

UNITED NATIONS WORLD FOOD PROGRAMME



# Assessing the Impacts of the Global Economic and Financial Crisis on Vulnerable Households in Ghana: A sequel

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## Executive Summary

The direct impact of the global economic and financial crisis on Ghana has been fairly small. High prices for gold and cocoa exports and high official financial flows limited the impact of the global crisis.

The impact of the economic crisis is most evident in the composition of financial flows, remittances, timber exports and lower aid flows. An increase in official financial flows from the World Bank and the IMF have compensated for a reduction in private capital inflows. International remittances to Ghana were expected to decline by 2.4 percent in 2009. Timber exports dropped by 33 percent in January-October 2009 compared to the same months a year earlier, reflecting the slowdown in the global construction sector. Aid flows were below target during the first half of 2009.

High prices for gold and cocoa exports and high official financial flows limited the impact of the global crisis. Exports increased in 2009 to US\$5.8 billion (from US\$5.3 billion in 2008) and the current account deficit fell significantly – from 21 percent of GDP to 8 percent. Reserves increased to US\$3.2 billion at the end of 2009, from US\$2 billion a year earlier. Since the middle of 2009, economic activity has increased, the inflation rate has fallen and the exchange rate has remained rather stable. GDP growth slowed to 3.5 percent in 2009 – against 7.3 percent in 2008 – and is expected to reach 4.5 percent in 2010. The budget deficit's size relative to GDP has declined by about 4 percentage points. Oil production will start later in 2010 and oil exports from 2011 to 2015 should further strengthen the country's macroeconomic performance.

Household purchasing power has been reduced due to lower prices for crops, declining remittances and inflation. The price for Ghana's main cash crop – cocoa – has remained relatively high, providing a cushion for the nation's 1.6 million smallholder cocoa producers. Unskilled labour is migrating to cocoa-producing areas to take advantage of increasing wage rates in the sector.

The most vulnerable group in Ghana continues to be smallholder farmers in the north. This livelihood group expects prices for shea nuts to be even lower than they were a year ago, when they had dropped already dramatically. Shea nuts are an important source of lean season income for women. Remittances received from migrants in other parts of Ghana have also declined. These factors are exacerbating the high chronic vulnerability of the livelihood group. Overall, the group is unevenly covered by existing safety nets and access to some social services, which translates into high out-of-pocket expenses for health and education.

The urban poor in Accra are facing higher food prices, a decline in remittances and a depressed labour market. According to the focus groups, unskilled wage rates have declined by 21 percent compared to March 2009. Unemployment and underemployment are perceived to be much higher than a year ago.

Unskilled labourers' incomes have decreased, with the exception of the timber industry where there seems to be a rebound in activity after a sharp drop in 2009. However, the general increase in food, utility and other costs are affecting real incomes. Due to their lower purchasing power, unskilled labourers are sending fewer remittances to their families elsewhere in Ghana, including to the very vulnerable in the north.

The main coping mechanisms include reduction of the quality and quantity of food consumed. Migrants from the north are increasingly migrating to the forest area to benefit from opportunities in the cocoa sector, where unskilled wages have increased by 38 percent. Cash crop farmers are diversifying into food crops. Smallholders in the north are increasing charcoal production.

The macroeconomic situation is expected to improve further in 2010 and 2011. The start of oil production and exports will provide (temporary) relief for the current account and budget deficits. GDP growth is forecasted by the IMF to reach 20 percent in 2011. The inflation rate is predicted to continue to decline. Exports of gold and cocoa are expected to continue their strong performance, buoyed by relatively high prices – even if cocoa prices are expected to decline somewhat in 2010 and 2011.

The food security situation is likely to continue improving as a result of declining food prices and good harvests. Yet, the situation needs to be monitored carefully in northern Ghana during the peak of the lean season (June-August), particularly among vulnerable households.

Ghana has a rather extensive social safety net system that includes conditional cash transfers, no-fee education, a capitation grant system, a national health insurance scheme, a national youth employment programme and school feeding.

Social safety net coverage has increased in the past year. Notably, the urban poor are benefiting more from school feeding, but the programme still needs better targeting. The LEAP, cash-transfer programme, has expanded to 31,000 households in 2009. The target for 2010 is 40-45,000 households.

Several new programmes are on the verge of introduction, including food-for-work programmes, the Junior High School conditional cash transfer programme, the Social Opportunities Programme and the social inclusion cash transfer programme under the Social Investment Fund (SIF).

Existing social safety net programmes in Ghana need to be better targeted in order to reach the most vulnerable, especially in remote rural areas. Livelihood support to women and youth in the north remains a high priority, including the creation of community assets. The progress towards a common targeting mechanism across different social safety nets is a strong step in this direction. Coverage of the hungry and malnourished in this mechanism needs to be ensured. Many of the poorest households in the north cannot afford NHIS premiums, or cannot access free health care. Coverage of LEAP remains small. As was revealed in the April 2009 report, the urban poor continue to benefit from better social safety net coverage than rural groups. Yet, employment programmes in urban areas, targeting youth, need to increase until urban unskilled labour markets recover. Moreover, the food security monitoring system should be expanded to the south, particularly to urban areas and the system's capacity should be strengthened.

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## List of Acronyms

ADB	African Development Bank
BECE	Basic Education Certificate Examination
CBO	Community-based Organization
CEPA	Centre for Policy Analysis
CFSVA	Comprehensive Food Security and Vulnerability Assessment
CGE	Computable General Equilibrium
DCA	Development Credit Authority
DFID	Department for International Development
EIU	Economist Intelligence Unit
ESF	Economic Support Fund
FAO	Food and Agriculture Organisation
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
Gh¢	Ghana cedi
GLSS	Ghana Living Standards Survey
GPI	Gender Parity Index
GOG	Government of Ghana
GSFP	Ghana School Feeding Program
HIPC	Heavily Indebted Poor Country
IFPRI	International Food Policy Research Institute
ILO	International Labor Organisation
IMF	International Monetary Fund
ISODEC	Integrated Social Development Center
ISSER	Institute of Statistical, Social and Economic Research
JHS	Junior High School
JHS CCT	Junior High School Conditional Cash Transfer
LEAP	Livelihood Empowerment Against Poverty
LIPWs	Labour Intensive Public Works
MDA	Ministry, Department and Agency
MDBS	Multi Donor Budgetary Support
MDRI	Multilateral Debt Relief Initiative
MESW	Ministry of Employment and Social Welfare
MDG	Millennium Development Goals
MOE	Ministry of Education and Science
MOFEP	Ministry of Finance and Economic Planning
MOH	Ministry of Health
MOU	Memorandum of Understanding
MT	Metric tonne (1,000 kg)
NDPC	National Development Planning Commission
NHIS	National Health Insurance Scheme
NGO	Non-Governmental Organisation
[NSPS	National Social Protection Strategy
NYEP	National Youth Employment Programme
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OVC	Orphaned and Vulnerable Children
PRGF	Poverty Reduction and Growth Facility
PRRO	Protracted Relief and Recovery Operation
SADA	Savanna Accelerated Development Authority
SF	School Feeding
SIF	Social Investment Fund
SHS	Senior High School
SMEs	Small Medium Enterprises

SNV	Netherlands Development Organization
SOP	Social Opportunities Program
SSVP	Social Support to Vulnerable Populations
THR	Take Home Ration
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNWTO	United Nations World Tourism Organisation
WB	World Bank
WFP	World Food Programme

# **I. Introduction**

1. In early 2009, WFP conducted a number of case studies on the impact of the global economic and financial crisis on food security. One of the case studies was conducted in March-April 2009 in Ghana. This report is a follow-up study to assess the extent that the unfolding of the global economic and financial crisis has impacted on vulnerable households after one year, evaluate the accuracy of the forecasts of the previous assessment and analyze the response of the Government of Ghana and its partners to the crisis.

2. The report uses a number of different methods. Secondary information was used to analyze the global environment and the macroeconomic situation in Ghana. Focus group discussions were conducted with various vulnerable groups across Ghana. These methods were supplemented by interviews with key informants, including in the Government of Ghana and international organizations.

3. This assessment first reviews the global aspects of the economic and financial crisis and its macroeconomic impact on Ghana in Section II. The next section presents the results of the focus group discussions. Section IV outlines the response of the Government of Ghana and its partners, including donor responses using safety nets. The report concludes with a number of recommendations.

## II. Global economic crisis and impact in Ghana

4. The global economic and financial crisis, which erupted in full force in September 2008 in the United States, quickly spread around the world, leaving few countries untouched. The impact on Ghana was noticeable, yet small.

### The global economic and financial crisis

5. The world has experienced the worst economic crisis since the 1930s. The declines in economic indicators starting in 2008 and often continuing through mid-2009 was fast and steep. For the year as a whole, world output fell by 2.2 percent and trade by 12.5 percent in 2009 (see Table 1). Slower economic growth affected all regions of the world – and the vast majority of countries. About 60 developing countries suffered a decline in GDP per capita in 2009 (United Nations, 2010a).

6. Many countries showed signs of recovery at one point in 2009. By early 2010, economic growth had rebounded from steep declines. Yet, the recovery pace was slowing, as the strengths of the early driving forces of inventory restocking and policy stimuli were tapering off, and becoming more uneven across regions (United Nations, 2010b).

**Table 1: Global transmission channels, 2007-2010**  
Annual percentage change (except where indicated)

	2007	2008	2009	2010
<b>World output</b>	3.9	1.9	-2.2	2.4
<i>Of which</i>				
Developed countries	2.6	0.5	-3.5	1.3
Economies in transition	8.4	5.5	-6.5	1.6
Developing countries	7.6	5.4	1.9	5.3
<b>World trade</b>	6.7	2.9	-12.5	5.4
<b>Net financial flows to developing countries (billions of US\$)</b>	403	71	55	..
<b>Remittances to developing countries</b>	23.1	15.9	-6.0	6.2
<b>International tourism arrivals</b>	6.4	2.1	-4.3	3-4
<b>Official Development Assistance (billions of 2008 US\$)</b>	110	122	123	..

Sources: United Nations (2010a); World Bank (2010a); UNWTO (2010)

7. Moreover, the recovery has remained fragile. The increase in GDP in many countries across the world is largely a result of fiscal stimulus measures and restocking of inventories (which were drawn down immediately following the eruption of the crisis), rather than private consumption and investment spending. Government fiscal stimuli and restocking are temporary and not sustainable over the longer term. Moreover, consumption remains weak in many countries, hindered by high unemployment, low wages, uncertainty and high debt. Investment is also not picking up because of idle capacity, difficulties to get credit, low profits and low demand. A total collapse of the financial sector has been averted, but performance in the financial institutions remains

precarious. The Greek crisis in early 2010 and the financial contagion have further highlighted the fragility of the recovery.

8. The projections for 2010 are for weak growth. World output is expected to increase by 2.4 percent and world trade by 5.4 percent (United Nations, 2010a). This is significantly below growth rates recorded in the period 2004-07.

9. The transmission mechanisms of the global economic and financial crisis to developing countries have been mainly through trade and financial linkages. The forecasts for these linkages have largely been realized with sharp falls in trade volumes, private capital flows, remittances and tourism arrivals particularly in the first half of 2009. There has been some recovery in the second half of 2009, yet significant declines for the year as a whole (see Table 1). Remittances to developing countries fell by 6 percent and to sub-Saharan Africa by 2.7 percent in 2009, after years of double-digit growth. Official development assistance (ODA) increased – but barely – in 2009 in real terms.

10. International food prices declined in the second half of 2008 from their peaks as a result of the crisis, but they remained historically high. Moreover, they increased again in 2009. The FAO cereal index in April 2010 was 50 percent above the 2005 level and 82 percent above the 2000 level. Most experts predict that food prices for the next ten years will be significantly higher than the low levels reached in the late 1990s as a result of structural factors, such as low productivity growth, climate change and demand for biofuels.

### **The transmission of global shocks to Ghana**

11. The transmission channels were felt in Ghana but the impact of the global economic and financial crisis on the macroeconomic indicators in Ghana has been significantly cushioned by high prices for its major export commodities – cocoa and gold – and official financial flows.

12. The previous report identified a number of reasons of macroeconomic vulnerability in Ghana:

- Very high current account deficit;
- Very high budget deficit;
- Aid dependency;
- Export dependency; and
- Exchange rate depreciation.

13. These underlying factors made Ghana vulnerable to the transmission of the global shocks, such as declines in export volumes and prices. The worst scenarios with regard to these shocks, however, did not materialize: exports continued to increase, commodity prices rose and financial flows remained high, although they switched from private to official sources. Tourism arrivals also increased. These facts cushioned the declines in remittances and ODA.

