



SOCIAL PROTECTION BUDGET BRIEF



1. Social Protection Budget Brief

The recent high levels of inflation have led to increased pressure on many poor and vulnerable households, with more being pushed into absolute poverty. Prior to the pandemic, the Ghana Living Standard Survey report¹ indicated that 2.4 million Ghanaians were extremely poor. 28,2% of Ghanaian children were financially poor, while 73,4% suffered from multidimensional poverty². Ghanaians within this category have limited ability to withstand temporary economic shocks. As of 2018, the mean percentage of household income spent on food was at 65%³. Food inflation reached 30.1%⁴ in May 2022. Households will likely have to respond by reducing their food consumption, which will have significant impacts on children's nutrition.

Government's current spending plans are however targeted towards a significant reduction in real terms social protection expenditure, with reduced grant values. This is due, in large part, to the issue of rising public sector debt, attributed in part to the impact of the COVID-19 pandemic, exacerbating the issue of limited fiscal space. The forecasts of government debt levels at the beginning of this year have been revised upwards. Meanwhile, Ghana's GDP growth has been revised downwards, in line with the

global slowdown in economic growth and the security challenges in the Sahel region.

Increased support for social protection in Ghana is vital to mitigate against the evolving cost-of-living crisis. There is strong evidence from Ghana⁵⁶ and the West African sub-region which demonstrate the positive impact of social protection programmes, particularly among the poorest, in terms of food security, health, nutrition, and education outcomes. The evidence also shows that social protection programmes have a significant impact on the lives of women and girls, in terms of economic empowerment and reduced domestic violence.

Social protection can also support economic recovery efforts through stimulating local economies, presenting household assets and productivity, and buoying demand. For each Ghana Cedi (GHS) invested in the Livelihood Empowerment Against Poverty (LEAP) programme, there is an estimated GHS 2.5 generated in the local economy⁷. Every Cedi invested in the Ghana School Feeding Programme (GSFP) is estimated to have a return of GHS 3.3 over the lifetime of each beneficiary student.⁸

2. Social Protection Spending Trends

The predominant Ministry (or MDA⁹) responsible for the social protection programmes and financing in Ghana is the Ministry of Gender, Children and Social Protection (MoGCSP). As shown below, in Figure 1, expenditure for the MoGCSP as a percentage of GDP has increased significantly between 2015-17, levelling out from 2018 onwards. This increase, however, is not entirely reflective of increased spending; it is due, in large part, to the inclusion of the LEAP and GSFP programmes in the ministry's budget. It is, therefore, more accurate to

consider expenditure from 2018 onwards. Incremental increases between 2018 and 2020 saw an upward increase from 0.20% of GDP in 2018 to 0.23% of GDP in 2020. In 2021, expenditure however fell back to 0.20% of GDP. While this is expected to increase to 0.24% of GDP in 2022, it is set to fall back to 0.20% of GDP by 2025. This, unfortunately, implies that the Government of Ghana (GoG) is not fulfilling its responsibilities of funding social protection programmes, which are vital to support the poorest and most vulnerable households in Ghana.

¹ Ghana Statistical Service (2016/2017); Ghana Living Standard Survey Round 7.

² National Development Planning Commission & UNICEF (2019); Multidimensional Child Poverty in Ghana.

³ Donkoh S.A., Alhassan. H., Nkegbe, P.K. (2014); Food Expenditure and Household Welfare in Ghana. African Journal of Food Science 8(3):164-175.

⁴ StatsGhana CPI Bulletin May 2022 available at: https://statsghana.gov.gh/gssmain/fileUpload/Price%20Indices/Bulletin%20_%20%20CPI%20May%202022.pdf

⁵ Thorne, K.; Taylor, J. E.; Kagin, J.; Davis, B.; Darko, R.; Osei-Akoto, I. (2014); Local Economy-Wide Impact Evaluation (LEWIE) of Ghana's Livelihood Empowerment Against Poverty (LEAP) Programme. Food and Agriculture Organization of the United Nations, Rome, Italy vi + 26 pp.

