

# EMPLOYMENT GENERATION IN AFRICA

— Learning From Good Practices



## GHANA CASE STUDY

PAUL KWAME NKEGBE  
BENJAMIN MUSAH ABU

**FRIEDRICH  
EBERT**   
**STIFTUNG**

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## ABBREVIATIONS AND ACRONYMS

1D1F	One District One Factory
CSO	Civil Society Organisation
ENABLE Youth	Empowering Novel Agri-Business-Led Employment for Youth
FES	Friedrich-Ebert-Stiftung
GEA	Ghana Employers' Association
GGC	Ghanaian-German Centre for Jobs, Migration and Reintegration
GLSS	Ghana Living Standards Survey
GYEEDA	Ghana Youth Employment and Entrepreneurial Development Agency
ILO	International Labour Organisation
KII	Key Informant Interview
MASLOC	Microfinance and Small Loans Centre
MDAs	Ministries, Departments and Agencies
MELR	Ministry of Employment and Labour Relations
MMDAs	Metropolitan, Municipal and District Assemblies
MTEF	Medium-Term Expenditure Framework
NABCO	Nation Builders Corps
NDPC	National Development Planning Commission
NECC	National Employment Coordinating Council
NEIP	National Entrepreneurship and Innovation Programme
NEP	National Employment Policy
NGO	Non-Governmental Organisation
NGP	National Gender Policy
NYA	National Youth Authority
NYEP	National Youth Employment Programme
PERD	Planting for Export and Rural Development
PFJ	Planting for Food and Jobs
PWD	Persons With Disability
TUC	Trades Union Congress
WDI	World Development Indicators
YEA	Youth Employment Agency

## EXECUTIVE SUMMARY

### Study background, problem, and methods

Sub-Saharan Africa (SSA) faces numerous development challenges in many facets of its economic sectors. Despite so much progress at, especially, poverty and inequality reduction, there are still lingering challenges that have the potential to offset the progress that has been achieved over the years. One such challenge is the high level of unemployment and underemployment, especially among the youth. Indeed, unemployment is not only a challenge, but it also exerts some negative externalities on development in general. For example, this challenge can trigger insecurity when people get agitated and chaotic because of their inability to find quality jobs. As a result, many governments across the region have initiated policies, interventions, and strategies to create sustainable and quality jobs. A scan of these policies shows that while some have worked, others have failed to yield the desired results. The mixed outcomes of these policies provide an important basis to examine the policy landscape to take stock of what has worked and why, and those that have not worked and the reasons for their failure. This will then inform policy formulation in Sub-Saharan Africa. In this regard, the current study provides evidence on the employment situation in Ghana, the policy landscape and recommendations. The study employed mainly secondary sources, document review and limited key informants' interviews to generate the required data for analysis. Descriptive and content analyses were used.

### Analytical results

The data show that employment in Ghana has been increasing steadily over the last decade. While this trend is identical for both males and females, the employment of females is slightly lower relative to males. There was a declining trend of employment-labour force ratio between 2010 and 2014, indicating the rate of increase in the labour force was more than the increase in employment between this period; the trend reversed between 2015 and 2017 and then flattened from 2018. The results show that the state of decent jobs in Ghana remains a challenge.

Some key government policies such as the National Employment Policy, National Labour Migration Policy, National Green Jobs Strategy, Ghana Industrial Policy, Ghana Trade Policy, and the 10-Point Agenda for industrial transformation have been covered. Initiatives or interventions to create some employment opportunities for the population reviewed include Nation Builders Corps (NABCO), Youth Employment Agency (YEA), Microfinance and Small Loans Centre (MASLOC), National Entrepreneurship and Innovation Programme (NEIP) formerly Youth Enterprise Support (YES), Rural Enterprises Programme (REP), the Empowering Novel Agri-Business-Led Employment for Youth (ENABLE Youth), and the Ghana Jobs and Skills Project. An analysis of these employment interventions in Ghana reveals that most of them primarily concentrate on skills development and entrepreneurship training, and apprenticeships. Further, the assessment shows that among the recent initiatives, NABCO and YEA are the best, especially in terms of funding and outreach. Respectively, these interventions have engaged over 97,000 and over 130,000 people in various employment modules.

Despite their achievements, their decency can be called into question on the basis of their low payments to participants and they lack well-planned exit strategies. While the national employment policy and the other employment creation policies have chalked some successes, including providing the platform for the initiation of some recent interventions, some gaps have been identified. This includes the fact that policies and/or initiatives are hardly underpinned by scientific studies, issues of internal inconsistency of some policies, implementation gaps, and technical and funding challenges. Distinct characteristics of successful government employment initiatives include the presence of a well-planned exit strategy; provision of job placement opportunities allowing for the acquisition of relevant employable skills; existence of legal backing; wide coverage and presence of diverse training modules; and institutionalisation of robust monitoring system.

### Conclusion and recommendations

Based on the findings, the study concludes that unemployment is still a major challenge despite several policies and initiatives to tackle it; women, young people and the vulnerable disproportionately suffer unemployment more; and some employment initiatives have been successful due to certain distinct characteristics including a well-planned exit strategy, provision of job placement opportunities that enable acquisition of the necessary employable skills, legal backing, and wide coverage and diverse training modules. As a result, some recommendations are proffered. First, given the enormity of the unemployment challenge, it is obvious that an employment strategy that can contribute to bending the curve of unemployment markedly is one which is comprehensive, tackling both supply-side and demand-side challenges, and one which is multi-sectoral cutting across macroeconomic management, trade, education, and social protection policies.

Second, the evidence of low relative growth of jobs associated with Ghana's economic growth is too profound to ignore in the quest to solve unemployment. Thus, government needs to find proactive solutions to ensure that economic growth induces more employment creation. The literature clearly shows that the growth trajectory led by the services (characterized by low productivity, informal and precarious jobs, and limited orientation for exports) and exploitation of natural resources (oil and other minerals) accounts for this problem. Therefore, the best way to tackle jobless economic growth is to ensure that the poor performance of the manufacturing sector is curtailed by investing in the growth and performance of industries.

Training programmes that aim to reorient trainees to seek self-employment in farming or non-farm household enterprises should be emphasised. Evidence shows that it is what works in developing countries.

Finally, government should commit to ensuring that policies and legislations for the effective participation of women and vulnerable groups are implemented to the letter. Resource and institutional constraints that prevent these policies and legislations from being enforced should be tackled.

## 1.0 INTRODUCTION

### 1.1 Country Context

Even though Ghana's economy is agrarian, the services and industry sectors have recently overtaken the agriculture sector. The contribution of the services, industry and agriculture sectors to gross domestic product (GDP) stood at 42.2 percent, 34.7 percent, and 18.4 percent, respectively, in 2020, while in terms of employment, the services sector engages the bulk (49.2%) of the employed population followed by the agricultural (29.8%) and industry (21.0%) sectors in 2019.<sup>1</sup> The country produces cocoa, timber, gold and other mineral resources and, in recent times, oil; which together with remittances constitute the main source of Ghana's foreign exchange (Rademacher-Schulz & Mahama, 2012).

Various governments have over the years pursued various strategies in the form of policies, programmes, and projects to accelerate the growth of the country's economy and raise the living standards of the people. Some of these are the 'Ghana Poverty Reduction Strategy (GPRS I)', the 'Growth and Poverty Reduction Strategy (GPRS II)' and the 'Ghana Shared Growth and Development Agenda (GSGDA I & II)'. Using these strategies, the country made some strides in the realization of macroeconomic stability and the achievement of poverty reduction goals. However, these efforts also introduced some structural challenges as they are not anchored on a solid long-term development plan or policy, which led to the outdooring of yet another development blueprint dubbed 'Ghana@100' (NDPC, 2020).

Ghana's economic growth prior to 2020 averaged 6.5 percent, but this has been drastically slowed by the COVID-19 pandemic. However, in Ghana, like in other developing countries, impressive economic growth has not translated to growth in job opportunities (Aryeetey & Baah-Boateng, 2016; Aryeetey et al., 2021), making the search for sustainable employment generation worthwhile.

### 1.2 Study Background and Problem

Sub-Saharan Africa (SSA) faces numerous development challenges in many facets of its economic sectors. Despite so much progress at, especially, poverty and inequality reduction, there are still lingering challenges that have the potential to offset the progress that has been achieved over the years. One such challenge is the high levels of unemployment and underemployment, especially among the youth. Although unemployment in general is identified as a problem, in recent times, unemployment among the youthful population has been widely recognized as the most challenging. Indeed, unemployment is not only a challenge, but also it exerts some negative externalities on development in general. For example, this challenge can trigger insecurity when people become agitated and chaotic because of their inability to find quality jobs.

The recognition of both the challenge and the potential it has towards disrupting peaceful existence has led many governments across the region to initiate policies, interventions, and strategies to create sustainable and quality jobs. A scan of these policies shows that while some have worked, others have failed to yield the desired results. The mixed outcomes of these policies provide an important niche to examine the policy landscape to take stock of what has worked and why, and those that have not worked and the reasons for their failure.

This examination is key if the interest and fight against unemployment and underemployment are to be sustained. In addition, this kind of examination provides a blueprint to retool policies that can provide the desired outcomes, as well as equip stakeholders to engage policy makers.

In this regard, the "Employment generation in Africa - Learning from good practices" project headed by Friedrich-Ebert-Stiftung (FES) Ghana Office's Economic Policy Competence Centre (EPCC), that aims to examine these policies, their implementation, and effects on the generation of decent employment in six African countries (Ghana, Ethiopia, Madagascar, Rwanda, South Africa, and Benin) is undoubtedly a step in the right direction.

This report presents the methodological and analytical approach to the study to meet the goal of the project, and the outcomes of the research in the Ghanaian context.

### 1.3 Objectives of Study

The main objective of this study is to comprehensively examine the current employment situation in Ghana and assess specific government policies and initiatives (with a particular focus on the last 10 years) as a basis for facilitating dialogue between relevant actors and formulating policy recommendations.

The specific objectives are to:

1. Assess the current employment situation in Ghana;
2. Assess government's policies/initiatives for employment generation in Ghana; and
3. Formulate concrete policy recommendations and ideas.

## 2.0 METHODOLOGY

### 2.1 Sources of Data

This assessment primarily used secondary data to achieve the various objectives. In assessing the current employment situation in Ghana, the study used the following data sources:

- The Ghana Living Standards Survey (GLSS) series: The GLSS datasets, collected by the Ghana Statistical Service (GSS), are a very useful source of data for documenting the employment situation in Ghana. We used the later versions, GLSS 6 (collected in 2012/2013) and GLSS 7 (the very latest, collected in 2016/2017).
- International Labour Organization (ILO) database: The ILO has a database that houses comprehensive statistics of employment and associated indicators for various countries in the world. The database thus has employment and unemployment data for Ghana that was exploited to analyse the current employment situation and trends of employment and other important

<sup>1</sup>This is according to the WDI, World Bank data base.



employment-related issues. The data are also more frequent than the data from the GLSS and thus filled the void where the GLSS is lacking.

- World Development Indicators (WDI) by the World Bank: The famous WDI database has massive and comprehensive data on employment and related issues that complemented both the ILO and GLSS datasets to achieve the objective of constructing employment trends.

For the objective of examining policy initiatives and interventions to boost employment generation in Ghana, the key data sources for achieving this objective are:

- Policy documents/strategies/interventions from relevant government ministries, departments, and agencies (MDAs): The principal ministry is the Ministry of Employment and Labour Relations (MELR). As the main ministry directly related to employment, a compendium of policies and initiatives were retrieved for analysis. Another important institution is the Youth Employment Agency (YEA), which had a record of policies, and interventions. To capture the gender dimension of employment patterns and gender specific legislations, the Ministry of Gender, Children and Social Protection was contacted. An in-depth and comprehensive scoping for policies, interventions, and strategies for employment generation retrieved adequate data. Some specific policies and strategies are mentioned in subsection 2.1.1.

