



**THE REPUBLIC OF GHANA**

**MINISTRY OF EMPLOYMENT AND SOCIAL WELFARE**

**NATIONAL  
EMPLOYMENT POLICY  
(2012-2016)**

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## **PREFACE**

### **Background**

Unemployment remains a major development issue in many countries, and in Ghana, the rates are quite high especially among the youth. Recent improvements in Ghana's economic growth since 2001 have not translated adequately into employment. Evidence indicates that there has been an increasing trend towards the expansion of urban informal sector and a decline in opportunities for productive employment in the formal sector. Consequently, the unemployment among the economically active population is still high. Under-employment is also a major problem especially among women engaged in agriculture in rural areas. In part, this situation has been attributed to weaknesses in the employment environment including gaps in information on the labour market.

### **The National Development Challenges**

Ghana assumed a new position as oil producer in 2011. Growth prospects remained strong during the year with GDP growth (including oil) estimated at 14.4 per cent, up from 8 per cent in 2010. Real GDP growth over the medium term is expected to be around 8 per cent on the average, reflecting strong expansion in both the non-oil and oil sectors of the economy. The growth forecast assumes a favourable investment climate and expanded social and economic infrastructure. Ghana's impressive macroeconomic performance has, however, not facilitated the needed structural transformation of the economy. The limited diversification of the economy, including its dependence on primary commodity exports, has changed very little since independence.

The lack of structural transformation of the Ghanaian economy has constrained the development of new and better employment opportunities and a fuller utilization of the labour force. As a result, the majority of employment opportunities continue to consist of low-income agricultural and informal activities. Formal public and private sector jobs have declined.

Reversing the unemployment trend will require that the macroeconomic situation continues to be stable to propel the achievement of sustained high rates of economic growth.

### **Unemployment and Poverty**

Although poverty has declined over the last 15 years, it is still high at about 28.5 per cent. This means that the absolute number of people in poverty remains high. Of the current national population of about 24 million, about 7 million live in poverty and over 4 million are in extreme poverty. There is a strong correlation between the employment situation and poverty. Income poverty is the result of unemployment, under-employment and very low income of the working poor in low productivity jobs.

The informal sector has absorbed many of the new entrants. Non-farm self-employment has risen steadily as a major source of household income, while farming has been declining. In both activities income levels are often below the poverty threshold. It is recognized that there are different sources of household incomes, but productive employment is the main source that households could rely on for sustainable livelihood. The capacity to provide productive employment to the unemployed persons among the economically active population is, however, a daunting challenge. Yet the fact that our educational system continues to pour unskilled, semi-

skilled and unemployable young graduates into a job market with comparably few job opportunities, there is need for sober reflection and deeper thoughtfulness on the kind of policy interventions which will be needed to overcome the challenges.

### **National and International Initiatives to Address the Challenge of Unemployment and Poverty**

The Millennium Development Goals address employment from the perspective of decent and productive work for the youth. Supportive economic and social policies are needed to ensure that the youth have adequate levels of employment, and that their rights are respected. The GPRS II places employment at the center of poverty reduction efforts and aims at development of human resources as one of its key strategies. This is consistent with the objectives of the New Partnership for Africa's Development (NEPAD) and the ILO Decent Work Agenda.

At the recent African Union Summit on Employment and Poverty Alleviation in Africa held in Ouagadougou in September 2004, the Heads of African States and government underscored their conviction that the creation of decent employment was the most effective means of reducing poverty and accordingly drew up an 11 point Plan of Action to address the worsening employment situation.

Government has in accordance with this outlined the broad policy guidelines on employment in the GSGDA. Government has also taken specific initiatives to sustain accelerated economic growth, wealth creation and poverty reduction. But since a significant proportion of our people still live below the poverty line, every effort would have to be made to enable them participate in the process of economic transformation through their full participation. This means that the poor must have access to productive employment opportunities if the process is to be meaningful to them.

Significant progress has further been made with efforts to ensure democratic governance which allows people's participation through the decentralized system of District assemblies for economic empowerment and sustainable development. Decentralised systems of governance facilitate transparency and accountability. They also ensure that people's basic needs are met, including coherent decentralized programmes with an increased focus on poverty eradication and employment creation.

Following the achievement of macroeconomic stability, and improvement in good governance, Government is now set to deal with the employment challenge. A number of efforts have therefore been initiated to tackle the serious employment and poverty situation through the implementation of policy interventions, programmes and projects under the GPRS I and II and the GSGDA. Some of the initiatives have sought to make our production processes and public investment programmes more employment intensive as direct ways of generating employment in the country. Specific actions will also be taken immediately to implement short-term and medium-term employment generation initiatives to achieve some quick results.

Government obviously cannot do all these alone and will have to collaborate effectively with social partners, private sector, civil society and development partners to ensure that the process for achieving increased productive employment opportunities is sustainable and done with the participation of the poor.

This National Employment Policy is therefore a bold attempt of Government to provide the needed policy response to the precarious employment situation and to assist the poor and unemployed to take advantage of the opportunities to be gainfully employed and contribute their quota to the national development process.

Achieving the goal of full, freely chosen productive employment is not an easy task for a growing economy such as ours. Government has, however, taken the first bold steps and is determined to overcome the structural impediments in the economy and make the ultimate development goal of full employment attainable through the effective implementation of this National Employment Policy.

**Hon. Moses Asaga (MP)**  
**Minister of Employment and Social Welfare**

## **ACKNOWLEDGEMENTS**

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The Ministry of Employment and Social Welfare is hopeful that as we shift attention from policy design to full implementation you will continue to provide support to this important process and assist in the orchestration of employment-intensive growth strategies in our development plans and programmes in order to facilitate the creation of productive employment opportunities in Ghana.

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AGI	Association of Ghana Industries
APRM	African Peer Review Mechanism
BAC	Business Advisory Centre
CBA	Collective Bargaining Agreement
DACF	District Assembly Common Fund
DWP	Decent Work Programme
EIB	Employment Information Bureau
EMR	Employment Market Information
EPA	Environmental Protection Agency
ERP	Economic Recovery Programme
ESG	Expert Sector Group
FCUBE	Free Compulsory Universal Basic Education
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GEA	Ghana Employers Association
GFZB	Ghana Free Zones Board
GEPC	Ghana Export Promotion Council
GIMPA	Ghana Institute of Management and Public Administration
GIPC	Ghana Investment Promotion Centre
GLSS	Ghana Living Standards Survey
GNCC	Ghana National Commission on Children
GPRS	Ghana Poverty Reduction Strategy
GRATIS	Ghana Regional Appropriate Technology and Industrial Service
GSS	Ghana Statistical Service

HIPC	Highly Indebted Poor Country
IAP	Implementation Action Plan
ICT	Information Communications Technology
ILO	International Labour Organisation
IMF	International Monetary Fund
LMI	Labour Market Information
LMIS	Labour Market Information System
JHS	Junior High School
MDA	Ministries, Departments and Agencies
MDCI	Multilateral Debt Cancellation Initiative
MDG	Millennium Development Goal
MDPI	Management Development and Productivity Institute
M & E	Monitoring and Evaluation
MLGRD	Ministry of Local Government and Rural Development
MMDA	Metropolitan, Municipal and District Assemblies
MESW	Ministry of Employment and Social Welfare
MOFEP	Ministry of Finance and Economic Planning
MOWAC	Ministry of Women and Children Affairs
NACL	National Advisory Committee on Labour
NBSSI	National Board for Small Scale Industries
NDPC	National Development Planning Commission
NECC	National Employment Coordinating Council
NEPAD	New Partnership for Africa's Development
NEPF	National Employment Policy Framework
NGO	Non-Governmental Organisation

NLC	National Labour Commission
NLCD	National Liberation Council Decree
NYC	National Youth Council
NYF	National Youth Fund
NTC	National Tripartite Committee
NTE	Non-Traditional Export
OSH	Occupational Safety and Health
PACFCG	Pan- African Consultative Forum on Corporate Governance
PEC	Public Employment Centres
PEF	Private Enterprises Foundation
PNDC	Provisional National Defence Council
PPMED	Policy Planning, Monitoring and Evaluation Division
SOE	State-Owned Enterprises
SHS	Senior High School
SSS	Single Spine Salary
STEP	Skills Training and Employment Placement
TUC	Trade Union Congress
VALCO	Volta Aluminium Company
WTO	World Trade Organisation

## **EXECUTIVE SUMMARY**

### **1.0 BACKGROUND TO THE NATIONAL EMPLOYMENT POLICY**

#### **The Macro-Economic and Financial Policy Environment**

The post-independence economy of Ghana was relatively prosperous with all major macroeconomic and financial indicators showing positive trends. This is mainly attributed to high prices of its exports (cocoa, gold, etc.), large foreign exchange reserves that were made available at independence and a fairly stable political and macroeconomic environment

The 1970s and early 1980s, however, witnessed a decline in the macroeconomic situation as a result of weak fiscal and monetary policies, and other exogenous shocks. Output and employment declined whilst the population growth rate increased from 2.6 to 3.1 per cent resulting in a fall in GDP per head. The erratic performance of the economy resulted in mass exodus of both skilled and unskilled Ghanaians out of the country.

In 1983, the Government of Ghana assisted by the International Monetary Fund (IMF) and the World Bank adopted the Economic Recovery Programme (ERP) and the Structural Adjustment Programme (SAP) primarily to achieve economic liberalisation and privatisation of inefficient state and quasi-governmental businesses and commerce. These policy reforms resulted in the attainment of steady growth in real GDP averaging about 5 per cent per annum.

Maintaining macroeconomic stability became illusive once again during most of the period in the 1990s. Government in response introduced sweeping reforms in 1997 to stabilise the economy but this was short-lived. The terms of trade deteriorated and fiscal loosening leading up to the 2000 elections aggravated the scale of the economic crises. The difficulty in maintaining macroeconomic stability was further compounded by the failure of previous adjustment reforms to revitalise the basic foundations of the productive sectors of the economy that hold the greatest potential for employment generation and poverty reduction. The Ghanaian economy, however, made a turnaround in 2001 with real GDP growth registering 4.2 per cent from the decade low average of 3.8 per cent.

The Ghana Poverty Reduction Strategy I (GPRS I) was adopted as Ghana's development framework in 2003. The policy thrust was mainly to promote macroeconomic stability. The successful implementation of the GPRS I led to the stabilisation of the macroeconomic situation with all major economic indicators showing positive trends and GDP growing at an average of 5.1 per cent during the four-year period (2001-2004).

The period 2005-2006 witnessed further economic growth and significant improvement in the structure, accountability and transparency of government finances. The GDP growth rate recorded in 2005 was 6.0 per cent and the provisional projection based on actual data through September, 2006 is 6.2 per cent. Revenue generation has been robust as a result, and government borrowing has been reduced thereby creating more resources for the private sector at reduced interest rates. By end 2005, Government became current on its statutory obligations with respect to the Road Maintenance Fund, Ghana Education Trust Fund and District Assembly Common Fund clearing all arrears that had previously been a common feature of budgetary outcomes.

The Growth and Poverty Reduction Strategy II (GPRS II) replaced GPRS I as the next development framework covering the period 2006-2009. It sought to build on what had already been achieved and to significantly improve the macroeconomic environment. Its overall objective was to double the size of the Ghanaian economy in terms of real production within the next decade and increase the per capita income of the average Ghanaian to that of middle income status by 2015. This was expected to reflect in positive social change and improvement in the quality of life for all. In accordance with this growth targets were established to operationalise Ghana's international commitments under the United Nations Millennium Development Goals (MDGs) and New Partnership for Africa's Development (NEPAD) which specifies qualitative improvements for the enhancement of human welfare as the core of development policy. The policy thrust of GPRS II therefore was to maximise output and employment in human-centred development predicated on continued macroeconomic stability, accelerated private sector-led growth, vigorous human resource development, and good governance and civic responsibility.

The GPRS II emphasised the acceleration of economic growth and poverty reduction through private sector-led wealth creation and employment generation. It focused on macroeconomic fundamentals essential to changing the structure of the economy by developing the private sector, diversifying the export base, increasing agricultural productivity and raising rural incomes. It was envisaged that economic growth would come from emerging opportunities in an enlarged market access through international trade hence the focus on two parallel strategies to add value to natural resources and enhance the competitiveness of local production through (i) an export-led industrialisation strategy; and (ii) a domestic market-led industrialisation strategy based on import competition. Within the parameters of the assumptions underlying the development framework, the economy was expected to grow at an annual rate of 6 per cent from 2006 and increase to 8 per cent towards the realisation of middle income status by 2015.

The Ghana Shared Growth and Development Agenda (GSGDA), which is the current development framework covering the period 2010-2013, seeks to address the challenges of the past and to accelerate employment creation and income generation for poverty reduction and shared growth. The overarching goal of the medium-term economic development policy is to achieve and sustain economic stability while placing the economy on a path of higher growth in order to attain a per capita income of at least US\$3,000 by 2020 while also achieving the Millennium Development Goals (MDGs). The GSGDA emphasizes structural transformation of the Ghanaian economy, based, in part, on industrialization, modernized agriculture and natural resource development. Real GDP growth over the medium term is expected to be around 8 per cent on the average, reflecting strong expansion in both the non-oil and oil sectors of the economy. Among the key thematic considerations is the enhancement of international competitiveness in Ghana's private sector. The framework proposes to initiate measures to improve the investment climate and transform the economy from factor-driven to a more competitive, efficiency-driven economy.

The impressive record of macroeconomic stability and good governance has attracted international recognition and assistance. Ghana has benefited from debt relief from the World Bank and IMF as well as most of the other bilateral creditors as part of the HIPC debt relief initiative. Ghana has also been assigned a B+ rating by Standard and Poors, and Fitch and Ratings. Additionally, United States of America has given Ghana an amount of over \$547 million as grant under the Millennium Challenge Compact Agreement to help in the modernisation of Ghana's agricultural sector.

## **The Labour Force in Ghana**

Labour statistics in Ghana suffer from a great degree of under-coverage. The Ghana National Population Censuses conducted in 1960, 1970, 1984 and 2000 by the GSS, however, provides comprehensive data on population, labour force, employment and unemployment. The evident problem associated with these data is the lack of consistency in the census periods. Current available statistics are accordingly obtained by using growth trends, patterns and basic composition that may be discerned from past historical data as well as the intermittent labour surveys.

The various national population censuses show an increasing trend of the labour force aged 15 to 64 years. The four censuses conducted in 1960, 1970, 1984 and 2000 revealed that the economic active population represented more than half of total national population and grew at a rate of 2.04 per cent from 1960 to 1970, 3.4 per cent from 1970 to 1984 and 3.8 per cent from 1984 to 2000 as compared to population growth rate of 2.2 per cent, 2.4 per cent and 2.7 per cent over the same periods.

According to the GLSS 5, between 2000 and 2006, the labour force increased further from 8.3 million to an estimated 10.4 million representing an annual average increase of 3.1 per cent over the six years. Assuming a constant rate of growth of the labour force, this implies that to keep unemployment at a relatively low rate of about 5 per cent it is necessary to create about 300,000 new jobs every year on average to absorb the additional labour force resulting from population increase.

Unemployment and underemployment remain major problems, reflecting the failure of past economic growth to generate substantial formal employment in the private sector, and the lack of job-relevant skills of the majority of the workforce. The unemployment rate of the country increased from a very low level of 2.8 percent in 1984 to an unacceptably high rate of 10.4 percent in 2000 before declining to 3.6 percent in 2005/2006. The situation is worse among the youth as well as in the urban areas. The low rate of unemployment in the country disguises the high levels of unemployment and underemployment inherent in the large informal sector. Indeed, the official definition of unemployment excludes the large numbers of jobless people who may be available for work but do not necessarily seek work, for various reasons.

The key source of demand for labour emanates from the productive sectors of the economy, namely, agriculture, industry and service, both public and private. But public sector employment has dwindled over the period due to its policies of retrenchment and redeployment. Formal private sector employment opportunities have also contracted. Currently the bulk of employment comes from informal sector activities whose productivity and sustainability pose major developmental challenges to the country.

A major concern for youth unemployment is the issue of graduate unemployment. Many more Ghanaian youth are now acquiring tertiary educational qualifications whilst the economy has not expanded enough to absorb them into the existing labour market. Apart from this, some scholars also partly blame the situation on the mismatch between the calibre of labour force being trained by the tertiary institutions compared to what the industries really need.

Compared to unemployment, under-employment appears as the more serious form of human resource underutilization in Ghana. Using weekly hours of work by labour market participants as a proxy for the extent of under-employment, 53 per cent of the working age group worked less

than the required 40 hours a week in 1991/92. This figure however decreased significantly to 23.7 by 2005/2006.

## **Employment growth by economic sector**

### **Agriculture**

Agriculture remains the main source of employment for the growing workforce in Ghana even though its share in total employment has shrunk. About six out every Ghanaian worker was employed by the agricultural sector in 1991/92. Even though the proportion of agricultural workers has been declining, the sector still engages over half of the Ghanaian labour force. Between 1991 and 2006, agriculture shed off 7 percentage points of its employment share in favour of industry and services with a gain of 5.5 and 1.5 percentage points respectively. The declining share of agriculture in employment in favour of industry and services has not been as drastic as the drop in agriculture contribution to GDP. Indeed, agriculture remains the main source of livelihood for Ghanaian workers accounting for about 55% of total employment in 2006 compared with 31 per cent in services and 14 per cent in industry. The sector has however lost its dominance to services in terms of contribution to national output. Manufacturing remains the key source of industrial sector employment accounting for over 80 per cent of total industrial sector employment or 11 per cent of total employment despite its poor performance in terms of national output.

However, agricultural sector faces a number of challenges. The sector still relies on rainfall which has over the years proved to be quite unreliable. Land acquisition for large scale commercial farming is still difficult. Land administration is still a major problem confronting investors in all sectors of the economy. Problems of poor land use practices, multiple sales, multiple ownership, delays in processing of documents, etc. are serious constraints that hinder investment in particularly the productive sectors thereby constraining employment generation. Other constraints include lack of affordable credit for agricultural development, rampant bushfires, post-harvest losses, lack of storage facilities, high transportation costs and marketing problems.

If agriculture is to play its economic role effectively and continue to provide quality raw materials to industry to support increased productive employment generation then it is imperative that the constraints and impediments are removed and the sector modernised.

The GSGDA aims at modernising agriculture through applications of science technology and research, improving linkages with industry and improving management practices of farmers. The focus of agricultural development strategy under the GSGDA is to accelerate the modernisation of agriculture to contribute significantly to the structural transformation of the economy through an effective linkage between agriculture and industry, accompanied by job creation, increased export earnings, food security, and supply of raw materials for value addition.

### **Non-farm Activities and Rural Sector Employment**

The rural environment is characterised by relatively higher levels of economically active female population compared to males, widespread illiteracy, and poor state of economic and social infrastructure including education and health facilities, road and transportation, electricity, water supply, housing, markets, and banking services.



A high majority of the economically active rural population is engaged in agricultural activities, notably farming. The per capita incomes earned from these activities are significantly lower than the average national income resulting in a high incidence of rural poverty. The unattractive rural environment has been a major cause of the educated rural youth increasingly migrating as they come out of school to urban centres, leaving behind aged and illiterate labour force.

Rain-fed crop farming does not provide full employment for farmers all year round due to slack and peak periods and seasonality in farming. The absence of irrigation technology for farmers in rural areas makes farming activities virtually come to a halt during intervening dry periods. Consequently, many of the economically active rural farm labour turns attention to non-farm activities to gainfully use their time and supplement their incomes. Also due to the overwhelmingly small scale of farm enterprises in the country many of the members of the farm households are usually under-employed and tend to undertake some non-farm activities. Indeed, nonfarm employment has become popular among all Ghanaians. According to a report of GLSS 5, over three million households in Ghana operate nonfarm enterprises. This is clearly one area that requires intervention through the provision of incentives and education to improve farmers' productivity and incomes.

### **Industry, Trade and Investment**

The industrial sector is the vanguard of structural change with the expectation that its share in GDP will be increased from 25.1 per cent in 2005 to 37 per cent by 2007 and beyond. The sector also registers the highest level of labour productivity indicating greater potential for job creation and employment. This notwithstanding the sector faced serious operational and management difficulties in the 1970's and early 1980's mainly as a result of instability in the macroeconomic environment.

Though the ERP succeeded to a large extent to liberalise the economy, the anticipated expansion in the industrial sector particularly manufacturing, and private sector investment could not be achieved because the constraints facing the sector were still persistent.

Ghana relies heavily on Foreign Direct Investment (FDI) for significant changes in the industrial sector and a lot of attention is paid to foreign investment campaigns at the highest levels of government. Nevertheless, the records reveal sluggish inflows of FDI with dire implications for employment creation particularly in industry.

Shifting the balance from the age-old promotion of FDI enclaves to models linking FDI to in-country business alliances, forging relationships with local suppliers of materials, components and value-added services, through sub-contracting, partnership exchanges and other arrangements will lead to significant value retention in-country which will have a phenomenal impact on employment generation country-wide.

The outlook for the Ghanaian industrial sector in 2012 looks bright as Ghana seeks to pursue programs under the Private Sector Development Strategy Phase II, the Industrial Sector Support Programme (ISSP) and the National Export Strategy aimed at improving the competitiveness of Ghanaian businesses and stimulating job creation.

Provisional figures from the Government of Ghana Budget Statement of 2012 indicate that the industrial sector grew by 36.2 percent in 2011. This enviable growth rate is attributable to the commercial production of petroleum from the Jubilee Fields. The production of petroleum from

the Jubilee Fields in 2001 explains the 225.4 percent increase in the growth rate of the mining and quarrying sub-sector from the 2010 figure of 7.6 percent. The Electricity and Construction sub-sectors achieved appreciable growth rates of 13.7 per cent and 17 per cent, respectively from their 2010 growth rates of 12.3 percent and 2.5 percent respectively. On the other hand, the Water and Sewerage and Manufacturing subsectors could not achieve their targeted growth rates as they grew at a disappointing 1.9 per cent and 1.7 percent respectively.

### **The Services Sector**

The services sector is the largest source of employment after agriculture, employing 33 per cent of the economically active population in 2000. After rebasing, the sector took over from agricultural sector in 2010 as the leading contributor to GDP. In the year 2011, the sector registered a growth rate of 4.2 per cent, contributing 48.1 per cent as its share to GDP. Within the services sector the big gains have been in the transport storage and communications, wholesale, retail trade, restaurants and hotels, and finance insurance, real estate and business services, in that order.

Immense opportunities for economic growth and employment generation exist in the services sector. These include tourism, ICT, light industrialisation based on textiles, garments and value addition to metallic and non-metallic minerals. Presently, most of these activities are gradually being developed within the framework of the selected Special Initiatives.

A strategic redefinition of the services sector to target Trade in Services will uncover new directions for economic growth and employment generation.

From a trade promotion perspective, services exports fall into five general categories:

- Infrastructure services, including architecture, engineering, construction, transportation, distribution and financial services
- Information technology and related services, including computer consultancy, software development, data processing, data management and call centres
- Business services such as research and development, equipment leasing and maintenance, market research, management consulting, translation, investigation and security
- Professional services, including licensed professions such as accounting, law, medicine, dentistry, etc.
- Quality-of-life services, such as education and training, health related services, entertainment, culture, recreation and sports.

