GHANA LEAP 1000 IMPACT EVALUATION: ANALYSIS OF TRANSFER SIZE AND ESTIMATED IMPACTS

Research Brief 11 • May 2016

This brief discusses the transfer size of the Ghana LEAP cash transfer programme and analyzes the predicted impacts of the programme based on different modalities of the transfer.

INTRODUCTION

This brief analyzes the current state of the LEAP transfer size and provides additional analysis of the predicted impacts based on different modalities of the transfer. First of all, Figure 1 presents the development of the LEAP transfer size over the years 2010 – 2016, both in nominal and real terms (corrected for inflation). The graph shows that while the nominal value of the LEAP transfer tripled in 2013, and increased again in 2015, the real value of the transfer merely doubled, from 8 cedi in 2010 to just over 15 cedi in early 2016. In other words, due to persistent inflation in Ghana, LEAP beneficiaries can purchase twice as much goods with their current transfer compared to what they could buy with their transfer in 2010. However, had there been no inflation over this period, LEAP beneficiaries could have bought four times as much with their transfer.

At the current level, the transfer constitutes on average 16 per cent of the baseline consumption of beneficiary households in the LEAP 1000 sample, with a median value of 13 per cent. Note that due to the research design, the LEAP 1000 sample consist of the 'richest' households among the universe of beneficiaries, because they are closest to the cut-off (see baseline report). The average share of the transfer for the full spectrum of LEAP 1000 beneficiaries will therefore likely by somewhat higher.

Figure 1: LEAP transfer per month for 1 beneficiary

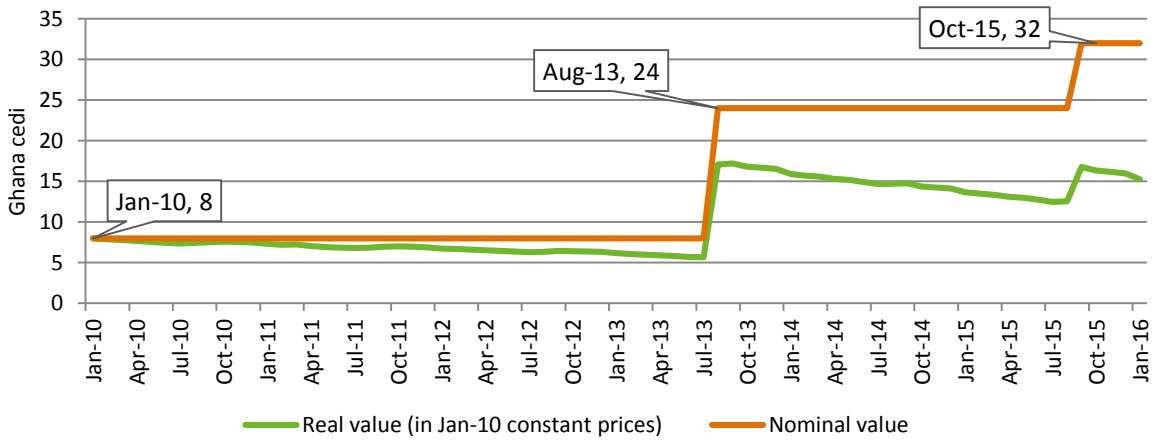

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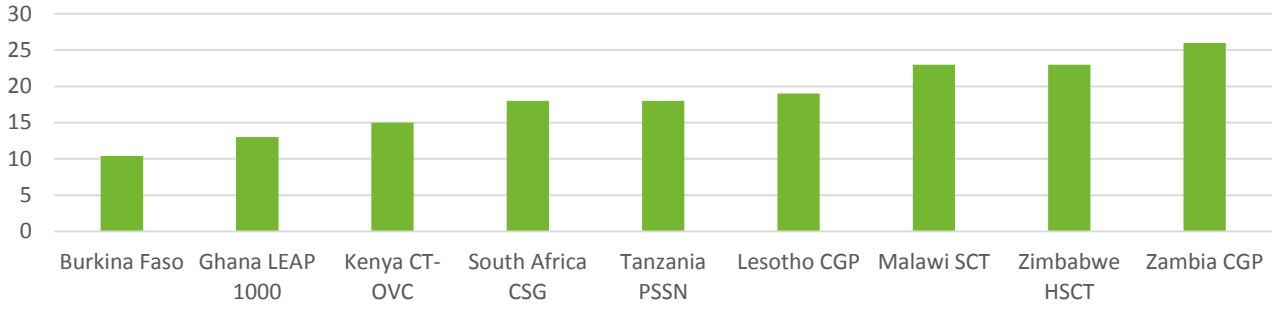
Figure 2: LEAP transfer size (median) versus other cash transfer programmes in the region, as a percentage of baseline expenditures



