Official Retirement Can Wait:
A Study of Petty Traders in Ghana to Identify Barriers to Participation in ISF Pension Scheme

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ABSTRACT

OFFICIAL RETIREMENT CAN WAIT: A STUDY OF PETTY TRADERS IN GHANA TO IDENTIFY BARRIERS TO PARTICIPATION IN ISF PENSION SCHEME

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University of Guelph, 2014

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In many developing countries in sub-Saharan Africa, the majority of the labourforce work in the informal sector. The Informal Sector Fund (ISF) pension scheme was introduced in Ghana to afford workers in the informal sector an opportunity to save towards retirement, but the participation rate is low. This thesis investigates the barriers petty traders face to participation. Findings suggest that the petty trading landscape in Ghana is evolving. Petty traders are heterogeneous but the majority were young, and on average, have high school education. Secondly, petty traders reported that they value financial independence in old age but consider formal retirement inapplicable to them. Thirdly, they have a low level of awareness about Ghana’s ISF pension scheme. Findings identified key attitudes towards pension schemes and lack of enabling factors at the organizational level, and these were concluded to be the main barriers for petty traders’ participation in pension schemes.
Dedication and Acknowledgements

Dedication:
This thesis is dedicated to the memory of my grandmother, Mary Afiyo Worgba, whose love for me knew no bounds, and who taught me the value of hard work. Thank you, you will always be missed.

Acknowledgments:
I would like to thank all the participants who welcomed me to their shops, and patiently answered my questions.

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Chapter 1: Introduction

There is a school of thought that since attainment of independence from colonial rule, the agenda of the nationalists of African nations, who took over the helm of affairs upon attainment of independence, did not make provisions for social development for their respective nations (Prashad, 2007). Ghana is one such nation. Although Ghana was the first country in the region to attain independence in 1957, the nation did not reach a lower middle income status until 2010 but compares poorly with other countries in the same category (World Bank, 2013). Ghana has seen a yearly average Gross Domestic Product (GDP) growth of 6 percent since 2000 (World Bank, 2013). However, GDP as a measure of economic activity is not necessarily a measure of human welfare. Social development is an essential component of development and is a combination of economic and social goals aimed at poverty alleviation (Gray, 2006). The concept of social development, as employed in this context, does not necessarily refer to the provisions of social services, although that is equally important, but rather in terms of a people-centered approach to development. The share of the Ghanaian population greater than 60 years is 6.5 percent, whereas the poverty rate for this age group is 44 percent (Clark, Munnell, & Orszag, 2009). Additionally, the poverty rate in multigenerational households with older people is 52 percent (Clark et al, 2009). With persistent decline in material family support for older people, the elderly are at a risk of poverty and destitution. However, there are indications that basic pension benefits positively impacts households with elderly members (Faye, 2007), and by extension, a reduction in aggregate poverty. In 2005, the Social Security and National Insurance Trust (SSNIT) established the Informal Sector Fund (ISF) to provide pension benefits to those working in the informal sector¹. The ISF pension fund, established on a pilot basis, was sold to

¹ The part of the economy in which trade of goods and services is unregulated and characterized by arbitrary taxation mechanisms
the National Trust Holding Company Ltd (NTHC) in 2012 as the returns on investment in the
program were low.

Problem Statement

A significant number of the population who work in the informal sector will have no
financial security/independence when they retire. Ghana’s 2010 population census estimates the
labour force at 10 million (GSS, 2011). Eight million people out of a 10 million labour force are
employed in the informal sector and have no social security protection (GSS, 2011). Fifty-six
percent of the 8 million people (4,400,000) are self-employed (Osei-Boateng & Ampratwum,
2011). Statistics on the proportion of the 4,400,000 self-employed who are petty traders is not
available at this point. The existing pension scheme is mandatory for public servants but
voluntary for the informal sector workers – petty traders inclusive. Fortunately, the Informal
Sector Fund (ISF), a subsidiary of Social Security and National Insurance Trust (SSNIT), has
been established since 2005 on a pilot basis to cater to the social security needs of people in the
informal sector (SSNIT, 2009). However, as of June 2013, under new management, a mere
90,000 out of a possible 4.4 million (2 percent) had enrolled (ISF, 2013). Furthermore, it is not
possible at this point to determine how many enrollees are petty traders. In view of the low rate
of enrolment into the ISF by informal sector workers and the continued risk of persistent poverty
as a result of myopic behaviour, it is imperative to determine factors hindering active enrolment
in the ISF. Despite the challenges faced in Ghana, there are examples of successful programs that
deal with elderly poverty. For example, New Zealand, Mauritius, Namibia, Botswana, Bolivia,
Nepal, Samoa, Brunei, Kosovo and Mexico City provide a basic pension to the elderly with no
test other than citizenship, residence, and age (MacKellar, 2009). Similarly, India introduced insurance targeting self-employed women. The insurance coverage includes health care, maternity, life, accidental death, pension, and assets. Enrolment in the insurance plan is open to all self-employed women except those living with HIV/AIDS (ILO, 2006).

The urban informal sector in Ghana is heterogeneous and has been grouped under services, construction, and manufacturing categories, respectively (ILO, 2006; Osei-Boateng & Ampratwum, 2011). The petty traders fall under the services category, and workers under the service category have no social security protection (Osei-Boateng & Ampratwum, 2011).

**Research Goals and Objectives**

The goal of this study is to identify the barriers that prevent petty traders in the informal sector of Ghana from participating in the ISF. The objectives of this study are:

- To determine the level of awareness of ISF pension scheme among petty traders.
- To identify situational barriers (affordability) to participation.
- To identify dispositional barriers (attitudes) toward ISF.
- To identify policies and their implications for enrolment into the ISF.
Significance

The Ghanaian economic system relies heavily on markets. The majority of economically active population are employed in the informal sector. There should be ways of securing the financial security for people that, due to old age, can no longer participate in the labour market. It is envisaged that the study will inform policy on retirement benefits for petty traders in the informal sector of Ghana. Furthermore, petty traders have not been studied in the literature as most tend to focus on the informal sector in general. Similarly, the literature on the informal sector in sub-Saharan Africa is scant as existing literature covers Asia and Latin America extensively and based mostly on secondary data. By studying petty traders, it illuminates the petty trading landscape: A mix of shops operated by owners; managers and employees; and shops operated by Ghanaians with dual citizenship. This result can guide pension schemes providers with respect to characteristics of their target market. Additionally, it will inform policy with respect to streamlining employer-employee relationship in the informal sector in terms of social protection coverage. Furthermore, it adds to quantitative and qualitative literature on the informal sector in sub-Saharan Africa in particular, and contributes to the existing literature on the informal sector in general.

Overview of the Thesis

This thesis is organized into seven chapters. Chapter One, the current chapter, covers the following sections: Introduction; problem statement; research goals and objectives; and significance of the study. Chapter Two examines relevant literature. It explores the challenges of maintaining pension schemes in the largely unorganized informal sector; propositions for and
against instituting non-contributory pension schemes in developing countries; and proposals for implementing pension schemes in developing countries as a strategy to reduce poverty among the elderly. The chapter ends with a discussion on the conceptual framework. Chapter Three focuses on the context of this research: It provides background information on Ghana; the Greater Accra Region; the social protection landscape; and key informant organizational profiles as well as conglomeration of petty traders. Chapter Four outlines the methods used to collect and analyze the data. Chapter Five presents the findings of the study. Chapter Six is a discussion on the findings. The thesis ends with Chapter Seven; the overall summary and conclusions of the result as well as recommendations.
Chapter 2: Relevant Literature

Introduction

Ageing diminishes the capacity to work and earn. A pension system aims to replace income and serves as insurance for old age such that living standard does not differ significantly between working and retirement years (Schwartz, 2006). Thus, pension enables continuation of financial flow after retirement. The importance of financial security in old age cannot be overstated. For example, Delgado and Cardoso (2000) conducted a household survey in Brazil and found that households with a pension beneficiary are less poor than households without one. The result demonstrated that poverty rates in households with a pension beneficiary are 13 percent lower than households with no pension beneficiary.

In many countries in sub-Saharan Africa however, the traditional safety net for the elderly is their children or extended family; children are regarded as insurance for old age. Schwarz (2003) indicates that the immediate or extended family is not, and has not been, a reliable safety net, especially when the children are too poor to support their parents. A similar study (Kato, 1998) highlights the risk of reliance on children and the extended family as a safety net for old age. The study, conducted in five communities of Cambodia, found that out of 70 households sampled, only 6 percent of respondents in rural areas and 12 percent of respondents in urban areas reported receiving enough remittances from children to cover their needs. Similarly, van Ginneken (2003) observed that a number of Asian countries that relied on traditional family support to provide social security protection to the elderly realized, as a result of the financial crisis in 1997, that dependence on family support is precarious. The added pressure of providing financial support for the elderly, the author indicated, worsened already grave economic conditions for families.
Incidence of old-age (60 years and above) poverty in Africa is mixed. Poverty affects one in two older people in Ethiopia, Ghana, & Guinea, whereas for other African countries, the rate is eight in ten older people (Kwakwani & Subbarao, 2005). However, old age poverty is on the rise especially in developing countries where family support, which had been the tradition, is waning as family members are unwilling or unable to lend financial support to the elderly (Aboderin, 2004). The traditional safety net has thus become unreliable with implications that informal financial support would decrease, whereas the demand for formal financial security will increase (Suwanrada, 2009). Moreover, Aboderin’s (2014) study shows that familial material support for older people is on the decline in Ghana. The study employed a three-generational respondent sample, spanning major income, ethnic, and gender groups. The result shows that the decline in support corresponds with declining resource capacity of the younger family members. Aboderin (2004) indicated that as a result of the decline, self-reliance in old age is emerging as the norm.

However, less than 10 percent of the “older population”\(^2\) in sub-Saharan African has a contributory pension (Palacio & Pallares-Miralles, 2000; ILO, 2010). This is attributed to the high proportion of the working population engaged in the informal sector and unlikely to participate in a contributory pension scheme, a pension system that is best suited for salaried/waged workers. Moreover, the high rates of informal employment translates to narrow tax bases (Jütting & de Laiglesia, 2009), whereas effective non-contributory pension schemes depend on broad-based tax revenue. Informal employment, in this context, refers to commercial trade and/or activities which are not protected or regulated by the state.

\(^2\) Population 65 of age or more
This review examines literature on pension schemes for the self-employed in low-income as well as developing countries in the form of peer-reviewed academic journal articles, and official reports. Although the focus has been on sub-Saharan Africa, specifically Ghana, studies on pension schemes in sub-Saharan Africa is scant. As such, the review relates to low-income and developing countries in general. The review highlights the risk of reliance on children as a safety net for old age, a practice in many developing countries where a large proportion of the labour force works in the informal sector with no social security protection. The literature on pension schemes for workers in informal employment in developing countries focuses mainly on Asia and Latin America. Three themes emerge: namely, the challenges of establishing and/or maintaining an effective pension scheme for workers in informal employment; calls for an alternative/universal pension schemes to suit informal employment; and pension coverage for the elderly as a strategy to combat old age poverty in low-income countries. These challenges range from reforms of existing pension schemes covering workers in the formal sector to establishing and/or maintaining a pension scheme for workers in the largely unregulated and fragmented informal sector. The review further discusses propositions for and against non-contributory pension schemes as well as proposals for utilization of pension schemes as a strategy to reduce poverty among the elderly.

The Challenges:

Maintaining a pension scheme against a backdrop of informal workforce

Concerning the challenges of maintaining an effective pension scheme in developing countries with a predominant informal workforce, Sakthivel & Joddar (2006) examined the coverage of social security schemes, the provident fund in particular, among informal sector workers, or what they term unorganized sector workforce, in India. The authors adopted residual
and direct approaches for estimating the proportion of the workforce in the unorganized sector. With the residual approach, estimates of organized employment were deduced from total employment figures derived from employment-unemployment surveys. Data collection was by means of household surveys relating to the type of job and coverage of the provident fund. The direct estimation was based on the employment-unemployment survey. The variables of the survey were based on the employment status of workers, namely, salaried/regular labourers; casual wage workers; self-employed workers; types of enterprise; number of workers; type of job; part-time/temporary; and coverage of provident fund. They indicated that social security policies in India are both promotional and protective. The promotional policies are dedicated to financing and provision of education, health, and employment among others, while the protective policies comprise pension and provident funds, maternity benefits, and sickness allowance among others. Moreover, the protective measures are available specifically to government employees as well as workers in the formal sector. The result of the study suggests that the unorganized sector workers have been left out of social security arrangements. They concluded that in view of pro-rich, pro-capital policy vis-à-vis the poor affordability (by informal sector workers) and lack of an institutional mechanism to subsidize pension contributions of the poor, any design of social security that relies heavily on a contributory basis is bound to fail.

Asher (2009), in an International Social Security Association (ISSA) Working Paper, pointed out that there is an urgent need for a public policy to expand social security for workers in the informal sector. The study is based on case studies conducted in the Asia-Pacific region (China, Thailand, Republic of Korea, Vietnam, Iran, and India) regarding social security protection coverage to workers in the informal sector. The study found that although each of the respective countries has had an average of 40 percent increase in coverage from 2003 to 2008,
there still exist institutional and administrative constraints, particularly with regard to extending coverage to informal sector workers in rural areas. It was also stated in the article that as of 2008, a yet to be implemented Bill had been passed by the Indian Parliament to provide contingencies including pensions for informal sector workers. The Bill, the article continues, provides for a pension scheme based on co-contribution by workers and the Government. The article does not, however, provide further details regarding the breakdown of the co-contribution. Sarkar (2004) outlined challenges of a high administrative cost of extending coverage; a high rate of financial illiteracy among informal sector workers; and a lack of contribution capacity as most workers in the informal sector are low income earners.

Chen (2008) reviewed available national data for the Middle East, North Africa, Latin America, Asia, and sub-Saharan Africa regarding informal employment and social protection. She pointed out that the informal workforce is unregulated by the respective regions, untaxed, and also unprotected. In other words, the self-employed and informal wage workers do not have the legal or social protection that their counterparts in the formal sector have. She continued that the self-employed in the informal sector are independent and as a result, are ineligible for employer-based pension schemes. Chen (2008) also stated that workers in the informal sector could not afford to save for pension funds as most of them do not have disposable income to commit to a contributory pension scheme. She concluded that the respective states could extend contributory pension schemes to informal sector workers who could afford to make contributions and simultaneously, through means-tested schemes, determine those who could not afford and subsidize their contributions accordingly.

Subrahmanya (2002) argued that the main challenge of extending coverage of contributory social insurance schemes to workers in the unorganized sector is the lack of
capacity of the workers to contribute to the scheme. The author examined existing pension schemes in Asia and the Pacific region, respectively, where the proportion of workers in informal employment ranges between 20 and 90 percent of the total workforce. The author maintained that due to an absence of employers to subsidize contributions to the social pension schemes, the self-employed could not afford the amount required to enjoy meaningful benefits upon retirement. The author also pointed out that in states where the majority of the workforce is in informal employment, efforts to extend contributory social security schemes to self-employed workers should consider modification of the schemes. The author proposed the establishment of welfare funds based on contributions or taxes to rein in workers in the informal sector.

Samson (2009), in an ISSA Working Paper on Extending Social Security Coverage in Africa, indicated that contributory social security systems in Africa cover only a small portion of the workforce because most of the workers are in informal employment. He maintained that most of the workers in informal employment earn a low income and could not afford pension insurance premium. He also pointed out that government interventions aimed at extending social security protection to informal sector workers are constrained by fiscal resources. He observed that the scarce data in African countries make it difficult for policy makers to monitor coverage rate as many governments do not conduct workforce surveys on a regular basis.

Kpessah (2011) argued that consumer ignorance and/or information overload could limit the effectiveness of defined contributory schemes in less developed countries such as Ghana and Nigeria where financial literacy is low. The article is based on a comparative study of pension reforms and challenges in Ghana and Nigeria. He maintained that due to the size of the informal sector, defined contribution pension programmes cannot provide old-age financial security for all citizens. He further asserted that the respective governments of Ghana and Nigeria confront
challenges of inability to effectively enforce payroll taxes. He also indicated that in spite of, or because of, World Bank-prescribed structural adjustment programmes in both countries, the majority of the workforce is in informal employment with no social security protection. He intimated that inadequate administrative capacity would challenge enforcement of regular contributions even if social security coverage is offered to workers in informal employment. He also argued that the administrative cost of a multiplicity of bureaucratic institutions for social security administration would be excessively high. He further pointed out that in 2001, prior to the reform in Ghana, approximately 58 percent of total membership contributions were spent on administrative cost. This implies more funds were channeled towards administration cost than on retirement benefits.

Van Ginneken (2009) observed that extending mandatory pension schemes to informal sector workers in developing countries is a formidable task as the sector is unorganized. The author intimated that the most difficult part of the extension process is the inclusion of the urban and rural self-employed workers. This observation is based on a study of existing social security schemes in selected countries. He reported, in an ISSA Working Paper on extending social security coverage in low- and middle-income countries, that Legislators in a number of low-income and middle-income countries usually justify the exclusion of the self-employed workers from social security coverage citing a lack of administrative infrastructure to collect contributions from such workers as an impediment. He also intimated that employment-based social security schemes are threatened by the proportion of the workforce engaged in the informal sector. He indicated however that countries such as Brazil and Thailand have been successful in extending social security coverage to workers in informal employment through public welfare support. The report continues that the government of Senegal aims to extend
social protection, health and pension, from 17 percent to about 75 percent by 2015 and moreover, the elderly will be targeted for social pension. He further pointed out that a number of countries, such as Tunisia and Costa Rica, do subsidize pension insurance premiums for the self-employed. The report indicates that tax-financed pension schemes could work in low income countries only if more than 50 percent of the workforce is covered by a contributory pension scheme. He warned, however, that the existence of a large tax-financed pension scheme could discourage participation in contributory schemes. Moreover, he also indicated that many workers in the informal sector do not participate in pension schemes out of ignorance and/or distrust of social security administration.

Bertranou (2007) found that participation in voluntary pension schemes for the self-employed in low income countries is low due to high insurance premiums. The report is based on national studies on social security coverage for informal sector workers in Chile, Argentina, and Uruguay (Latin America). The report continues that a simplified social security scheme for the self-employed introduced in the respective countries on a trial basis had mixed results: Argentina established the Integrated Retirement and Pension System and a Simplified Scheme for Small Contributors (Monotributo) open to the self-employed, who have been grouped based on their level of income. Monotributo is a combination of taxes and social security contributions. He reported that in Chile, contributions are voluntary and at the time of the report, a bill was being debated in Congress to extend social security coverage to informal sector workers to be accompanied by an education campaign on pension issues. Bertranou (2007) continued that the self-employed in Uruguay have access to an existing pension scheme, Monotributo, in the form of a special tax scheme which combines the national taxes and social security contributions. He further pointed out that, on average, self-employed workers comprise 29 percent of the total
workforce, whereas participation in voluntary pension schemes was low. Of the total self-employed working population in the respective countries under reference, participation rate was 23.5 percent in Argentina; 25.6 percent in Chile; and 27.7 percent in Uruguay. He also maintained that prospective enrollees are deterred from signing up by high premium rates with low benefits. He further intimated that the major reasons the self-employed do not participate in the pension scheme, particularly in Chile, is that enrolment is not mandatory and secondly, for most of the self-employed, current income is barely enough to cover basic needs.