However, Information Technology/Business Process Outsourcing (IT/BPO) firms are the fastest employment generators in Ghana today. Affiliated Computer Services (ACS) which was established in the country in November 2000 with 85 workers employed 1400 persons in early 2004 with an end of year 2004 projection of 2000 persons.

National advantages being exploited here derive from geographic location which confers a four to five hour working time advantage to companies located in Ghana from U.S.A. and a common language English. Geographic location can also be exploited to full advantage in exporting transport and logistics services to sahelien land-locked countries in the West Africa region, using the ports of Tema and Takoradi and well developed road, water and rail transport corridors to ship transit cargo. Similar prospects exist for passengers and cargo by air transport. Common language advantage can also be more fully exploited in training health care providers for the United States and United Kingdom markets in response to demand and opportunities.

Tourism is one economic sub-sector with a recognised high potential for growth and employment generation in Ghana. Gross foreign exchange earnings from tourism rose by 8.2 per cent from 2003 to 2004. Tourism contributes 3.7 per cent to GDP with a 3.4 points multiplier effect on income. Direct employment from tourism increased from 26,000 in 2001 to 33,094 in 2002, with indirect and induced employment rising from 64,000 to 82,129 over the same period, recording an employment multiplier effect of 3.5.

Tourism is also a service export, mostly dependent on private sector initiatives, with the majority of operators being small and medium-sized enterprises. This will create value, contribute to value-addition and improve levels of value retention in the country which meet the national development objectives of employment creation and poverty reduction in defined economic zones around tourism sites.

### **Public Sector Employment**

The Public sector is no longer the most significant source of recorded wage employment. The civil service reforms and the privatization process of the 1980s led to a decline of employment in the public sector. The public sector of Ghana is currently made up of about 650,000 employees.

Prior to 1983, several public sector institutions were established to generate employment opportunities resulting in phenomenal increase in the annual growth rate of employment by 14 per cent in the government sector while the overall rate of increase (government and private) increased by 4.2 per cent.

Since the adoption of the ERP in 1983, conscious effort has been made to address employment policy in the public sector focusing on restructuring of the workforce and compensation. Several development programmes introduced at the time to boost economic infrastructure development had high employment content.

These efforts though commendable at the time had little effect on the total employment situation because government employs less than 12 per cent of the total labour force. Public sector employment policy must therefore among other things focus on problems of labour turnover especially among qualified and experienced staff, the inability to attract and retain professionals, low labour productivity and limited labour-intensive programmes for the different vulnerable groups.

The government started the implementation of a new wage policy – the Single Spine Salary (SSS) policy – last year. This pay policy is a unified salary structure that places all public sector employees in one vertical structure and ensures that jobs within the same job category are paid within the same pay range. The SSS replaces the system of over 90 different salary structures as well as over 65 different types of allowances that has been in existence in the Ghana public service. Although, the implementation of this new wage policy is spread over a period of five years, the wage bill for fiscal 2011 is estimated to be one of the highest in sub-Saharan Africa.

## **2.0 THE EMPLOYMENT CRISIS AND NATIONAL EMPLOYMENT POLICY CHALLENGES**

### **The Employment Situation**

Since 1983, Ghana has implemented economic reforms with far reaching social consequences including redeployment of several thousands of workers from both the public and private sectors.

The limited structural transformation of the Ghanaian economy has further constrained the development of new and productive employment opportunities and a fuller utilisation of the labour force. The bulk of employment opportunities continue to consist of low-income agricultural and informal activities. Formal public and private sector jobs have declined. Persistent unemployment, underemployment and growth of precarious forms of employment remain central features of the economy. Close to 68 per cent of employed population are self-employed with no other employees. This means that the majority of the working population work in their own small enterprises and have no other employees apart from themselves. With the economy dominated by the self-employed who do not have the capacity to employ others, the prospects for generating additional jobs or employment opportunities for a growing young population is very low.

### **Employment Policy Challenges**

The major employment policy challenges facing the country include:

- Unemployment and poverty
- Poor labour statistics and ineffective labour market information system
- Non-competitiveness of the private sector as a result of micro- and macro-economic rigidities
- low professional, technical and managerial human resource base of the economy to support rapid private sector development, industrial expansion and the creation of more productive job avenues
- Vicious cycle of low productivity and low wages and incomes
- Negative impact of industrial unrests on the economy, loss of productive working time, incomes and private new investments
- High unemployment and under-employment rates among vulnerable groups including the youth, women and persons with disability, and challenges for mainstreaming the vulnerable and excluded to make them productive
- Persistence of child labour against provisions of the 1992 Constitution of Ghana and international conventions
- Effects of globalisation on labour standards, the environment and public health, and the capacity inadequacies to address occupational safety and health issues
- Loss of valuable workforce, productivity and income through HIV infection and AIDS

### **3.0 LEGAL AND INSTITUTIONAL FRAMEWORK FOR LABOUR ADMINISTRATION**

The role of labour standards as an instrument for social inclusion of the working class in the social, political and economic development of Ghana was recognised in the early period of Ghana's independence. Ghana has since independence in 1957 ratified 46 ILO Conventions. In

addition, Ghana has an elaborate legal framework that regulates employment, working conditions and labour relations.

Through the ratification of labour standards and the enactment of laws, social dialogue was made an important part of the development process. Various institutions and structures have been created at the national and enterprise levels to coordinate and discuss labour matters, promote social dialogue and prevent industrial disputes but the real test is the effect these institutions have on the application of labour standards.

In spite of the relatively strong legal and institutional frameworks including the 1992 Constitution, the Labour Act, and ratification of ILO Conventions for the right to freedom of association there have been some gross violations of this fundamental right of workers both at the national level and at the enterprise level. Furthermore, out of the over 10 million Ghanaian workforce only a minority 10 per cent in the formal economy comply with these standards. The larger majority of the workforce found in the informal sector do not comply with the standards. There is evidence of discrimination against women. There is also widespread discrimination against workers, on the basis of whether one is a permanent or casual employee.

The promulgation of the Labour Act has strengthened social partnerships in Ghana. The law spells out clearly the rights and responsibilities of workers and employers thereby seeking to prevent industrial conflicts. The law promotes collective bargaining and makes adequate provision for tripartism.

The problem however is the poor compliance and enforcement that has characterised Ghana's labour legislation. The law is only enforceable in the formal sector which employs a little over a million out a workforce of over 10 million. The capacity of institutions of the industrial relations system is weak.

Labour administration also suffers from limited coverage of trade unions. Currently, the total membership of all labour organisations in Ghana is less than one million out of over 10 million workforce. The limited coverage of unions could be a hindrance to a broad-based all inclusive agreement on important industrial relations issues. The employers' associations also face similar problems of limited coverage at both the national and sector levels. The Ghana Employers Association (which operates at the national level) and associations such as association of Ghana Industries (AGI) and Chamber of Mines do not cover majority of employers particularly owners of small and medium scale enterprises. This may lead to difficulty in the implementation of decisions taken at the tripartite level as these associations may be deemed not to be representative enough.

The effective application of the provisions of the Labour Act has the potential of significantly improving the industrial relations atmosphere for existing businesses to expand and for investments into new businesses to grow to increase the job stock of the country. The challenge is, however, the enforcement of the provisions of the law, the massive education that is required by employers and employees, and the strengthening of the institutional and logistical capacity of institutions responsible for ensuring that the law is implemented.

#### **4.0 POLICY OBJECTIVES AND PRINCIPLES OF THE NATIONAL EMPLOYMENT POLICY**

The implications of the employment policy challenges to the eradication of poverty and Ghana's development effort had been recognised by government as issues that require urgent attention, and whose resolution will contribute immensely to propel the country to a middle-income status by 2015.

##### **The main objectives of the National Employment Policy are to:**

- i. Promote the goal of full employment in national economic and social policy, and to enable all men and women who are available and willing to work, to attain secured and sustainable livelihood through full productive and freely chosen employment and work;
- ii. Secure improvement in the productivity of the labour force to improve private sector competitiveness and enhance employability to the extent that labour is afforded quality and well-remunerated employment consistent with productivity;
- iii. Provide the fullest possible opportunity to each worker to qualify for, and to use his/her skills and endowments in a job for which he/she is well suited, irrespective of race, sex, religion, political opinion, national extraction, ethnic or social origin;
- iv. Safeguard the basic rights and interests of workers, and to that end, promote respect for relevant International Labour Standards, including those on Forced Labour, Freedom of Association, the Right to Organise and Bargain Collectively, the Principle of Non-Discrimination and Equality of Treatment and Opportunities and elimination of the most extreme forms of Child Labour;
- v. Secure maximum cooperation from, and participation by, the Ghana Employers Association (GEA), the Organised Labour (OL) and other interested parties in decisions relating to national employment policy, so as to ensure industrial peace and harmony and minimise productivity and job losses through industrial unrest; and
- vi. Stimulate economic growth and development, eradicate poverty and improve the standards of living by minimising the rates of unemployment and underemployment, and optimising the utilisation of labour and human resources.

##### **The Principles of the National Employment Policy are:**

- i. Employment will be coordinated and implemented within the framework of national economic and social policy underpinned by deepening good governance and civic responsibility. In this regard, this National Employment Policy is consistent with the overall development strategies as outlined in the 1992 Constitution of the Republic of Ghana, the Growth and Poverty Reduction Strategy II and the Sector-Wide development Programmes;
- ii. Government policy on employment generation will emphasise the provision of a favourable environment for private investment and job creation. Government will continue to maintain stable and favourable macroeconomic policies, pursue vigorous human resource development, provide basic infrastructure and additional incentives to

- support a vibrant private sector as the engine of economic growth and job creation in Ghana;
- iii. The private sector therefore, should take on the role of the major investor in the productive enterprises that will provide increased employment and generate incomes. This calls for the promotion of enterprise culture that will induce self-reliance, risk taking, and a national environment that rewards effort and initiative;
  - iv. Individuals groups and the community at large, including those at the grassroots level and in line with decentralisation and participatory development, also bear an important responsibility for employment creation;
  - v. The principles of collective bargaining, workers education and adjustment in wages linked to price and productivity changes will be promoted;
  - vi. While providing for a greater role for the private sector in employment and job creation, caution shall be taken to the well-known paradox that the operation of the market system may lead to the marginalisation of some sections of the population including women, in rural areas and the informal sector, the youth, elderly persons, those with disabilities and the unemployed. Since these people are vulnerable and must be provided for through adequate safety-nets, Government undertakes to protect and assist these groups with special compensatory and well-targeted programmes, including those envisaged under the Growth and Poverty Reduction Strategy and the National Social Protection Strategy; and
  - vii. To meet the employment challenge through well targeted policies and programmes, government will provide detailed and frequently updated information which is accurate and reliable on the size and structure of the labour force and disseminate it for purposes of labour market projections and development planning.

## **5.0 STRATEGIES OF THE NATIONAL EMPLOYMENT POLICY**

The strategies for achieving the policy objectives and addressing the employment policy challenges include the following:

- Ensuring enabling macro and sectoral policies through prudent macroeconomic management, removal of constraints to growth of productive sectors, implementation of policy interventions to promote the private sector, transformation of the structure of the economy, and maximisation of productive employment opportunities.
- Integrating employment intensive growth strategies in the country's development plans and programmes including national development plans, sectoral development programmes and the budget statement and financial policies, and introducing special employment intensive schemes
- Ensuring supportive population, migration and regional development policies through improved population management, spatial distribution of population to promote balanced growth of the economy, dynamic human resource development strategy, structured arrangements for development of skills for export to take advantage of international migration and globalisation.

- Improving labour market information through reforms targeting the structures, systems, processes, human capacity and equipment and logistics which are critical to the effective functioning of institutions involved in the management of labour market information system.
- Accelerating private sector growth and development through removal of critical bottlenecks, enhancing private sector competitiveness, achieving good corporate governance, provision of adequate incentives to expand private investment in strategic sub-sectors with high employment generation potential, encouraging adequate investment in ICT, promoting made-in- Ghana goods and ensuring regular Government-private sector dialogue.
- Development of micro, small and medium enterprises through removal of barriers that impede enterprise growth, corporatisation of informal sector enterprises, provision of growth enhancing incentives and business advisory services, provision of adequate credit schemes and non-financial assistance including training, technology and markets, development of women entrepreneurship and strengthening of trade and business associations.
- Improving the legal and regulatory environment through streamlining of business licensing and registration procedures, reduction of administrative bureaucracy relating to investment procedures, reducing delays in court settlement of commercial cases, providing legal assistance to micro and small enterprises and strengthening the capacity of institutions that offer regulatory and legal services to businesses.
- Enhancing technical and vocational education and training to support employment creation through skills development programmes for the unemployed youth, and skills upgrading for those in employment, improvement in the quality, quantity and financing of technical and vocational education and training including the provision of guidance and counselling services, strengthening the structures responsible for governing and delivery of vocational and technical education, and promoting a national system of apprenticeship in partnership with the private sector.
- Enhancing business development and management through entrepreneurship training through capacity building for corporate leadership, improving the organisation of entrepreneurship training in pre-tertiary, vocational and technical, and tertiary institutions, encouraging entrepreneurship training for public servants to encourage them to go into business once they exit the service, promoting the development of women entrepreneurship and capacity strengthening for support institutions.
- Promotion of farm and non-farm rural employment through modernisation of agriculture, improving the productivity of farmers and contract farming arrangements, promoting effective linkages between farm and non-farm activities, promoting value-added activities to improve backwards integration, providing credit support and non-financial assistance including business services, marketing outlets and appropriate processing technologies, and encouraging district assemblies to improve social and economic infrastructure to attract private investments in the local economy.



- Corporatisation and formalisation of informal sector operations to facilitate the structural transformation of the economy through arrangements for resource pooling in enterprise networks, clusters, cooperatives, etc. with the objective of achieving increased efficiency and to attract business support services to expand operations, provision of adequate incentives and training for informal sector businesses to encourage them to formalise their businesses, and encouraging regular dialogue and interaction between the registrar general's department, NBSSI, and trade and business associations on the registration of informal sector businesses.
- Mainstreaming of vulnerable groups including youth, women and persons with disability in the national development process to increase their productivity and employability through the implementation of adequate policy interventions and the introduction of special employment schemes and programmes, and a comprehensive database and labour market information on vulnerable groups to facilitate policy planning and programming.
- Protection of children against child labour through awareness creation on the rights of the child, withdrawal of children from hazardous and exploitative work, providing children and their families with alternative income earning activities and developing a database on children at work to facilitate planning and decision-making.
- Improving working conditions, and occupational safety and health by strengthening the OSH system through effective coordination mechanisms, adopting adequate preventive OSH strategies to reduce industrial fatalities, improving training and disseminating OSH information to workers and employers, developing database on person-hours lost on ailments and injuries for planning purposes, protecting the vulnerable at the work place and especially adopting standards that are protective of the health of women during pregnancy, after child birth and while breastfeeding, updating existing legislation and enhancing the capacity of labour officers to perform their duties efficiently.
- Preventing HIV infection and AIDS in the work place through educational campaigns, dissemination of information on AIDS in the work place, providing protection to people with HIV and AIDS from discrimination in the workplace, and encouraging employers to make available protective devices at their workplaces to prevent HIV and other sexually infected diseases.
- Protecting the environment from degradation through sustainable implementation of the National Employment Policy and effective collaboration of agencies responsible for monitoring and carrying out inspection activities.

## **6.0 NATIONAL PRIORITY ACTIONS**

Priority action areas have been identified to focus the attention of government and stakeholders on some of the immediate actions that should be taken to ensure successful implementation of the national employment policy.

The short-term actions include:

- Development of implementation action plan
- Capacity building for MESW
- Development of monitoring and evaluation system

- Development of human resource management policy
- Development of national youth policy
- Development of LMIS
- Implementation of employment intensive strategy
- Expansion of selected on-going special employment schemes

The medium to long term action areas Include:

- Support to micro and small scale enterprises
- Support to large scale commercial farming
- Expanding employment opportunities in the business process outsourcing industry
- Improving private sector competitiveness
- Development of employment communication strategy

## **7.0 INSTITUTIONAL ARRANGEMENTS FOR POLICY IMPLEMENTATION**

### **The Role of Government**

The multifaceted and multidimensional nature of the employment policies and strategies contained in this document require well coordinated effort and commitment of all government agencies. It is the responsibility of government to create the environment conducive for growth and investment. In this context, implementation of the National Employment Policy would require that all government agencies will consciously integrate in their policies and programmes, the relevant policy initiatives, guidelines and strategies that maximise productive employment and the improvement of the general working conditions of labour. This requires concerted effort for the coordination and implementation of sectoral policies and programmes that gives priority to the creation of employment in both the public and private sectors. Public institutions that will play a key role include NDPC, MOFEP, MESW, MLGRD, GSS, Ministry of Information and National Orientation and other policy making bodies.

### **The Role of Employers' and Workers' Organisations**

The social partners represented mainly by the Ghana Employers Association (GEA) and organised labour will be expected to cooperate closely with the MESW and other relevant bodies in the implementation, monitoring and evaluation of this policy and the attainment of established objectives. They will be expected to play significant role in policy dialogue that promotes industrial harmony, productivity improvement, economic growth and consequently productive employment.

### **Donor Contribution and Coordination**

The donor community will be expected to continue its support to Government in the design and implementation of the country's development programmes that are aimed at achieving accelerated economic growth, poverty reduction and productive employment generation. Government also expects donors to take cognisance of the elements of the National Employment Policy and make the necessary adjustments to their country assistance and cooperation programmes in favour of productive employment generation strategies and activities to support accelerated poverty reduction.

## **The Role of NGOs and Civil Society**

In recent times, civil society organisations have assumed greater responsibility in providing policy inputs to shape government development policies and have effectively engaged government on a number of topical national issues through policy dialogue. Government expects NGOs and civil society to even expand their roles and refocus actions and priorities to help in the achievement of the objectives of the National Employment Policy.

## **National Employment Coordinating Council**

Given the multi-sectoral nature of employment promotion policies, there is the need to establish a coordinating body to oversee the networking arrangements and coordinate institutional commitments required for the successful implementation of the National Employment policy. Accordingly, the existing Steering Committee on the development of employment policy and labour market information system will be transformed into a National Employment Coordinating Council (NECC). The NECC will be a national body that will guide the implementation of the National Employment Policy

## **The Method of Implementation**

In implementing the national Employment Policy it will be necessary to undertake a nation-wide sensitisation exercise to explain the rationale for the policy, benefits that the population should expect, and the real opportunities that exist in the various sectors of the economy, what the unemployed or the underemployed should do to take advantage of the opportunities being offered by the policy. Specific target groups for the sensitisation exercise will include Government ministries and departments, Private sector business associations, social partners, district assemblies and NGOs.

## **Monitoring and Evaluation**

Monitoring and evaluation (M & E) of the National Employment Policy will be undertaken at various levels and through the collaboration of Government, private sector, NGOs and civil society organisations. The MESW will, however, have overall responsibility for monitoring and evaluating the implementation of the policy. The PPMED of the ministry will be reorganised and strengthened to establish the required structures, processes, systems and human resource base to enable it perform its role efficiently and effectively and issue the appropriate M & E reports.

## **Review and Revision of the National Employment Policy**

The National Employment Policy will be reviewed periodically to make information available for the national budget. The Programmes and projects which will be developed and implemented from the policy will however be reviewed regularly taking cognisance of the feedback from monitoring and evaluation reports, and the development of sector strategic and business plans and programmes.



# CHAPTER ONE

## 1.0 BACKGROUND TO THE NATIONAL EMPLOYMENT POLICY

### 1.1 The Macro-Economic and Financial Policy Environment

The economy of Ghana experienced relative prosperity after the 1960s due to high prices of its exports (cocoa, gold, etc.), large foreign exchange reserves that were made available at independence and a fairly stable political and macroeconomic environment. Real Gross Domestic Product (GDP) increased by an average of 3.4 per cent per annum from 1957 to 1973 and, with population growing at 2.2 per cent per annum, real GDP per capita growth averaged 1.2 per cent per annum. Merchandise exports increased by 3.5 per cent while imports expenditure decreased by 3.3 per cent. The Consumer Price Index (CPI) inflation rate averaged 6.3 per cent per annum.

In the 1970s and early 1980s, as a result of weak fiscal and monetary policies, and other exogenous shocks, the economy witnessed continuous decline in output and employment. In addition, population increased at a rate of between 2.6 to 3.1 per cent resulting in a fall in GDP per head by 4.4 per cent per annum. During the period 1973-1983 real GDP fell by 1.3 per cent per annum. This erratic performance of the economy resulted in mass exodus of both skilled and unskilled Ghanaians to the West and neighbouring African countries especially Nigeria, thereby transferring the expected unemployment to those countries.

In 1983, the Government of Ghana assisted by the International Monetary Fund (IMF) and the World Bank adopted the Economic Recovery Programme (ERP) and the Structural Adjustment Programme (SAP). These programmes aimed at adjusting the exchange rate to realistic levels, broadening the export base of the economy, liberalisation of interest rates to perform the function of domestic resource mobilisation and allocation of credit, removal of price controls to create a price system that will efficiently allocate resources between competing demands and the provision of price incentives to farmers, and privatisation of inefficient state and quasi-governmental businesses and commerce. These policy reforms resulted in the attainment of steady growth in real GDP averaging about 5 per cent per annum.

This notwithstanding, maintaining macroeconomic stability remained elusive during most of the period in the 1990s to 2001. Periods of relative fiscal and monetary discipline were inevitably punctuated by periods of high inflation. The sweeping reforms instituted by government in 1997 to stabilise the economy was short-lived as policy reversal soon followed. The terms of trade deteriorated and fiscal loosening leading up to the 2000 elections aggravated the scale of the economic crises. The difficulty in maintaining macroeconomic stability was further compounded by the failure of previous adjustment reforms to revitalise the basic foundations of the productive sectors of the economy that hold the greatest potential for employment generation and poverty reduction.

The Ghanaian economy appeared to have made a sustained turnaround in 2001 with real GDP growth registering 4.2 per cent from the decade low average of 3.8 per cent. The upsurge in growth was due to recovery in agricultural production and improvement in macroeconomic management. As a result of greater domestic tax effort and prudence in government spending, the country's budget achieved its highest ever primary balance in 2001. In spite of declining international commodity prices, the external position of the country improved.

The Ghana Poverty Reduction Strategy I (GPRS I) was adopted as Ghana's development framework in 2003. The policy thrust was mainly to promote macroeconomic stability. Inflation was accordingly reduced from 40.5 per cent in December 2000 to 11.8 per cent in December 2004. Interest rates fell and the prime rate were reduced from 24 per cent in 2003 to 15.5 per cent by the third quarter of 2005. This decline in the prime rate was accompanied by consequential reduction in the rates on other money market instruments including the 91-day Treasury bill. The exchange rate was stable, depreciating at 2.2 per cent against the dollar in 2004 as compared to 49.8 per cent in 2000. GDP grew at an average rate of 5 per cent during the four-year period (2001-2004) compared with 4.1 per cent in the preceding three years. This growth was led by the agricultural sector (5.5 per cent), followed by industry (5.0 per cent) and services (4.7 per cent). GDP grew at about 5.8 per cent in 2005 indicating continuous improvement in the management of the economy.

Monetary policy management also improved within the period. The Bank of Ghana Act which was passed in 2002 gave the central bank statutory independence that enabled it to focus its mandate on price stability for growth. In 2003, a Real Time Gross Settlement Payments System was introduced to facilitate the settlement of high value transactions between banks. An Inter-bank Credit Transfer System was also introduced to facilitate the settlement of small value payments through the banking system. A Payment System Bill was additionally passed into law in 2003 while a Central Securities Depository System became operational in November 2004.

