

Position Paper: SOCIAL PROTECTION IN GHANA

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Key points

The problem of growing inequalities in Ghana is partly a reflection of low levels of budgetary allocations and public spending on social protection.

One requirement for an effective social protection system is the existence of a clear legal framework that contributes to the predictability and transparency of benefits.

Ideally, social protection services should be able to pull beneficiaries out of abject poverty and encourage the productive poor to become empowered and self-supporting members of society.

There's a need for an appropriate social security system for informal sector workers who constitute a majority of the country's working population.

INTRODUCTION

This position paper focuses on social protection, which has increasingly become a central element in sustainable poverty reduction¹. There is broad consensus that social protection has a central role to play in attaining the Sustainable Development Goals (SDGs) adopted by World Leaders in September 2015. Social protection systems are fundamental not only in reducing poverty and vulnerability, but also in preventing people from falling back into poverty. Lack of effective social protection systems leave people vulnerable to poverty, inequality and social exclusion across the life cycle, thereby constituting a major obstacle to economic and social development (ILO, 2018).

The SDGs call for universal social protection, with countries particularly required to guarantee for all citizens a basic level of social security – a social protection floor – as part of their social protection systems. Target 1.3 of the SDGs require signatory countries to 'Implement nationally appropriate social protection systems and measures for all', and 'achieve substantial coverage of the poor and vulnerable' by 2030. Beyond this, the importance of social protection for sustainable development is reflected in several other goals, including universal health coverage (SDG 3.8), gender equality (SDG 5.4), decent work and economic growth (SDG 8.5) and greater equality (SDG 10.4). Under the Directive Principles of State Policy, the 1992 Constitution of Ghana enjoins the State to pursue the establishment of 'a just and free society' via the creation of equal opportunities for all citizens. The Constitution explicitly mandates the State to 'promote just and reasonable access by all citizens to public facilities and services'; 'provide adequate means of livelihood and suitable employment and public assistance to the needy'; 'provide social assistance to the aged, as will enable them to maintain a decent standard of living'; as well as 'take all necessary steps to ensure the full integration of women into the mainstream of economic development of Ghana'. With assistance from development partners, Ghanaian governments have significantly expanded the scope of social protection during the past decade. The country also launched a national social protection policy in 2015, the goal of which is to 'mitigate and reduce vulnerabilities for all, close the inequality gap and ensure total inclusion for all Ghanaians' (Government of Ghana, 2015: 15).

¹ Access to an adequate level of social protection is a basic right of all individuals. Article 22 of the Universal Declaration of Human Rights states: "everyone, as a member of society, has the right to social security".

Methodologically, this position paper is based on a review of a wide range of existing reports and studies, complemented with informal conversations with some sector experts. Feedback from participants in a stakeholder validation meeting held in May 2020 provided additional useful material for the paper. The next section highlights the most crucial challenges facing Ghana's social protection system, and assess the extent to which the NPP's 2020 election manifesto responded to these challenges. The final section focuses on the special case of Ghana's flagship cash transfer program, the Livelihood Empowerment Against Poverty (LEAP), and provided recommendations for reforming the program in the short to medium term.

2.0 ASSESSING THE RESPONSIVENESS OF THE NPP MANIFESTO TO THE KEY CHALLENGES SOCIAL PROTECTION DELIVERY

- ✧ In an earlier phase of a broader CDD-Ghana Manifesto Project of which this position paper is part, we undertook a systematic review of a wide range of existing reports and studies in order to identify the most critical challenges that undermine effective social protection delivery in Ghana. This section summarizes the identified challenges, and highlights the extent to which the NPP's 2020 election

2.1 A weak legal framework for social protection

One requirement for an effective social protection system is the existence of a clear legal framework that contributes to the predictability and transparency of benefits (Sepúlveda and Nyst 2012;). Although a draft social protection bill has been in existence since 2015, Ghana still does not have a social protection law. Consequently, most existing programs are implemented on discretionary basis. The NPP's 2020 manifesto is silent on the questions of whether and how soon it will pass the social protection bill into law. Given the progress already made on the bill, it will be important to prioritize the passage of the social protection law to ensure the predictability and sustainability of social protection interventions.

2.2 Limited public spending on social protection

The problem of growing inequalities in Ghana is partly a reflection of low levels of budgetary allocations and public spending on social protection. The average spending of lower middle-income countries in Africa on non-contributory social protection is estimated to be 2.1% of GDP, and 1.6% for lower-middle-income countries world-wide. In contrast, Ghana's 2019 spending on its flagship SP programs was just about 0.6% of GDP, down from a little above 1% in 2016 (UNICEF, 2019). Indeed, even by the standards of comparable African states, Ghana's public spending on social protection remains low (Alston, 2018). In order to realize the full potential of social protection in reducing poverty, vulnerabilities and inequalities, governments will need to increase allocations to social protection in line with Ghana's peers. Here again, however, the NPP's manifesto does not say anything about increasing social protection financing.



