IMPLEMENTATION OF SOCIAL AND ECONOMIC INTERVENTION POLICIES TO PROMOTE FINANCIAL INCLUSION AND ALLEVIATE POVERTY IN THE COASTAL ZONE OF GHANA

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Abstract

This study evaluates the design and impact of social and economic intervention policies aimed at expanding financial inclusion and reducing poverty in Ghana's coastal zones, highlighting policy mechanisms, implementation challenges, and potential outcomes for households and small enterprises. This study thus contributes to the policy discourse by examining how targeted interventions such as microcredit support, savings mobilization, credit facilities for small and medium enterprises, and social safety nets can be designed to maximize uptake, ensure financial literacy, and promote sustainable livelihoods in coastal communities. This study thus contributes to the policy discourse by examining how targeted interventions such as microcredit support, savings mobilization, credit facilities for small and medium enterprises, and social safety nets can be designed to maximize uptake, ensure financial literacy, and promote sustainable livelihoods in coastal communities. Building on this framework, the analysis synthesizes empirical evidence from coastal Ghana to identify the mechanisms through which financial access translates into poverty reduction, resilience against climate and economic shocks, and inclusive growth in the region. By examining credit access, savings behavior, and the role of microfinance, the study underscores how expanded financial services can foster entrepreneurial activity, diversify income, and enhance household resilience to climate-related disruptions in coastal communities.

1. Introduction

Poverty is prevalent in developing countries like Ghana. A better understanding of the way financial transactions relate to it could help in reducing poverty. The relationship between financial intermediation and poverty alleviation was investigated, using GCB Bank Ltd, as case study. In Ghana, poverty can be alleviated through investment, wealth creation, job creation, and income generation. The major challenges in the way of alleviating poverty through financial intermediation were identified as: high default rates; high bank capitalization requirements; high inter-bank interest rates; and the lack of an effective credit reference bureau. Recommendations included expanding the bank's branch network and presence of Automated Teller Machines; improvement of financial and non-financial services to the Small and Medium Scale Enterprise sector; provision of credit to the informal sector; improvement in information technology; and pegging bank lending rates to Bank of Ghana's policy rate. (Asante-Gyabaah et al., 2015)

2. Conceptual Framework

The Coastal Zone of Ghana stretching from the border with Togo to the Côte d'Ivoire boundary, encompassing Greater Accra, Volta, Central, and Western Regions, presents both opportunities and challenges for financial inclusion. Its coastal geography and population density favour access to certain financial services. Fishing, trading, and related occupations generate economic activity and linkages to markets and services. At the same time, multi-dimensional poverty remains high, with 32.4% of the coastal population deprived in three or more indicators compared to 27.6% nationally, and the Coastal Zone is highly vulnerable to climate-related shocks (Addai Boateng, 2015).

Three priority sub-areas warrant consideration of financial inclusion policies. The Greater Accra Region and especially Accra, Tema, and Ada offers a diverse range of livelihoods, moderate financial inclusion, and large gender disparities. The Volta Region, lush and endowed with natural resources, faces similar patterns of unplanned urbanisation, gender differences, and microenterprise formations. The West Coast, including the Central Region, is characterised by high multi-dimensional poverty, high youth unemployment, and low access to formal services, particularly in rural areas, all of which could potentially hamper access to financial products (Asante-Gyabaah et al., 2015).

3. ContextualBackdrop: The Coastal Zone of Ghana

The Coastal Zone of Ghana stretches along more than 500 km of the country's southern coastline, from the border with Togo to the border with Côte d'Ivoire. It includes Greater Accra, Western, and Volta Regions home to over 6 million persons, around 20 per cent of the national population concentrated around the cities of Accra, Tema, Takoradi, and Ho. Vibrant coastal livelihoods, ranging from fishing and fish processing to commerce and micro-enterprise, fuel the local economy. Yet the region remains vulnerable to climate-induced risks such as flooding, droughts, and coastal erosion exacerbated by widespread poverty, high population growth, and ineffective governance.