The period 2004-2006 also witnessed significant improvement in almost all macroeconomic indicators enabling inflation which stood at 14.8 per cent by end 2005 to decline to 10.5 per cent at end October 2006. The structure, accountability and transparency of government finances also improved markedly. Revenue generation has been robust as a result, and government borrowing has been reduced thereby creating more resources for the private sector at reduced interest rates with the potential of facilitating business expansion and productive employment generation. By end 2005, Government became current on its statutory obligations with respect to the Road Maintenance Fund, Ghana Education Trust Fund and District Assembly Common Fund clearing all arrears that had previously been a common feature of budgetary outcomes.

The extensive economic reforms embarked upon since 1983 and the pro-poor policies adopted during the implementation of the GPRS I did not lead to structural change in the economy. The relative macroeconomic stability that was achieved did not lead to the development of new and better employment opportunities and fuller utilisation of the labour force. On the contrary, formal public and private sector employment declined. Unemployment and underemployment continued to persist throughout the adjustment period and even during the implementation of GPRS I. Agriculture continued to be characterised by low productivity, and low income and informal activities. Available data indicates that poverty in the 1990's actually increased in the Northern, Upper East and Central regions which are heavily dependent on agricultural production.

The lack of employment-intensive strategies and linkages during the period of economic reforms also increased rural to urban migration though there was no employment opportunities created in the urban centres also. The inability to increase employment opportunities and enhance productive and gainful employment is a major reason for the inability to achieve sustainable improvements in living standards during the period of economic reform.

The Growth and Poverty Reduction Strategy II (GPRS II) replaced GPRS I as the next development framework covering the period 2006-2009. It sought to build on what had already been achieved and to significantly improve the macroeconomic environment. Its overall objective

was to double the size of the Ghanaian economy in terms of real production within the next decade and increase the per capita income of the average Ghanaian to that of middle income status by 2015. This was expected to reflect in positive social change and improvement in the quality of life for all. In accordance with this growth targets were established to operationalise Ghana's international commitments under the United Nations Millennium Development Goals (MDGs) and New Partnership for Africa's Development (NEPAD) which specifies qualitative improvements for the enhancement of human welfare as the core of development policy.

The policy thrust of GPRS II therefore was to maximise output and employment in human-centred development predicated on continued macroeconomic stability, accelerated private sector-led growth, vigorous human resource development, and good governance and civic responsibility.

The GPRS II emphasised the acceleration of economic growth and poverty reduction through private sector-led wealth creation and employment generation. It focused on macroeconomic fundamentals essential to changing the structure of the economy by developing the private sector, diversifying the export base, increasing agricultural productivity and raising rural incomes. It was envisaged that economic growth would come from emerging opportunities in an enlarged market access through international trade hence the focus on two parallel strategies to add value to natural resources and enhance the competitiveness of local production through (i) an export-led industrialisation strategy; and (ii) a domestic market-led industrialisation strategy based on import competition. Within the parameters of the assumptions underlying the development framework, the economy was expected to grow at an annual rate of 6 per cent from 2006 and increase to 8 per cent towards the realisation of middle income status by 2015.

Another medium term strategy, the Ghana Shared Growth and Development Agenda (GSGDA, 2010-2013) has been developed to replace the GPRS II. The current medium term national development policy framework seeks to address the challenges of the past and to accelerate employment creation and income generation for poverty reduction and shared growth. The overarching goal of the medium-term economic development policy is to achieve and sustain economic stability while placing the economy on a path of higher growth in order to attain a per capita income of at least US\$3,000 by 2020 while also achieving the Millennium Development Goals (MDGs). The GSGDA emphasizes structural transformation of the Ghanaian economy, based, in part, on industrialization, modernized agriculture and natural resource development. Real GDP growth over the medium term is expected to be around 8 per cent on the average, reflecting strong expansion in both the non-oil and oil sectors of the economy. Among the key thematic considerations is the enhancement of international competitiveness in Ghana's private sector. The framework proposes to initiate measures to improve the investment climate and transform the economy from factor-driven to a more competitive, efficiency-driven economy.

In November 2010, the Ghana Statistical Service announced the rebasing of the national accounts estimates from the year 1993 to 2006, necessitating a revision of GDP in 2006 from GH¢22.598 billion to GH¢36.867 billion, and also classified the nation as a middle-income country. The total size of the economy in 2010 has been estimated at GH¢43.3 billion, a 17 percent increase from the previous year. The rebasing has not only reflected in a change in the total value of goods and services produced in the economy, but also in growth rates, sectoral distributions and related indicators driven by GDP. Under the rebasing, Ghana's economy in 2010 grew by 8 percent, representing a 1.4 percentage points increase over the estimated growth rate of 6.5 percent prior to rebasing.

Following the rebasing, the size of the economy in real gross domestic product (GDP) terms has been raised threefold and placed Ghana among the lower middle income group of countries. The rebasing has also suggested greater fiscal space for Ghana with a reduced revenue-to-GDP ratio. While doubts on the international acceptability of the new numbers remain, the new figures confirm a long standing suspicion of many observers, namely that the size of the Ghanaian economy has hitherto been grossly underestimated. The rebasing and revision of the national accounts measurement has raised Ghana's national income by more than 60 per cent, moving the country to lower middle-income status.

Ghana assumed a new position as oil producer in 2011. Growth prospects remained strong during the year with GDP growth (including oil) estimated at 14.4 per cent, up from 8 per cent in 2010. Real GDP growth over the medium term is expected to be around 8 per cent on the average, reflecting strong expansion in both the non-oil and oil sectors of the economy. The growth forecast assumes a favourable investment climate and expanded social and economic infrastructure.

After three years in government, the current administration has restored and sustained macroeconomic stability and steered the economy on a path of rapid growth. Ghana is now considered as one of the fastest growing economies in the world, according to the Banker Magazine (July 2010). The 2012 budget dubbed "Infrastructural Development for Accelerated Growth and Job Creation" is designed to address the infrastructural deficit of the nation in order to sustain growth, create more employment opportunities, improve incomes and improve the standard of living of the population.

If Ghana is not to repeat past mistakes then the establishment of employment-intensive growth strategy in support of accelerated poverty reduction is imperative. Fiscal and monetary policies under GSGDA must be used effectively to address capacity constraints such as expansion of productive investment and fuller employment of the labour force. The budget as an important tool for supporting employment-intensive growth has not been adequately used. The effect of this is the weak linkage between economic growth, employment and poverty reduction in policy management and decision making.

Another important issue which was not sufficiently addressed was the development of reliable, timely and consistent data on the state of employment to support employment-intensive growth strategy formulation. The economic reforms and the previous strategic documents could therefore not provide adequate attention to improving the quantity and quality of employment available to the workforce due to lack of information for planning.

The political atmosphere in Ghana has remained stable democratically since 1992. This provides pointers for further macroeconomic stability and improvement in economic management in the long-term. The benefits accruing from the stable macroeconomic environment, good governance and political stability have been immense, attracting significant support from the donor community.

For Ghana to make any significant progress in the structural transformation of the economy, the implementation of macroeconomic policies must be re-oriented to facilitate employment-intensive growth and improve employment opportunities for poverty reduction. The expectation is that the private sector will position itself strategically to take advantage of these positive developments, make the right investment choices in new business creation, expand existing enterprises and generate significant productive employment opportunities.



## 1.2 The Labour Force in Ghana

There exists plethora of institutions that serve as sources of labour statistics. These include the Ghana Statistical Service (GSS), Labour Department and Social Security and National Insurance Trust. The statistics from these sources in most cases suffer from a great degree of under-coverage. However, the Ghana National Population Censuses conducted in 1960, 1970, 1984 and 2000 by the GSS provides comprehensive data on population, labour force, employment and unemployment. The evident problem associated with these data is the lack of consistency in the census periods. Current available statistics are accordingly obtained by using growth trends, patterns and basic composition that may be discerned from past historical data as well as the intermittent labour surveys.

The population of Ghana was estimated to be 18.9 million in 2000 from 12.3 million in 1984 and with an annual growth rate of 2.7 per cent. The current estimated population is 24 million people. Over 56 per cent of the population live in rural areas while nearly 44 per cent live in urban areas (defined as localities with 5,000 or more persons). The rapid growth of Ghana's population has been ascribed to its youthful nature and declining mortality rate. Life expectancy is estimated at about 57 years with women averaging 58.4 per cent and men averaging 54.2 per cent. The age composition shows that the broad age structure has not changed very much since 1960. Those aged between 0-14 years represents about 45 per cent of the total population in 1984 and down to 41 per cent in 2000. The economically active age group 15-65 years was 51 per cent in 1984 and rose to 53.4 per cent in 2000, while the elderly population aged over 65 years was 4 per cent in 1984 and rose to 5.3 per cent in 2000. It is evident from the data that Ghana has a relatively youthful population.

Recent estimates suggest that the supply of incremental labour to Ghana's labour market is about 350,000 per annum. Though the large annual increments of young people to the labour market is itself problematic, the inability to properly target the different segments especially the Junior High School (JHS) graduates who constitute the bulk of the supply, poses even more challenges to labour force management in the country.

The demand for labour emanates from both the private and government sectors. Generally, the economically active population comprise the employed (those who work and those who had jobs but did not work) and the unemployed (those who are without work, are currently available for work and are seeking work during a defined period). The employed population formed 94 per cent and 97.2 per cent of the economically active population in 1970 and 1984 respectively. 61.1 per cent of the employed population was engaged in agricultural activities in 1984 as against 57 per cent in 1970. This reduced to 50.6 per cent in 2000. The wholesale and retail sector showed a rise from 14 per cent in 1984 to 18.3 per cent in 2000. This means agriculture and commerce employed about three quarters of the employed population. In all, two-thirds of the male and over half (56 per cent) of the female employees were in agricultural occupations at the time of the last census in 2000.

Occupational composition of the employed has not changed much between 1970 and 1984. Perhaps the only notable change is the increase in the proportion of male agricultural workers over the period which in any way was offset by a drop in the male workers in other production areas. It is however significant to note that the proportion of female workers in the professional, administrative and clerical category increased systematically in 1970, 1984 and 2000 though the effect of the increase is still below expectation.

The key source of demand for labour emanates from the productive sectors of the economy, namely, agriculture, industry and service, both government and private. Before 1987, employment in the civil service and the state-owned enterprises (SOEs) constituted 75 per cent of formal sector employment; in 1991 this contracted to 49 per cent. This was mainly due to the redeployment exercise that was undertaken by government to retrench excess staff and reduce the public sector wage bill. During the same period formal private sector employment also reduced to 8 per cent down from 10 per cent in 1987.

The inadequacy of employment opportunities to meet the ever-growing labour force was worsened as government froze employment in the public sector at the same time that contraction of employment opportunities in the private sector was imminent. Currently, the bulk of employment comes from informal sector activities in agriculture, petty trading, small scale processing and rural craft and other manufacturing activities. The informal rural sector activities such as handicraft, mining, weaving and basketry have the potential to become a bigger source of demand for labour if properly organised to improve its attractiveness and reduce the rural-urban drift but these rural and informal activities need to be supported to formalise and attract assistance to facilitate their growth in production, productivity and income

### **1.3 Employment Growth by Economic Sector**

#### **1.3.1 The Agricultural Sector**

The agricultural sector has been and still remains one of the most important sectors of the Ghanaian economy in terms of contribution to GDP, export and employment. The sector enjoyed an enviable position of being the highest contributor to GDP until the rebasing exercise in 2010. Prior to the start of the rebased series (before 2006) agriculture's share in GDP remained about the same, whilst industry did lose importance to the service sector. This pattern of increased service sector share in GDP is more pronounced after the GDP was rebased. In 2010 the contribution of service, agriculture and industry to GDP were respectively 50 per cent, 32 per cent and 18 per cent. This represents quite a change from say the 1993 levels of 31 per cent, 41 per cent and 28 per cent respectively.

Agriculture remains the main source of employment for the growing workforce in Ghana even though its share in total employment has shrunk by 8 percentage points between 1984 and 2000. About six out every Ghanaian worker was employed by the agricultural sector in 1991/92. Even though the proportion of agricultural workers has been declining, the sector still engages over half of the Ghanaian labour force. Between 1991 and 2006, agriculture shed off 7 percentage points of its employment share in favour of industry and services with a gain of 5.5 and 1.5 percentage points respectively. The declining share of agriculture in employment in favour of industry and services has not been as drastic as the drop in agriculture contribution to GDP. Indeed, agriculture remains the main source of livelihood for Ghanaian workers accounting for about 55 per cent of total employment in 2006 compared with 31 per cent in services and 14 per cent in industry. The sector has however lost its dominance to services in terms of contribution to national output. Manufacturing remains the key source of industrial sector employment accounting for over 80% of total industrial sector employment or 11 per cent of total employment despite its poor performance in terms of national output.

However, agricultural sector faces a number of challenges. The sector still relies on rainfall which has over the years proved to be quite unreliable. Limited attempts to implement policies aimed at conserving and utilising rainfall to improve agriculture have been frustrated by the choice of

inappropriate technology. Land acquisition for large scale commercial farming is still difficult. Other constraints include lack of affordable credit for agricultural development, rampant bushfires, post-harvest losses, lack of storage facilities, high transportation costs and marketing problems. Land administration is still a major problem confronting investors in all sectors of the economy. Problems of poor land use practices, multiple sales, multiple ownership, delays in processing of documents, etc. are serious constraints that hinder investment in particularly the productive sectors thereby constraining employment generation.

If agriculture is to play its economic role effectively and continue to provide quality raw materials to industry to support increased productive employment generation then it is imperative that the constraints and impediments are removed and the sector modernised. The GSGDA aims at modernising agriculture through applications of science technology and research, improving linkages with industry and improving management practices of farmers. The focus of agricultural development strategy under the GSGDA is to accelerate the modernisation of agriculture to contribute significantly to the structural transformation of the economy through an effective linkage between agriculture and industry, accompanied by job creation, increased export earnings, food security, and supply of raw materials for value addition. Agriculture is expected to achieve an annual average growth rate of at least 6% over the medium term, and contribute to rural development and reduction in the incidence of poverty.

The modernization of agriculture entails significant improvements in productivity enhancing measures along the value chain, including the adoption of high yielding crop varieties; mechanization services; improved extension services; upgrading skills of operators; and access to inputs, markets and finance.

### **1.3.2 Non-farm Activities and Rural Sector Employment**

The rural environment is characterised by relatively higher levels of economically active female population compared to males, widespread illiteracy, and poor state of economic and social infrastructure including education and health facilities, road and transportation, electricity, water supply, housing, markets, and banking services.

A high majority of the economically active rural population is engaged in agricultural activities, notably farming. The per capita incomes earned from these activities are significantly lower than the average national income resulting in a high incidence of rural poverty. The unattractive rural environment has been a major cause of the educated rural youth increasingly migrating as they come out of school to urban centres, leaving behind aged and illiterate labour force.

Rain-fed crop farming does not provide full employment for farmers all year round due to slack and peak periods and seasonality in farming. The absence of irrigation technology for farmers in rural areas makes farming activities virtually come to a halt during intervening dry periods. Consequently, many of the economically active rural farm labour turns attention to non-farm activities to gainfully use their time and supplement their incomes. Also due to the overwhelmingly small scale of farm enterprises in the country many of the members of the farm households are usually under-employed and tend to undertake some non-farm activities. Indeed, nonfarm employment has become popular among all Ghanaians. According to a report of GLSS 5, over three million households in Ghana operate nonfarm enterprises. This is clearly one area that requires intervention through the provision of incentives and education to improve farmers' productivity and incomes.

### 1.3.3 Industry, Trade and Investment

Ghana's industrial development post-independence has evolved from an import substitution industrialisation (ISI) strategy to the current private-sector led industrialisation programme. The industrial sector is the vanguard of structural change with the expectation that its share in GDP will be increased from 25.1 per cent in 2005 to 37 per cent by 2007 and beyond. The sector also registers the highest level of labour productivity indicating greater potential for job creation and employment. This notwithstanding, the sector faced serious operational and management difficulties in the 1970's and early 1980's mainly as a result of instability in the macroeconomic environment.

Though the ERP succeeded to a large extent to liberalise the economy, the anticipated expansion in the industrial sector particularly manufacturing, and private sector investment could not be achieved because the constraints facing the sector were still persistent.

Ghana relies heavily on Foreign Direct Investment (FDI) for significant changes in the industrial sector and a lot of attention is paid to foreign investment campaigns at the highest levels of government. Nevertheless, the records reveal sluggish inflows of FDI with dire implications for employment creation particularly in industry.

Shifting the balance from the age-old promotion of FDI enclaves to models linking FDI to in-country business alliances, forging relationships with local suppliers of materials, components and value-added services, through sub-contracting, partnership exchanges and other arrangements will lead to significant value retention in-country which will have a phenomenal impact on employment generation country-wide.

The outlook for the Ghanaian industrial sector in 2012 looks bright as Ghana seeks to pursue programs under the Private Sector Development Strategy Phase II, the Industrial Sector Support Programme (ISSP) and the National Export Strategy aimed at improving the competitiveness of Ghanaian businesses and stimulating job creation.

Provisional figures from the Government of Ghana Budget Statement of 2012 indicate that the industrial sector grew by 36.2 per cent in 2011. The enviable growth rate was achieved by the industrial sector in 2011 is attributable to the commercial production of petroleum from the Jubilee Fields. The production of petroleum from the Jubilee Fields in 2011 explains the 225.4 percent increase in the growth rate of the mining and quarrying sub-sector from the 2010 figure of 7.6 per cent. The Electricity and Construction sub-sectors achieved appreciable growth rates of 13.7 per cent and 17 per cent, respectively from their 2010 growth rates of 12.3 per cent and 2.5 per cent respectively. On the other hand, the Water and Sewerage and Manufacturing subsectors could not achieve their targeted growth rates as they grew at a disappointing 1.9 per cent and 1.7 percent respectively.

### 1.3.4 The Services Sector

The services sector is the largest source of employment after agriculture, employing 33 per cent of the economically active population in 2000. After rebasing, the sector took over from agricultural sector in 2010 as the leading contributor to GDP. In the year 2011, the sector registered a growth rate of 4.2 per cent, contributing 48.1 per cent as its share to GDP. Within the services sector the big gains have been in the transport storage and communications, wholesale, retail trade, restaurants and hotels, and finance insurance, real estate and business services, in that order.

Immense opportunities for economic growth and employment generation exist in the services sector. These include tourism, ICT, light industrialisation based on textiles, garments and value addition to metallic and non-metallic minerals. Presently, most of these activities are gradually being developed within the framework of the selected Special Initiatives.

A strategic redefinition of the services sector to target Trade in Services will uncover new directions for economic growth and employment generation.

From a trade promotion perspective, services exports fall into five general categories:

- Infrastructure services, including architecture, engineering, construction, transportation, distribution and financial services
- Information technology and related services, including computer consultancy, software development, data processing, data management and call centres
- Business services such as research and development, equipment leasing and maintenance, market research, management consulting, translation, investigation and security
- Professional services, including licensed professions such as accounting, law, medicine, dentistry, etc.
- Quality-of-life services, such as education and training, health related services, entertainment, culture, recreation and sports.

However, Information Technology/Business Process Outsourcing (IT/BPO) firms are the fastest employment generators in Ghana today. Affiliated Computer Services (ACS) which was established in the country in November 2000 with 85 workers employed 1400 persons in early 2004 with an end of year 2004 projection of 2000 persons.

National advantages being exploited here derive from geographic location which confers a four to five hour working time advantage to companies located in Ghana from U.S.A. and a common language English. Geographic location can also be exploited to full advantage in exporting transport and logistics services to sahelian land-locked countries in the West Africa region, using the ports of Tema and Takoradi and well developed road, water and rail transport corridors to ship transit cargo. Similar prospects exist for passengers and cargo by air transport. Common language advantage can also be more fully exploited in training health care providers for the United States and United Kingdom markets in response to demand and opportunities.

Tourism is one economic sub-sector with a recognised high potential for growth and employment generation in Ghana. Gross foreign exchange earnings from tourism rose by 8.2 per cent from 2003 to 2004. Tourism contributes 3.7 per cent to GDP with a 3.4 points multiplier effect on income. Direct employment from tourism increased from 26,000 in 2001 to 33,094 in 2002, with indirect and induced employment rising from 64,000 to 82,129 over the same period, recording an employment multiplier effect of 3.5.

Tourism is also a service export, mostly dependent on private sector initiatives, with the majority of operators being small and medium-sized enterprises. This will create value, contribute to value-addition and improve levels of value retention in the country which meet the national development objectives of employment creation and poverty reduction in defined economic zones around tourism sites.

Analysis of the employment generation potential of the three broad economic sectors indicates that agricultural sector income employment elasticity has been very low for all periods ranging

between 0.31 and 0.57. This low elasticity indicates that the agricultural sector is saturated with labour and that expansion of employment opportunities is limited. Meanwhile, income employment elasticity in both industry and service exceed unity, 2.12 for industry and 1.22 for service indicating that there are greater opportunities for job expansion in industry and service sectors.

### **1.3.5 Public Sector Employment**

The Public sector is no longer the most significant source of recorded wage employment. The civil service reforms and the privatization process of the 1980s led to a decline of employment in the public sector. The public sector of Ghana is currently made up of about 650,000 employees.

Prior to 1983, several public sector institutions were established to generate employment opportunities resulting in phenomenal increase in the annual growth rate of employment by 14 per cent in the government sector while the overall rate of increase (government and private) increased by 4.2 per cent.

Since the adoption of the ERP in 1983, conscious effort has been made to address employment policy in the public sector focusing on restructuring of the workforce and compensation. Several development programmes introduced at the time to boost economic infrastructure development had high employment content.

These efforts though commendable at the time had little effect on the total employment situation because government employs less than 12 per cent of the total labour force. Public sector employment policy must therefore among other things focus on problems of labour turnover especially among qualified and experienced staff, the inability to attract and retain professionals, low labour productivity and limited labour-intensive programmes for the different vulnerable groups.

The government started the implementation of a new wage policy – the Single Spine Salary (SSS) policy – last year. This pay policy is a unified salary structure that places all public sector employees in one vertical structure and ensures that jobs within the same job category are paid within the same pay range. The SSS replaces the system of over 90 different salary structures as well as over 65 different types of allowances that has been in existence in the Ghana public service. Although, the implementation of this new wage policy is spread over a period of five years, the wage bill for fiscal 2011 is estimated to be one of the highest in sub-Saharan Africa.

## CHAPTER TWO

### THE EMPLOYMENT CRISIS AND NATIONAL EMPLOYMENT POLICY CHALLENGES

#### 2.1 The Employment Situation

Since 1983, Ghana has implemented economic reforms with far reaching social consequences including redeployment of several thousands of workers from both the public and private sectors. The implementation of the reforms which have been supported largely by development partners has led to steady real GDP growth of 4 per cent per annum on average over the last decade. The reforms also created positive changes for the economy including foreign exchange, trade and price liberalisation, significant reduction in inflation, budget deficits and prudent fiscal and monetary policy management. Sectoral growth rates in agriculture, industry and services have also remained positive. However, the macro-economic performance has not facilitated the needed structural transformation of the economy as the economy continues to depend on primary commodity exports. Agriculture still contributes about 36 per cent of GDP changing insignificantly from the 1961 level of 35 per cent. Primary commodities account for 61.2 per cent of exports on average compared to 11 per cent of manufactured goods (1997-2001). Ghana's external debt grew from 41.4 per cent of GDP to 132.2 per cent over the period 1983-2000, revealing significant levels of dependence on external financial flows.