Suwanrada (2009) noted that saving for retirement is not a priority in Thailand as the family, especially children, is the most important source of financial security for the elderly in old age. The article is based on pension debates in Thailand on extending social security coverage to workers in the informal sector. The author indicated that the minority of the workforce who save for retirement are workers in the formal sector; thus, those at risk of income insecurity in old age are those who work in the informal sector. The author also pointed out that workers in informal employment, who comprise two-third of the workforce, do not have any social security protection. According to the author, the policy options raised in the debate are: community-based social welfare fund; expansion of the coverage of the old-age allowance system; and establishment of national pension system to cover informal sector workers. The community-based social welfare fund provides subsidies for community business loans and medical expenses respectively and offers a pension programme as special feature coverage. The old-age allowance system provides financial assistance to the unprivileged elderly (age >60) assessed to be poor. Additionally, the national pension system is compulsory, contributory, and nationwide.
Arifianto (2006) asserted that the new policies introduced by the Indonesian government aimed at extending social security coverage to workers in informal employment are flawed. The article is based on analysis of the New Indonesian Social Security Law aimed at extending social security coverage to workers in the informal sector. He reported that under the new law membership in the social security scheme is compulsory to all Indonesian citizens and permanent residents, respectively. The article continues that the law mandates the creation of social security schemes that would be financed by a payroll tax collected equally from employers/the State and workers. The report states further that nominal amounts are to be stipulated for the self-employed non-wage earners. Moreover, the self-employed non-wage earners are expected to register themselves. This measure, he pointed out, is to enable the government to maintain an accurate record of the workforce. He continued that the law imposes a high contribution rate on workers in the formal sector (23 per cent of workers’ payroll), while actuarial calculations detailing contribution rates and benefits payable under this scheme were not conducted. The implications of the new law, he indicated, is that formal sector workers would pay the contribution as a percentage of their payroll while the informal sector workers would pay a fixed flat amount. By extension, formal sector workers would be subsidizing informal sector workers. Furthermore, he maintained that implementation of the new law cannot be financially sustained and would worsen prevailing unstable labour market conditions and place added pressures on the state budget.

Stewart & Yermo (2009), in an OECD Working Paper on Insurance and Private Pensions, noted that pension schemes in most African countries are designed to cover only civil servants and not the majority of people in the workforce who are employed in the informal sector. The implications of such an arrangement, they continued, is that informal sector workers
rely on their own arrangements and/or family resources when they are no longer able to work. They indicated that the challenges to the pension systems in each country in sub-Saharan Africa differ. They also pointed out that most governments in the region are undergoing major reforms. For instance, Botswana is introducing policies to extend pension to workers in the informal sector while Kenya aims to overhaul the civil service pension scheme. Moreover, many countries are also exploring ways to reduce the administrative cost of their respective national social security schemes. In a similar OECD Working Paper, Hu & Stewart (2009) noted that workers in the informal sector in developing countries generally lack the educational background needed to grasp the concept of pension schemes as most of them are illiterates or semi-literate.

The paper provides an overview of selected countries’ experiences with regard to extending pension coverage for informal sector workers. They indicated that policies aimed at extending pension to workers in informal employment and encourage participation are confronted by challenges of logistical difficulties and perceived traditional role of family support to the elderly. Furthermore, the article discusses government initiatives in the respective countries towards extension of pension coverage to workers in informal employment. For instance, farmers in Chile are allowed to make irregular contributions; e.g., larger contributions when there is good harvest and smaller contributions when there is poor harvest. They argued that there are groups of people in developing countries who barely have enough income to meet basic needs. Thus, to stimulate participation among workers in the informal sector, pension scheme administrators should target workers who are capable of saving towards pension. They continued that governments in developing countries should provide social assistance to all of the poorest elderly, on a non-contributory basis. They maintained that workers in informal employment are deterred by inflexible contribution requirements associated with voluntary pension schemes.
Bailey (2003), in an ISSA Discussion Paper argued that social security schemes in most developing countries have been designed to suit the needs of workers in formal employment, particularly, policy makers and administrators. He maintained that workers in informal employment happen to be the majority amongst the poor. Thus, he continued, the self-employed are unwilling to participate or could not afford to even if they wanted to. He further argued that social security provisions in Africa were inherited from their colonial history where colonial masters extended their own system to their expatriates, whereas extension of coverage to African workers varied and concentrated on formal sector workers in the urban areas while the majority of the population remained without social security protection. He intimated that a low coverage level of social security schemes is a major impediment to development in developing countries. He maintained that the trends of low coverage in developing countries are inconsistent with classical development theory where a growth in the economy correlates positively with formalization of the workforce.

Charmes (2011) maintained that due to traditions of support from the immediate or extended families in developing countries, voluntary social insurance contributions are deemed unnecessary. The report is based on International Labour Organization (ILO) data covering years ranging between 1990 and 2009, inclusive. He pointed out that micro-enterprises are thriving in South Africa and Kenya. He continued that self-employment is decreasing while informal paid employment is increasing in a number of low and middle income countries. He also reported that surveys carried out in 2001 through 2002 in seven capital cities of West Africa, namely, Cotonou-Benin; Ouagadougou-Burkina Faso; Abidjan-Cote d'Ivoire; Bamako-Mali; Niamey- Niger; Dakar-Senegal; and Lome-Togo, found that the income of employers of micro-
enterprises in the informal sector was equivalent to the average salary in the formal sector while employees of micro-enterprises earn half of the average salary.

Johnson and Williamson (2008) argued that the reach of social security programs is low in developing countries because the majority of the workforce works in the informal sector. They maintained that the growing problem of old-age destitution in low-income countries stems from the informal sector. They also indicated that approximately 90 percent of all new urban jobs in Africa in the 1990s were in the informal sector. They noted that many low income countries lack the administrative capacity and infrastructure to extend contributory social security coverage to workers in informal employment, especially in rural areas. They pointed out that in developing countries, many of those who do not have access to contributory pension schemes are too poor to make contributions. They further indicated that the majority of workers in informal employment mistrust social security administrators and/or are ignorant about the relationship between their contributions and future benefits. Moreover, they intimated that contribution evasion by the self-employed is a major problem in developing countries.

Barriento (2007) asserted, in a Brooks World Poverty Institute (BWPI) Working Paper, that social protection will take off in developing countries when a critical mass of formal employment is reached. He suggested however that there are no forces pushing the economy towards this point. He indicated that employer-based social protection remains limited in sub-Saharan African because a large proportion of the workforce is in the informal sector. He further argued that the size of the informal sector in low-income countries impacts the tax base negatively and by extension, governments’ ability to provide social protection interventions. He also pointed out that low-income countries are, to an important extent, aid-dependent and therefore exposed to donor-led policy transfers. Furthermore, he maintained that although well-
targeted social protection programmes cost below one percent of GDP, it is beyond the means of many governments of low-income countries as a large proportion of the population live in poverty. Moreover, he indicated that the majority of social protection programmes in low-income countries are financed off budget by donor support.

**Propositions for and against non-contributory pension scheme**

Some of the articles reviewed propose for an alternative non-contributory pension scheme to combat poverty among the elderly. Barrientos (2009) argued that pension policies in developing countries should aim to reduce poverty and promote development. The article compares non-contributory pension programmes in Latin America as well as other countries in the Global South aimed at reducing old-age poverty. He indicated that policymakers in developing countries should aim to reduce the incidence of old-age poverty as part of their respective countries’ economic development initiatives. He also pointed out that in view of the large share of informal employment in developing countries, it is imperative to adopt alternative pension policy that would target the self-employed informal sector workers. The author further observed that since the publication of the World Bank Report on *Averting the Old Age Crisis* in 1994, pension policies for developing countries have focused on contributory pension plans with the aim to raise funds that in turn, could be invested in the capital markets. Barrientos (2009) maintained that non-contributory pension schemes can effectively reduce poverty levels as they are cost-effective and sustainable. He also asserted that results from a number of developing countries show that non-contributory pension programmes absorb an insignificant proportion of GDP; for instance, Brazil’s non-contributory pension scheme covers 4.6 million beneficiaries and absorbs one percent of GDP and South Africa’s social pension reaches 1.9 million beneficiaries and absorbs 1.4 percent of GDP. On the other hand, however, Lund (2002) pointed
out that the size of the informal economy in South Africa is small relative to many other developing countries. Barrientos, Gorman, & Heslop (2003) argued that issues concerning poverty in old age are of little importance in many developing countries. The assertion is based on their observation that reliable data on old-age poverty for many developing countries is lacking.

Bertranou & Rofman (2002) studied existing social security schemes in Latin America and observed that the majority of the workforce are in informal employment and consequently, are excluded from the pension scheme of their respective countries. They argued that for many workers in the informal sector, informal employment is a necessary survival strategy to mitigate the consequences of globalization. They maintained that the exclusion of informal sector workers from pension schemes has become a problem in nearly all Latin American countries. They indicated that pension schemes developed in Latin America were based on individual contribution and subsequent improvement initiatives aimed at reducing evasion and promoting compliance by policy holders but did not include measures to extend social security coverage to workers in informal employment. They further argued that contributory pension schemes are effective only where the labour markets are formal; by extension, in cases where the majority of workers are in informal employment, as prevails in Latin America, old age poverty would persist. They suggested that policy strategies should aim to design new models such as developing and extending non-contributory schemes to informal sector workers so as to secure their financial security in old age.

Similarly, van Ginneken (2003), in an ISSA Working Paper on extending social security coverage to the self-employed, observed that more than half of the world's population, who work mainly in the informal sector, do not have any social security protection. The author indicated
that over 90 percent of the working populations in sub-Saharan Africa and south Asia have no
social security protection. The author also pointed out that the informal sector in sub-Saharan
Africa keeps expanding in spite of consistent increase in GDP and argued that the experience in
developing countries has shown that, contrary to classical development theory, economic growth
does not necessarily increase the proportion of workers in the formal sector.

Van Ginneken (2003) indicated that a good enforcement and an accurate estimation of
self-employment income can lead to extending coverage to informal sector workers as pertains to
Tunisia. The author pointed out that to counteract under-declaration of income by the self-
employed, income scales are estimated by the inspection team of the National Social Security
Fund Tunisia for different categories of workers in informal employment. The article continues
that the self-employed have to pay premiums based on estimates of their income unless they
could prove they earned lower than the estimated income. The author suggested government
subsidies and customized pension coverage for informal sector workers in developing countries
as pertains to India for home-based workers and in China for the self-employed respectively.
The author further suggested that informal sector workers be excluded from statutory social
security coverage because they are unable or unwilling to commit to a scheme that would not
meet their short-term needs.

Hagemejer, Behrendt, and Hagemejer (2009) argued that the lack of a protection
mechanism for the majority of the workforce in developing countries puts the population at risk
of poverty in old age. The article is based on feasibility studies on institutional and
administrative capacities, respectively, for low income countries to implement basic social
security schemes. Estimates were based on costing studies undertaken in selected countries in
Africa and Asia in 2005 and 2006. They pointed out that a significant number of low-income
countries have a successful social pension scheme in place. Botswana, Brazil, and Nepal are among the countries cited as examples. They also asserted that social pensions improve living standards for the elderly. They argued that social pensions are feasible and accessible for low-income countries. They further maintained that results from the costing studies show that the annual cost of providing universal basic old age pension and disability benefits, as of 2010, is estimated at less than one percent of GDP in six out of the twelve countries studied: Cameroon, Guinea, India, Bangladesh, Vietnam, and Pakistan. For the remaining countries, there was a projected annual cost between 1.1 percent and 1.5 percent of GDP. Willmore (2007) argued that proponents for pension reforms in developing countries have focused on privatization of pensions and creation of individual accounts, which does little or nothing to expand coverage to the poor and marginalized. He maintained that a non-contributory basic pension can ensure that all residents of a country, regardless of earnings or occupation, have an income in old age. He further argued that a universal pension is inexpensive even for low income countries as it absorbs an insignificant portion of the GDP. He intimated that the absence of existing universal non means-tested pensions in developing countries is due to a lack of political will as opposed to a lack of resources.

Niño-Zarazúa, Barrientos, and Hulme (2010), raise concerns about the sustainability of state-funded social programmes. In a BWPI Working Paper on social protection programmes in sub-Saharan Africa, they pointed out that social protection programmes, comprising of maternity, unemployment, sickness, accidents, and old age benefits, are funded by tax in Southern Africa, whereas in Middle Africa (Eastern, Western, and Central sub-Saharan Africa), these programmes, which are new initiatives, are almost entirely funded from international aid as short-term pilots. They indicated that social protection programmes in Southern Africa are
legislated and aimed at poverty reduction, whereas the initiatives in Middle Africa are at best, projects and not policies. Moreover, they pointed out that the extension of social protection coverage by African governments is influenced by political leanings: for instance, European-style welfarism as pertains to Southern Africa or donor-led efforts as pertains to Middle Africa.

Darkwa & Mazibuko (2002) argued that universal social insurance programmes cannot be sustained in most African countries. They examined statutory and non-statutory social security programmes within a framework of the demographic in Africa and its impact on the elderly and maintained that given the small percentage of people who earn salary, African governments will have to be creative in generating social protection models appropriate for their respective needs. They further pointed out that most African governments lack the capacity to collect revenues and dispense benefits. Kakwani & Subbarao (2005) argued, in a United Nations Development Program Working Paper on Ageing and Poverty in Africa, that although contributory pensions do not protect the elderly in the informal sector, proposals for a universal pension in low-income countries are weak. The paper is based on household data sets for 1998-2001 from fifteen African countries. The sample includes both western and eastern African countries as well as Francophone and Anglophone countries. They maintained that even though the cost of targeted universal pension is low and could be sustainable, governments in many low income countries have no existing infrastructure for effective implementation.

**Pension schemes as a strategy to reduce poverty among the elderly**

Poverty among the elderly was a recurring theme among a significant number of articles reviewed. In many African countries, households with elderly members are more likely to live in poverty than other households, especially in rural areas (Kakwani & Subbarao, 2005).
Financial security for elderly citizens enhances their status within the household; they are considered a resource as opposed to a burden (Gorman, 2004). Rajan (2002) examined social pension programs in India, Bangladesh, and Sri Lanka and indicated that all the 29 Indian states have programs in place to assist impoverished older persons. Specifically, the author continued, most of the states have special pension schemes for agricultural labourers. The author pointed out however that the programs have not been effective in providing financial security for the elderly population. Rajan (2002) also reported that although the government of India launched a voluntary pension scheme for informal sector workers in 2001 (i.e., OASIS project), workers were deterred by the high transactions costs and consequently, did not embrace the program. With respect to Sri Lanka, the author indicated that a voluntary and contributory pension scheme is available for self-employed workers between the ages of 18 to 59. The article however does not provide details regarding contribution requirements or participation rate. The author further pointed out that the programme in Bangladesh does not necessarily target self-employed workers but rather aims at helping extremely poor older people. The article however does not provide the criteria used to determine the extremely poor among the elderly population who qualify for assistance.

Shen & Williamson (2006) observed that disparity for protection against old age poverty exists between rural and urban areas and not necessarily between workers in the formal and informal sectors, respectively. The study is based on interviews conducted in China as well as data retrieved from the Chinese database. Documents examined include government documents, newspapers, and reports on relevant programmes in China and other developing countries. Interviews were conducted in northeastern China; however, the article does not provide details regarding the kind of interviews conducted, participant selection criteria, or the sample size.
They argued, based on an analysis of economic conditions in rural China, that the most appropriate social pension for rural pension is a universal pension scheme. They also maintained that feasibility studies conducted in many low income countries, such as Namibia and Mozambique, show that the cost of a universal pension scheme is an insignificant fraction of the GDP and therefore, inexpensive. They further argued that poverty is transmissible between generations and indicated that in Cambodia, for example, children who inherited uneconomic plots - plots with no commercial value - were unable to support their ageing parents.

Heslop & Gorman (2002) argued, in a Chronic Poverty and Older People in the Developing World Working Paper, that current poverty reduction initiatives disregard the intergenerational dimension of poverty. They maintained that extreme poverty is an intergenerational phenomenon as poverty experienced in adulthood exacerbates with age and impacts the household. The paper is based on a study in selected developing countries to assess chronic poverty for older people in a context of rapid population ageing in developing countries. They reported that many developing countries do not have existing administrative infrastructure to prevent old age poverty. They also indicated that retirement is elusive to the majority of older people in developing countries as older people in most developing countries are compelled to work, even in poor health, due to financial insecurity. They further argued that although discussion of income security in old age is dominated by proponents for universal versus individual contribution pension schemes, discussions on pension support for a majority of the workforce who work in the informal sector is limited.

McKinnon & Sigg (2003) pointed out that due to a demographic shift currently under way, it is imperative for governments in developing countries to extend social security protection to the elderly who have no financial security. They observed that in most developing countries,
workers in informal employment are excluded from contributory social security schemes. They indicated that the most appropriate scheme to protect the elderly poor would be a universal non-contributory tax financed pensions. However, the article does not provide measures governments in developing countries could take in order to avoid over-taxing and/or under-taxing especially when workers in the informal sector tend to under-report their income. Thus a tax payment schedule could be inequitable in that workers in the formal sector could be over-taxed to finance the pension scheme, whereas their counterparts in the informal sector would benefit even when they did not pay their fair share of tax. They further argued that the cost of a universal pension is extremely low relating to GDP: They reported that transfers of income to the aged via universal pension amount to two percent of GDP in Mauritius; 0.7 percent of GDP in Namibia; and 0.4 percent of GDP in Botswana. They also pointed out that as a result of the HIV/AIDS pandemic in sub-Saharan Africa, the elderly, who survive their children who have succumbed to AIDS, assume care-giving responsibilities of their grandchildren. The increasing demands, they argued, place added financial pressure on the elderly. They further indicated that contributory social security has failed in developing countries as it provides protection only to the minority of the total workforce.

