

# The Impact of Ghana's LEAP Programme

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**Ghana's Livelihood Empowerment Against Poverty (LEAP)** programme provides cash transfers to very poor people, particularly in households with orphans or vulnerable children, the elderly and people with extreme disabilities. Beneficiaries also receive free national health insurance. LEAP's objectives are to alleviate short-term poverty and to promote the development of human education, experience and abilities. The government-funded programme receives support from the World Bank and the UK's Department of International Development.

Established in 2008, by 2012 LEAP was providing cash payments of USD4–8 every two months to 70,000 households across Ghana; these figures, which vary according to household size, are equal to about 10 per cent of baseline household consumption. Payments were sometimes irregular during the period under review (May 2010 – May 2012). A gap in payments in 2011 was followed by a triple payment in February 2012 to settle arrears. The amount of the transfers was tripled in the same year.

## The evaluation

In 2010, baseline data were collected from 699 future LEAP beneficiaries in three regions. Propensity score matching techniques were used to construct a comparison group of 914 households coming from a nationally representative household survey implemented during the same year. Beneficiary and comparison households were interviewed again after 24 months.

A local economy-wide impact evaluation (LEWIE) model was used to simulate the effect of cash transfers on the local economy in the regions included in the quantitative study. Researchers used participatory methods and in-depth case studies to gather perceptions of LEAP's impact on household decision-making, community dynamics and social networks.

## Impacts

### Access to health insurance and education

- About 90 per cent of the LEAP households enrolled at least one member in the national health insurance system. This included a 34 per cent increase among children under six years old, and a 16 per cent increase among children from six to 17 years old.
- The programme slightly increased preventive care for children. LEAP households were more likely to report sickness in young children, although they were less likely to report sickness among older children.
- The transfer enabled household members to pay for ongoing prescription medicines for the elderly and infirm.
- LEAP increased school enrolment among secondary school children by 7 percentage points and reduced grade repetition by children of primary and secondary school age. Among primary school children, LEAP reduced absenteeism by 10 percentage points. The increase in secondary school enrolment was limited to boys, while the increase in attendance was more pronounced for girls.
- Beneficiaries perceived that child labour shrank as enrolment and school retention increased.

### Savings, debt reduction and social networks

- LEAP beneficiaries were nearly 11 per cent more likely to save money.

- Beneficiaries reduced their borrowing, repaid debt more promptly and gave gifts or credit to others.
- LEAP households were considered financially reliable and thus creditworthy.
- The transfers had no lasting effect on consumption patterns, probably due to irregular payments.
- LEAP enabled beneficiaries to spend more time working on their farms and to hire outside labour.
- The transfers provided capital for activities such as petty trading, and reduced the use of negative coping strategies.
- LEAP increased the economic empowerment of some female-headed beneficiary households.
- Beneficiaries rejoined or strengthened their role in social networks, resulting in greater status, and self-esteem.
- LEAP household heads—particularly women—were 16 percentage points more likely to feel happy about their lives.

### Impact on the local economy

- Every Ghanaian Cedi (GHS) transferred through LEAP has the potential to raise local income by GHS2.50, with non-LEAP households receiving most of the indirect benefit.
- The largest positive effects would be on retail, with a multiplier of GHS0.78.
- The estimated income multipliers reflect a context in which payments are regular and predictable, which did not occur in this case.

## Conclusions

Irregular and low-value payments discouraged consumption; however, the large lump-sum payment in February 2012 increased the tendency of LEAP households to save money and reduce their debt—activities that strengthened community networks and the social capital of LEAP households.

Local economy simulations suggest that if LEAP could regularise payments, the spillover effects would be significant. Measures to maximise such effects should target ineligible households, which provide many goods and services in the local economy.

Three issues arose from the impact evaluation. First was the low value of the cash transfer, which was resolved by tripling the payment amount in January 2012. Second were the irregular payments, which did not allow households to improve permanent consumption or effectively manage risk. The third issue concerned the lack of synergies with other social programmes, including health services and programmes for sustainable livelihoods. Greater support for social programmes at the community level has the potential to considerably improve LEAP's impacts.

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