Programme for Sustainable Economic Development (PSED) in Ghana

Inclusive Financial Services, Marketable Skills, Employment Opportunities

The challenge

Over the last two decades, Ghana’s ascent to the status of lower middle income country has been one of sub-Saharan Africa’s shining success stories. Yet growth in the informal micro, small and medium-sized enterprise (MSME) sector remains less vigorous. This has a crucial bearing on the inclusivity of Ghana’s development process, as some 85% of the economically active population in Ghana work in the informal sector. They are often excluded from formal financial services such as loans, and insurance. Many people – especially youth and women – also find it difficult to secure employment due to their lack of vocational training. In attempt to escape the effects of unemployment, the youth tends to migrate out of the country.

To address these key factors constraining growth GIZ has been commissioned by the Federal Ministry for Economic Cooperation and Development (BMZ) to support Ghana’s Programme for Sustainable Economic Development (PSED).

Our approach

PSED pursues a multidimensional approach that embraces three broad pillars: Financial Systems Development (FSD), the Technical and Vocational Education and Training (TVET) and Migration and Employment Promotion (MEP).

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<th>Project name</th>
<th>Programme for Sustainable Economic Development (PSED)</th>
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<td>Commissioned by</td>
<td>Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)</td>
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<td>Project region</td>
<td>Ghana (country-wide)</td>
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<td>Lead executing agency</td>
<td>Ghana Ministry of Finance (MoF)</td>
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<td>Duration</td>
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Financial Systems Development

This component comprises two interlinked sub-components covering the microfinance and insurance sectors. PSED’s lead executing agency – the Ghana Ministry of Finance (MoF) – is currently utilising GIZ’s advisory services as it builds an enabling policy environment for these two sectors. GIZ is also advising the respective supervisory and regulatory bodies – the Bank of Ghana (BoG) and the National Insurance Commission (NIC) – on translating MoF’s policy directives into appropriate legislative frameworks that also ensure consumer protection.

PSED is also promoting financial literacy among low-income households and MSMEs. Both Microfinance Institutions (MFIs) and insurance providers are being enabled to expand their products and service portfolios to serve the needs of low-income households and MSMEs. This involves activities to facilitate market research and the development of innovative products and solutions for outreach.

Technical and Vocational Education Training

Ghana already has a well-established traditional apprenticeship system in the informal sector but the system is challenged to keep pace with the new demands generated by burgeoning economic development. To bridge the emerging skills gap and enhance employability the Government of Ghana launched in 2012 the Ghana Skills Development Initiative (GSDI), which is led by Ghana’s Council for Technical and Vocational Education and Training (COTVET). GSDI’s current phase is co-funded by the European Union under its Ghana Employment and Social Protection Programme (GESP) and the Swiss State Secretariat for Economic Affairs (SECO) under its Ghana Private Sector Competitiveness Program (GPSCP). Supported by GIZ, GSDI operates in four areas: improving TVET policy coordination and framework conditions; supporting private sector involvement in TVET and strengthening
trade associations; developing competency-based training (CBT) standards and curricula and strengthening training institutions; and implementing newly developed courses. The ‘collaborative apprenticeship training’ introduced by GSDI combines training at the workplace and courses at formal training providers.

The support reaches out to six regions, covers eight different trades, and pays particular attention to skills along the construction value chain. Another focus of GSDI is TVET in the agricultural sector. Although agriculture contributes a quarter of Ghana’s GDP and employs almost half of the economically active population, only some 10% of the agricultural workforce are formally trained. GSDI has therefore been mandated to support agricultural TVET (ATVET) along the mango, cashew, and oil palm value chains.

The initiative is complemented by a voucher scheme that finances training costs – the Ghana TVET Voucher Programme (GTVP) – implemented by COTVET and funded by Germany’s KfW Development Bank. Special attention is also given to women’s skills development and gender equality. BMZ therefore commissioned GIZ through PSED in 2018, to implement the E-Skills4Girls initiative, which seeks to overcome the gender gap, to develop ICT-related skills and to increase access of young Ghanaian women in the digital world and labour market.

Migration and Employment Promotion

Many Ghanaians – especially young male Ghanaians – equate no employment with no perspective. For them, migration is often seen as the only way to prosperity and happiness. But when they leave the country, Ghana loses valuable workforce. To prevent that, PSED aims to improve the employment and income situation in three selected Regions (Greater Accra, Ashanti, Brong Ahafo Region), for people intending to migrate and also for Ghanaians returning from the diaspora, thereby providing an alternative to migration or contributing to reintegration. Through specially tailored training courses, as well as assistance in setting up businesses, the programme supports the target groups in becoming self-employed or finding paid employment.

What have we achieved so far?

In the microfinance sector PSED has developed tailor-made mentoring and training programmes for MFIs and helped produce basic financial literacy materials for illiterate target groups. Road shows giving these groups their first finance education have been held in collaboration with 110 MFIs. These institutions have since improved their customer service, attracted more clients and increased their volume of savings deposits.

In insurance, the NIC now has a draft legal and regulatory framework that better complies with the Insurance Core Principles (ICPs). The national regulator is today supervising the industry in accordance with international standards for risk-based supervision. Ghana Insurance College is now delivering training designed to enable providers and other insurance practitioners to reach out to low-income groups with specially-developed products and services. As with microfinance, PSED is mentoring leading providers and supporting financial literacy and inclusion.

In TVET, occupational standards were developed with COTVET and trade associations, followed by corresponding CBT teaching, learning and assessment materials. The collaborative apprenticeship training was piloted in 3 regions in 5 trades in Ghana, where a total of 16 training providers and 10 trade associations cooperated in implementing the developed CBT courses for 232 apprentices and 232 master craftsmen. In March 2016, 188 apprentices (81%) passed their assessments and received a nationally recognised National Proficiency I certificate.

In the area of labour migration, reintegration and employment, more than 1,800 people have been trained as of October 2018, including about 150 Ghanaians returning from the diaspora. Moreover, the Ministry of Employment and Labour Relations (MELR) and GIZ signed a Memorandum of Understanding (MoU), in which both parties agreed to cooperate: Through this MoU, GIZ – through PSED-MEP and the related Programme Migration for Development (PMD) – and MELR intend to leverage existing synergies to strengthen the MELR and the labour department to better fulfil their function on a policy and operational level.