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9. ABSTRACT
 This paper describes the Social Security and National Insurance Trust (SSNIT) of Ghana. The basic program was introduced in 1965, and from then until 1972 was administered by the State Insurance Corporation. In 1972 the program was reorganized and expanded as the SSNIT, with a Board of Directors representing a cross-section of government officials, workers, and employers. SSNIT is similar to the British system of pension insurance schemes organized in the form of provident funds generated by compulsory savings. All employers with five or more workers must contribute to SNNIT 12.5% on wages paid. Workers pay in 5% of their wages. Farmers and other self-employed persons can pay on a voluntary basis. SSNIT benefits include retirement benefits (at age 50 or 55), life insurance and death benefits, and emigration benefits. A member who migrates permanently from Ghana receives all contributions he has put into the fund, plus 3% interest. The 1,700 employees of SSNIT currently provide services for more than one million members. The government of Ghana borrows funds from SSNIT for use in construction of roads, schools, electrical power, and health facilities.

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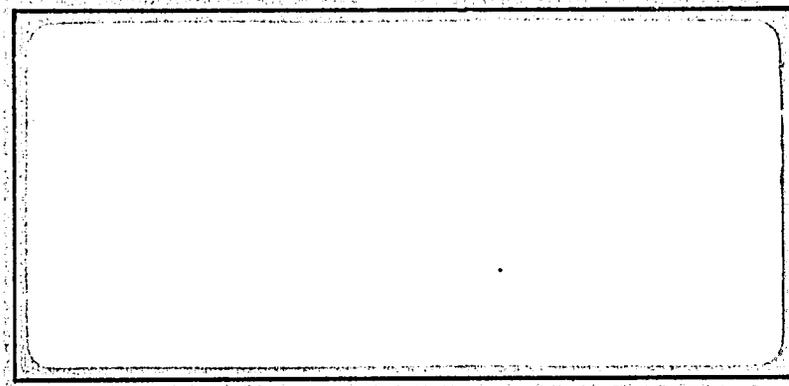
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**Unemployment and Underemployment
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INTERNATIONAL ECONOMIC DEVELOPMENT PROGRAM



**Southern University and A & M College
Post Office Box 9846
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SOCIAL SECURITY AND NATIONAL INSURANCE TRUST
OF GHANA

BY

Demetria H. McJulien

SOUTHERN UNIVERSITY

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FOREWORD

The Unemployment and Underemployment Institute was created to coordinate all international economic development activities of the 211(d) grant at Southern University.

In 1972, the Agency for International Development (AID) approved a five year grant to Southern University to strengthen and increase its capacity in economic/ agricultural economics to enhance Southern's capabilities to contribute to the resolution of problems of rural unemployment and underemployment in developing countries.

The general objectives of the Institute are (a) to develop and coordinate the activities of the University for greater participation in international economic development programs; (b) to make available the capacities and expertise thus developed to public and private agencies involved in industrial development programs; and (c) to conduct research, seminars, and workshops on domestic and international development problems including cooperatives, manpower utilization, small farmers, housing, population, nutrition, leadership training, and community development.