- Trades Union Congress (TUC): The TUC is a key stakeholder in both employment policy formulation and implementation. It is concerned about the nature, type and quality of jobs that are created. Therefore, they have a store of knowledge and experience on various policies, their implementation, and effects on employment in Ghana.

- Other relevant institutions: A host of other relevant institutions with information to achieve this objective were consulted. For example, the Ghana Employers' Association; Ghanaian-German Centre for Jobs, Migration and Reintegration (GGC); National Youth authority (NYA); National Service Scheme (NSS); and National Entrepreneurship Innovation Programme (NEIP) are key stakeholders that provided relevant information.

- Literature: Existing documents such as reports, and publications were extensively reviewed for relevant data.

The third objective combined data from the policy analysis and key informant interactions and discussions, and existing documents.

### 2.1.1 Specific Policies, Strategies, and Institutions of Interest

In this study, the specific documents reviewed are outlined below:

1. The National Employment Policy: This policy was crafted in 2014 by the MELR and it is still the basic policy for employment. This was the main document for review, as it provided the basic direction for creating employment. The document is readily available online and was downloaded.

2. Development policies: Since creating employment is a key policy issue in Ghana, major development policies or documents have strategies on how to create employment. Therefore, a review of these policies provided useful information for achieving the objectives of this study. The specific development policies or documents used are:

- i. Ghana Poverty Reduction Strategy paper (GPRS I) and Growth and Poverty Reduction Strategy (GPRS II)
- ii. Ghana Shared Growth and Development Agenda (GSGDA I & II)
- iii. Accelerated Agricultural Growth and Development Strategy (AAGDS)

3. Government programmes for addressing unemployment, especially youth unemployment. We contacted the respective institutions to gather relevant documents. The specific programmes are:

- i. Youth Employment Agency (YEA)
- ii. National Youth Authority (NYA)
- iii. National Service Scheme (NSS)
- iv. Nation Builders Corps (NABCO)
- v. National Entrepreneurship Innovation Programme (NEIP), previously Youth Enterprise Support (YES)
- vi. National Vocational Training Institute (NVTI)
- vii. Youth Leadership and Skills Training Institute

4. Other documents: There are some strategies, interventions and documents obtained from the various relevant institutions. Some of these are GGC annual reports, and policy briefs.

## 2.2 Data Collection Approach

All the secondary data from the GSS, the WDI and the ILO are open-sources and were thus gathered from the respective online repositories. However, for data from MDAs, TUC and the other relevant institutions enumerated earlier, two approaches were used. First, all data that are documented were requested from these sources. For example, reports, policy briefs and discussion papers were collected from these institutions. Second, a checklist was developed for this purpose containing specific issues under each of the specific objectives in the ToR to aid expert or key informant interviews (KIs) from these institutions.<sup>2</sup> For example, Chief Directors

Further, CEOs/General Secretaries/Research Directors or Officers of some of the relevant institutions (see Appendix A) were classified as key informants to respond to key questions on the checklist. An expert in political economy was also interviewed on the issues relating to the political economy of policymaking. Overall, both quantitative and qualitative data were collected for analysis.

## 2.3 Data Analysis and Reporting

Data were analysed in strict compliance with stated objectives. Both qualitative and quantitative data were analysed, aided by use of the computer and data management software/application. Qualitative data were analysed using content analysis, involving five distinct steps of: i. data familiarization, ii. data organization, iii. data coding, iv. observation of pattern and categorization of themes, and v. summarizing findings (Boadu & Fatunbi, 2020; Erlingsson &

<sup>2</sup>The checklist can be obtained upon request

Brysiewicz, 2017). The method of qualitative, and hence content, analysis in practice requires that responses to interviews are clustered into themes related to the study objectives. The coding of the qualitative data enabled the research team to mechanically reduce data and to be able to categorize it into manageable analytic frames. Quantitative analysis was carried out using appropriate statistical software/application (e.g., Stata and MS Excel).

## 2.4 Quality Control Measures in Data Collection and Adherence to COVID-19 Protocols

Calibre of data collectors has significant implications on the quality of data to be collected. As such, consultants and an assistant undertook the data collection. The primary data collection was undertaken in the form of key informants' interviews. Two interviews were conducted virtually via Zoom, three were done via face-to-face, and one was completed by the interviewee.

The present COVID-19 situation demanded that there should be minimum movement for the data collection. Thus, the virtual data collection helped a great deal in that regard as it minimised the physical contact between the researchers and the respondents. Even where face-to-face interviews were conducted, COVID-19 protocols were strictly observed.

Finally, the fact that the researchers together with an assistant undertook the data collection meant a high level of data quality. Indeed, in the process of primary data collection, written notes were supplemented with voice recordings. This way, very little could be lost, if any at all. The fact that mostly secondary data were used for this study also helped a lot in minimising physical contact with stakeholders thereby reducing the risk of COVID-19.

## 2.5 Limitations of Field Work

The major limitation of the field work had to do with the unwillingness of the key informants to avail themselves for the interview. It was very difficult to track down most of those interviewed partly because of their tight schedules. Some of the key informants were pursued for well over one and half months with several trips made to their offices. In several of the cases, it took the intervention of FES to help pin down the respondents. Some of them simply did not make themselves available for the interview. Furthermore, the bureaucratic procedure in acquiring institutional documents was a challenge. Another limitation of the survey is the infrequent nature of the GLSS leading to few data points; hence, the inability to estimate models for specific objectives.

## 3.0 EMPLOYMENT SITUATION AND EMPLOYMENT POLICIES IN GHANA

### 3.1 Assessment of Current Employment Situation in Ghana

#### 3.1.1 Employment Trends

Data from the ILO shows that 12,347,593 people 15 years and older were employed in Ghana in 2020. The corresponding number of people 15 years and older unemployed was 585,625 people. Given the labour force of 12,933,218 in

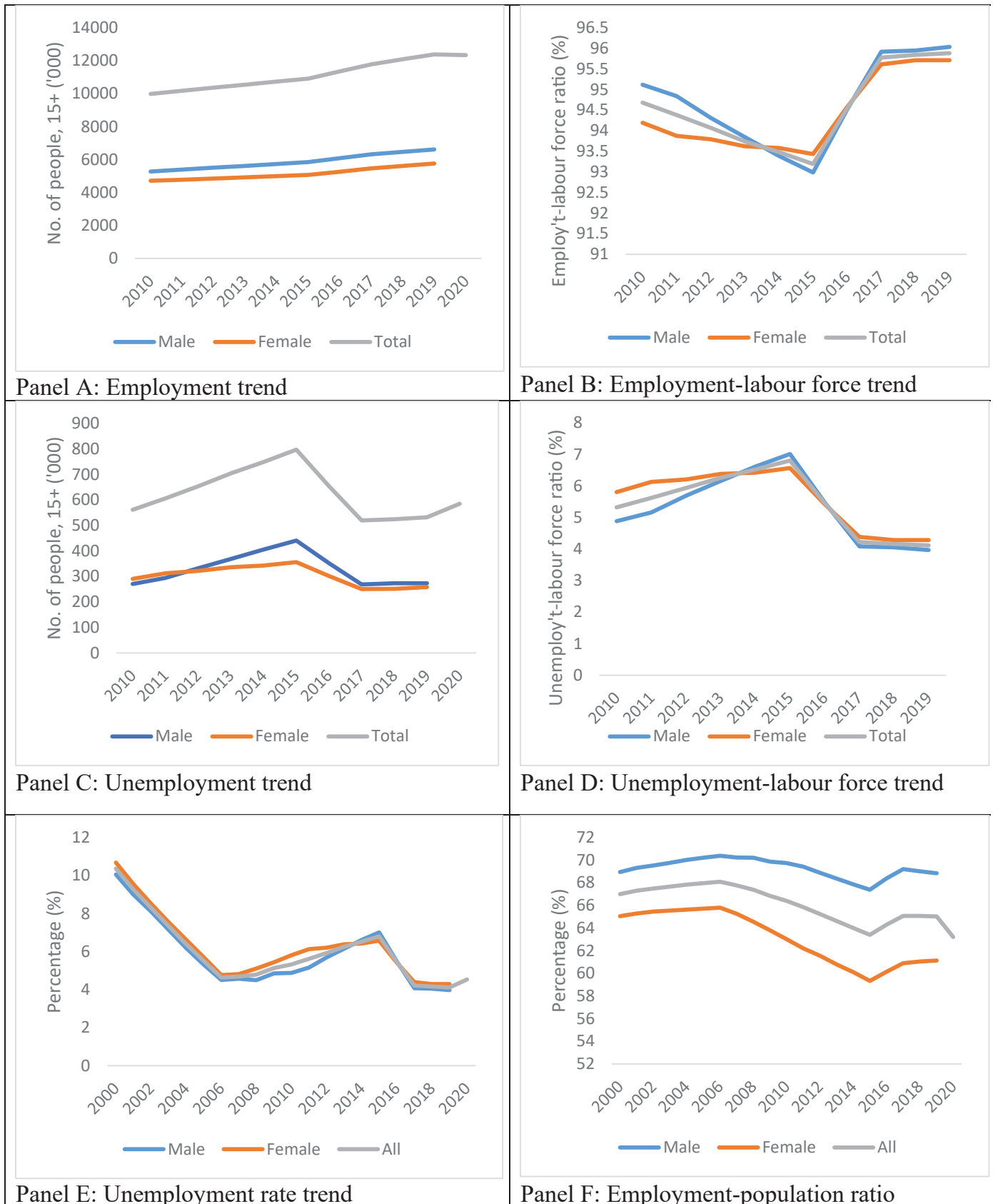
2020, the unemployment rate was 4.5%. The data from the recent GLSS 7 (Table B.1 in appendix) shows that there were 11,216,724 people 15 years and older employed while 1,027,594 were unemployed in 2016/2017. The unemployment rate<sup>3</sup> for the same period was reported as 8.4%. Comparing these two data sources, the evidence shows an increase and a reduction in the employment and unemployment rate between 2016/17 and 2020, respectively. However, the unemployment situation disproportionately affects the youth (15-24 as defined by ILO) more (see Figure C.1 in appendix). In fact, the unemployment rate of the youth is consistently about twice that of the population 15 years and older over the years.

For example, the unemployment rate of the population 15 years and older was 4.1% relative to 8.7% of the youth (15-24) in 2019. The GSS using a different age cohort of 15-35 years to define the youth in Ghana reported an unemployment rate of 12.6% (or 18.5% and 8.7%, respectively, for the cohorts 15-24 and 25-35) relative to the 8.4% reported for the 15 years and older population. Table B.1 further shows that women and urban dwellers are more unemployed relative to their respective counterparts. It is believed that these unemployment statistics downplay the enormity of the problem (Aryeetey et al., 2021) because the assessment of unemployment using the ILO's definition in Ghana is problematic (Baah-Boateng, 2013).

The general trends of employment and unemployment are presented in Figure 1. Panel A indicates that employment in Ghana has been increasing steadily over the last decade. While this steady increasing trend is identical to employment across males and females, the employment of females is slightly lower relative to males. However, despite the increasing trend of employment, the trend of employment-labour force ratio (Panel B) presents a different picture. Between 2010 and 2014, there was a sharp decline in the employment-labour force ratio.