#### *Exports*

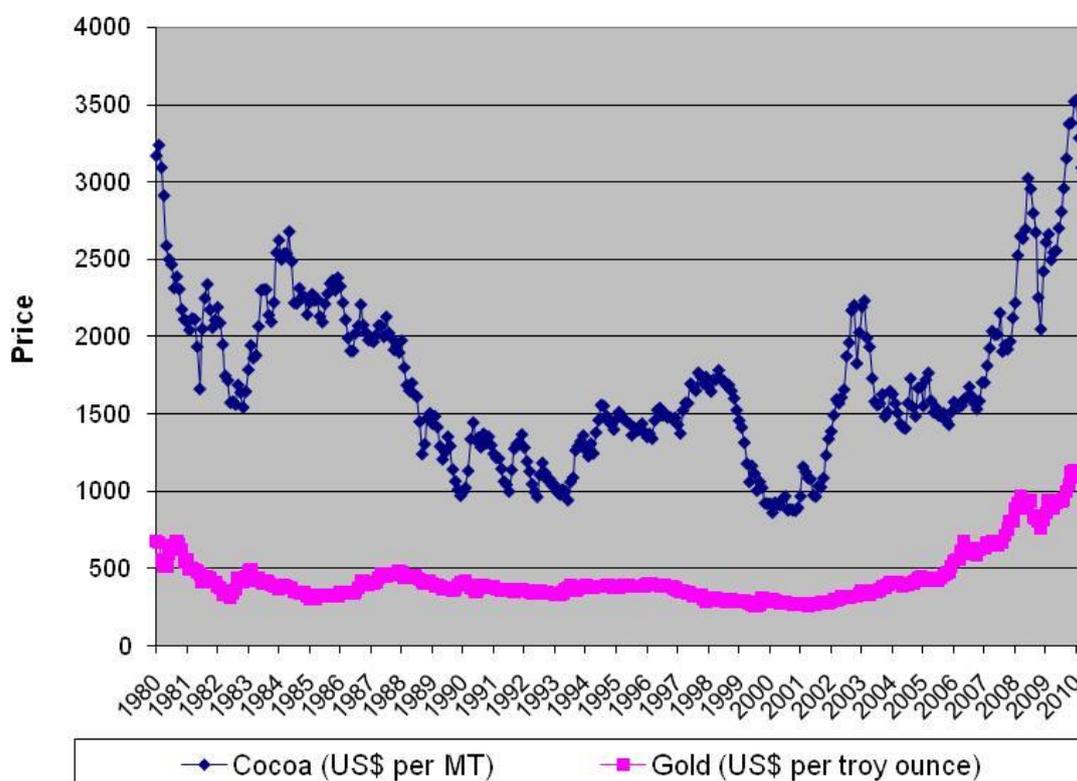
14. Cocoa and gold prices – similar to other commodities – declined in the second half of 2008, but then quickly and significantly rebounded. At the end of 2009, cocoa prices reached their highest levels since February 1980 (see Figure 1). High cocoa and gold prices have been an important factor behind the continued growth in the export revenues in 2009 (see Table 2). Contrary to global trends, export volumes of cocoa and gold increased in 2009. Cocoa volumes grew by 14 percent in 2009, on top of a price increase of 12.5 percent. Gold volumes increased by 4 percent in 2009, on top of a price increase of 11.6 percent. Cocoa prices declined in early 2010 but then recovered, breaking another record as a result of strong demand and a disappointing crop in Côte d'Ivoire. The Economist Intelligence Unit expects prices to decline in 2010 and 2011. Yet, compared to historic levels, they would remain relatively high, i.e. above or at the average 2009 price.

15. Timber exports, on the other hand, declined. Between January and October 2009, the value (in euros) decreased by 33 percent and the volume by 25 percent compared to the same period in 2008.

16. Ghana also benefited from a large improvement in the terms of trade between the prices of the major export and import commodities. Oil is Ghana's major import item and the oil price collapsed in the second half of 2008. As a result, the terms of trade between cocoa and crude oil and between gold and oil tripled between mid-2008 and early 2009 (see Figure 2). In the case of gold, the terms of trade reached its highest level in 10 years. The terms of trade quickly declined when oil prices started to increase, but has stayed relatively high – at about double the level it had been in mid-2008.

17. The improvement in the terms of trade greatly benefited the balance of payments. The decline in oil prices contributed to a decline of imports, which fell from US\$10.3 billion in 2008 to US\$8 billion in 2009. The continued export growth and the decline in imports translated into a significant drop in the current account deficit, which was more than halved as a percentage of GDP (see Table 2). Although still high, this reduction alleviated one of the major vulnerabilities identified in last year's report.

**Figure 1 Cocoa and gold prices, 1980-2010**



*Financial flows*

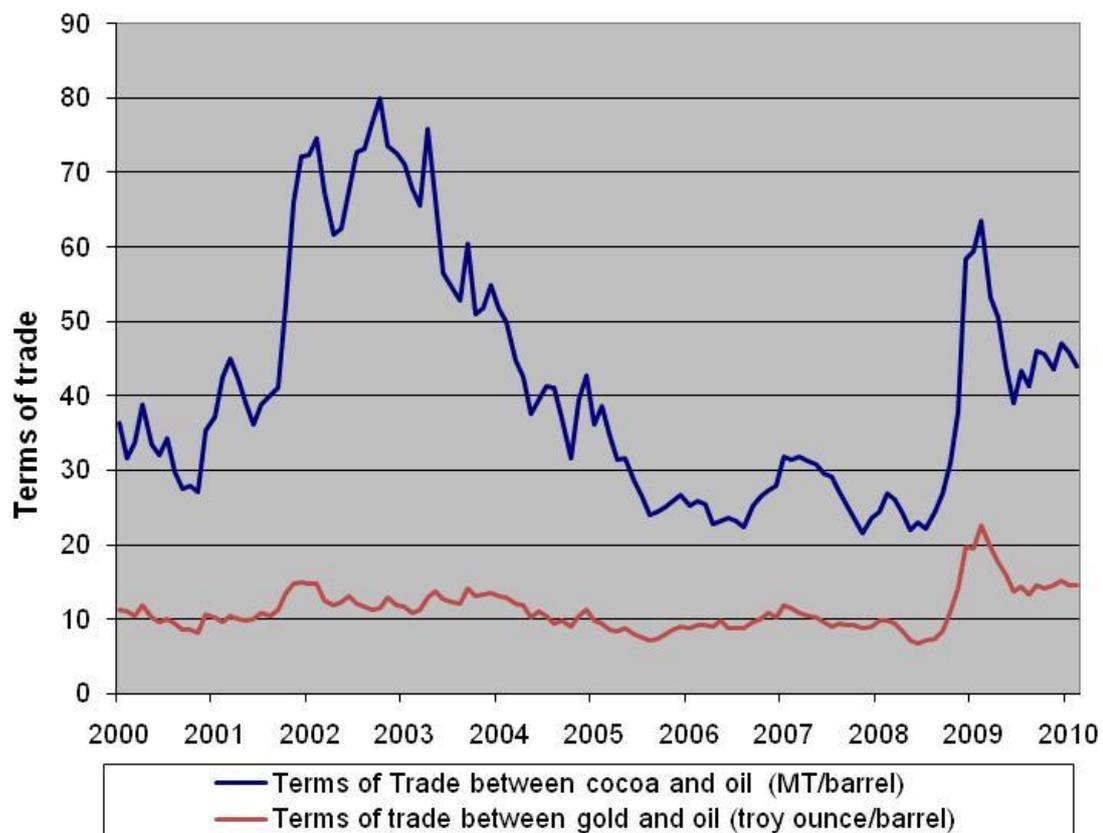
18. The second transmission channel has been international financial flows. Ghana had benefited from private financial flows before the crisis, but these flows dried up as a result of the crisis. Instead, Ghana received additional support from the international financial institutions. This marked a significant shift in the composition of the financial flows from private to official sources. The Board of Executive Directors of the World Bank approved in June 2009 a concessional loan of US\$535 million to improve Ghana's economic governance and stabilize its economy. This is part of US\$1.2 billion the Bank plans to provide over the period 2009-2011.

19. The Executive Board of the International Monetary Fund (IMF) approved in July 2009 a three-year arrangement under the Poverty Reduction and Growth Facility (PRGF) of about US\$603 million to support the government's economic programme to tackle macroeconomic instability. About US\$105 million was disbursed immediately. The IMF also allocated US\$450m in Special Drawing Rights to Ghana to boost its foreign exchange reserves, which were covering only 1.8 months of imports at the end of 2008. This was part of a global allocation of US\$250 billion, which the G20 leaders agreed upon at their summit in April 2009 to boost global liquidity. Gross international reserves increased from US\$2 billion at the end of 2008 to US\$3.2 billion a year later – covering about 3 months of imports (BoG, 2010b).

#### Remittances

20. The third transmission channel has been remittances. International remittances to Ghana were at the end of 2009 estimated to decline from US\$126 million in 2008 to US\$123 million in 2009 – a decline of 2.4 percent, compared to a global decrease of 6.1 percent (see Tables 1 and 2). International remittances to Ghana are likely to be underestimated, perhaps by a factor eight (Barajas et al., 2010), but it is not clear how this undercounting affects annual changes. Total private remittances, which include, for example, transfers to NGOs, declined to US\$1.57 billion in 2009 from US\$1.68 billion in 2009 (BoG, 2010a).

**Figure 2 The terms of trade between cocoa or gold and oil prices, 2000-2010**



#### Tourism

21. The UNWTO (2010) estimates that global tourist arrivals fell by 4.3 percent in 2009, but Ghana was not affected by this global trend. International tourism arrivals

increased by 15 percent in 2009, reaching 802,779 – double the level in 2000 – after a 19 percent increase in 2008.

#### *Official Development Assistance*

22. Despite a global increase, Official Development Assistance (ODA) to Ghana did decrease in 2009. By the end of August, programme and project grants were 23 and 1 percent, respectively, below targets. In addition, debt relief under the Heavily Indebted Poor Countries initiative and the Multilateral Debt Relief Initiative (MDRI) were 17 and 28 percent, respectively, below targets (CEPA, 2009). Total ODA flows to Ghana in 2009 will not be available for some months.

#### *Exchange rate*

23. With the improvement in the current account and official financial flows coming into Ghana, in combination with a reduction in inflation, the pressure on the exchange rate ameliorated in the second half of 2009. Since April 2009, the exchange rate has fluctuated between Gh¢1.4 and Gh¢1.5 to the US\$. This, however, meant a real appreciation of the currency as inflation rates in Ghana were higher than among trading partners.

### **Ghana's macroeconomic performance**

24. The limited transmission of the global economic and financial crisis to Ghana contributed to a relatively small impact on the macroeconomic performance (see Table 2). The GDP growth rate declined to 3.5 percent in 2009 but remained positive, even in per capita terms – in contrast to many other developing countries. Construction, port activities and retail sales contributed to the slowdown, as did the tightening of credit] (CEPA, 2009; BoG, 2010a). After declining in the first half of 2009, economic activity as measured by the Composite Index of Economic Activity of the Bank of Ghana picked up during the second half of 2009 (BoG, 2010a).

25. The inflation rate fell, from 20.7 percent in June 2009 to 14 percent in February 2010 (BoG, 2010a; IMF, 2010b). This decline is partly a result of a decline in the food inflation rate and a stable exchange rate. The lower inflation rate and lower public sector borrowing requirement prompted the Bank of Ghana to lower its policy rate first from 18.5 percent to 18.0 percent in November 2009 and then to 16.0 percent in February 2010.

26. Tax revenues were below targets in 2009 (Antwi-Asare et al. 2010) and the budget deficit continues to be a concern. The budget deficit has amounted to about 10 percent in recent years (Table 2). After a significant reduction by 4 percentage points in 2009, the deficit is targeted at 8 percent in 2010 (EIU, 2010). The government is under pressure from donors to reduce the deficit, which has been difficult partly because of payment arrears that the previous government had accumulated. Yet, the new government used them as well. IMF (2010b) estimated that the budget deficit would have been 4 percentage points higher without them. Arrears equivalent to 7 percent of GDP will be repaid only in 2011-12.

27. Government revenues in 2010 will be aided by relatively high gold and cocoa prices, and, starting in 2011, oil exports. According to Moss and Young (2009), government revenue coming from oil would amount to about US\$740 million in 2011 and 2012 and about US\$1.3 billion in 2013-15. In 2011, this would be equal to roughly 3 percent of GDP. The Government has submitted a bill to parliament regarding the management of oil revenues. It aims at transparency and committing the bulk of the revenue to a fund to smooth government spending and finance investments in human resources and infrastructure (EIU, 2010). Oil revenues will create some fiscal space, but the size and period are fairly limited, especially because of the arrears and the short period of net-exporter status (IMF, 2009a).

28. Ghana continues to benefit from the Heavily Indebted Poor Countries initiative and the Multilateral Debt Relief Initiative. Debt levels remain moderate and, according to the IMF, remains at moderate risk of debt distress (IMF, 2009b).

**Table 2: Macroeconomic indicators of Ghana, 2006-10**

	2006	2007	2008	2009 <sup>c</sup>	2010 <sup>d</sup>
<b>GDP growth rate</b>	6.4	5.7	7.3	3.5	4.5
<b>Inflation rate (end of year)</b>	11.7	12.7	18.1	15.9	9.2 <sup>a</sup>
<b>Budget deficit (as % of GDP)</b>	-7.5	-9.1	-14.5	-9.7	-8 <sup>a</sup>
<b>Current account balance (in millions of US\$)</b>	-1,043	-2,151	-3,543	-1,201	..
<b>Exports</b>	3,727	4,172	5,270	5,840	6,800
Cocoa beans and products	1,187	1,133	1,502	1,900	..
Gold	1,277	1,734	2,246	2,600	..
Timber and timber products	207	249	309	207 <sup>b</sup>	..
Others	1,055	1,057	1,218	..	..
<b>Imports</b>	-6,754	-8,066	-10,269	-8,046	..
Non-oil	-5,107	-5,971	-7,912	-6,557	..
Oil	-1,646	-2,095	-2,349	-1,489	..
<b>Remittances (in millions of US\$)</b>	105	117	126	123	..
<b>Memo: Current account as % of GDP</b>	-12.6	-16.1	-21.3	-7.9	..