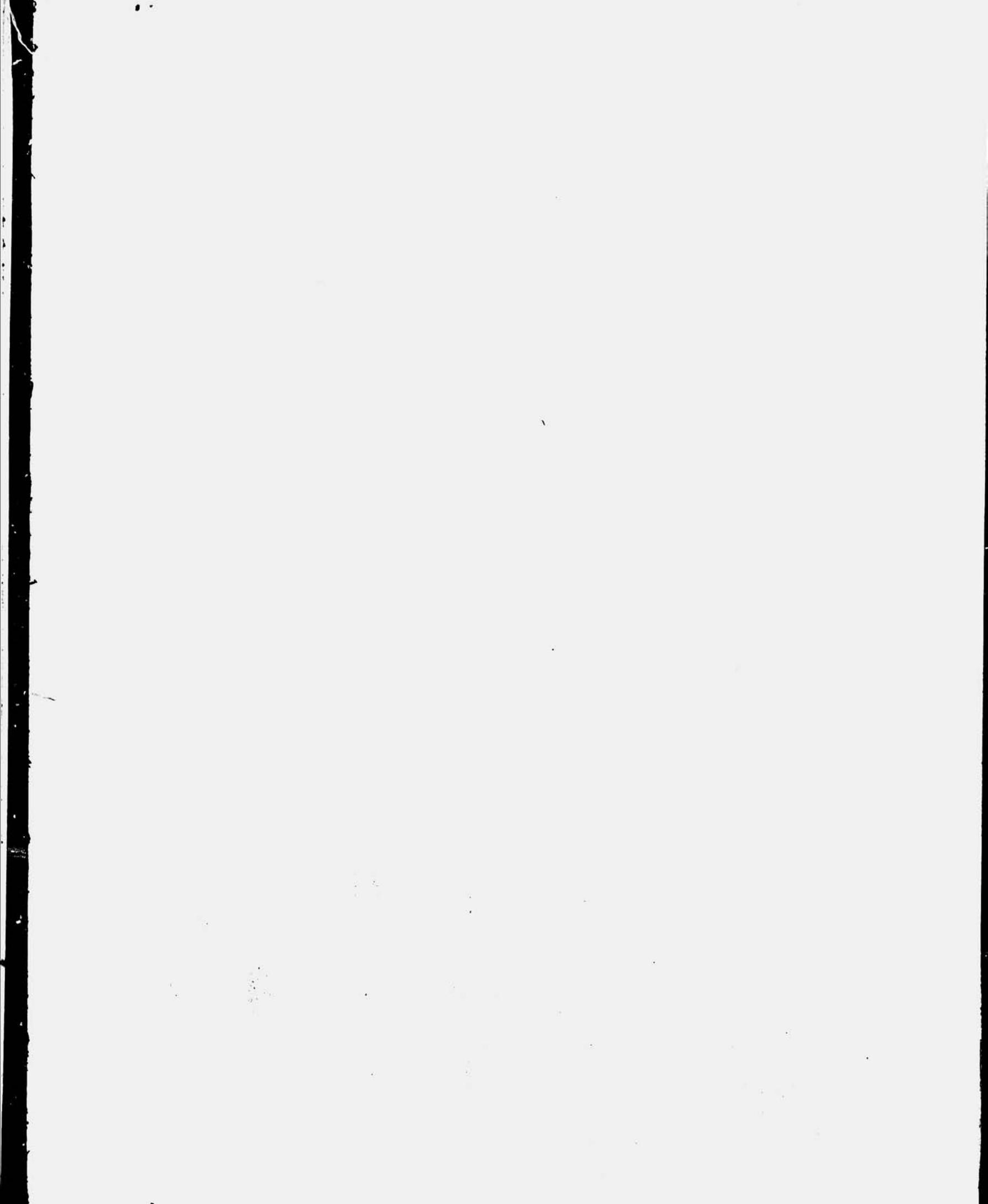
In keeping with objective (a), the University supports several faculty members working towards advanced degrees in the area of economic development and related disciplines, supports undergraduate scholarships to foreign and U. S. nationals in the Department of Agricultural Economics and Economics, provides travel to professional seminars for faculty, foreign exposure to development experiences, and special training on techniques of program design and evaluation.

In keeping with objective (b), the Institute sponsors an International Development Seminar Series, Student-Faculty & Staff Seminar Series, and hosts foreign individuals and groups interested in economic development programs at Southern University.

Results of research projects consistent with the objectives of this program are published under the Institute's Faculty-Staff Research Paper Series. Papers published under this series reflects the diversity of interests and specialties of our faculty and staff.

The above activities of the Institute demonstrate the capacities and expertise of Southern University developed through the 211(d) program. As a result of the 211(d) grant, the Unemployment-Underemployment Institute at Southern University is in a position to offer expert and technical personnel to private and public agencies involved in international economic development programs.

