



# THE BROAD RANGE OF IMPACTS OF THE LEAP PROGRAMME IN GHANA

## THE PROGRAMME

The Livelihood Empowerment Against Poverty (LEAP) Programme provides cash transfers to extremely poor households with the goal of alleviating short-term poverty and encouraging long-term human capital development. LEAP eligibility is based on poverty and having a household member in at least one of three demographic categories: having orphans or vulnerable children, elderly poor, or person with extreme disability unable to work. A unique feature of LEAP is that beneficiaries are also provided free health insurance through the National Health Insurance Scheme (NHIS).

Funded from general revenues of the Government of Ghana as well as the U.K. Department of International Development (DFID) and the World Bank. LEAP is managed by the Ministry of Gender, Children and Social Protection, implemented by the Department of Social Welfare collaborating with stakeholders at District and community levels. As of June 2013, the LEAP programme reached over 71 000 households and provided benefits to 177 500 beneficiaries across the 10 regions of Ghana. At the time of data collection for this study in 2012, households received GHS 8-15 per month (paid bimonthly), depending on the number of eligible beneficiaries per household, representing on average 11 percent of beneficiary household consumption. The monthly transfer value was subsequently tripled in 2012. Payments to beneficiaries have been irregular and LEAP households did not receive a steady flow of predictable cash with which to smooth their consumption. Over the 24-month evaluation period between May 2010 and May 2012 households received only 20 months' worth of payments. A long gap in cash payments to households in 2011 was followed by a triple payment in February 2012 to settle arrears.

## THE EVALUATION

The impact evaluation of the LEAP program used a mixed methods approach. The quantitative analysis, implemented by the Carolina Population Center at UNC and the Institute for Statistical, Social and Economic Research (ISSER) at the University of Ghana, takes advantage of a nationally representative household survey implemented during the first quarter

of 2010. The initial treatment sample of 699 households was randomly drawn from the group of 13 500 households that were selected into the programme in the second half of 2009, and are located in seven districts across three regions (Brong Ahafo, Central and Volta). These households were incorporated into a national household survey being conducted

by ISSER at that time and were interviewed prior to receiving any indication that they had been selected for LEAP. The baseline survey instrument was a reduced version of the instrument used by ISSER for its national household survey. The evaluation strategy was to draw the control households from the ISSER national survey using Propensity Score Matching (PSM)

techniques. A comparison group of 'matched' households was selected from the ISSER sample and, through funding from 3IE, re-interviewed after two years, in April–May 2012, along with LEAP beneficiaries, to measure changes in outcomes across treatment and comparison groups.

The impact on the local economy was simulated using a LEWIE (Local Economy Wide Impact Evaluation) model, which was based on the baseline household survey data combined with a business enterprise survey which accompanied the follow-up household survey. The LEWIE constructed for the LEAP programme focused on the seven districts included in the quantitative impact analysis. Qualitative field work, conducted in Komenda (Central Region) and Tolon Kumbungu (Northern Region), collected information using participatory methods and in-depth case studies on beneficiary perceptions of the programme impact on household decision-making, community dynamics and social networks.

## RESULTS

### Increase in access to health insurance and educational enrolment and attendance

While the programme had difficulty making regular, predictable payments to beneficiaries, enrolment of LEAP households into the NHIS was impressive. Over 90 percent of LEAP households had at least one member enrolled in NHIS at the time of the follow-up survey. LEAP led to a 16 percentage point increase in the number of children aged 6–17, and a 34 percentage point increase in the number of children aged 0–5, enrolled in the NHIS.

Despite increased NHIS coverage, the programme had mixed results on health utilization and morbidity. LEAP did not have an impact on

curative care seeking, but it did increase preventive care among male headed households (5 and 2 percentage point increase for children 0–5 and 6–17 respectively). Self-reported morbidity increased for children age 0–5 living in LEAP households, while decreasing 5 percentage points for children age 6–17. The qualitative study found that the LEAP transfer enabled beneficiary household members to maintain their health and pay for ongoing prescription medicines. As many beneficiaries were elderly and infirm, health spending was a significant concern.

The programme had positive impacts on children's schooling. The qualitative study found widespread consensus that the LEAP transfer had enabled beneficiary households with school age children to send their children to school. LEAP increased school enrolment among secondary school aged children by 7 percentage points, and reduced grade repetition among both primary and secondary aged children. Among primary aged children LEAP reduced absenteeism by 10 percentage points. Programme impact varies by gender: the increase in secondary school enrolment was limited to boys, while the increase in attendance was bigger for girls. The perception of beneficiaries and programme operators was that child labour was reduced as children's enrolment and retention in school increased.

### Increase in non consumption expenditure: increasing savings, reducing indebtedness, asset disinvestment and re-engaging with social networks

LEAP households appear to spend the cash transfer on a variety of items in addition to those considered in household consumption measures. These areas

of expenditure include: increasing savings, drawing down indebtedness, increasing gifts, and investment in some productive activities. In contrast the programme has had no durable impact on overall food or non-food consumption. This unexpected finding is most likely due to the irregular, unpredictable payments coupled with the low level of benefits. The impact on consumption items, and particularly the improved quantity, quality and diversity of food observed in the qualitative work, appears limited to the days following payment, as suggested by the qualitative field work, and thus not captured with the impact evaluation data.