Source: Bank of Ghana (2010b), EIU (2010), IMF (2010a; 2010b)

Note: <sup>a</sup> IMF target

<sup>b</sup> Forecast based on decline of 33 percent during January-October.

<sup>c</sup> Preliminary data

<sup>d</sup> Forecasts

29. The financial system remained stable with strong supervision. "Generally, the financial soundness indicators of the banking industry, measured in terms of earnings, portfolio quality, liquidity, and capital adequacy were strong" (Bank of Ghana, 2010c). Yet, the banking sector faced a doubling in the share of non-performing loans, rising from 6.9 percent in December 2007 to 14.9 percent in December 2009 (Bank of Ghana, 2010c). Profitability is declining and a few banks are financially strained (IMF, 2009b). In February 2008, the Bank of Ghana raised the minimum capital requirements to GH¢60 million. All foreign controlled banks, except one, met the requirement by the deadline of end of December 2009 and the remaining bank met it in January 2010 (Bank of Ghana, 2010c).

30. Table 3 summarizes the assessment contained in the report of a year ago (Brinkman et al. 2009). It also compares the assessment with the evidence accumulated over the past year. In general, the 2009 assessment was rather accurate with its overall assessment of a small impact, even if it was perhaps somewhat too pessimistic regarding its forecasts on specific components. Particularly with regard to export prices and volumes the impact has been less severe than expected 12 months ago. This also contributed to a stable exchange rate. Most importantly, the worst case scenario, whose likelihood was considered small, did not materialize.

### **Ghana's short-term macroeconomic prospects**

31. The short-term prospects for Ghana are good, partly because of the start of oil production. In 2010, GDP growth is still moderate at 4.5 percent, driven by agriculture and mining. The budget and current account deficits will remain rather large in 2010

(although much smaller than in 2008). In 2011, the start of oil production is forecast to push GDP growth to 20 percent (IMF, 2010a). Oil will also boost exports and ease the budget and current account deficits.<sup>1</sup>

32. Inflation rates will continue its downward trend but remain in the double digits. Lower food prices and a stable exchange rate will benefit the inflation rate but reductions in energy subsidies will put pressure on prices.

**Table 3: The 2009 and 2010 assessments compared**

<b>Hazards</b>	<b>Evidence in April 09? (size) / probability of worsening</b>	<b>Evidence as of March 2010: Did trends worsen? / Size</b>
<ul style="list-style-type: none"> <li>• Declining:               <ul style="list-style-type: none"> <li>• export volumes</li> <li>• commodity prices</li> <li>• foreign capital inflows</li> <li>• ODA</li> <li>• remittances</li> <li>• tourism</li> </ul> </li> <li>• Increasing oil price →               <ul style="list-style-type: none"> <li>• depreciation ER</li> <li>• gvt budget pressures</li> </ul> </li> </ul>	<p>Yes (small) / large</p> <p>Yes (small) / small</p> <p>Yes (medium) / large</p> <p>No / medium</p> <p>Yes (medium) / large</p> <p>? / large</p> <p>No / small</p> <p>Yes (large) / large</p> <p>Yes (large) / small</p>	<p>No (cocoa, gold) / large; Yes (timber) / large</p> <p>Yes / small, but then up</p> <p>Yes / but official flows up</p> <p>Yes / medium</p> <p>Yes / small</p> <p>?</p> <p>Yes / medium</p> <p>No / stable</p> <p>No / falling deficit</p>

<sup>1</sup> Ghana is about to publish an upward revision of GDP, which includes better estimates of the informal economy and subsistence farming. Because of the larger GDP – perhaps by as much as 50 percent – some ratios, such as those pertaining to debt and budget and current account deficits, will improve. The impact of oil production on the GDP forecast will also be smaller (EIU, 2010).

### III. Focus Group Discussions

#### Methodology

33. Primary data collection consisted of focus group discussions with communities identified as vulnerable to the global crisis' impact. The April 2009 study identified smallholders in the north (especially shea nut collectors), casual laborers and the urban poor as the groups most affected by the impact of the crisis. Data collection also took place in cash crop producing communities in Ashanti. Although they were considered less vulnerable to the crisis than the other groups, cash crop producers are included due to the group's sheer size – there are 1.6 million cocoa growers in Ghana – and to allow for comparisons.

34. In each community, focus groups discussed how the crisis affected their livelihood opportunities: income, remittances, migration, coping, food prices, and food consumption. Responses to the crisis and existing safety nets were raised. The focus group discussion guide is included in the annex to this report. Separate sessions for men and women were held, as the crisis had strong gender-specific aspects. In order to promote trust between focus group members and the assessment team, a woman facilitated focus group discussions for groups of women, and vice-versa for men.

Target group	Communities	Number of focus group discussions
Smallholders in the north	4 communities	8
Cash crop producers	4 communities	7
Urban poor	2 communities	6
Casual laborers	2 communities	4

35. The approach deliberately targeted smaller, poorer and isolated communities that were thought to be more vulnerable to the impact of the global crisis.

36. Semi-structured interviews took place with large cereal traders in the key Techiman (Brong Ahafo) and Kejetia (Kumasi/Ashanti) markets. Techiman was chosen as it is the main market in the maize production area, reflective of aggregate supply trends. Kejetia market supplies urban and industrial centers with high demand. The interviews focused on trends in supply, demand and access to credit in order to describe how food trade opportunities have adjusted to the crisis. The map below identifies the areas where primary data collection took place.

**Map 1: Location of focus group discussions**



37. Focus group discussions are intended to provide illustrative information of household level impacts and coping. Due to the purposive nature of sampling, results can neither strictly be compared to those presented in the April 2009 study, nor interpreted as a prevalence for the group as a whole. Representative household data is provided in the 2009 Ghana CFSVA (WFP, 2009). The comparisons between 2009 and 2010 as discussed below and presented in the Figures 3 to 6 are based on perceptions of the focus groups themselves. The reader is warned that the methodology used to estimate household budget allocations tends to underestimate the share recurrent expenditures that are paid in small amount (such as food) and overestimate that of expenses paid in single, large amounts (such as health or education expense). As their choices can be assumed to be most closely related to household food security outcomes, the results from women’s focus groups are presented where possible.

## Results

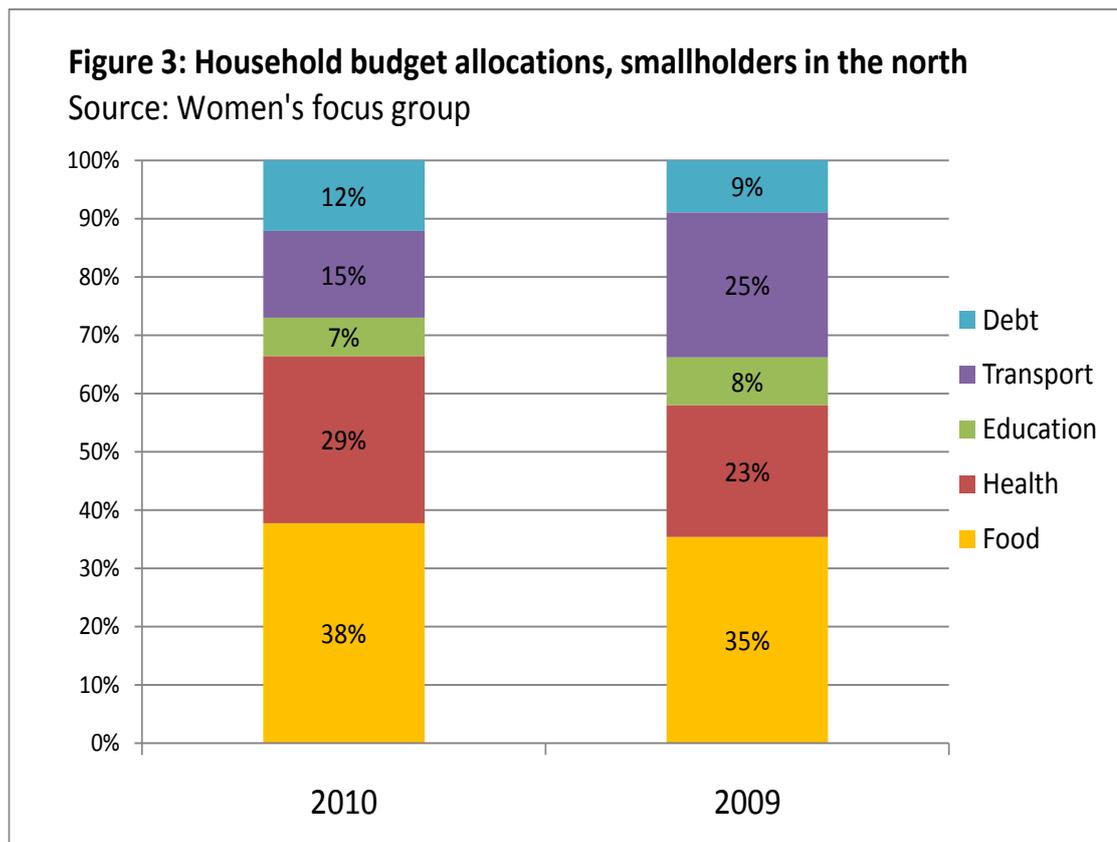
### *Smallholders in the north*

38. According to the 2009 CFSVA, smallholder farmers represent 25 percent of households in Ghana. The 2009 assessment had indicated that this group was affected by higher food prices and lower incomes from the shea nut sales, an important source of lean-season revenue for women. A total of 8 focus group discussions were held with smallholders in Northern region.

39. According to 6 of 8 focus groups, incomes have declined; two groups report that incomes are stable. There are three main income sources, by order of importance: farming, shea nut collection and charcoal production. The decline in incomes is attributed to lower prices for maize, the main food crop in the area. Revenue from shea nuts sales supports household food security in the north, as the income accrues during the annual lean season, and is managed by women. Focus group members estimate that a third of household originates from shea nut sales. Although the 2010 shea nut season had not yet started at the time of data collection, focus groups expect shea nut prices in 2010 to be below their levels in 2009, which, at that time, had already declined significantly.

40. Earnings from casual labor were not mentioned as one of the top three income sources for the smallholder livelihood group. Focus groups perceive that casual wage rates in their communities were the same as a year earlier. However, a decline in remittances seems to be reducing household incomes. According to the women's focus groups, 37 percent of households receive remittances, mainly from relatives in urban areas of Ghana such as Tamale and Kumasi. Remittances, which are typically in-kind and include food and secondhand clothing in addition to cash, account for a fifth of household income for the livelihood group. Focus groups perceived that remittances were either stable or dropping compared to a year ago.

41. As illustrated in Figure 3 below, household budget allocations have evolved in the past year. Food, the largest single component of the household budget, has increased its share slightly. The focus group discussions took place with net seller households, (households that sell more maize than they buy in a given year). Food expenses in this livelihood group reflect tea, sugar, and milk powder purchases. As such the increase in international sugar prices could be linked with the perception of higher 'food' expenditure for this group (sugar prices reached a 29-year high of \$767/mt in February 2010, according to the *Financial Times*). Less is being spent on transportation as a strategy to cope with the perceived decline in income. Of note, the relatively high share of health in the household budget, explained by the incomplete coverage of the national health insurance programme in the north.



42. In order to deal with the decline in cash incomes, households are selling more charcoal (3 of 8 focus groups), increasing migration (2 focus groups), selling more maize (1 focus group), growing more cassava (1 group) and cultivating more land (1 group). The focus groups did not mention any abnormal coping. Food consumption for agriculturalists in the north is known to be the poorest in Ghana (WFP, 2009), with some 8 percent of such households having poor or borderline food consumption. The food items that households in the north are buying or consuming are the same as a year earlier.

43. Access to social safety nets in the north is uneven. Three of eight focus groups mentioned that the communities had access to the capitation grant for primary education. Although three of eight groups confirmed having access to the national health insurance scheme, it was mentioned that accredited facilities are scarce, leading to high out of pocket expenses for health care. One focus group mentioned that the community's children benefited from the school feeding programme. No focus groups reported receiving assistance from the LEAP programme. Overall, social safety nets only partially cover the interviewed small holder communities of northern Ghana. The coverage of social safety nets is more widespread for the other groups.

44. Asked about their priorities, all eight groups mentioned access to water as a priority. The second priority for the north's small holders is support for farming, which was mentioned by 7 of 8 groups. Other priorities in the north include credit, education, food and health. It is worth underscoring the consensus among focus groups for the two top priorities, water provision and support to farming.

