

Presentation at the Trade Union Congress Stakeholders' Engagement Forum

TOPIC:

Pension Coverage to Informal Sector Workers in Ghana: Policy Efforts, Impact, Challenges, and the Way Forward

The Background

Social Security is the most widespread form of social protection worldwide. They provide sustainable income security for workers in their old age. The unique thing about Social Security is that it has a strong linkage to some of the United Nations Sustainable Development Goals (SDGs), especially the ones concerning poverty prevention and elimination (Goal 1), minimizing gender inequalities (Goal 5), bridging socio-economic inequalities (Goal 10), decent work and economic growth, and sustainability for better lives (Goal 8). Effective social protection programs are, therefore, central to meeting most of the SDGs.

For its importance in reducing old-age poverty and human suffering, the Right to Social Security is captured in the relevant international resolutions. Article 22 of the Universal Declaration of Human Rights (United Nations, 1948) and Convention NO. 102 of the International Labor Organization, 1952, stipulates that Social Security is a basic human right for all without discrimination, and in all situations of their lives.

In pursuing these international resolutions and based on updated poverty reduction strategies, most governments and development agencies are investing in policies and programs to expand pension coverage to marginalized groups, especially workers in non-standard forms of work, which include informal workers and the self-employed. Many international development reports have described workers in the informal sector as a 'difficult-to-cover group' because of their unique characteristics.

Social Security has three (3) main policy objectives: to ensure everyone is covered or financially protected under the system, to ensure the benefits paid are adequate, and the system that delivers the benefits is financially sustainable in the long-term. Recent development reports have found that for most low and middle-income countries, very little has been achieved in extending pension coverage to informal sector workers (coverage remains limited), with commensurate high incidence of old-age poverty.

What is the pension coverage situation in Ghana?

The proportion of Ghanaian workers covered by the national pension system is **16%** as of 2025. We assess this as inadequate, and the low coverage rate is due to limited participation by the self-employed and informal workers (mostly women).

The disproportionately lower female pension coverage rate largely reflects their over-representation amongst the self-employed. This has further increased gender inequality in financial inclusion and partly explains the relatively high incidence of old-age poverty amongst women.

A workable approach to increasing pension coverage for informal-sector workers is to establish a dedicated, stand-alone, and state-owned informal-sector-focused pension scheme with provisions and regulations that reflect their peculiar needs. Rwanda (Long-Term Savings Scheme - Ejo-Heza), Kenya National Entrepreneurs Saving Trust, Côte d'Ivoire (RSTI), and Turkiye (BES) are a few good examples of dedicated informal-sector-focused pension legislations.

The Ghana Statistical Service reported in 2025 that the informal economy contributes only **27.4%** to national GDP, despite the sector comprising about **80%** of Ghana's workforce. The **27.4%** contribution to the national GDP is deemed inadequate.

As at end of 2024, the total pension assets under management stood at 86.38 billion and against GDP of 1.4 trillion gives a pension assets to GDP ratio of 7.4%. The ACRR has been analyzing the demography and the economic potential of the informal sector in Ghana. Our projection is that revenues from a dedicated informal-sector-focused Pension Scheme under a new legislation with different regulations and provisions could contribute up to **2%** of Ghana's annual GDP, as well as create thousands of jobs.