T. T. Williams
Director



SOCIAL SECURITY AND NATIONAL INSURANCE TRUST OF GHANA

BY

Demetria H. McJulien

Introduction. In all parts of the world, the first measures taken in the social field were intended for industrial workers. Although the scope of social security is broader today, the fact remains that its purposes originally reflected the social needs of an urban working population. It has been recognized by agricultural and rural countries that they also need social security for their population.¹ This paper will look at what one West-African country, Ghana, has done to provide its people with a social security scheme. It was the intention of the writer to also review the social security schemes of Togo, Dahomey, and Nigeria. It proved impossible to do the complete study as planned because of limited time, language barriers, and internal problems in these countries. The developmental idea for this paper was derived while visiting Takoradi, Ghana. Since Ghana was celebrating the tenth anniversary of their Social Security and National Insurance Trust Plan, conferences and exhibits were being held throughout the country. These conferences and exhibits focused primarily upon educating Ghanaians about the SSNIT programs as well as highlighting its historical development. The writer was able to discuss briefly the program with SSNIT representatives and obtain some printed materials. Based upon this minimal introduction, the writer was inspired to further review SSNIT programs. The findings are as follows:

History of Social Security and National Insurance Trust. The social security scheme was introduced in Ghana in 1965. At that time, there was

misunderstandings and misgivings about this program from the citizens of Ghana because the program was new and different to the people. The State Insurance Corporation was the administrator of the program.² At the beginning of the 1970's, it became obvious by the increasing complexity of the scheme and the great expectations of the workers of the country, that there was need for a full-time specialized body to administer the affairs of social security. It was felt with a specialized body, high standards could be maintained to satisfy the expectations of the growing and conscious labor population in Ghana. SSNIT was established on November 22, 1972. The Board of Directors was inaugurated in May, 1972. The Board is made up of ten members representing a cross-section of government, workers, and employers, thus giving the public maximum protection and projection in the social security scheme.

The main objective of the re-organization and streamlining of the country's social security scheme was to transform it in relation to the use of its resources from a purely fund mobilization agency into an agency staffed with professionals for a more diversified management of the resources which are collected from workers and held in trust for them.³ SSNIT is similar to the British system of pension insurance schemes organized in the form of provident funds based on the principle of compulsory savings.⁴ The government has insisted that all employers with five or more workers, except farmers, must contribute to SSNIT. Commercial farms contribute on a voluntary basis. The self-employed can also contribute on a voluntary basis.⁵ At present, there are nine regions with thirty-five branch offices. The headquarters of SSNIT is in the capital city, Accra. All of the members have a branch office near to their community so they will have information accessible and will not have to come to Accra.

Benefits of Social Security and National Insurance Trust. To get a better picture of SSNIT, one must understand the benefits. The benefits are divided into seven categories: super-annuation, life insurance and death, survivors, emigration, sickness, invalidity and unemployment. All of the members of the fund are entitled to the benefits. Each of these benefit categories will be discussed.

Superannuation (retirement) benefits cover men 50 years old for voluntary retirement and 55 years old for compulsory superannuation. The women and mine workers can receive interim benefit at 45 years old and 50 years old for terminal benefit. The only exception is the miner must have worked ten years continuously to receive his benefits at 45 years old. The scheme is set up for the workers to contribute 5% of their wages and their employer contributes 12 1/2%, giving a total of 17 1/2%. SSNIT gives 3% interest on these contributions. Those persons who are self-employed contribute 12 1/2% of their salary and SSNIT gives 3% interest. These contributions are paid monthly to the nearest office of SSNIT. The amount paid to the worker is solely based on what they have contributed.

Life insurance and death benefit are made up of 1% of the member's salary as a contribution to a life insurance premium. When an individual becomes a member of the scheme, he is asked to name a person or persons as his beneficiary(ies), should he die before he is eligible for superannuation benefit. The nominees receive twelve months current pay of the member plus survivors benefits. In survivors benefit, what the member has contributed to the fund with 3% interest is paid to the beneficiaries. Another category of benefits is emigration benefits. The member who has decided to migrate permanently from Ghana will receive all he has put into the fund plus 3% interest.

A person wanting to receive sick benefit must have been sick for three months continuously with no pay, to be eligible. When the member has been certified by a doctor, who must indicate proof of the illness, he is entitled to 26 weeks of sickness benefit. Then after 26 weeks, if the person is still sick, he must be seen by the SSNIT Medical Board. The Medical Board can declare the member a permanent invalid or extend the sick benefits. When the member has been declared an invalid, he can receive invalidity benefit which would be his contribution and 3% interest on the total amount.