The lack of structural transformation of the Ghanaian economy has constrained the development of new and productive employment opportunities and a fuller utilisation of the labour force. The bulk of employment opportunities continue to consist of low-income agricultural and informal activities. Formal public and private sector jobs have declined. Persistent unemployment, underemployment and growth of precarious forms of employment remain central features of the economy. Close to 68 per cent of employed population are self-employed with no employees. This means that the majority of the working population work in their own small enterprises and have no other employees apart from themselves. With the economy dominated by the self-employed who do not have the capacity to employ others, the prospects for generating additional jobs or employment opportunities for a growing young population is very low.

Public sector employment has also been dwindling and experienced a 62 per cent job loss having declined from 4 million in 1984 to 1.4 million in 2000. During the period, the labour force increased from 5.6 million to 8.8 million, recording a growth rate of 3.3 per cent per annum and 57 per cent over 16 years (1984-2000).

The employment situation in the country and the incidence of poverty are well correlated. Income poverty results from unemployment, underemployment and very low incomes from low jobs. Of the current population of about 24 million, about 7 million live in poverty of which over 4 million live in extreme poverty. About 9 million Ghanaians or about 45 per cent of the population live on less than \$1 per day; about 15 million Ghanaians or 78.5 per cent of the population live on less than \$2 per day. In general, progress towards reduction in unemployment and poverty has been sluggish.

This means that the macro-economic stability achieved over the last 10 years is yet to be translated into significant improved conditions for the poor. Thus "Pro-poor" development concern has not embraced the full participation of the poor in the value added process in the economy thereby keeping employment opportunities out of the reach of the poor. Unemployment

and poverty remain major challenges that continue to confront the people of Ghana into the 21<sup>st</sup> century. The employment challenge is critical and requires adequate and urgent response. This national employment policy appreciates the challenge and has accordingly recognised employment promotion as a national priority and calls for a comprehensive multi-sectoral approach in dealing with it.

## **2.2 Employment Policy Challenges**

### **2.2.1 Unemployment and Poverty**

Unemployment and under-employment suffer from conceptual problems mainly due to the differences in definitions from institutions such as the ILO, Labour Department and the GSS. On the basis of the GSS census definition, however, the unemployed comprised all persons who did not work and had no fixed jobs during the seven days preceding census night but were actively looking for work, the recorded unemployment rate was 2.8 per cent in 1984, 1.9 per cent in 1987 and estimated at 10.4 per cent on the basis of the 2000 census.

An important component of the National Employment Policy Framework (NEPF) is the adoption of employment-intensive growth strategies, and the application of far reaching policies regarding employment and growth in income and the extent to which their interplay will lead to a reduction in poverty and the attainment by the country of MDGs by 2015. One of the most critical goals out of the eight MDGs is the eradication of extreme poverty and hunger. In terms of policy target this translates into halving the proportion of people whose income is less than \$ 1.00 per day by 2015.

Poverty is a state of deprivation that differentiates itself in various forms with regard to its extent, nature, persistence and multi-dimensionality. The causes of poverty include: i) low income base; ii) low productivity; iii) poor health; iv) personal in-capabilities; v) negative cultural practices; vi) social attitudes; vii) low level of education and training; viii) indiscipline and unproductive attitudes; dependency culture; and inadequate infrastructure, etc. Poverty has further been perpetuated by lack of good governance and public policy failures. From the economy-wide perspectives some of the hidden variables that contribute to overall poverty in Ghana include: i) population growth; ii) retrenchment policy; iii) general and consumer price indices; iv) lending policy of banks; v) terms of trade, etc. But the most fundamental cause of poverty is the absence of productive jobs and the inability to sustain a high rate of employment.

According to the Ghana Living Standards Survey (GLSS V) conducted in 2005/06, the poverty profile indicates that an estimated 28.5 per cent of Ghanaians are poor down from 51.7 per cent in 1991-1992. This refers to citizens who have the capacity to meet their basic nutritional needs, but are unable to cater for additional necessities such as health, shelter, clothing and education. Furthermore an additional 18 per cent are afflicted by “extreme poverty” and thus are unable to cater for basic human needs including their nutritional requirements and suffer from poverty across generations.

It is imperative therefore to acknowledge that the poverty problem would be almost impossible to solve unless it is addressed in relation to the adequacy of productive employment opportunities. When people are gainfully employed they earn income and hence are able to purchase goods and services to satisfy their basic human needs.



### 2.2.2 Labour Market Information

Generally, employment is the principal source of household income and with consumption accounting for about 80 per cent of GDP, sustained growth in employment and its associated incomes is critical to economic development in general and poverty reduction in particular. Accordingly, information about the structure of employment or its distribution between high- and low-paying jobs, as well as the various dynamics that drive the labour market is important for both short-term economic policy formulation and also for the effective management of the structural transformation of the economy and the households that produce and sustain it.

Labour market information (LMI) has been used in national development over a long time. Data collection has been identified as one of the basic problems which affects the usefulness and effectiveness of LMI. A lot of LMI data is being generated in the informal sector of the economy but are not collected and therefore are unavailable for use by policy makers.

An effective LMIS will depend on the capacities of the Employment Information Bureau (EIB) of the labour department and the Ghana Statistical Service (GSS). These institutions are statutorily responsible for the collection, analysis and publication of general and labour statistics.

The increase in the role of GSS in national socio-economic development over the years had necessitated its transformation as Office of the Government Statistician in 1948 to the Central Bureau of Statistics (a department under the Ministry of Finance) in 1961, and then to the present GSS – an autonomous and independent public service established in 1986. The Statistical Service law of 1986 gives the GSS the responsibility for the collection, compilation, analysis, publication and dissemination of official statistics in Ghana for general and administrative purposes. It is also responsible for the coordination of all developments in statistics outside of the GSS. Although the service is present in all the 10 regions of the country it suffers from serious capacity deficiencies in terms of personnel and logistics.

The Employment Information Bureau (EIB) of the labour department also suffers from serious resource constraints which affect its performance level. The bureau collects employment data from 62 PECs throughout the 10 regions of the country. The PECs are expected by law to assist in social and economic planning by providing labour market information to stakeholders to ensure a favourable employment situation. The labour Act of 2003 allowed for the first time the formation of Private Employment Agencies (PEA) to compliment the work of the Public Employment Centres. The EIB after collecting the employment data from the PECs publishes the results of the analysis in the quarterly Employment Market Report (EMR). The EMRs cover persons who voluntarily contact the various PECs for registration, counselling, and placement into suitable wage earnings. But because of the voluntary nature of the process, the resulting information is neither representative of labour conditions nationwide, nor does it cover the self-employed and the informal sector, the largest source of employment and economic activity in the country.

The Ministry of Manpower, Youth and Employment which is responsible for employment policy formulation and the monitoring of the implementation of employment policies and programmes has severe capacity problems compounded by high turnover of employees due to low salaries and poor conditions of service.

Clearly the capacity deficiencies and institutional weaknesses of all these agencies responsible for the efficient and effective management of the LMIS pose very serious policy challenge to Government.

## 2.2.3 Private Sector Growth and Competitiveness

### 2.2.3.1 Main Features and Characteristics

The role of the private sector is crucial to the national development agenda to accelerate the growth and transformation of the economy. The Government of Ghana adopted a Private Sector Development Strategy document in January 2004 to address the numerous constraints facing the sector and to support it to serve as the true engine of growth of the economy.

The constraints facing the Ghanaian private sector may be summarised as follows:

- International level constraints including unfavourable terms of trade conditions, limited identification of key markets, inadequate export promotion, etc.
- National level constraints including high taxes, levies and fees, poor business practices, ineffective incentive systems, problems associated with access, use and administration of land, relatively unstable macro-economic environment, poor and unreliable infrastructure including energy shortages and power outages, high transport costs, water supply interruptions and unreliable telecommunications, non-transparent regulatory environment, delays in business registration and approvals, corruption, lack of access to credit and high cost of credit, limited application of science and technology to the country's natural resources, lack of focus on priority areas of comparative advantage, unsupportive public sector attitudes and performance, etc.
- Enterprise level constraints including the informal nature of businesses, limited managerial skills, inadequate investments in productive enterprises, inadequate agricultural and industrial linkage, limited research and extension support, low labour productivity, lack of industrial raw materials, poor marketing, etc.

Analysis of enterprise characteristics in the private sector indicate that micro-enterprises constitute 55 per cent of all manufacturing businesses in Ghana and employ only 15 per cent of the persons engaged in the sector. Small scale enterprises, including micro-enterprises comprise 96 per cent of all manufacturing businesses in Ghana and employ only 53 per cent of persons engaged in the sector. Medium-scale enterprises constitute only 3 per cent of manufacturing businesses but employ 13 per cent of persons engaged in the sector. Large-scale enterprises constitute only 1 per cent but employ 34 per cent of all persons engaged in the sector. Most businesses in Ghana are registered as sole proprietorships.

Large-scale enterprises have the potential of absorbing the bulk of the unemployed in the labour market but they are few. Properly managed limited liability companies and partnerships are also few. The structure of the private sector as presently constituted therefore poses a challenge for overcoming the employment situation in the country.

The private sector development strategy document of 2004 (PSDS I) was succeeded by a more comprehensive Private Sector Development Strategy (PSDS II). The key policy objectives to be achieved under PSDS II include:

- improve private sector competitiveness domestically and globally;
- reform the financial sector;
- attract private capital from both domestic and international sources;
- pursue and expanding market access;
- make the private sector work for Ghana and Ghanaians;
- ensure the health, safety and economic interest of consumers; and
- expand opportunities for job creation.

The Private Sector Development Board and a Secretariat have been established to facilitate the implementation of the Private Sector Development Strategy Phase II (PSDS II). The Policy thrust of PSDS II is to develop a competitive and thriving private sector that will create jobs and enhance livelihoods.

### **2.2.3.2 Large Informal Sector**

The informal economy in Ghana and elsewhere in Africa is a reflection of the failure of mainstream policy over the years to respond to the social and economic development aspirations of the majority of the people. In the absence of sufficient well-paid jobs in the formal sector, the bulk of the working population had not depended on government to survive and develop. Indeed, they have used their own resources, their family labour and informal credit channels to create a livelihood and for some, had become more productive.

Ghana has a large informal sector contributing about 40 per cent to gross national income compared with 18 per cent in OECD countries. Most micro and small enterprises operate in the informal sector and exhibit the following characteristics: largely non-entrepreneurial, subsistence activity and earning very low incomes; unregistered businesses; operators have low educational attainment, 87 per cent primary or no formal education; high risk and limited access to credit; low level technology use and limited vertical integration; and weak institutional framework.

One of the major features of the labour market in Ghana is the informality of employment and employment relationships. Formal employment accounted for a relatively small fraction of total employment – only 13.7 per cent of employed persons aged 15 to 64 years. An estimated 86.3 per cent of the employed population works in informal activities. Women are disproportionately represented in informal activities with 93.8 per cent of all employed women working in informal employment. For men, the comparable figure is 77.3 per cent. Women are more likely to perform unpaid work in family enterprises and to work in non-agricultural informal activities.

Ghana's resource endowments make agriculture and the informal economy the best targets for short-term interventions in large-scale employment generating schemes. However current practices and records in these sectors do not make them attractive offers because of their low and irregular incomes and generally considered high-risk operations.

Since the industrial sector creates more wealth than agriculture or services, regions with higher numbers of manufacturing establishments such as Greater Accra and Ashanti have greater numbers of employed persons with improved income earnings and the incidence of poverty is expected to be generally lower in such regions. Earnings and quality of life of employed persons are expected to improve further in regions where greater numbers of larger industries are located.

The formalisation of informal sector operations, especially those enterprises that respond to growth-enhancing incentives to progressively reduce the predominance of the informal sector's share of total employment in support of the structural transformation of the economy is a major challenge that the Government has to address.

### **2.2.3.3 Private Sector Competitiveness**

Critical bottlenecks which hamper private sector competitiveness and accelerated growth include complexity and non-transparency of the regulatory environment, limited access to long-term credit facilities, inadequate physical infrastructure, ineffective capacity of businesses, inefficient business support services and non-accrual of benefits of private sector development initiatives to micro enterprises and informal sector. Macroeconomic policies regarding taxes and levies, trade

and exchange rates, interest rates, pricing, etc. have significant impact on private sector competitiveness both locally and internationally. The removal of constraints in these areas and enhancing the capacity of private businesses to take advantage of the national and global trade and investment opportunities continue to remain a major challenge for the economy.

#### **2.2.3.4 Corporate governance**

One of the greatest challenges facing private sector development in Ghana is how to transform local systems of economic and political governance, from highly personalised, relationship-based structures, which create the large numbers of unincorporated individually owned businesses into effective rules-based systems, which foster the growth of larger businesses.

Sound corporate governance can increase access to external financing by firms, which can lead to larger investments, higher growth and the creation of more jobs. It can also help lower the cost of capital and raise the value of the firm, making investments more attractive, which in turn can lead to growth and more employment.

Good corporate governance produces better operational performance through better allocation of resources and better management, creating wealth more generally. It helps reduce the risk of financial crises, which can have devastating economic and social costs, and could further foster improved relationships with stakeholders, and thus improve labour relations as well as the climate for improving social aspects such as environmental protection.

Ghana undertook a country self-assessment in corporate governance in 2004 as a component of the Africa Peer Review mechanism (APRM) under NEPAD. The conclusions of the self-assessment clearly pointed to the need to strengthen corporate governance in the country.

Ghana is a member of the Pan-African Consultative Forum on Corporate Governance (PACFCG) whose objectives include the mainstreaming of good corporate governance standards and practices in the private and public sectors as a priority measure.

The Company Code of 1963 is being revised to improve corporate governance in Ghana. The main challenge therefore relates to policy measures that will be formulated to enable the Code improve significantly on the formalisation of the broader economy to reduce the huge influence of informal activities.

#### **2.2.4 Education and Training**

Ghana, since independence, has made serious effort at providing quality education for its citizens. The Accelerated Development Plan of education of 1951 rapidly expanded recruitment into elementary and secondary education but in the process led to erosion of standards and created the phenomenon of unemployed school leavers. Since then, several committees including the Kwapong Review Committee of 1966 and the Dzobo Review Committee of 1974 had made recommendations for reforming the educational system. The Dzobo Review Committee in particular introduced the concept of “comprehensive” Junior Secondary Schools (JSS) to teach academic and practical skills to all pupils. The implementation of the JSS concept in 1987 has led to the country facing the spectre of a large number of late teen-age school leavers the majority of whom are deficient in basic numeracy and literacy skills, as well as the purported craftsman and technical skills, and therefore ill-prepared for either formal second cycle education of good standard, or for life of work and continuous learning for self-employment

The education system is currently plagued with challenges including: confused interests, choices and perception about the world of work, limited provision of further education and skills training facilities for the majority of the products of the JHS and the Senior High School (SHS) levels who thereafter exit from the formal education system; inadequate provision of technical and vocational education at the second cycle level; unstructured provision of apprenticeship training especially within the productive private enterprise sector, for the majority of school leavers who have to be prepared for a life time of work outside the basic school, second cycle, systems of general, vocational, agricultural and technical education; crisis at the tertiary education level, with insufficient places to meet the needs of a modernising economy; limited opportunities for post-secondary education for the products of technical, vocational and agricultural education; and difficulties in the development of the polytechnics within the scope of higher education, and the vexed problem of sustainable financing of the whole tertiary education sector.

Available statistics indicate that on average, survival rate from primary grade 1 to primary grade 6 has been only 79.9 per cent, 80 per cent for boys and 78.9 per cent for girls. To achieve Free Compulsory Universal Basic Education (FCUBE), this figure must reach 100 per cent. The transition between primary grade 6 and JHS has also been less than satisfactory, at 91.4 per cent. Within the JHS itself, the survival rate from JHS grade 1 to JHS grade 3 is about 88.2 per cent with 89.5 per cent for boys and 86.8 per cent for girls. This means that one out of every eight pupils who entered through the JHS stage failed to complete it. And even for those who managed to complete the JHS, the transition rate to SS 1 has been quite calamitous, with only about 40 per cent of JHS graduates gaining admission into SHS. Gender equality is a problem across all levels of education, particularly at the SHS level where only 42.7 per cent of students are female.

Thus the education system pours out hundreds of thousands (about 60 per cent graduates at various educational levels and those who exit early) of unskilled, semi-skilled and unemployable rather young Ghanaians into the labour market. The critical policy challenge therefore is how to properly nurture this category of the youth to become employable and highly productive to spearhead the dynamic transformation of our economy.

Government in response to these challenges inaugurated the Anamuah-Mensah Committee in 2002 to investigate the situation and make recommendations to address the challenges. Of critical importance to the committee's work was the examination of issues relating to linking the educational system more closely to the productive sectors of the economy to enhance its relevance, and exposure of the educable young to the problems of industry and the world of work.

For those in employment, a good educational background of especially entrepreneurs has impact on their ability to operate their businesses efficiently, and their capacity to absorb managerial and technical skills. These factors are relevant to the successful operation or collapse of businesses and hence on their capacity to generate employment

The low professional, technical and managerial human resource base of the economy is a major constraint to accelerated private sector development and the expansion of employment opportunities. The occupational profile of the economically active population indicates that: only 8.6 per cent are professional and technical staff, and 0.3 per cent managers and administrators. It is estimated that Ghana has about 174 registered engineers, 53 legal practitioners, 60 certified accountants, 50 architects and surveyors and 145 medical (including doctors) and dental practitioners per million of persons. The low percentage of key technical and professional human resource highlights the relatively low skilled human resource capacity of the economy.

Though technical and vocational education and training could be used as an important channel for making most of the unskilled and unemployable more productive, it has not been given the due attention it deserves over the years. The apprenticeship system is still the dominant method of vocational training but it has still not been properly integrated into the formal educational system.

Less than 2 per cent of the educated labour force has a qualification in technical and vocational education and training, making it difficult for the country to develop economically from such a low level of human capital in the technical area. Generally, management and technical skill levels are low among operators of micro and small-scale enterprises, and workers in the informal sector. Weak technical skills reduce the quality and range of products that could be produced. The budget allocation to technical and vocational education and training within the period was a paltry 1.2 per cent of the Ministry of education total budget. This is a major handicap that must be overcome through education sector policy reforms that target the job market and ensures the employability of the unskilled and unemployed youth.

Interventions in support of employment particularly youth employment have also been made through changes to the education system. The 1987 education reform programme which introduced the JSS (JHS)/SSS (SHS) concepts has been by far the most extensive reform of the education system in Ghana. This reform programme was marked by two significant changes. First was the reduction in the duration of pre-university education from 17 years to 12 years. The rationale was to get the youth into the labour market at their prime age with the anticipation that they can contribute most to national development when they are young. The second major change was the introduction of technical and vocational education into the formal education curriculum. This was to reduce the emphasis on academic courses and to focus on the provision of employable skills in the formal education system. This saw the establishment of Technical and Vocational Training Institutes and the introduction of skills-based technical courses into the education curriculum. Government also established the Integrated Community Centres for Employable Skills (ICCES) as part of the reform.

These interventions in the education sector were intended to produce young people with the right skills that allow them to either employ themselves and others or get employed once they enter the labour market. The educational interventions have produced perverse results of choking the labour market with an army of young people with very limited skills and human capital. The reduction in the duration of pre-university education without corresponding expansion and improvement in facilities at the tertiary level has meant that majority of young people are compelled to seek employment after JHS or SHS education. At the same time, the grandiose scheme of building employable skills among products of the education system through technical and vocational training courses did not materialize. This has led to a situation where the education system continues to churn out a steady stream of semi-literate young people who do not meet the requirement of a dynamic labour market.

In many respects formal skills training in Ghana can be described as limited and often linked to employment. Both in the public sector and in the private sector training programmes are ad hoc and far between, as most organisations do not have a sustained training policy. Middle level technicians are especially in short supply as polytechnics and vocational/technical schools are relatively few. In any case only a handful of Ghanaian workers have had the benefit of formal education and skills acquisition.

For the rest of the labour force skills acquisition is dominated by informal apprenticeship, in a system where typically uncertified master craftsmen and women admit young boys and girls for

periods of two to three years in training. This is especially common in the informal sector in areas such as tailoring, dressmaking, auto mechanics, and electricals. Though the informal sector is where most people turn to for artisanal services the sector is however, plagued by archaic technology and poor standards. There is little proficiency certification as most of the operators here are at best semi-literate. Going forward with this development plan a lot more effort and resources will be put into developing a well structured skills development programme to upgrade Ghanaian workers' skills at all levels. This is a responsibility that must be shared with industry.

### **2.2.5 Productivity, Wages and Income**

Employment is the outcome of interaction between demand and supply of labour. The supply of labour in aggregate terms is generally determined by the growth and skills of the labour force. On the hand, labour demand is mainly influenced by growth of the economy and the source of growth. The favourable growth performance in response to economic reforms appears to have failed to translate into adequate and quality employment growth in Ghana and this has implications for unemployment and poverty. This is largely explained by the slow growth of manufacturing and agriculture noted as the high labour absorption sectors.

Generally, over the past two and a half decades employment growth has not kept pace with economic growth and this is reflected in a consistent decline in employment elasticity of growth from 0.64 in 1992-96 to 0.4 in 2004-08 (ILO, 2008). Indeed, a 4.8% annual average economic growth between 1984 and 2000 could only translate into 2.0% annual average employment growth compared with over 2.5% annual average expansion of the labour force and 3.2% annual average growth of adult population. In effect, the Ghanaian economy's ability to create jobs during this period suffered with a drastic drop in employment-to-population from about four-fifth to about two-third. Consequently, unemployment rates rose from 2.3% to 10.1% over the period.

The 1990s however saw improvement in labour absorption rate with strong annual employment growth of 3.9% against 4.6% annual average GDP growth between 1991 and 1999. This was reflected in marginal surge in employment-to-population ratio from 73.2% to 73.9% during the period indicating improvement in the economy's employment generation ability over the period. The improved job creation effort could not be sustained beyond the 1990s as employment-to-population ratio dropped again by 7 percentage points between 1999 and 2006. In effect, annual GDP growth of 5% was able to create annual employment growth of only 2.7%.

Prior to 1983, nominal wages were relatively fixed with wide differentials between the highest and the lowest paid. In 1963, it was 34 times but by 1979 the differential fell to 14 times. The wage compression continued in 1981 as happened in many other African countries. The main policy objectives of the compression were to maximise job creation and minimise earning disparities. During the same period Trade Unions played an important role in the fixing of minimum wage which was legislated. As a result of the labour and wage policies adopted, the government sector was heavily overstaffed and grossly underpaid. This coupled with high inflation resulted in real wages plummeting from over ₵2,781,748.25 (1993 constant prices) in 1974 to ₵336,301.96 by 1983.

During the period 1983-2000, real earnings in both the private and public sectors more than quadrupled exceeding any estimate of productivity growth during the period. Real wages increased from the 1983 level to ₵1,084,308.26 by 1993. Even with the significant retrenchment of workers in government and state-owned enterprises, the government wage bill still rose drastically between 1983 and 1987. This is partly due to delays in the payment of severance

awards and as a result several retrenched workers continued to remain on the payroll. Indeed, some of the retrenched workers found their way back into the public sector after eventually collecting their severance packages.