#### *Cash crop producers*

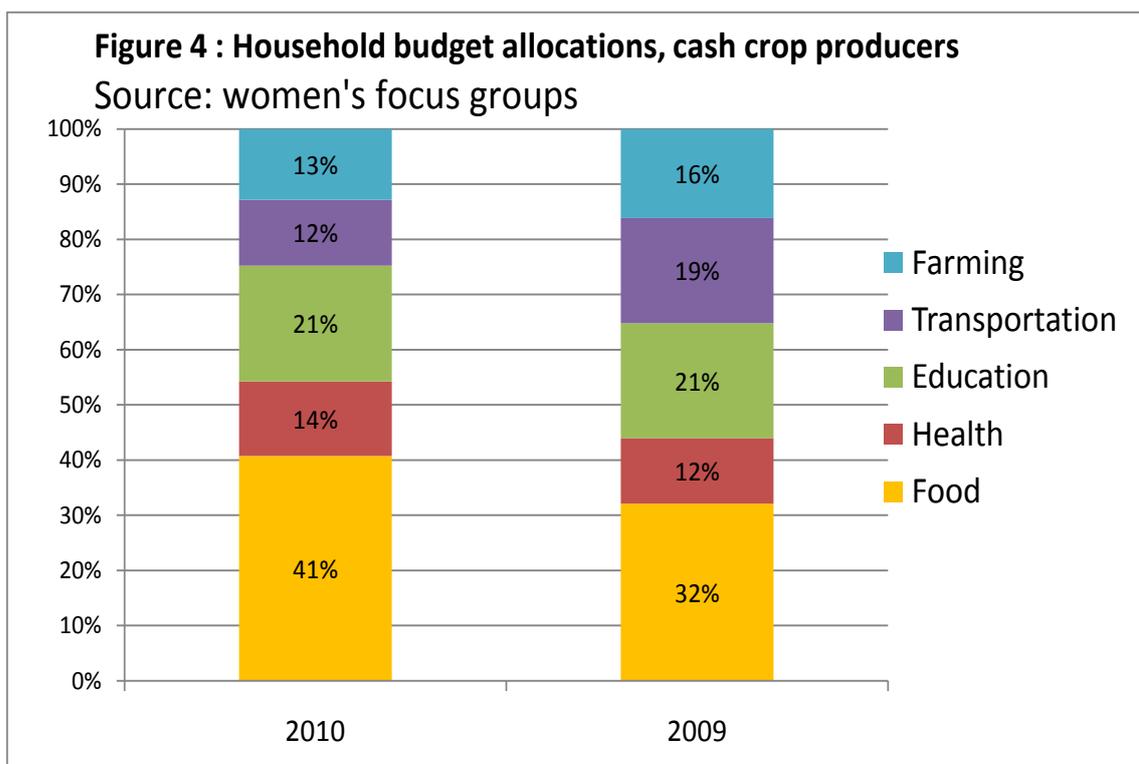
45. Cash crop producers account for 8 percent of Ghana's households, according to the 2009 CFSVA (WFP, 2009). A total of 7 focus group discussions took place with cash crop producers in the forest area. Five of seven focus groups claimed that household incomes had declined compared to a year earlier. The main income sources for cash crop producers are cocoa farming, followed by palm oil production. Food crops also contribute to the income of the cash crop producer livelihood group.

46. Buoyed by high international prices, farm-gate cocoa prices in Ghana increased from Gh¢136 per bag in 2009 to Gh¢150 per bag in 2010. However other components of household income have not fared as well, which may explain why households perceive a decline in their real incomes. Homemade palm oil, an important secondary source of revenue in the forest area, is fetching lower prices on the market.

47. Unskilled wage rates in the forest area have increased by 38 percent compared to March 2009, reflecting improved opportunities in the cocoa sector (and perhaps confirming the statements of the small holders in the north who reported increased migration to the south to earn cash income). The increase in wage rates adds to business expense for cocoa growers, perhaps explaining the perception that incomes have declined.

48. By contrast with the smallholders in the north, almost every household in the cocoa growing area received remittances, mainly from relatives working in other areas of Ghana, but also in West Africa and Europe. The women's focus groups estimate that 9 of 10 households in the area receive remittances. These remittances account for a third of household income. Cash-crop producing households receive both cash and in-kind remittances, through wire transfers and by hand. According to the women's focus groups, remittances from all origins have decreased compared to a year earlier, cutting into household income.

49. Household budget allocation has changed in the past year to cope with lower incomes. A higher share of income is now being spent on food. Focus group members attribute the trend to the higher price of maize, itself a consequence of unfavorable climatic conditions in the forest area. A smaller share of household income is being spent on transportation to allow for higher expenditure on food. The share of other expenses has remained stable.



50. The most common coping strategy has been a decline in food consumption, mostly buying less meat (four of seven groups). According to the CFSVA (WFP, 2009), food consumption in the forest area is more diverse than in the north. Two focus groups mentioned limiting travel to save money. Two groups mentioned devoting more attention to their crops. Other strategies include growing more food crops and using fewer farm inputs. The coping mechanisms that households are applying in the forest area do not seem to be damaging.

51. Again, by contrast with the north, all seven focus groups reported that their communities are covered by the national health insurance system and the capitation grant for education. Four focus groups mention having received assistance to improve access to water. However, the groups did not mention benefiting from the school feeding programme or LEAP.

52. The top priorities for the cocoa growing areas include access to credit (for five of seven groups), farming inputs (three groups) and improved transportation (three groups). Education, health, access to electricity and food aid are other priorities mentioned in this area.

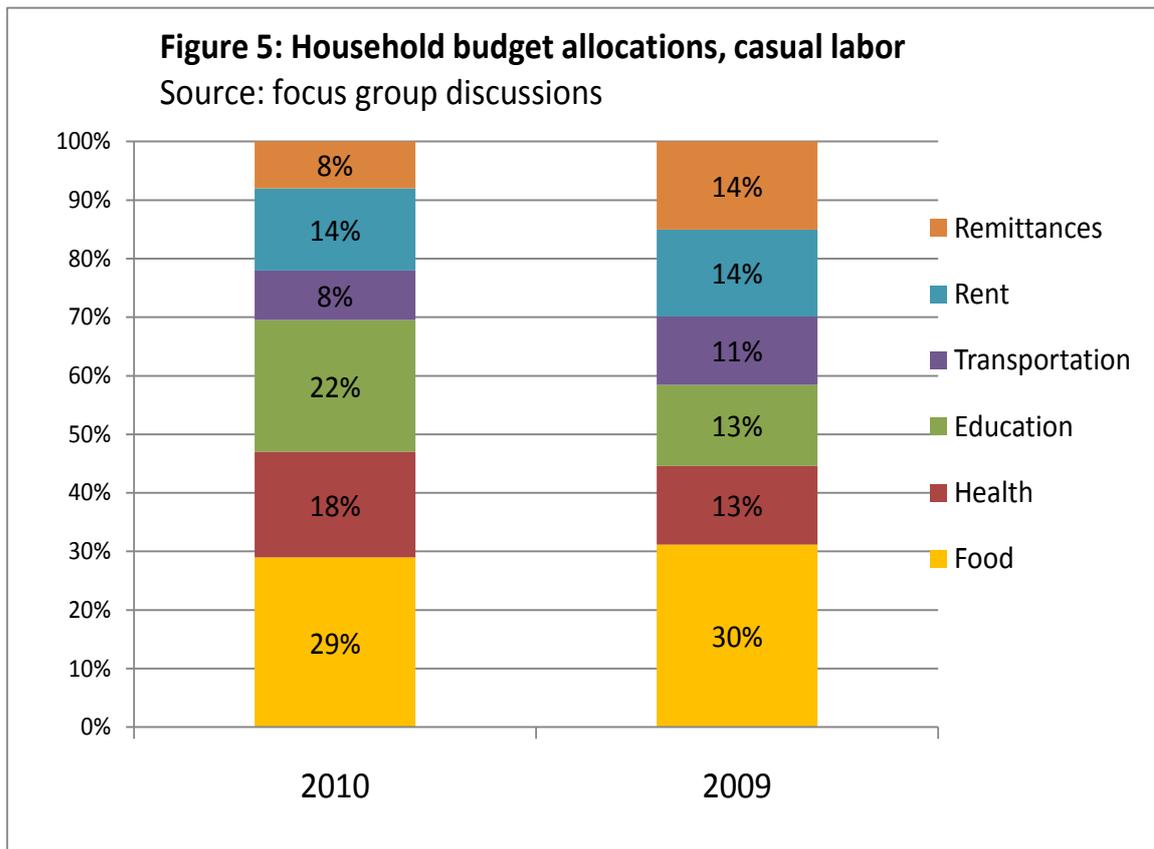
#### *Casual laborers*

53. Casual laborers are a fairly small group in Ghana, accounting for some 3 percent of households. This group has, however, been significantly affected by the economic crisis's impact on the timber trade. Interviews with four groups of urban casual laborers took place in Kumasi and Techiman.

54. Three of the four focus groups reported that their incomes had decreased compared to March 2009. One group (involved in handling logs at the Kumasi timber yard) claimed that incomes had in fact risen. Of the four interviewed livelihood groups, casual laborers have the least diverse income sources. Casual laborers rely exclusively on unskilled labor, usually paid at piece rates. A slowdown in activity will therefore reduce overall incomes, even if the unit rate remains the same. It seems that lumber inventories are higher than they were last year at the same time. This increase in inventories has benefited the casual laborers involved in that activity.

55. The casual laborers interviewed for this study are young men, mainly from the northern areas of Ghana (Upper East, Upper West and Northern regions). Some of this

migration is seasonal, as the young men plan to return to the north when the agricultural season begins in earnest. Overall, and as indicated in Figure 5, casual laborers are sending home fewer remittances compared to last year. This mirrors the statements made in the north about declining remittances from young men working in urban areas.



56. To cope with the decline in incomes, all four casual laborer focus groups claimed that they are reducing the quantities of food consumed in order to meet other obligations. One group mentioned working longer hours in order to make ends meet.

57. Casual laborers benefit from a range of social safety nets, including the capitation grant for education and national health insurance. However, the focus groups expressed reservations about the effectiveness of the national health insurance, as many report out of pocket expenses for health insurance in spite of having paid their premiums. Two of four groups have access to school feeding. One group mentioned that the LEAP was active in their community.

58. The priorities for this group include access to clean drinking water and sanitation (three groups), housing (three groups), health care (two groups), credit (two groups) and employment (one group). These priorities reflect the urban character of casual laborer’s environment.

*Urban poor*

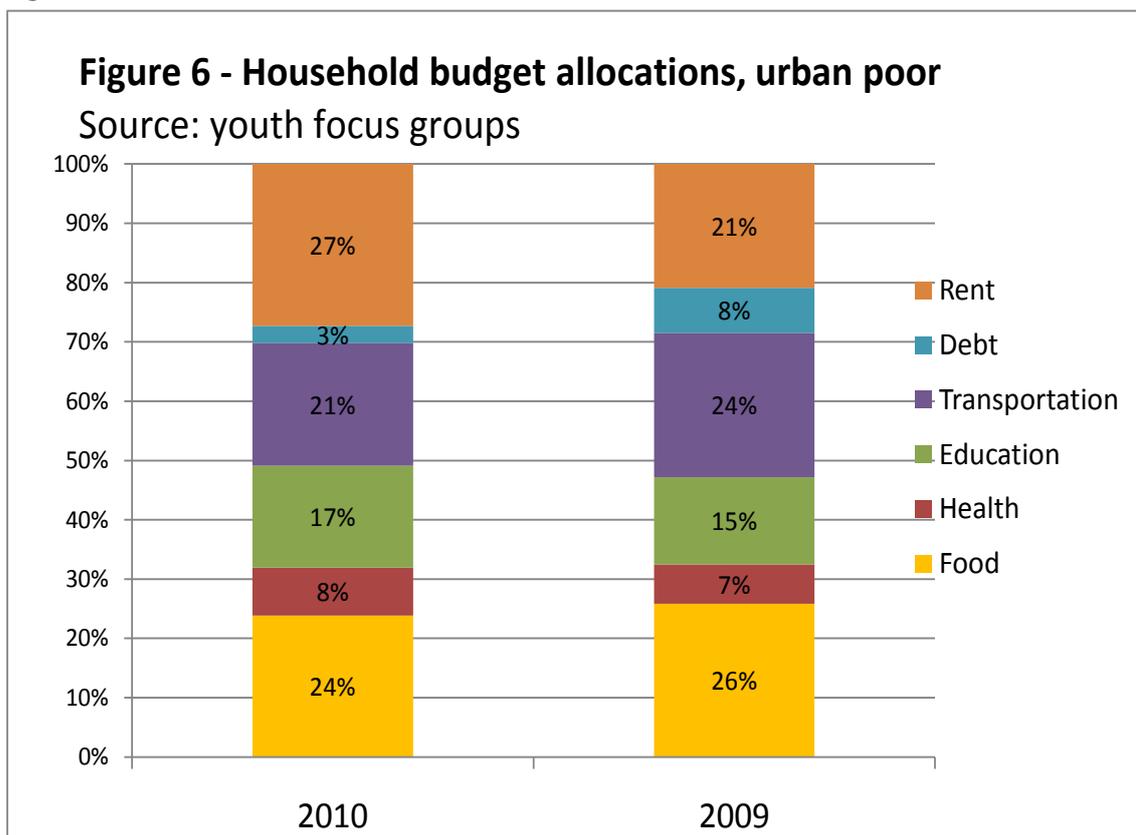
59. Focus group discussions took place with the urban poor in the Jamestown and Nima slums of Accra. In order to take into account the specificity of youth issues in urban areas, focus group discussions took place with the youth in both of these areas. A total of 6 focus group discussions took place with members of this group.