⁶ Handa, S., Park, M., Osei Darko, R., Osei-Akoto, I., (2013); Livelihood Empowerment Against Poverty Programme Impact Evaluation. Carolina Population Center, University of North Carolina at Chapel Hill.

⁷ Thorne, K.; Taylor, J. E.; Kagin, J.; Davis, B.; Darko, R.; Osei-Akoto, I. (2014); Local Economy-Wide Impact Evaluation (LEWIE) of Ghana's Livelihood Empowerment Against Poverty (LEAP) Programme. Food and Agriculture Organization of the United Nations, Rome, Italy vi + 26 pp.

⁸ Alexander, D. & Federica, C. (2018); School Feeding in Ghana - Investment Case - Cost Benefit Analysis Report | World Food Programme (wfp.org)

⁹ Ministries, Departments & Agencies (MDAs)





Figure 1: Ministry of Gender, Children and Social Protection expenditures (budget from 2021-2025) as percentage of GDP¹⁰

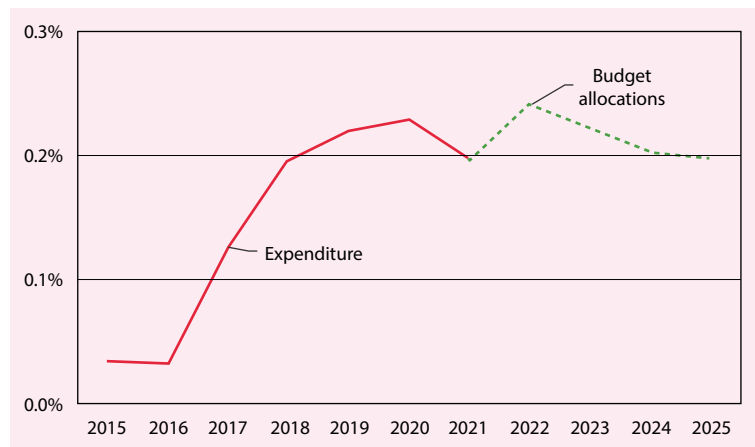
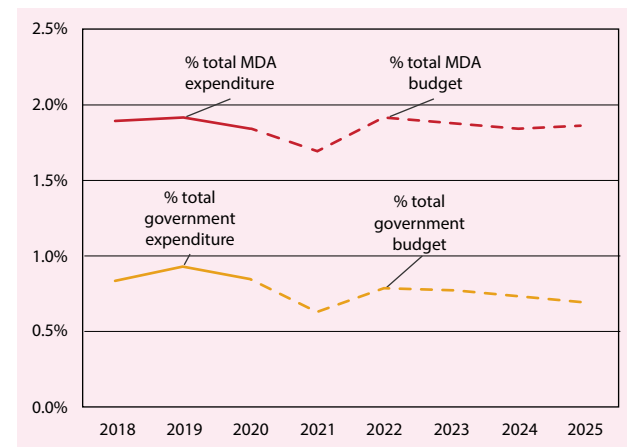


Figure 2: MoGCSP expenditure as a proportion of government expenditure¹²



There is a similar picture looking at MoGCSP expenditure as a proportion of both total government expenditure and total MDA expenditure (i.e., excluding government operations), as shown below in Figure 2. Over the current forecast period, MoGCSP expenditure is set to remain below its proportional peak in 2019 of 0.93% and 1.92% of total and MDA government expenditure respectively, falling to 0.70% and 1.86% in 2025. The steeper drop as a proportion of total government expenditure is likely because of the increasing debt burden facing the GoG, which increased significantly in 2020 and is set to peak in 2026. This downward trend is an indication of a decreasing prioritisation of social protection financing in Ghana. This is a cause for concern, given the increasing levels of poverty and inequality in Ghana. Indeed, a survey of household views conducted via mobile phone in 2021 showed over 70% of non-farming households' income was significantly affected, and two-thirds of households had not recovered

income to pre-pandemic levels¹¹.