Schwarz (2003) argued, in a World Bank Report on Old Age Security and Social Pensions, that extension of contributory social security coverage will be counterproductive in low income countries. She maintained that a contributory pension scheme for workers in informal employment would be insufficient to prevent old age poverty. She pointed out that in addition to imperfections of the traditions of family support in old age, contributory pension schemes may not be favourable to informal sector workers with limited income as "some people will always be too poor to save" (p.12). She reported that in South Asia, an average of 10
percent of the total workforce has social security protection and is in the process of expanding. In Africa, she continued, less than 10 percent of the workforce has social security protection. She indicated that this number is declining as younger workers are joining the informal sector and maintained that unless income levels rise substantially in developing countries, social security protection will remain elusive to the majority of the elderly. She suggested implementation of a universal pension targeting old age poverty in developing countries and continued that a universal pension offered to the elderly should be based on risk and vulnerability assessment. However, details regarding the criteria for assessment were not provided.

Barrientos (2007) reported, in an ISSA Technical Report on Old Age Income Security in Low Income Countries, that rapid demographic change and economic transformation will impact old age support/livelihoods of older people in low income countries. He indicated that the growth of the informal sector in low-income countries is an impediment to extending contributory social security coverage to self-employed workers. He also pointed out that there is a positive correlation between old-age, poverty, and vulnerability and argued that a non-contributory pension schemes provide financial security to the elderly. Barrientos (2007) further argued that the high incidence of old-age poverty and vulnerability should galvanize public policy responses to ensure adequate protection against poverty amongst the elderly. He indicated that the share of workforce engaged in informal employment in many low income countries restrict governments’ capacity to collect taxes. Thus, he continued, initiatives toward non-contributory pension schemes require innovative resource mobilization.

Barrientos (2008) argued that old-age poverty is a low priority for governments in Latin America although old-age poverty is a significant issue in the region. He maintained that
pension reforms in Latin America have overlooked financial insecurity among the elderly population. The report is based on the study of experiences of selected countries in Latin America with existing social protection programmes focused on the elderly poor. He suggested that developing countries could implement universal cash transfers to protect the elderly against poverty as targeted programmes tend to exclude some of the elderly poor. Strategies for increased revenue when the majority of the workforce is in informal employment were not provided.

Kannan (2002) observed that extreme poverty among the elderly is a rare phenomenon in the Indian state of Kerala due to an existing Welfare Fund Model of social security arrangements for workers in the informal sector. The report is based on a study of Collective Arrangements Among Workers and Non-Workers in the Informal Sector in the State of Kerala. The author continued that participation in the Welfare Fund, established in 1969, is open to all categories of workers in the informal sector but contributions vary between occupations and groups of workers. The author indicated however that, due to scarcity of reliable data, it is not possible to provide estimates of workers in each occupational group. The author also reported that coverage range between 50 and 90 percent of the targeted population. The author further indicated that with the exception of agricultural labourers who receive old age pension from the state, the Welfare Fund provides social security protection to beneficiaries in the form of provident fund, i.e., monthly pension and survivor benefits in the event of death.

Schwarz (2006) argued that financing pension systems through contributions based on wages impacts poverty. She maintained that administrators of social security programmes cannot estimate the income of the self-employed efficiently and as such, it could be impossible to monitor contributions from workers in informal employment. She also pointed out that
compliance among the self-employed is low even in developed countries. She continued that compliance among the self-employed in the United States is estimated at less than 50, whereas compliance stands at 96 percent for the rest of the population. Drawing upon data of selected developing countries from the World Bank database spanning 15 years prior, she suggested that governments should initiate policies aimed at the welfare of the elderly as opposed to individualistic pension system.

The literature vs. the conceptual framework

This comprehensive review has analyzed articles based on social security protection for workers in informal employment and has discussed options in relations to securing financial security for the elderly in low income and developing countries. Although financial insecurity in old age remains a challenge in most low-income and/or developing countries, most of the literature on this topic originates in developed countries. Moreover, as most of the articles were based on study of national data as well as existing social security schemes in selected developing countries, report on the social security landscape for a number of the selected countries appeared in many articles but from different authors. Furthermore, governments in low income countries are confronted by endemic poverty. As such, there is need for creative policies that would simultaneously mitigate and prevent poverty. Policymakers in low income/developing countries will also have to determine if pension schemes in their respective countries are meant to reduce poverty, replace income, or both. Moreover, policies to address the needs of current older persons and for those likely to be older persons in the next decade or so will need to be
developed. Notwithstanding, poverty reduction strategies should address both social and economic dimensions of poverty.\(^3\)

It is evident from this review that the respective authors have adopted a prescriptive approach to resolve issues relating to a lack of social security protection for workers in the informal sector. However, although well-intentioned, the respective authors assume that workers in the informal sector, the prospective beneficiaries, are passive recipients even when that may not be the case. Therefore, this researcher is looking at the issue through the lens of the Chain-of-Response model by Patricia Cross (1981). This conceptual framework portrays decision making process as an interrelated and complex process that is influenced by both internal and external factors. These factors could serve either as incentives or disincentives. By using this conceptual framework, this researcher aims to identify situational, dispositional, and institutional barriers to enrolment in pension schemes by workers in the informal sector when these services are available. Dispositional barriers pertain to petty traders’ attitude towards ISF, situational barriers relate to petty traders’ ability to afford ISF premium, and institutional barriers entail organizational policies and infrastructure.

\(^3\) Reduction in absolute poverty and in terms of age, gender, ethnicity, and disability, among others
The Conceptual Framework

Figure 1.1

Adapted from K. Patricia Cross, 1981.

The conceptual framework in Figure 1.1 is adapted from Patricia Cross’ (1981) Chain-of-Response model\(^4\). The Model assumes that an individual’s participation in an activity is a result of a series of interrelated variables. The variables of interest in this study are ISF-related information, attitudes towards pension schemes; and affordability of ISF insurance premiums. Thus, petty traders’ motivation to enroll in ISF will be influenced by the availability of relevant information; favourable attitude towards pension schemes in that they value financial independence in old age; and if the ISF premium is within their means.

\(^4\) This model was used to understand participation in adult education
The starting point of the chain is the interplay between the environment and tradition of the individual together with the attitude towards pension schemes. On the one hand, traditions/environment can influence attitudes and on the other hand, attitudes can also dictate the norms and traditions of society. These factors of attitude interact with values and expectations of participation. These expectations and values are influenced by an individual’s financial well-being, and they interact with the opportunities and barriers experienced by the individual. Opportunities and barriers as experienced by the individual are influenced by information on ISF pension scheme. However, due to the interconnectedness of organizations relating to pension administration, particularly, revenue implications and national pension review, perceived opportunities and barriers extend beyond the ISF. Furthermore, barriers can block the road to participation. Thus the behaviour is conceived as a flowing stream rather than isolated event.

Adapting this model assumes that motivation for participation in the ISF will be influenced by “new” ideas to replace the norm. The “new” ideas, coming from the ISF, will provide pieces of information pertaining to the importance of financial independence in old age amidst threats of waning family support for the elderly. By extension, implementation of the ideas will present opportunities and expose barriers. Prospective participants could take advantage of the opportunities, and at the same time, policymakers could take the necessary measures to eliminate barriers.

It would be expected that increased awareness regarding benefits of saving for retirement would lead to increased enrollment into the ISF. It is evident from the review of the literature that the tradition of dependence on the extended family for support is continually threatened by pressures of increasing poverty as the proportion of older persons receiving economic support
from their children is declining. I am assuming that convictions about the benefits of secured income in old age will influence petty traders’ decisions to enroll in the ISF. Enrollment in the ISF by petty traders, I am assuming, will serve as an equalization opportunity for social protection. Thus, petty traders, hitherto excluded from pension benefits enjoyed by their counterparts in the formal sector, now have an opportunity to secure their future.

Summary

This chapter examined existing literature\textsuperscript{5} on pension schemes in the informal sector in developing countries. It detailed reports on the challenges of implementing pension schemes for workers in the informal sector; arguments for and against non-contributory pension schemes; and proposals for instituting pension schemes as a strategy to reduce poverty among the elderly. The conceptual framework, which guided this study, was also discussed.

\textsuperscript{5} Summary tables of literature reviewed can be found in Appendices G, H, I, & J.
Chapter 3: Research Context

Introduction

This chapter provides a brief description of Ghana; specifically, the geographical area, population, and population density. The chapter also provides background information on the social protection landscape; profiles of organizations selected for this study; and petty traders, as a collective.

Overview of Ghana

Ghana is a developing country in sub-Saharan Africa with a population of 25.37 million (World Bank, 2013). It is situated on the west coast of Africa along the Gulf of Guinea and shares borders with Cote D’Ivoire, Burkina Faso, and Togo. Ghana’s terrain consists mainly of plateau in the south-central area. The Greenwich Meridian passes through the eastern part of Ghana. The country has a total land area of 238,533 sq km with a population density of 103.9 persons per km² (GSS, 2012; World Bank, 2013). The urban population is 51 percent, at a growth rate of 3.4 percent per year, while the rural population is 49 percent, of the total population, respectively. The country is divided into 10 regions: Western, Central, Greater Accra, Volta, Eastern, Ashanti, Brong Ahafo, Northern, Upper East, and Upper West. The regions, in turn, are divided into districts. Accra is the capital of Ghana and is the largest city of the country with a population of over 4 million.

Ghana is ethnically diverse; the predominant ethnic group is Akan, followed by Mole Dagbani and Ewe, respectively. Due to its colonial history, the official language is English.

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6 Ghana, once known as the Gold Coast, was colonized by Portugal, Denmark, Netherlands, Germany, and England at different points in time. However, the British established control and ruled until 1957 when Ghana attained independence.
However, various indigenous languages are spoken albeit mostly corrupted with English. The level of urbanization varies across the regions ranging between 16.3% in Upper West and 90.5% in Greater Accra (GSS, 2012). Similarly, literacy level varies across the regions; however, most regions have a literacy rate of at least 69 percent (GSS, 2012). Over 50 percent of the population is economically active. Furthermore, 65 percent of the economically active population are self-employed (GSS, 2012).

Figure 3.1  **Map of Ghana**

Source: Rosenberg, 2005
Overview of Greater Accra Region

The Greater Accra region is the second most populous region, behind Ashanti Region, and is divided into 16 districts namely: Accra Metropolitan, Ada West, Adentan Municipal, Ashaiman Municipal, Dangme East, Ga Central, Ga East, Ga South Municipal, Ga West Municipal, Kpone Katamanso, La Dade-Kotopon Municipal, La-Nkwantantanang-Madina, Ledzokuku-Krowor Municipal, Ningo/Prampam, Shai Osudoku, and Tema Metropolitan (GoG, 2013; GSS, 2012). However, only 5 out of the total number of districts serve as administrative districts (GoG, 2013). Greater Accra is the most densely populated region in the country with population density of 895.5 per km² as of 2000 (GoG, 2013). As the second most populous
region, Greater Accra has a population of 4,010,054 accounting for 16.3 percent of Ghana’s total population (GSS, 2012). However, of the total population in the region, the proportion of people born in the locality has decreased, whereas the proportion of inter-regional emigrants has increased (GoG, 2013). Concerning the migration pattern, immigrants from the Eastern Region account for the largest number, followed by Volta, Central, and Ashanti regions, respectively, and in that order (GoG, 2013). Subsequently, the major ethnic groups in the region are the Akan (39.8 percent), Ga-Dangme (29.7 percent) and Ewe (18 percent) (GoG, 2013). This research was conducted in the districts of Accra Metropolitan and La-Nkwantantanang-Madina in the Greater Accra Region.

**Social Protection Landscape**

As in most African societies, the extended family is the norm in Ghana. In view of persisting poverty, members of the family who are financially well-endowed are overwhelmed with demands for financial assistance from relatives not so well-off. Although such demands span different age groups, the older population who become less productive due to age depend primarily on family for financial support. This, in turn, equalizes poverty as the financial burden drags down the hitherto financially well-off individuals into poverty and thereby increases overall poverty levels. In 2008, the dependency ratio in Ghana was estimated at 73.23 percent\(^7\) (Ofori, 2011). Poverty in Ghana has been a major impediment to economic development. Elderly persons (persons aged 60 years and over) tend to live with their extended families. Many older people who have no extended family support are faced with income insecurity as

\(^7\) Dependency ratio depicts dependency of relatives not so well off financially on relatives who are financially well-endowed.
they are left to fend for themselves (Mba, 2004) and consequently, poverty in old age is a major issue in Ghana. The self-employed contribute significantly to household income in Ghana. Their contribution to total household income is estimated at 25 percent (GSS, 2008), and yet, they are threatened by financial insecurity upon retirement.

As in many developing countries, social security protection for informal sector workers in Ghana is non-existent. Social security in this context is used to refer to old age pension. The aged are among the most vulnerable in society. Traditionally, children are considered ‘insurance for old age’ and children are expected to provide for parents in old age. However, this tradition is being continuously weakened due to continuous poverty, increasing urbanization, and modernization (Kumado & Gockel, 2003). Families are becoming more nuclear, and as a result, grown children with families of their own, are unable or unwilling to support their parents financially due to financial challenges of their own. Moreover, children who have moved from the rural to the urban areas may not be able to remit their parents or family members in the rural areas as they may have to attend to more pressing issues in the city.

In 2005, SSNIT introduced the Informal Sector Fund with the intent to secure pension benefits for cash crop farmers; namely, cocoa farmers, shea farmers, and cotton growers. The ISF is currently open to all workers in the informal sector. As the founder of ISF, SSNIT covered the operational cost as well as administrative costs. However, as in most nascent endeavours, the enrolment rate was lower than expected and thus no longer financially viable for SSNIT to retain ISF. Thus in May 2012, SSNIT sold ISF to National Trust Holding Company Ltd (NTHC) but remains a shareholder. In the next section, I will discuss the organizational profile of ISF as well as Ghana Revenue Authority and the National Pension Regulatory Authority. The organizations
under review are pertinent to pension premium and tax relief. Also discussed is a profile of the Market Queen\textsuperscript{8}.

**Key Informants Organization Profiles**

This section provides background information on the respective organizations chosen for this study. These are the Informal Sector Fund; Ghana Revenue Authority (GRA-Domestic Tax Revenue Division); and National Pension Regulatory Authority (NPRA). These organizations are related to pension schemes administration. The ISF provide pension schemes for workers in the informal sector; the GRA is a national agency that administers tax; and NPRA monitor and evaluate pension administration. Additionally, the background information on the Market Queen is also outlined. The rationale for choosing these organizations and the key informants is explained in detail in Chapter 4.

**Informal Sector Fund Profile**

The ISF provides old age pension (from 60 years), invalid, and death/survivor benefits. The Fund does not function as micro-finance, however, premium contributions are divided in two and traders can have access to half of their contributions six months into the program. As well, ISF works in concert with Ghana Life Insurance and State Insurance companies to enable members to enroll in insurance packages that are not offered by ISF. Moreover, effective in 2009, the ISF introduced the Educational Fund for children to its members. The age group

\textsuperscript{8} An overseer of the market; regulates market activities
targeted is 15 years to 59 years, inclusive. However, accommodations are made for ‘late joiners’ such as individuals who fall out of the specified age groups. Furthermore, members have to contribute for a minimum of 12 years to enjoy full benefits. By default, the pension is paid out in a lump sum at 2 percent above Treasury bill rates and is not indexed for inflation. However, the payment schedule can be spread at the contributor’s request for up to 10 years, for instance, or can be divided into a smaller lump sum and the remainder spread out.

Individuals who used to work in the formal sector and have become self-employed cannot build on the pension contribution they have made while in the formal sector as the ISF operates as a separate account.

**Ghana Revenue Authority Profile (Domestic Tax Revenue Division)**

The Ghana Revenue Authority (GRA) is an amalgamation of the Internal Revenue Service, Customs, Excise and Preventive Services, Value Added Tax Services, and Revenue Agencies Governing Board Secretariat and has been established to, among others, to incorporate the administration of Domestic tax and Customs. The GRA, by their mandate, assesses and collects taxes; advocates tax education and compliance; and safeguards against tax fraud and evasion, among other functions. The core functions are *to identify all tax payers; assess the taxpayer to taxes and levies; collect the taxes and levies; and pay all amounts into the consolidated fund* (GRA, 2013). The GRA has three main divisions namely; Customs Division, Domestic Tax Revenue Division, and Support Services Division. The GRA, particularly, the Domestic Tax Revenue Division is important for this study as it relates to tax implications, or lack thereof, for petty traders.
National Pensions Regulatory Authority (NPRA)

The NPRA was established in 2010 by the government in response to the public’s concerns over low pensions received by retired public servants under the Social Security and National Insurance Trust (SSNIT) pension scheme. Compared to the pension scheme inherited from colonial rule, CAP 30, pension benefits received by retired workers under SSNIT is low (OECD, 2011). Under CAP 30, pension coverage was non-contributory for many public officials, thus even with no payroll deductions, pensioners earn 70 percent of final salary, whereas even when payroll deductions were made, pensioners under SSNIT earn 60 percent of final salary (Kumado, 2003). Consequently, the Government in July 2004 initiated an overhaul of the pension system in Ghana and upon recommendations of the Pension Reform Implementation Committee, a new Pension Law, the National Pensions Act, 2008 (Act 766) was promulgated on December 12, 2008 (OECD, 2011). Subsequently, the NPRA was established to supervise, regulate, and monitor the three-tier pension scheme and functions to ensure compliance and to advise on pension policy (OECD, 2011).

The National Pensions Act is in four sections. Part one establishes a contributory three-tier pension scheme as well as National Pensions Regulatory Authority. The goal of the three-tier pension scheme is to secure retirement income for pensioners. The first tier is a basic national social security scheme and incorporates an improved SSNIT benefits. It is managed by SSNIT and is mandatory for all employees in the formal sector and optional for self-employed individuals. The second tier is a work-based pension scheme and mandatory but privately managed. It aims to give contributors higher lump sum benefits than those offered under SSNIT or Cap 30 pension schemes. The third tier, which is of particular interest to this research, is voluntary provident fund and personal pension schemes. It provides tax incentives for workers
in the formal sector who want to make voluntary contributions for additional benefits and also for workers in the informal sector.

Part Two of the Act entails basic national social security and concentrates on the first tier of the three-tier pension scheme. Part Three of the Act concerns the second and third tier of the three-tier pension scheme and Part Four of the Act deals with governance; i.e., Board of the Authority concerning activities of all the schemes (OECD, 2011).

**Petty trade conglomeration**

Based on this researcher’s experience in the field, there is no encompassing organization for petty traders per se. Instead, they are grouped and identified by the items being sold in their respective shops. In turn, a member of the respective subgroups is elected as the leader. However, it is context specific in that leadership is limited to specific markets. In the major markets however, the respective leaders in turn elect a member among the rank as the Market Queen. The Market Queen plays on overarching role for the entire market and also liaises between the market and the general public. This researcher interviewed a Market Queen, whose profile is discussed next.