60. In the April 2009 study, the urban poor were affected by high food prices on the one hand, and declining economic opportunities on the other. The main income sources in the urban communities were fishing, unskilled labor and petty trade, for both men and women. Women tend to be more involved in petty trading activities.

61. The discussions held in March 2010 indicate that incomes of the urban poor continue to be under duress. Five of six focus groups reported that incomes have declined compared to a year ago. One group claims that incomes have been stable. This decline in incomes is generally linked to poor economic conditions. 'There is no money in the system', complained one focus group member in Nima.

62. The shock to incomes has occurred as a result of a depressed labor market. Wage rates for unskilled labor have dropped by 20 percent compared to a year ago. At present, shop owners and traders, faced with low demand, are reluctant to hire workers. The high cost of premixed fuel is hurting the fishing sector, a major source of employment in Jamestown. As a result of these difficulties, focus groups have reported that 38 percent workers have been facing underemployment or unemployment in the past year.

63. Remittances also contribute to household incomes for the urban poor. Family or friends located in other parts of Ghana are the main source of remittances for this group. Some remittances also arrive from overseas. These remittances account for 5-10 percent of household income. Remittances from other areas of Ghana are often hand-carried, and include food as well as secondhand clothing. Money is also sent in person or through money transfer. According to the focus groups, remittances have declined compared to a year ago at the same time.



64. The reduction in incomes taken place concurrently with an increase in food prices, constraining household food access in deprived urban areas. All six focus groups mentioned that food prices for maize, rice and beans – the main staples – have increased compared to a year ago. Focus group members attribute the increase in food prices to higher transportation cost, high demand and the redenomination of the cedi. As a result, the urban poor have coped with lower incomes and higher prices by implementing commonly-applied coping mechanisms, which include substituting to less preferred foods. Figure 6 above shows that households in deprived urban areas are now paying a higher share of income for rent, the price of which is increasing due to high demand for housing in Accra Expenditure shares for food, education and health have remained stable compared to last year. Focus groups reported that they are making

efforts to recoup losses in income, such as working extra hours and seeking alternative employment. None of the focus groups, however, reported coping strategies that were not implemented in 2009.

65. The urban poor have access to a wide range of social programmes. All focus groups benefit from the capitation grant and from the school feeding programme. Four of six groups report that members of their community subscribe to the national health insurance. Two groups reported that LEAP transfers were taking place in their communities. Interestingly, focus groups mentioned changes in social programmes targeting their communities. In Jamestown, the areas' schoolchildren have benefited from a new school feeding programme since September 2009. Nima also reported a new school feeding programme. The youth of Jamestown report that the national youth employment programme was operational, but has in recent months been unable to pay wages. Of all groups, the urban poor have access to the fullest range of safety net programmes.

### **Food trade**

66. Trader interviews conducted in Techiman (Brong Ahafo) and Kejetia markets show that the effects of the economic crisis continue to depress food trade and prices in Ghana.

67. Aggregate food availability in Ghana has improved compared to a year earlier due to a good 2009 harvest. The Ministry of Agriculture estimates that maize production is 10 percent above 2008 levels, yielding an overall surplus of 115,750 tons of the commodity (MoFA, 2010). Maize is the most widely traded grain in Ghana. The production of other cereals has similarly increased compared with 2008. Overall, Ghana has a net surplus of 631,445 tons of cereals for the current food year.

68. While supply has been strong, demand for food has declined compared to a year ago. The wholesalers in Kumasi who commonly sell large consignments of maize to poultry farms in the south consider that demand remains weak. Casual laborers in Kumasi's Kejetia market claim that their activity has slowed markedly in the past year as a consequence of lower demand from local poultry producers. As indicated in the previous report, poultry farming is a capital-intensive industry which was hard-hit by the tighter credit terms that followed the onset of the economic crisis in Ghana. In addition, as of March 2010, the regional market was not absorbing Ghana's maize surpluses. In spite of food shortages in Niger and other parts of the Sahel that commonly trade with Ghana, traders from affected areas are not yet soliciting northern Ghana's grain reserves. Other sources of information indicate that traders of the Eastern Sahel are currently sourcing supplies in northern parts of Benin and Nigeria, where the 2009 maize harvest was also favorable.

69. Increased availability of grain, coupled with stagnant agro-industrial and regional demand, has led to a drop in maize prices in the north. According to the traders in Techiman, the bag of maize which cost Gh¢500 in March 2009 costs Gh¢400 in March 2010 – a 20 percent nominal decline. Focus groups from the north also confirmed that producer prices for maize are lower than they were a year ago.

70. Real food prices in the south continue to be elevated due to high transportation and processing costs. If the economic recovery leads to higher energy prices; as experts expect, it will lead to higher input costs and to higher transportation costs. The consumer markets of Accra are some 400km away from the major maize producing areas of the north. Transportation can thus account for a significant share of the final price of maize in Accra. Transportation can account for a quarter to a third of the price of grain transported across such distances. As the economic recovery causes an increase in the prices of fuel and petroleum-derived products, Ghana could be facing a situation where high maize prices becomes a structural problem, especially for net buyers in markets located far from producer areas.

## **IV. The responses of the Government of Ghana in terms of safety nets**

### **The response of the Government**

71. The Government of Ghana has increased its efforts to strengthen social protection systems in recent years. These efforts are a result of a combination of factors, which include higher economic growth, an interest among donors in social protection and the global economic and financial crisis. Assessments show major strides in reducing poverty and hunger. The Government's response to helping the most vulnerable and excluded has resulted in increased support for specific social protection measures, particularly in relation to social safety net spending. Multi-Donor Budgetary Support (MDBS) processes have attempted to position the development priorities of the Government towards investing in the poor and hungry, increasing equity and ensuring that the most vulnerable receive a greater proportion of social development funding. The MDBS process has placed increased pressure on the Government to show results and design more visible programmes in relation to poverty reduction, social protection and human capital development. Development partners, including civil society, have assisted the Government in designing more equitable and innovative programmes that support the poor and vulnerable in Ghana.

72. Immediate and long-term responses to the global economic and financial crisis in 2008 included the removal of import duties on rice, wheat and cooking oil (GOG, 2008; GOG, 2009a); and a reduction in petroleum prices (GOG, 2008; GOG, 2009a), which were mentioned in the 2009 budget as a direct response to the global financial crisis and high petroleum prices. The Government of Ghana's long-term response aims to boost agriculture production through support to smallholders using fertilizer subsidies, block farming and the establishment of a buffer stock to ensure that farmers had a fair price (GOG, 2009a; GOG, 2010). The Youth-in-Agriculture programme was redesigned in 2009 to further target youth in order to facilitate their entry into agriculture using microcredit, training and agriculture implements. The programme aimed at further boosting agricultural production particularly in the three northern regions, Brong Ahafo and the Volta region. These regions were the most food insecure areas with a high degree of agricultural potential and unemployed youth.

73. There was also a larger number of people supported through an "emergency LEAP programme" in the flood-affected northern regions of the country. The Ministry of Employment and Social Welfare began targeting 15,000 people in 2008 and expanded to another 11,182 in 2009. The targeting for the emergency LEAP programme was in response to floods and high food prices. WFP assisted in the targeting and implementation in the most-affected areas, complementing support in the same areas with food assistance.

74. Measures to improve food security and nutritional status of Ghanaians in 2008 and 2009 included the GOG removal of the rice and wheat import duty subsidies. In 2010, the GOG reversed this policy by reinstating the import duties due to the lack of direct benefit to the urban poor and little evidence of price reduction to consumers. There was also increased recognition by the Government and development partners of inefficient targeting and the weak link to boosting local agricultural production within the Ghana School Feeding Programme (GSFP). Two important measures were put in place by the GOG in the 2010 budget to improve the targeting of school feeding in order to reach the additional target of 250,000 pupils. The Government recommended that the GSFP focus on pupils from rural schools in the most deprived areas of the country and that 80 percent of the costs of feeding children should remain in the community through the purchase from local farmers.

75. There were also some measures to reduce waste, increase royalties on mining, reduce the number of ministries, improve revenue generation (e.g. through higher tariffs on major highways, registration of the driving license and taxing banks and non-bank

financial institutions). The Government of Ghana in its 2009 and 2010 budget statements suggested measures to improve rural infrastructure across the country using local labor to construct rural infrastructure, including dams, schools, and feeder roads. Labor-intensive employment programmes are being planned with donor support to ensure income transfers to rural poor households, improve youth employment and mitigate rural-to-urban migration. A significant achievement in terms of social safety net support has been the introduction of microcredit for persons with disability (GOG, 2008; GOG, 2009a; GOG, 2010b). The GOG in its 2010 budget announced that children with disability will benefit from free education from primary to tertiary levels.

76. Interviews with implementers and members of the social policy community suggest that apart from the deepened support to ongoing social-protection and poverty-reduction programmes, including increasing financial support to some social safety nets, there has not been a large-scale response by the Government to the global economic and financial crisis. One worrying outcome of the current macroeconomic environment has been the reduction of discretionary budgets across key social sector ministries, such as Education, Health and Employment and Social Welfare. Despite some budget increases related to ongoing safety net programmes, such as school feeding, youth employment and LEAP, the “core business” of these ministries has been significantly constrained by budget reductions over the last three years.

77. The support of donors working in the social sector has spawned the introduction of new social safety nets, which in some cases was a direct response to the financial crisis and Ghana’s vulnerability to macroeconomic deterioration. Interviews with senior officials, including the Deputy Minister of Employment and Social Welfare, and key development partners in the social sector suggest that the Government of Ghana is increasingly taking social protection issues seriously and putting in place systematic measures to ensure safety net programming is more efficient, better targeted and cost effective. The heightened interest in social protection and safety net programming is mainly a result of political promises during the last election (2008), the need to equalize the social outcomes of economic prosperity and the influence of donors in Ghana.

### **Coordination within the social protection sector**

78. There have been a few significant developments since the 2009 report (Brinkman et al., 2009). The report recommended enhanced monitoring systems, contingency planning, more effective targeted responses and better coordinated efforts in the social development sector. A year later, a number of developments are emerging in the social protection sector.

79. There is a growing body of analytical work on social protection and the efficiency/effectiveness of safety net programming in Ghana by key development partners, including the World Bank, WFP and UNICEF.

Over the last year, there has been increasing coordination within the sector among development partners and the government through the sector group on vulnerability and exclusion. The Ministry of Employment and Social Welfare (MESW) has used memorandums of understanding with key ministries to better coordinate efforts with the Ministry of Health, Ministry of Education and Ministry of Agriculture in order to ensure complementary services reach the LEAP beneficiaries.<sup>2</sup> The Ministry is also using its Social Protection Strategy to rally development partners around a common vision and plans to update the strategy in the coming year<sup>3</sup>.

80. Development partners are also mounting a concerted effort to ensure that important safety net programmes, including the Ghana school feeding programme, are better targeted towards the poor and vulnerable groups. The sector group has also been working on a “common targeting mechanism” based on the LEAP experience along with a monitoring and evaluation framework for the MESW who is leading on issues of social

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<sup>2</sup> Two memorandums have been signed with the Ministries of Education and Health. One MOU is awaiting signature by the Ministry of Agriculture.

<sup>3</sup> The Social Protection Strategy still needs to be approved by the Cabinet.

protection. An institutional strengthening plan and work plan have been developed through the financial and technical support of development partners, including the World Bank, USAID, UNICEF and DFID.

### Ongoing social protection and safety net programmes

81. Since April 2009, there has been planned increases in financial commitments and support by the GOG towards existing safety net programmes (particularly towards LEAP, school feeding and school uniforms), which have resulted in growing numbers of beneficiaries. The Government of Ghana has increased its allocations for LEAP from Gh¢ 2.2 million in 2007 to Gh¢12 million in 2010. It also increased its expenditures to the National Youth Employment Programme (from Gh¢10 million to Gh¢15 million) and school feeding (from Gh¢17 million to Gh¢50 million) between 2009 and 2010. Capitation grants and BECE examination subsidy, increased from Gh¢28 million to Gh¢35.5 million in 2010 and the free school uniform programme was allotted Gh¢12.1 million in 2010. These programmes were all supported through debt relief funds (HIPC and MDRI).

**Table 4: LEAP scale and reach**

	<b>Regions / Districts reached</b>	<b>Beneficiaries</b>	<b>Note</b>	<b>Funds Allocated to MESW</b>
<b>2007</b>	21 districts	2,000		Gh¢2.2 million
<b>2008 to Feb 2009</b>				
Regular LEAP	54 districts	8,346		Gh¢4.5 million
Emergency LEAP	20 districts	15,000 WFP complemented cash transfer with food supplements	The most vulnerable LEAP participants were enrolled in the regular LEAP	
<b>2009- 2010</b>	80 districts	19,159		Gh¢7.5 million
Regular LEAP				
Emergency LEAP	13 districts (3 northern regions)	11,182		
<b>2010 (projection)</b>	100 districts		40-45,000 (targeted HH)	Gh¢12 million (as per 2010 budget)

Source: Ministry of Employment and Social Welfare, Data Base and Interview March 2010; GOG, 2009a; GOG, 2010a

#### *Livelihood Empowerment Against Poverty (LEAP)*

82. The LEAP programme started in 2007 and covered 21 districts, providing support to households with orphans, vulnerable children and the elderly (see Table 4). The Government released Gh¢2.2 million for disbursement to LEAP beneficiaries in 2007. As part of the pilot, 2,000 households with Orphans and Vulnerable Children (OVC) benefited from an initial bi-monthly conditional cash transfer of between Gh¢8- Gh¢15 per month to meet their basic needs and other complementary services in health and education. The Government through the Department of Social Welfare also paid the registration premium for National Health Insurance for 2,347 orphans and vulnerable children and 1,225 caretakers amounting to Gh¢8,820 in 2007 (GOG, 2008).