Below in Figure 1, the breakdown of departmental spending shows a complicated and inconsistent picture. For example, in 2018, the budget for goods and services stood at approximately GHS 0.53bn, falling to GHS 0.25bn in 2019, and again to GHS 0.06bn in 2020. Meanwhile, other expenditures increased from zero in 2018 to GHS 0.22bn in 2020, and subsidies increased from zero to GHS 0.49bn in 2020. While it is not entirely clear from publicly available reports, we suspect that these changes are driven by the re-classification of expenditures for flagship social protection programmes. However, because expenditure data is not broken down at a more disaggregated level nor accompanied by notes, it is difficult to draw meaningful insights into the composition of departmental expenditure.

Figure 3: Ministry of Gender, Children and Social Protection (MoGCSP) expenditures by category¹³

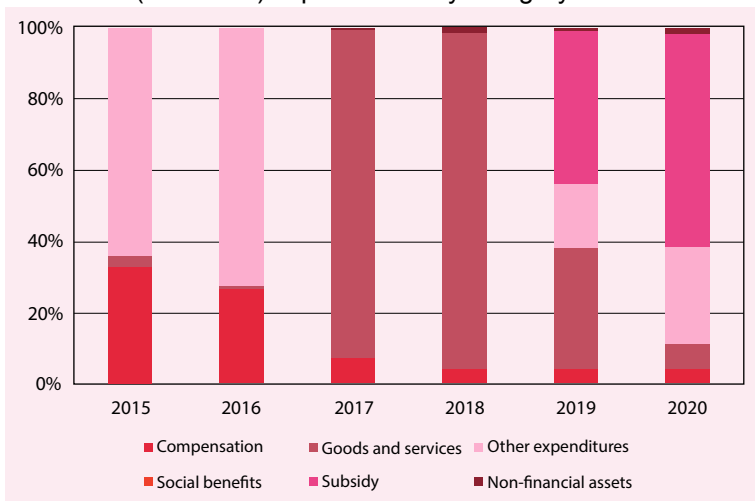


Table 1, below, calculates the variance between budgets and actual expenditure between 2015 and 2020 for the MoGCSP. The results clearly demonstrate issues related to budget credibility and execution. International Public Financial Management (PFM) best practice is generally for budget execution to remain within 10% of initial budgets. Aside from 2017 and 2020, at the departmental level, expenditure outturns have exceeded this in every year between 2015-2020, with an average variance of 57%. We suspect that this is likely due to inconsistent inclusion and/or exclusion of flagship social protection programmes, and thus primarily an accounting and reporting issue. Nevertheless, it highlights budget credibility and expenditure outturns as significant issues for social protection in Ghana.

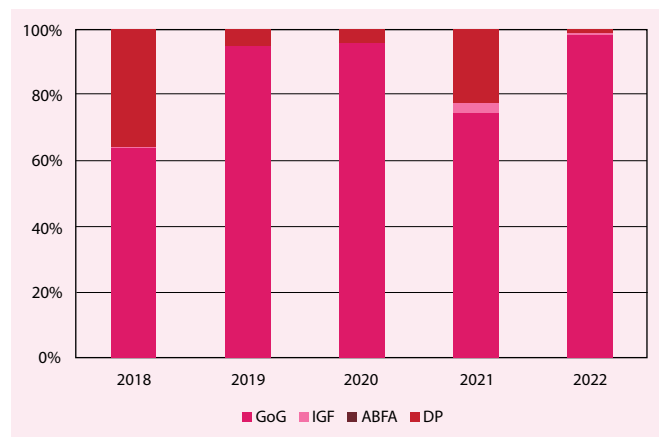
¹⁰ Attorney General Consolidated Fund Reports and Ministry of Finance Economic and Financial Budget Statements (2015-2022); with UNICEF calculations.
¹¹ UNICEF (2021); Primary and Secondary Impacts of the Covid-19 Pandemic on Children in Ghana. Available at: [https://www.unicef.org/ghana/media/3486/file/Effects%20of%20COVID-19%20on%20Women%20and%20Children%20in%20Ghana%20\(II\).pdf](https://www.unicef.org/ghana/media/3486/file/Effects%20of%20COVID-19%20on%20Women%20and%20Children%20in%20Ghana%20(II).pdf)
¹² Attorney General Consolidated Fund reports (2015-2022); and the Budget Statement and Economic Policy of the Government of Ghana for the 2022 Financial Year with UNICEF calculations.
¹³ Attorney General Consolidated Fund reports (2015-2020) with UNICEF calculations



