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GEORGE WARREN BROWN SCHOOL OF SOCIAL WORK

COUNTRY BRIEF

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Ghana Country Assessment for Youth Development Accounts

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CSD is part of a global consortium supported by the MasterCard Foundation that is exploring the potential for piloting a Youth Savings initiative in multiple developing countries. In addition to CSD, the consortium includes Save the Children, the Consultative Group to Assist the Poor (CGAP), and the New America Foundation. The consortium's goals for the 2009-2010 year include identifying six developing countries in which to implement these pilots, along with local financial and research institutions that could assist in implementing and evaluating the pilots.

This brief is one of a series that CSD has prepared on candidate countries in Asia, Africa, and Latin America. This brief, like the others, assesses the candidate country on four criteria: institutional capacity, national political interest, research capacity, and broader macroeconomic environment.

Summary

Ghana stands out as a candidate site to include in the worldwide demonstration of Youth Development Accounts (YDAs) in three ways: (1) a well-regulated and innovative banking infrastructure that already delivers youth savings products; (2) a stable and transparent government interested in socio-economic development; (3) established partnerships with many research institutions.

Basic Population and Economic Indicators

- » Population: 23.46 million (World Bank, 2007)
- » Percent of population under age 15: 40 (Population Reference Bureau, 2008)
- » Youth ages 10-24 (percent of total population, 2006): 33 (Population Reference Bureau, 2008)
- » Percent of population below national poverty line (2006): 29 (total), 11 (urban), 39 (rural) (UN Statistics Division, n.d.)
- » Median age: 20.7 (CIA, 2009)
- » Income level: Low income (World Bank, n.d.)
- » GDP per Capita (PPP US\$ in 2006): 1,247 (UNDP, 2007)
- » Percent of population living on \$2 a day or less, 1990-2005: 78.5 (UNDP, 2007)



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Institutional capacity

Ghana has a stable and sound financial sector. There is reduced vulnerability in the sector due to improved legal protection and prudent supervision. Nearly a dozen financial institutions currently operate some form of youth savings accounts and have demonstrated the capability to manage YDAs on a large scale.

Ghana Commercial Bank is the largest indigenous bank in the country, with 135 branches in all 10 regions of Ghana (including rural areas and small towns). It has a work force of 2,158. The bank currently manages special children's savings accounts called "Trustee Savings" accounts that are targeted at children's education and development.

Other banks in Ghana that have innovative banking products targeted at children include Trust Bank and United Bank of Africa-Ghana. Trust Bank offers "TTB Kiddies" accounts. Launched in 2006, these savings accounts encourage parents to save for their children's future needs through regular deposits or periodic lump sums. The United Bank of Africa-Ghana offers a Student Savings Account, an interest-bearing savings account specifically for students.

Ghana's thriving financial sector is represented by the over 120 rural banks in the country. These rural banks are established to provide facilities to the rural communities in which they are located. They are owned, managed, and patronized by the local people. Savings mobilized through rural banks are invested in small-scale agricultural activities, cottage industries, transportation, and trading.

There are over 70 microfinance institutions in the country, most of which are part of the Ghana Microfinance Institutions Network (GHAMFIN). Sinapi Aba Trust, for example, is a reputable MFI and has provided 10 years of microfinance services to Ghana. It is a member of the Opportunity International Network, Ghana Cooperative Susu Collections Associations, and Women's World Banking, which collectively serve over 7,000 clients.

Technological innovations have strengthened the institutional capacity of financial providers. In April 2008, Ghana introduced a "smartcard" based on biometric technology to promote financial inclusion and wider access by the unbanked public to financial services. This new national payment and settlement system, known as "e-zwich," is the first of its kind in the world on such a scale (Hesse, 2009). In addition, a free internet facility initiative known as tradenet.biz allows farmers and traders in

agricultural commodities to transact their business through the use of mobile phone short message service (SMS). Other technological advancements in the financial sector include Electronic Funds Transfer at Point of Sale (EFTPoS), Internet Banking, Telephone Banking, and Branch Networks that allow customers to access their account from any branch.