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2.3 Limited availability of complementary services

Global experience suggests that social protection programs stand a better chance of reducing poverty and vulnerability in contexts where beneficiaries are linked to other basic services and productive opportunities. Although Ghana's National Social Protection Policy emphasizes the importance complementarity plays in social protection, there has been very limited progress made so far in linking program beneficiaries to various complementary services. Till date, the only well-established social protection program complementarity is the LEAP-NHIS linkage by which LEAP beneficiaries are entitled to free health insurance through the NHIS. Even here, however, the extent of linkages is at best weak: by late 2018, only about 33% of LEAP beneficiaries (550 000 out of an estimated 1.65 million) were registered for, or had renewed, NHIS membership (UNICEF, 2019). The issue did not find space in the NPP's manifesto for the 2020 elections. Priority needs to be given to improving complementarity among programs and other basic services in line with the national social protection policy.

2.4 Need for greater attention to productive inclusion opportunities

Ideally, social protection services should be able to pull beneficiaries out of abject poverty and encourage the productive poor to become empowered and self-supporting members of society. Ghana's national social protection policy is emphatic that the various 'individual social protection programs cannot lift households out of poverty' (Government of Ghana, 2015: 20) unless such households are also provided with opportunities for productive inclusion. Till date, there has been very limited attention to the issue of productive inclusion within Ghana's social protection landscape: programs in this area are not only very limited in scale, but also tend to be donor-driven with potential adverse implications for their long-term sustainability.

In recounting its achievements in the past four years, the NPP's 2020 manifesto noted that it linked over 5000 LEAP beneficiaries to some productive programs with the aim of facilitating their exit out of poverty. However, and with the notable exception of the pledge to allocate some GHC4 million for the empowerment of male and female entrepreneurs living with disabilities, the manifesto is silent on whether and how it intends to tackle the issue of productive inclusion among vulnerable populations during 2021-2024. For example, it would have been useful to see a proposal that explicitly gives consideration to vulnerable groups with productive capacities in implementing the party's flagship Food for Planting and Jobs program. More broadly, it will be important for government to pay greater attention to the creation of income opportunities for labor-endowed poor families. This will require greater Government budgetary allocations to existing programs (e.g. the productive safety net program) both to help scale them up and contribute to their long-term sustainability.

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2.5 Addressing targeting problems and minimizing politicization

Targeting problems, relating to both inclusion and exclusion 'errors', remain important challenges, underpinned by a combination of technical and political factors. While the former relates mainly to the absence of a credible single household registry through which the most vulnerable could be identified and selected to benefit from various social intervention programs, the latter has to do with political interference in the selection of program beneficiaries. It is thus important to improve the targeting of programs both by completing the Ghana National Household Registry and by eliminating political interference in the targeting processes. The NPP manifesto's proposed measure for improving social protection targeting focuses on completing the Ghana National Household Registry, establishing databases for major Flagship Social Protection Program databases and linking them to the National Identification Card to create a "Single Registry" system'.

It is important to note that the politicization of the targeting processes has been explicitly acknowledged by Ghana's two dominant parties, the National Democratic Congress (NDC) and the New Patriotic Party (NPP). While the NPP's 2016 manifesto accused the NDC of turning the LEAP into 'a blatant source of political patronage' (NPP, 2016: 126), the NDC's 2020 manifesto makes the claim that 'the NPP has politicized targeting beneficiaries of social protection interventions as manifested in the chaotic, partisan and selective distribution of food and other relief items during the COVID-19 lockdown' (NDC 2020: 77). Despite this recognition, neither of these parties explicitly committed itself to desisting from politically interfering in the targeting process. Although important, the completion of the GHNR and the creation of a single household registry will not automatically eliminate political interference in the targeting processes, given the history of these parties in subverting formal targeting systems and using the various social intervention programs in buying political loyalty among potential voters.