Thus, the rate of increase in the labour force was more than the increase in employment between this period. However, between 2015 and 2017, there was a reverse trend where the rate of increase in employment was more than the rate of increase in the labour force. The situation flattened from 2018. Panels C and D indicate that between 2010 and 2014, the number of unemployed people and the unemployed-labour force ratio, respectively, witnessed a sharp rise, peaking in 2015 and declining sharply between 2016 and 2017. A worrying issue is that there is an indication of an upward trend of the number of unemployed people (Panel C) from 2019.

<sup>3</sup> While the ILO's definition for the unemployed population consists of all persons (15 years and older) who are available for work and actively seeking for a job during the reference period, the GSS defines it as persons (15 years and older), who within the reference period, were not engaged in any work, had no attachment to a job or business and were "potentially" available for jobs. Thus, the GSS relaxes the requirement that the person must be available and actively looking for work because, in Ghana as in many developing economies, work opportunities are limited, and potential workers may well give up after unsuccessful periods of looking for work.



Source(s): Panels A, B, C and D from ILO, and Panels E and F from World Bank WDI

**Figure 1: Trends of employment and unemployment**

The WDI data shows a direct trend of the unemployment rate in the country (Panel E) in the last two decades, where the situation has been chequered. Between 2000 and 2006, the unemployment rate witnessed a sharp decline, increasing again between 2006 and 2016. There was a brief decline from 2016 to 2017 and a flattening between 2018 and 2019. The total unemployment rate indicates that it is beginning to rise from 2020.

Further, data from key informants generally acknowledge and support the trends in Figure 1. They mentioned that the employment situation has not been as expected although there have been minimal jobs and significant growth of businesses in the last 10 years. They observed that by the standard measures of economic growth, the Ghanaian economy is growing but it is not able to generate a lot of decent jobs for its people. While the public sector jobs have not been consistent, private sector opportunities depend on the business environment and the corporate sector. It is further observed that the COVID-19 pandemic has worsened the already not encouraging situation, and in terms of the gender dimension, the problem is more disproportionately affecting women. A key informant stated that:

*“Women are generally more likely to be unemployed than men partly due to the differences in educational level which tends to be lower for women than for men. ... One thing we are not paying attention to is the population growth rate. Matching people to jobs is a population issue. With the high population growth, the change is not visible. There is a mismatch between population growth rate and the growth rate of jobs, such that, jobs are growing but the population is growing more than the jobs.”* (Key Informant, August 2021).

Indeed, more new job openings must be made available each year to match the numbers completing various tertiary programmes in the country. This position has been corroborated by Dadzie et al. (2020) and Honorati and de Silva (2016), who observed that up to 300,000 new jobs must be created each year from 2016 to 2020 to keep down unemployment. Moreover, the trend has been a move from the agriculture sector to the services sector.

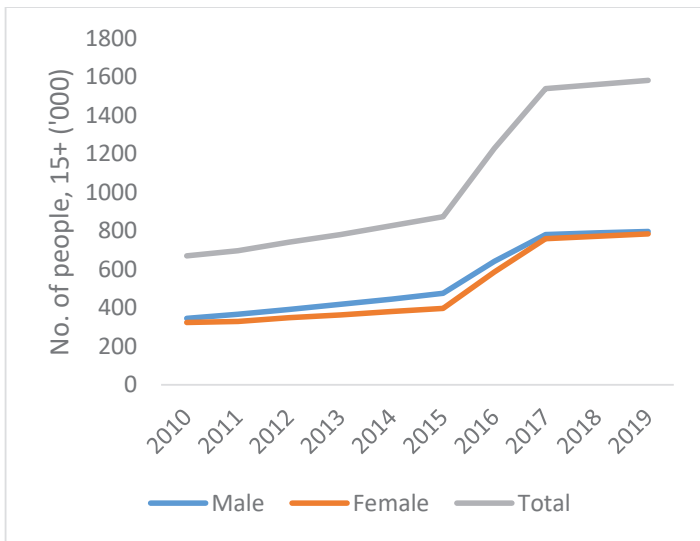
### 3.1.2 State of Decent Jobs in Ghana

The ILO defines decent work as “productive work for women and men in conditions of freedom, equity, security and human dignity”. From this definition, the main components of decent work are:

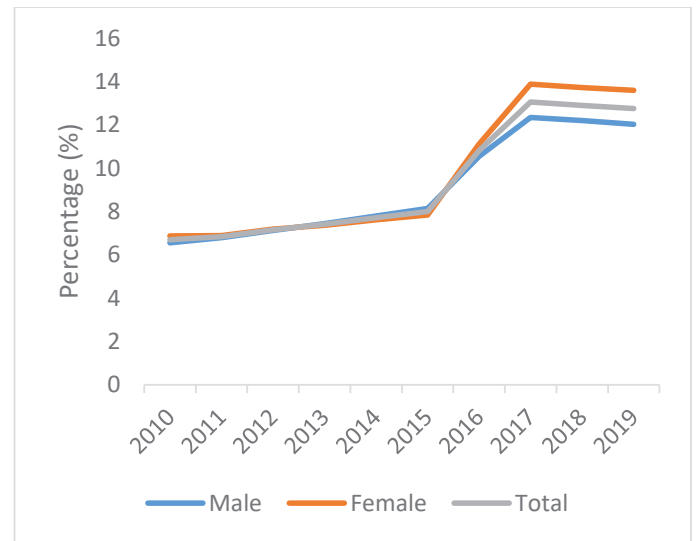
1. Secure employment
2. Fair wages/incomes
3. Safe working conditions
4. Social protection for workers and their families
5. Social dialogue where workers are free to express their concerns and to organize
6. Labour rights, standards, and prospects for personal development
7. Equal opportunities and treatment for all.

From secondary data, this study assesses the state of decent jobs using several proxies for some of the components of decent work enumerated earlier. Secure employment is proxied by data on vulnerable employment; fair wages/incomes is proxied by time-related underemployment; equal opportunities and treatment is proxied by wage and income disparities; social protection is proxied by employed people covered in the event of work injury, persons above retirement age receiving pension and mothers with new-borns receiving maternity benefits; and social dialogue is proxied by trade unions’ density rate.

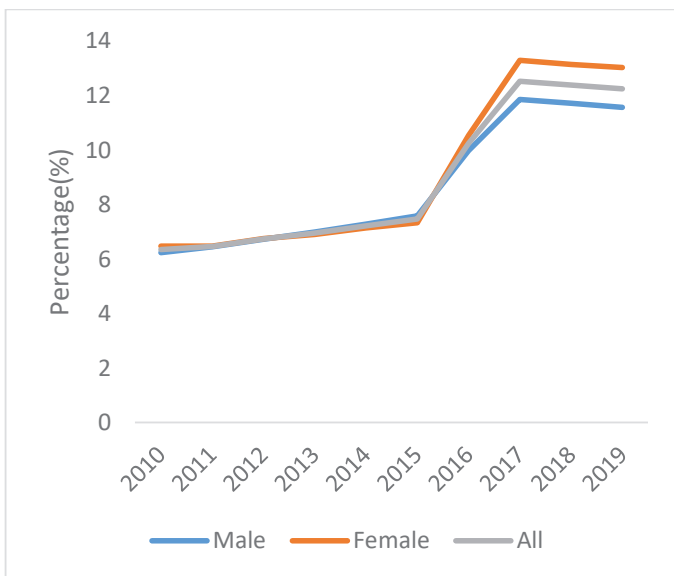
The data from these proxies clearly show that the state of decent jobs in Ghana is a challenge and leaves much to be desired. Figure 2 presents the trend of underemployment and vulnerable employment, the relevant proxies for fair wages/income and secure employment, respectively.



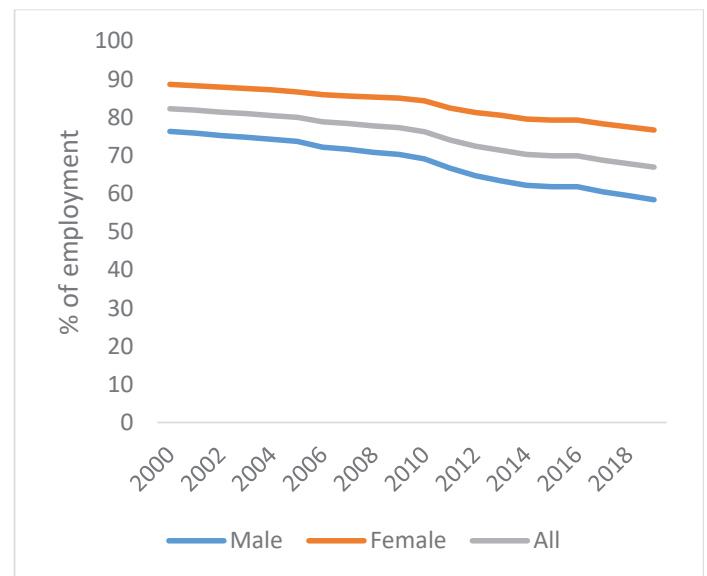
Panel A: Underemployment trend



Panel B: Underemployment-employment ratio trend



Panel C: Underemployment-labour force trend



Panel D: Vulnerable employment

Source(s): Panels A, B and C from ILO and Panel D from World Bank WDI

**Figure 2: Time-related underemployment and vulnerable employment trends**

Panel A shows that time-related underemployment has been rising since 2010. Between 2010 and 2015, the rise was steady but then rose sharply from 2015 until 2017, where it flattened. A similar trend is observed for the underemployment-employment ratio (Panel B) and the underemployment-labour force ratio (Panel C). In Panel D, jobs that are classified as vulnerable (i.e., contributing family workers and own-account workers) have declined consistently from 2000; however, the rate of decline is marginal. These observations are consistent with an earlier study by Honorati and de Silva (2016), who observed that “most jobs are in low-productivity self-employment activities that generate limited earnings. The problem is not a lack of jobs per se, but the quality of jobs”. Dadzie et al. (2020) also noted that low earnings potential of jobs is manifested in the limited use of skills in these jobs. Further, the working poverty rate or poverty rate among the working class remains unacceptably high even though it has been falling from 2010 (as shown by ILO data). Indeed, the rate has been falling since 2010, but the rate of fall has not been consistent, depicting a lack of decent wages or so among the working group.

The number of employed people covered in the event of work injury was only 16.6% of all employed people in 2019; and the proportion of persons above retirement age receiving pension were, respectively, 16.9% and 19.0% in 2016 and 2019. On a gender basis, 21.2% and 7.2%, respectively, for men and women in 2020 were receiving pensions. In addition, only 41.7% of mothers with new-borns received maternity benefits in 2016. These statistics show the low state of indicators of social protection. The data on the trade union density rate from the ILO, a proxy for social dialogue, shows a consistent decline. The only indicator measuring the labour rights component of decent work that Ghana is doing extremely well on, is the level of national compliance with labour rights (freedom of association and collective bargaining [FACB]), where a value of 1.62 is recorded for 2018, indicating a higher level of compliance with FACB rights

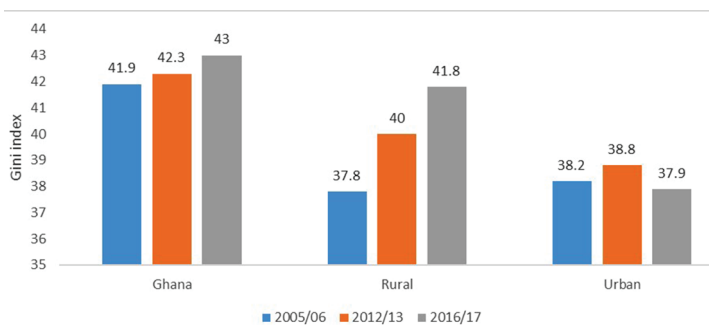
These observations generally imply that the state of decent work in Ghana is a challenge. Indeed, this assertion has been corroborated by the KIs. A key informant asserted that while Ghana is not doing badly in employment, the key issue is that the employment created in the country is not decent, and thus “... in terms of the decent work agenda, we are marginally above average. We have a lot of underemployment which is prevalent in the informal sector” (Key Informant, August 2021). Some key informants noted that the GSS, through the GLSS, never presents an unemployment rate of more than 10%. They argue that the low rate of unemployment is significantly partly explained by underemployed people due to the usual question posed in gathering data, that is, “In the last 7 days have you been employed or done any work?” For some of the key informants, a lot of employed people can be described as working poor. Relating the fact that women are more own account workers to underemployment, we can infer women are more underemployed or are into more non-decent jobs, especially in the informal economy. Another key informant observed that “... the decent jobs idea is difficult in small businesses; and inadequate enforcement and monitoring from the requisite institutions makes it further difficult ...”