Table 1: MoGCSP expenditure outturn (variance between revised budgets and actual expenditure)¹⁴

Expenditure outturn	2015	2016	2017	2018	2019	2020	Average variance
Total	-12%	-33%	-8%	255%	23%	10%	57%
Compensation	36%	-15%	4%	-71%	2%	2%	22%
Goods and services	-82%	-92%	-2%	1831%	116%	386%	418%
Other expenditures	-10%	-0%	0%	-100%	-23%	0%	22%
Social benefits				-100%	-98%	-100%	50%
Subsidy					20%	5%	4%
Non-financial assets	-100%	-100%	-95%	9842%	-70%	144%	1725%

Figure 4: MoGCSP budget by source¹⁵ of funding



In Figure 4, we can see that the predominant source of funding for the Ministry is the Government of Ghana, with nearly all remaining funding provided by donor partners. The share of Government funding has generally increased over time: in 2018, the Government was responsible for funding 64% of the Ministry’s budget; with the exception of 2021, where the share of funding from the Government dropped to 75%, it has steadily risen from 95% in 2019 to 99% of the budget in 2022. We note these figures with some caution, however: figures from the Livelihood Empowerment Against Poverty (LEAP) programme, which is delivered by the Ministry, indicate that donors contributed GHS70.4m to the programme. This exceeds the total donor contribution to the Ministry set out in the 2020 Programme Based Budget of GHS 30.2m. These figures are therefore inconsistent. This differentiation could be attributed to in-year donor contributions to the LEAP programme.

3. Key Messages

1. Ensure the timely release of funds for LEAP payments: the LEAP programme has been plagued by issues regarding the amount and timeliness of disbursements. In 2021, actual funding was 52% lower than the Government’s budget allocations set at the beginning of the year. It is essential that the GoG prioritises the LEAP programme and ensures that its budgetary commitments are met, with consideration given to re-classifying LEAP payments as compensation, and passing a Social Protection bill considering LEAP payments as a statutory obligation.
2. Increase LEAP payments in line with 2016 levels, and adjust payment to inflation: the real value of LEAP payments for households has fallen by as much as 52% since 2013. We urge the GoG to raise LEAP payments in line with 2016 levels, and to adjust payment to inflation.
3. Ensure that the NHIS levy is released in full, in line with statutory commitments: the NHIS levy has released GHS 2.49 billion less than its budgetary allocations since 2011. This is impeding the GoG’s commitment to achieve Universal Health Coverage (UHC). NHIA’s dedicated revenue streams must be protected to improve equity in Ghana’s health delivery system.
4. Introduce a shock-responsive emergency fund to ensure that the government can respond quickly to emerging crises: Given the increased complexity of emergencies and emerging crises, the Government should establish, as part of its national contingency fund, an earmarked fund for emergency response. This would address key vulnerabilities, providing children and their families with the necessary tools to prevent as well as mitigate the impact of emergencies.

¹⁴ Ibid

¹⁵ Ministry of Gender, Children and Social Protection Programme Based Budget documents (2018-2022); UNICEF calculations.



1

Ensure LEAP Receives Dedicated Budget Funding, and Timely Payments.

Delays to LEAP disbursements are hindering the ability for the poorest and most vulnerable households in Ghana to effectively plan their spending on key household expenses such as food and education.



The Livelihood Empowerment Against Poverty (LEAP) programme is a cash transfer programme introduced by the Government of Ghana (GoG) in 2008. Its recipients are extremely poor and vulnerable households who fall within the following categories¹⁶:

- Orphaned and vulnerable children
- Persons with disability without any productive capacity; and/or elderly persons aged 65 years and above

Recipients receive bi-monthly cash payments, and free registration in the National Health Insurance Scheme (NHIS).