In order to provide some context, Figure 2 presents the median transfer size as a share of consumption in selected programmes in sub-Saharan Africa. It appears that the LEAP programme is somewhat on the low side. As a rule of thumb, programmes that transfer on average about 20% of baseline consumption tend to see widespread impacts on various dimensions of household wellbeing and productive activities.[1] In addition, the benefit structure of LEAP stands out compared to other cash transfer programmes in the region: in LEAP, the transfer size per household depends on the number of beneficiaries in the household. That is, the number of people in the household that fall within any of the demographically targeted groups: elderly, disabled, orphaned or vulnerable child, pregnant woman, or mother with child under 15 months. Other programmes in the region usually either transfer a flat rate per household (Zambia, Kenya) or an increasing amount by the number of household members (Malawi, Mozambique, Zimbabwe).

TWO PROPOSALS TO INCREASE THE MEDIAN TRANSFER SHARE

Taking into consideration the above, this brief analyzes two proposals to change the LEAP benefit structure to get at a point where the median transfer share is around 20 per cent.

1. *Vary the transfer based on household size rather than the number of eligible members*

Under this proposal, the benefit structure of LEAP would change by varying the transfer by number of household members instead of number of eligible members. The results of this proposal are presented in Figure 3. The Figure shows the change in the distribution of the benefits. Since most of the LEAP 1000 households are large compared to the typical household (see baseline report), the large majority of LEAP 1000 households (95 per cent) will receive the benefit for 4 or more beneficiaries under this proposal.

However, since LEAP 1000 households are one demographic group in LEAP, and the LEAP households of the mainstream programme tend to be much smaller, the resulting change in the distribution of benefits for the LEAP programme as a whole will be less dramatic, as shown by the right-most bars in Figure 3.

Figure 3: Distribution of 'benefits' under current and proposed benefit scheme

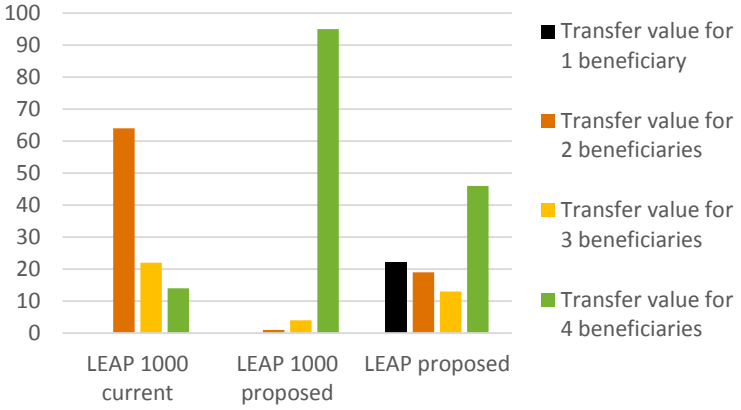
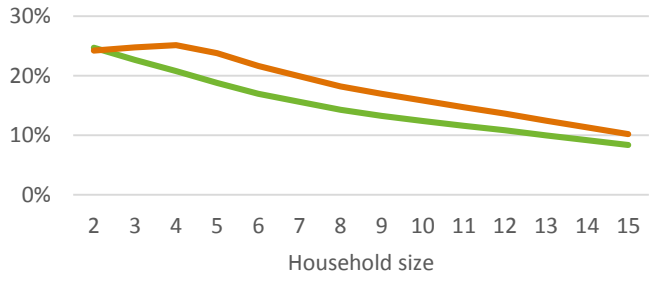


Figure 4 presents the change in the transfer share for LEAP 1000 households by the number of household members. This proposal leads to an increase in the median transfer share from 13 to 17 per cent and changes the mean transfer share from 16 to 20 per cent. The increase in programme costs is approximately US$ 200,000 per year for 6,000 households, or about US$ 33 per household per year, equivalent to a 27% increase in costs.