(Key Informant, July 2021). It is argued that many Ghanaians find themselves in employment that is not decent: they are not registered for social security; have no rights to social dialogues; and cannot talk about their conditions of service even in the formal economy. Some informants hold the view that the issue of decent jobs is sector specific, adding that growth in Ghana has indeed created jobs but most of these cannot be described as decent.

GSS (2019) estimates that 2,397,815 people 15 years and above are affected by time-related underemployment (i.e., 21.6%), distributing into 1,421,192 females (i.e., 24.7%) and 976,623 males (18.2%). In general, youth (aged 15-35 years) represent 49.2% (1,180,747 youth) of all time-related underemployed people. In terms of the distribution according to nature of job, the data show that skilled agriculture/fishery workers are more underemployed (48.6%), followed by service/sales workers (18.0%) and then by craft and related trades workers (15.3%).

### 3.1.3 Link Between Employment and Inequality Trends

The general picture of inequality measured using the Gini index shows that Ghana is consistently becoming a unequal nation. Figure 3 shows that the Gini index increased from 41.9 percent in 2005/06 to 42.3 percent in 2012/13 and 43.0 in 2016/17. The rise in inequality over the three periods is concentrated largely in rural areas. These observations imply that the benefits of growth have not been evenly distributed. Assessing the causal link between employment and inequality using secondary data could not be conducted due to limitations of the data.



Source: GSS (2019)

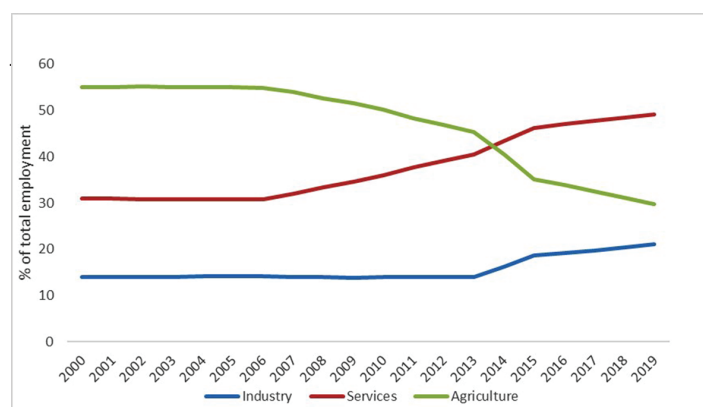
Figure 3: Inequality in Ghana

However, some inferences can be made to determine the relationship between employment and inequality. The first set of inferences is made from key informants. A key informant stated that “Obviously, there is a relationship between employment and inequality because, to some extent, inequality can be traced to the lack of jobs” (Key Informant, July 2021). Another explained that inequality arises when some people have more resources than others: “... when people are employed, they earn income, but those who are unemployed would not earn income, and this creates inequality” (Key Informant, August 2021). Some key informants maintained that the decency of a job matters for inequality since those employed in decent jobs will retire with a pension while those without decent employment will most likely retire without a pension leading to inequality at retirement.

The second set of inferences is made from differences in earning of various jobs from the GLSS (Table B.2 in appendix). Two levels of income disparity are observed: intra-job disparity (which reveals gender disparity in earning) and inter-job disparity (which reveals disparity across jobs). We find that there are disparities in earnings between males and females doing the same jobs. For example, overall monthly earning for males in 2012/13 and 2016/17 were 49.9% and 62.9% more than the earnings of females, respectively, indicating an increase in the level of disparity between the two periods. Across job disparities are also rife. Between 2012/13 and 2016/17, the disparity in income between legislators/managers and professionals increased from 10.1% to 75.0%. These provide the foundation for inequality and might partly explain the rise in inequality over the periods shown in Figure 3.

### 3.1.4 Nature of Jobs Created

In recent times, more jobs are created in the services and industry sectors. Evidence from available data shows that there is an upward trend of jobs created in the services and industry sectors. While the agriculture sector still employs a significant number of people, the trend of jobs created in the sector is declining (Figure 4 and Table B.3).



Source: World Bank WDI

**Figure 4: Sectoral distribution of employment**

This trend is supported by data from the GLSS 7, which shows that the services sector engages the bulk (43.5%) of the employed population followed by the agricultural (38.3%) and industry (18.2%) sectors. Honorati and de Silva (2016) attest to these observations in their earlier study. They indicate that there has been a boom in the services sector (mostly in financial, communication, and storage services), especially within the last two decades, fuelled by gradual structural transformation from agriculture to services and industry, and sharp increases in value added in the extractive and construction sectors. The contribution of these sectors (Figure C.2 in appendix) provides further evidence of where the concentration of jobs and productivity are.

Type of work engaged in, and type of employer are further used to provide a specific breakdown of the jobs being created and those who take up these jobs. Table 1 reports the statistics on type of work engaged in.

**Table 1: Employment by work type**

Type of work	GLSS 6			GLSS 7		
	Male	Female	All	Male	Female	All
Wage employment	29.5	11.7	20.2	33.0	14.7	23.5
Self-employed with employees						
Non-agricultural	4.5	4.4	4.4	3.6	3.2	3.4
Agricultural	2.3	1.2	1.7	1.1	0.4	0.7
Self-employed without employees						
Non-agricultural	11.3	31.2	21.6	13.7	38.0	26.3
Agricultural	30.5	19.3	24.7	28.7	17.7	23.0
Contributing family worker						
Non-agricultural	2.2	4.5	3.4	2.2	5.2	3.7
Agricultural	14.1	23.4	18.9	9.4	16.8	13.2
Casual worker	2.3	2.8	2.6	7.6	3.0	5.2
Unpaid apprentice	2.8	1.3	2.0	0.6	0.8	0.7
Domestic workers	0.3	0.2	0.2	0.1	0.2	0.2
Other	0.1	0.1	0.1	0.1	0.0	0.0

Source: GSS (2014, 2019)

Table 1 indicates that between 2012/13 and 2016/17, wage employment increased in proportion by 3.3%, non-agricultural self-employment without employees increased in proportion by 4.7%, non-agricultural contributing family employment increased in proportion by 0.3% and casual employment increased in proportion by 2.6%. These observations imply that these four job classifications are the major jobs that are usually created in Ghana. Apart from wage employment that falls within public and private sectors, non-agricultural self-employment without employees, non-agricultural contributing family employment and casual employment are clearly private informal economy jobs. Therefore, informal sector employment is where the majority of jobs are created in Ghana. Indeed, the GLSS 7 data show that 71.3% of the employed population 15 years and older are employed in the informal sector while the remaining 28.7% are employed in the formal sector. Further, it is also shown that wage employment, self-employment without employees and contributing family employment account for 88.8% and 89.7% of all employment in Ghana, respectively, in 2012/13 and 2016/17. Apart from contributing family work, wage employment and self-employment without employees all increased in proportions between these two periods, corroborating the earlier observations. These are corroborated by Honorati and de Silva (2016) who observed that employment has shifted towards off-farm self-employment and private wage employment, as new jobs are created in these areas. Table 2 provides further evidence on job creation.

It is shown that the private sector is the predominant employment base in Ghana. While the results showed a marginal decrease in private sector employment by 1.2 percentage points, the public sector employment increased by 1.0 percentage point between 2012/13 and 2016/17 (Table 2). In summary, the nature of jobs created is more of low-earning and low-productivity services and industry jobs in the private sector. This view is supported by Dadzie et al. (2020, p.1) who mentioned that most jobs that are created are “low-skilled, requiring limited cognitive skills and technological know-how”, presenting a challenge of how to “create an adequate number of high-quality, productive jobs”. In fact, from the GLSS 7, the majority of workers (24.7%) have attained JHS/JSS, followed by those with no formal education (19.9%) and those with primary education (15.6%). Workers who have attained a university degree are only 4.8% of all workers. However, some are created in the public sector, albeit much lower to those created in the private sector.

**Table 2: Employment by employer type**

Type of employer	GLSS 6			GLSS 7		
	Male	Female	All	Male	Female	All
Public service						
Government	7.4	4.1	5.7	8.7	5.0	6.8
Parastatal	0.2	0.1	0.2	0.2	0.1	0.1
Private sector	91.7	95.6	93.7	90.4	94.5	92.5
NGOs	0.3	0.1	0.2	0.3	0.2	0.3
Cooperatives	0.3	0.1	0.2	0.3	0.2	0.3
Int.Organization	0.2	0.0	0.1	0.1	0.1	0.1
Other	0.1	0.1	0.1	0.1	0.0	0.0

Source: GSS (2014, 2019)

In terms of who takes up these jobs, Table 1 reveals that consistently, more men than women disproportionately take up wage employment and self-employment with employees. However, more women than men take up self-employment without employees and contributing family employment. For unpaid apprentice jobs, however, there has been a flip from more men than women in 2012/13 to more women than men in 2016/17. The reverse flip happened for casual employment. The evidence in Table 2 shows that more women generally take up private sector jobs than men while more men take up public sector jobs than women, and this has been a consistent trend between 2012/13 and 2016/17. Honorati and de Silva (2016) note that women have less access to productive jobs than men and dominate in the off-farm self-employment jobs.

Information from the KIs provide further evidence of the nature of jobs created and who generally takes these jobs. Some key informants indicate that the public sector still employs nurses, teachers, and security personnel, but far more are employed in the private sector, especially in self-employed jobs. This is corroborated by the observation of another key informant who opined that the services sector has become the major employer of workers in Ghana. Some key informants stated that more unskilled jobs are being created than skilled ones, and thus more informal than formal. The key informants indicated that men take up more educated jobs than women. Women take up more jobs that do not require higher levels of education than men, because of the educational challenges that women generally face. Women are more engaged in skilled jobs pertaining to only technical and vocational than men, but in general men dominate all other skilled jobs such as medical, engineering, and those required in the oil and gas fields. For decent versus precarious jobs, the key informants indicate that women take up more precarious jobs than men, especially those engaged in street vending. They further indicated that a lot of farmers undertake their activities without the required protective gear. However, the informants note that the dynamics of men's dominance in educated, and skills jobs are changing in favour of women.

### 3.1.5 Sectors of the Economy Shedding Jobs

From the KIs conducted, the evidence points to the services sector as the main sector shedding jobs, and the main reason for the job shedding is the intense automation and digitization of these services.<sup>4</sup> A key informant notes that "... jobs are more shed in the services sector which has seen a rise in the automation of activities." (Key Informant, August 2021). Some key informants observed that the banking sector is a key work environment that has shed a lot of jobs due to the rise in automation (e.g., ATMs, mobile apps, internet banking and other digital platforms). They also identified related areas that either shed jobs or record slow openings as being the upstream oil and gas, telecommunications, and mining sectors, where machines, technology and automations are heavily used.