The main objective of the LEAP programme is to reduce poverty by increasing and smoothing consumption and promoting access to services and opportunities among the extremely poor and vulnerable. The specific objectives are to:

- Improve basic household consumption and nutrition among children below 2 years of age
- Increase access to healthcare services among young children, the elderly and those with severe disabilities
- Increase basic school enrolment
- Facilitate access to complementary services, such as welfare, livelihoods and improvement of productive capacity

Evaluations of LEAP have consistently demonstrated the programme's positive impact. A 2013 impact evaluation¹⁷ found that LEAP beneficiaries reported higher secondary school attendance and NHIS enrolment, drastic improvements in food insecurity, positive impacts on productivity among smaller households, increases in household savings, and improvements in overall wellbeing and happiness. A further study in 2014¹⁸ found that LEAP households increased their consumption by 67%, using the transfer to improve both quantity and quality of food. The study also found evidence of fiscal multipliers, finding that for every GHS 1 invested, an estimated GHS 2.5 is generated in the local economy.

It is therefore evident, that the LEAP programme is a vital component of Ghana's social protection system and provides wide benefits to the economy. However, since 2019, there have been major issues regarding funding shortfalls, as shown in Figure 5 below. In 2021, the budget for LEAP was GHS 211.4 million, though the programme received only GHS 100.6 million shortfall of 52%. This not only reduces the programme's impact and effectiveness but also carries significant repercussions on the lives of the vulnerable women and children who rely on this income for basic expenses

KEY FACT



52%

In 2021, actual funding for LEAP was 52% lower than the Government's budget allocations set at the beginning of the year

Figure 5: LEAP budgets and actual expenditures, 2016-2022¹⁹

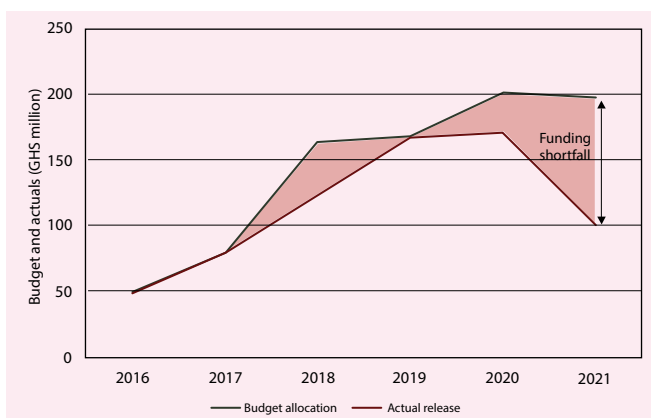
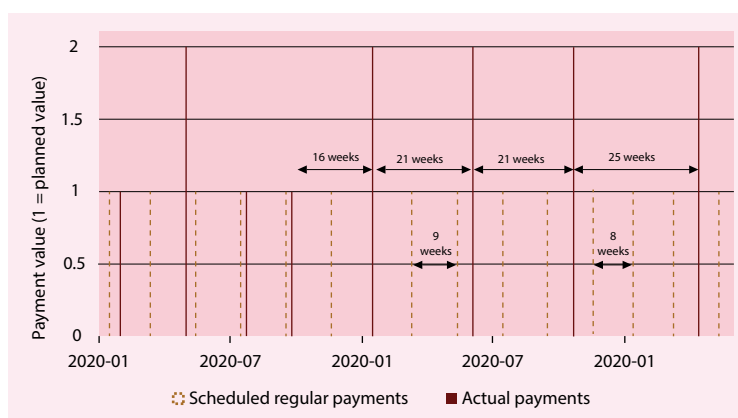


Figure 6: LEAP payments time series from January 2020 to May 2022;



Source: UNICEF compilation based on LEAP payment reports (Note: 1 = value of regular payment amount, which varies according to characteristics e.g., household size)²⁰

¹⁶ Ministry of Gender, Children and Social Protection (2019); LEAP Operations Manual available at: <https://leap.mogcsp.gov.gh/eligibility-criteria/>

¹⁷ Handa, S., Park, M., Osei Darko, R., Osei-Akoto, I., (2013); Livelihood Empowerment Against Poverty Programme Impact Evaluation. Carolina Population Center, University of North Carolina at Chapel Hill.

