

Ghana in Brief

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Social Protection and
Labor Global Practice

The Role of Social Protection in Reducing Poverty in Ghana

Context

Ghana has experienced significant economic growth over the past decade and has met the target of the first Millennium Development Goal (MDG) of halving poverty since 1990. The country's poverty declined from 52 percent in 1991 to 21 percent¹ in 2012. Despite this remarkable progress, more than 6 million Ghanaians (a quarter of the population) still live in poverty and 2.2 million people live in extreme poverty (about 360,000 households). In addition, Ghana's income inequality is continuing to rise, with significant income differences between regions and between rural and urban areas. To respond to these challenges, the government of Ghana has made social protection an essential instrument in its poverty reduction agenda.

Important progress has been made in the national policy framework for social protection (SP)

The National Social Protection Policy under preparation establishes objectives, scope, and institutional and administrative arrangements that are designed to enhance the complementarities and coordination of the SP system, the objective being to halve extreme poverty by 2025. The Ministry of Gender, Children and Social Protection (MoGCSP) coordinates and oversees social protection

interventions implemented by multiple ministries and government agencies.

The Ghana social protection system comprises a wide portfolio of social assistance, social insurance, and labor market programs, but its coverage is still limited, especially among the poor

In 2008 the government of Ghana launched—with support from the World Bank, UNICEF, and the Department for International Development (DFID)—the Livelihood Empowerment Against Poverty (LEAP) program. LEAP is the country's flagship cash-transfer program. It targets extreme-poor households that have at least one member who is above the age of 65, is an orphan child, or is disabled. The program currently reaches approximately 90,000 households (about one-fourth of extreme-poor households). An impact evaluation² for the program shows positive results on children's school enrollment and attendance and on on-farm activities in smaller households, but no impacts were found on consumption, poverty, and use of health services.

With support from the World Bank, Ghana has been implementing the Labor Intensive Public Works (LIPW) program since 2011. The objectives of the program are to provide the rural poor with increased access to temporary employment, especially during the agricultural off-season, and to improve the productive capacities of the social infrastructure and

This note has been prepared by Maddalena Honorati, drawing on "Ghana Social Protection Assessment and Expenditure Review," (World Bank 2015).

¹ For the sake of comparability, we calculate the poverty headcount in 2012 using the 1999 poverty line. Using the official new poverty line, the poverty rate at the national level in 2012 would be 24 percent.

² Handa, S., and R. Osei Darko. 2013. "Livelihood Empowerment Against Poverty Program Impact Evaluation." The University of North Carolina at Chapel Hill.

The overall SP system needs to be scaled up, especially to increase the coverage of the poor

There is room to improve the targeting accuracy of the scholarship and school uniforms programs

other community assets. Since its inception, the LIPW has employed 123,107 poor people for an average of 100 days of work per person. In addition to providing work opportunities, the program also builds assets in communities. Findings from the program impact evaluation undertaken by the Institute of Statistical, Social and Economic Research (ISSER)³ showed positive impacts on paid employment during the lean season, and on food, clothing, housing, and other household expenses, particularly among female-headed households.

The in-kind assistance programs—such as school feeding, free uniforms, and exercise books—have higher coverage, but there is room to improve their targeting accuracy. In 2014 the school feeding program provided daily nutritious meals to 1.7 million children (40 percent of all children registered in kinder and primary education). While no impact evaluation has been conducted yet, the program—as part of the Home Grown School Feeding Initiative—has the potential to increase not only nutritional status, school enrollment, attendance, and retention but also domestic food production and food security in deprived communities in Ghana. Ghana also implements education fee waivers, a scholarship program, and energy and electricity subsidies.

The National Health Insurance Scheme (NHIS) is designed to provide universal health coverage to the Ghana population. The NHIS includes a category through which a fee exemption is offered to poor people; the exemption is provided to a small percentage of the total number of NHIS beneficiaries. While most of the poor are still not enrolled in the NHIS, the program is in the process of expanding coverage to those who are poor, using the same targeting approach as LEAP. The mandatory social security scheme is for all public and private employees (formal and informal workers) and is publicly managed by the Social Security and National Insurance Trust (SSNIT). It is estimated that only 8 percent of the population ages 60 and above receive a contributory pension from SSNIT.

With 250,000 youth entering the labor force every year, only 2 percent get a formal job, the rest struggle in the informal sector or remain unemployed. The government and several nongovernmental organizations (NGOs) offer a number of programs—especially targeted to vulnerable youth—to promote skills development, entrepreneurship, and access to

jobs. However, they are small in scale (covering about 20,000 youth) and fragmented.

More coordination is needed among efforts to generate sustainable livelihood activities for social assistance beneficiaries who have labor capacity and graduation potential, and to promote youth access to more productive jobs.

Innovative administration tools are being developed to strengthen the coordination, efficiency, and accountability of the overall SP system

The tools include the new Ghana National Household Registry (GNHR) to identify potential beneficiaries for all SP programs, a common targeting mechanism to effectively target the poorest, an e-payment system for LEAP and LIPW, complaint and redress mechanisms, and improved program management information systems. There are also efforts under way to strengthen social auditing of programs at different levels. The Cabinet recently approved a multisectorial governance framework—Social Protection at the National, Regional, District and Community—which is being put in place.

Ghana spends 1.4 percent of GDP on social protection, reflecting the low coverage and modest generosity of major social assistance programs

Ghana spends 1.4 percent of GDP on social protection, 0.5 percent on social assistance (nearly one-third of the global average among lower-middle-income countries), and 0.9 percent on pensions. Social assistance represents 1.7 percent of total public expenditures. Nearly one-half of social assistance spending is on scholarships, most of which (Scholarship Secretariat) are poorly targeted; they are followed by school feeding with 32.4 percent, LEAP and LIPW with 7.6 percent each, fee waivers with 7 percent, and other programs with 1.7 percent.

Ongoing reforms to improve public sector financial management should positively affect the execution of social protection programs

The program-based budgeting (PBB) being implemented by the Ministry of Finance represents a first important step for coordinating the financing and accountability of SP programs. However, the PBB should explicitly present the core social protection programs into functional budget codes that will aid in appropriately tracking the amount of resources being allocated to social protection, their composition, and sources of financing.

Reduced dependence on external financing would help increase the system sustainability



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³ Osei-Akoto et al. 2014. "Short Term Impact Evaluation of Labor Intensive Public Works Program." Institute of Statistical, Social and Economic Research (ISSER), University of Ghana.