**Market Queen Profile**

**Market Queen**

A Market Queen (MQ) was chosen to be a key informant in place of a representative of the Trade Union Congress because it was realized in the field that the Market Queen dealt
directly with petty traders, whereas the TUC plays an overarching role for all categories of traders in the informal sector.

A Market Queen serves as the overseer of the market and regulates market activities. To become a MQ, the individual must have headed what the Queen called “An Item”. An Item, the Queen explained, is the term used to refer to the various categories of traders in the market, such as Shoe Sellers Association, Used-Clothing Sellers Association, Fish Mongers Association, etc. Each category is headed by an executive that represents the associations at executive meetings to discuss issues relating to the welfare of traders. A MQ is elected at an executive meeting and is not a paid position.

The Market Queen this researcher interviewed used to be an executive of the Shoe Sellers Association. In the capacity of a Queen of the 31st Market (i.e., Accra central), she attends the Greater Accra regional meetings attended by Market Queens from all 40 markets in the region. She was then elected as the regional Secretary and subsequently as the regional President, a position she currently occupies.

In her official capacity as the Queen, the MQ meets with Item Executives to resolves various issues such as imitation products as well as unfair and exorbitant prices. She maintains peace and harmony in the market and serves as a mediator to resolve conflicts within and outside the market; for instance, if any trader runs afoul of the law, the MQ intervenes to resolve the issue except for criminal or assault charges. Furthermore, the MQ administers social welfare benefits such as monetary donations to defray health care costs and/or funeral expenses. She also arranges for transport if events are out of town. The MQ also represents the market at City Council and District Assembly meetings, respectively, to discuss issues ranging from interstate
succession law to government policies unfavourable to market traders. As well, the MQ meets the Accra Metropolitan Authority, their landlord, to negotiate market stall rents. Similarly, the MQ, in her capacity as the regional President, receives invitations from the government, from time to time, to make contributions to topical issues especially those affecting market traders.

Summary

This chapter set the context of this research. It provided background information on Ghana as well as the Greater Accra Region. Furthermore, the chapter provided information on the organizations as well as conglomeration of petty traders selected for this research. In summary, the social protection landscape in Ghana is tilted in favour of workers in the formal sector.
Chapter 4: Research Methods

Introduction

This chapter provides a detailed description of the means of data collection and analysis adopted for this research. It provides a background of participants interviewed as well as key informants and the rationale for selecting the respective key informants. The study was conducted in the Greater Accra Region. Sixty participants were interviewed; thirty in the Accra central market and thirty in the Madina suburb of Accra. Four key informants from different organizations relating to the informal sector in general, and petty traders in particular, were also interviewed. The study set out to identify barriers to petty traders’ participation in the ISF. The research was qualitative and employed purposive sampling to achieve its objectives. A qualitative research method was used because the study is interested in subjective verbal data to capture expressive as well as idiosyncratic information.

METHODOLOGY

Epistemological Perspective

Constructivism was selected as the epistemological strategy for the research. Constructivism is a social epistemology. Epistemology is considered social when the knowledge is context-specific (Steup, 2014). Constructivism positions the researcher as a partner to the participants as opposed to an objective analyst of subjects (Mills, Bonner, and Francis, 2006; Steup, 2014). Constructivism was chosen because context is complex, and this researcher was a “passionate participant” in the research process. The most common methodologies for
constructivist research include in-depth unstructured interviews, participant observation, action research, and grounded theory research, among others (Sobh and Perry, 2005). However, there is no specific method of development of knowledge (Petit and Huault, 2008).

**Data Acquisition Method**

The methods used to obtain data involved multiple sources. These are semi-structured interviews with participants and interview with key informants. The key informants were representatives of different organizations. By using semi-structured interviews with participants, there was room to ask for clarifications and/or additional information if necessary. Furthermore, considering most of the data is qualitative, multiple sources facilitate triangulation of results to improve validity and reliability.

**Sampling**

Purposive sampling, a non-random sampling technique, was used to select participants appropriate for this study. The study focused on petty traders. ‘Petty traders’ in this context describes vendors who are self-employed, stationary, and have a maximum of two assistants.

**Participants**

As noted previously, purposive sampling was used for this research. This method of sampling was used because there are different job categories in the informal sector, whereas this research was focused on petty traders. The target population established was petty traders with a maximum of two shop assistants. The study recruited a total of 60 participants from Makola and Madina in the Greater Accra metropolitan area. The Greater Accra Region is the second most
populated region and accounts for 15.4 percent of Ghana’s total population. Makola market serves as the business hub in Ghana due to its location at the heart of the capital city. Moreover, petty traders in the Accra metropolitan are from different ethnic backgrounds. These two market places were selected because Makola has a high concentration of petty traders due to intense trading activities in the area. Traders in Makola serve patrons from other parts of Accra as well as other parts of Ghana. These patrons include among others, private shoppers and shop-owners. Madina, on the other hand, has intermediate level trading activities, serves patrons from the suburb, and mostly busy on Market Days\(^9\). Both markets are close to the country’s most busy sea port of Tema.

**Data Collection with Petty Traders**

The data acquisition methods used for this research was a semi-structured questionnaire comprising of open-ended and close-ended questions. The questions were guided by the objectives of this research and the questionnaire was developed based on the conceptual framework. The guiding questions and data sources can be found in Appendix A. Participants from the areas surveyed - Accra Central and Madina market respectively - were randomly selected from the petty trader population. The researcher obtained a map of Accra city centre to determine the central point of the market. The researcher then proceeded to the northern part of the market and entered the fiftieth shop. The first shop approached by the researcher did not meet the selection criteria as it was a big store and had four store assistants. The next fiftieth store fit the selection criteria and as such, the researcher introduced herself, explained the

\(^9\) Days designated for produce delivery by farmers and/or middlepersons thereby giving patrons an opportunity to purchase fresh produce.
purpose of the study, and proceeded with the interview only when the respondent was willing to participate in the study. From the first shop and still in the northern part of the market, the researcher counted another 50 stores and approached the shop owner of the fiftieth shop. Owners/managers of shops that did not fit the selection criteria were not interviewed. This procedure was repeated by the researcher until 8 shop owners/managers were interviewed. The researcher then returned to the centre of the market and repeated the process in the eastern, western, and southern side of the market. In all, 30 participants were interviewed: 7 shop owners/managers were interviewed in the eastern part; 8 shop owners/managers each were interviewed in the southern and northern parts respectively; and 7 shop owners/managers were interviewed in the western part of the market. On many occasions, the interviews were interrupted by shoppers thus the researcher paused and continued after the shop owner had attended to customers.

Madina market was smaller than Makola. As such, the researcher was able to locate the central point of the market without consulting a map. The sampling strategy adopted at Makola market was repeated in Madina. However, unlike Makola, trading activities in Madina extend beyond the market centre. The roads connecting Madina and nearby suburbs are cluttered with shops on both sides of the street. Moreover, in addition to store units, most of the houses close to the streets have shops adjacent to the gate whereby such houses serve as workplace and place of residence. As such, the researcher interviewed 15 petty traders in the market and 15 petty traders in the street/house shops. Concerning petty traders by the street, the researcher interviewed shop owners/managers, starting from shops closest to the market and walked along the road leading to Madina Estates and interviewed a total of 10 shop owners. Subsequently, the researcher
interviewed a total of 5 shop owners/managers by the street on the road connecting Madina Estates to Ashaley Botwe.

Although both markets are overcrowded whereby transient petty traders obscured the footpath, moving from place to place in the areas surveyed was not difficult due to the researcher’s prior familiarity with the city. Overall, 60 participants were interviewed; 30 each in Madina and Makola. All participants spoke Twi or Ga, as did the researcher. All interviews were conducted in the petty traders’ respective shops between June and August, 2013. The researcher read out the questions for the participants. Responses provided that were not pre-coded as possible responses on the questionnaire were marked as ‘other/specify’ and later coded by the researcher. To maintain confidentiality, all participants were assigned numerical labels.

Data Collection with Key Informants

Four key informants (KI) were interviewed. These KIs were from the Informal Sector Fund\(^{10}\) (ISF), Ghana Revenue Authority (Domestic Tax Revenue Division), National Pensions Regulatory Authority (NPRA), and a Market Queen\(^{11}\)(MQ). The KI interviews were aimed to address the fourth objective of this research, i.e., to identify policies and their implications for enrolment in the ISF. The rationale for choosing these key informants is as follows:

- An informant of ISF was interviewed because the ISF is the service provider.

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\(^{10}\) The researcher, under the impression that ISF was run by SSNIT, first visited the SSNIT head office to set up an appointment with the official in charge of ISF. It was then that the researcher learnt ISF was housed in a different building.

\(^{11}\) An overseer and regulator of market activities; explained in detail under Key Informants profile.
• A representative of the GRA was interviewed to obtain information on tax implications for petty traders who choose to enroll with the ISF, particularly, if petty traders are entitled to tax credits and if so, whether they take advantage of the opportunity.

• A representative of NPRA was interviewed to obtain information on how the new Pension Law, the National Pensions Act, 2008, affects workers in the informal sector.

• A MQ\(^{12}\) was interviewed to obtain information on petty traders and group dynamics in the market.

Two of the four key informants, ISF and NPRA were selected by their respective organizations for the interview. These were the Operations Manager for ISF and the Corporate Affairs Manager for NPRA. Concerning the informant from the GRA, the researcher, upon making enquiries at the reception of their head office and explaining the purpose of the visit, was directed to the Officer in charge of Domestic Tax Revenue Division. The Officer holds the position of an Internal Auditor. The researcher was directed to the Market Queen by petty traders. All but one KI interview were conducted in person. The KI from NPRA opted to answer questions via email. The remaining 3 interviews were conducted at their respective offices\(^{13}\). The interview schedule involved semi-structured and open-ended questions. The questions were developed by the researcher aimed to obtain information on the role of the respective organizations in the informal sector and its impact on petty traders. Although the pieces of information gathered from key informants are aimed to realize the same objective, the

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\(^{12}\) While booking an appointment for the interview, the MQ pointed out to this researcher that customs demand that visitors must provide foreign spirits to be granted audience. The MQ explained that she did not drink alcohol as such, the ‘present’ of foreign spirits should be converted to cash, which this researcher did accordingly. On the day of the interview, MQ’s assistant (likely a linguist) checked the envelope to be sure it contained the required amount. She then signaled the queen and we proceeded with the interview.

\(^{13}\) The MQ was interviewed at the porch of 31\(^{st}\) December Market Day Care Centre (Accra central), which serves as her office.
respective respondents did not answer the same set of questions. The questions were given to the interviewees on the first visit and the interviews were conducted at a later date set by the interviewees. Due to the MQ’s schedule, the questions were read out on the phone and a later date was set for the interview. Notes were taken by the researcher as two KIs did not consent to being recorded. The interview with the MQ was recorded.

DATA ANALYSIS

Petty Trader Questionnaire

Field notes were analyzed daily and notes for analysis were entered into MS Excel spreadsheet. Responses provided that were not listed on the questionnaire were coded and entered in a spreadsheet in the field. Upon arrival in Guelph, the researcher entered the data in SPSS 21 software program and ran basic descriptive statistics on the data. Responses to open-ended questions were typed and grouped into recurring themes. Interestingly, the respective responses were very brief, which facilitated the grouping. The themes were categorized in SPSS 21, assigned value labels, and analyzed to obtain descriptive data.

Key Informant Interviews

As mentioned previously, KIs from the ISF and GRA declined tape-recording of the interview and the responses from NPRA key informant were emailed to this researcher. The KIs answered different open-ended questions. Thus notes taken by the researcher at the interview with KIs from ISF and GRA were transcribed. Concerning the interview with the MQ, due to
the loud background noise on the audio recording of the interview (as the interview was recorded on a busy market day), the assistance of audio experts was sought from the University of Guelph’s campus radio station, CFRU 93.3 FM, to increase the interviewee’s voice over the background noise. This eased the transcription process and the recorded data were all transcribed. The MQ preferred to speak Ga\textsuperscript{14}, thus the interview was conducted in Ga and translated by this researcher. This researcher played the entire recording to get the grasp of interview and then proceeded to transcribe the interview. The transcription was carried out in bits while comparing with notes taken at the interview by this researcher. This helped fill gaps where they existed.

**Limitations and Assumptions**

The characteristics of participants interviewed did not differ as originally thought. This researcher had assumed that the Madina market was home to petty traders from peri-urban areas on “market days”. Instead, the main difference between the two markets studied was the shop structure; shops in Makola were strictly commercial centres, whereas most shops in Madina doubled as place of residence. Moreover, a considerable number of shops in Madina are owned and operated by Ghanaians with dual citizenship, that of Ghana and a developed country. Petty traders from peri-urban areas to Madina, who engage in trading activities on “market days” are mainly wholesalers and thus do not own stalls in the market. Thus, petty traders from peri-urban areas, although indirectly a part of trading activities in Madina, could not be interviewed for this study.

\textsuperscript{14} The native language of Greater Accra
Summary

This chapter described the methods adopted to address the research objectives. It explained the sampling techniques used for this research and also justified why the adopted technique was the most appropriate for the study. The interview schedule engaged the patrons and prospective patrons of the ISF pension scheme, the service provider, the internal revenue agency, and the service monitoring organization, aimed to address the objectives of the study. The limitations of the study were also discussed.
Chapter 5: Findings

Introduction

This chapter presents the results from interviews with petty traders in the Greater Accra region, specifically, Accra Central and Madina market, respectively as well as the findings that pertain to the KIs. As mentioned earlier, there are four objectives of this research. Response from petty traders addresses the first 3 objectives, while the interview with the KIs addresses the fourth objective. Participants answered a total of 25 questions; 12 questions are related to the demographic information, while 13 questions address the first 3 research objectives. The questions can be found in Appendix A. The interview schedule for the KIs varied; the representatives of ISF, GRA, and NPRA answered 29, 5, and 5, questions respectively (in that order), while the MQ answered 6 questions. The questions for the KIs can be found in Appendix B (ISF key informant), Appendix C (GRA key informant), and Appendix D (NPRA key informant). The questions for the MQ can be found in Appendix E. This chapter is in two sections. Section I outlines the findings from petty traders and covers objectives one, two, and three of this research and is divided into Madina and Accra. Section II outlines the findings from key informants, covering research objective four.
Section I

MADINA

Participants

Petty traders in Madina are heterogenous; of the thirty respondents interviewed for this study, 50 percent were male and 50 percent were female. The average age is 37 years but range in age between 25 and 45 years inclusive. On average, participants have engaged in trading activities in Madina for at least 10 years. Some were born in Accra, while others moved to Madina suburb for business opportunities.

Table 5.1: Sex of Participants

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>15</td>
<td>50</td>
</tr>
<tr>
<td>Female</td>
<td>15</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 5.2: Sex and Age of Participants

<table>
<thead>
<tr>
<th>Age group</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percent</td>
<td>Frequency</td>
</tr>
<tr>
<td>25-34</td>
<td>4</td>
<td>13</td>
<td>4</td>
</tr>
<tr>
<td>35-44</td>
<td>8</td>
<td>27</td>
<td>10</td>
</tr>
<tr>
<td>45-56</td>
<td>3</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td></td>
<td>50</td>
</tr>
</tbody>
</table>
Table 5.3: Participants’ Educational Background

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never attended school</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Primary school</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>JHS/MLSC</td>
<td>11</td>
<td>37</td>
</tr>
<tr>
<td>SHS/GCE</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>Other (Vocational/Technical)</td>
<td>8</td>
<td>27</td>
</tr>
<tr>
<td>First Degree</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Fifty percent of the respondents live in Madina continuously and 50 percent indicated they travel out of Accra for business trips or to attend social events. Concerning educational background of respondents, 37 percent of the respondents completed the 3 year junior high school; 27 percent completed vocational or technical school; 3 percent never attended school; and 3 percent reported having a first degree. With regard to participants’ housing arrangements, 53 percent were renting, 27 percent owned their house, and 17 percent were house-sitting.\(^{15}\)

Seventy-percent of the respondents indicated they were the head of their respective families with an average of 4 people in a household; the number ranges between 1 and 8 people. Concerning income, 53 percent of the respondents indicated they could not provide an estimate of their income. Of those who could, 10 percent indicated 200 and 500GHS\(^{16}\), respectively, while 3 percent each reported 700, 1000, and 1500GHS. There was a fair representation of most ethnic groups among the respondents, however, 30 percent were Ewe, 20 percent were Akan, 13 percent were Ashanti, and 10 percent were Kwawu. Over 40 percent of the respondents were

\(^{15}\) Long term house-sitting whereby the house owner, who also owns a shop and resides abroad, gives out a small detached bungalow behind the main house for the store manager’s use.

\(^{16}\) Ghana cedis (1 GHS = 0.458431 CAD, as of Jan. 6, 2014)
shop managers. The absentee shop owners include investors who set up many shops and hire managers to run the store, individuals employed in the formal sector who set up shops as a means of additional income, and Ghanaians residing abroad. This piece of information emerged as the researcher, after introducing herself to prospective participants and explaining the purpose of the study, asked to speak with the store owner. The researcher also realized that the arrangement was not temporary as the shop managers have been placed on salary and have been working on a long-term basis.

Results

The first objective of this study is to determine the level of awareness of ISF among petty traders. In response to a question that asked if respondents had heard about the ISF, 73 percent of the respondents stated they had not heard about the ISF. Of the 27 percent respondents who had heard, 14 percent heard about the program from friends/family, 10 percent heard on the radio/TV, and three percent heard from an ISF Agent. Respondents who stated they had heard about the ISF were asked if they knew the details of the insurance package. Twenty percent indicated they knew the details, while seven percent indicated they did not know the details. Most of those who knew about the existence of ISF had not enrolled in the program. Moreover, three respondents indicated they had become inactive members as ISF agents no longer showed up to collect the premium and they were getting concerned.

Table 5.4: Response to a question on knowledge of ISF

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>22</td>
<td>73</td>
</tr>
<tr>
<td>Yes</td>
<td>8</td>
<td>27</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>
Table 5.5: Response from participants who have knowledge of ISF to a question on knowledge of ISF insurance benefits

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>2</td>
<td>25</td>
</tr>
<tr>
<td>Yes</td>
<td>6</td>
<td>75</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>100</td>
</tr>
</tbody>
</table>

The second objective is to identify dispositional barriers towards pension schemes. In response to a question that asked how long respondents intend to remain economically active, 60 percent stated they plan to work indefinitely. Interestingly, 67 percent of respondents expressed a desire for a “formal retirement” as pertains to their counterparts in the formal sector. Moreover, when asked what income they would rely upon on retirement, 50 percent of respondents indicated they would fall on savings, 23 percent stated they will depend on their children, 10 percent stated they were uncertain, and three percent stated they intend to transfer the business and would expect the beneficiary to provide financial assistance.