The last benefit area is unemployed. The members have 1% deducted from their salary for unemployment, just as they had for sick benefit. The 2% total for sick and unemployment is taken from the 17 1/2% contributed by the worker and employer. The person must be registered with the Employment Center and make 36 or more contributions to the fund. Of the 36 contributions, four must have been made in the last four months prior to unemployment. The member receives 50% of his basic monthly salary the first month, and 20% the second month. This person will not be able to collect unemployment again until he has made 24 monthly contributions. The member who voluntarily leaves his work or is fired is not entitled to these benefits. SSNIT established this policy because of the high rate of unemployment in Ghana and the fund is still so young. It would lose money by giving unemployment for a longer period of time. This is one way to protect the fund until it has more capital.⁶

Summary. This paper has looked at the Social Security and National Insurance Trust scheme of Ghana. I did not compare the social security system of the United States with this scheme because the U. S. A. has had their system for forty years, and Ghana is just celebrating its tenth year. Ghana is a

developing country and the government has recognized the fact that the extended family has accepted the responsibility for the aged, sick, invalid, and unemployed in the past. At the same time, they have looked to the future to be prepared to help the individual and his family with social security as the country becomes more urban and industrialized. This system gives the member his money in a lump sum except for sick and unemployed benefits. SSNIT has started to look further ahead to the day when the plan will have to use a monthly payment plan. In a study done by SSNIT of what the members have done with their benefits, the first on the list has been to pay to educate their children; second, to invest in housing; and third, to liquidate outstanding debts.⁷ As in any group of people, some will spend their money foolishly, and then SSNIT is not able to assist them, and they have to turn to their extended family.

SSNIT has about 1700 employees. Throughout Ghana, they serve over a million members. The workers of SSNIT must all have finished secondary school and not necessarily have had university study. They receive training for two weeks in the classroom and two weeks on-the-job training. SSNIT sends some of its administrators to the U. S. A. to study our social security system. SSNIT is involved in national development. The government can borrow from this source to finance better drinking water, electricity, road construction, schools and health facilities for all. The fund is also building housing for the people of Ghana, and has established a bank, Security Guarantee Trust Ltd., to grant loans for the people to build their own housing.

It has been a pleasure for the writer to look at this Social Security scheme. The enthusiasm and helpfulness of the officials were greatly appreciated. I give special thanks to Mr. Amanority Adjaottor, SSNIT Administrative Manager and the staff of the Legon Branch for assisting me in this paper.

A PLAN FOR THE STUDY OF THE AGED IN GHANA IN THREE COMMUNITIES:

After considerable thought, the writer of this paper decided to develop a limited proposal idea for the study of the aged in three communities that were visited in Ghana by the Educators to Africa: Cape Coast, Kumasi, and Accra. The decision regarding the topic was made in Kumasi during an interview with Dr. Nii Amon Kotei, Dean, Faculty of Social Sciences, University of Science and Technology, Kumasi, Ghana. Prior to the discussion, the writer was of the opinion that there were generally no changes pertaining to the aged in the extended family system in Ghana. This conclusion had been reached after several interviews were held with faculty members at the University of Cape Coast, a chief of a small village near Asebu, and brief conversations with Ghanaians whom I met. A synopsis of a few statements obtained is the following:

(a) There are few programs for the aged in Ghana because the extended family system meets the needs of the aged family members. There are no homes or institutions for the aged like there are in America. The people in Ghana frown upon such care.¹

(b) Nana Kofi Apua II, Chief Pataase, indicated that children give a lot of respect to their elders and care for them willingly in their later years. His parents lived with his family until their deaths.²

(c) Two teenagers in Cape Coast informed the writer that parents take care of grandparents in Ghana. It is the responsibility of the elder son to arrange for the funeral of their parents, but other siblings and relatives assist.

Their grandparents are cared for by their parents.³ Both seemed to accept such arrangements as the natural responsibility of children for the care of the aged.

(d) Dr. S.K. Dogbe, Lecturer in Education at the University of Cape Coast stated that the elders in the community are looked at with deep respect. Because of this respect, the extended family accepts full responsibility for the elderly when they cannot take care of themselves. He also stated that age means to be blessed and this increases the responsibility for the young to take care of the older members.⁴

Similar statements were obtained from faculty members at the University of Science and Technology in Kumasi and the University of Ghana in Legon.