¹⁸ Thorne, K.; Taylor, J. E.; Kagin, J.; Davis, B.; Darko, R.; Osei-Akoto, I. (2014); Local Economy-Wide Impact Evaluation (LEWIE) of Ghana's Livelihood Empowerment Against Poverty (LEAP) Programme. Food and Agriculture Organization of the United Nations, Rome, Italy vi + 26 pp.

¹⁹ Ministry of Finance Budget Statements (2016-22): LEAP financing data from the GoG, UNICEF calculations.

²⁰ LEAP payments against scheduled dates, Ministry of Gender, Children and Social Protection data, UNICEF calculations.



The payment of LEAP funds has thus been increasingly inconsistent. The timeliness of LEAP payments is critical to achieving the programme’s positive social and economic objectives, in order to allow recipients to plan expenditure accordingly. The programme is designed to distribute bi-monthly payments to recipient households, for six payments per year. Per Figure 6, below, regular payments are scheduled to be made every 8 to 9 weeks. In reality, actual payments are regularly missed and are subsequently made in two instalments, with no alignment to the original regular payment dates. In 2021 and 2022, this situation worsened, with longer gaps between payments. Though the latest payment has been made to recipients following a 25-week gap, the programme is still in arrears, with two payments still outstanding.

It is essential that the GoG prioritises the LEAP programme and meets its budgetary commitments. In addition to fully funding the programme in a timely manner, in line with its commitments, the following adjustments could be made to support complete and timely disbursements:

- (i) The Government should classify LEAP payments as transfers to guarantee regular and timely disbursement of funds for the most vulnerable.
- (ii) The Government should pass a Social Protection (SP) Bill, which considers LEAP payments as a statutory obligation.

2

Increase LEAP Payments in Line With 2013 levels, and Adjust Payments to Inflation. No changes have been made to the value of LEAP grants since 2015 despite high levels of inflation, significantly decreasing their real value.



LEAP programme beneficiaries consist of Ghana’s extremely poor and vulnerable households. The programme was designed for beneficiaries to receive bi-monthly payments. These payments have thus far been adjusted on an ad hoc basis, with changes made in 2008, 2013 and 2015. Table 2, below, shows the value of bi-monthly grants and the years in which they were changed. The value of the grants was tripled in 2013, and increased again by one-third in 2015.

However, since 2015, the value of LEAP payments has been unchanged. Ghana, like most LMICs, has a relatively high inflation rate. Between 2008 and 2021, the rate of inflation has increased by an average of 12.5% per year leading to a sharp reduction in the real value of LEAP grants. Figure 5, below, shows that since 2013, the real value of LEAP grants has fallen by between 46.5% and 52.7% for one member and two member households respectively. The reduction has been most acute for households with four or more members.

KEY FACT



52.7%

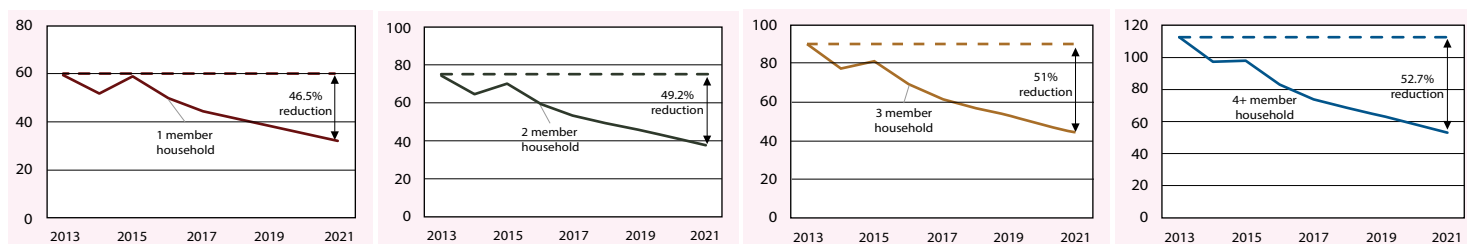
The value of LEAP grants has fallen by **52.7%** since 2013 for households with four or more people.