Similarly, 67 percent of the respondents indicated they wished for retirement benefits as their counterparts in the formal sector. However, seven percent of the respondents indicated they had dual citizenship (Ghana and a developed country) and therefore did not care for a Ghana pension. Moreover, in response to a question that asked if enrolling in pension schemes was a good idea, 93 percent of the respondents stated it was a good idea. Asked why it was a good idea, 70 percent of the respondents stated financial security; 17 percent stated that although a good idea, they did not trust the ISF and were skeptical about the money being available when they need it; and seven percent stated that although a good idea, they would need financial literacy to decide. One of the respondents who expressed skepticism stated the fears were based on experiences with “government bureaucracy”.

58
Table 5.6: Response to a question on how long participants intend to remain economically active

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Till 50s</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Till 60s</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>Indefinitely</td>
<td>18</td>
<td>60</td>
</tr>
<tr>
<td>Uncertain</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 5.7: Response to a question on participant’s expected income in old age

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will work indefinitely</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Uncertain</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Children</td>
<td>7</td>
<td>24</td>
</tr>
<tr>
<td>Savings</td>
<td>15</td>
<td>50</td>
</tr>
<tr>
<td>Investments in real estate</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Savings &amp; children</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Will transfer job and beneficiary will support me</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 5.8: Response to a question on whether participants wish for a formal retirement as pertains to the formal sector

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>7</td>
<td>23</td>
</tr>
<tr>
<td>Yes</td>
<td>20</td>
<td>67</td>
</tr>
<tr>
<td>Will think about it</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Has dual citizenship; therefore covered</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>
Table 5.9: Response to a question on participants’ perceptions of pension schemes

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good for financial security</td>
<td>21</td>
<td>70</td>
</tr>
<tr>
<td>Good but mistrust for ISF</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>Needs financial literacy first</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Too much bureaucracy with state</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>organizations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Will expand business instead</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

The third objective is to identify situational barriers. In response to a question that asked if participants would be interested to enroll in the ISF pension scheme if the premium payment was flexible, 86 percent of the respondents stated they would be interested, seven percent stated they were not interested, and seven percent indicated they were unsure. Further asked what was meant by *flexible*, 47 percent of the respondents stated monthly and 30 percent stated seasonal. Similarly, 10 percent of respondents were adamant they were not interested however flexible the payment schedule was and repeated they did not trust the ISF and would not transact business with them. Furthermore, respondents were also asked if they would be willing to enroll with the ISF if the premium was subsidized by the government; 90 percent indicated they would be interested, whereas 10 percent stated they were not sure. Moreover, in response to a question that asked if respondents would be interested to enroll if they did not have to pay any premium, 30 percent stated they would not enroll and 70 percent indicated they would. Additionally, 10 percent of respondents indicated they were members and had become inactive as ISF agents no longer showed up to collect the insurance premium. They stated they were getting anxious and were adamant they could not visit the ISF offices in person to pay the premium as they would have to abandon their business to do so.
MAKOLA

Participants

The average age of respondents is 43 years of age but range between 28 and 56 years, inclusive. Eighty-three percent of those sampled are over 35 years old. Sixty-seven percent of the respondents were born in Accra, while 33 percent have lived and have been working as petty traders in Accra for an average of 16 years. There is an almost equal representation of both sexes among participants interviewed; 47 percent were male and 53 percent were female. Compared to Madina, most of the respondents were shop owners; 90 percent owned their shops and 10 percent were shop managers. Similarly, 53 percent owned their homes, 30 percent were renting, 13 percent lived in a family house\textsuperscript{17}, and four percent were house-sitting. Furthermore, 60 percent of respondents indicated they were the family head/bread winner of their respective families, with an average of four people per household, ranging between one and nine, inclusive.

Table 5.10: Sex of Participants

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>14</td>
<td>47</td>
</tr>
<tr>
<td>Female</td>
<td>16</td>
<td>53</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 5.11: Sex and Age of Participants

<table>
<thead>
<tr>
<th>Age group</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percent</td>
<td>Frequency</td>
</tr>
<tr>
<td>25-34</td>
<td>3</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>35-44</td>
<td>7</td>
<td>24</td>
<td>5</td>
</tr>
<tr>
<td>45-56</td>
<td>4</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>47</td>
<td>53</td>
<td>100</td>
</tr>
</tbody>
</table>

\textsuperscript{17} An inherited house occupied by the children, grandchildren, etc., of original owner(s).
Table 5.12: Participants’ Educational Background

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never attended school</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Primary school</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>JHS/MLSC</td>
<td>10</td>
<td>33</td>
</tr>
<tr>
<td>SHS/GCE</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>Other (Vocational/Technical)</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>First Degree</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Concerning the ethnic background of respondents, although most ethnic groups were represented, 30 percent were Kwawu, 20 percent were Ga, and 10 percent were Ashanti. Thirty percent of participants reported having completed junior high school, 20 percent completed senior high school, 10 percent never attended school, and seven percent had a first degree. Moreover, 50 percent of respondents indicated they could not provide an estimate of their income. Respondents who provided an estimate reported an average monthly income of 310GHS, ranging between 60GHS and 1000GHS, inclusive.

Results

As stated previously, the first objective is to determine the level of awareness of ISF among petty traders. Sixty-seven percent of respondents indicated they had not heard about the ISF, while 37 percent indicated they had. As well, 80 percent of participants who reported to have heard about the ISF stated radio/TV as their source, while three percent indicated friend/family and ISF agent, respectively. Similarly, of respondents who know about the ISF, 70 percent stated they did not know the details of the insurance benefits.
One respondent, the only ISF active member among participants, mentioned that he makes a monthly visit to the ISF office to pay the insurance premium and had not encountered any problems whatsoever at the time of the interview.

Table 5.13: Response to a question on knowledge of ISF

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>20</td>
<td>67</td>
</tr>
<tr>
<td>Yes</td>
<td>10</td>
<td>33</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 5.14: Response from participants who have knowledge of ISF to a question on knowledge of ISF insurance benefits

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>7</td>
<td>70</td>
</tr>
<tr>
<td>Yes</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100</td>
</tr>
</tbody>
</table>

Relating to the second objective of this research, the response was similar to that of Madina. In response to a question on how long participants intend to remain economically active, 73 percent of the respondents indicated they intend to work indefinitely. Four respondents stated to the researcher that working with no social security benefits was an occupational risk they were willing to take. Furthermore, in response to a question that asked what income participants would fall on if physically impossible to work, the trajectory of the responses was similar to Madina. Sixty percent of respondents stated savings, 13 percent stated children, 10 percent stated uncertain and real estate investment\(^{18}\), respectively, and 7 percent indicated savings & children. Participants who indicated they were uncertain stated that they were unsure at the moment if their children can or would be able to help when needed.

\(^{18}\) Usually a house or two; renting whole house or in units
Table 5.15: Response to a question on how long participants intend to remain economically active

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Till 60s</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Indefinitely</td>
<td>22</td>
<td>73</td>
</tr>
<tr>
<td>Uncertain</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 5.16: Response to a question on expected income in old age

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uncertain</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Children</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Savings</td>
<td>18</td>
<td>60</td>
</tr>
<tr>
<td>Investments in real estate</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Savings &amp; children</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 5.17: Response to a question on whether participants wish for a formal retirement as pertains to the formal sector

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>7</td>
<td>23</td>
</tr>
<tr>
<td>Yes</td>
<td>22</td>
<td>73</td>
</tr>
<tr>
<td>Will think about it</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 5.18: Response to a question on participants’ perceptions of pension schemes

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good for financial security</td>
<td>27</td>
<td>91</td>
</tr>
<tr>
<td>Good but mistrust for ISF</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Needs financial literacy first</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Will expand business instead</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Concerning the third objective of this research, participants were asked if they wished for formal retirement as pertains to the formal sector. Akin to that of respondents in Madina, 73
percent of respondents expressed a wish for retirement. Similarly, 91 percent of respondents indicated it was a good idea to save for retirement. Participants who stated it was not a good idea to save for retirement indicated they would rather expand their business. Moreover, 63 respondents stated they would be interested to enroll with ISF for pension benefits, 17 percent stated they would not, and 13 percent were unsure.

In response to a question on ISF insurance premium flexibility, 73 percent indicated they would be interested to enroll if the ISF premium payment schedule was flexible; 10 percent stated they were not sure; and 17 percent responded they would not. Furthermore, of the respondents who expressed an interest in a flexible premium payment schedule, 43 percent indicated they would prefer a monthly payment; 7 percent preferred a seasonal payment schedule, 10 percent opted for weekly payments, and 3 percent stated they would call ISF agents when suitable. Participants who indicated they would not be interested, regardless of premium flexibility, pointed out they could not trust the ISF and would therefore prefer to invest privately towards retirement. In one of the respondents own words, “In this country, it is each for himself and God for us all”. As well, 80 percent of respondent indicated they would enroll if the premium is subsidized by government; 10 percent were not sure; and 10 percent responded they would not. Moreover, in response to a question that asked if participants would be interested to enroll if they did not have to pay any premium, 23 percent of participants responded they would not; 27 percent indicated they were not sure; and 50 percent stated that they would.

To determine the trajectory of attitudes towards pension schemes based on the sex of participants, the data was also analyzed by gender. The result is discussed next.
Madina and Makola by gender, age, and educational level

This subsection is a revisit to objective 2 (dispositional barrier). Thus the discussion will focus only on attitudes towards pension schemes, primarily because none of the participants specified that they had unfavourable view of pension schemes because of the premium and/or the payment schedule.

Regarding how long participants intend to remain economically active, as discussed previously, most of the participants indicated they plan on working indefinitely. When analyzed by gender, the proportion is higher for female than male. Seventy-four percent of female respondents intend to work indefinitely compared to 59 percent men. However, the male respondents are more uncertain about the future compared to their female counterparts. Thirty-one percent men compared to 10 percent female.

With respect to age and response, the respective ages of participants were divided into three age groups for analysis. These are 25-34, 35-44, and 44-56. In this regard, the resolve to work indefinitely does not differ across age groups as over 60 percent of participants in the respective age groups do not plan to retire. Similarly, when analyzed by educational background, individuals who intend to work indefinitely remain the majority. However, individuals who plan to retire early (in their fifties) have a first degree educational background.

Concerning participants’ expected income in old age, the proportion of female respondents who indicated they expect their children to look after them is higher than their male counterparts; 29 percent female compared seven percent male. Additionally, the male respondents are more likely to invest in real estate to secure their future compared to the female respondents; 10 percent male vs. three percent female. When analyzed by age group, over 50
percent of respondents across the respective groups indicated they would live on their savings, while on average, 20 percent across all groups stated they would depend on their children. The pattern is the same across participants’ educational background. However, respondents who indicated they would invest in real estate as a financial security strategy - 13 percent – are in the 35-44 age group and have at least a senior high school education.

Furthermore, concerning participants’ wish for a formal retirement, of the total response in the affirmative, female participants were moderately higher than male participants (77 percent vs. 62). Additionally, participants who indicated they would think about it were all male. Across the age groups, although the majority responded in the affirmative, the percentage point difference between a yes and a no varies and is smaller among the 44-56 age group: 66 percent for 35-44 age group vs. 24 percent for 44-56 age group. As well, participants who indicated they had dual citizenship and did not care for Ghana pensions fall in the 44-56 age groups. Relating to responses by educational level of participants, the trajectory was the same as across the age groups, however, those who had never attended school as well as those who had primary school education all responded in the affirmative, whereas participants who indicated they would think about it have at least a senior high school education.

Moreover, relating to participants’ perceptions of pension schemes, as discussed previously, the majority of participants indicated it was a good idea as the concept was good for financial security. However, of those who indicated they did not trust the ISF, 16 percent of responses were female vs. three percent men. Additionally, participants who indicated they would rather expand their business than invest with ISF – seven percent – were male. Across the age groups, the majority of respondents had favourable perceptions of pension schemes; however, the level of mistrust of ISF is highest among 25-34 age group (15 percent vs. six
percent for 44-56 age group). Furthermore, participants who fell in 35-44 age group did not express an interest in financial literacy and were the only respondents to have indicated they would expand their business instead. As well, although the favourable perceptions transcend participants’ educational level, individuals who expressed interest in financial literacy have junior or senior high school education.

Regarding how long participants intend to remain economically active, as discussed previously, most of the participants indicated they plan on working indefinitely. When analyzed by gender, the proportion is higher for female participants than male. Seventy-four percent of female respondents intend to work indefinitely compared to 59 percent men. However, the male respondents are more uncertain about the future compared to their female counterparts. Thirty-one percent male participants compared to 10 percent female participants.

Concerning participants’ expected income in old age, the proportion of female respondents who indicated they expected their children to look after them is higher than their male counterparts; 29 percent female compared seven percent male. Additionally, the male respondents are more likely to invest in real estate to secure their future compared to the female respondents; 10 percent male vs. three percent female. Furthermore, relating to participants’ wish for a formal retirement, of the total response in the affirmative, female participants were moderately higher than male participants (77 percent vs. 62). Additionally, participants who indicated they would think about it were all male (seven percent).

Relating to participants’ perceptions of pension schemes, as discussed previously, the majority of participants indicated it was a good idea as the concept was good for financial security. However, of those who indicated they did not trust the ISF, 16 percent were female vs.
three percent male. Additionally, participants who indicated they would rather expand their business than invest with ISF were male (seven percent).

Table 5.19: Sex distribution of participants

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>29</td>
<td>48</td>
</tr>
<tr>
<td>Female</td>
<td>31</td>
<td>52</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 20: Sex and Age of participants

<table>
<thead>
<tr>
<th>Age group</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percent</td>
<td>Frequency</td>
</tr>
<tr>
<td>25-34</td>
<td>7</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>35-44</td>
<td>16</td>
<td>26</td>
<td>15</td>
</tr>
<tr>
<td>45-56</td>
<td>6</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>52</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 5.21: Response to a question on how long participants intend to remain economically active

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Till 50s</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Till 60s</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Indefinitely</td>
<td>17</td>
<td>23</td>
</tr>
<tr>
<td>Uncertain</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>31</td>
</tr>
</tbody>
</table>
Table 5.22: Response to a question on how long participants intend to remain economically active (by age group)

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25-34</td>
<td>35-44</td>
</tr>
<tr>
<td>Till 50s</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Till 60s</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Indefinitely</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>Uncertain</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>13</td>
<td>30</td>
</tr>
</tbody>
</table>

Table 5.23: Response to a question on how long participants intend to remain economically active (by education level)

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Never attended school</td>
</tr>
<tr>
<td>Till 50s</td>
<td>0</td>
</tr>
<tr>
<td>Till 60s</td>
<td>0</td>
</tr>
<tr>
<td>Indefinitely</td>
<td>4</td>
</tr>
<tr>
<td>uncertain</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
</tr>
</tbody>
</table>

*Junior high school/middle school certificate
●senior high school/general certificate of secondary education

Table 5.24: Response to a question on participants’ expected income in old age (by gender)

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Will work indefinitely</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Uncertain</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Children</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Savings</td>
<td>18</td>
<td>15</td>
</tr>
<tr>
<td>Investments in real estate</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Savings and children</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Will transfer job and beneficiary will support me</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>31</td>
</tr>
</tbody>
</table>
Table 5.25: Response to a question on participants’ expected income in old age (by age group)

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
<th>25-34</th>
<th>35-44</th>
<th>44-56</th>
<th>25-34</th>
<th>35-44</th>
<th>44-56</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will work indefinitely</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Uncertain</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td>8</td>
<td>13</td>
<td>6</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Children</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>23</td>
<td>13</td>
<td>24</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Savings</td>
<td>8</td>
<td>15</td>
<td>10</td>
<td>61</td>
<td>52</td>
<td>58</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Investments in real estate</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>13</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Savings and children</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>8</td>
<td>3</td>
<td>12</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Will transfer job and beneficiary will support me</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>13</td>
<td>30</td>
<td>17</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 5.26: Response to a question on participants’ expected income in old age (by education level)

| Category                                      | Frequency |  |  |  |  |  |  |
|-----------------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Will work indefinitely                        | 0         | 0         | 0         | 0         | 1         | 0         |
| Uncertain                                     | 1         | 2         | 1         | 1         | 1         | 0         |
| Children                                      | 1         | 1         | 4         | 3         | 2         | 0         |
| Savings                                       | 2         | 3         | 13        | 4         | 9         | 2         |
| Investments in real estate                    | 0         | 0         | 0         | 3         | 1         | 1         |
| Savings and children                          | 0         | 0         | 2         | 1         | 0         | 0         |
| Will transfer job and beneficiary will support me | 0         | 0         | 1         | 0         | 0         | 0         |
| Total                                         | 4         | 6         | 21        | 12        | 14        | 3         |

Table 5.27: Response to a question on whether participants wish for a formal retirement as pertains to the formal sector (by gender)

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>7</td>
<td>7</td>
<td>24</td>
<td>23</td>
<td>23</td>
<td>0</td>
</tr>
<tr>
<td>Yes</td>
<td>18</td>
<td>24</td>
<td>62</td>
<td>77</td>
<td>77</td>
<td>0</td>
</tr>
<tr>
<td>Will think about it</td>
<td>2</td>
<td>0</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Has dual citizenship; therefore covered</td>
<td>2</td>
<td>0</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>31</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>
Table 5.28: Response to a question on whether participants wish for a formal retirement as pertains to the formal sector (by age group)

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25-34</td>
<td>35-44</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Yes</td>
<td>8</td>
<td>25</td>
</tr>
<tr>
<td>Will think about it</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Has dual citizenship; therefore covered</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>13</td>
<td>30</td>
</tr>
</tbody>
</table>

Table 5.29: Response to a question on whether participants wish for a formal retirement as pertains to the formal sector (by education level)

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>First Degree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Never attended school</td>
<td>Primary School</td>
<td>JHS/MLSC</td>
<td>SHS/GCE</td>
<td>Other (Vocational/Technical)</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>2</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Yes</td>
<td>4</td>
<td>6</td>
<td>14</td>
<td>9</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>Will think about it</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Has dual citizenship; therefore covered</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>6</td>
<td>21</td>
<td>12</td>
<td>14</td>
<td>3</td>
</tr>
</tbody>
</table>

Table 5.30: Response to a question on participants’ perceptions of pension schemes (by gender)

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Good for financial security</td>
<td>23</td>
<td>25</td>
</tr>
<tr>
<td>Good but mistrust for ISF</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Needs financial literacy first</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Too much bureaucracy with state-run organizations</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Will expand business instead</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>31</td>
</tr>
</tbody>
</table>
Table 5.31: Response to a question on participants’ perceptions of pension schemes (by age)

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25-34</td>
<td>35-44</td>
</tr>
<tr>
<td>Good for financial security</td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td>Good but mistrust for ISF</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Needs financial literacy first</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Too much bureaucracy with state-run organizations</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Will expand business instead</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>13</td>
<td>30</td>
</tr>
</tbody>
</table>

Table 5.32: Response to a question on participants’ perceptions of pension schemes (by education level)

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Never attended school</td>
</tr>
<tr>
<td>Good for financial security</td>
<td>3</td>
</tr>
<tr>
<td>Good but mistrust for ISF</td>
<td>1</td>
</tr>
<tr>
<td>Needs financial literacy first</td>
<td>2</td>
</tr>
<tr>
<td>Too much bureaucracy with state-run organizations</td>
<td>1</td>
</tr>
<tr>
<td>Will expand business instead</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
</tr>
</tbody>
</table>

In sum, the two cases are more similar than different. The similarity involves their knowledge about the ISF as in both cases, most of the respondents had not heard about the ISF. As well, in both cases, most petty traders intend to work indefinitely and maintain they are saving money to secure their financial security in old age. The main difference between the two cases is the demography. Most of the petty traders in the Accra Central market own their shops, whereas in Madina, most of the petty traders are shop managers. Additionally, in Madina, residential areas are cluttered with shops and most of these shops are owned and operated by
Ghanaians with dual citizenship. The next section is an outline of the results of objective four of this research.

