection**

There is currently no monitoring and evaluation framework for the social protection system at the national level; where such frameworks exist at the programme and scheme level, they are often poorly implemented and not linked to or harmonized with other programmes or to the social protection system as a whole. For many interventions data are incomplete and often unreliable or contradictory. The collection, analysis and storage of programme data are a major challenge for almost all the programmes discussed here.

The GSGDA observes that, since the formulation of the first Growth and Poverty Reduction Strategy (GPRS I) in 2003, Ghana has systematically improved its overall monitoring and evaluation capability and the quality and timeliness of its annual progress reports. Its monitoring and evaluation capability went from 62 per cent of all indicators in 2005 to 87 per cent in 2007, while 65 per cent of district assemblies used their own monitoring arrangements to prepare their annual progress report on medium-term development plans. Weaknesses have also been observed, notably in the lack of sectoral planning and progress reporting. The GSGDA foresees the development of a new national monitoring and evaluation plan to address the key challenges of the current system.

Unfortunately, the positive trend in monitoring and evaluation in Ghana in general does not apply to the social protection system, where a lack of data, weak institutional, operational and technical capacities, fragmentation, uncoordinated information, limited resources and the absence of or non-compliance with monitoring and evaluation frameworks result in data gaps, poor data quality and challenges to the policy planning process. Progress reports on social protection in the context of the GSGDA are therefore very limited. While the annual reports for 2010 and 2011 contain whole chapters of detailed information and statistics on other areas of human development such as health and education, there are only a few pages of information on social protection, and some key indicators (such as expenditure) are not reported upon at all (NDPC, 2011 and 2012).

As part of GPRS II Ghana adopted a comprehensive monitoring and evaluation plan for 2006-09 which should have been updated in the context of the GSGDA, which states that a comprehensive national plan addressing the key challenges that face the system and providing both policy and strategic directions are to be developed. The new plan is to sustain and strengthen the plan drawn up under GPRS II, but it is not yet available. Meanwhile, the 2006-9 plan does not provide a detailed framework for social protection but simply sets a target for social protection expenditure of 4.42 per cent of GDP annually over the period 2006-09 as the only indicator to be measured.

As stated in the previous chapter on governance, the development and entry into effect of a countrywide monitoring and evaluation framework for social protection with clear indicators, targets and milestones is a vital step in the achievement of strategic objectives and in making informed policy choices to rationalize social protection expenditure. While the importance of monitoring and evaluation for evidence-based policy-making is widely acknowledged, there are rarely adequate commitments regarding the allocation of resources to develop and implement the necessary frameworks. This section will discuss the data and information that need to be collected for the implementation of a monitoring and evaluation framework, as well as the setting of targets and the development of indicators to measure progress towards the objectives of the social protection system.

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## 8.2. Data collection for monitoring and evaluating the social protection system

The monitoring and evaluation framework relies on the collection of timely and quality data as the starting point for the analysis of the performance of the social protection system or individual programmes. Data refers to all types of information that should be collected, both quantitative and qualitative. The framework could be realized either through a single consolidated social protection database or by having each social protection intervention run on its own. Both options have advantages and disadvantages, but both require a standardized definition of key terms and methods for all interventions, to ensure compatibility between databases or to build up a single database.

As a minimum, all programmes should jointly develop and systematically apply consistent concepts, definitions and classifications when referring to households, districts, economic activities, occupations, target groups and categories of beneficiaries (what constitutes a child, a vulnerable child, a person with disability, a worker, an informal economy worker, an indigent, etc.) as well as for the financial reporting (what constitutes benefit expenditure and what items to include in administration expenditure). To the extent possible, the definitions adopted for the social protection statistics should follow the existing definitions, concepts and classifications of the Ghana Statistical Services. Each programme should then routinely collect at least the following data on the basis of the agreed definitions and classifications:

- *Number of participants and beneficiaries of each programme.* The statistics of participants and of beneficiaries should be classified wherever possible according to the agreed significant demographic and socio-economic characteristics, including sex, age group and, in certain cases, marital status, household composition or other characteristics considered important in the Ghanaian context (e.g. language/tribe, religion, literacy, income level).
- *Benefits provided de facto* (or an explicit definition of in-kind benefits or services).
- *Financial flows* from the various sources of revenue and to the various expenditure items, and the *annual and accumulated balance*.

In addition, all programmes should define and lay down explicitly operational information regarding the following items:

1. objectives of the programmes
2. definition of key terminology and methods
3. target group, eligibility criteria and level of intervention (e.g. household, individual, community)
4. selection and enrolment process
5. level of benefits; justification and methodology for setting and adjusting the level
6. is there a complaint and appeal procedure? If so, how many complaints were received and responded to
7. institutional structure of the scheme or programme, especially regarding the delivery of benefits
8. duration of benefits (number of days/years) as applicable

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9. challenges to implementation and observation of unintended consequences.

### 8.3. Setting of targets and development of indicators

The "Assessment tool for the review of the GSGDA policy objectives 2010-12", in addition to social protection, lists several other key focus areas under the section on human development that are of key relevance for reporting on social protection, including child development and protection, youth development, the aged, disability and the reduction of poverty and income inequalities. However, this tool does not contain clear indicators and targets but provides only an overview of the objectives, policies, strategies and programmes. Moreover, it is not reflected in the annual progress reports, which use the following indicators to measure progress in social protection:

- social protection expenditure as a percentage of GDP and as a percentage of government budget
- number of poor households benefiting from LEAP social grant
- mechanism for the coordination of social protection interventions among ministries, departments and agencies
- implementation of child rights and child protection interventions
- implementation of People with Disabilities Act (Act No. 175)
- implementation of national ageing policy implemented.

The key focus area of poverty reduction also contains indicators for the social protection system, namely:

- incidence of poverty
- poverty gap ratio
- proportion of population living in extreme poverty
- total national budget allocated to women targeted programmes

However, as mentioned above, the reporting on these indicators is rather limited and in any case they lack sufficient detail to measure usefully progress towards the gradual implementation of a national social protection floor, as stipulated in the draft GNSPS. This would require the development and implementation of a countrywide monitoring and evaluation framework for social protection. Possible indicators for such a framework are listed in Annex 2, and the data collection described in the section above is a first step in this direction.

The data listed in the previous section largely consist of the scheme administrative data that are required for the day-to-day monitoring of the operations for the programme implementation, so there should not be any additional cost involved in collecting this data. In addition to this ongoing monitoring of the programme operations, an effort should be made periodically to conduct impact evaluations that trace the intended and unintended consequences of the intervention. This is a different and separate activity from permanent monitoring and requires additional resources for additional data collection, e.g., through field visits, interviews, focus group discussions or surveys as well as for the management and analysis of the information collected. The evaluation methodology should be harmonized among the programmes to allow the comparison of findings, thus ensuring the

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maximum usefulness of the information collected. Conducting joint impact evaluations for different programmes can greatly reduce costs and offer additional insights through direct comparisons.