83. In 2008, the LEAP programme reached 8,346 households in 54 districts on the regular LEAP while 15,000 households were covered by cash transfers under the Emergency LEAP support that same year which was complemented by WFP food supplementation. The emergency programme was in response to the food crisis and

floods in northern Ghana that increased household food insecurity and vulnerability. The Government expects to reach a total of 40-45,000 households with LEAP in 2010. As of April 2010, 19,159 households have been reached. The GOG also increased its spending on LEAP from Gh¢7.5 million in 2009 to Gh¢12 million by 2010 (GOG, 2010a).

### *Health*

84. Social safety net programming in the health sector included the NHIS which has also received increasing visibility and support to better target the poor as a social safety net. Donors, including DFID and DANIDA, are increasingly focused on ensuring that better targeting achieves higher proportions of the poor participating and benefiting from the NHIS. Recent analytical work suggests that the poor are a small proportion of the total beneficiaries of the programme (UNDP, 2009).

85. According to the NHIS progress report for 2008, the total registered members have increased from 1,797,140 in 2005 to 12,518,560 as at end of 2008, representing 61.3 percent of the population. Members from the informal sector are about 30 percent of this total; contributors constitute 7 percent; children/youth below 18 years covered by the scheme are about 50 percent; and the rest are either pregnant women, who were recently exempted from paying premium (3 percent), or people aged over 70 years (7 percent) or indigents (2 percent), who are also exempted from paying premium.

86. Registration of individual members under the NHIS was also matched with socio-economic groups of households. The lowest quintile in the population was also the lowest proportion registered under the NHIS (28.7 percent) while the upper quintile has the highest proportion (63.9 percent) of individuals registered under the NHIS. Between the lower and the upper most quintiles, the proportion of individuals registered under the NHIS increases with higher quintiles. Therefore, there is a direct relationship between the proportion registered under the NHIS and the socio-economic group status. This demands policy attention to address the significant number of poor individuals who are excluded from this social intervention programme (UNDP, 2009).

87. The Government of Ghana plans to restructure the NHIS in order to properly respond to the needs of the people by ensuring that service providers are networked to make the scheme a national one. The scheme will also decouple children from their parents' registration. The Government is also considering the implementation of a one-time premium payment for the scheme (GOG, 2009a). However there are serious concerns related to the one-time premium and its sustainability; the NHIS is already being challenged by financial constraints and experts warn that a one-time premium could weaken the financial viability of the NHIS.

88. Another important development within the health sector has been the introduction of free maternal health care (prenatal, delivery and post natal care). There is little data available on how this is being monitored in terms of how the poor benefit from this provision and it has not been mentioned in the last budget statement as an area of highlighted support for the 2010 budget. There are fears among the government and development experts that the free maternal care may not be sustained because of lack of funding and commitment from government.

89. According to the 2010 budget statement (GOG, 2010a), the exemptions of customs duties on selected food products consumed by poor households, the fertilizer subsidies programme and the continued support under the community-based health and nutrition services package for children under the age of two and pregnant and lactating women positively impacted on the nutrition of the poor reducing the effects of the high global food prices to protect the nutrition status of vulnerable populations (GOG, 2010a).

### *Education*

90. In the education sector there are a number of existing social safety nets that are directly and indirectly assisting the poor and vulnerable access and remain in school. The capitation grant is probably the largest safety net support within the education sector and increased from Gh¢3.0 per child to Gh¢4.5 in 2009. The total government expenditure towards the capitation grant increased from Gh¢ 14.24 million in 2007 to

Gh¢ 23.53 million in 2009 (GOG, 2009a). The promise of the incoming government (2008) to provide free school uniforms was realized in 2009 and 2010 with the provision of uniforms to targeted beneficiaries across deprived areas.<sup>4</sup> The Government of Ghana spent Gh¢17.2 million in 2009 on providing free uniforms and free exercise books to pupils and planned to cover to 1.6 million pupils in basic schools from deprived communities as part of its efforts to ensure universal access to all (GOG, 2010a). The Government continued to allocate Gh¢76.4 million towards the provision of school uniforms and free exercise books for children in deprived areas/schools, science resource centers, the school feeding programme, capitation grants, BECE subsidy and Senior High School Subsidy in its 2010 budget (GOG, 2010a).<sup>5</sup> The 2010 budget statement also provided scholarships to students from deprived regions (at approximately Gh¢21 million).

### *School feeding*

91. The Ghana School Feeding Programme continues to be one of Governments most visible and highest financed safety net programmes. It has also been sustained through a transition to a new government. The Ghana School Feeding Programme is part of an effort by the Government to meet the MDGs on hunger, poverty, gender and primary education. The programme is aimed at reducing hunger and malnutrition among children by ensuring that all primary and kindergarten pupils receive at least one nutritious meal per day. This is intended to increase school enrolment, attendance and retention as well as boost domestic agriculture production by feeding the children with food grown in their locality.

92. The programme commenced in 2005, in 10 schools, with a total beneficiary population of 1,984 pupils and scaled up to 656,624 pupils across 1,695 public schools in 2009 (see Table 5). It is expected to reach 1,040,000 pupils during 2010. Several studies on the Ghana School Feeding Programme reveal that the programme has contributed to increasing enrolment and retention in schools (SNV, 2008). Yet, recent government/donor analysis has suggested that the programme could improve its targeting and develop its linkages to local agricultural production (GOG, 2010a). The GOG intends to make the programme more efficient by covering more rural and deprived schools with additional 250,000 targeted beneficiaries and by ensuring that 80 percent of the feeding costs remain in the local community in order to boost local agricultural production (GOG, 2008; GOG, 2010a).

**Table 5: Coverage of Ghana School Feeding Programme**

	2007		2008		2009		2010	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
No. of schools	889		1,556		2,222	1,695	2,889	
No. of pupil	320,000		560,000	348,548	800,000	790,000	1,040,000	
No of pupils in budget statement		467,863		593,083		656,624	250,000 additional people	

*Sources:* Ghana School Feeding Programme (2009); SNV Inventory study of 2008; GOG (2009a)

<sup>4</sup> The targeting for this programme is still being developed within the MOES but will be based on covering needy children across all the districts in the country. The District Education Offices will be involved in the selection.

<sup>5</sup> Government continued to subsidize Basic Education Certificate Examination (BECE) and feeding for SHS students. Government expenditure on subsidies for BECE increased from Gh¢3.39 million in 2007 to Gh¢4.68 million in 2009 while feeding subsidies for senior high school (SHS) leavers increased from Gh¢12.10 million Gh¢17.7 million in 2009 (GOG, 2008; GOG, 2010a).

93. Apart from the Ghana School Feeding Programme, of which WFP is jointly assisting in the three northern region, there are still a large number of children in the northern regions who are assisted directly through the World Food Programme's support to the Ministry of Education. In 2009, an additional 50,000 children were added to the WFP school feeding programme across 200 schools in the three northern regions (see Table 6). This was a planned increase and has been implemented by the MOE/GES directly.

**Table 6: WFP school feeding programme and take-home rations (includes WFP and GSFP-supported schools)**

	2006/07	2007/08	2008/09	2009/10
Number of schools providing school meals	79	79	304	372
Number of pupil receiving hot school meal	31,054	34,881	102,231 (20,000 <i>emergencys school feeding</i> )	120,000 )
Number of schools involved in THR programme for Girls	804	802	291	291
Number of pupils receiving THR	41,415	38,064	27,506	10,000+

94. Another important safety net programme that is demonstrating impressive results is the MOE/WFP supported take-home-ration (THR) programme for girls, which reached over 800 primary and JHS schools across the three northern regions, targeting districts with the worst GPI. The THR programme has progressively supported up to 40,000 girls across the three northern regions to transition from upper primary to JSS 3 levels of education between 2006 and 2010. The programme has been identified by the education sector and the National Development Planning Commission as one of the most effective programmes in assisting girls' transition to junior high schools, reducing drop out and improving the GPI (Casely-Hayford et al., 2010; NDPC, 2008).

95. During the flooding of 2007/2008, the WFP began an emergency programme that supported over 75,000 women and children with supplementary feeding and livelihood support. When the financial crisis hit and food prices increased particularly in the Upper East and Upper West, WFP extended its emergency operations in 2009 to support an additional 20,000 school-age children with an emergency THR and 70,000 mothers and 30,000 children under 2 years of age with supplementary feeding support. The Ministry of Health, supported by the World Bank, contributed US\$4.5 million towards an emergency programme to provide food assistance in the form of THR's for lactating mothers and children under 2 years of age through health outreach posts in collaboration with the WFP. A new WFP Protracted Relief and Recovery Operation (PRRO) to support 70,000 children and 55,000 mothers in the most-affected areas is planned to start in 2010. The programme also includes a food-for-work component targeted at 49,000 people and a food-for-training component targeted at 22,000 beneficiaries across the most food insecure areas of the country.

#### *Youth employment*

96. The National Youth Employment Programme (NYEP), one of the largest social safety net programmes in Ghana, did not receive adequate GOG funding during 2009, which was confirmed in focus group discussions. This has forced the agency to rethink its approaches to supporting youth employment. In the past, the NYEP mainly supported youth to work as assistant teachers and health workers in rural deprived areas. The NYEP has changed direction and is moving towards addressing youth unemployment problems through sustainable income-generating approaches which do not require youth to be included in the government payroll. NYEP includes now nontraditional trades in agriculture, furniture/rattan and other activities, which can eventually be turned into

small medium businesses. The beneficiary numbers for NYEP have reduced from 108,403 in 2008 to 94,250 in 2009 (see Table 7).

**Table 7: National Youth Employment Programme scale and characteristics**

	2007	2008	2009	2010
Beneficiaries	100,000	108,403	94,250	
Financial support (budgeted)			Gh¢10 million	Gh¢15 million
Scale of programme	Approximately 10,000 in each of the 10 regions	Approx 10-12,000 in each region	Youth in Agriculture: 49,000	
Type of programmes	Majority in traditional income sectors: teachers, health, community police assistants, Youth in Agriculture, etc		Pro-poor modules for employment: Film making, water sachet production, eco brigade and mobile phone repair. Traditional modules: Youth in Agriculture 49,000	

Source: National Youth Employment Secretariat Interview and data base print out, 2010

97. Safety nets programmes within the agriculture sector included immediate responses to the rising food prices by removing import duties on rice, wheat and cooking oil, which was expected to reduce consumer prices. These duties were, however, reinstated in 2010 to protect the domestic market, particularly of rice and because the removal of the import duties did not benefit the intended target population (urban poor households), but rather rice importers (GOG, 2010a).

98. The Government of Ghana plans to boost food production in the medium to long term, especially in rice, maize, and other cereals among smallholders. The government implemented the fertilizer subsidy for smallholder farmers and the Youth-in-Agriculture programme to boost local production. Government provided an amount of Gh¢10.0 million in the 2009 supplementary budget to support the 50 percent subsidy on fertilizer (GOG, 2009b). The Youth-in-Agriculture programme was implemented to encourage youth to enter agricultural activities and consolidate future food security in the country. In the 2009 supplementary budget, the Government provided Gh¢10.7 million to support youth who are farming crops, such as maize, rice, sorghum and soya beans. Approximately 12,200 youth were enrolled in the programme of which 5,600 were supported with inputs across 70 districts and an additional 4,000 were supported to undertake dry-season farming. Through the Savanna Accelerated Development Authority (SADA), the Government also intends strengthening and expanding agriculture development across the three northern regions, Brong Ahafo and Upper Volta area with the support of Gh¢25 million. In addition, the fertilizer subsidy was supplemented by the Block Farming programme, initiated to support smallholders with agricultural inputs, such as fertilizer, tractor services, seeds and credit.

### **New safety net programmes**

99. There are at least four new donor supported social safety net programmes, which will be introduced during 2010. Three of which are in direct response to the global economic and financial crisis and supported by the World Bank, WFP and USAID. In 2010, USAID plans to support the GOG in the implementation of the Social Support for Vulnerable Populations (SSVP)—a US\$6.3 million programme through its Economic

Support Fund (ESF). The programme will provide a total of 100,000 conditional cash transfers over three years to youth at risk of dropping out of or not transitioning to Junior High School. The SSVP programme will be implemented by the Ghana Education Service and will complement the LEAP programme. An additional US\$23.7 million in ESF funds will support a large public works component to generate income through building infrastructure and providing agribusinesses with financing required to grow their SMEs. USAID is also providing UNICEF with a US\$2 million grant to support the LEAP programme and build MESW capacity to strengthen and improve the monitoring of social safety nets.