Table 2: LEAP value of bi-monthly grants (GHS)

LEAP Bi-Monthly grant (GHS)			
Year of changes:	2008	2013	2015
1 member household	8	24	32
2 member household	10	30	38
3 member household	12	36	44
4+ member household	15	45	53



Figure 7: Inflation-adjusted bi-monthly LEAP payment values in Ghana Cedis (2021 prices, dashed lines show 2013 levels)²¹



In order for the LEAP programme to meet its stated objectives, payments must be increased to 2016 levels as a minimum. These levels are set out below in Table 3. Furthermore, to avoid the continued erosion of the value of these grants for the most vulnerable households, payments must be adjusted to inflation by default. This will serve to ensure the real value of payments remains the same over time.

²¹ LEAP Programme Data, Bank of Ghana CPI series, UNICEF calculations



	Current value	2013 levels	2016 levels
1 member household	32	60	50
2 member household	38	75	60
3 member household	44	90	69
4+ member household	53	112	83



3

Ensure Complete Disbursement of NHIS Levy in Line with Statutory Commitments.

The National Health Insurance Scheme (NHIS) is an essential pillar for Ghana's quest for Universal Health Coverage, however its expenditure outturns regularly fall below budget allocations.



The National Health Insurance Scheme (NHIS) was established in 2003, with the objective of implementing a national health insurance policy that ensures access to basic healthcare services to all residents. One of the key tools was the establishment of the NHIA to oversee the management of the NHIS, which is a social intervention programme introduced by government to provide financial access to quality healthcare for residents in Ghana.

The NHIS predominantly receives its funding from these four areas: the National Health Insurance Levy (NHIL), a 2.5% levy on goods and services collected under the Value Added Tax (VAT); 2.5pp of Social Security and National Insurance Trust (SSNIT) contributions per month; return on National Health Insurance Fund (NHIF) investments; and premiums paid by informal sector subscribers. There is also a government allocation, which complements the funding of the scheme.

The GoG has committed to allocating all NHIS levy funds to the NHIA. However, Figure 8 shows that the NHIS levy regularly receives records total releases that are lower than the total budget collected. With the exception of 2020, which was affected by spending during the pandemic, this

has been the case every year since 2014. In 2021, the NHIA collected GHS 1.9 billion, but total releases amounted to GHS 1.39 billion. This implies that GHS 0.51 billion raised by the NHIA in that year was not released.

Since 2011, releases to NHIA have fallen short of the budgeted amount by GHS 2.49 billion in nominal terms. This funding has been raised specifically for use by the NHIA but is yet to be released. In order to achieve Universal Healthcare Coverage (UHC), it is essential that NHIA's dedicated revenue streams be released in full and without delay.

Available data from NHIA, shown in Table 4 below, shows that out of the over 16million NHIS members as of 2021 almost 60% are non-premium contributors. This consists of children under 18years (42%), Indigents (include LEAP and persons with mental disorder) (9%), pregnant women (4%) and the aged who are not SSNIT pensioners (4%). The sustainability of the NHIS is therefore more dependent on the NHIS levy than on premium collection. Thus, for the government to achieve its universal health coverage through NHIS, it is essential that all funds collected through the NHIS levy be released to the NHIA on time.



2.49bn

Since 2011, cumulative NHIS releases have been **GHS 2.49bn** less than its budget allocations.