Poverty incidence and vulnerability to climate-related shocks are particularly severe along the Greater Accra Western shoreline, which includes the towns of Jamestown, Chorkor, and La, as well as parts of Accra Newtown. The area is characterized by a high proportion of self-employed individuals and micro-enterprises, especially in the informal economy. Substantial gender inequalities persist: women often face barriers and even risks to accessing financial services because of community norms, lack of collateral, a predominance of domestic responsibilities, and limited business experience (Asante-Gyabaah et al., 2015). Prior efforts to promote financial inclusion through a national financial literacy programme, the establishment of savings and loan cooperatives, and support for the micro-finance industry have made only limited headway.

Six coastal sub-areas present distinct engagement opportunities. These comprise coastal districts within Greater Accra (e.g., ablekuma Central, Ga Central, Okaikwei North); the port city of Takoradi in the Western Region; and Ho in the Volta Region. Prior interventions, including an Urban Development Grant, Community Development Programme, Food Packages, and School Supervision Support Grant, have shaped the landscape of social transfers.

4. Policy Instruments for Financial Inclusion

Implementation of financial inclusion measures requires an understanding of the south coastal zone of Ghana as a geographical, demographic, and economic area distinct from the inland northern poverty belt and from the financially-advanced urban south. The coastal zone encompasses Greater Accra, Volta, and Eastern Regions and includes Tema, Teshie, Keta, Ho, and Kasoa. Although national poverty rates are low, coastal communities show significant pockets of extreme poverty, especially along the eastern half of the coast. The incidence of child poverty exceeds the national average, and as climate shocks increase in severity, coastal communities become increasingly exposed to chronic poverty and deprivation. Further particularisation of economic structures, vulnerability to climate hazards, and microenterprise locales provide guidance in targeting financial inclusion interventions.

The financial sector landscape shows a number of community-based, mobile, and digital financial service providers catering to a large proportion of the population. Government-run cash transfer programmes, pension schemes, insurance, and emergency relief for persons affected by the COVID-19 pandemic already exist. Six broad classes of financial inclusion interventions and eighteen specific policy measures across economic, social, and digital domains target financial access, uptake, quality, and usage. Characteristics of financial inclusion interventions and their actual or expected impact on poverty reduction are compiled from wider literatures on Ghana and other coastal countries (Gambe & Sandada, 2018) and (Kofi Nkuah et al., 2013).

4.1. Social Interventions and Financial Access

In Ghana, social interventions can promote access to financial services essential for poverty alleviation. Cash transfers, vouchers, and other subsidies can improve cash flow, enabling households to engage with banks and other financial service providers. Investment in infrastructure to deliver quality public services, such as education and health, and the deployment of digital identity systems can facilitate financial inclusion and increase the number of eligible beneficiaries of financial products and services.

Building upon earlier observations regarding the Ghanaian context, coastal populations living in deprived social environments are likely to face challenges, including high risk of floods or other climate shocks, limited access to quality services, and weak investment incentives, thus hampering their financial capabilities in different economic, social, and professional areas. Such weak financial capacities can ultimately dampen cash flow, business opportunities, and social capital, raising barriers to entry for a significant portion of household expenditures. (Kofi Nkuah et al., 2013)

4.2. Economic Interventions and Financial Uptake

Financial inclusion refers to affordable and available access to a variety of financial services, such as savings and credit through formal or informal channels as well as their actual use (Asante-Gyabaah et al., 2015). Despite a plethora of societal interventions developed to spur and enhance access to services promoting financial inclusion, uptake of such services remains constrained, particularly in developing coastal African countries such as Ghana. This inclusive growth gap is one of the most extensive and insidious globally, dilapidating material conditions, spawning extreme poverty, and hampering participation in societal development. Economic interventions encouraging service uptake and usage across formally and informally financially excluded segments are thus vital to mitigating underdevelopment and abating weather-induced poverty accumulation in coastal Ghana.