Given resource constraints, it is important that the need for this additional information be carefully considered to ensure that the data collected will be useful and serve the strategic needs of the programme in terms of evaluating progress towards its intended outcomes. To ensure that it will be possible to implement the monitoring and evaluation framework, the setting of targets should take into consideration the related data needs for measuring progress towards that target. The framework operates within budget and time constraints. That is why for each target it should indicate the related data needs, the source, who is responsible to collect that data and the estimated budget. Finally, the framework should make explicit the underlying intervention logic that explains why certain information or indicators are thought to be relevant for measuring the progress towards a given target.

Specific challenges and monitoring questions will apply to each programme, and each scheme should define the key targets and milestones for achieving these outcomes as well as the related indicators to measure progress and the adequacy of the level of benefits or the service provided, the reliability, efficiency and effectiveness of its operations, the accessibility of the benefits or services and trends over time. For example, the distance beneficiaries need to travel to access a health facility or a LEAP payment point could be used to measure the accessibility of health care or the LEAP benefit. The share of beneficiaries having to travel more than 5 km to access the facility or payment point and the number of visits to the health facility or attendance at LEAP pay-outs could serve as related indicators.

For schemes with multiple objectives, a differentiated set of targets and indicators should be developed. The school feeding programme, for example, should analyse the scheme's impact on school enrolment and attendance, the nutritional status of pupils and the share of meals prepared with locally grown products. Examples of indicators on the reliability of benefit or service provision would include information on waiting times and absenteeism of doctors or nurses at health facilities, the number of defaults of a service (for example, the number of delayed or defaults in LEAP payments or the number of school days where no school meal was provided), etc.

The setting of targets can be a challenging task and targets may need to be revised periodically to ensure their continued relevance in a changing environment. The setting of useful targets requires a careful analysis of contextual factors, especially what can realistically be achieved in a certain environment and given the resources available. For setting targets it may be helpful to consider baseline levels, past trends, expert opinions, research findings, and what has been accomplished in similar settings.

Each programme should make the information listed above publicly available in periodic reports (e.g., annually) and/or on organizational websites and should discuss findings in order to identify and address shortcomings or reform needs. These reports and websites should not only compile the data collected but include measures showing their relationships with social, economic and demographic data over time.

The information collected at the scheme level should then feed into the aggregate framework for an analysis of the overall coherence and performance of the social protection system in terms of aggregate benefit levels, coverage levels and gaps, duplications or overlaps. A suggestion for a related framework of data to be collected for some key indicators of the social protection system organized by social protection floor guarantee is presented in Annex 3. The development of a national monitoring and evaluation framework facilitates a system-wide approach to providing access to social protection and developing indicators that cut across schemes (for example, collecting information on the number of LEAP beneficiaries registered with the NHIS).

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The implementation of a single and coherent monitoring and evaluation framework in Ghana calls for the institutionalization of appropriate units in all organizations implementing social protection programmes as well as a central coordinating unit, possibly located at the Ministry of Gender, Children and Social Protection. Policy, Planning, Monitoring and Evaluation Directorates have already been created within the ministries. At the regional and district levels, regional and district planning coordinating units are responsible for carrying out activities that complement and validate the administrative records of the social protection programmes. However, it seems that the current monitoring and evaluation of social protection interventions is not systematically and adequately reflected in the monitoring and evaluation framework at the regional and district levels. Also, reporting at the district and regional level is not implemented to the same degree in the districts and regions and often face capacity constraints. The regional and district units need to be adequately staffed, equipped and trained in social protection issues to fulfil their function. The central coordinating unit should be responsible for convening periodically representatives of all actors working in the planning, implementation and monitoring of social protection in Ghana from all ministries and development partners. These meetings should include representatives of organizations concerned, such as social partners, NGOs and social protection experts from research institutions.

A level of co-ordination which is easily overlooked is donor co-ordination. Many social protection programmes receive significant financial and technical support from donors that comes with specific monitoring and evaluation systems and requirements. As a result, there is a whole range of different methods, approaches and systems. It is therefore important that donors take the national monitoring and evaluation framework as their starting point and integrate their own requirements into it once it is set up.

#### **8.4. Key messages**

A nationwide monitoring and evaluation framework should be developed as part of a revised social protection strategy. The framework should set clear targets, milestones and time-frames for progress towards the overall objective of building a social protection floor in Ghana as stipulated in the draft GNSPS. The framework should also make provision for monitoring the efficiency, effectiveness and sustainability of the social protection system as a whole and its individual programmes, as well as their intended and unintended impact. The national monitoring and evaluation framework and most programme level frameworks lack sufficient detail and clear indicators and targets to produce the necessary information for an efficient, effective and sustainable social protection system.

The system-level, national monitoring and evaluation framework must rely on timely and quality data inputs and thus on sound monitoring by individual programmes that are harmonized at least to a certain extent. The sources of information for the national framework would include the programme administrative records and progress reports of the social programmes, the district and regional progress reports and data generated by the GSS. As a minimum, all programmes should adopt a common set of definitions, classifications and methods for their monitoring and evaluation frameworks and collect disaggregated data on their beneficiaries, benefit levels and financial flows.

Adequate financial and human resources are needed for carrying out the data collection, management and analysis underlying the monitoring and evaluation framework. These activities are not an end in themselves but are important to optimize operational efficiency, to ensure the financial sustainability of the system, to increase the transparency of public finances, to mobilize support for the social protection system among policy-makers and the general public and to ensure their commitment to it.

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In the light of the above, the following steps could be taken to set the development of the monitoring and evaluation framework on its way:

- A consultative process should be engaged to discuss and adopt formally a core set of nationwide definitions, concepts and classifications for the collection, compilation and analysis of social protection data. There should also be a discussion and definition of specific indicators measuring the impact, effectiveness, efficiency, relevance and sustainability of the various programmes.
- A working committee should be set up to develop a preliminary strategy for integrating the efforts of the various programmes and other stakeholders in meeting data collection needs in key areas.
- An electronic information management system should be adopted to capture, store and retrieve key information relating to the core indicators (see Annex 2).