4.6 Limited efforts in mainstreaming disability issues in social protection



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Although the national SP policy envisages 'mainstreaming gender and disability issues in social protection', there have been very limited efforts in tackling the unique challenges faced by Persons Living with Disabilities (PWDs). Implementation of the Disability Act remains weak and some District Assemblies rarely comply with central government's directives in disbursing a portion of the DACF to PWDs (Adamtey et al 2018; Opoku et al 2018). To address this challenge, it would be important to undertake a comprehensive assessment of the extent to which both gender and disability issues have been mainstreamed in all the various social protection programs and take corrective measures. Improving the impact of the Disability Fund on the lives of PWDs would require multiple interventions, including increasing resources to the Fund, making information more available to beneficiaries, and ensuring its timely release both by central and local government authorities.

The 2020 manifesto of the governing NPP appears to have recognized these problems, and accordingly pledges to:

- Implement the provisions in the Persons With Disability Act, 2006 (Act 715), with a focus on addressing access to facilities, transportation and equal employment opportunities
- Allocate GH¢4 million to the Presidential Empowerment Entrepreneurs with Disabilities to expand their businesses²
- Expand the scope, membership, and mandate of the Inter-Ministerial Coordinating Committee tasked with mainstreaming disability issues in local government

Although laudable, it is worth bearing in mind that the idea of prioritizing support for the disabled to expand their businesses may also carry the danger of excluding the category of people who may not have any productive capacity. The key point here is to remain conscious that not all PWDs may be potentially productive.

4.7 Weak social support for the aged poor

There is consensus that social protection delivery in Ghana does not pay sufficient attention to the unique challenges faced by the aged poor. In particular, with the state's inability to provide an appropriate social security for those employed in the informal sector, the majority of ageing workers have few options for safeguarding their health and well-being in the long-term after they can no longer work. It has been estimated that approximately 90% of older people are not receiving any pension benefits and thus are likely facing a high degree of income insecurity (World Bank, 2016).

In the NPP Manifesto for the 2020 elections, the only pledge that explicitly seek to address the problems associated with the aged is to Ensure the enactment and operationalization of the Ageing Bill. What is missing is the question of how soon this bill will be enacted and operationalized.

4.8 Weak social security system for informal sector workers

Ghana is still grappling with an appropriate social security system for informal sector workers who constitute the majority of the country's working population. Informal sector workers are among the most economically vulnerable in Ghana, as was clearly revealed during the recent partial lockdown of the country in response to the coronavirus (COVID-19) pandemic. In the course of the lockdown, the government's food sharing program revealed a new set of poor and vulnerable populations with some informal sector workers who suffered loss of livelihood earning opportunities unable to survive without begging.

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² Focus will be both men and women

“ The number of LEAP beneficiary households has expanded dramatically over time, increasing from 1,654 in 2008, to 332,200 by the end of 2019 (GoG, 2019: 72), and government's budgetary allocations to the program has also increased from GHC2.2 million (approximately US2 million) to GHC168 million (approximately US\$32 million) during this period.

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Yet a vast majority of these people are rarely neither captured among poor and vulnerable populations nor are they beneficiaries of the various existing social protection programs. This further underlies the limited scope of social protection in Ghana, and suggest the need to rethink social protection delivery in the post-COVID-19 era.

On social support for informal sector workers, the NPP's Manifesto pledged to commence implementation of a Pension Scheme for Cash Crop Farmers in 2021; extend its newly proposed National Rental Assistance Scheme to workers in both the formal and informal sectors; and support the informal sector to formalize and create more of better-paying jobs (NPP, 2020: 158). This promise has been a recurring one in the manifestos of the two dominant parties, featuring in the 2008 and 2016 manifestos of the NDC and NPP respectively (see NDC, 2008: 48; NPP, 2016, pp.p127-8). There is thus an interparty consensus on the need for, and feasibility of, a pension scheme for some category of informal sector workers in Ghana in order to help improve their standards of living.

3.0 THE SPECIAL CASE OF THE LEAP

This section focuses on the case of the LEAP which does not attract sufficient attention in the NPP manifesto, despite its proven potential in reducing poverty and the numerous challenges that continue to undermine its impact on the lives of the poor. Much of the NPP's 2020 manifesto on social protection focuses on its recent achievements in the delivery of social interventions, and very much less on its plans for the sector in the next four years. It is notable, for example, that unlike the party's manifesto for the 2016 elections, the 2020 manifesto was silent on the party's plans about major programs like the LEAP³.

Before highlighting the critical challenges facing the LEAP, it is important to provide a brief background information on the program. The LEAP is Ghana's flagship cash transfer program that provides bi-monthly cash transfers to households living below the national extreme poverty line. Specifically, 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, orphans and vulnerable children (OVCs), as well as poor pregnant women and infants below the age of one year. In addition to the cash grant, beneficiaries were to be linked to a wide range of complementary services, including microfinance initiatives, supplementary feeding, agricultural inputs, skills training, social housing, and access to sustainable energy; among others (GoG, 2007; 2015). The number of LEAP beneficiary households has expanded dramatically over time, increasing from 1,654 in 2008, to 332,200 by the end of 2019 (GoG, 2019: 72), and government's budgetary allocations to the program has also increased from GHC2.2 million (approximately US2 million) to GHC168 million (approximately US\$32 million) during this period (Abdulai 2020).