**Section II**

The fourth objective was to identify polices and their implications for enrolment into the ISF. In this section, results from the KIs will be discussed. I will explain the findings from interview with representatives of the ISF, NPRA, and GRA. Findings from the interview with the MQ are also discussed.

**Informal Sector Fund**

In response to a question that asked if the extension of pension coverage to the informal sector entail additional administrative cost the informant indicated it did not. The informant explained however that the main cost involves salaries for agents\(^{19}\). This researcher also enquired if the ISF is administered as microfinance to which the informant stated it did not. The informant explained further that members have access to half of their contributions six months into the program, in that respect, members who need the funds to reinvest in their business can do so. In response to a question that asked if the ISF is publicized, the informant indicated that SSNIT, the previous owners embarked on educational programs targeting occupational associations, particularly, seamstresses in Kaneshie Market. Additionally, due to the high costs

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\(^{19}\) Pension insurance sales agents
involved in radio and television advertisements, the program is publicized occasionally on radio
and TV in Twi or English.

The ISF premium is determined by taking into consideration the trader’s financial
capability. Similarly, the premium payment schedule is determined by the trader, i.e., daily,
weekly, or monthly, and is collected by ISF agents. In response to a question that asked if the
ISF is considering digital mobile banking to collect premiums, the informant stated that the
organization attempted to introduce such a program but ran into technical difficulties such as a
mismatch of name vs. identification number. The informant explained that their organization
had worked with two banks so far and encountered issues such as misidentification of names and
social security numbers of members. However, the informant stated, they are still working with
the banks to rectify these technical glitches so as to make such services available to current
members as well as potential members. Currently, the ISF relies on collection agents to visit
traders and collect premiums and subsequently, a high turnover.

In response to a question that asked if the ISF shares enrollees’ information with the
GRA, the informant indicated their organization does not share any information with the GRA.
Asked if shop owners are required to provide welfare benefits and/or pension benefits to
employees/store managers, the informant indicated there is no such provision and is at the
discretion of the employer to offer such benefits. Similarly, SSNIT, ISF, or the government has
not embarked on a financial literacy program for the general public, particularly, informal sector
workers, to raise awareness of protection against life’s uncertainties. The informant indicated
that petty traders are used to *Susu*\(^{20}\), a traditional informal means of saving through saving clubs, and are unlikely to save outside their network.

The informant had no knowledge of the potential market size for their products and could not provide figures of the total membership of ISF in Accra or other regions.

**Ghana Revenue Authority**

In response to a question that asked about the criteria used to determine tax rates for petty traders, the informant stated that some traders file for annual tax account detailing trading activities upon which tax rates are based. The informant indicated the practice is however uncommon and is mainly utilized by traders who travel abroad for business and thus need tax documents for visa purposes. The informant mentioned also that most of such traders are not aware that they could protest if they felt they had been taxed unfairly. Those who do usually return to GRA offices to report that they had overestimated their earnings and thus receive tax credit against the following year. Furthermore, for traders who do not volunteer business information, their shops are visited by GRA officers who make a ‘visual’ assessment of the shop and issue a tax stamp for a specified amount (based on the visual assessment). Moreover, due to the subjective nature of the tax collection process, there is no such thing as “tax refund” for petty traders. However, petty traders who could prove they had overpaid taxes, which this researcher learnt is rare, could receive tax credit against the following year but not cash. The informant stated further that it is difficult to determine if a shop owner has under or over paid taxes. As well, some petty traders do not pay tax as currently, there is no tax collection mechanism to

\(^{20}\) *Susu* is based on trust and personalized relationships whereby club members contribute a specified amount every month, and each member take turns as the recipient of a bulk payment; could be on a temporary or continuous basis.
effectively monitor petty traders due to the unorganized nature of the informal sector. A copy of the Notice of Assessment form, used by traders for tax purposes, can be found in Appendix F. Overall, the GRA employs a graduated tax system\(^{21}\) for both formal and informal sectors. Moreover, the information by the ISF informant that enrollees’ information was not shared with the GRA was corroborated.

**Market Queen**

In response to question that asked if the MQ had heard about the ISF, the MQ mentioned that a similar program had been arranged for informal sector workers by a previous government through the Council of Indigenous Business Association (CIBA). Under CIBA, the MQ explained, the social protection scheme was tailored for the respective business categories in the informal sector that were members of CIBA. The membership of CIBA included market women, tailors and dressmakers, bakers, traditional caterers, and beauticians, among others. The MQ continued that the insurance premium, under CIBA, was fixed and rather high for most market women. As such, most traders were unable to maintain their account. Furthermore, for those who could afford to maintain their account, most were skeptical and did not trust CIBA collection agents. Consequently, the program became unpopular and could not take off. The MQ indicated that she had heard about the ISF as well as other private insurance companies such as Enterprise insurance, State insurance, etc., offering various insurance packages but stated also that market women have not enrolled as a unified body for any of the insurance companies as they had with CIBA.

\(^{21}\) Sometimes called a progressive tax whereby tax rate increases as the amount being taxed increases
Asked if she had been contacted by SSNIT or ISF, the MQ stated she had not been contacted but had heard about the program from another MQ at the regional meeting. The MQ explained that she had heard the ISF had worked with the Hairdressers and Dressmakers Association in Kaneshie (a suburb of Accra) which corroborated the information provided by the ISF informant. Moreover, the MQ maintained she could not determine if traders would be interested in the insurance package offered by the ISF as they have not had such discussions. The main challenges, the MQ mentioned, are the age limit for eligibility, the main feature of most insurance schemes, as well as high illiteracy rate among traders. The MQ explained that most petty traders are older; the youngest are about 40 years old and are therefore, by default, are either ineligible for pension schemes being offered or such traders, due to their age, do not consider pension schemes worthwhile as the returns are perceived to be unappealing. Similarly, the MQ continued, most traders are illiterates and thus feel inferior when approached by insurance agents and would therefore appreciate if attended to in a non-patronizing manner.

In response to a question that asked if it was necessary for insurance companies to promote insurance programs through market executives, the MQ stated it was very necessary as the market executive had wider reach as well as more personalized relationships and could therefore circulate the news more effectively.

National Pensions Regulatory Authority

The NPRA informant, in response to a question that asked how the new Pension Law impacts the self-employed, pointed out that the Personal Pension Program, under the 3-Tier Pension Scheme, is tailored to the needs of the self-employed. The program allows for account
holders to operate two accounts: Retirement Account and Personal Savings Account. By running these two accounts concurrently, account holders can benefit from lump sum payment as well as monthly pension benefits as pertains to workers in the formal sector. The lump sum is derived from the Personal Savings Accounts, whereas account holders are entitled to monthly pension benefits by maintaining the Retirement Account for a minimum of 15 years. Furthermore, account holders can withdraw from the Personal Savings Accounts to reinvest in their business, if necessary. Moreover, the new Pension Law provides for tax relief at 35 percent of declared income for informal sector workers. The informant indicated however that in light of high illiteracy rate among workers in the informal sector, the self-employed may not be able to navigate the system adequately and may therefore not be able to take full advantage of this opportunity. Alternatively, the informant continued, the self-employed that are organized into occupational associations may be well positioned to access tax benefits.

Summary

This chapter reported the findings of this research. The findings show that petty traders have not heard about the ISF and for those who have, most do not know what the ISF has to offer. The results showed also that petty traders are not necessarily averse to the concept of pension schemes but instead consider it applicable to professions outside their domain. Additionally, the findings suggest that the notion that children serve as security for old age still holds. Furthermore, the findings provide a glimpse of the disintegration and lack of coordination among related organizations. Moreover, the results suggest, based upon the mean age of the
samples and self-reported education levels, that contrary to the Market Queen’s assertion, petty traders are not ‘too’ old and most of them are not illiterate.

Based on gender, age, and educational level, female respondents are more likely to work indefinitely and at the same time, expect their children to look after them, whereas their male counterparts specifically in the 35-44 age group with at least senior high school certificate are more likely to invest in real estate as a financial security strategy. Additionally, compared to other age groups, the proportion of participants in the 45-56 age group who wish for a formal retirement is small. Furthermore, male respondents would rather expand their business than enroll in the ISF pension scheme, while mistrust for the ISF is highest among the 35-44 age group who incidentally, did not express an interest in financial literacy. Moreover, the findings suggest also that Ghanaians with dual citizenship could inflate the number of petty traders being targeted for pension schemes in the informal sector as they have a modicum of social protection.
Chapter 6: Discussion

Introduction

This chapter discusses the findings of this study in relation to the conceptual framework and the objectives of the study. Topics discussed are petty traders’ level of awareness of ISF; petty traders’ attitude towards pension schemes; and impediments that deter petty traders from participating in the ISF.

Prior to this study, this researcher had assumed that established petty traders had progressed from street hawking to manning a stall and then to owning a shop. However, findings indicate that was not necessarily the case. The petty traders this researcher interviewed are a mix of shop owners, who started as shop owners, and salaried shop managers. The findings suggest that the petty trading landscape is evolving as it constitutes anything but older people and illiterates.

6.1 Awareness of ISF

It is not possible for individuals to participate in a program they have not heard about, therefore, it is only fitting to begin this discussion with the level of awareness of ISF among petty traders. The result of this study suggests that there is a lack of awareness by prospective beneficiaries of a program ostensibly designed to serve them. The ISF pension scheme, as a product, is largely unknown among petty traders – prospective customers. This is not necessarily because of a mismatch between the means of communication utilized by the service provider and the preferable source of information for prospective customers. Rather, it is mainly because the program has not had the exposure it deserved. Apparently, the promotional campaigns did not
communicate the long-term benefits of the ISF pension scheme to individuals who are accustomed to investments with short-term benefits. As such, most petty traders had not heard about the ISF. As well, the Market Queen, the liaison between petty traders and the ‘outsiders’ had no knowledge about the ISF insurance products, and the Domestic Division of GRA also had no knowledge about the ISF and do not coordinate with the ISF. Furthermore, the intended market has not been sensitized to the ‘new’ product. Apparently, the ‘new’ product was introduced with an assumption that the intended market was anticipating their product and would be interested in enrolling at the earliest opportunity. With limited exposure to petty traders, it is evident that the marketing strategy has been inadequate. There are no guarantees that people will take necessary actions even when informed, however, they need to know about the opportunity in order to take advantage of it.

Moreover, personalized relationship is the norm as the setting has not transformed from kin to society thus Susu is prevalent. Susu groups are savings groups characterized by pooling funds for the benefit of members. There are variations in the methods of collection. Based on this researcher’s prior knowledge, in some cases, members adopt a rotating strategy whereby at the end of each month, each member takes turn to collect the total amount raised until the last member receives payment. In others, a collection agent, having signed up clients prior, visits clients daily to collect a specified amount. At the end of the month, the total savings, less a day’s contribution, is paid to the client – mostly petty traders. In effect, members have access to the bulk of their money not later than one month. The bulk amount could either be solely raised by the recipient or the total amount pooled from members of the group. Usually, the process does not involve paperwork and is mainly based on trust. Consequently, ISF agents could face resistance as they are not acquaintances of petty traders and have yet to establish trust. Moreover,
the ISF agents serve as middlemen thus petty traders would be concerned about whom to contact for recourse if necessary. However, this is not to suggest petty traders are immune to fraudulent **Susu** operators. Personalized relationship is a double-edged sword. It could be an asset in that it could foster congenial business relationship and disseminate information, good or bad, by word of mouth. It could also be a liability in that nothing gets done without a ‘familiar’ face. In this case, the ISF is plagued with the latter. For instance, one of the participants who indicated they had heard about the ISF stated “I’ve heard about it but have not been approached” – an indication that they expect the opportunity to be brought to them rather than reaching out to it.

### 6.2 Attitudes toward pension schemes (dispositional barriers)

The Social Security and National Insurance Trust, as the ‘creator’ of the ISF, is the nation’s most established pension organization. Thus as an offshoot of SSNIT, it is logical for ISF to maintain ties with SSNIT. However, for petty traders, SSNIT is known for administering pension schemes for workers in the formal sector only. Petty traders have unfavourable opinions about pensions as they consider the pension benefits to be too low and that they could secure their future better if they invested privately. Additionally, there is an issue of distrust which also hints on the value placed on personalized business relationship. The petty traders do not ‘know’ the ISF as a trusted brand and are therefore skeptical of ISF’s reputation. There is no trust for the organization and as such, there is no trust for the product.

Concerning the subject of retirement, petty traders value financial independence in old age and think about retirement albeit on their own terms. Petty traders are hesitant to enroll in ISF because they have resigned to the fact that by working in the informal sector they do not
expect to officially retire. Thus, as far as they are concerned, although pension schemes are a good concept, it is not necessarily applicable to workers in the informal sector. Therefore, most of them intend to work until they no longer can and to quote a participant, “There are petty traders who are in their seventies, why should I plan to retire?” However, life is full of uncertainties and the concept of insurance is intended to guard against these uncertainties. Considering a high poverty rate among the elderly population vis-à-vis the proportion the workforce in the informal sector, it is safe to assume that a significant number among the elderly poor are products of the informal sector and have retired into poverty due to inadequate private savings or no savings at all. Thus although most of the petty traders intend to work indefinitely, a time may come when it is not physically possible to engage in trading activities. Moreover, working indefinitely could be a choice as opposed to the only option. Additionally, many of the petty traders, particularly, male participants in the 34-44 age group with at least secondary education level, plan to live on returns from investment in real estates. However, based on this researcher’s prior knowledge of the rent structure in Ghana, particularly housing units, the beneficiaries’ financial security could be compromised. For instance, the rent structure in Accra is such that the tenant is required to pay the rent in advance covering at least a year. Thus a house owner could receive up to two years’ rent and spend this in 6 months. Moreover, considering a significant number of participants own house(s), chances are that most of them are receiving rent from a housing unit and are therefore used to spending that money which will not be a new income once they are no longer able to work.

Furthermore, the findings of this research suggest that the belief that children are a security for old age persists in the society. Thus, some individuals, regardless of gender, age, and education level, are still holding on to tradition even though, as discussed in the literature review,
children are not a reliable security for old age. Moreover, some of the petty traders are apprehensive about their golden years. The misgivings indicate some of the petty traders make barely enough for their basic needs and therefore will not have extra money for savings. Additionally, although most female respondents indicated they would work indefinitely they also expect that their children will look after them when they are no longer economically active. This could be an indication that the female respondents are not confident that their children will be willing or able to look after them although they expect them to. Furthermore, the significant number of shop managers among petty traders is an indication that established petty traders have not necessarily progressed from being street hawkers to owning their own shop. Instead, moderately wealthy individuals establish several shops and hire shop managers to run these shops. As well, most of the shop managers reside in their employer’s home as the respective employers live outside the country. However, this offers a false sense of security as this is not a permanent arrangement and thus the shop manager is not far from homelessness in the short term and a financially insecure future in the long term. Moreover, most of the shop managers have personal relationships with the store owners and the shop owners are not required to provide social security benefits to their employees. For instance, one of the shop managers this researcher interviewed, who indicated he had heard about the ISF, stated he had discussed the issue with his employer but was yet to get a response.

Interestingly, most of the petty traders perceive pension schemes as a foreign notion in their domain and at the same time wish for formal retirement. Moreover, although most of the participants indicated they would be interested to enroll with the ISF for pension benefits, people say one thing and do another thus this researcher cannot definitively conclude that ISF agents will be welcomed by petty traders. This is based on this researcher’s experience in the field.
This researcher observed that in addition to seeking consent and explaining the purpose of the study, participants relaxed only after this researcher had assured them that she was not an insurance agent or a tax agent. Thus participants warmed up to this researcher because she was considered harmless which may not be the case for an ISF agent.

Additionally, of respondents who wished for formal retirement, the proportion is smallest among the 45-56 age group, which could be an indication that individuals in this category have settled in and are content with their line of work. As well, participants who indicated they did not care for Ghana pensions as they held dual citizenship are also in the 45-56 age group. It is safe to assume that these individuals are transitioning to establish their business so they could retire at ‘home’. Interestingly, participants in the 35-44 age group comprised the highest proportion of respondents who stated they had mistrust for ISF and were also the only respondents to have indicated they would expand their business instead. Furthermore, they did not express an interest in financial literacy; an indication that they have confidence in their financial literacy skills at this point and are more focused on re-investing in their business for immediate and/or short-term returns on investment. Moreover, participants with primary school education level all expressed a wish for formal retirement; this could be an indication that they are at a phase where the ‘luxury’ of not having to work is appealing.

6.3 **Premium affordability (situational barriers)**

Most of the participants indicated they could not estimate their income; however, that does not necessarily mean they do not know how much profit they make on a monthly basis or otherwise. Considering most of the participants are family heads with an average of 4
dependents and own the house they live in, business can be assumed to be good. Additionally, the results show some contradictions between their attitudes towards pension schemes and the ability to pay pension premiums. Although responses indicated a preference for private investment, they also indicated they would enroll in the ISF pension scheme if the premium is affordable. As most of the participants stated they preferred to invest privately, that could also be an indication that they have extra money to invest. Thus, the premium is not necessarily an issue per se, but rather because of a disinterest in the program as the ISF is not yet considered a reputable organization. Moreover, a small number of responses expressed a wish for financial literacy to guide their decisions. Although small, the response is significant in that some of the petty traders have awareness that the self-reliant “each for himself” outlook, is what it is, but not necessarily what it ought to be. However, relevant information is needed to inform decisions in that respect. After all, change happens only when people recognize the need for and act on it.