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## 9. Conclusions and policy recommendations

With a view to providing guidance on the rationalization of social protection expenditure, this report has analysed social protection expenditure in Ghana in terms of its sustainability, robustness, efficiency and effectiveness in preventing or reducing poverty and social exclusion. This has been done on the basis of a comprehensive and detailed framework that analysed the available information on social protection expenditure and financing and coverage and impact at the programme level and at the level of Ghana's social protection system (Chapters 2-5). The report has further developed recommendations on how to redirect resources to the most effective areas and reduce expenditure on less effective activities, based on a set of policy options and alternative scenarios that were devised at a national stakeholder workshop. The report has also provided an estimate of the future cost of implementing these policy options, as well as of their potential impact on poverty reduction based on static micro-simulations (Chapter 6). Finally, the report has assessed the governance framework of Ghana's social protection system (Chapter 7) and provided recommendations on an appropriate monitoring framework (Chapter 8).

The following sections summarize the key results and policy recommendations from this study. While the recommendations are mostly for the attention of the Government, it is important to underline that, given the multidimensional nature of social protection policies, a broad national dialogue with social partners and other stakeholders is necessary to ensure that all relevant aspects are taken into account and that policy decisions benefit from a broad consensus. These considerations apply to all the recommendations that follow.

### 9.1. Refining Ghana's national social protection strategy

In its draft national social protection strategy Ghana has set itself the objective of establishing a national social protection floor that guarantees basic income security for children, active age and elderly as well as access to health services for the population, with a focus on the most vulnerable members of society. In order to provide a solid basis for the further development of Ghana's social protection system, the following recommendations should be considered when finalizing the GNSPS, designing future social protection policies and allocating the necessary resources.

1. The Government of Ghana should carefully consider the range of schemes and programmes which fall into its social protection basket. While acknowledging that a broad range of programmes can have a positive effect on social protection, it would be useful to distinguish more clearly between programmes whose main objective is clearly social protection and others whose main objective is different (education, health, employment), even though they may contribute to enhancing social protection as a secondary objective. Ghana's draft national social protection strategy lists 45 programmes, many of which benefit poor people but are not aimed primarily at providing social protection to the population. Expenditure on education programmes or public health interventions such as the capitation grant, free exercise books, malaria control and immunization programmes form part of the education and health budgets, but would usually not be classified as social protection expenditure.
2. To improve the coherence of the overall social protection system, the Government should consider enhancing the effectiveness and efficiency of existing programmes through closer coordination of programmes with each other and their better alignment with the Government's main policy priorities. This would also facilitate the monitoring of these programmes within Ghana's overall social protection system,

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with a view inter alia to closing coverage gaps and ensuring that benefit levels are adequate to achieve the relevant policy objectives.

3. The Government should consider stepping up its efforts to harmonize social protection policies with related policy areas and programmes. This includes areas that do not constitute social protection in a narrow sense but play a critical preventive role in reducing future needs for social protection, particularly the need to enhance health and education and promote current or future income-generation opportunities. Collaboration and coordination is particularly important between poverty-related programmes of different ministries, such as the Ministry of Health, Ministry of Education, Ministry of Employment and Labour Relations, Ministry of Agriculture, Ministry of Youth and Sports, Ministry of Local Government and Rural Development and Ministry of Finance.
4. The Government should consider reducing the fragmentation of the social protection system and ensuring equitable access to social protection in all regions based on clear eligibility criteria. At present the social protection landscape is full of duplications and overlaps in terms of objectives, administration, delivery and monitoring of the different programmes. Moreover, many programmes have limited scope in terms of their geographic coverage, membership base, target groups or budget and are often difficult to sustain over time. While certain vulnerabilities may be specific to certain regions (e.g., risk of floods or droughts) and may warrant programmes that are of limited geographic scope, the guarantees of the national social protection floor should be established nationwide in order to protect the population against life-cycle risks. Everyone is liable to fall ill, grow old, or be unable to earn sufficient income. To accelerate progress in building the social protection floor, the Government should consider adopting a clear legal framework for extending key programmes at the national level (Section 9.4).
5. The Government should consider stepping up its efforts to strengthen the basic social security guarantees that constitute the national social protection floor. This calls for an increased effort to ensure that existing social protection programmes operate more effectively and efficiently and that the remaining coverage gaps are closed (Section 9.2). The policy options and alternative scenarios in Chapter 6 provide detailed estimates of the cost and impact of various policy options.
6. The Government should consider reviewing the eligibility criteria of the various programmes, particularly with respect to their capacity to reach poor and vulnerable groups of the population.

## **9.2. Closing coverage gaps and strengthening the national social protection floor: Access to health care and income security throughout the life cycle**

Despite the impressive progress that Ghana has made in extending social protection over the years, there are still substantial coverage gaps. In order to meet the aspirations set out in the GSGDA and the draft GNSPS, Ghana needs to accelerate its efforts to build its national social protection floor, notably by ensuring at least a basic level of income security and access to essential health care throughout the lifecycle.

### **Access to essential health care**

Although Ghana has made significant progress in recent years and is performing relatively well compared to many other African countries, sizable coverage gaps in effective access

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to health care remain. The current coverage rate of the NHIS of about a third of the population is encouraging, but it is a long way from universal social health protection.

Ghana has been successful in extending protection to its population since the establishment of the NHIS, and the Government's policy of universal access to health can take much of the credit for raising the membership level to its present one-third of the population. The strategy of requesting those with the contributory capacity to pay for NHIS registration while exempting the poor and vulnerable groups such as children, persons over the age of 70 and pregnant women is a promising step towards universal affiliation. However, coverage of the remaining 66 per cent of children and 43 per cent of older persons warrants urgent attention, as do the coverage gaps for other exempt groups. Complementary measures need to be taken simultaneously to improve the accessibility, availability and quality of health care so as to ensure effective universal health coverage. Extending NHIS membership, improving the efficiency and effectiveness of NHIS operations and improving the supply of health care are necessary in order to achieve the objective of universal health coverage as set out in the legislation.

7. The Government of Ghana should carefully assess the progress in achieving universal health coverage through the NHIS with a view to removing remaining obstacles to universal coverage.
8. Although the current exempt categories - children, persons aged 70 and over, pregnant women and the indigent - have been wisely chosen, the Government could also consider extending coverage to more vulnerable categories of the population (e.g., by lowering the age threshold for older people).
9. It is essential that the Government remain committed to further extending NHIS membership and to further improving the efficiency and effectiveness of NHIS operations. The strategy of exempting some categories of the population from paying contributions and registration fees while maintaining a contributory system for those who can pay is a pragmatic means of gradually arriving at universal coverage and securing long-term financial sustainability.
10. The Government should ensure that contribution rates for workers in the informal economy, subsidies per member for contributors with limited means and allocations for the exempt groups are determined actuarially at a level that ensures the sustainability of the NHIS. This will provide a more solid basis for accelerating the extension of coverage to broader groups of the population.
11. The Government should in particular consider measures to remove the remaining obstacles to coverage for groups exempted from contributions, including children, older persons, pregnant women and the indigent. In view of the positive experience of linking registration to the NHIS to other programmes (LEAP, GLST), the Government could also consider extending the practice to other areas in order to cover all exempted groups. For example, it could explore measures to encourage parents to register their children in the NHIS (for example, by ensuring the presence of NHIS registration officers when parents register their children for school, or on regular registration days announced by the schools).
12. In order to expedite the registration of exempt groups, the Government should consider reviewing the remuneration structure for NHIS registration agents, so as to involve them actively in the registration of exempted groups.
13. The Government should consider ways of strengthening the financial basis of the NHIS so that it can meet the cost of covering exempted groups of the population. This may include a review of the current government allocation for exempt members of GHC 18 per year, so as to bring it closer to the real average cost per member based on

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an actuarial assessment (Section 9.3). This would ensure the financial sustainability of the Government's strategy of increasing NHIS membership and achieving universal health coverage.