100. Another social safety net programme being planned for start up in 2010, is the World Bank's Social Opportunities Programme (SOP) which will focus on support to the development of the Ghana Social Protection Strategy and civil works programming targeted at families under the poverty line.

101. The third programme in direct response to the financial crisis is the WFP's Protracted Relief and Recovery Operation (PPRO), aimed at supporting over 70,000 children and 55,000 mothers with supplementary feeding. The programme also includes a food-for-work component to support 49,000 beneficiaries and a food-for-training component targeted at 22,000 beneficiaries. The Social Investment Fund (SIF) is also planning to implement a Social Inclusion Transfer supported by the African Development Bank (ADB). Table 8 outlines the main characteristics of these programmes, the targeting approaches and key development partners involved.

**Table 8: New safety net programmes in Ghana**

<b>Name of programme</b>	<b>Key characteristics, targeting and numbers of beneficiaries</b>	<b>Key donors involved</b>
Social Support for Vulnerable Populations (SSVP)  US\$6.3 million	The SSVP programme will complement the LEAP programme by providing US\$6.3 million to mitigate the social effects of the global financial crisis and ensure P6 and JHS children transition to, enroll in, and complete JHS. The programme will be implemented by the Ghana Education Service and will target children of pre-identified LEAP families, as well as selected non-LEAP families to receive a total of 100,000 educational support packages over three years. A cash transfer of approximately US\$5 per month per student will help free up other family resources for more urgent priorities. The programme will use the LEAP single registry to identify needy households and other areas will be targeted based on vulnerability assessments of areas experiencing child trafficking and child labor particularly in the mining and cocoa growing areas of Ghana.	USAID
Public Works Construction  US\$23.7 million	The US Government will provide US\$23.7 million to generate employment through public works construction of education infrastructure. The proposed programme is expected to create 15,000 jobs or one million person days of employment. The two-year activity will equip and build 100 new two-room kindergartens, 125 six-room JSS's and primary schools and 38 new District education offices.	USAID
Grant to UNICEF in Support of LEAP  US\$2 million	USAID will provide US\$2 million to strengthen the capacity of local government to improve monitoring and evaluation of social protection particularly the LEAP in order to strengthen the delivery of social safety nets to vulnerable populations;	USAID
Social Opportunities Programme  US\$89 million	The SOP will support the Government of Ghana in the implementation of its Social Protection Strategy by improving the effectiveness and targeting of social safety nets in Ghana; developing and implementing labor-intensive public works. The SOP also aims at capacity building of the Ministry of Employment and Social Welfare. Approximately US\$20 million will be used to improve operational efficiency and deepen support to LEAP beneficiaries.	World Bank financed through Ministry of Local Government and Rural Development

Name of programme	Key characteristics, targeting and numbers of beneficiaries	Key donors involved
	<p>A significant aspect of the programme (US\$56 million) is a labor-intensive public works (LIPWs) component, which will help LEAP and other targeted beneficiaries and their families with income-earning opportunities during the off season and improve rural infrastructure and productive assets (dam rehabilitation, road rehabilitation etc).</p> <p>It is focused on 40 of the most deprived districts. based on the poverty head count ranking with the allocation (funding) for the district based on the number of people in the district living below the poverty line. The programme will also use the common targeting criteria being developed by the MESW and development partners.</p>	
<b>Social Inclusion Transfer as part of the Social Investment programme</b>	<p>The Social Inclusion Transfer is a cash transfer for people under the poverty line, but not receiving LEAP. The programme is due to run from 2010 to 2012. The programme will focus on 12 municipal metro assemblies, targeting the urban poor not currently benefiting from LEAP. The 12 municipalities are in the southern region of the country and include: Wenchi, Kumasi, Ashaiman, Adenta, Konongo, Tema, Accra, Apam, Oda (Brim Central), Swedro (Agona West), Sekondi and Kasua. No northern metropolitan assemblies are included because many interventions focus on the northern regions.</p> <p>The programme will likely cover 3,000 households and 9,000 people who are the most vulnerable (poor, women, orphaned and single mothers). Cash transfers will be provided using LEAP criteria and the common targeting mechanism. There are two CBO/NGOs implementing the programme in each of the 12 municipalities.</p>	African Development Bank (ADB) supported through the Social Investment Fund (SIF) and NGOs/CBOs
<b>Protracted Relief and Recovery Programme (PRRO)</b>  <b>Total envelope US\$22 million</b>	<p>WFP's new Protracted Relief and Recovery Operation (PRRO) will benefit over 196,000 people, which includes support for income-generating activities with vulnerable groups, including women and potential migrants. The PRRO includes a labor-intensive food-for-work component to support the rehabilitation of rural infrastructure (e.g. small community dams, flood protected walls and dug outs, etc.) and other community assets.</p> <p>The programme is targeted at food-insecure households, women and youth migrants across the three northern regions. Targeting will also include areas that are prone to shocks and disasters (e.g. floods, high food prices, etc.). The programme will complement LEAP where these criteria are met.</p>	World Food Programme

Sources: World Bank (2010b); USAID (2010); and Interviews with USAID, WFP and SIF (see Annex I)

102. Ghana was one of 8 high priority countries selected by the US Government for social sector support due to the global economic and financial crisis. The majority of the assistance under the Economic Support Fund (ESF) is to be used in the form of direct income or in-kind safety-net support to severely affected households in targeted areas. The funds are to be provided through existing government mechanisms and institutions, such as LEAP or the school system. The US-supported safety net programmes are intended to build capacity of government systems. The design has been targeted at public works to improve education infrastructure, support vulnerable populations and build capacity of the MESW.

103. The majority of new social safety net programmes in Ghana appear to be using the LEAP registry, which is being developed through the common targeting mechanism, as the main entry point into targeting along with food security and vulnerability mapping by some development partners in order to reach other vulnerable groups (e.g. child labor). For instance, the USAID-supported JHS conditional cash transfer will begin by reaching out to LEAP beneficiaries in targeted districts and also support children in cocoa-growing areas of the country. The memorandums of understanding and the

common targeting mechanism developed under the MESW, promise to improve the coordination among the Ministries, Department and Agencies of Government and the development partners involved in social protection and safety net programming. The sector working group on vulnerability and exclusion along with the MESW will have to ensure that new intervention strategies and planned programming are well coordinated to avoid duplication and ensure complementarity of efforts across districts and beneficiary populations.

### **Challenges to social protection strategies**

104. Ghana has made great progress in social protection in recent years. Yet, a number of challenges remain, including in the areas of targeting, scale, funding and coordination. Despite increased support by the donor community towards improved social protection mechanisms in Ghana, more work is needed to ensure that better targeting comes as a result of the common targeting mechanism and that specific programmes should be given higher priority in assuring equitable targeting. There is also the need for stronger coordination and management of social protection planned programmes ensuring government leadership along with stronger ties to food and nutrition security.

#### *Targeting*

105. The World Bank preliminary analysis of safety net programming in Ghana suggests that several social programmes in Ghana have varying degrees of targeting performance in relation to their share of benefits to the poor (World Bank, 2010b). The study suggests that the LEAP, NHIS indigent exemption, free school uniforms for primary schools, labor-intensive public works in poor areas and the conditional cash transfer for JHS are among the most potentially effective targeted programmes in Ghana since between 42 percent to 58 percent of the share of programme outlays benefit the poor. The best targeted programme is LEAP, which could substantially benefit the poor and could be used as a basis for better targeting within other existing and planned programmes. The NHIS exemption and free school uniforms would require stronger targeting to ensure that they focus on reaching the poor.

106. The least effectively targeted programmes include the general financing to tertiary education, general funding to health service delivery, subsidies for electricity and petroleum products and tax cuts for imported rice. For these measures, less than 10 percent of the share of outlays benefit the poor.

107. Other programmes benefiting the poor to varying degrees include the fertilizer subsidies, National Youth Employment Programme and NHIS subsidies -- outlays reach between 12 percent and 19 percent of the poor. Between 20 and 32 percent of the general outlays for other education levels and health care reach the poor.

108. The report suggests that the subsidies for food, energy, electricity and piped water should be reduced and that there should be more emphasis on labor-intensive public works in the poorest areas of the country linked to the LEAP programme beneficiaries. It also recommends that the piloting of cash transfers for JHS students from poor families in the northern priority districts should use geographic targeting.

109. About 21 percent of the outlays for the Ghana School Feeding Programme benefit the poor. The study did not analyze to extent to which the GSFP reaches the hungry. The World Bank (2010b) suggests that the GSFP targeting should be improved based on need using a transparent allocation process along with more systematic use of geographic targeting information available through the poverty/food security maps (WFP, 2009) rather than deprived educational district mapping.

110. The challenges in safety net targeting for the Ghana Government are well documented particularly in relation to the Ghana School Feeding Programme. Despite the expansion of the programme and positive impacts on enrolment, the programme has been criticized for its poor targeting of beneficiaries. The three regions with the least GSFP coverage are the Upper West (3.9 percent), Upper East (3.3 percent) and Northern (2.6 percent) regions, which have the highest poverty incidence (SNV, 2008; GSS,

2008). Wodon and Joseph (2009) found that improving targeting by using geographical targeting, proxy means targeting any/or a combination of both would increase the benefit by the poor from 21 percent to about 50-60 percent. The authors are aware that targeting is difficult in school-based contexts. Targeting based on means-testing is very difficult if it implies that some children in school are selected. It should also be pointed out that WFP school feeding covers the northern regions of Ghana, complementing the Government's GSFP, and is based on geographic and food security targeting.

111. Another study by the Boston Consulting Group (BCG/WFP, 2009) compared undernourished populations of children enrolled in kindergarten and primary school to undernourished populations of children in primary and kindergarten receiving food from the GSFP. The study revealed that there are about 400,000 children currently enrolled in kindergarten and primary schools in need of school feeding as well as an additional 290,000 undernourished children out of school. The highest cohort of undernourished children enrolled in kindergarten and primary school are located in the three northern regions accounting for 38 percent of total undernourished children in Ghana; with the Northern region alone accounting for 16 percent. The lowest level of undernourished children enrolled in school was found in the Greater Accra region accounting for only 1 percent. The study found that there is a low presence of school feeding compared to the need in the three northern regions while there is high concentration of school feeding in Greater Accra and Ashanti regions compared to the need. The study concluded that there is poor targeting with regards to the need for school feeding and the presence of school feeding. While some regions are underrepresented and others are over represented.

112. The northern regions are also the areas most prone to adverse weather conditions and have been disproportionately affected by high food prices (WFP, 2009). WFP found that food price increases ranged from 71 percent to 114 percent for major food staples in the food deficit northern regions.

113. There are also other forms of spatial inequality. For example, the urban dweller has better access to education and health care and generally a higher standard of living compared to rural areas. The outcomes of this inequality often result in migration from north to south and from rural to urban areas, particularly among youth.<sup>6</sup>

114. There are also class and gender inequalities (Casely-Hayford, 2010). Women continue to be effected by poverty and experience poverty in a more direct manner due to their responsibility for children's health and education. They also have less voice in parliament, the media and civil society.

#### *Scale and funding*

115. An analysis of the current safety net programmes and government response to the economic and financial crisis suggests that there is a relatively small scale of GOG direct financing to social safety net programmes in Ghana. The LEAP programme for instance, currently targets 45,000 people (1.1 percent of those under the extreme poverty line) and is expected to eventually reach 20 percent of those under the extreme poverty line. There are approximately 6.7 million people in Ghana living under the poverty line and about 4.2 million in extreme poverty (18.2 percent of the population) (GSS, 2008). Other programmes that are intended to start up in 2010 will increase the number of beneficiaries in LEAP-supported rural areas and to a lesser extent in urban areas through the Social Investment Fund-cash transfer.

116. The scope of some of Ghana's safety net programme's is still relatively small. New programmes that are planned by development partners promise to expand the coverage of safety net programmes. The World Bank's Social Opportunities Programme, for example, will target over 500,000 people. New safety net programmes have the

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<sup>6</sup> Studies suggest that 230,000 youth join the nation's labour force every year with only 2 percent of them finding formal employment. Some of the remaining youth find work in the informal sector, usually as traders or small scale business people. The vast majority enter the labour market as apprentices to informal workers and trades people or remain unemployed (GSS, 2008; Associates for Change, 2009).

potential to better identify and target the most vulnerable and disadvantaged groups in society. The free uniforms for children from deprived communities, fertilizer subsidies and free education for disabled children from primary to tertiary are particularly commendable.

117. Given the scale of poverty and food insecurity, funding of social protection programmes is inadequate. In absolute numbers (at current prices), allocations have often increased, especially for specific programmes such as LEAP. But at constant prices or as a share of total government expenditures, social protection expenditures have often declined. In a few cases, there have been absolute declines in constant prices.

118. There are challenges to ensure that social sector expenditures within across the relevant Ministries, Departments and agencies (MDAs) are given enough support to operate outside their usual salary. For example, the actual budget amounts released to the Department of Social Welfare have fallen from 2007 to 2010. The Department is directly responsible for LEAP and several other social safety net programmes (UNICEF, 2010). Moreover, the proportion of the total discretionary budget that is allocated to various Ministries working across the social sectors has declined in recent years. This could reveal a lowering of prioritization for the "core business" of social sector programming.