Furthermore, this researcher was surprised by the finding pertaining to a preference for monthly premium payment. This could be an indication of an emerging trend of salaried shop managers. As noted in the results section, a shop manager this researcher interviewed stated he had discussed the issue with the shop owner and was awaiting his response. Moreover, in light of the existing tax collection mechanism for petty traders and considering a risk of under-reporting their revenue, tax incentives may not be attractive if they are not paying taxes to begin with. Furthermore, petty traders could be apprehensive that providing details of their earnings could result in paying even more taxes and will not necessarily find tax credits as an attractive package.
6.4 Institutional barriers

ISF

As a service provider, the ISF does not have a grasp of the necessary background information on their prospective clients. For instance, when this researcher enquired about the numerical strength of the informal sector, the informant did not have the data and instead directed this researcher to the Labour Office. One would have thought that as a service provider, the ISF would want to know about the target market so as to devise sales strategies accordingly. Moreover, the informant could not provide data on their membership. The informant kept looking for an ‘elusive’ brochure to provide information on its total membership and advised this researcher to obtain this information from the organization’s website. Interestingly, the informant was sitting behind an official desktop computer. Furthermore, the informant could not provide details of the job characteristics of existing policy holders.

The ISF is inaccessible to current policy holders and potential subscribers are put off by the bureaucracy inherent in state organizations that they envisage would hinder them from accessing their pension when needed. Most of these traders are without employees; thus, time taken off work would result in a loss of income. However, the ISF currently relies on collection agents to collect premiums. Against the backdrop of a personalized setting, there is a high manpower turnover among collection agents. Moreover, ideally, ISF agents should not serve dual roles of selling insurance and collecting premiums. However, mechanisms do not exist for petty traders who may be interested to enroll to wire their premium into their respective accounts and be confident that their money is safe. As a result, those who have enrolled are apprehensive
about the status of their respective accounts. Unfortunately, the ISF is yet to put measures in place to overcome this challenge.

Furthermore, the Customer Service line is anything but reliable. For instance, this researcher was given a telephone number to call for a follow-up to obtain the ‘elusive’ information in the brochure. This researcher called the number several times (on different days) and was told the brochure had not yet been found. Eventually, when this researcher called the number again, the phone was picked by the informant’s child who did not have his mother’s phone number, obviously. That was a deliberate act as the informant did not wish to provide this researcher with the piece of information on the status of ISF membership and thus this researcher can relate to the bureaucracy issues participants were concerned about. This researcher could not fathom why the information was not retrieved from a database (on a computer). After all, the information on the brochure must have come from somewhere in that office (the Head Office). Moreover, while in the field, a number of participants from among those who were members and have become inactive due to the fact that agents were no longer showing up, indicated they were unable to reach the ISF officials by phone and were pleading with this researcher to follow-up on their concerns even though she explained to them that she did not work for the ISF. Furthermore, a source from SSNIT, who only agreed to speak off record, indicated that a number of ISF members have been showing up at the SSNIT headquarters to enquire about the status of their accounts only to realize that ISF and SSNIT are different organizations. Additionally, the payment procedure for ISF pension benefits is an impediment. While workers in the formal sector will receive indexed pension benefits indefinitely, beneficiaries of ISF pension will receive benefits that do not commensurate with current cost of living. Moreover, paying pension
benefits in bulk may not be in the beneficiary’s best interest. Thus, the ISF pension scheme has become even more unattractive.

**GRA & NPRA**

As discussed earlier, most of the petty traders interviewed would not discuss their income. However, considering most of them own the house they live in, it is not an indication that their income is insignificant. It is evident from this research that mechanisms do not exist to enforce non-personalized tax collection in the informal sector. The subjective eyeballing technique leaves a lot to be desired. Furthermore, although the KI from NPRA indicated that most of the petty traders are illiterates and thus unable to take advantage of tax rebates, illiteracy does not necessarily mean petty traders are not financially savvy. Moreover, the ability to capitalize on tax breaks depends on technical knowledge as opposed to literacy level. Thus it is an issue of uncoordinated activities as well as a lack of existing infrastructure to issue tax credits digitally as opposed to literacy level.

**Contributions to the Literature**

As discussed in Chapter 2, a number of issues were outlined as impediments to maintaining viable pension schemes for workers in the informal sector. The result of this study is in support of some and not in support of others. Issues highlighted include absence of institutional capacity (van Ginneken, 2009; Kpessah, 2011; Hu and Stewart, 2009; Johnson and Williamson, 2008); distrust of social security administration (van Ginneken, 2009; Johnson and
Williamson, 2008); and perceived traditional role of family/children support to the elderly (Suwanrada, 2009; Hu and Stewart, 2009; Charmes, 2011). These were supported by the results of this study. As discussed previously, the ISF pension scheme has not been given adequate exposure to make its impact felt. As well, the ISF relies largely on collection agents and there are no mechanics in place to facilitate digital mobile banking. Furthermore, there is distrust of ISF among petty traders as they do not consider the ISF to be reliable and thus prefer to invest privately. Moreover, for some, perceptions that children are security for old age still exist.

Other impediments highlighted are lack of contribution capacity/premium affordability (Sarkar, 2004; Chen, 2008; Subrahmanya, 2002; Bertranou, 2007; Hu and Stewart, 2009; Bailey, 2003; Johnson and Williamson, 2008; Bertranou, 2007); lack of financial literacy and consumer ignorance about the relationship between their contributions and future benefits (Kpessah, 2011; Johnson and Williamson, 2008); and that most of the self-employed are unwilling to enroll in contributory pension schemes (Bailey, 2003). Although it is tempting to state that the result of this study is in support of these issues, this study was conducted within the framework of Cross’ (1981) Chain-of-Response Model and thus the willingness to enroll in pension schemes is dependent on the interaction between the variables under discussion. Most of the petty traders have not heard about the ISF and therefore, in this instance, not necessarily unwilling to participate in the ISF pension scheme. At the same time, considering most of the participants associate pension schemes with the formal sector, they may be unwilling to enroll in the ISF pension scheme because they do not consider it applicable to them. Moreover, due to the interrelationship between the variables (information, dispositional, situational, and institutional), the motivation for petty traders to participate in pension schemes is a flowing stream and thus contingent on all the variables being in place. For instance, if petty traders have the means to
pay for ISF premiums, they will still not enroll if they have not heard about them or if they believe that financial security in old age is the responsibility of their children.

Another issue raised as impediment was that workers in the informal sector in the developing countries generally lack the educational background needed to grasp the concept of pension scheme as most of them are illiterates or semi-literates (Hu and Stewart, 2009). The self-reported result of this study does not support this view. Most of the petty traders interviewed have at least a junior high school education. Additionally, most of them have favourable view of the concept of pension scheme but consider that applicable to workers in the formal sector only.

Furthermore, (Subrahmanya, 2002; Barriento, 2007; Chen, 2008) pointed out that the absence of employer to subsidize contributions was an impediment to extending pension scheme coverage to the informal sector. The result of this study does not support this view. In contrast, Charmes (2011) highlighted issues relating to decreasing self-employment and increasing informal paid employment. This was supported by the result as a significant number of participants are shop managers; meanwhile there is no indication that employers are required to provide social security benefits for their employees.

With regard to the conceptual framework, based on the findings, some aspects of the framework could be altered. Firstly, the model proposes that individuals would participate based on values and personal goals, i.e., if they reasoned that pursuit of the goals will lead to desired reward. However, the findings suggest that reputation/brand recognition could influence the pursuit of goals, in that, although participants indicated they valued financial independence in old age, they did not trust the ISF to deliver. Consequently, they prefer to invest privately. Thus, goals and values are important, but not sufficient. Secondly, the findings also suggest that
government policies, or lack thereof, could also be barriers to participation. For example, shop managers who expressed interest in the ISF pension schemes may need the cooperation of the owner in order to participate. Meanwhile, there are no indications that store owners are required to provide social protection for their employees. In essence, some individuals could still be left out even if the ISF, as an institution, was effective.

**Summary**

This chapter outlined implications arising from the results of this study. The discussion focused on the conceptual framework adapted for this research and highlighted issues relating to awareness of ISF among petty traders; the value petty traders place on pension schemes; their attitudes towards pension schemes; and the affordability of ISF premiums. The level of awareness of ISF among petty traders is low. Petty traders value financial security in old age but prefer to invest through means directly under their control and with episodic returns on investments. As well, sentiments of children as security of old age persist. The chapter also discussed the lack of organizational capacity that is an impediment to participation. The GRA has provisions for tax rebates but mechanisms for this are ineffective. The NPRA largely plays an enabling role by monitoring pension-related activities in the country. Moreover, the chapter tied the findings to the literature review; some issues were supported, while others were not.
Chapter 7: Final Summary, Conclusions, and Recommendations

Introduction

This chapter provides a summary of the key findings of this study. The chapter outlines the research methods employed for this study as well as the barriers identified. The major conclusions are identified and the chapter concludes with recommendations.

Final Summary

As pointed out earlier, the ISF pension scheme was introduced in 2005 and yet as of 2013, only 90,000 out of a possible 4,400,000 working age Ghanaians have enrolled in it. This study set out to identify barriers to petty traders’ participation in ISF pension scheme. Sixty participants were interviewed for this study: 30 in Accra Central market and 30 in Madina. Four key informants from the ISF, GRA (Domestic Revenue Division), and NPRA were interviewed to determine organizational/structural inadequacies that could hinder petty traders’ participation in ISF. A Market Queen was also interviewed to identify the group dynamics of petty traders in the market.

The study was designed within the conceptual framework of Patricia C. Cross’ (1981) Chain-of-Response (COR) model. Originally, the COR model was used to determine the motivation as well as barriers to participation in adult learning. In this study however, the model was adapted to identify barriers to petty traders’ participation in ISF pension scheme. The elements explored were the interrelation between the environment/tradition and attitudes towards pension schemes; the value people place on financial security in old age vis-à-vis expectations
that enrolling in ISF will guarantee pension benefits; premiums affordability; and the quality of ISF pension-related information, its ability to persuade petty traders as well as organizational enabling factors or impediments. Thus the research questions were designed to determine petty traders’ level of awareness of ISF; their attitude towards pension schemes; and the ability to afford ISF pension premium. Petty traders, in both cases, were more similar than different. Market activities are concentrated in the market areas of the Accra Central market, whereas petty trading extends beyond the market area of Madina. Houses with shops adjacent to the entrance gate are prevalent in Madina. As well, shop owners in Madina have a significant concentration of Ghanaians with dual citizenship.

The study discovered that the informal sector landscape is evolving and petty trading is no longer an occupation for mainly illiterates. As well, petty traders are fairly young. Furthermore, petty traders’ income may not be stable, but not necessarily insufficient. Most of the shop owners could or would not provide an estimate of their income, whereas shop managers were more willing to disclose their income. The level of awareness of ISF among petty traders is low. Most have not heard about the ISF and do not know what the ISF has to offer. It is safe to assume that, the communication strategy adopted by the ISF to promote the pension scheme has not been effective. They have worked with one Market Queen so far as well as sporadic TV and radio advertisements in Twi or English. In spite of the ethnic diversity among petty traders, most have at least a junior high school educational level thus the language should not be a barrier. However, most of the petty traders indicated they listen to radio at work and watch TV when they get home, but they have not heard about the ISF.

Concerning attitudes towards pension schemes, although most petty traders have a favourable opinion about the concept of pension schemes, most do not expect to officially retire
as they are of the perception that working indefinitely is expected under those circumstances. Similarly, most of the petty traders value financial security in old age, but do not presume that the ISF pension scheme is the appropriate avenue and thus prefer to invest through means they could control directly. Furthermore, sentiments that children are insurance for old age still exist for some. Moreover, there were contradictions when respondents indicated they did not expect to retire as it was an occupational hazard and at the same time indicated that they wished for a formal retirement as workers in the formal sector enjoy and also indicate a preference for monthly premium payment. It is thus safe to assume that the notion that working indefinitely is synonymous with petty trading will persist until the concept of retirement is disassociated from the formal sector; realization occurs that children are not a security for old age; and realization occurs that petty traders could “have their cake and eat it too” in that even as pensioners, they could choose to work.

Furthermore, this study sought to determine if ISF pension premium was a deterrent to participation. On the one hand, at the service provider’s level, the premium schedule is flexible and up to petty traders’ financial capability. Additionally, ISF account holders have access to half of the total premium six months from the date of enrollment if needed. On the other hand, at the (prospective) client level, most expressed preference for a monthly premium schedule, while a few opted for a seasonal payment schedule. Considering the ISF premium schedule is malleable, prospective clients can determine their own premium schedule and also, can access some of their money for reinvestment into their business if necessary. Furthermore, there was an expressed interest to enroll in the ISF pension scheme if the government would subsidize the premium, whereas a significant number of respondents indicated they would not enroll in the ISF
pension scheme if they did not have to pay any premium due to their skepticisms about the government’s capacity to deliver.

With regard to institutional barriers, perceptions about a parastatal’s ability to deliver services are not favourable. A number of respondents pointed out to this researcher that sanitation is poor in the city even though they (petty traders) have been paying taxes and thus wondering what use the tax is being put to. By implication, the government is inefficient and as such, the ISF, although not a government agency, is considered a parastatal that is inefficient. Consequently, there is mistrust for ISF. Potential clients are deterred by the bureaucracy they envisage would hinder them from accessing pension benefits when needed. Thus the ISF have the challenge to allay apprehension and to make their impact felt.

Furthermore, the ISF does not know much about their target market. Concerning existing clients, ISF is confronted by a high turnover of their collection agents. Clients who are able to pay the premium in person at the ISF offices are satisfied with the services. However, clients who are unable to pay the premium in person outnumber those who could. Affected clients are therefore anxious about the state of their account as ISF agents no longer showed up, whereas ISF does not have a mechanism in place to enable clients to wire the premium by a click of their phone. In this case, petty traders do not have to own bank accounts in that their remittances will be wired through their respective cell phone numbers into pre-established ISF account. This researcher noticed that every petty trader including street hawkers own cell phones. Some of the petty traders indicated they use their cell phones to pay utility bills. Moreover, ISF does not exchange clients’ account details with the GRA, thus for better or worse, there are no tax implications for ISF policy holders. For the worse in the sense that (prospective)
clients who are transparent and maintain a record of trading activities could not take advantage of tax breaks. For the better in that (prospective) clients could expose their financial accounts to the scrutiny of the GRA that may not be in their interest.

In sum, the product promotional strategy adopted by the ISF appears to be ineffective as the level of awareness of ISF as well as the services provided is low among petty traders. Although petty traders consider the concept of pension schemes as a foreign notion, they place value on financial security in old age but prefer to invest towards that through means under their direct control. Moreover, petty traders are not aware that they are eligible for tax rebates if they maintain a pension account.

Conclusions

Pension income may not secure a luxurious lifestyle, but it could serve as a base income if other private investments towards pension did not go as planned or could supplement retirement if private investments were successful. Life is uncertain, thus living into old age is not a given. However, preparing for financial independence in old age would forestall destitution should one get old. Pension schemes for workers in the informal sector remain a challenge in many developing countries including Ghana. Whereas workers in the formal sector retire into a monthly pension, workers in the informal sector retire to live on their savings, children, or sink into poverty. The difference is an existing payroll that makes automated pension deductions possible. Concerning petty traders however, the reality is that some of them serve as their own employers and accountable to themselves and as such, do not necessarily value the importance of
maintaining a written record of business transactions. Additionally, many are more interested in short-term goals and subsequently, the preference for Susu, which appears to be the norm.

In the same vein, paying out lump sum pension benefits would be counterproductive. As the risk that the beneficiary would outlive the payout is high. Petty trading has long been considered to be characterized by illiteracy and the traders looked upon as passive recipients of services. But that could not be further from the truth and as such, it is important to involve petty traders in decisions that affect them. Moreover, as the petty trading landscape is evolving, and with the emerging trend of shop managers, there is risk of the rich getting richer, while the poor get poorer, if the shop owners use the shop managers as a means to an end. Thus it is imperative that measures are put in place to ensure a modicum of social protection for shop managers.

The ISF is yet to reach a critical mass of clients and understandably, the ISF will not be making a wise decision if funds to be invested towards pension payments are diverted into paying for the cost of advertisements. However, people cannot make decision unless they have the necessary information to guide their decision. Moreover, in that context, the petty traders are used to services being brought to them rather than reaching out to them. Susu collectors bring services to them and the petty traders also have their own trusted networks to rely on. As such, petty traders who have heard about the ISF are waiting to be approached by someone from the ISF. Thus there is need to devise an effective means to get the message across. Moreover, by analogy, organizing a party and not knowing how many guests to expect could lead to under or over preparation. As such, it is imperative that the ISF make efforts to understand their prospective clients and to know what motivates them. Furthermore, brand reputation matters and the ISF has an opportunity to build (a good) one.
Recommendations

Recommendations from the findings are outlined below. Some are general, others are directed at the Informal Sector Fund, and still others are directed at policymakers.

General Recommendations

Financial literacy for workers in the informal sector

With the proportion of the workforce in the formal sector smaller than those in the informal sector, a tax-based non-contributory pension for all Ghanaians may not be realistic. It is therefore essential that people commit a portion of their income towards retirement. Moreover, the lack of pension benefits for workers in the informal sector is a national problem as opposed to individual families. This study has shown that workers in the informal sector are not mainly illiterates as previously thought. As well, the fact that most do not maintain a written record of transactions does not necessarily mean they lack the wherewithal to save for the golden years. Granted, some of the petty traders make just enough for basic needs, however, even more make a decent income albeit sporadic. Additionally, the emerging trend of shop managers is an indication that some of the petty traders are on steady income. Therefore, there is a need for financial literacy. Financial education is defined by the OECD as

the process by which financial consumers/investors improve their understanding of financial products and concepts and, through information, instruction, and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being (2005:26).
More importantly, there is need to assess the level of financial literacy in the population so as to identify shortfalls to guide the intervention strategy. By so doing, the population, petty traders in particular, would become sensitized and hopefully, open to the concept of pension schemes, and subsequently financial security in old age. An example of the benefits of financial literacy is Japan. Through a household survey on financial literacy, Sekita (2011) found that level of financial literacy correlates positively with retirement savings plan. To inculcate the culture of saving in children, financial literacy is incorporated into school activities through programs such as children’s banks whereby children save and withdraw in financial institutions through their school (Sekita, 2011). This has had a positive impact as Sekita (2011) found that compared to schools with no children’s banks, children who develop the habit of saving, through school, are more likely to save for retirement.

Recommendations for the ISF

The first recommendation for the ISF is to obtain information on the characteristics of their target market. This is important because the petty trading landscape is heterogeneous; diverse ethnicity, shop ownership, and income levels, among others. The findings of this study suggest petty traders are expecting the ISF pension scheme to be brought to them. It is therefore essential to know the characteristics of the who to bring it to and what motivates them. By knowing their market, the ISF can tailor their products to suit the needs of service users.