14. In addition to the above, the Government should address supply-side constraints to universal access to health care. The entire population, including those living in rural areas, could thus enjoy effective access to health care of adequate quality and health care providers would be able to cope with the increase in utilization.
15. The Government should consider addressing the fragmentation of the health sector and enhancing coordination and collaboration among schemes and programmes.
16. The Government should consider introducing or strengthening measures to facilitate access to health services for certain vulnerable groups. For example, in the light of the still relatively high pregnancy-related morbidity and maternal mortality rates, the Government has decided to focus on maternal health as a priority issue for its Millennium Acceleration Framework. Evidence from the Ghana Luxembourg Social Trust project suggests that cash benefits combined with measures to enhance the utilization of services for pregnant women can improve maternal and child health as well as access to maternal care, where available. However, large parts of the country still suffer from a seriously inadequate supply of health care.

### **Income security for children**

Ghana's broad range of social protection programmes for children focuses in particular on facilitating access to schooling in line with the Government's successful strategy of ensuring free compulsory universal basic education. These programmes contribute to reducing poverty among children to some extent, but the LEAP project, which is the main programme aimed at closing the poverty gap for orphans and vulnerable children in all age groups, still reaches only a small fraction of extremely poor children and households. The existing programmes contribute substantially to building human capital and preventing poverty for future generations, but a renewed effort is necessary to accelerate progress towards the attainment of these objectives.

17. The Government should consider reviewing existing programmes that focus on school-age children to ensure that they contribute in the most effective and efficient way to the Government's policy objectives in the areas of education and social protection. The review should include coordination between the various programmes at the national, district and community level so as to avoid duplication and enhance synergies.
18. The Government should maintain and strengthen its efforts to ensure efficient coordination between education-related programmes (capitation grant, free school uniforms, free exercise books and scholarship programmes) under the Ghana Education Service and other programmes, including the school feeding programme, interventions aimed at eliminating child labour and the LEAP programme.
19. The Government should review social protection needs for younger children under the age of five so as to ensure that their social protection needs, including access to adequate nutrition, early childhood education and care, are adequately addressed.
20. The Government should consider reviewing social protection programmes for teenage children and programmes that facilitate their participation in education and vocational training, to ensure that their needs are being met.

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21. The Government may consider analysing the impact of the existing social protection programmes on the reduction of child labour, particularly regarding the eradication of the worst forms of child labour. Interventions for child labour would benefit from closer collaboration with the LEAP programme.

### ***Income security for people of working age***

Income security for people of working age is currently served mainly through active labour market programmes such as NYEP and LESDEP, which together absorbed almost 75 per cent of expenditure on the social protection programmes reviewed in this report (excluding subsidies). LESDEP and NYEP support general skills training, entrepreneurship and access to credit, which by themselves do not constitute social protection benefits in the sense of directly compensating beneficiaries for income lost on account of certain contingencies. LIPW has a stronger focus on social protection and on the provision of income security for vulnerable groups.

22. In order to ensure an optimal allocation of public funds, the Government could consider undertaking a more detailed review of the overlap and potential synergies between parts of the NYEP, LESDEP and other skills training and business support initiatives. Such a review, which would ideally be preceded by a clarification of programme objectives, should cover eligibility conditions and selection criteria, benefits and services provided, financing and expenditure, impact, monitoring and evaluation, as well as administration and delivery structures at the regional and district level.
23. On the basis of a detailed review of this kind, the Government should consider aligning the programme designs with its policy objectives, notably to ensure that they effectively reach their target groups, including vulnerable groups of the population, provide adequate benefits and services and have appropriate arrangements for monitoring their impact and, if necessary, adjusting their methods of delivery. From a social protection perspective, additional measures addressing marginalized and poor youth and school drop-outs are important. These measures would need to be introduced in conjunction with labour market reforms that result in better entry options for school graduates and greater incentives to enter the formal sector. While these issues are outside the scope of this report, it is essential to address them to ensure the long-term sustainability of the social protection system.
24. Depending on the findings of the review, the Government should consider taking appropriate measures to avoid the duplication of administrative structures and inefficiencies deriving from the multiplicity of programmes with similar objectives and activities. This could include exploring the synergies and scope for collaboration in the training and skills development components of the NYEP, LESDEP and GEBSS, as well as in their administrative structures and district offices. The Government might also consider tasking the Ghana Youth Employment and Entrepreneurship Development Agency with a range of active labour-market programmes so as to enhance their effectiveness and efficiency. Finally, it might evaluate whether the resources currently committed to active labour-market programmes would be sufficient to establish such a public employment service. Such an evaluation could be part of the development and implementation of a national employment strategy.
25. Noting that the LIPW programme plays an important role in providing the rural population with employment opportunities and income security, the Government should remain committed to this project and, depending on the results of the monitoring and evaluation process, should consider further developing the programme. In this regard, it may be useful to envisage measures to ensure that

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women enjoy full access to the programme, that adequate social protection measures are in place in case workers are temporarily unable to work (e.g., in case of maternity or sickness) and that the needs of workers with family responsibilities are taken into account.

26. In line with the national policy on persons with disability, the Government should consider conducting a review of measures that can help to facilitate the integration of persons with disabilities and chronic illnesses into the labour market and to guarantee adequate social protection coverage. The review could include an assessment of the extent to which LEAP can play a role in referring people with disabilities and chronic illnesses to education, employment, health and care services.
27. In conjunction with the abolishment of fuel and electricity subsidies that it is considering, the Government should formulate a clear strategy for mitigating unavoidable increases in fuel and other prices and their impact on the cost of living, through the phased introduction of compensatory measures that would have to be fully operational when the subsidies are reduced. The strategy should allow for the predictable, rights-based entitlement of people of working age so that they can cope with being unable to earn a sufficient income.