The period 2000-2005 witnessed significant increases in the minimum wage from a low ₵4200 to ₵13,500 per day. In real terms this is an increase from ₵2,604 to ₵3,405 per day. In particular, the daily minimum wage rose from ₵11,200 in 2004 to ₵13,500 in 2005 and then to ₵16,000 in 2006. Though workers felt the increase was small, some firms complained about their inability to pay which eventually led to lay-offs thereby worsening the unemployment situation.

It is important to compare productivity of labour against its remuneration. In 1970, labour productivity was ₵840.34 (1993 constant prices). It declined steadily to ₵468.20 in 1984 and remained fairly steady at an average of ₵550 per annum between 1985 and 1993, and rose slowly to ₵620.12 in 2000. The worst performing sector has been the agricultural sector which recorded a drastic decline from ₵753.41 in 1970 to ₵414.61 by 1984 reflecting huge underemployment in the sector as well as heavy dependence of the sector on the vagaries of the weather. The best performing sector in terms of productivity is the industrial sector. In 1970, the output-labour ratio was ₵1,132.33. It decreased to ₵469.54 in 1984 and shot up to ₵2,332.41 in 1999 reflecting the relatively small number of workers employed in the sector. In 2000, it fell to ₵956.84. The services sector exhibited similar pattern. In 1970 the level of productivity was ₵666.78 per worker. It declined to ₵522.79 in 1984 but increased moderately to ₵556.14 in 2000.

The pervasive over-employment in the public sector resulted in real term increases in public sector wages during the adjustment era. Between 1983 and 1988 average earnings rose from ₵493,562.96 (1993 constant prices) to ₵1,724,936.74 while the real minimum wage rose from ₵336,301.96 to ₵555,832.91 during the same period.

Between 1988 and 1992, the government attempted to link wage increases to a measure of productivity. Average earnings were held more or less constant while salary differentials were permitted to widen across grade levels and occupational categories. In 1992, however, organised wage demand intensified prior to political elections. In October 1992, the government agreed to raise the average government service pay by about 80 per cent. Average real wages in the public sector had accordingly exploded by 500 per cent or 20 times the gain in per capita GDP since structural adjustment began.

The wage bill for 2006 has been estimated at ₵11 trillion or 40 per cent of government's discretionary expenditures. In 2007, Government is projecting a wage bill of ₵13.2 trillion which represents 66 per cent of total discretionary expenditure. At 9.5 per cent of GDP, Ghana's public sector wage bill is quite high.

These notwithstanding, public sector earnings in Ghana are low if compared to other countries in Sub-Saharan Africa. A recent World Bank study shows that whilst Botswana pays its top public servants (in U. S. dollar parity terms) an estimated US\$40,235 per year and Uganda an estimated US\$12,908 per year, Ghana pays about US\$3,373 per year. The low salaries had resulted in substantial proportion of the workforce in the formal sector living below the poverty line. Data from GLSS IV show that 9.5 per cent of all people living below the poverty line (i.e. below ₵900,000) were the following category of employees – public sector 6.2 per cent; private formal sector 1.4 per cent; and private informal sector 1.9 per cent.

Thus the policy challenge is how Government and social partners could work towards realistic wages and increased productivity. For the public sector the critical challenge is to improve total



productivity and labour productivity, and to attract and retain professionals in the public service to enable them render more specialised and efficient services to the private sector and expand business and employment opportunities.

## **2.2.6 Employment of Vulnerable Groups**

Generally, the unemployed and under-employed youth, women, children and persons with disability who constitute a sizeable proportion of Ghanaians are vulnerable. Vulnerability is characterized by living with multiple risks and shocks. The most prominent of these shocks are macroeconomic, environmental and natural, health, the risk of denial of right and decreasing security. Vulnerability is closely linked to poverty if one views poverty not simply as the lack of basic needs such as food, water, shelter, clothing, but also as lack of access to other facilities such as education, health, political participation and security. Most vulnerable people are poor because they are unable to take advantage of productive employment opportunities. Vulnerability to poverty is exacerbated by exclusionary tendencies which prevent people from fully participating in opportunities, thereby worsening their poverty status which may trigger a downward spiral into extreme poverty.

### **2.2.7.1 Youth Employment**

Ghana's population is growing fast, increasing the pressure the country faces with job creation, particularly for the youth. The youth of Ghana (those aged between 15 to 35 years) constitute about 26 per cent of the total population. Those in the age bracket of 15-24 constitute 18.6 per cent of the total population. There is evidence that a large proportion of those in this age bracket are either unemployed or under-employed. This situation is attributable to a number of factors including the structure of the economy which is unable to foster an effective linkage between the education system and productive sectors of the economy and as a result the bulk of the products of educational institutions are unable to find productive employment.

### **2.2.7.2 Women Employment**

The high labour burden on women (fetching water, food preparation, wood collection, multiple child-bearing, etc.) relative to men restricts their access to market-based income generating opportunities. There are also cultural barriers that pose serious challenges to women employment. As a result of the low or non-existent professional qualifications and limited job-openings, many women workers are restricted to informal sector occupations and farming. The current land tenure system is a major constraint to land acquisition for large scale commercial farming especially in the patrilineal society where women can have user rights to land and not ownership rights.

It is estimated that 73 per cent of the female workforce is self-employed. Women involvement in the formal sector of the economy has historically been low, though their numbers have increased over the years. In 1984, the public and private formal sector employed only 8 per cent of economically active women, which constituted about one-quarter of the total formal sector workforce. By 2000 their involvement had increased to about 36 per cent of the total public sector workforce but there are wide variations in terms of specialization. Participation rate of women in public and private sector is also low at 4 per cent and 6 per cent respectively. This is mainly due to challenges relating to female reproductive and domestic responsibilities, gender imbalances in educational attainment and lack of appropriate training, unfavourable institutional culture at the work place, and lack of assertiveness and self-confidence among some women.

There are, however, many women in small-scale self-employment mainly engaged in activities such as agriculture, service, manufacturing and retail trading. In 1993, women comprised 48.5 per

cent of labour force in agriculture; in 1997, they constituted 47 per cent and in 2000, 49 per cent of the labour force in agriculture.

Women in Ghana are also the main actors in the production and distribution of food items in the country. They produce 70 per cent of total subsistence crops, and 90 per cent of the food chain, namely production, processing and distribution in the country is in the hands of women in the private trading sector. In the urban areas women are in small informal income generating ventures as traders, small business entrepreneurs mainly in food processing, service providers in dressmaking and hairdressing, and subsistence workers in industry as unskilled staff, apprentices and domestic workers.

Discrimination against women in the job market takes various forms. The previous Labour Decree, 1967, NLCD 157 in an attempt to safeguard the function of reproduction had a provision against female employment in any mine, or underground work or in any industrial undertaking or night work. This provision provided for unequal employment opportunities for women in an area which has been traditionally male-dominated and which is potentially a more lucrative sector of employment. The new Labour Act 2003, Act 651 has removed this discriminatory provision and in addition, has provided that women give their consent before they are assigned night and overtime work.

Gender based discrimination at the work place is of major concern. It is generally believed that sexual harassment at the workplace is a problem but there are virtually no statistics on its incidence and prevalence. The new Labour Act, 2003, Act 651, however, makes provisions for sexual harassment.

Ghana has been quite successful in fighting discrimination in women employment in the formal sector of the economy compared to the informal sector. In the formal sector in particular, there is no deliberate and systematic discrimination against any of the sexes in terms of pay and other employment conditions. Several women groups and social activists have, however, complained about the lack of opportunities for women in some occupations. For example, in occupations such as nursing, where women dominate, only a few women occupy high positions. In the GLSS IV, only 0.1 per cent of women were found to be in the managerial/administrative category while 2.7 per cent were in the professional/technical category.

The situation is worse in rural areas where women are mostly illiterate. Traditionally, women in Ghana are engaged in the production of food crops but not in cash crops such as cocoa which yield higher financial returns. Women in the agricultural sector have, therefore, been seriously disadvantaged and for instance, have not benefited proportionally from the recent increases in cocoa prices. The result of the discrimination is the lower average earnings for women, particularly in the informal sector and the lack of opportunity for career advancement for women in the formal sector. Low level of education among women is cited as one important explanatory factor for the discrimination.

The main policy challenge is how to remove these obstacles facing women in the job market, open more productive employment opportunities for them and ensure that the guarantees of equality and non-discrimination are available to all women. Currently only the few women in formal employment enjoy these guarantees. The majority of women in the informal sector and rural areas are not protected. A fundamental shift in policy stance is required if this issue is to be addressed satisfactorily.

### **2.2.7.3 Persons with Disability**

People with disability who are poor even face more difficult challenges. Apart from the lack of economic opportunities, they are unable to access public and private buildings to look for jobs. This further exacerbates their already vulnerable situation.

The National Disability Policy which was formulated in 2004 was widely disseminated through a nation-wide consultative process. The policy has since been translated into a bill and approved by parliament. The Act seeks to mainstream the needs and priorities of persons with disabilities into national development plans and programmes.

In 2005, government through the Department of social Welfare introduced a €5 billion micro credit scheme to provide financial support and promote the entrepreneurial activities of persons with disability. The Department also introduced an employment placement scheme for persons with disability. Since its establishment, there has been a remarkable and consistent increase in the number of persons with disability that have benefited from the scheme, increasing from 593 in 2002 to 4,000 in 2005. In addition, the number of persons with disability who were trained to be self-employed increased from 80 to 571 in the same period.

The main policy challenge with respect to persons with disability is how to mainstream them into the national development process, improve their training and skills development, increase their productivity and employability and ensure adequate provision of medical and psychological support to them.

### **2.2.8 Child Labour**

Ghana was the first country to ratify the Convention on the Rights of the Child (1990). Consequently, a Children's Act was passed by Parliament in 1998 for the protection of children. In 1979, the Ghana National Commission on Children (GNCC) now Department of Children under the MOWAC was established and charged with the responsibility of seeing to the general welfare and development of children in Ghana.

In spite of the elaborate legal and institutional frame work for ensuring welfare of children, child labour is still widespread in Ghana. Children are very active participants on the labour market particularly in the informal economy. According to the Ghana Child Survey conducted by the Ghana Statistical Service (GSS) in 2003, 40 per cent of children between the ages of 5 and 17 years were found to be economically active. 50 per cent of children in rural areas and about 20 per cent of children in urban areas engage in economic activity. Among the economically active children, 40 per cent engage in economic activities for about six months in a year. Almost 64 per cent of economically active children combine work with school and over 80 per cent are unpaid family workers and apprentices. The most disturbing related issue is that about 29.4 per cent of child labourers had suffered injuries in the course of their work.

Child labour is found in all the major sectors of the economy, however, the majority of working children in the rural areas are found in agriculture. The worst form of child labour is, however, found in the fishing sub-sector where children are not sent to school but made to work in the fishing industry. Child labour is also very significant in small-scale mining and in the construction sector. Many children are engaged in the services sector in urban centres. A large number of children between the ages of 10 and 17 are home-workers who do not receive any wage for their work. An important dimension of child labour is found in primary schools particularly in rural areas of the country where school children are hired to work on private farms and in construction.

The main causes of child labour in Ghana are poor parenting and poverty which affects about four out of every ten people in the country. Available statistics indicate that overwhelming majority of child labourers work to contribute to the economic welfare of the household but most of the children would have preferred to complete their education before they start to work.

The policy challenge is to develop and implement effective measures to support the enforcement of laws and administrative regulations on child labour including enforcement of the FCUBE. The difficulty in monitoring informal sector economic activities to ensure that children are in school or are not engaged in hazardous and exploitative work also poses a major challenge.

### **2.2.9 Occupational Safety and Health**

Public concern about occupational safety and health has been heightened in recent times due to the effects of globalization on labour standards, the environment and public health.

Currently Ghana does not have a coherent policy on Occupational Safety and Health (OSH). Existing legislation does not cater for several employment sectors such as agriculture, fisheries, forestry and health services. In addition, provisions for the protection of health are inadequate. A number of statutes exist and several ministries and departments are responsible for OSH promotion and regulation. These include Ministries responsible for Employment, Health, Mines and agencies such as the Factories Inspectorate, the Mines Inspectorate and the Radiation Protection Board.

Most fatal injuries occur in the road transport, mining and quarrying, and agricultural sectors. Reporting on occupational illness and diseases from health institutions is inadequate though there is ample evidence that these illnesses are common place. The effect of occupational health hazards in Ghana is exacerbated in circumstances where the health status of the workforce has already been compromised by malnutrition, poor sanitation, domestic exposure to respiratory hazards through the burning of fossil fuels, and malaria. The implication of a workforce afflicted by such poor health status on labour productivity is clearly negative and should be of concern to government, employers and social partners.

Ghana, therefore, faces the dual challenge of improving OSH (i.e. employer responsibility to provide for occupational safety and health and employee responsibility to comply with safety and health measures) by encouraging employers in the formal and informal sectors of the economy to reduce or eliminate occupational hazards, and reduce the susceptibility of the workforce to occupational hazards by ensuring that occupational safety and health standards are strictly adhered to. The inability of existing institutions to satisfactorily address the critical issue of OSH is mainly attributable to the absence of a coherent policy, inadequate human and institutional capacity, and the lack of logistics to perform their work. The informal sector poses unique problems as employment conditions remain unmonitored over the years mainly due to logistical problems and the unstructured nature of enterprise activities. These are all critical challenges that require adequate policy intervention.

### **2.2.10 HIV/AIDS at the Work Place**

The HIV and AIDS pandemic continues to pose a challenge to the goal of attaining the right quality and levels of human resource required to support Ghana's socio-economic development. Government in dealing with the pandemic has introduced policy measures whose implementation has led to a reduction in the prevalence rate. The national median prevalence rate of 3.6 per cent

recorded in 2003 dropped to 3.1 per cent in 2004 and further reduced to 2.7 per cent in 2005. The decline has been attributed to a number of factors including: expansion of counseling, testing and related services; expansion of sexually transmitted infection (STI) services; Effective implementation of HIV and AIDS prevention programmes; stigma reduction; and grassroots advocacy and behavior change activities undertaken by Ministries, Departments and Agencies (MDAs), District Assemblies and civil society organizations.

HIV and AIDS also have profound social and economic effects which impacts severely on enterprises, workers and their families. In addition to the immediate impact of illness and death of employees at the workplace, the impact on the overall business in terms of productivity losses, loss of experienced and dedicated workers and increase in medical bills could lead to enterprise bankruptcy and loss of productive jobs. The fundamental rights of workers infected by the AIDS virus or affected by HIV and AIDS may be compromised as discrimination and stigmatization become pervasive against them. There is therefore strong justification for enterprises to commit resources to prevent HIV and AIDS from devastating their workforce and businesses.

Ghana has already formulated a policy to address the challenges posed by HIV and AIDS at the workplace through the joint effort of the social partners of the National Tripartite Committee (NTC), comprising Organized Labour, Ghana Employers Association and Government, and in collaboration with Ghana AIDS Commission and ILO. The policy provides essential guidance to policy makers, employers and workers organizations for the formulation and implementation of workplace policies that are gender- sensitive, address the needs of vulnerable groups and provide care and support initiatives. The policy also defines an organisation's position and practices for preventing the transmission of HIV and AIDS, and handling cases of HIV infection among employees.

## CHAPTER THREE

### LEGAL AND INSTITUTIONAL FRAMEWORK FOR LABOUR ADMINISTRATION

#### 3.1 Legal Framework and Application of Standards

The role of labour rights as an instrument for social inclusion of the working class in the social, political and economic development of Ghana was recognised in the early period of Ghana's independence.

Ghana has since independence in 1957 ratified 46 ILO Conventions. In addition various laws were passed and labour standards were set in different periods by different governments to protect workers. These regulations included:

- Industrial Relations Act (1958 and 1965);
- Labour Decree, 1967 (NLCD 157)
- Labour Regulations L.I. 632;
- Daily-Rated Workers (Minimum Remuneration) Instrument, 1996 Executive Instrument Number 14)
- Factories Offices and Shops Act, 1970 (ACT 328)
- Prices and Incomes Board Decree, 1972 (NRCD 119)
- Workmen's Compensation Law, 1987 (PNDCL187)
- Social Security Law, 1991 (PNDCL 247)
- Public services Negotiating Committees) Law, 1992 (PNDCL 309)

Though most of these laws have been repealed by the passage of the Labour Act, 2003 (Act 651), these laws contributed significantly to the regulation on employment, working conditions and labour relations in Ghana. They covered a whole range of issues including employment contracts, termination of employment agreements, unionism, severance payment, employment of women, children, young persons and disabled, protection of remuneration, forced labour, compensation for occupational injuries and deaths, occupational health and safety, labour inspection, leave, hours of work, rest periods, employment services, social security and many other labour market issues relating to employment and non-employment. Thus, the role of labour standards as an instrument for social inclusion of the working class in the social, political and economic development of Ghana was recognised in the early period of Ghana's independence.

Through the ratification of labour standards and the enactment of laws, social dialogue was made an important part of the development process. For instance, the ratification of the ILO Convention on the right to organise and collective bargaining (ILO Convention 98) and the enactment of the Industrial Relations Act of 1958 and 1965 ensured that unions had the right to negotiate terms and conditions of employment with their employers in a democratic manner. Collective bargaining has since served as the main institution that brings workers and their employers together for purposes of determining wages and terms and conditions of employment and non-employment.

At the enterprise level, the main institution for social dialogue is the Standing Joint Negotiation Committee (SJNC). It is made up of representatives of workers (usually union representatives) and representatives of employers (management). This machinery is responsible for negotiating all matters connected with the employment or non-employment or with the terms of employment or with the conditions of labour of workers in the enterprise. In limited cases, however, social

dialogue takes place at the enterprise level where enterprises operating in the same sector come together for purposes of common platform negotiations.

Institutions were also created at the national level to facilitate dialogue between the social partners. The key national level institutions were the National Advisory committee on Labour (NACL) charged with the responsibility for coordinating and discussing all labour matters and to advise the sector Minister on matters of policy on labour and the ratification of ILO Conventions, and the National Tripartite Committee (NTC) on Wages and Salaries Guidelines responsible for fixing the national minimum wage. The new Labour Act, 2003 (Act 651) has further broadened this mandate to include advising the Minister responsible for employment on all labour market issues.

In addition, the National Labour Commission (NLC) has been established in accordance with Act 651 to among other responsibilities facilitate the settlement of industrial disputes, investigate unfair labour practices, prevent labour disputes and promote cooperation between workers and management.

The foregoing suggests that Ghana has a relatively strong legal and institutional framework for labour relations, regulation and social dialogue. The real test is, however, the effect on the application of labour standards.

Ghana ratified ILO Convention 87 on freedom of association and protection of the right to organise in 1965. The Convention provides, among other things, for the right to establish workers' and employers' organisations and the right of individual workers and organisations to form or join organisations of their choice.

The 1992 Constitution of the Republic of Ghana guarantees the right to freedom of association. The Labour Act (Act 651, 2003) guarantees the right to form or join a trade union.

Workers in Ghana have exercised the right to form or join a trade union since the enactment of the Trade Union Ordinance in 1941. Trade Unionism was expanded following the formation of the Trades Union Congress in 1945. In spite of the relatively strong legal and institutional frameworks for the right to freedom of association in Ghana, there have been some gross violations of this fundamental right of workers both at the national level and at the enterprise level. At the enterprise level, for instance, a large number of union officials have lost their jobs for exercising their right to form or join unions.

The unionisation of senior, managerial, or professional staff has been particularly difficult in Ghana despite the elaborate legal framework and the Compendium of Principles and Good Practices relating to the conditions of work and employment of professional workers adopted by the Governing Body of the ILO in 1978. The problems associated with the unionisation of management have been resolved by the new Labour Act (Act 651, 2003).

Another problem with the application of the standard concerning freedom of association and collective bargaining in Ghana has to do with the exclusion of some categories of workers in the public sector from the right to form or join a trade union of their choice by banning them through various legislative instruments. They include workers of the customs, excise and preventive service (CEPS), fire service and the police service.

The ILO Convention 98 concerning the right to organise and collective bargaining was ratified by Ghana in 1959. Since the ratification, workers in the formal sector, through their unions and associations, have exercised this right and have in fact used collective bargaining as the main instrument to improve their working conditions. There have however been instances of violations in collective agreements by employers mainly with respect to the implementation clauses on wages.

It must be stated, however, that out of the over 10 million Ghanaian workforce only a minority 10 per cent in the formal economy comply with these standards. The larger majority of the workforce found in the informal sector do not comply with the standards. This could partly explain the relatively poor working conditions in the informal sector compared to those in the formal sector.

There are two ILO Conventions that deal with equal remuneration (Convention 100) and (no) discrimination (employment and occupation) (Convention 111) which have all been ratified by Ghana but are not fully implemented resulting in the marginalisation of women in employment. The consequences of the non-enforcement of some provisions of these two ILO Conventions have been discussed under the section on women in chapter two, section 2.2.7.2.

Apart from discrimination against women, there is also widespread discrimination against workers, on the basis of employment status (i.e., whether they are permanent or temporary/casual workers). There are workplaces where casual workers and permanent workers perform equal work but are paid different wages in favour of permanent workers.

The implementation of this elaborate legal and institutional framework and particularly the monitoring of compliance levels of the specific provisions in the various laws and conventions pose great challenge to the creation of enabling work environment to facilitate the achievement of industrial peace and harmony, growth and expansion of businesses, and the creation of increased employment opportunities.

### **3.2 The Labour Act and Industrial Relations**

Section 8 to 11 of the current Labour Act (Act 651, 2003) is a product of tripartite consultations between the three social partners (i.e. employers, unions and government representatives). This is a clear indication that Ghana can achieve an effective and lasting social partnership for social and economic development.

The law spells out clearly the rights and responsibilities of workers and employers. Employers have the right to formulate policies, execute plans and programmes, set targets, modify plans and cease operations. Their duties include provision of work and appropriate materials, machinery and equipment, pay their workers the agreed wages, take all practical steps to ensure that the worker is free from risk of personal injury or damage to his health in the course of work, train workers, and keep open channels of communication, and protect the interests of their workers.

Workers on the other hand have the right to work under satisfactory conditions, receive equal pay for equal work, rest, form or join unions, training and retraining, and to receive information relevant to his/her work. In terms of responsibilities workers are expected to work conscientiously, report for work regularly and punctually, enhance productivity, exercise care in the execution of their assigned work, obey lawful instructions, comply with health and safety regulations, protect the interest of their employers, and take care of employer's property entrusted to them.



These rights and responsibilities of workers and employers are likely to be taken for granted but they are among the major causes of industrial conflicts in Ghana. By spelling out these clearly, the law seeks to prevent such conflicts.

The Labour Act is concise and user-friendly as it has come to replace the numerous pieces of legislation that together regulated employment, working conditions and labour relations in the past. The main objective for consolidating the labour laws into one piece of legislation was to facilitate compliance. The clarity of language and the relatively smaller size of the document would make it easier for investors to access and apply its provisions.

The law promotes collective bargaining in dispute settlement. It encourages the parties involved in industrial disputes to reach a settlement “in good faith” according to what has been agreed between the two parties in their collective bargaining agreement.