The agriculture sector has likewise been identified as shedding considerable jobs. Some key informants note that the agriculture sector sheds jobs because of decline in living standards in the sector. Most of the rural folks are therefore leaving the agriculture sector to join the urban informal economy. They observed that informal work (like agriculture and temporary jobs such as construction works), which do not generally have formal contracts and official engagements, easily shed jobs.

These observations are supported by evidence from the Business Tracker Survey conducted by the GSS to assess the impact of the COVID-19 pandemic on firms (GSS, 2020). The results show that 7.5% of workers in the services sector were laid off, while 1.0% each were laid off in the agriculture and manufacturing sectors between May and June 2020. The same trend is observed for reduced hours worked, where 79.1%, 20.7% and 9.3% of workers in the services, manufacturing and agriculture sectors, respectively, had reduced hours. These observations provide an indication that the services sector is more likely to shed jobs when there is a shock in the economy.

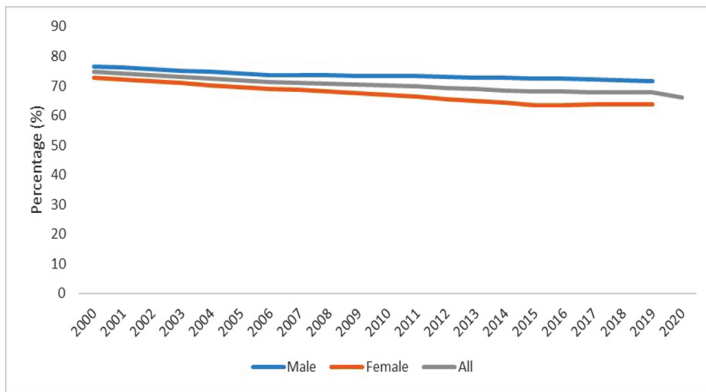
### 3.1.6 Participation of Women in the Labour Market

The labour force participation rate<sup>5</sup> of women in the labour market from the GLSS 7 data (i.e., 2016/17) was 69.7%, falling from 77.3% recorded in the GLSS 6 data (i.e., 2012/13). Women's participation rate<sup>5</sup> is lower than their men counterparts (82.2% and 72.3%, respectively, for 2012/13 and 2016/17) and for the population 15 years and older (79.6% and 70.9%, respectively, for 2012/13 and 2016/17). Data from ILO shows a current participation rate of 63.9% in 2019. Consistent with the GLSS data, this is lower than that of men (71.7%) and for the population 15 years and older (67.8%). Generally, the trend of women's labour force participation rates has been declining since 2000 (Figure 5) and is consistently lower than that of men.

<sup>4</sup>Although the services sector is the current largest employer, it also sheds more jobs than the industry and agriculture sectors. However, it is important to note that job shedding is imposed by shocks in the economy such as digitalization and automation, as well as other economic shocks.

<sup>5</sup>Labour force participation rate is defined as the proportion of the working-age population that engages actively in the labour market, either by working or looking for work for the population 15 years and older





Source: ILO

**Figure 5: Labour force participation rate**

The major gender-based inequalities in the labour market from data gathered from key informants and the literature are:

**Academic qualification and skills:** Differences in academic qualification and skills is one of the most common inequalities in the labour market. Men are in the top academic qualification and skill levels relative to women. For example, we usually have men as professors while women are clerks. These differences are corroborated by data. For example, in the GLSS 6 and GLSS 7, men have literacy rates of 48.2% and 54.2%, respectively; and women have literacy rates of 34.2% and 41.2%, respectively. While the literacy rates have increased more in percentage points for women than men, the fact remains that women are lagging. The GLSS 7 data further show that apart from primary, JSS/JHS and teacher training/agriculture/nursing certificate, all other educational attainments (including university bachelors, university postgraduate, professional and polytechnic) are disproportionately dominated by men.

**Positions occupied:** Generally, women assume lower positions in the labour market, partly explained by their lower academic qualifications and skills. This inequality is confirmed with data from the WDI, which show that the female share of employment in senior and middle management are, respectively, 26.67%, 33.11% and 26.56% in 2013, 2015 and 2017.

**Salary differentials/disparities:** Salary disparities between men and women in the labour market is another visible inequality. A key informant acknowledges that there is intense inequality in the remuneration, especially in labour intensive work. Another informant notes that on the individual basis, one may not see the wage inequality; but on the aggregate level, men occupy more lucrative positions, and their earnings tend to be higher than females. Most informants note that skills inequality leads to income inequality. Indeed, data (Table B.3) show the disparities in earnings between men and women in various fields of economic activities and occupations. Whether as self-employed or wage workers, women earn less than men (Honorati & de Silva, 2016).

**Sexual harassment:** Inequality manifests in issues of sexual harassment. Because there is generally a power imbalance in the labour market, women tend to be more prone to sexual harassment than men.

On the major obstacles to the participation of women in the labour market, the following were identified by key informants and from the literature:

**Limited access to productive resources:** Women generally lack access to equal opportunities and productive resources, such as land, credit, education, and training opportunities. For example, because of customary law, which considers property as a family asset to be administered by the family head, who is usually a man, women have poor access to land. There is also a general lack of collateral to be considered credit worthy. As a result, women have limited access to formal credit from the financial institutions. Honorati and de Silva (2016) report that women mostly lack title to property, constraining their access to finance and entrepreneurial opportunities. Other studies (e.g., Hallward-Driemeier & Hasan, 2012; Hallward-Driemeier et al., 2013) find that women's share in employment is larger where their economic rights are stronger; while Hallward-Driemeier et al. (2013) report that gender gaps in economic rights constrain the ability of women to nurture a business and employ workers in Sub-Saharan Africa. Dadzie et al. (2020) also note the limitation of women in employment and entrepreneurial opportunities due to challenges such as lack of property rights and lack of access to capital. Further, men have more access to science and technology than women. These challenges make it difficult for them to compete for certain jobs. For example, politics in developing countries requires huge investments, which women find difficult to meet.

**Sexualisation of women:** Some men who occupy positions of influence usually tend to sexualize women and demand certain favours (e.g., companionship, sex, and love) before considering employment offers. This prevents many women from participating in the labour market.

**Reproductive roles of women:** The reproductive role of women in the general society tends to have a negative effect on their participation in the labour market – on their performance and outcomes. Maternity, still looked upon as employers' liability, may provide the grounds for women to be denied some job opportunities. Such roles may even delay the progression of women in rising to some positions.

**Prejudices against women/societal perception:** In some circumstances, the competencies of women are overlooked in employment considerations. A key informant stated: "... when a woman is competitively selected for a job offer, some people think she slept with men or she is linked to some other people ..." (Key Informant, August 2021). There are still some perceptions about women concerning their competencies even when they have the requisite qualifications as their male counterparts in the same level. This suggests the difficulty women face in upward mobility.

**Skills/competencies:** Women have lower academic qualifications and skills, which is a major bottleneck in participating in the job market. These are historical challenges that have not been fully overcome. A key informant notes that "... men tend to do the 'hard' courses relative to women. Meanwhile, the labour market does not need gender; it needs skills" (Key Informant, July 2021). The key informant, however, noted that if men and women have the same skills, women are more probable to be employed.

### Culture/societal perceptions and patriarchal system:

Because of some cultural practices, some jobs appear to be designated for women and others for men. This prevents the participation of women in those jobs designated as the preserve of men. For example, commercial driving, auto-mechanic, masonry, and carpentry. Further, the traditional cultural believe of men taking care of women does not help women's cause in labour market participation. The patriarchal thinking makes men believe they are more entitled and promotes male domination and female subordination. This does not bring fair participation in the job market.

**Time spent on unpaid care activities:** Evidence shows that women spend more time on unpaid care activities at home (i.e., household chores such as cooking, washing, cleaning and care giving activities) than men. Nkegbe et al. (2020) report that the overall average weekly time spent on unpaid care activities at home by women and men are, respectively, 46.88 hours (or 6.70 hours/day) and 14.36 hours (or 2.05 hours/day), with a statistically significant difference of 32.53 hours (or 4.65 hours/day). Therefore, the more time women spend on these activities is a constraint to their participation in the labour market, especially in the informal sector. The GLSS 7 reports that the mean number of hours worked a week by employed people 15 years and older are, respectively, 39 and 33 for men and women. Honorati and de Silva (2016) note that women micro-entrepreneurs rank the incapacity to work the desired number of hours as a major challenge in Ghana.

Several policies and regulations have been identified to address the obstacles women face in participating in the labour market. In fact, some key informants believe that Ghana has adequate policy frameworks and regulations to tackle these obstacles, but the problem is mainly implementation and/or enforcement.

In the educational sector, girls who got pregnant while in school were made to withdraw. However, this practice has been stopped by the Ghana Education Service (GES). This is meant to bridge the gap between boys and girls in education and to stop the discrimination, as boys who were culprits were still allowed to continue schooling.

The Labour Act, 2003 (Act 651) provides extensive provisions for stopping and reversing the trend of discrimination and obstacles that constrain women from participating in the labour market. For example, sections 10 and 68, respectively, on the rights of a worker and equal pay for equal work, state the right to "receive equal pay for equal work without distinction of any kind". Section 14 on prohibition of restrictive conditions of employment, sub-section (e) states that an employer shall not in respect of any person seeking employment, or of persons already in his employment "discriminate against the person on grounds of gender, race, colour, ethnic origin, religion, creed, social or economic status, disability or politics". In addition, part IV is dedicated to employment of women addressing issues of pregnancy, maternity leave, and nursing mothers. For example, a woman "is entitled to a period of maternity leave of at least twelve weeks in addition to any period of annual leave she is entitled after her period of confinement", "a woman worker on maternity leave is entitled to be paid her full remuneration and other benefits to which she is otherwise entitled" and "interruptions of work by a nursing mother for the purpose of nursing her baby shall be treated as working hours and paid for accordingly".

The Gender Ministry identifies the National Gender Policy and the National Social Protection Policy as having the capacity to address obstacles against women. The overarching goal of the Gender Policy is to "mainstream gender equality and women's empowerment concerns into the national development process in order to improve the social, legal, civic, political, economic and cultural conditions of the people of Ghana; particularly women and men, boys and girls in an appreciable manner and as required by National and International Frameworks". The policy commitment areas are (i) women's empowerment and livelihood, (ii) women's leadership and accountable governance, (iii) women's right and access to justice, (iv) economic opportunities for women, and (v) gender roles and relations. Indeed, the five objectives of the policy have the capacity to address challenges women face in the labour market. For the Social Protection Policy, the goal is to "deliver a well-coordinated, inter-sectoral social protection system enabling people to live in dignity through income support, livelihoods empowerment and improved access to systems of basic services".

The objectives are to (i) provide effective and efficient social assistance to reduce poverty, (ii) promote productive inclusion and decent work to sustain families and communities at risk, and (iii) increase access to formal social security and social insurance for all Ghanaians. The ministry advocates for policies such as workplace safety and sexual harassments.

A key informant identifies the "Affirmative Action" policy as key. These actions provide quotas for women in the areas of employment, and other social issues (e.g., education). For example, the security services and political offices have quotas for women.

### 3.1.7 Impact of Megatrends for Employment Creation

Various megatrends like digitalization (or industry 4.0, i.e., intensive use of technology in production), urbanization and climate change have implications for employment creation in the Ghanaian economy. These are discussed next.