The second recommendation is to improve accessibility to existing as well as prospective clients. This researcher received requests from existing ISF account holders to check on the status of their accounts as ISF agents no longer showed up. Additionally, they did not have a
reliable ISF contact number to call. Moreover, by this researcher’s own experience in the office of the ISF, the concerned customers would not have received any useful news even if the phone call had been successful. ISF data were not readily available for easy access. It is therefore crucial to not only maintain a current database on clients, but to also establish a reliable Customer Service line where (concerned) clients can call to make enquiries.

The third recommendation is to put mechanisms in place that will enable clients to pay the insurance premium through digital mobile banking. This is crucial as it is not realistic to expect clients to abandon their business so as to pay insurance premiums. After all, it is the business that brings in the money. Against the backdrop of high turnover of collection agents, there is a need to implement digital mobile banking. In this regard, it is important to work with financial institutions and/or telecommunication companies to set up customers for this service. In light of a reliable national identity number, establishing a link between ISF account number and an individual’s ID should be a start in the right direction.

The fourth recommendation is to encourage existing clients to take advantage of tax reliefs. Considering provisions exist for tax rebates for pension premiums, it will be helpful to bring this information to the attention of existing client and to also include this in the ISF brochure. Moreover, it will not be enough to only inform clients, it is equally important to liaise with the GRA, and to ensure that clients take advantage of the opportunity.

The fifth recommendation is to seek sponsorship from Non-governmental organizations (NGOs). For the short-term, it is important to identify and seek financial support from relevant NGOs to fund promotional activities. Considering the low rate of enrollment, the risk of directing returns on investments to cover the cost of advertisements would be rather high. Thus
by sourcing funds externally, even if sporadic, funds would be available for short but intense promotional activities.

**Recommendations for Policymakers**

As suggested by the results of this study, the petty trading landscape is evolving; petty traders are a mix of owners, managers, employees, and shops operated by Ghanaians with dual citizenship. The owners are fellow Ghanaians either living in Ghana or abroad. Ghanaians with dual citizenship who operate the shops by themselves are least likely to enroll in Ghanaian pension schemes. Ghanaians with dual citizenship who reside outside Ghana but own shop(s) in Ghana employ other people to run the shop(s), thus creating job opportunities. However, the employer-employee relationship should be more structured. All categories of employers should be required to provide social protection for their employees.

**Concluding Remarks**

This chapter provided an overview of the thesis. It summarized the research design, the findings, and concluded with recommendations. Ideally, there should be recommendation for further study to replicate this study across the regions. However, based on the interview with the ISF key informant, that may not be feasible. However, if financial education is carried out as recommended, further investigation may replicate this study.
References


Appendix A

Questions (Petty Traders)

Demographics survey:

1. Sex

2. Age

3. Marital status

   (a) Single      (b) Married Monogamous      (c) Married Polygamous
   (d) Divorced    (e) Widow(er)

4. Level of Education

   (a) Never attended school   (b) Non-formal Education   (c) Primary
   (d) JHS/MLSC              (e) SHS/GCE                  Other (specify)

5. Housing (owned/renting)

6. Are you the family head? Yes/No

8. How many people reside in the household?

9. Were you born in Accra? Yes/No

   If No,
   When did you move to Accra?
   Why did you move to Accra?
   Do you stay continuously?..If No, how long do you stay? Why do you stay for a Short time?

10. Income (estimate)

11. Religion

   (a) Traditionalist      (b) Christian      (c) Moslem      (d) Other (specific)

12. Ethnic group: (a) Ga    (b) Ashanti   (c) Akan       (d) Ewe       (e) Other (specify)
Objective 1:

1.1 Have you heard about the ISF? a) Yes  b) No

1.2 If Yes, from what source?
   a) TV  b) Radio  c) Friends  d) Walk-in by ISF agents  e) Other (specify)………..

1.3 Do you know about the insurance benefits? e.g. pension benefits, survivor benefits, etc.
   a) Yes  b) No

1.4 Do you watch/listen to the news?   a) Yes  b) No

1.5 If Yes, What channel/radio station and at what time?

Objective 2:

2.1 How long do you intend to remain economically active (all things being equal)?
   ………………………………………

2.2 What income will you fall on when no longer working? Savings/children/family

2.3 Workers in formal employment retire at a certain age to live on pension benefits; do you
    wish that for yourself?

2.4 Do you think saving for old-age with the ISF is a good idea? a) Yes  b) No

   (Why/Why not)…………………………………………………………

Objective 3:

3.1 Would you be interested to enroll with the ISF for pension benefits?
   i.e., when you can no longer work?   a) Yes  b) No

3.2 Would you be interested to enroll with the ISF if the premium is flexible enough for you?
   a) Yes  b) No

   If yes, what payment schedule will be flexible for you?
   a) Weekly  b) Bi-weekly  c) Seasonal (good sale)  d) Other (specify)

   If No, Why are you not interested? …………………………………………………………………………..

3.3 Would you be interested to enroll with the ISF if the premium is subsidized by the government?

3.4 Would you enroll with the ISF if you didn’t have to pay any premium?
   a) Yes  b) No
Appendix B

Questions (ISF Key Informant)

Note:

‘Petty traders’ in this context describes vendors who are self-employed, and have a maximum of two assistants.

Part A

1. Is the Informal Sector Fund administered by SSNIT?
2. Does extension of pension coverage to informal sector workers entail additional administrative cost?
3. How is the ISF premium structured?
4. Is the ISF administered as microfinance?
5. Do prospective clients know the difference between the ISF and microfinance organizations?

PART B

1. Does SSNIT publicize the ISF?
   If No, Why…. If Yes, How
2. Is information on ISF communicated in Ghanaian languages?
   If Yes, How many languages?
PART C

1. Is the ISF pension package the same as what pertains to workers in the formal sector?
   If No, What is the difference?

2. How is the ISF premium determined?

3. How is the ISF premium spaced?

4. How is the ISF premium collected?

5. Is/has SSNIT/ISF considering/considered cellphone money transfers for premiums payment?
   If No, Why?

PART D

1. How many potential subscribers are you targeting?

2. How many have subscribed?

3. Is there a breakdown of members into specific job categories?
   If Yes, How many of the contributors to the ISF are petty traders?

4. What age group is targeted?

5. What is the cut-off age?

6. How many years do members have to contribute (minimum) to qualify for pension benefits?

7. Are there any considerations for those who fall outside the target group?

8. Are provisions made for workers in the formal sector who become self-employed to maintain pension accounts?
   If Yes, What is the procedure?
PART E

1. Does SSNIT/ISF share enrollees’ information with the Ghana Revenue Authority?
   If Yes, What kind and how much information is shared?

2. Are shop owners required to provide social security benefits to their employees/store managers/store assistants?

3. Does the government provide any subsidies (to cover employers’ pension contribution) to the self-employed?

4. Has SSNIT/ISF or the government embarked on financial literacy program to raise awareness on the importance of insurance (i.e., the concept)?
   If Yes, What was the approach?

PART F

1. What is the average pension income for beneficiaries?

2. Are ISF benefits indexed (i.e., cost of living)?

3. How are the benefits paid to pensioners? (Direct deposit/Other)

4. If Direct Deposit, how do you verify the account holder is legitimate?
Appendix C

Questions (Ghana Revenue Authority Key Informant)

1. Have you heard about the Informal Sector Fund (ISF)?
2. Does the GRA share information on financial history of petty traders with the ISF?
3. Are petty traders eligible for tax rebates if they enroll in any private pension scheme?
4. How are petty traders taxed?
Appendix D

Questions (National Pension Review Authority Key Informant)

1. How does the new Pensions Law impact the self-employed (in the informal sector)

2. The 1st tier basic national social security scheme mentions “all employees in both the private and public sectors”. What is the working definition of “private sector”? 

3. What is the working definition of “all employees” mentioned in the 2nd tier occupational (or work-based) pension scheme?

4. How would the 3rd tier voluntary provident fund and personal pension schemes support tax benefit incentives for workers in the (structured) informal sector?

5. How would the 3rd tier voluntary provident fund and personal pension schemes support tax benefit incentives for workers in the (unstructured) informal sector, particularly, the self-employed?
Appendix E

Questions (Market Queen)

1. How did you become a Market Queen?
2. What is your role?
3. Have you heard about the ISF?
4. Have you been approached by any official from the ISF about their insurance products?
5. In your opinion, what do you think will be the best approach to introduce new products, particularly, insurance schemes, to petty traders?
6. Any comments?
Appendix F

GHANA REVENUE AUTHORITY
DOMESTIC TAX REVENUE DIVISION

NOTICE OF ASSESSMENT

REPUBLIC OF GHANA
YEAR ENDING

TIN:

By virtue of the Internal Revenue Act 2000, (Act 592) I hereby give notice that I have made an assessment on you as detailed below, and hereby request for payment of the under-mentioned tax. If you object to the assessment, you should give notice in writing within NINE (9) MONTHS of the commencement of the basis period to which the provisional assessment relates, stating precisely the grounds for your objection.

Issuing Office:

DOMESTIC TAX REVENUE DIVISION

Tel

<table>
<thead>
<tr>
<th>BUSINESS etc. Year/Period</th>
<th>INCOME (GH¢)</th>
<th>INCOME SEGMENT RATE (%)</th>
<th>TAX (GH¢)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMPLOYMENT, Year/Period</td>
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<tr>
<td>INVESTMENT, Year/Period</td>
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</table>

TOTAL ASSESSABLE INCOME

<table>
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<tr>
<th>Less Personal relief:</th>
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<tr>
<td>Life Assur.</td>
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</table>

TOTAL TAX CHARGED

LESS TAX REBATES / CREDITS

NET TAX PAYABLE

PAYMENT SLIP:

YEAR OF ASSESSMENT

Payment Code DPM

Please detach this slip and forward it, together with the Tax payable to the Issuing Office shown above OR produce it when you call to pay the Tax. Cheques, should be crossed and made payable to “GHANA REVENUE AUTHORITY”

TIN: NET TAX PAYABLE

FILE NO.: NAME
<table>
<thead>
<tr>
<th>Challenges</th>
<th>Author/Year</th>
<th>Journal/Source</th>
<th>Sample/setting</th>
<th>Method</th>
<th>Findings/Conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sakthivel and Joddar (2006)</td>
<td>Economic and Political Weekly, 41(2): 2107-2114</td>
<td>Residual</td>
<td>Household surveys relating to type of job and coverage of the provident fund</td>
<td>The unorganized (informal) sector workers have been left out of social security arrangements. Due to poor affordability by informal sector workers and lack of institutional mechanism to subsidize pension contributions of the poor, any design of social security that relies on a contributory basis is bound to fail.</td>
</tr>
<tr>
<td></td>
<td>Asher (2009)</td>
<td>ISSA Working Paper, No.6</td>
<td>Asia-Pacific region</td>
<td>Case studies of respective pension systems</td>
<td>Although each of the respective countries had an average of 40 percent increase in coverage from 2003 to 2008, there still exist institutional and administrative constraints in extending coverage to informal sector workers</td>
</tr>
<tr>
<td>Author/Year</td>
<td>Journal/Source</td>
<td>Sample/setting</td>
<td>Method</td>
<td>Findings/Conclusions</td>
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<tr>
<td>Kpessah (2011)</td>
<td>International Social Security Review, 62(2): 91-109</td>
<td>Pension reforms and challenges in Ghana and Nigeria</td>
<td>Comparative Study</td>
<td>Due to size of the informal sector, defined contribution pension programs cannot provide old-age financial security for all citizens. As well, inadequate government capacity to enforce regular contributions.</td>
<td></td>
</tr>
<tr>
<td>Author/Year</td>
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<td>Sample/setting</td>
<td>Method</td>
<td>Findings/Conclusions</td>
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<tr>
<td>Van Ginneken (2009)</td>
<td>ISSA Working Paper, No. 1</td>
<td>Selected countries: Brazil, Thailand, Senegal, Tunisia, and Costa Rica</td>
<td>Review of existing pension schemes</td>
<td>Many workers in the informal sector do not participate in pension schemes due to ignorance and/or distrust of social security administration</td>
<td></td>
</tr>
<tr>
<td>Bertranou (2007)</td>
<td>ILO (Interregional Symposium on the Informal Economy), ISIE/2007/7</td>
<td>Selected countries in Latin America: Chile, Argentina, and Uruguay</td>
<td>Review of national data on social security coverage for informal sector workers</td>
<td>Most informal sector workers could not afford premium as current income is barely enough to cover basic needs.</td>
<td></td>
</tr>
<tr>
<td>Suwanrada (2009)</td>
<td>Ageing International, 33:50-61</td>
<td>Thailand</td>
<td>Review based on pension debates on extending social security coverage to workers in the informal sector</td>
<td>Saving for retirement is not a priority as family, especially children, is the most important source of financial security for the elderly in old age.</td>
<td></td>
</tr>
<tr>
<td>Author/Year</td>
<td>Journal/Source</td>
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<td>Findings/Conclusions</td>
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<tr>
<td>Hu and Stewart (2009)</td>
<td>OECD Working Paper, No. 31</td>
<td>Selected countries: Chile, China, Singapore, South Africa, UK, and New Zealand.</td>
<td>Review of national data on experiences relating to extending pension coverage for informal sector workers</td>
<td>Pension reforms around the world have focused on the formal sector although workers in the informal sector are often vulnerable to economic volatility and change.</td>
<td></td>
</tr>
<tr>
<td>Charmes (2011)</td>
<td>EADI Discussion Paper, Sept., 2011</td>
<td>South Africa, Kenya, Benin, Burkina Faso, Cote d’Ivoire, Mali, Senegal, and Togo</td>
<td>ILO data covering 1990 and 2009, inclusive.</td>
<td>Voluntary social insurance contributions are deemed unnecessary due to traditions of support from the immediate or extended families in developing countries.</td>
<td></td>
</tr>
<tr>
<td>Johnson and Williamson (2008)</td>
<td>Social protection in an ageing world, 13:195-209</td>
<td>Selected developing countries</td>
<td>International database: World Bank, UN, HelpAge Int., etc.</td>
<td>Lack of administrative capacity to extend coverage. Furthermore, the majority of workers in the informal sector mistrust social security administrators and/or are ignorant about the relationship between their contributions and future benefits.</td>
<td></td>
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</tbody>
</table>
### Propositions for non-contributory pension schemes

<table>
<thead>
<tr>
<th>Author/Year</th>
<th>Journal/Source</th>
<th>Sample/setting</th>
<th>Method</th>
<th>Findings/Conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barrientos (2009)</td>
<td>Oxford Handbooks Online, 9/2009</td>
<td>Selected countries: Nepal, South Africa, Namibia, and Botswana, among others.</td>
<td>National data on existing contributory pension schemes</td>
<td>Non-contributory pension schemes absorb insignificant proportion of GDP. Therefore, to implement non-contributory pension programs as a strategy to reduce and prevent poverty</td>
</tr>
<tr>
<td>Bertranou and Rofman (2002)</td>
<td>International Social Security Review, 55(1): 67-82</td>
<td>Latin America</td>
<td>Review of existing social security schemes</td>
<td>Workers in the informal sector excluded from pension schemes. Furthermore, pension schemes are effective only where the labour markets are formal. Therefore to implement non-contributory pension as a poverty reduction strategy</td>
</tr>
<tr>
<td>Author/Year</td>
<td>Journal/Source</td>
<td>Sample/setting</td>
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<td>Findings/Conclusions</td>
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<tr>
<td>Hagemejer, Behrendt, and Hagemejer (2009)</td>
<td>OECD</td>
<td>Selected countries in Africa and Asia: Cameroon, Guinea, India, Bangladesh, Vietnam, and Pakistan, among others.</td>
<td>Costing studies to determine institutional and administrative capacities respectively, for low income countries to implement basic social security schemes (in 2005 and 2006)</td>
<td>Argued social pensions are feasible and accessible for low income countries as results indicate the cost is less than one percent of GDP; therefore inexpensive even for low income countries Argued also that non-contributory pension can ensure that all residents of a country have an income in old age.</td>
</tr>
</tbody>
</table>
# Appendix I

<table>
<thead>
<tr>
<th>Propositions against non-contributory pension schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Author/Year</strong></td>
</tr>
<tr>
<td>Kakwani and Subbarao (2005)</td>
</tr>
</tbody>
</table>
# Appendix J

## Pension schemes as a strategy to reduce poverty among the elderly

<table>
<thead>
<tr>
<th>Author/Year</th>
<th>Journal/Source</th>
<th>Sample/setting</th>
<th>Method</th>
<th>Findings/Conclusions</th>
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</thead>
<tbody>
<tr>
<td>Schwarz (2006)</td>
<td>SP Discussion Paper (0608:1-37)</td>
<td>Selected developing</td>
<td>World Bank database</td>
<td>Argued that administrators of social security programs cannot monitor contributions from workers in the informal sector: Maintained that compliance among the self-employed is low even in developed countries. Suggested that governments should aim at the welfare of the elderly as opposed to individualistic pension system.</td>
</tr>
<tr>
<td>Shen and Williamson</td>
<td>Journal of Comparative Social Welfare, 22(2): 143-153</td>
<td>Northeastern China</td>
<td>National database; interviews</td>
<td>Argued that poverty is transmissible between generations. Therefore, universal pension schemes to break cycle of poverty.</td>
</tr>
<tr>
<td>Author/Year</td>
<td>Journal/Source</td>
<td>Sample/setting</td>
<td>Method</td>
<td>Findings/Conclusions</td>
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<tr>
<td>McKinnon and Sigg (2003)</td>
<td>Discussion Paper 9/2003</td>
<td>Selected countries.</td>
<td>International database (on existing senior citizen benefit)</td>
<td>Argued that there is added financial pressure on the elderly due to HIV/AIDS pandemic in sub-Saharan Africa, whereby the elderly survive their children who have succumbed to the condition. Thus to implement a universal pension scheme to protect the elderly.</td>
</tr>
<tr>
<td>Schwarz (2003)</td>
<td>World Bank Report: Old age security and social pension</td>
<td>Selected developing/low income countries</td>
<td>World Bank database</td>
<td>Argued that a contributory pension schemes will be insufficient to prevent old age poverty as most people cannot afford premium. Suggested implementation of universal pension scheme targeting old age poverty.</td>
</tr>
<tr>
<td>Barrientos (2008)</td>
<td>ISSA Technical Report, No. 12</td>
<td>Selected countries in Africa and Latin America</td>
<td>Review of existing social protection programs focused on the elderly poor.</td>
<td>Argued that there is a positive correlation between old-age, poverty, and vulnerability. Maintained that non-contributory pension schemes provide financial security to the elderly.</td>
</tr>
</tbody>
</table>