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, ORPHANS AND VULNERABLE CHILDREN (OVCS), AS WELL AS POOR PREGNANT WOMEN AND INFANTS BELOW THE AGE OF ONE YEAR.

³ Although without providing details, the party's manifesto only makes a vague pledge to expand the reach of social interventions and safety nets (NPP, 2020: 152).

Studies point to various positive effects of LEAP but also highlight several factors that undermine the scheme's potential in improving the lives of the poor. Four (4) key challenges deserve special attention in the short to medium term. These are its limited coverage relative to need; the low value of the cash grant; the weakness of social accountability mechanisms and the inability of beneficiaries to hold service providers accountable; and the one-size-fits-all approach adopted for implementing the program in rural and urban areas.

Low coverage of the poor

The SDGs envision universal coverage of social protection by 2030. Although the scope of the LEAP has expanded significantly during the past decade, coverage remains low relative to need. For example, while the Ghana Living Standards Survey Round 7 (GLSS 7) estimated the number of extremely poor persons at about 2.4 million, the LEAP presently covers about 1,444,518 beneficiaries. This leaves over nine hundred and fifty thousand extremely poor persons excluded from the program. In effect, the LEAP does not fully cover the extreme poor, let alone other poor and vulnerable persons who may be deserving of social assistance. At the current pace of program expansion, several poor and vulnerable persons would remain excluded by 2030. This suggests the need to expand the program's coverage to at least all people living in extreme poverty in line with the aspirations of the national social protection policy.

Low value of grant

The value of the LEAP remains lower than would be required to enable beneficiaries exit out of extreme poverty. Despite Ghana's high level of inflation, there has been no upward adjustment of the LEAP grant since the last increment in 2015. Today, the program transfers about GH¢384 per annum for a household with 1 beneficiary; this amount is less than half of the extreme poverty line (GH¢792.05) set in the GLSS 7. Thus, even without taking into account the adverse impact of inflation, the LEAP cash grant falls below the amount needed for the survival of the poorest if the grant were the sole source of income for such households. This is especially the case for the urban poor.

Weak social accountability mechanisms and related problems

Another persistent problem relates to beneficiaries' perception of the LEAP as a product of government favor rather than as part of their entitlements as citizens. This problem has persisted both because of the absence of effective grievance and complaints systems for the program, and insufficient efforts in educating the general public about social protection from a rights-based perspective. Recent evidence suggests that even when LEAP beneficiaries feel dissatisfied with some aspects of the program such as the inadequacy of the grant and the long periods they sometimes have to wait on payment days, they still find no reason to question duty bearers since the benefits are primarily perceived as “free cash” offered to them in the form of a gift (Abdulai et al 2019).

This should be of concern because beneficiaries' understanding of social protection in rights-based terms is important because it provides the basis for the poor to defend those rights against the state when their benefits are either withheld or delayed. In contrast, where programs are viewed as the product of government's discretion or charity, it becomes difficult for citizens to meaningfully engage in monitoring activities to demand accountability

Go beyond a one-size-fit-all approach to implementation

The LEAP, which was designed to reduce poverty predominantly in rural areas, started to incorporate urban areas in 2014. Till date, however, the program has not been tailored to the needs and unique circumstances of the urban poor. For instance, LEAP uses the same targeting approaches in both rural and urban areas, and the cash grant remains the same for both the rural and urban poor. The urban poor face significantly higher living costs for food, rent, transport, and energy. They rely more on income earned from employment rather than self-production, so they are more vulnerable to unemployment and underemployment, low and erratic incomes in the informal economy, and rising prices. As a result, the purchasing power of a cash grant may be much lower in urban than rural settings, and program impacts will be diluted. In this regard, the LEAP needs to be adjusted to the urban context in several respects. An urban-specific proxy means test should be developed to improve targeting. The cash benefit should be increased and adjusted regularly, and possibly accompanied by subsidized utilities and services. Urban contexts also offer more opportunities to deliver and target social assistance through digital technologies such as mobile phones and automatic teller machines. All this suggests the need to think clearly about how to operationalize social protection for rural and urban residents, beyond simply expanding existing programs from rural areas to urban-based communities (Cuesta et al 2020).

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