The law also clarifies the procedures for declaring strikes or lock-outs where a dispute remains unresolved at the end of mediation and arbitration proceedings.

An important feature of the law is that it makes adequate provision for promoting tripartism. The law establishes the National Tripartite Committee and prescribes its structure, functions and composition. This is a major step to improve dialogue and effective interaction between government, employers and organised labour. This further has the potential of significantly improving the industrial relations environment to increase labour productivity, attract more investment and generate additional employment opportunities.

The problem however is the poor compliance and enforcement that has characterised Ghana’s labour legislation. The law is only enforceable in the formal sector which employs a little over a million out of a workforce of over 10 million. This can partly explain why working conditions are so poor in the informal sector. Wage workers in the informal sector are dismissed indiscriminately; payment of wages can delay for over six months; workers are forced to work overtime without pay; female workers are harassed by their male employees; workers work throughout the year without leave; they have no social security; they do not receive training; they are not promoted; and the occupational health and safety standards are appalling.

A major weakness of the industrial relations system in Ghana also relates to the weak institutional, human and logistical capacity of the institutions, particularly the ministry responsible for labour and its departments including the Labour Department and the Labour Inspectorate Division. Their weaknesses notwithstanding, they are expected to perform very important duties. For instance, the Chief Labour Officer is responsible for issuing collective bargaining certificates to unions. In a situation where there are more than one union at the same workplace the Chief Labour Officer determines which union shall hold a collective bargaining certificate subject to regulations made by the Minister. Ghana had experienced several industrial unrests due to unsatisfactory performance of this duty. Similarly, provisions for inspections at workplaces to secure enforcement of the law relating to conditions of work and protection of workers at their work places have not been satisfactorily enforced. Many fatal accidents that occur in our workplaces can be prevented if there were regular inspections.

Labour administration further suffers from limited coverage of trade unions. Currently, the total membership of all labour organisations in Ghana is less than one million out of a total of over 10 million workforce. In other words, the union density with respect to the total workforce is less than 10 per cent. This is because Ghanaian unions have traditionally concentrated their efforts in

the formal sector, particularly in the public sector and have experienced dwindling membership following the mass redundancies in the late 1980s. The limited coverage of unions could be a hindrance to a broad-based all inclusive agreement on important industrial relations issues.

The employers' associations though have played important roles in improving industrial relations and economic decision making, also face the problem of limited coverage at both the national and sector levels. The Ghana Employers Association (which operates at the national level) and associations such as association of Ghana Industries (AGI) and Chamber of Mines do not cover majority of employers particularly owners of small and medium scale enterprises. This may lead to difficulty in the implementation of decisions taken at the tripartite level as these associations may be deemed not to be representative enough.

The effective application of the provisions of the Labour Act has the potential of significantly improving the industrial relations atmosphere for existing businesses to expand and for investments into new businesses to grow to increase the job stock of the country. The challenge is, however, the enforcement of the provisions of the law, the massive education that is required by employers and employees, and the strengthening of the institutional and logistical capacity of institutions responsible for enforcing the provisions of the law, especially the National Labour Commission.

## CHAPTER FOUR

### POLICY OBJECTIVES AND PRINCIPLES OF THE NATIONAL EMPLOYMENT POLICY

#### 4.1 The Overarching Goal

The overarching goal of the National Employment Policy is to achieve full employment and to enable all men and women who are available and willing to work, to attain secured and sustainable livelihood through productive and freely chosen employment and work.

#### 4.2 The Rationale for the National Employment Policy

The Government of Ghana recognises the implications of the employment policy challenges to economic development and the eradication of poverty. Accordingly, the rationale of the National Employment Policy is to address these employment challenges.

#### 4.3 The Objectives of the policy

The main objectives of the National Employment Policy are to:

- i. Promote the goal of full employment in national economic and social policy, and to enable all men and women who are available and willing to work, to attain secured and sustainable livelihood through full productive and freely chosen employment and work;
- ii. Secure improvement in the productivity of the labour force to improve private sector competitiveness and enhance employability to the extent that labour is afforded quality and well-remunerated employment consistent with productivity;
- iii. Provide the fullest possible opportunity to each worker to qualify for, and to use his/her skills and endowments in a job for which he/she is well suited, irrespective of race, sex, religion, political opinion, national extraction, ethnic or social origin;
- iv. Safeguard the basic rights and interests of workers, and to that end, promote respect for relevant International Labour Standards, including those on Forced Labour, Freedom of Association, the Right to Organise and Bargain Collectively, the Principle of Non-Discrimination and Equality of Treatment and Opportunities and elimination of the most extreme forms of Child Labour;
- v. Secure maximum cooperation from, and participation by, the Ghana Employers Association (GEA), the Organised Labour (OL) and other interested parties in decisions relating to national employment policy, so as to ensure industrial peace and harmony and minimise productivity and job losses through industrial unrest; and
- vi. Stimulate economic growth and development, eradicate poverty and improve the standards of living by minimising the rates of unemployment and underemployment, and optimising the utilisation of labour and human resources.

#### 4.4 Principles of the Policy

- i. Employment will be coordinated and implemented within the framework of national economic and social policy underpinned by deepening good governance and civic responsibility. In this regard, this National Employment Policy is consistent with the overall development strategies as outlined in the 1992 Constitution of the Republic of Ghana, the GSGDA and the Sector-Wide development Programmes;
- ii. Government will emphasise the provision of a favourable environment for private investment and job creation. Government will continue to maintain stable and favourable macroeconomic policies, pursue vigorous human resource development, provide basic infrastructure and additional incentives to support a vibrant private sector as the engine of economic growth and job creation in Ghana;
- iii. The private sector will take on the role of the major investor in the productive enterprises that will provide increased employment and generate incomes. This calls for the promotion of enterprise culture that will induce self-reliance, risk taking, and a national environment that rewards effort and initiative;
- iv. Individuals, groups and the community at large, including those at the grassroots level and in line with decentralisation and participatory development, will bear an important responsibility for employment creation;
- v. The principles of collective bargaining, workers education and adjustment in wages linked to price and productivity improvements will be promoted by all employers, both in private and public sectors.
- vi. While providing for a greater role for the private sector in employment and job creation, government shall take caution of the well-known paradox that the operation of the market system may lead to the marginalisation of some sections of the population including women, in rural areas and the informal sector, the youth, elderly persons, those with disabilities and the unemployed. Since these people are vulnerable and must be provided for through adequate safety-nets, Government undertakes to protect and assist these groups with special compensatory and well-targeted programmes, including those envisaged under the Growth and Poverty Reduction Strategy and the National Social Protection Strategy; and
- vii. To meet the employment challenge through well targeted policies and programmes, government will provide detailed and frequently updated information which is accurate, relevant, timely and reliable on the size and structure of the labour force and disseminate it for purposes of labour market projections and development planning.

## CHAPTER FIVE

### STRATEGIES OF THE NATIONAL EMPLOYMENT POLICY

#### 5.1 Enabling Macroeconomic and Sectoral Policies

The complexity of the employment issues and the diverse nature of the policy challenges facing Ghana make it imperative for government to initiate a comprehensive and coherent macroeconomic policy response that will create the enabling environment for sustained economic growth and poverty reduction as the most plausible option for maximising productive employment opportunities in the economy.

Government in accordance with this will vigorously pursue the goal of the Ghana Shared Growth and Development Agenda (GSGDA) and any subsequent national development agenda which aims to achieve accelerated and sustained shared growth, emphasises competitiveness of the private sector, poverty reduction, gender equity promotion, protection and empowerment of the vulnerable and excluded within a decentralised democratic environment. This will be done by assisting the private sector to grow and generate employment and by shaping government policies and programmes to generate maximum opportunities for additional employment in identified sectors of the economy with high employment creation potential. Emphasis will be placed on changing the structure of the economy by developing the private sector, diversifying the export base and increasing agricultural productivity and rural incomes. This will be complemented by a risk management and empowerment approach to social protection as part of overall social policy aimed at empowering the vulnerable and excluded to contribute to, and share in the growth of the economy for sustained poverty reduction.

Until the structure of the economy changes, a large majority of Ghanaians will continue to depend on agriculture for employment and livelihood. Government will accelerate the pace of implementation of the agricultural modernisation programme to raise significantly the average levels of incomes for farmers and their families, and also achieve significant increases in the productivity of the small farmer through the application of scientific and technological improvements to farming practices. Effort will be made to improve agricultural infrastructure to maximise the impact of value chain analysis. Special attention will be paid to the cultivation of non-traditional export crops to attract the educated youth to take farming as a rewarding business venture.

The performance of the macroeconomic indicators under the GSGDA so far shows a positive trend with GDP growth rate recording 8 per cent in 2010 and an estimated record figure of 14.4 per cent in 2011 on the account of oil production. Government will continue with economic reforms to further increase the growth rates in all the broad sectors – agriculture, industry and services to achieve sustained GDP growth rate over the foreseeable future. The structural constraints in the economy will accordingly receive policy emphasis at all institutional levels to remove impediments to productivity, adoption of technology and competitiveness of the private sector in relation to agriculture, industry and service sectors and to create opportunities for increased productive employment.

Generally, macroeconomic indicators such as inflation, interest rates, exchange rate all showed positive trends since 2009. Government will continue to implement policies that will ensure prudent fiscal policy management, flexible monetary policy that promotes growth, real interest

rates and enhance effective mobilisation of savings to make credits affordable to the private sector.

Creating new jobs depend primarily on accelerating economic growth, but growth alone will not always translate into employment opportunities for all. An integrated employment strategy emphasising entrepreneurship, employability, equal opportunity and employment creation as highlighted at the ILO/AU Summit on Employment and Poverty Alleviation (2004) in Burkina Faso will be implemented.

## **5.2 Employment Intensive Growth Strategy**

For Ghana to achieve accelerated poverty reduction, employment creation should become central to all social and economic policies. The GSGDA clearly articulates the broad employment objectives of Government which is a major step in integrating employment intensive growth in Ghana's development strategy. Government will ensure that broad economic policies are re-oriented to focus on improving employment opportunities for poverty reduction. Government will also ensure that employment becomes a major link between economic growth and poverty reduction.

A supportive policy environment for the development and implementation of sectoral and district employment-intensive strategies will be created. Statistics on the state of employment in Ghana will be developed on consistent and timely basis, and also made more reliable.

The national budget statements and economic policy of government have started to make employment issues central to economic development. Indeed, the budget statement and economic policy of Government for the 2012 financial year was titled "Infrastructural Development for Accelerated Growth and Job Creation". Government will ensure that employment intensive growth strategies are adopted in all its major policy statements. The MESW will work closely with the NDPC and MOFEP to provide guidelines for mainstreaming employment policies into national development process. The NDPC will specifically issue guidelines on how to incorporate employment issues in development plans of sectors and districts. The MOFEP will also ensure that budget guidelines emphasise employment generation policies and programmes.

## **5.3 Improving Labour Market Information**

Institutional reforms will be undertaken to address capacity inadequacies regarding the structures, systems and processes, human resource and staffing, office accommodation and other logistics critical to the effective functioning of the PPMED of MESW, EIB and PEC's of the Labour Department and GSS. The relationship between the EIB, Private Employment Centres and the GSS would be strengthened and their roles and responsibilities further streamlined to avoid duplication of efforts, and facilitate the creation of a coherent and efficient LMIS. The reforms will seek to strengthen the capacity including the structures for effective collaboration between Labour Department, Private Employment Centres and GSS in information collection. Additional policy interventions will be implemented to expand the coverage of PECs to other districts and also strengthen the collaboration between the PEC's and District Assemblies to facilitate the collection of labour market information and the provision of labour market services at the district level.

The issues of inadequate staffing and professionalisation of the PPMED of MESW, EIB and GSS will be given priority attention. A well functioning LMIS will be installed at MESW and

competent staff will be recruited to manage it on permanent basis. The Labour Department will establish and rigorously adhere to a schedule of publication dates to ensure that the LMIS is credible and reliable not only for policy makers but for the general public, especially researchers and the private sector.

The Labour Department will create a website where all the work of EIB including its publications, would be readily available to the public. To ensure that the website functions efficiently, procedures and responsibilities for website management including a 24-hour period response mechanism that adequately attends to all public enquiries will be designed and properly followed.

Additional measures will be implemented to support the introduction of a sequenced labour-market information module of annual, quarterly and eventually monthly surveys. In addition to traditional categories of labour market information – age, sex, occupations, sectors and regions or districts – specially designed tracer surveys will be conducted to monitor demographic groups of particular interest to policy makers, such as the youth, recent graduates, women and handicapped, etc. In addition to the regional breakdowns found in the CWIQ survey and the GLSS, future labour market information will be disaggregated along district levels to help facilitate planning and social and economic policy formulation at the local level. This is important for the government's on-going decentralisation efforts, which require reliable labour market information to deal with the festering problem of youth unemployment in the districts. Realistic human resource analysis, planning and forecasting will be based on information on the labour market after the implementation of the reforms.

#### **5.4 Ensuring Supportive Population, Migration and Regional Development Policies**

The population of Ghana which was 18.9 million in 2000 is estimated to be about 24 million in 2010 and said to be growing at 2.7 per cent. There is a clear relationship between population growth rate and economic growth rate, unemployment and poverty. Rapid growth in per capita income can be achieved through a reduction in the pace of expansion of the population. Ghana's population policy defines the relationship between population and development of social, economic and physical services. Government policies in this direction will seek to facilitate the integration of population, available resources and the environment. In this regard, Government will continue to promote fertility regulation and family planning as part of the overall health care system, and reduce maternal morbidity and mortality rates to ensure that Ghana has a healthy and supportive population.

Additionally, Government will promote the spatial distribution of population in order to ensure optimum utilisation of land and promote balanced development. Government will also promote rural and urban development, provide adequate funding to encourage growth of small and medium sized towns, and create opportunities for both rural and urban employment. As part of its overall decentralisation programme Government will provide infrastructure in rural areas and influence rural to rural migration, match areas of excess labour supply to demand and reduce rural-urban drift.

A long-term vision and dynamic strategy for human resource development which takes account of national values in human resource development and labour requirements of the economy will be developed and implemented. MESW will be fully responsible for national HRM policy and will in this regard allow the labour market to function to ensure that data is gathered analysed and the results used forecast demand and supply of labour. Apart from addressing issues relating to human resources planning, ensuring effective interaction between demand and supply of labour,

integrating the relationship with training institutions and the job market, and addressing critical issues such as recruitment and disengagement policies, staff development policy (training, career planning, promotion, compensation and wages, human capital formation, utilisation and retention etc.), industrial relations and institutional capacity building for human resource management, such intangibles as punctuality, honesty, selflessness and a passion for excellence will be critical to the effective utilisation of human resources in support of economic growth and employment creation.

Labour migration across the world is increasingly becoming an important permanent feature of development. Globalisation has taken serious account of the movement of skills and the utilisation of these skills to improve the world economy. The balance is however tilted in favour of developed countries which increasingly benefit from international migration from the developing world

Remittances to Ghana from migrated labour working abroad have been impressively increasing over the years. These remittances are, however, from voluntary sources to mainly supplement family incomes. Government will introduce policies within the framework of a human resource development strategy to train and export skills abroad in support of national development. Policies will be formulated to ensure that these arrangements are sustainable and structured, and aim at skills export to earn foreign exchange for the individual and for national development. The policy will also encourage Ghanaians to learn more skills and techniques, acquire better work attitudes, best practice experiences, and new and improved technologies which will eventually lead to significant improvement in productivity within the Ghanaian economy.

The strategy will establish strong labour-related linkages and cooperation with governments of receiving countries, their agencies responsible for employment issues and the International Organisation for Migration (IOM). The strategy will also integrate an international labour market information system within the existing one at MESW and ensure that Ministry of Foreign Affairs, Regional Cooperation and NEPAD, Ministry of Interior and Ghana's Embassies abroad are properly equipped to utilise such information to facilitate the processing of relevant documentation in relation to Government's international labour migration policy. The MESW as part of the implementation of this strategy will develop a policy statement on international labour migration and issue the relevant policy guidelines to ensure that it is properly structured to support Ghana's development process.

Government will also enforce regulations that limit expatriate workforce especially if the expertise can be recruited locally. The aim will be to minimise the adverse impact this could have on employment of Ghanaians. Where expatriates are engaged, deliberate policies to facilitate skills and knowledge transfer will be vigorously pursued to enhance the capacities and productivity of Ghanaian workers.

### **5.5 Improving Productivity, Wages and Incomes**

Labour unrest in Ghana is due mainly to demand for higher wages and fringe benefits. Though statistics indicate that industrial unrest is on the decrease, the recent years have witnessed strong labour agitations for wage increases. Some of the agitations involved several thousands of workers and the duration of the strikes were unreasonably long leading to loss of valuable working hours with its attendant negative impact on productivity. The public sector was especially affected by these events on the labour front.



Government will take decisive actions that are sustainable in the long-term to rationalise public sector wages to promote equity in wage administration and to ensure industrial harmony in the country. Consequently, government started the implementation of a new wage policy – the Single Spine Salary (SSS) policy – last year. This pay policy is a unified salary structure that places all public sector employees in one vertical structure and ensures that jobs within the same job category are paid within the same pay range. The SSS replaces the system of over 90 different salary structures as well as over 65 different types of allowances that has been in existence in the Ghana public service.

Government will continue further to link enhancement of wages to increases in productivity and streamline the administration of the payroll. Public sector pay will be made competitive relative to the private sector. Private sector employers will be encouraged to respect the minimum wage which will continue to be determined through consultations and negotiation between Government, employers and organised labour through the tripartite arrangements. The private sector will be assisted to raise productivity through Government's prudent macroeconomic management policies and special incentive packages with the objective that significant increases in wages will be economically permissible to the extent that additional employment opportunities will be created and current jobs will be sustained and made more productive.

### **5.6 Improving Agricultural Production, Productivity and Incomes**

Government will continue to pursue policy interventions that will lead to the modernisation of the agricultural sector and the preparation of the foundation for structural transformation of the economy. Government policy will accordingly focus on the development of rural agriculture through a vibrant and competitive private sector, enhanced rural and agricultural infrastructure development and sustainable environmental development. The effort at re-forestation will be intensified. Government will promote and support large-scale farming and out-grower schemes as a means of absorbing the youth in higher productivity and higher income farming ventures. Important facilities such as extension, credit, market and land will be made accessible much easier. The culture of community-based irrigation to ensure a more scientifically managed system of assuring water for production will be ensured. Furthermore, in order to transform the rural economy through agricultural modernisation, farmers will be encouraged to diversify production and also go into the production of raw materials for industry. To ensure comparative advantage, adequate support will be provided to the private sector to increase the volume and quantity of agricultural production, improve packaging and conservation, marketing and delivery.

### **5.7 Accelerating Private Sector Growth and Development**

Government within the framework of the PSDS II will continue to implement policies to remove the numerous constraints facing the private sector and to support the sector to serve as the true engine of growth of the economy.

Critical bottlenecks which hamper private sector competitiveness and accelerated growth will be removed through strategic interventions to significantly improve the business and investment climate to expand the production of goods and services and enhance the quality of employment, and the opportunities to earn new and improved incomes. The following areas will specifically be targeted:

- Encourage and facilitate efficient provision of public services
- Expand the provision of economic infrastructure including energy, telecommunications and water systems

- Implement financial policies that facilitate access to credit from formal banks and non-bank financial institutions by the private sector to expand investments and create more job opportunities
- Instil a change of mindset in the public sector to make it supportive of the private sector
- Improve Ghana's access to global and regional markets
- Enhance the efficiency and accessibility of national markets
- Strengthen the capacity and competencies of enterprises to operate effectively and efficiently
- Enhance government capacity for private sector policy formulation, implementation, monitoring and evaluation
- Support the formulation and implementation of robust micro policies to complement macroeconomic stability and help boost the supply response of the private sector
- Facilitate removal of legal and institutional bottlenecks
- Facilitate entrepreneurship, innovation and access to capital

Strategies for achieving good corporate governance as elaborated in GSGDA will be implemented. Specific strategies will be adopted to ensure that corporations act as good corporate citizens with regard to human rights, social responsibility and environmental sustainability; promote the adoption of codes of good business ethics in achieving the objectives of the organisation; ensure that corporations treat all their stakeholders in a fair and just manner; and provide opportunity for service recipients to hold corporations and directors to account. Additional measures will also be introduced to give effect to these strategies to improve the management of companies, sustain their production and service delivery activities and create more employment opportunities in the economy.

Furthermore, priority attention will be given to the development of agro-industrial activities and its support sectors as a base for accelerated growth and employment generation and at the same time target economic sub-sectors with high potential for growth and employment. These economic sectors will include:

- Exploration and exploitation of lesser developed minerals such as salt
- Value addition to traditional minerals
- Information and communication technology
- Tourism, music and film industry
- Development and production of commodities under special initiatives for export, including garments and textiles

The pace of implementation of the ICT policy for accelerated development will be quickened to facilitate the transformation of the economy and to create additional job avenues for the youth. Apart from modernising agriculture through the application of ICT, a viable knowledge-based ICT production industry including a vibrant cottage industry and mass-consumer products light industry will be developed to support economic growth and employment generation. A highly competitive value-added services sector that will generate substantial employment and be nurtured into a regional business-services and ICT hub for the ECOWAS sub-region will be developed. Specifically, Government will encourage the development of a secure broad band information and communications infrastructure to support the private sector to invest in the provision of off-shore ICT services targeted at the export market including information technology/business process outsourcing. Effort will accordingly be made to provide private

investors with adequate incentives to attract many data processing companies into the country to create new job opportunities for the youth.

Government began to implement a new financial sector strategic plan in 2003. This has led to the passage of the Banking Bill and the Payments Systems Bill into laws. Reforms in the financial sector will be continued to enhance efficiency, ensure the availability and affordability of credit to support the attainment of higher levels of private sector investments to support economic growth, employment generation and poverty reduction.

Made-in-Ghana goods will be vigorously promoted to provide ready market, significantly expand local production and increase employment opportunities. Deliberate policies will be pursued to enforce the margin of performance that has been set for local goods in the Procurement Act and further ensure that public institutions patronise made-in-Ghana goods as a first option.

Government will encourage regular public-private sector dialogue through breakfast meetings, trade forums, discussions and other effective mechanisms to facilitate mutual understanding of the development environment and to work towards achieving the objective removal of private sector development-related constraints.

### **5.8 Development of Micro, Small and Medium Enterprises**

Larger enterprises are better resourced to adapt to the changing economic policies and cumbersome administrative environment than smaller enterprises. In order to ensure that micro, small and medium enterprises (MSMEs) are properly incorporated into the mainstream of economic activity to fully maximise their employment generation potential, government will pursue deliberate policies to stimulate the corporatisation and expansion of MSMEs in economic sectors with strong growth potential, provide supportive tax incentives and adequate infrastructure to support expansion and employment generation. Government will also strengthen the capacity for business development and provide information on technology, and market options in both urban and rural areas to support enterprise growth.

Women dominate several MSME sub-sectors but continue to be marginalized. Women are also more disadvantaged on issues regarding property rights especially land. As a major employment generation strategy, special financial and non-financial programmes will be implemented to support women entrepreneurs to improve and expand their businesses. Women-friendly technologies will be introduced to reduce the drudgery associated with farm and non-farm activities in which women are predominant.