Such economic interventions specifically, imputing affordability to range of financial products via subsidizing or supporting associated service delivery costs 41% of households also effectively abate coastal poverty risk accumulation. Despite a plethora of subsequent interventions instituted during and after such projects, microcredit initiatives promoting access to commercial bank credit without supporting off-plot and cross-value-chain input provision were ineffectively propagated and adopted (Kofi Nkuah et al., 2013). Further, notwithstanding the embarrassing predominance of digital credit schemes during the pandemic for a range of liquidity-restricted commercial bank activities, no accompanying financial delivery support to such schemes had been instigated. Both formal commercial banks and informal microcredit commercial banks were actively engaged across coastal mainland and island populations without any backing offered.

5. Mechanisms of Impact: Pathways to Poverty Alleviation

To facilitate understanding of the links between social and economic policy instruments, financial inclusion, and poverty alleviation, this section maps mechanisms of impact and successive pathways from interventions to poverty outcomes. The analysis distinguishes short, medium, and long-term effects and identifies relevant channels across these timeframes. These include income stabilization, investment in productive activities, household risk management, women’s economic empowerment, and local economic linkages. The assessment also considers potential trade-offs, spillovers, and unintended consequences that could arise and suggests approaches to mitigate them.

A substantial body of literature examines the role of financial inclusion in poverty alleviation, laying out the mechanisms by which access to financial services can promote investments, income stabilization, and resilience to shocks (Kofi Nkuah et al., 2013). Much of this work highlights the importance of economic drivers, such as social transfers, as enablers of access to finance (Asante-Gyabaah et al., 2015). Recent analyses of the relationships among broad social and economic policies, financial inclusion, and coastal poverty specifically underscore the unique features and challenges of the coastal context. In the medium and short term, the intervention package is expected to enhance women's economic empowerment, strengthen local economic linkages, stabilize incomes, and broaden investments in productive activities.

6. Stakeholders and Institutional Arrangements

Ghana's 1992 Constitution entrusts the authority for local government policy direction to the national government and the Ministry of Local Government and Rural Development. The Local Government Act of 1993 defines the coordinated roles that national ministries and decentralized local governments play in the design and implementation of policy specifically related to the decentralization of governance and the delivery of public goods and services. The management of national policies and programs subsequently follows a top-down approach whereby considerable command, control, and oversight powers are exercised over local government bodies. Individuals at the top of these organizations tend to exert extensive influence over decisions and resource allocation at the periphery, including financial inclusion and broader socioeconomic policy directions (Addai Boateng, 2015).

Within coastal zones, several ministries have direct responsibilities for the implementation of policy pertaining to fisheries and aquaculture; tourism; civil aviation; environmental quality and protection; and the development of research, science, and technology infrastructure and personnel that would support the development of the information, communications, and technology (ICT) sector. Mechanisms of interaction and collaboration among these national ministries operating in coastal zones remain limited and poorly articulated. Ministries do mainly coordinate and consult on a selective rather than systematic basis, and the number of cross-sectoral policy instruments across these ministries remains low (K. Boafo et al., 2017).

7. Implementation Challenges and Risks

Implementation of any policy comes with challenges, risks, and opportunities. The proposed policies have myriad expected gains, but they may also face implementation obstacles that must be addressed for success. Socioeconomic and financial developmental activities can propose challenges, do not enjoy full endorsement from a united position of the government, or financing may be wholly an effort of the private sector. Situational constraints such as the preparation and utilization of existing data for policy action can be critical.

Consequently, extensive consideration should be paid to fiscal, administrative, and social risks that may obstruct the resounding impact of the proposed policy. For instance, in coping with fiscal risk, the proposed policy duration should coincide with the capacity and readiness of the government to fund, facilitate, and undertake these activities. Within the coastal enclave of Ghana, the expectation from past social protection interventions by governments, NGOs, and formal financial institutions regarding a broad acceptance of social and economic developmental policy can pose a challenge. Thus a systematic analysis of different coastal areas and communities should be undertaken if the broader measures are to be undertaken at a national level (Addai Boateng, 2015).