LEAP beneficiaries experienced a 10.8 percentage point increase in the likelihood of holding savings. Moreover, LEAP led to increased debt repayments and reduced loan holdings among smaller households—findings corroborated by the qualitative field work. The LEAP transfer reduced borrowing and financial risk and asset disinvestment amongst beneficiary households while increasing their capacity to cope on a day-to-day basis. LEAP households reported that they were less likely to have to go in to debt when they need money to survive, but also more credit worthy since viewed as more financially reliable.

LEAP has a positive impact on some aspects of productive activity, particularly among smaller households, supplied both more own male farm labour, as well as hired in more male farm labour—an impact evident in the qualitative work as well. The qualitative work also found that the transfer in some cases provided working capital for income earning activities, ranging from petty trading to increased on-farm productivity. The use of negative livelihood coping strategies, such as working as *kaaya-yei* porters in the south, was also reported to have been reduced. Although gender norms have not been challenged,



qualitative findings indicate some increased economic empowerment, among female-headed household beneficiaries.

The pattern of impacts of LEAP suggests that the programme is allowing beneficiaries to re-establish or strengthen social networks. LEAP had a positive impact on both transfers received and non food gifts. The qualitative study found that the programme facilitated beneficiary inclusion or re-engagement into existing social networks, resulting in greater self esteem, visibility and a raised social status. The programme enabled many beneficiaries to 're-enter' contribution-based social networks including extended family risk sharing arrangements, livelihood/ labour farming groups and savings groups. As one beneficiary described "now we are able to mingle".

Psychological well-being, though not often documented, is recognized as an important dimension of welfare in itself as well as an important determinant of individual agency and self-reliance. Despite limited impacts on household consumption,

LEAP has had an important impact on psychological well-being. LEAP household heads are 16 percentage points more likely to feel happy about their life and this effect is even larger among female headed households.

### Potentially positive impact on the local economy

When beneficiaries spend the cash transfer, they transmit the impact to others inside and outside the local economy, more often to households not eligible for the cash transfer, who tend to own most of the local businesses. This occurs through increased purchases of goods and services which stimulates demand and increases sales and profits for businesses. The LEWIE model for the LEAP programme found that, if households spend the transfer as they spend other cash, the transfers would lead to relatively large income multipliers of GHS 2.50. That is, every GHS transferred to poor households has the potential to raise local income by GHS 2.50. Eligible households would receive the direct benefit of the transfer,

while ineligible households the bulk of the indirect benefit. Of the GHS 2.50 nominal income multiplier, ineligible households would receive GHS 1.2 for each GHS 1.0 given to beneficiary households, while beneficiary households would receive the value of the transfer plus an extra GHS .29, for a total of GHS 1.29. The impact of the LEAP programme could vary considerably across economic sectors. The cash transfers would stimulate the production of crops and livestock by GHS .27 and GHS .16 per GHS transferred, respectively. The largest positive effects would be on retail, which had a multiplier of GHS .78.

One key assumption is that households will spend the transfer as they spend other cash— however, LEAP transfers tended to be infrequent and lumpy, and because of this, households may be unable to effectively smooth consumption and thus spend the money differently than expected. For this reason, the income multipliers estimated here reflect a context in which payments



are regular and predictable, as the programme was originally envisioned to be implemented.

Moreover, if land and capital constraints limit the supply response, higher demand for local commodities may put upward pressure on prices. Higher prices would raise consumption costs for all households and result in a real-income multiplier that is lower than the nominal multiplier. This real income multiplier of the programme could be as low as GHS 1.50.

## POLICY IMPLICATIONS

The pattern of impacts revealed here is consistent with the implementation of LEAP. The overall low value of the transfer level coupled with sporadic payments and the large lump-sum in February 2012 explains the limited impacts on consumption and increase in non-consumption activities such as savings, investments, reduction in debt, as well as both receipt and giving of gifts. These latter activities appear to have

strengthened community social networks and the social capital of LEAP households.

The local economy simulations suggest that if LEAP was able to regularize its payments to beneficiaries, the spillover effects from the programme would be large, ranging from GHS 1.50 to GHS 2.50. Complementary measures to maximize the potential positive spillover effects of the LEAP programme should be targeted not only at LEAP beneficiary households, but also at non-eligible households that provide many of the goods and services in the local economy. The LEAP programme is already integrated with the provision of social services, particularly the NHIS. Complementary programmes that increase the supply response (such as access to credit to invest in capital and access to agricultural services) could increase the real-income and production impacts of a well-functioning programme.

Three key issues arise from the results of the impact evaluation.

First is the low value of the LEAP transfer—this issue has been partially resolved by a tripling of the transfer level from January 2012. Second is the irregular payment cycle which does not allow households to smooth their permanent consumption or effectively manage risk. This is a key operational bottleneck for LEAP. The third issue concerns synergies with other programmes. This includes the somewhat inconsistent finding of a strong increase in NHIS coverage among LEAP households but little commensurate impact on utilization of health services or reductions in out-of-pocket health expenditure. This suggests there may still be weaknesses in linking LEAP beneficiaries to health services which requires further attention. In addition to this, focus could be given to strengthening linkages with the other complementary programmes envisaged in LEAP to encourage sustainable livelihood improvements. Finally, improved support in programme implementation, particularly at the community level, has the potential to considerably improve programme impacts.

## REFERENCES

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## FOR MORE INFORMATION

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