**Digitalization:** Digitalization has been identified as having a 'double-edged' implication for employment; on the one hand it creates jobs and on the other it displaces jobs. The net effect on employment is thus key to unravel. According to some key informants, digitalization has a negative net effect for job creation in Ghana. Thus, it displaces more than it creates. The first justification for the negative net effect is population growth rate. A key informant notes that in the western world, digitalization and automation were accompanied by a low population growth rate and a more aged population, leading to a reduced effect on job displacement. But in Ghana, the population growth rate is high; so, digitalization and automation are surely going to cause more job displacements. The second justification is that digitalization requires highly skilled personnel, but the question is: how many people are acquiring these skills? Since few people acquire such skills, the displacement would be more. For example, in the banking and telecommunication sectors, the increased use of digital platforms and automation have affected the expansion of jobs on one hand and encouraging retrenchment on the other. Also, value added tax (VAT) payments were done in-person in Ghana but in 2021 a policy of online payments was introduced, and this would dampen job expansion in that setup.

However, the positive impacts of digitalization, such as improving efficiency and productivity, and providing new opportunities, cannot be denied. A key informant said:

*"I am positive about the potential of digitalization to create some good outcomes – this basically relies on the old economic theory of creative destruction. Digitalization could create more jobs in the end than we can even think of even though most jobs could also be destroyed."* (Key Informant, August 2021).

**Urbanization:** Urbanization has positive and negative implications for employment. However, the model of urbanization is key in deciding the net effect (see Figure C.3 in appendix for state of urbanization). The Ghanaian model of urbanization is characterized by rural people moving to urban centres in search of job opportunities that are non-existent in their areas of origin. Thus, imbalances in job opportunities and infrastructural facilities between the urban and rural areas, coupled with the general unproductive and unattractive agriculture sector are the main drivers of urbanization in Ghana. Most of these people escaping the rural areas have very low skills for the urban formal economy and therefore move into an even worse situation in the unskilled urban sector. In other parts of the world (e.g., Asia), urbanization is driven by structural transformation, where rural people move from the agriculture sector into more productive and flourishing tradable and non-tradable sectors in urban areas (Honorati & de Silva, 2016). The Ghanaian model is thus different from other parts of the world. For example, Honorati and de Silva (2016) note that while Ghana, China, Indonesia, and Thailand have similar urbanization rates, Ghana's urban centres are relatively poorer and characterized by a different economic structure. Urbanization elsewhere is fuelled by boosts in productivity in agriculture and manufacturing, but in Ghana it is fuelled by unproductive agriculture and unattractive rural areas. Thus, Ghana's urban centres are described as 'consumption cities'. A key informant believes that urbanization has not been managed well in Ghana. While job opportunities are marginally increasing, productive and decent jobs are not enough to significantly bend the unemployment rate. This assertion is supported by the current data (GLSS 7) showing that the urban unemployment rate (11.4%) is higher than in the rural area (5.2%). This is coupled by other problems such as poor urban planning and infrastructure investments, development of slums and increasing environmental degradation. A model of urbanization that would guarantee employment creation is one where agricultural productivity releases surplus labour for a booming and productive urban economy.

**Climate change:** Its first effect is the disruption of the agricultural value chain. Raw materials will be impacted through wildfires, affecting jobs and the entire value chain. Another is health impacts, where livestock and people are exposed to risks. In fact, climate change affects agriculture and hence agriculture-related jobs. It impacts the sources of raw materials affecting the manufacturing sector. These impacts dampen expansion of economic activities, which provide the potential for retrenchment and layoffs. For example, low productivity in the agriculture sector imposed by climate change would also reduce production in other sectors that use agricultural output as input in the production process. Also, the effect on agriculture causes a rapid movement of people from rural areas to urban areas, increasing urban unemployment.

### 3.1.8 Drivers of Employment or Unemployment

A key informant asserts that "... employment is a derived demand – creating jobs out of the need of the society" (Key Informant, August 2021). Nothing can be more factual than this. However, besides societal need, other factors tend to drive the phenomenon of employment (or unemployment), and are discussed as follows:

**Economic growth:** Economic growth is one of the key drivers of employment (and, by extension, unemployment). Data show that economic growth induces a reduction in the rate of unemployment or results in an increase in the employment-to-population ratio. A key informant asserts that if Ghana manages its production well, such that it produces at least a quarter of what its people consume, job opportunities would be stimulated. However, episodes of economic instability and energy crises dampen the development of the private sector and the creation of jobs (Honorati & de Silva, 2016). In the last decade, economic growth has been generally slower, with an average of 6.2% and huge currency depreciation constraining investments that have job creation potential. However, it is imperative to point out that not all growth drives employment. Honorati and de Silva (2016, p.22) note "The link between economic growth and job creation depends on the extent to which growth generates employment ...". Ghana's growth, especially in the last decade, has been driven by natural resource exploitation (e.g., mining, and commercial oil production) and favourable commodity prices. Meanwhile, growth from these sources generates low employment (Honorati & de Silva, 2016; Aryeetey et al., 2021) as they are not typically labour-intensive, therefore do not employ a huge number of people (Aryeetey et al., 2021). For example, between 2005 and 2012, the average economic growth was 8.0% per year, while average annual employment growth stood at 4.0% per year, implying a 1.0% increase in economic growth induced a 0.5% increase in job growth (Honorati & de Silva, 2016). This elasticity fell from 0.7 in the last 15 years preceding the former period and is lower than the average (i.e., 0.72) in Africa (also see Figure C.4 in appendix). Aryeetey et al. (2021, p.1) further note that "Ghana is not an exception when it comes to the regional trend of relatively significant growth over a long period not yet reflecting in employment and improvements in employment conditions for many, especially young people".

**Macroeconomic policies/foundation:** The macroeconomic environment is critical to development in general, including employment. Indeed, Folawewo and Adeboje (2017) asserted the need for African governments to create an enabling macroeconomic environment that promotes employment generation. Macroeconomic policies and foundation influence employment through two channels. First, sound policies and foundation that boost production and trade stimulate economic growth, which in turn increases employment opportunities (as underscored earlier). Second, the right macroeconomic fundamentals stimulate the business environment. For example, policies that produce a favourable lending rate boosts investments and business development, as has been attested in the interest rate-investment relationship in macroeconomic theory. A key informant mentioned that a favourable lending rate is a good indicator of labour market performance.

In addition, macroeconomic policies that promote favourable inflation, exchange rate and import-export regulations stimulate business expansion and growth; and when businesses expand and grow, job opportunities also grow. Folawewo and Adeboje (2017) find that inflation increases unemployment, while foreign direct investment (FDI) and external debt reduces unemployment. Further, Honoratio and de Silva (2016) note how economic instability dampens development of the private sector and job creation, and how some macroeconomic challenges (e.g., high internal and external imbalances, high inflation, and currency depreciation) have hampered job creation investments. Therefore, a conducive environment induced by good macroeconomic policies and foundation is key in creating jobs. However, a key macroeconomic challenge that has dire consequences for employment creation is the export-import imbalance, which creates excessive imports in Ghana and imposes the implication of creating jobs in other countries. Indeed, jobs are outsourced to other countries by way of importing almost all our goods – thereby creating jobs in other countries.

#### **Skills development and entrepreneurial support:**

Employment creation is boosted when there are conscious and deliberate skills development and entrepreneurial programmes, especially responding to critical failures and deficiencies in the formal educational sector. Evidence shows that while formal educational attainment is increasing, its quality is weak, especially when it is measured using cognitive and problem-solving skills development (Cloutier et al., 2011; Filmer & Fox, 2014). Skills development programmes create employment through various channels. First, people who acquire skills become useful and can fit in existing job openings that demand these skills. Fox and Kaul (2018) note that soft or non-cognitive skills are those employers are searching for in job seekers but are in short supply. Second, entrepreneurial skills acquired from training programmes enable people to start up their own businesses to add to the stock of existing businesses. Some entrepreneurial and skills development programmes help trainees with the basic start-up support to launch their own businesses. These entrepreneurs employ themselves and others when the ventures so established grow. Table 1 provides the evidence of self-employed people and self-employed people with employees. However, these developments are much more effective when there are effective and efficient incubator and business coaching services to mentor and nurture fledgling businesses, coupled with access to finance.

#### **Deliberate national policies and interventions on employment:**

Apart from macroeconomic policies that guide the general conduct of businesses, deliberate domestic policies and interventions on employment are key to creating jobs. For example, an evidence-based national employment policy that is crafted with the effective consultation and participation of all relevant stakeholders has the capacity to direct, guide and coordinate employment interventions and institutions. Moreover, employment interventions such as NABCO, YEA, Planting for Food and Jobs (PFJ) and other interventions have created various jobs. These deliberate interventions are necessary when there are pervasive market failures that create widening unemployment; and some deliberate internal policies that aim at boosting the private sector are critical in creating employment.

## **3.2 Assessment of Government's Policies/Initiatives for Employment Generation**

### **3.2.1 Current Key Government Policies and Initiatives, Successes and Failures**

Since independence, various governments in Ghana have launched policies that are usually for economic growth and development but with inbuilt structures or programmes for dealing with issues of employment or unemployment. For example, the Workers' Brigade programme was launched under the Seven (7)-Year Development Plan (1963/64-1969/70) of the first republic as a response to address post-independence development and employment challenges (GoG, 2014). Other recent policies and national development frameworks are the Growth and Poverty Reduction Strategy (GPRS I: 2003-2005), and later Ghana Poverty Reduction Strategy (GPRS II: 2006-2010), the Ghana Shared Growth and Development Agenda (GSGDA I: 2010-2013; GSGDA II: 2014-2017), and the National Medium-Term Development Plan (NMTDP: 2014–2017), all of which had a specific employment creation objective besides the primary objectives of growth stimulation, income generation and poverty reduction.

The most recent and current, and perhaps the government's first ever exclusive, employment policy was launched in 2015. The National Employment Policy (NEP) (GoG, 2014) has four key objectives, viz., i. to create more decent jobs to meet the growing demand for employment; ii. to improve the quality of jobs for the employed; iii. to increase labour productivity; and iv. to strengthen governance and labour administration. Other employment focused policies are the National Labour Migration Policy, National Green Jobs Strategy, Ghana Industrial Policy, Ghana Trade Policy, the 10-Point Agenda for industrial transformation, the National Youth Policy, the National Social Protection Policy, and the Labour-Intensive Public Works Policy. In addition to these policies, the government created the "Coordinated Programme of Economic and Social Development Policies (2017–2024): An Agenda for Jobs: Creating Prosperity and Equal Opportunity for All" in 2017 and a medium-term development framework dubbed "An Agenda for Jobs: Creating Prosperity and Equal Opportunity for All (2018–2021)" to provide strategic direction for job creation. Besides the NEP and the National Green Jobs Strategy, which are administered by the Ministry of Employment and Labour Relations, the rest are policies and development frameworks across the sectors or ministries but with the MELR expected to coordinate the extent to which all the sectors are promoting job creation and ensuring that the jobs so created are decent. It appears that there are no immediate plans to start discussions towards producing similar policies in the future, as a key informant had this to say: "... of the policies, the National Green Jobs Strategy (2021-2025) is regarded as a policy for the future as it has been launched only in 2021" (Key Informant, August 2021).