### **Income security for older people**

Income security for older people is currently provided through SSNIT pensions (for those employed in the formal economy who have contributed long enough) and through LEAP benefits (for the extremely poor). Taken together, these benefits provide a certain level of regular income to about 10 per cent of the older population. While the LEAP programme plays a critical role in addressing extreme poverty in old age, its coverage is very limited. Even if the LEAP targeting mechanism were perfect, only 3 out of 10 extremely poor older persons would currently receive benefits. As a result, significant coverage gaps remain with regard to income security in old age. Current cash benefits to older persons through SSNIT and LEAP are an important means of guaranteeing them income security and are core elements of Ghana's national social protection system. Despite their achievements, SSNIT and LEAP cover only a small proportion of older people and are not in a position to meet the income security needs of Ghana's population as a whole, particularly those outside the formal economy and those who have not had the chance to contribute at a sufficiently high level long enough.

28. The Government should examine its policy options for ensuring that a larger share of Ghana's population enjoys at least a basic level of income security in old age, as well as the policy objectives set out in the National Ageing Policy. An extension of the LEAP programme to all districts and to a larger share of those living in extreme poverty would certainly be an important means of improving the living standards of elderly people living in extreme poverty, less than one-third of whom are currently covered.
29. In view of the LEAP programme's complex targeting system, the Government could consider more far-reaching but administratively lighter solutions. This could include the option of moving towards a non-contributory social pension. Experience in other countries with universal pensions has shown that a modest but predictable pension benefit can have a real impact on the livelihood of older people and their families, including children living in their households. Such pensions have enabled older people, particularly women, to contribute actively to the household income and thus enhance their sense of dignity and their rights and status within the family. A social pension of this nature could be designed to cover all people above a certain age as a right. If necessary, the policy could be implemented gradually by focusing first on

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older people in rural areas (rural pensions), or introducing some kind of light targeting (based on an income or pension test).

### **9.3. Ensuring financial sustainability and enhancing fiscal space**

Achieving Ghana's policy objectives and closing coverage gaps in the social protection floor will demand greater efficiency and effectiveness in allocating the available resources. In addition, the attainment of Ghana's policy objectives will mean mobilizing additional fiscal space. The experience of other countries shows that, as they increase the social protection share of their budget, they tend to generate more inclusive and sustainable economic growth.

1. The Government should step up its efforts to ensure that decisions on the allocation of public resources are based on comprehensive and consistent data. This includes data on social protection programmes (revenue, expenditure, operations, impact), as well as on public finances in a wider sense. As to the classification of government expenditure and revenue, a useful source of guidance is the IMF's *Government Finance Statistics Manual*, which provides useful classifications for major revenue and expenditure items including social protection (IMF, 2001 and 2012).
2. In this respect, the Government of Ghana should consider establishing a social budget as a planning instrument to support the GNSPS.
3. The financial size of Ghana's social protection programmes is modest (the programmes examined in this report account for only 1 per cent of GDP), both in comparison with countries at the same level of development and with the Government's stated policy objectives. One of the priorities in this respect has to be the search for additional resources.
4. Given the expected decline of development aid and concessional loans, the Government should step up its efforts to raise the efficiency and effectiveness of government spending and set new priorities for items in its budget.
5. The limited size of some of the programmes covered in this report restricts their potential impact and efficiency.
6. The Government should consider re-prioritizing social protection programmes within the more encompassing poverty-related expenditure portfolio, based on the policy objectives outlined in its social protection strategy and on the outcome of systematic monitoring. Such measures would help to place more emphasis on the role of social protection expenditure within the larger budget allocations to poverty-related spending.
7. In order to facilitate the planning and operation of social protection programmes and avoid disruptions in delivery, the Government should consider measures to enhance the predictability and regularity of budget allocations to the programmes. Such measures would be supported by the creation of a legal basis for such programmes (Section 9.4).
8. In order to enhance the predictability and sustainability of funding sources for social protection programmes, the Government should consider reviewing, and if necessary amending, the rules governing the flow of funding to social protection programmes, including financial flows that are redirected through the statutory funds.

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10. To ensure the sustainable financing and good performance of the social protection system, a special Ministry of Finance unit, together with the line ministry responsible for social protection, should play a key role in budget planning, in allocating funds in a reliable and timely manner and in putting checks and balances in place that ensure a sound administration and delivery of social protection benefits.
  11. The Government should consider policy options aimed at enhancing the financial sustainability of the NHIS within the current legal framework. This might include a review of the financial flows from earmarked resources (including the VAT levy) to the NHIS, which are one of the main sources of revenue according to the law. An actuarial assessment would be necessary to set the main parameters at a level that ensures the sustainability of the NHIF and encourages the further expansion of NHIS membership. The assessment would cover the contribution rate for workers in the informal economy, the subsidies per member for contributors with limited contributory capacity, and the allocations for exempt groups.
  12. Since energy subsidies are scheduled to end, the Government should envisage using a substantial portion of the resources freed to extend social protection in priority areas, so as to develop its social protection floor further. The policy options assessed in Chapter 7 of this report could provide helpful guidance.
  13. The attainment of Ghana's objectives requires additional fiscal space for the financing of its social protection policies, which may exceed the volume of resources freed by the planned termination of energy subsidies. As the scope for raising taxes is very limited, the Government could consider other means of mobilizing resources in a sustainable way. Possible options might include a broadening of the tax base, tax revenue generated from the petroleum sector and/or revenues generated from natural resources, and a general review of the income tax structure for individuals, households and enterprises. The income tax system can play a role in helping the Government achieve its social redistribution objectives.

#### **9.4. Ensuring good governance and efficient administration**

Rationalizing social protection expenditure requires good governance, an efficient administration and effective delivery structures.

1. The Government should consider strengthening the governance framework of the social protection system through the development of a social protection policy and related action plan.
2. The Government, together with the legislative bodies, should step up efforts to strengthen the legal framework of the social protection system through a consolidated body of laws that define social security entitlements and establish rules and regulation for financial and administrative governance. The legal framework should also cover the sources of social protection financing, the rules for the auditing of the schemes and programmes, freedom of information, rules on confidentiality, anti-corruption rules, the ethics and behaviour of staff working in social security administrations, complaints and appeals machinery and other regulatory frameworks such as investment rules.
3. The institutional framework and governance structure of the social protection system need to establish clearly the role and responsibilities of all actors involved. For each step of the process it should determine who needs to be consulted, who can give

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advice, who has the authority to take decisions, what are the information and reporting obligations, who is responsible for implementation, who for oversight.