Figure 4: Transfer share by household size: actual and proposed



2. Keep current structure, but increase the grant to push the median share to 20%

Another method to increase the median share of the transfer size is to keep the current benefit structure but to simply increase the transfer value. The results of various hypothetical increases are presented in Table 1. A transfer increase of 30 per cent will result in a similar mean and median transfer share as under proposition 1, while costing about US$ 225,000 more per year (for 6,000 households). To push the transfer value to the median transfer share of 20 per cent, a 60 per cent increase of the transfer value is required. This will cost approximately US$ 450,000, or nearly US$ 75 per household per year extra.

Table 1: Simulations of LEAP transfer size increases

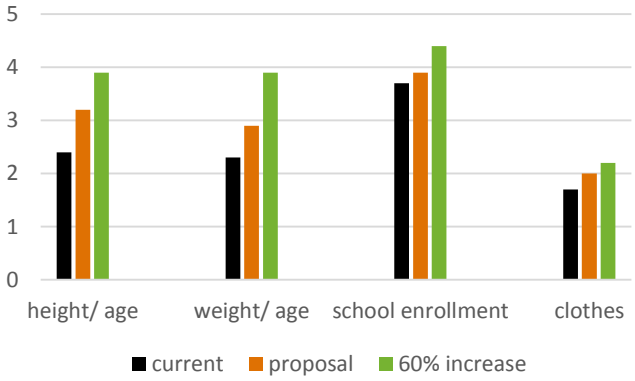
Increase by	Median transfer share	Mean transfer share	Additional costs per household per year (USD)
30%	16.1%	20.8%	37.3
40%	17.4%	22.4%	49.8
50%	18.9%	24.2%	62.2
60%	20.2%	25.8%	74.6
70%	21.4%	27.4%	87.1
80%	22.7%	29.0%	99.5
90%	23.9%	30.6%	111.9
100%	25.2%	32.3%	124.4

PREDICTED IMPACTS OF PROPOSED CHANGES IN TRANSFER STRUCTURE

Changing the structure of the benefits or increasing the size of the transfer will affect the impacts LEAP 1000 is expected to generate. The baseline report discussed the predicted impacts using the current structure and level of the transfer, but Figure 5 shows how the predicted impacts change if the structure is revised or the transfer size increased.

For two nutritional indicators, the predicted impacts are higher when changing the transfer structure to vary by the number of household members rather than the number of beneficiaries. Increasing the transfer by 60 per cent results in an even higher expected impact. Indicators that are highly associated with household consumption will show a higher impact when consumption increase. School enrolment, for example, is in the LEAP 1000 sample not highly responsive to changes in consumption, and the additional impact from changing the benefit structure or value is therefore smaller.

Figure 3: Predicted impact (percent) with alternative transfer size/structure



CONCLUSION

This brief has shown that the transfer size of the LEAP programme is somewhat low compared to similar programmes in the region, as well as the dramatic impact that inflation has had on the real value of the transfer. To combat the inflationary impacts, it is helpful to develop a standardized process to automatically review and recommend changes to the benefit level. For example, an independent board composed of experts could review the transfer size each year and prepare a non-binding, yet influential recommendation to the LEAP Management Unit and Ministry of Gender, Children and Social Protection.

Second, this brief analyzed two simple adjustments to the transfer structure and level to increase the transfer as a share of household consumption. For example, by adjusting the benefit structure to number of household members rather than beneficiaries, LEAP could put more cash directly in the hands of households, increasing the expected impacts of the programme on key indicators of interest such as children's nutritional status.

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All reports can be found at https://transfer.cpc.unc.edu/

[1] Davis, B. and Handa, S. (2015) 'How much do programmes pay? Transfer size in selected national cash transfer programmes in Africa', *The Transfer Project Research Brief*. Chapel Hill, NC, Carolina Population Center, UNC-Chapel Hill.