District Assemblies and private investors will be encouraged to establish industrial estates with basic infrastructure and utilities at reasonable cost to support small enterprises and to strengthen forward and backward linkages. Already, several estates and incubators have been developed in urban and peri-urban areas such as the Ghana Industrial, Commercial Estates Limited (GICEL) located at Weija near Accra, Kokompe located at Darkuman in Accra and Suame Magazine located in Kumasi.

Government will continue to promote export development and diversification as a major trade and industrial policy to improve price elasticity of international demand for Ghana's minerals and agricultural exports. The Ghana Export Promotion Council (GEPC) will intensify its export diversification drive to increase the value of non-traditional exports (NTEs). The policy efforts will focus on the promotion and support for horticultural marketing, assistance to export

companies in the area of market field investigation, labelling and packaging, and the cultivation of new products such as sweet potatoes, mangoes and soya beans on a much larger scale for export and foreign exchange.

Adequate attention will be given to strengthening research and development (R&D) institutions to fill the technological gap and ensure the appropriate linkage of research and industry. This will help in improving the transfer of skills and institutional counselling and hence improve the capacity of small enterprises to become more innovative and competitive.

Business advisory services will be expanded within the districts of the country to provide business extension services in support of agro- industrial linkages and help expand value-added activities to increase storage and marketability of agricultural produce, raise income levels and increase employment levels along the value-added channel. In this context, District Assemblies in collaboration with NBSSI will be encouraged as a matter of policy to assist farmers and the youth in their districts to undertake non-farm activities as a viable option for alternative livelihood.

The NBSSI,s Business Advisory Centres (BACs) will be restructured and properly equipped to provide business support services in new and emerging employment generating sub-sectors like business process outsourcing/data processing for export. The BACs will also undergo orientation in an attempt to refocus them on economic sub-sectors with high potential for employment and income generation including ICT, tourism, music and film industry and sports.

Credit intermediation to micro and small enterprises will be strengthened through capacity building for institutions such as NBSSI and Ministry for Women and Children's Affairs. Other institutions that provide intermediation services including Women World Banking, MDPI, EMPRETEC, Department of Cooperatives and GIMPA will be encouraged to improve upon the quality of their services and the delivery mechanism. Rural banks will continue to be assisted to play important direct credit assistance and financial intermediation for micro and small enterprises particularly, those engaged in rural non-farm activities. Measures will be taken to link enterprises to micro credit schemes including the recently sourced US\$50 million micro credit facility

## **5.9 Improving Legal and Regulatory Environment**

There is evidence that the structural reforms undertaken by government in the last decade have improved the prospects for micro and small enterprises. However, the high start-up costs for firms including licensing and registration requirements continue to impose excessive and unnecessary burden on micro and small businesses. Procedures for registering and commencing businesses are still cumbersome. The impact of public administrative bureaucracy and red-tapeism also continue to negatively affect businesses with micro and small-scale enterprises the hardest hit. Legislation and legal practices have also had a negative impact on the operations of micro, small and some medium enterprises. The cost of legal claims is considered high and excessive delays in court proceedings all have adverse impact on businesses. Additionally, entrepreneurs' knowledge about existing laws such as the labour law is inadequate.

Government will continue to reform the legal and regulatory environment to make it more conducive for doing business. The Registrar General's Department and the Directorate responsible for small and medium enterprises in the Ministry of Trade, Industry, Private Sector Development and President's special Initiatives, Ghana Standards Board and other relevant MDAs will be strengthened and encouraged to open dialogue with relevant business associations to ensure further reengineering and decentralisation of business registration and licensing,

improve land registration, ports system and the tax regime. The one-stop-shop strategy will be vigorously pursued to assist businesses with vital information to reduce the excessive loss of business time, money and other resources.

More commercial courts will be established to facilitate the resolution of business conflicts. Additionally, the institutional and human capacity of the courts will be strengthened to perform efficiently and deal with commercial cases with despatch. The Legal Aid Board will be retooled and its capacity strengthened to provide legal services to micro and small businesses especially start-ups with no resources to spend on legal fees through a special arrangement with trade and business associations. The Legal Aid Board and NBSSI will collaborate to develop the relevant policy guidelines.

### **5.10 Enhancing Technical and Vocational Education and Training**

Generally, Government will continue to implement reforms in the education sector to develop individual aptitudes and the adaptability of the products of the education system to changing job opportunities and technological developments. The Ghanaian youth in particular will be empowered and equipped to prosper in a global economy driven by knowledge, skill and technology. The education system will therefore continue to embrace general education, vocational, technical and agricultural education. Specialised training will be expanded at senior secondary school and tertiary levels to ensure that young graduates apart from having well rounded education are also adaptable to the advancement of knowledge and are capable of offering enlightened leadership. A strong connection will be established between education at the secondary and tertiary levels on the basis of information on the labour market.

Guidance and counselling will be properly integrated into the school system and the services will be made available to pupils and students on continuous basis. Government will place high premium on this to ensure that pupils and students make the right choices, plans and decisions about their future and opportunities available in the job market.

Skills development will receive added emphasis and all sectors and institutions will be encouraged to undertake regular and continuous skills development programmes for employees. MESW in collaboration with the ministry responsible for education will develop relevant guidelines and implementation and coordination mechanism that will also benefit the private sector.

Vocation and technical training will particularly receive radically transformed emphasis with respect to quality, quantity and financing. Young people, including out-of-school children will receive appropriate guidance and counselling services to engage in technical and vocational opportunities. Accordingly, the number of technical, and vocational institutes, and polytechnics will be increased and technical and vocational curriculum will be diversified to achieve greater relevance to the real workplace.

The structures for governing vocational and technical education including the Council for Technical and Vocational Education and Training (COTVET) will be strengthened and their human capacity and logistical support requirements significantly enhanced

Government in partnership with the private sector will promote a national system of apprenticeship that will be primarily targeted at further preparing the youth and those who exit early from school to acquire proficiency in the numerous areas of skill, industry and

craftsmanship. Community-based apprenticeship training schemes in all the districts of the country will be formalised and support institutions such as the Regional Technology Transfer Centres (RTTCs) and Ghana Regional Appropriate Technology Industrial Service (GRATIS), ICCES, Opportunities Industrialisation Centres (IOC), Youth Leadership Institutes, NGOs and relevant private sector organisations will be supported to increase capacity and expand their coverage and enrolment of apprentices. A National Apprenticeship Training Board will be established and adequately equipped to oversee and regulate the national system of apprenticeship training. The appropriate institutional framework will also be provided to support the arrangements.

### **5.11 Enhancing Business Development and Management through Entrepreneurship Training**

Capacity building for corporate leadership is critical for the sustained growth of businesses and the expansion of productive employment opportunities. Boards and Management of businesses would be expected to provide good leadership within the context of good corporate governance and lead their enterprises to economic prosperity and to create more job opportunities. In achieving this, transparent decision-making at the enterprise level will be crucial. Adequate policy measures will be adopted to ensure that management capacity development for enterprises is comprehensive and covers occupational, managerial and entrepreneurial areas. The implementation of strategies that will help develop a strong linkage between training, attitudes of workers and enterprise growth will be encouraged at the trade and business association, and enterprise levels.

Entrepreneurship training in tertiary and second-cycle institutions especially vocational and technical institutes will be properly structured and expanded to cover all students and to achieve maximum impact in support of post-graduation employment. Serving public servants will also be encouraged to take advantage of entrepreneurship training to improve productivity at the work place and encourage voluntary exit from public service to establish and run businesses to create more job avenues for others.

Development of women entrepreneurship will receive special attention and focus in the implementation of this policy. The arrangements will include the design of women-friendly and affordable technologies, improved access to credit, provision of adequate institutional support and the removal of cultural inhibitions to women entrepreneurship. Emphasis will be placed on practical management training to support women to become successful business women and effective role models in society. The capacity of support institutions such as NBSSI and MOWAC, EMPRETEC and GRATIS will be strengthened to provide the needed assistance to support women entrepreneurship.

### **5.12 Promotion of Farm and Non-Farm Rural Employment**

Government will implement policies to correct the imbalance in the distribution of incomes as well as employment opportunities between the rural and urban communities through raising the productivity of agricultural activities, provision of financial and socio-economic infrastructure in rural communities and the location of industries particularly agro-based industries in rural areas.

The linkages between non-farm and farm activities will be strengthened. Vertical integration will also be strengthened to enable farmers add value to their farm produce and have assured market Backwards integration to promote contract farming arrangements especially in the production and

processing of cotton, tobacco, pineapple, citrus and palm-oil will be encouraged as a matter of policy.

Rural non-farm cottage industries financial requirements are low, but because of poverty the educated youth are unable to provide the funds from their own sources. In order to promote rural non-farm activities, credit schemes will be designed to enhance the absorption of the unemployed and under-employed rural economically active population.

Limited marketing outlets for products of non-farm activities have forced some of the activities to relocate to urban centres. A strategy to improve marketing outlets for output of rural non-farm activities will help promote such activities and retain them in the rural sector, and also sustain incentives and attraction for the increasing unemployed and under-employed.

Currently, Government, development partners and other NGOs are implementing a number of projects in districts and communities aimed at improving methods and technologies for processing of food crops and projects on Sustainable Alternative Livelihood. Additional effort will be made to increase the collaboration with development partners and NGOs to further deepen the financial assistance especially credit for start-up capital. Financing product development and marketing for handicrafts will receive attention. Artisans in this sub-sector will therefore be encouraged to take advantage of training and skills development programmes.

District Assemblies will be further encouraged to introduce policy measures that link economic and social infrastructure development to the decentralisation process to facilitate development of viable enterprises in the various districts of the country.

### **5.13 Incorporation and Formalisation of Informal Sector Operations and Employment**

Strategies been adopted by Government to transform the structure of the Ghanaian economy include formalisation of informal sector operations. Specific policy interventions to reduce the informal nature of economic activities and accelerate the pace of corporatisation of the economy will continue to be implemented. In this direction policies that will encourage resource pooling in enterprise networks, clusters, cooperatives, etc. with the objective of achieving higher levels of collective efficiency and attract substantial business assistance services to informal sector enterprises will be pursued.

Education and training will be the most strategic course of action to assist informal sector operators to understand the need to corporatise and formalise their businesses. The NBSSI and its BACs will work closely with trade and business associations and the Registrar General's Department to encourage informal business operators to regularise their operations and establish the requisite structures to run their businesses. These businesses will then be better placed to receive financial and non-financial assistance such as credit, market information and other business advisory and extension services from support institutions

### **5.14 Special Employment Intensive Schemes**

Special employment intensive schemes such as the ILO Decent Work Programme (DWP) are being piloted in Ghana. The programme is designed to encourage countries to integrate social and economic policy objectives in public policy. The DWP has four broad strategic objectives namely rights at work, employment, social protection and social dialogue. There is evidence that the just concluded Ghana Decent Work Pilot Programme has been successfully implemented in the

Ajumako-Enyan-Essiam and Awutu-Efutu-Senya Districts in the central region of the country. Government considers this programme as an important effort not only for poverty reduction but also to address the problem of under-employment through the “conversion of bad jobs into decent jobs. Government will take appropriate measures to expand the DWP to all other districts of the country as a major source for gainful employment and poverty reduction.

Additional employment-intensive and labour-based schemes and programmes will be developed and implemented in the areas of road rehabilitation and maintenance, re-afforestation and other sub-sectors of agriculture and construction. Labour-intensive public works programmes also include decentralised programmes that give priority to unemployed and under-employed youth from the communities and districts where public works take place. The public works often consists of public infrastructure works, especially rural roads, and public construction projects such as schools, clinics, office buildings and small scale dams. Government will increase the scope and expand coverage of public works programmes especially labour-intensive public programmes that will seek to establish institutionalised community-based programmes, which create jobs by using the services of unemployed and under employed youth in the communities.

The National Forest Plantation Programme (NFPP) which was started in 2001 to restore degraded forest cover has been a successful employment generation programme. The programme uses labour consisting predominantly of smallholder farmers and the unemployed youth from the local communities. Between 2001 and 2004 the programme had restored over 51,000 hectares of forest plantations nationwide through a comprehensive replanting initiative. It also generated about 32,000 full time farming jobs and 1,038,382 temporary jobs for the youth. Thus, the programme has provided stable employment and raised the incomes of large numbers of participating smallholder farmers by diversifying their sources of livelihood. The programme has, in this way, contributed to income security among the poor, and helped to reduce the migration of the youth from the rural environment to urban areas.

The National Mass Cocoa Spraying Programme (NMCSP), which was also started in 2001 involves the spraying of cocoa farms to control Capsid and Black pod diseases in all the main cocoa growing regions. The programme employs mainly unemployed and under-employed youth in rural communities in cocoa growing areas. In 2004, the programme generated over 60,000 seasonal jobs.

Government will continue to invest in similar employment-intensive ventures as the NFPP and NMCSP as a means of expanding productive job opportunities for the unemployed particularly, the youth and encourage them to stay in their communities to work and earn decent incomes. Other such special employment-intensive programmes will be developed and implemented. These programmes will further be expanded to cover all the relevant districts of the country.

### **5.15 Mainstreaming of Vulnerable Groups**

The needs of the youth, women, children, and people with disability cut across different sectors and therefore require a coherent and integrated social policy framework and special employment schemes to satisfy them. Several relevant social policies already exist including a social protection strategy to respond to the risks and shocks of social inequality, economic disadvantages, discrimination in employment access, and related issues of vulnerability and exclusion. Issues of vulnerability have also been mainstreamed in the GSGDA. Government will continue to ensure that the interests and concerns of vulnerable groups are integrated into the management of labour issues at all levels. A comprehensive employment database and labour market information on



vulnerable groups will be developed to facilitate their mainstreaming and integration in the economy.

### **5.15.1 Youth**

Government is determined to turn the youthful population of the country into an important asset for development. Significant effort is being invested in developing and implementing policy interventions and strategies to mainstream youth employment issues in national development plans and programmes. A sum of ₪58.89 billion has been released from the 2006 District Assemblies Common Fund (DACF) to MMDAs to implement programmes to reduce youth unemployment in the country in line with the GSGDA.

Government's educational reform programme will among other things link education and training to the requirements of the job market to enable young graduates to become more employable in the job market. Special programmes that target youth development and employability of the different categories of youth graduates such as JHS, SHS, Vocational and technical, polytechnic and university will be implemented to facilitate relevant skills acquisition and job placement in critical sub-sectors like ICT and agro-industry. The youth will also be encouraged to take advantage of the national apprenticeship system.

The National Youth Employment Programme will continue to receive adequate budgetary allocation to sustain the implementation of all employment generation modules in the long-term. The youth in agriculture policy of Government will be transformed into viable programmes to encourage the youth to go into agriculture as a profitable and attractive business and employment options. Government will facilitate the provision of micro-credit schemes to support the youth to create small businesses and self-employment.

Policy measures will be adopted to ensure that internship programmes, industrial attachments and the national service programme are properly structured and implemented to provide relevant work experience which is often required by employers during recruitment of new workers

The capacity of the National Youth Council (NYC) will be strengthened to coordinate the activities of the various youth organisations in the country and articulate their concerns adequately to government, employers and social partners and solicit appropriate policy response. The NYC will further collaborate with the MESW, NBSSI, and the governing bodies responsible for vocational and technical education and training, and apprenticeship development to ensure the successful implementation of these policies and programmes.

### **5.15.2 Women**

Policies for improving the conditions for women in employment will be pursued vigorously and consistently until impediments that obstruct women access to productive employment opportunities are completely removed. Women education and training including entrepreneurship, general management and business management, skills training and confidence building will be enhanced to improve their involvement and expansion of both formal and informal sector economic activities. Specific policy interventions will be developed and implemented to encourage women to go into high income earning activities including cash crop farming, agro-processing, horticulture production for export, and ICT.

Business advisory services targeted at promoting businesses of women and provision of financial and non-financial assistance including access to market-based income generating opportunities,

women-friendly technologies, adequate special micro-credit schemes, and easy access to business advice will be expanded.

Government will adopt measures to remove outstanding constraints to eliminate discrimination against women in employment in line with the provisions of the 1992 Constitution of the Republic of Ghana and international conventions including the removal of unfavourable institutional culture that portray women differently from what they really are at the work place.

Institutions responsible for ensuring that women are fully mainstreamed into the national development process including the MOWAC, NDPC, etc. gender desks in MDAs and women non-government organisations will be strengthened to enhance their capacity to effectively support women to take advantage of productive employment opportunities in the economy.

### **5.15.3 Persons with Disability**

Government will continue to implement the National Disability Policy to fully achieve the mainstreaming of persons with disability into the socio-economic development process of the country. Special employment schemes will continue to be developed and promoted to offer job opportunities to persons with disability. These schemes will be supported with adequate credit facilities and business advisory services to support job creation and expansion of micro and small businesses of persons with disability. Adequate provisions of medical and psychological support will also be given to increase their physical disposition, morale and productivity.

Skills development and entrepreneurship programmes will be expanded to enhance the capacity and productivity of persons with disability and provide increased access to the labour market. An effective placement scheme for disabled persons who excel in their various vocations and occupations will be designed and implemented and model case studies developed on them. Case studies that will reveal outstanding business and employment qualities and achievements of persons with disability will be promoted as a role model of society to encourage a lot more disabled persons to strive for excellence.

Community-based rehabilitation programmes will continue to be implemented to help persons with disability to become more productive and facilitate their smooth integration in their communities.

The capacity of the various associations of persons with disability will be strengthened to enable them to effectively coordinate the activities of their members and productively participate in the design and implementation of national policies and programmes especially those that affect them.

### **5.15.4 Protection of Children against Child Labour**

Government is implementing initiatives directed at eliminating all forms of child labour. Additional policies to protect children against child labour will seek to significantly improve the coordination mechanism to enable stakeholders to effectively participate in elimination of child labour. A public education programme will be undertaken to create awareness on the rights of the child such that it will facilitate the withdrawal of children from exploitative and hazardous work and provide them and their families with viable alternatives. Already Government in collaboration with ILO is implementing a time-bound project for the elimination of worse forms of child labour in 20 pilot districts. Once successful, measures will be established to expand the project to cover other districts of the country.

A database on children at work will be developed and a system for collection, storage, analysis, processing and dissemination of relevant information on child labour, and its worse and hazardous forms will be established. The database will be disaggregated to capture district and national profiles. As part of government's commitment to fully implement these policies, a structured mechanism will be established to improve joint action and collaboration between Government and NGOs in building capacity of field staff involved in the implementation and monitoring of proposed policy interventions.

### **5.16 Improving Working Conditions, Occupational Safety and Health**

Fragmentation of the OSH system remains a major drawback for improving planning, standard setting, efficient utilisation of resources, and leads to inconsistencies in approach to dealing with OSH issues. Government as a matter of priority will undertake reforms directed at the integration of OSH related services and activities such as health, hygiene and safety at the national level. Prevention strategies will be developed and implemented on sustained basis, and these will include: identification of high risk industries, processes, occupations and substances; development of appropriate sector-specific protection strategies; supporting and enhancing worker participation; development of information systems that enhance prevention efforts; development and dissemination of risk assessment and risk management expertise and techniques; and improving training and communication methods on OSH.

Organised labour will be encouraged to educate their members on occupational safety and health including the relevant provisions in the Labour Act, 2003 (Act 651). Employers will also be encouraged to enforce regulations on medical examination at first appointment and provide opportunities for regular medical assessment of employees especially those engaged in hazardous jobs. Employers will also be encouraged to engage occupational safety and health officers at the enterprise level.

A database on person- hours lost on ailments and injury will be developed to support planning and policy formulation in the sector and to assist in the measurement of impact on national development.

Additionally, enforcement and promotional strategies will be developed to encourage teamwork, improve the capacity of the various inspectorates including factories inspectorate, mines inspectorate, the occupational health unit of the Ministry of Health and Radiation Protection Institute to advise on critical OSH issues, and enhance the effectiveness and efficiency of inspection, investigation and inquiry processes and methodologies.

Government will further implement specific policies to protect women, youth and informal sector workers. Standards that are protective of the health of women during pregnancy, after childbirth and while breastfeeding will be developed and implemented. Additional standards that safeguard the long-term health of young workers and promote their physical, social and intellectual development will also be updated and implemented. Training and information dissemination programmes that are appropriate to the needs of small-scale enterprises and the informal sector will be developed and implemented.

Existing legislation on OSH is inadequate. Government in response will take the necessary measures to develop legislation which will cover all aspects of economic activity in both the public and private sectors, regardless of the number of employees. The main objectives of this legislation will be to provide for health and safety of employees in all sectors of the economy;

protect the population from the health and safety hazards arising from or connected to industrial and commercial activities; control the handling, storage, transportation and use of hazardous substances in respect of occupational safety and health; promote training in OSH at all levels; and that employers make reasonable effort to ensure that their facilities are designed, constructed, equipped, commissioned, staffed, operated, maintained and decommissioned in a manner protective of the health and safety of employees and the general public.

The improvement of working conditions, occupational safety and health can be better realised through efficient functioning of labour inspection services. Occupational safety and health issues regarding employment and welfare of workers such as hours of work, working conditions, safety and health at work places can best be handled by well-trained labour officers. Adequate capacity building programmes will be developed and implemented to enhance labour inspection services and provide knowledge and skills upgrading opportunities for labour officers on continuous basis.

To ensure effective implementation of these policy interventions, a National Commission on Safety and Health will be established to regulate and oversee occupational safety and health activities in the country. A coordination mechanism will also be established to ensure that the various inspectorate units collaborate effectively with the Environmental Protection Agency to increase the provision of relevant technical inspection services. Effort will be made to provide adequate equipment and logistics needed to implement the policies.

### **5.17 Preventing HIV Infection and AIDS at the Workplace**

Government recognises that the nation's human resource constitutes the source of its human capital. The social and economic impact of HIV and AIDS on the development of the country could be devastating if not checked because it is capable of reversing the modest human capital gains made since independence.

Government will continue the vigorous campaign on preventing HIV infection through dissemination of information on HIV and AIDS in the workplace and help prevent the spread of HIV and AIDS among workers.

Implementation of policies that provide protection from discrimination in the workplace, to people living with HIV and AIDS will be further pursued. Pre-employment HIV and AIDS screening will not be conditional for recruitment, confidentiality regarding medical information on HIV and AIDS will be maintained, and protection from stigmatisation will be ensured.

Government will collaborate with employers and encourage them to make available protective devices at their workplaces to prevent the spread of HIV and other sexually transmitted infections. Additionally, care, support and counselling will be provided for those infected and affected, and they will be encouraged to work for as long as they are medically fit to work without any inhibitions from their employers.

### **5.18 Protecting the Environment**

This employment policy has been developed to achieve sustainability in its implementation. Significant effort will therefore be made to apply sustainable development principles to achieve the protection of the environment. It is a fact that economic activities that create employment opportunities have the potential to degrade the environment. While industrial activities could lead to pollution, agricultural activities that generate employment could lead to disastrous

consequences of forest and soil degradation. To ensure that the implementation of this employment policy does not degrade the environment, the Environmental Protection Agency (EPA) will intensify efforts at environmental impact assessments, audits and monitoring. The various inspectorate units will also intensify inspection throughout workplaces with the potential to degrade the environment. The PPMED of MESW will be responsible for liaising with employment generating sectors, the EPA and district assemblies to coordinate activities related to the environment.