4. As social protection is a multi-sectoral issue that cuts across many different ministries and agencies, the Government should remain committed to enhancing coordination through such bodies as a Social Protection Interministerial Committee, which is crucial for ensuring the overall coherence of the social protection system. Given the multiplicity of programmes and the potential for synergies through collaboration, a coordination body with a technical focus would further improve the efficiency of social protection interventions. The participation in these bodies of all relevant agencies involved in the design, management and implementation of social protection programmes is a key factor in the successful harmonization of social protection interventions. The implementation structures for delivering benefits on the ground need to be clarified. The MGCSP, the MoFEP and the MLGRD play a particularly important role in ensuring that effective, efficient and sustainable structures are designed and implemented to guarantee the political, technical and financial feasibility of social protection interventions.
5. The Government should consider taking additional measures to exploit synergies and economies of scale, while remaining committed to processes where this has already been initiated, such as the development of a common targeting mechanism. In addition, the Government may consider combining services at the district and community level, where appropriate, so as to use the existing resources more efficiently and to improve services to the population. For example, one suggestion made at a stakeholder workshop was to combine the administration of NYEP/GYEEDA and LESDEP at the district level.
6. The Government should envisage undertaking further activities where there is a potential for the various programmes to collaborate and reduce costs, including:
  - a. information and awareness-raising,
  - b. general management of membership, including targeting mechanisms, the registration of beneficiaries and databases,
  - c. arrangements for the delivery of benefits,
  - d. complaint and appeals procedures,
  - e. monitoring and evaluation.
7. The Government should consider measures to enhance the reliable delivery of benefits and improve the availability and quality of services, so that social protection benefits can secure a degree of stability for beneficiaries.
8. Programmes should establish a set of consistent and formalized eligibility criteria and targeting and selection processes in order to ensure greater clarity and transparency as to who is entitled to which benefits and on what grounds. These rules also need to be applied more rigorously on the ground, and the discretionary power to select beneficiaries at the community level that exists in many programmes should be reduced in the interest of equity.
9. The Government should consider additional measures to ensure the availability of the goods and services that beneficiaries are entitled to, particularly the provision of health care.

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11. The Government should step up its efforts to ensure that rules, eligibility criteria and entitlements in social protection programmes are clearly communicated to scheme administrators and the general public.
  12. The Government should intensify its efforts to communicate information about social protection programmes to potential beneficiaries and the general public in order to enhance their awareness and understanding of social protection issues. Such communications should include information about available programmes, eligibility conditions, individual rights and entitlements and complaints and appeal procedures.
  13. The Government should take measures to improve administrative efficiency by enhancing coordination and cooperation among programmes. Synergies could be created among programmes in such areas as communication and awareness activities, community outreach, membership management, identification and registration, delivery of benefits, data collection, monitoring and evaluation.
  14. In developing a common targeting mechanism, the Government should consider carefully which programmes are to be included. It should also ensure that the mechanism is sufficiently flexible to allow for different eligibility criteria for different programmes. So long as the mechanism is dependent on the implementation and roll-out of one programme, there is a procedural risk. Should the roll-out of LEAP to more districts or larger target groups encounter obstacles, for example, other programmes that rely on LEAP to identify beneficiaries for other entitlements may find themselves in a situation where their target groups are not only blocked from receiving LEAP benefits but do not receive other entitlements either.

### **9.5. Establishing an effective monitoring framework**

In order to ensure the effective and efficient implementation of Ghana's social protection policy, it is important to establish mechanisms for the regular monitoring of the national social protection system, along with a solid information base for future policy reforms.

1. The Government should consider establishing a nationwide monitoring and evaluation framework as part of a revised national social protection strategy (outlined in Chapter 8). The framework should set clear targets, milestones and time frames for achieving progress towards the goals articulated in the strategy and for attaining the overall objective of building a social protection floor as stipulated in the draft GNSPS. It should be based on broad national consultation with the social partners and other stakeholders.
2. The Government should ensure that a system-level, national monitoring and evaluation framework relies on timely and quality data inputs from individual programmes, based on a common set of definitions, classifications and methods and on the collection of disaggregated data on their beneficiaries, benefit levels and financial flows. The Government should ensure that the results of regular monitoring of Ghana's social protection system are accessible to the public.
3. The Government should ensure that the framework is endowed with adequate financial and human resources, so that it can contribute effectively to the effectiveness, efficiency and financial sustainability of Ghana's social protection system.

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## ANNEX 195

### Micro-simulation of the impact of various social protection programmes on the reduction of poverty in Ghana: Some methodological notes

#### Data source

The micro-simulation draws on the data from the fifth round of the Ghana Living Standards Survey (GLSS 5), which was conducted in 2005-06.

#### Basic definitions and concepts

As far as relevant information could be obtained, the calculations presented in this study are based on the definitions and concepts defined by the GSS (GSS, 2007).<sup>29</sup>

**Expenditure poverty.** The standard-of-living measure used is based on household consumption expenditure, covering food and non-food expenditure including housing, and is adjusted for variations in the cost of living across various areas in accordance with the Ghana Statistical Service (GSS, 2007). It appears that expenditure on durable goods and on hospital stays is not reflected in this expenditure measure (GSS, 2007, p. 70).

**Equivalence scale.** In order to be able to compare living standards across households, an equivalence scale is used which reflects variations in nutritional needs during the life cycle and is consistent with the scale used by the GSS (GSS, 2007, p. 71).

**Poverty.** An absolute poverty line is used that is based on the average consumption basket, which includes food and non-food expenditure. In line with the method adopted by the GSS, the poverty line was set at 900,000 cedis in 1999 (equal to 3,708,900 cedis at January 2006 prices (GSS, 2007, p. 6).

**Extreme poverty.** "Extreme poverty" reflects a situation where the standard of living of a household is insufficient to meet the basic nutritional needs of its members, even if they were to devote their entire consumption budget to food (GSS, 2007, p. 11). The poverty line used is known as the 700,000 cedis poverty line, in reference to the 1999 price level (at January 2006 prices, the poverty line corresponds to 2,884,700 cedis (GSS, 2007, p. 6).

#### Static micro-simulation methodology

The estimated impact of programmes is based on a static micro-simulation of the transfer of cash and near-cash resources to households. This methodology has been applied in a variety of contexts.<sup>30</sup>

<sup>29</sup> The present study relies largely on the concepts and methods presented by the GSS (GSS, 2007 and 2008).

<sup>30</sup> See, for example, Behrendt (2002), Bonnet et al. (2012), Gassmann and Behrendt (2006), ILO (2008a, 2008b).

**Using the GLSS 5 data for micro-simulations:  
Underlying assumptions and adjustment of monetary values**

The micro-simulation is based on the simplifying assumption that the population structure and the distribution of incomes and consumption remain unchanged between 2005/06 and 2013. However, monetary amounts have been adjusted in order to bring the price level to the year 2013. Therefore, all monetary amounts, including household consumption and poverty lines, have been adjusted for inflation based on the change in the consumer price index as reported by the Ghana Statistical Service.