The Government of Ghana has experienced some level of fiscal constraint due to the global crisis which may have affected its ability to provide discretionary financing to the social sectors. The reduction in social sector financing for "core business" of the education, health and social protection ministries, including the Ministry of Employment and Social Welfare, has constrained MDAs from operating regular service delivery programmes. While discretionary budgets of key social sectors has declined, support to visible social safety net programming among donors and government has increased partly as a result of campaign promises, ensuring popular support and donor analytical and monitoring work. Given the enormous challenges that the Ghana government faces with regard to the fiscal deficit, the commitment towards its social safety net investment will continue to be tested. Most existing social safety programmes before the crisis witnessed increased financial support. Overall there was an increase in government expenditure related to poverty reduction in 2009 (from 22.3 percent to 26.8 percent), but this is expected to fall in 2010 to 24.8 percent. It is also commendable that the changes in the political environment and the transition to a new government in 2009 did not adversely affect the continued implementation of these programmes.

119. Safety net programmes, such as LEAP, NYEP, school feeding, capitation grants and school uniforms have experienced some increase in their budgetary allocations in recent years. Some programmes have attained a level of visibility and assurance of sustainability within the budget, for example with relation to free maternal health care for NHIS and take-home rations for girls. The 2010 budget indicates that there will be a 50 percent savings from the health and education sector. These may affect the poor and vulnerable groups, for example as a result of user fees for education. User fees are expected to increase by 50 percent particularly at the secondary and tertiary level which will help to equalize the social inequity in government spending on education. The GOG has also introduced a new policy for free education among disabled children from basic to tertiary which is a very positive development.

## **VIII. Conclusion and recommendations**

### **Conclusions**

120. Ghana was spared the worst in terms of impact of the global economic and financial crisis. The impact was relatively small. For some population groups, however, the impact was noticeable, especially because it came on top of chronic food insecurity, high food prices and natural disasters. This succession of shocks highlights the importance of a strong social protection system. Ghana is in the middle of developing one.

121. This report highlights continued vulnerability in Ghana at the macroeconomic level and at the household level. Smallholders in the north in particular continue to be vulnerable.

### **Key Recommendations**

#### *Monitoring*

122. Given the continued vulnerabilities, the food security and nutrition monitoring system – already improved with technical support from WFP and UNICEF – should be further strengthened and the coverage should be expanded to the south, particularly to urban areas. The monitoring system should aim to incorporate indicators that reflect food access opportunities for vulnerable groups, such as farm gate prices for shea nuts and charcoal (both significant sources of income for the poor in the north). Monitoring unskilled wage rates in urban and rural areas would help determine the extent to which seasonal migration could support migrants and their dependants. Doing so would also provide insight into the performance of urban labor markets.

#### *Responses*

123. Livelihood support to women and youth in the north remains a priority. According to the discussions held with smallholder farmers in the north, priorities for the group are improved access to water and support to farming interventions could include the creation of community assets, such as market gardening and dams, through food-for-work programmes carried out in the lean season. Food-for-training activities could increase the skills among women and youth to engage in income-generating livelihoods. Support to food processing (e.g. shea butter and gari production) through microcredit could help diversify income sources. Such support should aim to reduce the group's vulnerability to climate change and recurrent food shocks.

124. The coverage and targeting, particularly of vulnerable groups, such as women and children, should improve. Despite increasing support by the donor community towards strengthening social protection mechanisms, more work is needed to improve coverage and targeting, including of the Ghana School Feeding Programme. This programme, the National Youth Employment Programme and school uniform programme could also benefit from technical support in helping to better target in the most deprived areas of the country and design, implement and monitor pro-poor programmes.

125. Responses and social protection measures should focus on tackling high malnutrition rates in the deprived regions in Ghana. Cash or voucher interventions for urban vulnerable groups could also be considered. Cash-for-work interventions in large cities could target the urban unemployed youth, until labor markets recover from the crisis.

#### *Coordination*

126. A sector-wide approach is needed to ensure that new and emerging social protection programming is based on close consultation with the MESW and other relevant ministries to ensure that their comparative advantage in the delivery of social

safety net programming strengthens the sector and avoids duplication particularly in areas of public works support and capacity building efforts of relevant GOG institutions.

127. Strengthening of ongoing support for coordination and management of the social protection sector is needed to ensure that collective approaches are used to development partner interventions and support for the MESW. Ongoing efforts, such as the common targeting mechanism and the Memorandums of Understanding across sectors, should continue and be adhered to by development partners. The common targeting mechanism is needed to ensure proper targeting, adequate coverage of vulnerable groups, that programmes complement each other rather than overlap and are better integrated in the overall development strategies.

128. The link between social protection and food and nutrition security should be strengthened through more dialogue among the various ministries (MOH, MOFA and the MESW). This would likely be achieved through key stakeholders engaging with the ongoing social protection, vulnerability and exclusion sector group.

129. There is also the need to ensure a stronger focus on sustainability within the current social protection framework from a macro and micro perspective. Government should be exploring ways to ensure the sustainability of the programmes which prove effective and also ensure that there is graduation, progression and exit strategies built into the social safety net programming. Greater awareness among the local community to their rights and responsibilities towards the various programmes is also necessary given the low levels of information sharing and knowledge in relation to some programmes. The integration of developmental approaches into safety net programming, which insure people are given opportunities to assist themselves in the long run should be explored.

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## Annex I: Meetings with selected key informants

<b>Name</b>	<b>Position</b>	<b>Organization</b>
Hon. Antwi Boasiako Sekyere	Deputy Minister	Ministry of Employment and Social Welfare
Mrs. Angela Asante Asare	Advisor	Ministry of Employment and Social Welfare
Mr. Lawrence Ofori Addo	LEAP Coordinator	Ministry of Employment and Social Welfare
Mr Bawah Nuhu Bukari	Principal Economic Planner	Ministry of Finance and Economic Planning
Dr. Alhassan Iddrisu	Acting Director, Economic Planning Division	Ministry of finance and Economic Planning
Mrs. Veronica Sackey	MDBS Coordinator	Ministry of Finance and Economic Planning
Mr. Charles Tchegah	Coordinator for Donor and Resources	Ministry of Education
Dr. Afiaza Zakaria	Health Advisor, Ministry of Health focal point for NHIS	Ministry of Health
Ms. Sally Lake	Health Economics Advisor	Ministry of Health
Dr. Jan Bogg	Senior Health Policy Advisor	Health Sector Advisory Office, Danida/Ministry of Health
Mrs. Angela Farhat	Economic Advisor	Danida/Previous Social Sector Advisor, Ministry of Finance
Hon. Pele Abuga	Acting National Coordinator	National Youth Employment Programme
Mr. Nuru Hamidan	Deputy National Coordinator	Ministry of Youth and Sports, NYEP
Mr. Chief Maasu	Deputy National Coordinator	Ministry of Youth and Sports, NYEP
Mr. Ismael Omer	Country Director	World Food Programme Ghana
Mr. Francis Kumankuma	Programme Officer	World Food Programme Ghana
Ms. Juliana Lindsey	Chief Advocacy, Communications, Monitoring and Analysis	UNICEF, Ghana
Mr. Bob Davidson	Head of Education	USAID
Mr. Graham Gass	Social Development Advisor	DFID Ghana
Mr. Kaiser Khan	Advisor	World Bank
Dr. Ellen Bortei Doku Aryeetey	Acting Director, Center for Social Policy Studies (CSPS)	University of Ghana
Mr. Mathew Dally	Advisor	Social Investment Fund

# Annex II: Questionnaire

## Responses to the Global Crisis and Vulnerability in Ghana --CHECKLIST FOR GHANA FOCUS GROUP DISCUSSIONS--

Date	Number of Participants
Province	Gender group
District	
Village	Name of interviewer
City Cluster	Name of note taker

**Introduce yourself and the note taker and read this protocol before you start the discussions – Adapt the below introduction according to your audience (simplify, summarize as necessary)**

*This discussion is intended to assess recent changes in households living conditions such as changes in employment, salaries, wages, remittances, sales etc.*

*In many places of the world, the economy experienced steep declines after September 2008 and this has had effects on households' living conditions. For this reason, we are meeting with a number of households in various countries to estimate the possible changes of their living conditions and what should be done about it.*

*We would like the discussion to be informal, so please feel free to intervene at any time and to also respond to comments other people make. If you don't understand a question, please let us know. We are here to learn from you and make sure that your voices can be heard.*

*All our discussions will be kept confidential, for the sole purpose of our agencies and the identities of the participants will not be disclosed to anyone. We hope you'll feel free to speak openly and honestly.*

**After reading this protocol, give participants a chance to introduce themselves before you begin.**

*Let's find out some more about each other by going around the room one at a time. Tell us your first name, since when you have been living here, how many children do you have and what are your main occupations.*

### 1. LIVELIHOODS AND INCOMES

**1.1. At present, what are the 3 major income sources of households like you? Ask them to report by order of importance. Estimate proportions, using proportional piling if needed.**

Income source No1	Income source No2	Income source No3
%	%	%

**1.2. Compared to last year at the same time, have incomes changed for households like you? If yes, how have they changed? (Indicate whether they have increased or not and the reasons)**

**1.3. Compared to last year at the same time, have changes occurred in the income-earning activities that households in this community practice? If yes:**

**Which types of change?**

How many households were concerned by these changes *(estimate proportions, using proportional piling if needed)*

Type of change	% households concerned by change

1.4. What are the main reasons that have caused these changes?

## 2. EMPLOYMENT AND WAGES

2.1. In the last year, have persons in the community lost their job?

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2.2. If so, how many approximately? *(Estimate proportions, using proportional piling if needed)*

| \_\_\_\_\_ % |

2.3. In which activities job losses have been the most severe?

2.4. What are the main reasons for job losses?

2.5. Compared to last year at the same time, have unskilled wage rates changed? If yes, how have they changed?

	March 2009	March 2010
Unskilled wage rate (Ghc/day)		

### 3. REMITTANCES AND MIGRATION

Perhaps introduce this section by asking respondents ‘do families like you have family member overseas or in other areas of Ghana?’, if yes, do they send remittances?’

**3.1. In this community, how many households receive remittances?** *(Estimate proportions, using proportional piling if necessary)*

| \_\_\_\_\_% of households |

**3.2 In this community, what share of the average household’s income comes from remittances?** *(Estimate proportions, using proportional piling if necessary)*

| \_\_\_\_\_| % of household income

**3.2 Where do remittance-senders live?**

	Rank as applicable (1=most common place of migration, 3= least common)
Other areas of Ghana	
Africa	
Overseas	

**3.3 How have the amount of remittances changed compared to last year at the same time?** *(Increased, decreased or stable, check as applicable)*

	Increased	Decreased	Stable
Other areas of Ghana			
Africa			
Overseas			

**3.4. Through which channels do households receive their remittances?**

**3.5. What type of remittances do households receive?** *(specify – cash, food, etc.)*

**3.6 Does this community host immigrants? If so, from where?**

**3.7. Have migration patterns changed compared to last year (timing, destination, numbers of migrants or immigrants)? If yes, what was different** (*Distinguish increase/decrease and the reasons and differences in the origin/destination*)

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**3.8. What share of the total population has migrated to other areas for work? What was this proportion a year ago at the same time?** (*Estimate proportions, using proportional piling if necessary*).

	March 2009	March 2010
% population having migrated		

**3.9. What are the causes of changes in migration patterns?**

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#### **4. FOOD PRICES**

**4.1. Compared to a year ago at the same time, have staple food prices changed? If yes, which prices have changed and for which food items?** (*Make sure that you capture possible changes regarding the 3 most consumed staple food and the main reasons of the changes*)

Name of Staple	Change (increase/decrease/same)	Main reasons

#### **5. EXPENDITURES AND CONSUMPTION**

**5.1. What is the relative share of expenditures of households like you at present?** (*Use proportional piling for the various categories below and any additional one that the group members may mention*)

**What was the relative share of these expenditures one year ago?** (*Use proportional piling for the various categories below and any additional one that the group members may mention*)

**If there have been changes, what were the reasons of changes?**

Expenditure category	At present (%)	One year ago (%)	Main reasons of changes
Health			
Education			
Transport			
Food			
Debt reimbursement			
Rent and utilities			
Other			

**5.2. Have there been changes in the types of food that people are buying and consuming? If yes, what has changed in the diets?**

## **6. COPING STRATEGIES, RESPONSES AND PRIORITIES**

**6.1. What are households like you doing to respond to changes in the activities, income and prices that have occurred in the past year?**

**6.2. Are some of these behaviors different from what households used to do a year ago? If yes, what is different?**

**6.3. When do you think that households like you will recuperate their income level of 2008 ? Why?**

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**6.4. Do community members receive some support currently? If yes:  
What types of support? (ask specifically)**

Intervention	Yes/No
Capitation grant (Education)	
National Health Insurance	
LEAP or cash transfer	
Microcredit	
Water management/irrigation	
Other education program	
Other health programme	
School meals	
Nutrition programmes	
Food aid distribution	
Other (Specify: .....)	

**6.5 Who benefits from each type of support? Who decides on who should benefit from the support?**

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**6.6. What are the 3 main priorities of households like you to improve their living conditions?**

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**6.7. Why are these priorities the most important?**

**NOTES**

*Please write down any useful information discussed but not recorded above. Add an additional sheet if needed.*