After Professor Kotei shared the contents of a proposed research project entitled "The Aged in Changing Ghanaian Society," the writer was able to note that some Ghanaians do believe that their society is changing in its relationship to the aged and extended family system. In addition, Dr. Kwesi Ampene in an article, "Dr. Ampene on Social Security in a Developing Country" discusses the changes in the extended family system that could affect the aged. He stated:

"I need hardly remind you that the old extended family which used to cushion the impact of the sudden death of a father on his children is no longer viable. Indeed, what we see today is that while some unscrupulous people will use the traditional system of succession to acquire properties from deceased relatives, these same people are unwilling to shoulder corresponding traditional responsibilities of looking after the children, wives, and parents. Many examples of such tragic situations occur everyday. We used to believe, at least people of the older generation, that a person cared for his children in the hope that the children would also care for him in his old age. The belief is no longer supported by practice. The children themselves have such a hard time trying to survive and make ends meet, that the older folk are usually neglected."⁵

The writer decided to develop the idea that the extended family system is changing and propose an idea for studying the aged in three Ghanaian communities based upon this premise.

THE IDEA

Introduction; Gerontology is the study of biological aging processes, physical and psychological properties of aged organisms, and social problems of the aged.⁶ The social problems of the aged person include income maintenance, employment, housing, medical and psychological services, social mobility, and opportunities for compatible interpersonal relations.⁷ Some persons regard the aging of the human individual to be a process or series of changes taking place over a major portion of the life span.⁸ The writer considers old age to be the last phase of the life cycle which encompasses many social problems. The aged are persons who are in the last phase of the life cycle. It is, therefore, important to note the timing of the aging phase, its impact on the role relationships, and the meaning attached to it as it varies in different societies. In most societies with a low proportion of old people (including Ghana), the aged are revered, whereas steady increases in the proportion of the aged impose an increasing burden on the younger age groups. This might be the trend that could occur in Ghana as a result of education and urbanization, etc.

The last decades have witnessed an increasing social concern with the problems of later maturity and old age.⁹ Furthermore, it seems interest in the aged on the part of the young is an expression of concern about the possibility of being unable to meet the needs of the older persons in a society in the traditional ways. In the extended family system, most of the individual's basic rights, obligations, and needs are expressed and met. In a traditional society, such as Ghana, the moral philosophy of the people consider the care of the aged largely a family responsibility. Children are supposed to assist their parents if they are self-supporting and to furnish them with living arrangements and other care which they may need. But the transition of the Ghanaian culture

from a rural to urban way of life could reduce the living space in a family unit, and the increase in standards of living and care which are considered appropriate might make the fulfillment of these traditional obligations increasingly difficult. A cultural lag seems to exist between an urban way of life and the predominantly rural ethics, and this lag may lead either to assumption by the young of duties which often become increasingly arduous, or to the refusal to assume them which results in social censure, feelings of guilt and resentment. In neither case is a satisfactory solution achieved. Social provisions for old people in the form of old age insurance, etc., is in its infancy in Ghana-- only ten years old. It is not yet developed to make a definite impact.

It seems, therefore, that some thought should be given to the study of the aged in order to shed light on the increasing population category for their social, political, economic, medical, psychological, and academic implications. In order to develop such thoughts, the following idea is proposed.

Rationale. It is often assumed that because of the extended family system, the aged are not isolated or deprived in the traditional Ghanaian society. However, with the growing rate of urbanization and education, it is expected that changes in the structure and function of the family might lead to more social isolation and financial and psychological deprivation related to the aged.

The place of the aged seems to be recognized in traditional Ghanaian society. As evidenced from previous research, they played an effective role in the household and in the community. In the home, they were asked for advice, and supervised and directed matters affecting the members of the extended family. The function of the aged as bearers and transmitters of the techniques, knowledge, and skills was recognized. Important decisions were made by the aged because of

their status and experience. It would appear that young persons in the society accepted and respected the position of the aged. This can be attributed to their socialization toward expected roles. This position, too, might be changing.

Education, urbanization, and other aspects of socio-economic change are working together to blur the role of the aged in society and to minimize, if not destroy, any degree of attachment that existed between the aged and the young. The young are able-bodied, and in most cases, the educated members of the rural community leave the aged for the urban centers to work in the administrative and industrial sectors of the economy. Here the young tend to dispense with the advice, supervision, and direction of the aged, except on occasional visits back home. Political decisions at the national and local government levels are taken over the heads of the aged literally. The protection and care given to the aged by the young also would seem to be on the decline in the changing circumstances because of the distance and other factors. The strong attachment that existed between members of the extended family appears to be replaced by one between members of the nuclear family. The aged are not near in most cases to perform the role which in former times was their natural one.