**Table A.1. Consumer price indices used for adjustment of poverty lines, by region**

		Western Central	Greater Accra	Eastern Volta	Ashanti Brong	Northern Upper Ghana Ahafo East,	Upper West
Dec. 2005	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Mar. 2013	225.9	257.1	252.5	237.7	218.2	222.3	220.8 241.7 263.4 278.4

Source: Own calculations based on GSS consumer price index for October 2012 and March 2013.

Accordingly, it is assumed that the poverty line (GHC 370.89 per year in 2005 at 2013 prices) would reach GHC 1,032 per year or GHC 86 per month in 2013, and the extreme poverty line (GHC 288.47 in 2005) would reach GHC 803 per year or GHC 67 per month in 2013.

**Tentative simulation of the hypothetical impact of a nationwide LEAP programme on poverty reduction**

In order to obtain a rough indication of the impact of the LEAP benefit on poverty levels, a hypothetical static micro-simulation is conducted using GLSS 5 data. This simulation is based on an approximation of the eligibility criteria of the population under the LEAP programme, as follows:

- *Elderly household members.* Elderly household members are defined as household members aged 65 and older, in line with the programme eligibility criteria.
- *Orphans and vulnerable children.* According to the LEAP operational manual this category includes children under 18 who are (1) single or double orphans, (2) disabled, (3) chronically ill, (4) members of a household with a head who is a child (under 18 years old), (5) members of a household whose head is chronically ill, or (6) members of a household with a parent whose whereabouts are unknown. As variables on disability, chronic illness and actual orphan status are not available in the GLSS 5, the following approximation was used: children under age 18 whose mother and/or father does not live in the same household, or who live in a household headed by a child. While criterion (4) appears to be relatively well reflected, this definition does not capture orphans and vulnerable children under criteria (2), (3) and (5) but overestimates those under criteria (1) and (6); it also wrongly captures parents who do not live in the same household as their children for other reasons than death and disappearance (e.g. divorce, separation or migration). It is not clear whether the combined effect of this imperfect approximation leads to an overestimation or underestimation of the number of orphans and vulnerable children.
- *Persons with severe disabilities.* The available information in GLSS 5 did not allow the identification of persons with severe disabilities.
- *Persons who are chronically ill.* GLSS 5 does not include sufficient indications on chronic illness, and this category could therefore not be considered.
- *Disabled persons.* The GLSS 5 does not include sufficient indications on disability, and this category could therefore not be considered.

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As it is not possible to replicate the LEAP targeting mechanism for the purpose of this micro-simulation, it is assumed that the households identified as "extremely poor" under the LEAP community-based targeting mechanism are the ones that are classified as living in extreme poverty based on their consumption in the GLSS 5 data. However, it is clear that in practice such perfect targeting is not possible for several reasons. According to World Bank estimates, the LEAP programme achieves a targeting efficiency of 57.5 per cent (World Bank, 2010a).

In order to explore some avenues for future development of the national social protection system, the static micro-simulation assumes that the LEAP programme is rolled out nationwide and is available in all districts.

## ANNEX 198.

### Assumptions used for the baseline projections and alternative scenarios

Programme	Drivers used for projections	Assumptions (baseline scenarios)	Assumptions (alternative scenarios)
NHIS	<ul style="list-style-type: none"> <li>- population growth (volume)</li> <li>- inflation (price component)</li> </ul>	<p>historical trend in NHIL collections that flow into the scheme (this is - less than 100 per cent); NHIL collections are taken from government projections</p> <p>other income is assumed to be zero, except for contributions from the - informal sector which follow inflation (no volume adjustment, price adjustment only) .</p> <p>real average for 2009-12 is used as a basis for programme expenditure (GHd: 53.9), adjusted for medical inflation (6.5 per cent)</p> <p>real average for 2009-12 is used as the basis (GHd 4.5), adjusted for inflation</p> <p>number of registered members follows historical trend</p>	<p>historical trend of NHIL collections <i>plus</i> scenario where 100 per cent of collections flow to the NHIS (except for the allocations for GYEEDA)</p> <p>expansion of exempted categories according to the law; 52 per cent of total population</p> <p>indigent: similar to LEAP scenario, assuming one indigent household member of working age</p>
LEAP	<p>population growth (volume)</p> <p>average overall household size will gradually decrease from 4.5 persons in 2010 to 4.1 in 2020, to arrive at the number of households for each year</p> <p>inflation (price component)</p>	<p>expansion of beneficiaries to 150,000 in 2015 and 164,370 in 2016, - after which it is capped at this level</p> <p>benefit levels are multiplied by number of eligible members per household to arrive at total programme spending -</p> <p>this results in a significant ('hidden') component of 28 per cent in programme cost that cannot be accounted for; the assumption is that this gradually levels downward to zero (in 2016) -</p> <p>administrative costs will gradually rise to 12 per cent of total costs in 2016</p>	<p>(all scenarios) expansion of beneficiaries to 374,000 households by 2016, after which increase in line with population growth</p> <p>(all scenarios) the 2012 proportion of households with one eligible person, two eligible persons, etc. in total households is kept constant</p> <p>(scenario 1b) benefit levels are raised by 50 per cent in 2014 and then follow the trend of inflation</p>
Capitation grant	<p>population growth (volume)</p> <p>inflation (price component)</p>	<p>expenditure per pupil is the budget per pupil (given that no data on - expenditure is available)</p> <p>continuation of the 81.8 per cent de facto coverage (2012) adjusted for population growth</p>	<p>not applicable</p>

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Programme	Drivers used for projections	Assumptions (baseline scenarios)	Assumptions (alternative scenarios)
Ghana school feeding programme	population growth (volume) inflation (price component)	budget of GHd: 60 million at 2012 prices, adjusted for inflation for the projection period programme expenditure per pupil and administrative costs per pupil are taken from their 2012 level and further adjusted for inflation continuation of the 23.7 per cent de facto coverage (2012) adjusted for population growth	not applicable
Free school uniforms	inflation (price component)	the 2012 level (adjusted for inflation to GHd 25 in 2013) is taken as indicative of actual spending participants capped at current level	not applicable
Free exercise books	population growth (volume) inflation (price component)	the 2013 level (GHd 5.56) is taken as indicative of actual spending participants capped at current level	not applicable
Cash benefit for pregnant women and young children	population growth (volume) inflation (price component)		benefit level is GHd 25/month in 2014, adjusted for inflation thereafter fully operational from 2014 onwards 7 per cent of households receive cash transfer
	- inflation (price component)	- the general government budget remains at its 2013 level, with correction for inflation - specific percentage share of allocations from state funds (2 per cent NHIL, 3 per cent GETFund, 12 per cent DACF and 60 per cent CST) - average benefit level GHd 120/month in 2012, adjusted for inflation afterwards - administrative spending will remain at the 2012 level, adjusted for inflation - for the participant projections GYEEDA's target for 2013-18 is used for reference; the assumption is a gradual increase in participants to reach the annual target in 2018 and remain constant thereafter	- not applicable