Figure 8: NHIA budget deficit (i.e., total releases minus total budget collected), GHS millions

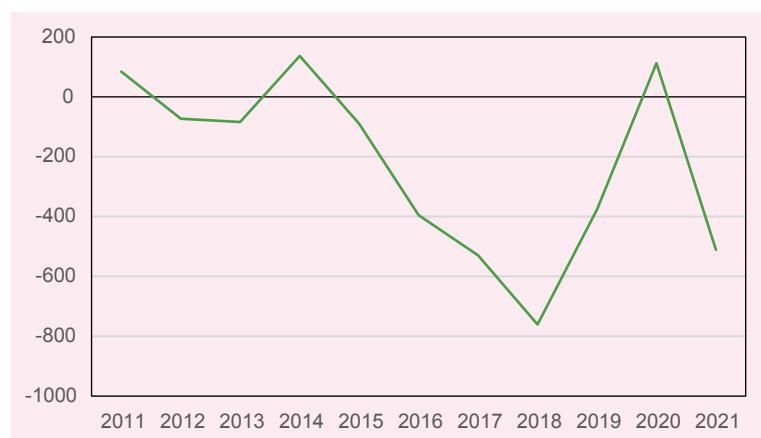


Table 4: NHIS annual active membership by category ²²

NHIS 2021 ANNUAL ACTIVE MEMBERSHIP BY CATEGORY		
Category	Annual Active	% Achieved
CHILDREN UNDER 18	6,967,561	41.6
ADULT INFORMAL	6,105,644	36.4
INDIGENTs (Includes LEAP Persons with Mental Disorder)	1,546,062	9.2
PREGNANT WOMEN	738,414	4.4
AGED	695,339	4.1
SSNIT CONTRIBUTORS	609,936	3.6
SSNIT PENSIONERS	96,203	0.6
Total Active Membership	16,759,158	100

²² NHIA internal records (not yet published)



4

Introduce a Shock-Responsive Emergency Fund to Ensure Timely Government Responses to Emerging Crises. Given the increased complexity of emergencies and emerging crises, the Government should establish, as part of its national contingency fund, an earmarked fund for emergency response. This would address key vulnerabilities, providing children and their families with the necessary resources to prevent as well as mitigate the impact of such emergencies.



The Government's response to Covid-19 has demonstrated that Ghana is able to quickly leverage its social protection schemes to scale up support to social protection systems. These actions protected households from selling off assets, going into debt, or experiencing worse economic hardships, allowing for faster recovery from the negative economic and social impact of the pandemic. Funding has however served as a major hindrance to the timely release of benefits to targeted beneficiaries. For example, over 100,000 people were targeted to be rapidly covered by temporary payment schemes in the wake of COVID-19 using mobile money. It has however taken almost 2 years to disburse the grants to the beneficiaries. This is mainly due to non-dedicated funds from the government, leading to an increased dependency on external funding.

Ghana's first President, Dr. Kwame Nkrumah, created the Contingency Fund for Ghana in 1961 based on article 27 of the First Republican Constitution, 1960. Article 132 of the 1969 Constitution, article 143 of the 1979 Constitution and currently, articles 175 and 177 of the 1992 Constitution have also maintained the Contingency Fund created since the 1960s.

The chief purpose of the Contingency Fund is to finance expenses related to urgent or unforeseen occurrences, which have no provisions in the Appropriation Act of a given year but require urgent intervention by the state. The Contingency Fund is placed under the office of the President as a revolving fund or an interest account.

Given the increased complexity of emergencies and emerging crises, it is essential that a percentage of the national contingency fund be earmarked for social cash transfers. This will ensure that the earmarked fund is always intact to be leveraged upon in times of humanitarian crisis. From the growing number and severity of climate disasters to ongoing political upheaval, effects of COVID-19, Ukraine-Russian war on the economy, and the rising threat of violent extremism/terrorism (The Sahel spill over), the number of children and families living in communities vulnerable to shocks and facing emergency situations is growing, with potentially devastating impact on children and their physical and emotional and wellbeing.

There is an increased interest in the potential role social protection can play in the different stages of humanitarian action to address key vulnerabilities, providing children and their families with the necessary tools to prevent as well as mitigate the impact of emergencies. Shock Responsive Social Protection goes beyond emergency response to include preparedness and early recovery. This enhances resilience; promotes interventions that will create a solid base for sustainable recovery; and establishes links between emergency response and medium and long-term development. The timely release of funds is dependent on availability of dedicated funding. It is for this reason that Ghana needs to dedicate funds for Shock Responsive Social Protection.