In addition to the policies outlined, various initiatives or interventions have been launched either under the policies or as stand-alone programmes to create some employment opportunities for the population. Indeed, an inventory of employment interventions (especially for the youth) in Ghana compiled by the World Bank in 2016 revealed a total of 40

public and private sector-led programmes (see Avura & Ulzen-Appiah, 2016). Some of these are Nation Builders Corps (NABCO), One District One Factory (1D1F) Initiative, Planting for Food and Jobs (PFJ)/Rearing for Food and Jobs (RFJ), Planting for Export and Rural Development (PERD), National Youth Employment Programme (NYEP), which later metamorphosed into Ghana Youth Employment and Entrepreneurial Development Agency (GYEEDA) and now to Youth Employment Agency (YEA), National Board for Small Scale Industries (NBSSI) now Ghana Entrepreneurial Agency, Work Abroad Programme of the YEA, Microfinance and Small Loans Centre (MASLOC), National Youth Authority (NYA), National Entrepreneurship and Innovation Programme (NEIP) formerly Youth Enterprise Support (YES).Ghana Skills Development Initiative (GSDI), Rural Enterprises Programme (REP), the Empowering Novel Agri-Business-Led Employment for Youth (ENABLE Youth), and the Ghana Jobs and Skills Project. Detailed profiles of the various initiatives and interventions can be found in Dadzie and Fumey (2020) and Dadzie et al. (2020). However, we present a summary of the profiles of some of these initiatives that are considered as the best among the lot in terms of jobs created or their potential for job creation (see Table 3). It is important to point out that most of these employment creation interventions in Ghana primarily concentrate on skills development and entrepreneurship training, and apprenticeships (Dadzie et al., 2020; Dadzie & Fumey, 2020).

**Table 3: Profiles of some job creation interventions in Ghana**

Profile	Beneficiaries <sup>6</sup>	Nature of programme	Target
<p><b>1. Nations Builders Corps (NABCO)</b></p> <p>A special initiative, launched in 2018, aimed at addressing graduate unemployment through a structured work and learning programme for skills acquisition and development. It focuses on work placements in seven areas – health, industry, education, agriculture, governance, technology and revenue mobilization – to bring efficiency to the delivery of services within the public and private sectors in these areas.</p>	<p>97,373 tertiary graduates placed in 2018; 49,000 out of this have been absorbed by various agencies or working for themselves*</p>	<p>Wage employment.</p>	<p>Unemployed tertiary-level graduates (18–35 years) who have completed their national service.</p>
<p><b>2. Youth Employment Agency (YEA)</b></p> <p>A public sector employment programme created by the YEA Act (Act 887 of 2015) and under the provisions in L.I. 2231. It started operation in 2016, is overseen by the MELR and provides skills development and training, entrepreneurship training, and employment services support to youth aged 15–35 years during their transition from unemployment to employment. It focuses on key sectors in Ghana including health, education, agriculture, ICT, security, and sanitation, among others.</p>	<p>131,664 people from 2016 to 2018 engaged under different modules.</p>	<p>Skills development and training; entrepreneurship training; employment services support; and apprenticeship.</p>	<p>Non-tertiary level (junior and senior high school) leavers aged 15–35 years.</p>
<p><b>3. National Entrepreneurship and Innovation Programme (NEIP)</b></p> <p>A policy initiative established in 2017, with the primary aim of providing integrated, national support for start-ups and small businesses, and creating an enabling environment for the nation's entrepreneurship ecosystem by focusing on providing business development services, developing business incubators, and funding youth-owned businesses. Its three main pillars are: entrepreneurship, innovation, and integration, with four main modules: (i) Business advisory services/business competitions; (ii) incubation and acceleration programme; (iii) national entrepreneurship and innovation fund; and (iv) agriculture and industrialization plan.</p>	<p>1,350 youth selected and funded in 2017.</p>	<p>Skills development training and entrepreneurship.</p>	<p>Young entrepreneurs, 18–35 years and above: 10,000 youth targeted; establish at least 50 business incubation hubs nationwide; 7,000 businesses and 20,000 SMEs and start-ups targeted.</p>

<sup>6</sup> Because most of these programmes are temporary placement and training programmes, it is important to note that the number of beneficiaries does not necessarily correspond to the number of jobs created. Reported by Graphiconline on October 5, 2021 at [www.graphicon.com.gh](http://www.graphicon.com.gh)

Profile	Beneficiaries	Nature of programme	Target
<p><b>4. Microfinance and Small Loans Centre (MASLOC)</b></p> <p>A microfinance institution established by the government in 2006, which is responsible for implementing government microfinance programmes aiming to reduce poverty, create jobs, and generates wealth. It also provides business advisory services, training, and capacity building for small and medium-scale enterprises</p>	<p>2007-July 2019: Micro and small project loans – 376,037 Asset finance – 9,705 Disaster/emergency relief – 19,161</p>	<p>Provides micro and small loans; project loans; agricultural loans; and asset finance.</p>	<p>Women in the informal sector; women artisans and traders; unemployed youth; small-scale farmers; poultry and piggery farmers</p>
<p><b>5. Rural Enterprises Programme (REP)</b></p> <p>A government initiative with an overall goal of contributing to improved livelihoods and incomes of rural, poor micro and small entrepreneurs. The specific objective is to attain an increased number of rural MSMEs that generate profit, growth, and employment opportunities. The current phase became effective in 2012 and builds on the nationwide implementation of two previous project phases (REP I &amp; II), which were implemented between 1995 and 2011. The programme directly supports Ghana's National Industrial Transformation Agenda.</p>	<p>REP I (1997-2002) – 180,000; REP II (2003–2011) – 237,189; REP III – 100,000 jobs so far.<sup>7</sup></p>	<p>Skills training; entrepreneurship and business management training; technical apprenticeship; business credit; business counselling; marketing support; etc.</p>	<p>Entrepreneurial poor within rural communities, with particular focus on women, youth, and persons with disabilities; existing SMEs, especially agribusinesses</p>
<p><b>6. One District, One Factory (1D1F) Initiative</b></p> <p>A special initiative launched in 2017 aimed at fast-tracking industrialization agenda at the district levels by promoting private sector-led industrialization drive that empower communities to use local resources to manufacture products that are in high demand both locally and internationally. The programme aims to facilitate the creation of between 2,000 to 5,000 jobs per district over a 10-year period.</p>	<p>181 projects in 110 districts across the country; 400 business plans and proposals sent to financial institutions for funding; 250 potentially viable projects reviewed.</p>	<p>Skills development and training; and entrepreneurship development</p>	<p>Existing and new private sector-led businesses in districts</p>

Source: Dadzie & Fumey (2020)

Thus, they generally render technical and vocational skills training, apprenticeship training (especially for basic school graduates), entrepreneurship training, and pre-employment support services (such as career guidance and counselling, work-based learning, job search assistance, coaching, and mentoring). In fact, relating most of these interventions to employment created is a daunting challenge because of the lack of critical information on returns to employment after beneficiaries have completed their programmes.

In our assessment, among the recent initiatives, NABCO and YEA are the best, especially in terms of funding and outreach. NABCO, for example, has created 97,373 direct temporary wage jobs for unemployed graduates. Not only are many previously unemployed graduates engaged, but they have access to a monthly wage of GHS700.00 for a period of three years (2018-2021). Further, personnel are undergoing on-the-job training to better position them for permanent placements in the labour market. Another important credential is that some of the personnel have had an opportunity to transition into permanent placements in various areas in the public sector while others are waiting for such an opportunity. Indeed, it is estimated that 49,000 of those engaged under the scheme have either been absorbed by various agencies or are working for themselves. Despite these achievements, the decency of the temporary job placements can be called into question on the basis of the low monthly payments and delays in the payments. The national Youth Employment Agency has also been successful to the extent that over 130,000 people are currently engaged as workers in several modules including community service and security, community health assistants, sanitation and coastal assistants, teaching assistants, paid internship, agricultural and afforestation, entrepreneurship, and apparel and textiles, among others. However, this has not been able to expand to cover more beneficiaries as there is no exit strategy. As a result, instead of employees being engaged for just a couple of years, they stay on in perpetuity thereby reducing the programme's capacity to absorb new people. Moreover, the current placements are temporary and not all these beneficiaries will transition into permanent decent jobs. However, what is remarkable about it is the employment services support, where a platform is created for employers to directly advertise various job openings for beneficiaries to apply for successful job placements. MASLOC and REP have provided numerous benefits to people. For example, MASLOC has provided numerous micro and small project loans and asset finance to people (see Table 3). While this support is impressive, the challenge in terms of employment is the lack of data on the number of decent jobs that have been created as a result of the support.

These policies and initiatives have, to some extent, achieved some results even though a lot more remains to be done regarding employment. In terms of job creation, the NEP has been somewhat successful with the creation of several job openings (as demonstrated in Table 3) since it was launched. However, GSS (2019) indicates that unemployment has increased from 5.2% to 8.4%, and youth unemployment from 10.9% to 18.5% between 2012/13 and 2016/17. Thus, unemployment has rather increased, but this could not be said to be an indication of the ineffectiveness of the NEP.

The increasing unemployment could be explained by two reasons: first, increasing population leading to labour force outstripping available job openings; and second, Ghana signed up for a bailout package from the International Monetary Fund because of the very challenging macroeconomic environment. There was thus a freeze on employment to the public sector from 2012 to 2016 as part of the conditionalities of the programme. These two factors thus conspired to produce the unemployment situation witnessed between 2012/13 and 2016/17.

A lot more people are in informal employment; thus vulnerable employment persists even though the policy is meant to reduce vulnerability of employment. The policy has thus failed so far in that regard because of decent work deficits. The policy also envisages the establishment of a National Employment Coordinating Council (NECC), but that has not been achieved. In drawing up the policy, skills mismatch – that is, imbalance of school or institute training-industry requirement – was identified, yet it has not been resolved. Further, for a laudable programme like the PFJ, it is fraught with serious implementation challenges such as input delivery and targeting difficulties.

The key informants interviewed reflected deeply on the successes and failures of the various policies and programmes aimed at creating jobs to absorb the teeming population. Generally, the belief is that the programmes are a source of reprieve for job seekers, even though some are observed to be more effective than others as reflected in the thoughts of a key informant as follows:

*"I am a bit positive towards 1D1F but not so keen on PFJ – which has basically created indecent jobs: jobs which are not permanent, which do not reflect in social security etc. We ... are of the view that the government should expand the public sector to be able to absorb more young people coming out of school to ensure that their investments in education do not go waste. However, we are likely to compound the problems of the public sector if we continue to expand it to absorb more people because unlike our counterparts in ... [neighbouring countries], we have exchanged low pay for a higher level of employment. That is what accounts for the low wages in the public sector in Ghana compared to what is happening in ... [our neighbouring countries]."* (Key Informant, August 2021).

Indeed, the above quote reflects the perception of the said key informant on the effectiveness of one programme as against another.



### 3.2.2 Employment Policies Implementation Extent and Reflection of Decent Jobs Idea

The policies and the corresponding programmes have largely been implemented to the best possible, but there have been issues and challenges in terms of implementation of the National Employment Policy in particular. First, as explained earlier, a National Employment Coordinating Council (NECC) made up of representatives of employment generating sectors, should have been established under the policy to support the Ministry of Employment and Labour Relations and its relevant Departments and Agencies in the implementation of the policy. However, this council is yet to be set up after over five years of implementation of the policy. This reflects an implementation gap. Second, the NEP is supposed to be reviewed every three years to ensure consistency with the implementation of the Medium-Term Expenditure Framework (MTEF) budgeting process (GoG, 2014), while the projects and programmes developed under it are to be reviewed regularly. Unfortunately, neither the policy nor the projects and programmes has/have been reviewed after implementation for close to six years revealing yet another implementation problem. This point is further buttressed by a key informant who retorted that “No evaluation has been done so I am unable to answer that”, when asked to what extent the policy had been implemented. Third, to track progress towards achieving targets in relation to the objectives of employment, vulnerable employment, and unemployment, among others in the policy, MELR is to coordinate and supervise the development of sector-specific national employment policy monitoring and evaluation plans based on the National Development Planning Commission’s (NDPC) National Monitoring and Evaluation Framework. This too has not been done. Finally, among other things, the NEP envisaged the preparation of a national human resource development plan involving the identification of present and future skills needs and related training programmes, but this is also yet to be achieved.<sup>8</sup> These and other issues exemplify the extent of implementation of the various employment policies.