## **CHAPTER SIX**

### **NATIONAL PRIORITY ACTION AREAS**

#### **6.1 Introduction**

The purpose of the priority action areas is to focus the attention of government and stakeholders on the urgent issues that need to be addressed to ensure successful implementation of the national employment policy. Of immediate concern are the development of detailed Implementation Action Plan and addressing issues regarding institutional and human resource capacity building of the MESW. Action will be taken on all the strategies contained in the policy framework but in order to ensure that this policy generates enthusiasm for implementation among stakeholders, specific actions have been prioritized to be implemented almost immediately, in the short term and also the medium to long term. The translation of the policies and strategies into programmes and the successful implementation of these programmes particularly in ensuring ‘quick wins’ and early results in some areas will encourage the various actors to invest additional effort to sustain the implementation of the national employment policy.

#### **6.2 Short-Term Actions**

##### **ACTION 1 – DEVELOPMENT OF IMPLEMENTATION ACTION PLAN**

One of the immediate actions that will be taken by Government is the development of Implementation Action Plan to facilitate the realization of the objectives set out in the national employment policy framework. The plan will outline the details regarding duties, responsibilities and obligations of all stakeholder institutions in the public and private sectors, social partners, civil society organizations including NGOs, and development partners at the national and sub-national levels. The plan will also contain specific employment related targets and deliverables, verifiable indicators and the means of verification, and the time frame within which the expected targets and deliverables will be achieved.

The process will involve extensive stakeholder consultations that will be necessary to facilitate the attainment of the objectives of the Implementation Action Plan and the strategies of the National Employment Policy.

This action has already been initiated and to be completed in 2012 to enable MDAs to take account of their responsibilities and factor them into the 2012 Budget Statement and Financial Policy of Government.

Responsible Institution: MESW

##### **ACTION 2 – CAPACITY BUILDING FOR MESW**

The current institutional and human resource capacity situation of MESW does not adequately respond to the delivery of its mandate including the design and implementation of national policies on employment, human resource development, youth and protection of the poor and vulnerable. This is mainly as a result of defective structures, systems and work processes, and the non-availability of the required staff mix to deliver the mandate of the ministry, its departments and agencies.

The ministry will be restructured and the staffing capacity will be improved to enable it deliver its responsibilities in terms of policy design, and the coordination and monitoring of policy implementation. Appropriate structures and optimum job levels will be established. Job descriptions and their corresponding tasks and specific outputs and deliverables will be prepared for all established positions. Systems including performance management, records management, information communication technology, facilities management, etc. will be developed and introduced. Team building and team cohesion, work organization and work processes including budgeting for the ministry, constitution of teams to undertake cross-divisional assignments, organization of office space, etc. will be streamlined to improve staff productivity and facilitate the achievement of results in the relevant areas of the ministry's mandate. Training will be delivered to all staff to help them to understand their new roles, assigned tasks and responsibilities. The training plan will be based on assessment of staff training needs and will be conducted in a manner that will assist staff to be more innovative and effective in their work. Skills gap will be identified and effort will be made to fill critical positions.

Action already initiated and on-going

Responsible Institution: MESW

### **ACTION 3 – DEVELOPMENT OF MONITORING AND EVALUATION SYSTEM**

The National Employment Policy document has outlined the broad monitoring and evaluation arrangements. This will be translated into a National M&E system which will spell out the specific M&E responsibilities of stakeholders, types and levels of monitoring, coordination mechanism, accountabilities, types of reports to be generated, reporting arrangements and feedback mechanisms, etc. The M&E system will be developed on the basis of the Implementation Action Plan and will be linked to the LMIS. The PPMED of MESW, M&E units in MDAs and civil society organisations will be trained and equipped with the relevant tools and logistics to enable them perform their roles effectively.

This action will be initiated and completed in 2012 after completion of the IAP.

Responsible institution: MESW

### **ACTION 4 – PREPARATION OF HUMAN RESOURCE DEVELOPMENT POLICY**

The management of human resources lies at the heart of creating an efficient, effective and performance driven economy capable of creating significant employment opportunities. Currently, Ghana does not have a comprehensive human resource development (HRD) policy. A critical policy mandate of MESW apart from employment, youth and social protection is the development of HRD policy that is capable of addressing the numerous challenges facing the Ghanaian economy in general and the labour market in particular. With the commencement of the proposed educational reforms and the introduction of the LMIS in sight, the HRD policy development has become imperative and urgent.

This action has already been initiated.

Responsible Institution: MESW

## **ACTION 5 – DEVELOPMENT OF LABOUR MARKET INFORMATION SYSTEM**

Government has already initiated the process for the development of LMIS. This project is expected to significantly improve access to information on employment and help track the implementation of the national employment policy across the country. The pace of implementation of this project will therefore be intensified to ensure its early completion.

This action has already been initiated.

Responsible Institution: MESW

## **ACTION 6 – IMPLEMENTATION OF EMPLOYMENT-INTENSIVE STRATEGY**

The MESW will develop broad guidelines to facilitate the formulation of employment-intensive growth strategy by sectors and districts. The NDPC will then use the guidelines to develop the requirements for preparing sector and district plans (NDPC Planning Guidelines). The MOFEP will also ensure that guidelines for preparing annual budgets (Budget Guidelines) adequately capture employment-intensive growth strategies. This is expected to be a permanent feature of the planning and budgeting process.

This action has already been initiated.

Responsible Institutions: MESW – Broad Guidelines

NDPC – Planning Guidelines

MOFEP – Budget Guidelines

## **ACTION 7 – EXPANSION OF SELECTED ON-GOING SPECIAL EMPLOYMENT SCHEMES**

On-going special employment schemes will be expanded to cover more districts and target beneficiaries. Government will source for additional funding and inputs to make this possible and encourage innovation in their implementation. Skills training, guidance, counseling and placement will be appropriately integrated in the schemes, and business advisory services will be provided to enable the schemes to be sustained over the long term. Some of the schemes that will be targeted include:

- National Youth Employment Programme (NYEP)
- Special Employment Scheme for Persons with Disability (SESPWD)
- Decent Work Programme (DWP)
- Re-Aforestation Programme (RAP)

This action has already been initiated.

Responsible Institutions: MESW (NYEP, SESPWD, DWP), MLF&M (RAP)



## **6.3 Medium to Long Term Actions**

### **ACTION 1 – SUPPORT TO MICRO AND SMALL ENTERPRISES**

A conscious effort will be made to link micro and small businesses to micro credit facilities. Additional facilities will also be sourced for this purpose. This initiative will target specific businesses in agro-processing with the potential to generate employment with significant multiplier effect. An integrated programme will be developed and implemented on pilot basis before embarking on full implementation. Adequate non-financial services including business advisory services and training in management and productivity enhancement strategies will be provided to help sustain the initiative over the medium to long term.

Action already initiated.

Responsible Institution: National Board for Small Scale Industries (MOTI/PSD/PSI)

### **ACTION 2 – SUPPORT TO LARGE SCALE COMMERCIAL FARMING**

Government will collaborate with the private sector including the Ghana National Association of Farmers and Fishermen (GNAFF), and Federation of Association of Ghanaian Exporters (FAGE) to work out support and incentive packages that will facilitate the creation of large scale commercial farms with extensive out grower schemes in suitable districts of the country. The objective of this project is to establish a commercial agricultural production project that will attract the youth to go into the production and marketing of non-traditional agricultural export crops on large scale and sustain it as a viable enterprise over the long term. This concept will be developed and actualized through a pilot programme before embarking on full implementation.

Similar arrangements will be explored to support large scale commercial farming to produce agricultural raw materials to feed industry.

The programme will be integrated and will include adequate incentives for appropriate technology and the application of modernized farming methods, training to improve management and productivity, adequate arrangements for marketing and business alliances both in Ghana and abroad. Clearly, such an agricultural venture will be attractive to the educated youth.

Action on this already initiated.

Responsible Institution: MOFA

### **ACTION 3 – EXPANDING EMPLOYMENT OPPORTUNITIES IN BUSINESS PROCESS OUTSOURCING INDUSTRY**

Government in collaboration with the private sector and industry captains in data processing outsourcing will undertake an initiative aimed at expansion of investment in information technology/business process outsourcing especially processing data for export. This initiative will aim at employing the mass of the educated youth and will be designed to help the youth to upgrade their skills on continuous basis, and apply their minds to innovative thinking, creativity and invention.

Due to the high cost of doing business in this area in Ghana relative to several other countries, adequate incentives will be provided to achieve increased private sector investment. In the medium to long term Government will facilitate the building of ICT village to support private sector investment in the ICT industry.

Action on this initiative already initiated.

Responsible Institution: Ministry of Trade and Industry

#### **ACTION 4 – IMPROVING PRIVATE SECTOR COMPETITIVENESS**

The private sector and Government will re-dedicate their efforts at improving the business climate and removing obstacles that impede private sector competitiveness. Government – Private Sector partnership arrangements will be restructured to permit the monitoring and delivery of specific results on policy and regulatory business related issues that have been discussed and consensus reached on them.

Implementation of this initiative is critical to the achievement of improved economic growth and employment creation. Discussions on the concept of the new partnership arrangements will be initiated in the short term and action on the implementation of the restructured arrangements will be phased and monitored on continuous basis in the medium term to long term.

Responsible Institution: Ministry of Trade and industry

#### **ACTION 5 – DEVELOPMENT OF EMPLOYMENT COMMUNICATION STRATEGY FOR MESW**

The mandate and responsibilities of MESW cut across various sectors of the economy. Similarly, the beneficiaries of the services rendered by the ministry cut across various segments of the population including the youth, aged, disabled, employed, unemployed, under-employed, the poor and the socially excluded. Employers, labour organizations, civil society organizations and development partners also require information from MESW to undertake planning and programming of their development activities.

The important activities of the ministry include the formulation and monitoring the implementation of policies in the areas of employment, youth, human resource management, social protection, etc. These are all critical issues that affect livelihood and human development.

MESW will develop and implement a comprehensive communication strategy to provide reliable data and information on the nature and types of services available, how the public and stakeholders could access these services and customer satisfaction issues. General information on the mandate of the sector and its achievements and challenges will also be made available to the public.

Action already initiated in 2008 and implementation will continue in the medium to long term.

Responsible Institution: MESW

## **CHAPTER SEVEN**

### **INSTITUTIONAL ARRANGEMENTS FOR POLICY IMPLEMENTATION**

#### **7.1 The Role of Government**

The multifaceted and multidimensional nature of the employment policies and strategies contained in this document require well coordinated effort and commitment of all government agencies. It is the responsibility of government to create the environment conducive for growth and investment. In this context, implementation of the National Employment Policy would require that all government agencies will consciously integrate in their policies and programmes, the relevant policy initiatives, guidelines and strategies that maximise productive employment and the improvement of the general working conditions of labour. This requires concerted effort for the coordination and implementation of sectoral policies and programmes that gives priority to the creation of employment in both the public and private sectors. The implementation of the National Employment Policy further requires that public investment policies must necessarily be supportive of the private sector and provide the needed incentives to economic sub-sectors with high potential for growth and employment generation.

Government will be expected to provide the required budgetary resources to MESW and other government agencies for the implementation of the Employment Policy. Similarly as well as the policy initiatives incorporated into their policies, programmes and projects.

##### **7.1.1 The National Development Planning Commission**

The National Development Planning Commission (NDPC) will have the responsibility for ensuring that the long-term development objective of the National Employment Policy to achieve full, freely chosen and productive employment is adequately integrated into development plans and programmes as well as growth and poverty reduction strategies of the country. The NDPC will ensure that a deliberate effort is made to formulate longer term strategies for achieving significant improvement in employment opportunities including policy measures for achieving economic growth, and reducing poverty, unemployment and under-employment. The NDPC will accordingly, ensure that adequate institutional capacity and competent human resources are available to perform these responsibilities. The Commission will also be required to liaise with other relevant institutions in the public and private sectors, and non-government institutions to help shape employment-centred long-term investment policies. Additionally, the Commission will monitor and evaluate, on a regular basis, the performance of the various employment policies on the overall development of the country.

##### **7.1.2 The Ministry of Finance and Economic Planning**

The Ministry of Finance and Economic Planning (MOFEP) will ensure that budget guidelines to the various sectors contain adequate information to encourage sectors to formulate employment centred growth strategies to achieve the objective of full, freely chosen and productive employment. Particularly, the Minister for Finance and Economic Planning will ensure that the Budget Statement and Economic Policy of the Government of Ghana contain clearly defined objectives for progressively reducing unemployment and under employment, and also creating productive job opportunities through specific policies, programmes and initiatives. The Minister will further ensure that budget statements provide favourable environment and adequate

incentives for the private sector to invest in sub-sectors with high potential for employment generation. The Ministry will accordingly, ensure that its human resource requirements for formulating and monitoring the implementation of employment generation policies are adequate.

### **7.1.3 The Ministry of Employment and Social Welfare**

The Ministry of Manpower, Youth and Employment (MESW) will have the main responsibility for providing the NDPC and the MOFEP with labour market information in close collaboration with the Ghana statistical Service so as to enable the NDPC and the MOFEP to obtain up-to-date relevant data to formulate policies that will ultimately lead to the attainment of full, freely chosen productive employment. MESW will further make labour market information available to all other government, private, academia and non-government agencies for policy research and planning purposes and for the maximisation of productive employment in all sectors of the economy. Specific labour market information will also be made available for the development and implementation of labour intensive programmes and special employment programmes. The Minister will ensure that an efficient and effective labour market information system is established and that the ministry and all its departments including the Labour Department and the EIB, Management and Productivity Institute, Factories Inspectorate, Social welfare department, and National Youth Council undergo restructuring in order to establish relevant structures, systems, processes and human capacity base for performing the assigned role. The Ministry will strengthen linkages with private employment service deliverers at both the national and district levels. Adequate arrangements will be made to train all staff to competently discharge duties that are related to the management of the labour market information system and collaborate with other agencies in the formulation of policies for maximising productive employment. The Ministry through the Labour Department will collaborate with GSS to develop job tracking indicators to support monitoring of outputs and outcome of implementation of the policy.

### **7.1.4 The Ghana Statistical Service**

The Ghana Statistical Service is by law responsible for the collection, compilation, analysis, publication and dissemination of official statistics in Ghana for general and administrative purposes. The Service will work closely with the MESW and other agencies on labour statistics and undertake periodic surveys on the labour force and employment in both the formal and informal sectors of the national economy. The Service will further collaborate with the MESW and other relevant agencies to conduct specific surveys on identified target groups including the youth, women, disabled, children, etc. for purposes of data collection and processing, and designing of special employment programmes.

### **7.1.5 Ministry of Local Government and Rural Development (MLGRD)**

The Ministry of Local Government, Rural Development and Environment will ensure that Metropolitan, Municipal and District Assemblies (MMDAs) take appropriate measures to implement the various policy interventions relevant to them. Specifically, the Ministry will ensure that development activities and investments of the MMDAs take account of productive employment and income generation. The MMDAs will ensure that a favourable business environment is created in their areas of jurisdiction to attract the private sector to invest in productive sectors of the local economy to promote employment. The Ministry will further ensure that the transformation of the rural economy through farm and non-farm activities, and value-added industrial processes is supported with adequate local incentives, infrastructure and business support services to facilitate the implementation of policies and strategies contained in this

National Employment Policy including protection of the environment. The MLGRD will collaborate with MESW to monitor the coordination and implementation of the policy at the level of the MMDAs.

### **7.1.6 Ministry of Food and Agriculture**

The Ministry of Food and Agriculture will ensure that a comprehensive programme with adequate incentives is designed to attract the private sector to invest in large scale agricultural farming for export and for satisfying the raw material needs of industry. The Ministry will also ensure that the programme includes agricultural products that will attract the educated youth to invest their efforts on sustained basis in the long term.

Generally, the Ministry of Food and Agriculture will implement adequate measures to improve agricultural productivity, reduce under-employment in the sector and raise incomes of farmers. The Ministry will collaborate with Ghana National Association of Farmers and Fishermen, potential private investors and relevant public institutions including MOFEP, MESW, Ghana Export Promotion Council, EPA, etc. to plan the design and execution of employment generation agricultural programmes.

### **7.1.7 Ministry of Information**

The Ministry of Information will be responsible for assisting the MESW to develop a communication strategy on the National Employment policy. The Ministry will use its Information Department's offices in the regions and districts to reach out to all Ghanaians on the opportunities that this policy offers and the arrangements available for them to take advantage of them.

### **7.1.8 Other Government Ministries and Policy making Institutions**

All other ministries and policy making institutions will be responsible for ensuring that sector and agency policies and strategies take cognisance of the National Employment Policy and incorporate the relevant policy elements in their strategic plans and implementation programmes to support the employment creation efforts of Government Particularly, agencies responsible for promoting local and foreign investment will deliberately target investments that will support economic growth and increased opportunities for generating productive employment. The sectors will also be assisted to develop sector specific strategies to promote productive employment generation.

## **7.2 The Role of Employers and Workers' Organisations**

The social partners represented mainly by the Ghana Employers Association (GEA) and organised labour will be expected to cooperate closely with the MESW and other relevant bodies in the implementation, monitoring and evaluation of this policy and the attainment of established objectives. The social partners will also be encouraged to strengthen their particularly those of the GEA and organised labour to enable them deliver their mandates efficiently and effectively. They will be expected to play significant role in policy dialogue that promotes industrial harmony, productivity improvement, economic growth and consequently productive employment.

### **7.3 Donor Contribution and Coordination**

Government will continue to pursue policies geared towards efficient and effective internal resource mobilisation, allocation and utilisation to support the country's development. Several measures including the enactment by Parliament of the Financial Administration Act, 2003 (Act 654), Public Procurement Act, 2003 (Act 663) and the Internal Audit Agency Act, 2003 (Act 658) have been undertaken to introduce greater transparency and accountability in public expenditure management. Government will further ensure that employment intensive programmes and special employment programmes for the vulnerable that will be initiated and introduced will be self-sustaining. These efforts of Government notwithstanding, the donor community will be expected to continue its support to Government in the design and implementation of the country's development programmes that are aimed at achieving accelerated economic growth, poverty reduction and productive employment generation. Government also expects donors to take cognisance of the elements of the National Employment Policy and make the necessary adjustments to their country assistance and cooperation programmes in favour of productive employment generation strategies and activities to support accelerated poverty reduction.

### **7.4 The Role of NGOs and Civil Society Organisations**

Non-governmental organisations (NGOs) continue to play a major role in the implementation of development programmes in Ghana especially in rural and semi-urban areas. Government will continue to recognise the immense contribution of NGOs and civil society organisations in the implementation of the decentralisation programme which has brought the delivery of political, economic and social dividends including micro enterprise support, education and health services delivery, and employment opportunities to people at the grassroots level. In recent times, civil society organisations have assumed greater importance in providing policy inputs to shape government development policies and have effectively engaged government on a number of topical national issues through policy dialogue. In accordance with this background, Government expects NGOs and civil society to even expand their roles and refocus actions and priorities to help in the achievement of the objectives of the National Employment Policy.

### **7.5 National Employment Coordinating Council**

Given the multi-sectoral nature of employment promotion policies, there is the need to establish a coordinating body to oversee the networking arrangements and coordinate institutional commitments required for the successful implementation of the National Employment policy. Accordingly, the existing Steering Committee on the development of employment policy and labour market information system will be transformed into a National Employment Coordinating Council (NECC). The NECC will be a national body that will guide the implementation of the National Employment Policy. It will issue detailed guidelines to the various sectors and agencies on mainstreaming implementation and monitoring of employment promotion measures in their development plans and programmes. The committee will be chaired by the Minister for Manpower, Youth and Employment and its membership shall include NDPC, MOFEP, GSS, MLGRD, National Labour Commission, GEA, AGI, organised labour, Ministries of Food and Agriculture, Trade and Industries, Tourism, Education Science and Sports, and Information and National Orientation. The NECC will be assisted by Expert Sector Groups (ESG) which shall include policy makers, entrepreneurs and industry practitioners, academicians and civil society representatives who are knowledgeable in the particular employment generation economic sector. The ESG will provide technical support to the NECC. The Policy Planning, Monitoring and

Evaluation Division of MESW whose functions also include the management of the LMIS will serve as the technical secretariat to the NECC.

## **7.6 The Method of Implementation**

In implementing the national Employment Policy it will be necessary to undertake a nation-wide sensitisation exercise to explain the rationale for the policy, benefits that the population should expect, and the real opportunities that exist in the various sectors of the economy, what the unemployed or the underemployed should do to take advantage of the opportunities being offered by the policy. Specific target groups for the sensitisation exercise will include Government ministries and departments, Private sector business associations, social partners, district assemblies and NGOs. This exercise will also require an efficient and effective database on labour and employment issues.

Implementation approach will be participatory and will require the development of national implementation action plans and sector action plans to guide the implementation process.

## **7.7 Monitoring and Evaluation**

Monitoring and evaluation (M&E) of the National Employment Policy will be undertaken at various levels and through the collaboration of Government, private sector, NGOs and civil society organisations. An elaborate participatory and evidence-based M&E system will be established to ensure that the system is holistic and all inputs, processes and outcomes of implementation are sufficiently tracked, and the required feedback provided and utilised.

The MESW will be responsible for monitoring and evaluating the implementation of the policy. The PPMED of the Ministry will be strengthened to establish the required structures, processes, systems and human resource base to enable it perform its role efficiently and effectively. Strengthening the PPMED is important to address the M&E challenges identified by NDPC regarding the M&E function of PPMEDs. These include: Weak linkage between planning, budgeting and M&E; Poor data quality, data gaps and inconsistencies and Limited resources and budgetary allocations for M&E.

The following strategies will be adopted in the medium-term to enhance the M&E system:

- Reinforce the institutional arrangements with adequate capacity to support and sustain effective monitoring and evaluation;
- Evolve an efficient system for generating relevant, reliable and timely quantitative and qualitative gender disaggregated information;
- Manage an effective feedback mechanism that makes statistical information available in useable form to Government, private sector and civil society;
- Ensure a holistic approach to M&E that would include monitoring of inputs (including resource allocation and use), as well as processes and outputs, in addition to evaluating the outcomes;
- Foster participatory M&E;
- Continue to build the technical capacity for M&E at all levels.

### **Approach of M&E**

The approach to M&E will entail a combination of monitoring and evaluation activities, as well as studies. Monitoring will consist of the periodic or continuous assessment of performance based on

selected indicators, while evaluation will rely on a wider variety of methods to examine the implementation of programmes and/or policies more closely, gain a better understanding of their nuances, and produce sound assessments of their consequences.

Thematic studies will also be conducted to assess the intended and unintended consequences of policy interventions and/or policy reforms on the well-being of stakeholders.

Following detailed analysis of data on progress of implementation of the policy, quarterly M&E reports will be issued by MESW to guide the work of the NECC, NDPC, MOFEP, MLGRD&E, GSS, Ministry of Information and National Orientation, and other stakeholders involved in the implementation of the policy. M&E reports will also be issued annually by the Ministry of Employment and Social Welfare and made available to the President, Cabinet Ministers, Parliament and NDPC.

### **7.8 Review and Revision of the National Employment Policy**

The National Employment Policy will be reviewed periodically to make information available for the national budget. The Programmes and projects which will be developed and implemented from the policy will, however, be reviewed regularly taking cognisance of the feedback from monitoring and evaluation reports, and the development of sector strategic and business plans and programmes. Major reviews will be undertaken every three years to ensure consistency with the implementation of the Medium-Term Expenditure Framework budgeting process. The MESW will be responsible for the reviews and revision of the policy and will advise the sector Minister and the NECC accordingly.