Additional support is given to the above statement in the article by Dr. Ampene referred to earlier in this paper.

Purpose. The purpose of this study idea is to examine all aspects or conditions of the aged in their present roles in society and the trend that these may be taking. The study idea should be geared toward finding out what are the future roles of the aged. It should seek to examine what care and protection the aged expect to receive from the young and how much the young in their turn are able and/or prepared to give. Emphasis should be upon the general attitude of both the aged and the young to the situation. Finally, the study idea should

reveal possible programs for implementation to meet the continuing needs of the aged. In essence, the study idea should be done to test the result of the increasing rates of education, industrialization, urbanization, etc., in Ghana on the aged related to their experiencing isolation and deprivation as the country moves from a rural to more urban society.

Plan of Study. The study idea should focus upon the three communities which are usually visited by the Educators to Africa: Cape Coast, Kumasi, and Accra, which afford a cross-section of aged Ghanaian population in terms of the variables of sex, education, ethnic background, number of aged persons, and urban-rural settings. The data would be obtained through interviewing technique (schedule mentioned). Input into the development of a tool should be sought from the Department of Social Welfare and Community Development, Social Security and National Insurance Trust Office, industry, and educational personnel studying and/or interested in the study of the aged.

Budget Considerations. The cost for this study idea should be borne by any private or public agency interested in the problems related to the aged. Costs for personnel, travel, office supplies, and equipment should be considered.

Summary. It is believed that the average Ghanaian and Ghanaian institutions still maintain that the care of the aged is the responsibility of the extended family system. The writer presently accepts this, but is proposing an idea for study based on the hypothesis that education, industrialization, move from rural to more urban society, etc., will effect changes related to the aged. Therefore, it is important to project interest and study this area to minimize such societal changes.

Footnotes:

1. Interview: Mr. Thomas Qettah, Senior Rehabilitation Officer, Central Region, Department of Social Welfare and Community Development, July 9, '75.
2. Interview: Nana Kofi Apua II, Chief of Patasse, Asebu Village, Cape Coast, Ghana, July 10, 1975.
3. Interview: James Amphah and John Arthur, Cape Coast, Ghana, July 10, 1975.
4. Interview: Dr. S. K. Dogbe, Lecturer in Education, University of Cape Coast, Ghana, July 11, 1975.
5. Dr. Kwesi Ampene. "Dr. Ampene on Social Security in a Developing Country." Journal of Social Security and National Insurance Trust, (February, 1975), pp. 6-7.
6. M. D. Trmek. On Aging and Old Age. Uitgeverinz: Dr. W. Junk, 1958, p. 8.
7. Daniel Sills (ed.) International Encyclopedia of the Social Sciences. Vol. I (New York: The Macmillan Co., and the Free Press, 1968), p. 178.
8. Clark Tibbetts (ed.) Handbook of Social Gerontology: Societal Aspects of Aging. (Chicago: University of Chicago Press, 1960), p. 6.
9. Otto Pollock. Social Adjustment in Old Age. (New York: Social Science Research Committee, 1958), p. 1.
10. Research Project: "The Aged in Changing Ghanaian Society." Department of Social Science, University of Science and Technology, Kumasi, Ghana.

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- Personal Interviews as noted in "Footnotes."

Footnotes:

1. Robert Savy. Social Security in Agriculture and Rural Areas. P. 1.
2. "The New Beginning." An editorial, Journal of Social Security and National Insurance Trust, page 2.
3. "SSNIT in National Development." Journal of SSNIT, page 8.
4. Robert Savy. Social Security in Agriculture and Rural Areas. P. 95.
5. Interview with M. A. Adjaottor.
6. "How Social Security Beneficiaries Use Their Money." Journal of SSNIT, p. 21.

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SSNIT. Employer and the Social Security Scheme. Accra: Accra Catholic Press, (Pamphlet).

SSNIT. The Worker and the Social Security Scheme. (Pamphlet).

Note: The resource material on SSNIT is limited because of the newness of the program and the lack of written material available. Most of the material was obtained from the main office of SSNIT.

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