The Microfinance and Small Loans Centre (MASLOC), established in 2004 by the Ghanaian government, serves as the highest body for the judicial administration, coordination, and monitoring of micro-credit and small loan schemes and promotion of decentralized micro-financial system in Ghana. The Financial Institutions (Non-Banking) Law of 1993 regulates all the non-banking financial institutions. The Bank of Ghana (BOG) Act of 2002 and the Banking Act of 2004 mandate the Bank of Ghana to license, regulate, supervise, and direct all banking and non-banking financial institutions and the credit system. The Department of Cooperatives regulates over 250 Credit Unions.

Political stability and national government interest

According to the Global Peace Index of 2008, Ghana is the most peaceful country in Africa and the fortieth most peaceful in the world. In 2008, the Ibrahim Index of African Governance ranked Ghana seventh on good governance in Africa and first in West Africa. Transparency International also ranked Ghana as the seventh least corrupt country in Africa in the same year. In addition, Ghana is considered a model democracy for the rest of Africa and according to USAID, Ghana continues to move forward as a progressive and democratic state. Ghana's current socio-economic development agenda is to reach middle income status with a per capita income of at least \$1,000 by the year 2015 (National Development Planning Commission, 2005).

Established research partnerships

The Center for Social Development has existing relationships with reputable research institutions, including the Institute of Statistical, Social and Economic Research (ISSER); The Department of Social Work, and Center for Social Policy Studies, all at the University of Ghana, and the Center for Policy Analysis. These institutions have the capacity to carry out high-quality research.

The Institute of Statistical, Social and Economic

Research (ISSER) at the University of Ghana is unquestionably Ghana's most recognized and reputable social science research institution. ISSER has a staff strength of 50 (including 2 full professors, 3 associate professors, 2 senior research fellows, 9 research fellows, 12 principal research assistants, and 2 senior research assistants). ISSER is currently involved in over two dozen research projects in Ghana and other parts of West Africa.

In collaboration with the Government of Ghana and the UNDP, the institute publishes the annual Ghana Human Development Report, an offshoot of the United Nations' Global Human Development Report. ISSER is also credited with the publication of the State of the Ghanaian Economy Report, a comprehensive report that assesses Ghana's economic performance and fiscal development. In addition to the annual reports, ISSER's research fellows have published savings and banking-related publications such as:

- » Quartey P., & Blankson T. (2008). Low savings in Ghana: Does policy matter? In E. Aryeetey & R. Kanbur (Eds.), *The economy of Ghana: Analytical perspectives on stability, growth and poverty*. Oxford, UK: James Currey.
- » Quartey, P. (2003). *Government regulations and banking sector efficiency in Ghana* (Institute of Economic Affairs Working Paper Series). London: Institute of Economic Affairs.
- » Aryeetey, E., & Udry, C. (2000). *Saving in Sub-Saharan Africa* (CID Working Paper 38). Cambridge, MA: Center for International Development at Harvard University.
- » Aryeetey, E., & Steel, W. F. (1995) Savings collectors and financial intermediation in Ghana. *Savings and Development*, 19(2) 191-211.
- » Aryeetey, E. (1994). Informal savings collectors in Ghana: Can they intermediate? *Finance and Development*, 31(1), 36-7.

In recognition of its cutting-edge research in Africa, ISSER was recently selected as one of the 24 policy think tanks in Africa to receive the Think Tank Initiative core grant award, a multi-donor program funded by the William and Flora Hewlett Foundation, the International Development Research Council of Canada, and the Gates Foundation.

The Center for Social Policy Studies (CSPS) conducts research into social welfare policies and services

in Ghana. The center, which is partly sponsored by UNICEF, publishes a journal called *Social Policy* and is credited with numerous publications and reports on child development and street children in Ghana. Some of these publications include *Street children and HIV/AIDS*, *Children in need: A study on children in institutional homes in Ghana*, and *Bearing the weight - The kayayoo - Ghana's working girl child*. CSPS also holds regular seminars designed to enable interaction between academics, donors, NGOs, and policy agencies. A number of professors and lecturers at the Faculty of Social Studies at the University of Ghana are research associates at CSPS.

Centre for Policy Analysis (CEPA) is an independent, non-governmental think-tank, which provides rigorous analysis and perspectives on economic policy issues of Ghana and the developing world. CEPA carries out research on policy issues on the economy of Ghana with emphasis on macroeconomics growth and poverty alleviation issues. Specifically, CEPA's research deals with fiscal and monetary policy; debt management; trade policy; industrial policy; the social sectors; and agricultural policy. The Centre holds seminars and workshops to share its findings with Ghanaian, African, and international institutions and organizations.

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