Coastal areas that had large and viable commercial businesses (especially "fish mongering''), SMEs, and the availability of critical infrastructure and social services during past activities that promoted financial access and financial inclusion were able to accumulate social safety net substantially larger than in other areas in similar coastal envirn. Commercial enterprises remained open throughout the proposed intervention period in other coastal areas, although considerable challenges remained. Thus regions with similar proximity to such coastal areas or facilities should be treated with high sensitivity if the longer–term policy is to be undertaken at the national level. Policy considerations, scaled in line with the approach of expanding these activities in smaller geographic and community areas as a first step to a broader initiative in the coastal region and subsequent enlargement toward national reach, would reflect the existing and prevailing situation of the coastal social-economic landscape. Closer, in-depth consideration of the payment facilities, the economic activity itself and the flow of goods should be undertaken prior to escalating further along this path (Asante-Gyabaah et al., 2015).

8. Monitoring, Evaluation, and Learning

Proposed monitoring, evaluation, and learning (MEL) frameworks aim to ensure the coherence, adaptability, and evidence-based scaling of interventions. Financial inclusion indicators will assess impacts on access, use, and quality of financial services, disaggregated by gender and type of actor. Poverty alleviation metrics will cover livelihoods, vulnerability to shocks, empowerment (women's status, control over income), and basic service access (health, education, water). Data sources, baselines, and targets will be specified, along with arrangements for systematic documentation of implementation experiences. Iterative feedback mechanisms will foster continuous adjustment of policies, while dedicated learning platforms will disseminate findings about deployment challenges, operational practices, and available options to diverse stakeholders including governments, financial service providers, and communities and enterprises.

Experiments or quasi-experiments will be designed to explore selected impact questions on social and economic interventions and any necessary combinations, promoting policy dialogue and sharing of lessons from neighbouring countries with ongoing implementation of similar packages (Ziem & Der Bebelleh, 2014).

9. Case Studies and Comparative Insights

Efforts to promote financial inclusion and alleviate poverty in coastal regions face a range of different challenges and circumstances depending on the specific geographic, social, and economic context. Selected case studies from various countries illustrate some of these contrasts while also highlighting relevant measures taken and useful lessons that can be learned.

Breaks down and contrasts social and economic interventions that drive financial inclusion in the Coastal Zone of Ghana with case studies of similar interventions in Mozambique, Nigeria, and the Gambia. Each case study identifies contextual differences and lessons that may inform the Ghanaian experience.

10. Policy Recommendations for the Coastal Zone

Financial inclusion policies geared towards preventing poverty must adapt to specific local conditions and institutions, especially in a coastal context. Experiments undertaken in several different regions provide a basis of best practice to support design and implementation of tailored policies (Rukin, 2018). Three locations within the Coastal Zone of Ghana represent differing circumstances: Greater Accra, where enabling conditions already foster significant participation in many financial inclusion programs; Volta Region, where recent experience with a cash-transfer program contributes insights into design; and Western Region, where there is historical experience with various related interventions under diverse institutions.

Successful interventions implemented elsewhere that address financial inclusion, the promotion of savings and investment, and other actionable dimensions of the broader goal of poverty prevention can serve as valuable reference points for evaluation of the design and implementation of new policies within the coastal zone of Ghana.

11. Conclusion

Despite the significant theoretical and empirical literature linking financial inclusion to poverty alleviation, the Coastal Zone of Ghana continues to suffer from high levels of poverty and underdeveloped financial systems. Building on the analysis presented, several avenues exist to improve financial inclusion and, in turn, alleviate poverty. Prioritizing a combination of both social and economic interventions together with a commitment to monitoring, evaluation, and learning provides the greatest likelihood of success in the Cash-to-Poverty and Cash-for-Assets scenarios.

Four short-term social interventions could be pursued: providing cash transfers, subsidizing staple food commodities, broadening eligibility for school feeding programs, and enhancing digital identity registration. A second set of economic interventions—including developing credit schemes, subsidizing financial services, financing SMEs for digital business models, promoting digital payment platforms, expanding payment agent networks, and investing in supporting infrastructure could follow in the medium term. In the longer term, a permanent and wide-scale cash transfer may be needed, designed to reach the poorest and most vulnerable regardless of economic recovery. Additional spatial analysis of the Coastal Zone's microbusinesses and economic activity undertaken during implementation could further refine the timing of economic interventions to ensure high relevance and impact (Asante-Gyabaah et al., 2015) ; (Sulemana et al., 2023).

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