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Programme	Drivers used for projections	Assumptions (baseline scenarios)	Assumptions (alternative scenarios)
	- inflation (price component)	<ul style="list-style-type: none"> <li>- 25 per cent of total annual revenue accrues from revolving funds and - not applicable revenue generating operations</li> <li>- programme costs per participant were estimated at GH\$ 1,445 in 2013 and further adjusted for inflation</li> <li>- administration costs per participant (GHd: 164 in 2012) will gradually drop to the level of GYEEDA's prices (GHd 44 in 2012, but adjusted for inflation) from 2016 onwards</li> <li>- participants capped at 65,000</li> </ul>	
LIPW	inflation (price component)	<p>the report assumes a distribution of the available cumulative budget (GHd 72 million minus expenditure in 2012 of GHd 9,35 million) over 2013-16</p> <p>LIPW stops in 2016 and the expenditure in the baseline is therefore zero from 2017 onwards</p> <p>the target of 50 per cent spending on wages of low-skilled workers is achieved in 2016; in 2012 this was 19.6 per cent and the assumption is a gradual increase up to the target level</p> <p>12 per cent administrative costs (out of total expenditure)</p> <p>participants capped at current level; LIPW's end target for June 2016 is formally set at 16,800, but the report maintains the current (higher) level for the projections</p> <p>earnings level of GHd 150/season, adjusted for inflation</p>	not applicable
Universal old age pension	<ul style="list-style-type: none"> <li>population growth (volume)</li> <li>inflation (price component)</li> </ul>		<p>benefit level is GHd 40/month in 2014, adjusted for inflation thereafter</p> <p>all individuals above age 65 (70) receive the pension</p> <p>fully operational from 2014 onwards</p>

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## ANNEX 201.

### Key data and indicators for monitoring and evaluating a national social protection framework

#### Social health protection

	Data	Indicator	Impact indicator
Coverage (disaggregated by age, sex, region, district, income level)	Number of persons registered with the NHIS	Percentage of total population with NHIS registration	
		Percentage of poor population with NHIS registration	
		Percentage of women registered with NHIS	
		Percentage of NHIS members in the exempt categories	
Benefit	Number of contacts per person per year Number of health staff per 10,000 population (disaggregated by district)		Percentage change over time
Quality	Institutional maternal mortality ratio		
Financing	Health expenditure not financed out of pocket by private households		

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## Income security for children

	Data	Output Indicator	Impact indicator
	Number of children receiving periodic cash benefits	Percentage of all children receiving benefits Percentage of children in poor households receiving benefits Percentage of girls receiving benefits Percentage of children under five receiving benefits	Percentage change in children living in poor households Percentage of children registered with the NHIS
Coverage by age, sex, region, district, income level)	Number of children receiving in-kind benefits related to schooling	Percentage of all children receiving benefits Percentage of children in public schools receiving benefits Percentage of girls receiving benefits	Percentage change in school enrolment and school attendance
	Number of children receiving food benefits	Percentage of all children receiving benefits Percentage of children in poor households receiving benefits Percentage of girls receiving benefits Percentage of children under five receiving benefits	Percentage of children suffering from wasting Percentage of children suffering from stunting Under five morbidity and mortality rates
Adequacy	Level of benefits	Benefit level as a percentage of the poverty line	Poverty gap
Revenues	Total revenue allocated for child benefits (disaggregated by source)		
Financing/ Administration	Total expenditure on child benefits (disaggregated by percentage of administrative staff and non-staff costs in relation to expenditure on benefits)	Percentage of GDP spent on child benefits Percentage of total government expenditure on child benefits Percentage of total social protection expenditure on child benefits Percentage of expenditure on benefits in relation to administrative costs per beneficiary per year	

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## Income security for people of working age

	Data	Indicator	Impact indicator
	Number of persons of working age receiving periodic cash benefits		Percentage change in poor population of working age
	Number of persons of working age receiving in-kind benefits related to skills training	Percentage of population in active age receiving cash benefits Percentage of poor population in active age receiving benefits Percentage of female beneficiaries	Percentage change in unemployed
Coverage (disaggregated by age, sex, region, economic sector, district, income level)	Number of persons of working age receiving benefits related to starting or improving business		Percentage of working age population registered with the NHIS and linked to other complementary services
	Number of persons of working age linked to other complementary services		Number of business start-ups
	Number of persons of working age contributing to statutory old-age, survivors and invalidity scheme	Percentage of persons of working age contributing to old-age, survivors and invalidity statutory scheme	Number of businesses closed down Percentage change in working-age SSNIT contributors
	Number of persons of working age receiving an invalidity pension		
Benefit	Level of benefits (by programme or scheme)	Benefit level as a percentage of minimum wage	
		Benefit level as a percentage of average wage	
		Benefit level as a percentage of poverty line	
Financing	Total revenues allocated for working age benefits (disaggregated by source)		
Financing/ Administration	Total expenditure on working age benefits (disaggregated by administrative staff and non-staff costs as a percentage of expenditure on benefits)	Percentage of GDP spent on child benefits	
		Percentage of total government expenditure on child benefits	
		Percentage of total social protection expenditure on child benefits	
		Percentage of expenditure on benefits	
		Administrative cost per beneficiary per year	

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	Data	Indicator	Impact indicator
	Number of elderly persons receiving periodic cash benefits		Percentage change in poor and elderly population
Coverage (disaggregated by age, sex, region, district, income level)	Number of elderly persons receiving in-kind benefits	Percentage of total elderly population in receiving old-age benefits Percentage of poor population receiving old-age benefits Percentage of female beneficiaries	Percentage of working elderly population registered with the NHIS and linked to other complementary services
	Number of persons of working age receiving an old-age pension		
	Number of persons of working age receiving a survivors' pension		
Benefit	Level of benefits	Benefit level as a percentage of minimum wage Benefit level as a percentage of poverty line Benefit level as a percentage of average wage	
Financing	Total revenues allocated for old-age benefits (disaggregated by source)		
Financing/ Administration	Total expenditure on old age benefits (disaggregated (disaggregated by administrative staff and non-staff costs as a percentage of expenditure on benefits)	Percentage of GDP spent on old-age benefits Percentage of total government expenditure on old-age benefits Percentage of total social protection expenditure on old-age benefits Percentage of total expenditure spent on benefits Administrative cost per beneficiary per year	

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