Most of the jobs created under the various policies and initiatives (for example, the 97,373 jobs created under NABCO) are not permanent: instead they are transitional to equip employees with skills so that they can exit to gainful employment. The expectation is that those who transition through some of these programmes will gain entrepreneurial skills to enable them to establish on their own and even employ others. The jobs created thereby will be informal in nature, but the idea of decent jobs is not very well covered in the informal sector as there are hardly any regulations or unions that seek the welfare of employees.

The informal sector dominates in the Ghanaian economy with 71.3% of the workforce accounted for by it (GSS, 2019), and it is characterised by high levels of vulnerable jobs, and thus is lacking in terms of decent jobs. Even though the formal sector jobs have decent jobs challenges, the situation is very serious with the informal sector. A key informant’s view reflects the discussion so far on the qualitative aspects of employment created in recent times and under the programmes:

*“Due to the general view that any form of employment is better than none, people are not really enforcing the concept of decent jobs – people are employed without contracts, no payment of social security of employees, have no access to the traditional benefits found in the labour law. ... the belief is that it is better for such people to remain in these jobs than to have nothing.”* (Key Informant, August 2021).

### 3.2.3 Assumptions and Ideologies Underpinning Government Development Policies and Employment Creation Initiatives

Government’s assumptions and ideologies in employment creation are supposed to be linked to the development policymaking of the country, albeit this does not always hold. Indeed, it is this thinking that went into the expectation of the NEP being reviewed every three years to properly align it with the implementation of the Medium-Term Expenditure Framework (MTEF) budgeting process (GoG, 2014), reflective of the medium-term development planning process.

The main political assumption made in the creation and implementation of development policies are that the national economy functions best when it is a mixed economy. Government needs to intervene in the markets when required to ensure equitable and smooth national development. A main ideology in the creation of development policies is based on the centre-right political ideology continuum scale. Another ideology is based on a structural transformation model, where the economy is expected to shift from its dependence on agriculture to an economy characterized by a highly productive industrial sector.

In Ghana, there are two main assumptions underpinning employment initiatives and interventions. First, government assumes that potential job seekers lack essential skills and expertise to effectively participate in the job market, and that, employers may not invest in the development of these skills. Thus, skills development is regarded by employers as a public good investment that government should take the oversight responsibility for. Second, skills development and entrepreneurial training is a fundamental way of stimulating the development and creation of self-employment businesses. This assertion of government’s assumptions is consistent with the evidence in the employment landscape. For example, Dadzie et al. (2020) and Dadzie and Fumey (2020) observe that employment creation interventions in Ghana primarily concentrate on skills development and entrepreneurship training, and apprenticeships. Further, these assumptions are clearly revealed by all the employment creation initiatives. In both past and current employment interventions, skills development training is often crafted as a critical component. The thinking of these interventions, thus, is that when the unemployed are given the requisite skills development trainings, their probability of finding permanent job placements is boosted or they become more employable by the private sector. For example, in the current NABCO programme, beneficiaries are regarded as trainees who are under three phases of training, namely, (i) three months of soft skills training; (ii) 27 months of technical training; and (iii) three months of exit training. Under the YEA, beneficiaries are provided with skills and entrepreneurship training as they undertake their services.

<sup>8</sup> It is noted that even though the Public Services Commission (PSC) drew up a Human Resource Management Policy Framework and Manual for public services in Ghana in 2015, this has nothing to do with the human resource plan envisaged by the NEP. Indeed, nowhere in the PSC document is the NEP mentioned. Further, it is instructive to note that a plan is required to give tangible expression to a policy document.

Fox and Kaul (2018) argue that supply-side interventions (i.e., the skills development and entrepreneurship trainings) further impose the assumption that the labour market is adequately creating jobs, but job seekers do not have the requisite skills to take advantage of the jobs; such that if the interventions are not in place, the jobs remain unoccupied. While government is observed to place emphasis on supply-side interventions over labour market interventions, government is also conscious of fundamental challenges that constrain the labour market in reaching its potential in employment creation. Thus, this assumption has only a partial justification, to the extent that supply-side interventions are more pronounced than labour market interventions.

In discussing the ideological positions on macroeconomic policy and employment creation, the discussion could be viewed from the perspectives of the various stakeholders as follows:

**State:** The State largely follows neoliberal and/or centre-right political positions and ideology for both macroeconomic policy and employment creation.<sup>9</sup> Therefore, the State's macroeconomic policy objectives such as achieving and sustaining high economic growth rates, full employment or lower unemployment rate, stable exchange rate, and low inflation/price stability are meant to provide an enabling environment for the private sector to thrive and drive employment creation. However, private sector support for employment generation is complemented by direct employment creation initiatives and programmes, principally due to the inability of the private sector alone to provide the requisite job opportunities for the growing population of the labour force.

**Businesses:** Businesses basically support right-wing, capitalist-friendly policies. They are interested in government macroeconomic policies that enhance growth, stabilize exchange rate and maintain price stability. Businesses that depend on international markets for their source of raw materials, for example, are affected by currency depreciation, and thus benefit from exchange rate stability. However, businesses continuously and consistently call for State and government interventions to assist them to continue and expand their operations. One main area that calls for support is assisting in building their competitiveness to participate in international trade and compete with imported goods.

**Other Interest groups:** The ideological positions of interest groups in Ghana vary from the right to the left on the political ideology continuum scale, depending on their specific interests. Labour favours centre-right ideologies, implying that their view is for the State to play a minimalist role in the economy. The thinking is that the development and the central role of the private sector or the market would provide more job opportunities than the government/public sector. However, labour is open to employment creation interventions/programmes by the government when the private sector fails to absorb all the labour force. This explains why employment generation becomes a topical issue during national presidential election years. However, CSOs and NGOs tend to differ based on their interests. For example, IMANI Ghana could be considered to favour policies on the right on the political ideology continuum scale while ISODEC follows policies more on the left.

### 3.2.4 Role of Trade Unions in Policy Formulation and Relevant Stakeholders in Implementation

Trade unions are key stakeholders in labour matters. They constitute an important component of social partners in the policy planning, formulation, and implementation phases. Their input in policy processes and deliberations is relevant. Social partners including employers' associations and trade unions are expected to cooperate and work closely with MELR and other relevant bodies to implement, monitor and evaluate the NEP towards attaining the objectives under the policy (GoG, 2014). Trade unions also have the role of executing their mandate efficiently and playing an important role through policy dialogue to ensure industrial harmony for increased output and productivity, and decent employment. Trade unions thus play the vital role of ensuring and upholding the interests of workers in all policy processes.

The Ghana Employers' Association (GEA) is another major social partner to government in matters of employment and related issues. Like the Trade Unions, the GEA plays a collaborative and participatory role to ensure that Ghana can develop effective policies that can ensure efficient jobs for all interested parties. The Association participates in policy formulation to safeguard the interests of firms and other employers to ensure businesses have a conducive environment in which to operate. Indeed, the GEA played a key role in the formulation of the NEP and the Labour Act, 2003 (Act 651).

Other relevant stakeholders in policy formulation and implementation include:

- Government ministries and policy making institutions: Under the NEP, all government ministries and policy making institutions have a role of ensuring that their sector and agency policies and strategies align with the NEP. They are also expected to incorporate the relevant policy elements in their strategic and implementation plans to support the employment creation efforts of government. Specific ministries like Finance; Trade and Industry; Local Government and Rural Development; Food and Agriculture; Gender, Children and Social Protection; and Communications, among others, are to work closely with MELR to coordinate and promote productive employment generation. Agencies in charge of promoting investment have the role of targeting high-value instruments for increasing economic growth and thus employment generation.
- National Development Planning Commission (NDPC): The NDPC has the responsibility of planning for the long-term development of the country and so is tasked with ensuring that the long-term goal of the National Employment Policy is properly integrated into the medium and long-term development plans of the country. It is also the responsibility of the NDPC to ensure that government agencies and private sector entities develop strategies for achieving economic growth and increased employment opportunities to reduce poverty in the medium to long-term.

<sup>9</sup>This is further elaborated on under subsection 3.3.5.

- Ghana Statistical Service (GSS): By law, the GSS is responsible for collecting, compiling, analysing, publishing, and disseminating official statistics of government. It works closely with the MELR and other relevant agencies to produce labour statistics and to undertake periodic labour force and employment surveys in all sectors of the economy to inform employment policy.

- International Labour Organisation (ILO) and Other Donor Partners: The ILO provided technical and financial support to MELR in the formulation of the NEP. It is expected to provide further technical support to the Ministry in the implementation of the policy. Donor Partners (DPs) have assisted government in planning and formulating the NEP. They continue to assist in the execution of policies and programmes aimed at stimulating growth and productivity. Under the NEP, it is expected that DPs will align their programming to the NEP to assist the country achieve sustained development and thus generate productive employment.

- Non-Governmental (NGOs) and Civil Society Organisations (CSOs): NGOs have been supportive of government's activities and have partnered government in providing some critical basic needs such as water, education, health, and other amenities. In a similar fashion, CSOs have contributed a great deal in shaping government policies and programmes for the benefit of the larger society. Under the NEP, NGOs and CSOs are expected to continue to offer support to government and to adjust their programming to help generate productive employment opportunities.

- Media: While the media may not directly participate in the policy formulation process, at the periphery, they provide the platform for information on the process that stimulates social dialogue. They also provide important information through their reportage of happenings in various locations across the country to facilitate an informed situation analysis. They are very critical in policy implementation as they again inform stakeholders on what is happening, including successes and failures.

### 3.2.5 Policies and Legislations for Women and Vulnerable Group's Participation in Employment

There are various policies and legislations in place in Ghana to enhance the participation of women and vulnerable groups in economic activities through employment. Some of the policies are the National Employment Policy, the National Gender Policy, and the Ghana National Social Protection Policy, while some legislations are the Labour Act, 2003 (Act 651), the Persons With Disability Act, 2006 (Act 715), and international conventions to which Ghana is a signatory. These are discussed briefly as follows:

- National Employment Policy (NEP): The NEP was developed to deal with growing unemployment in Ghana. Its focus is to tackle the employment situation by helping to address decent work deficits, and targeting vulnerable groups, namely the youth, women, and persons with disability (PWDs). The overarching objective of the policy is to adopt an inter-sectoral and integrated approach towards achieving decent, productive, and freely chosen employment for all Ghanaians (including women, PWDs and the vulnerable) who are able and willing to work. Indeed, one of the core values and guiding

principles of the NEP is social justice, which requires promoting social inclusion and eliminating discrimination of all forms in the labour market. Another core value and guiding principle is empowerment, participation, and representation of the vulnerable and the marginalised in employment policy formulation, implementation, and evaluation, which promotes social justice and equity.

- National Gender Policy (NGP): The government recognises the importance of promoting gender equality for the achievement of sustainable growth and development, and thus developed and launched the National Gender Policy in 2015. The goal of the NGP "is to mainstream gender equality concerns into the national development processes by improving the social, legal, civic, political, economic and socio-cultural conditions of the people of Ghana particularly women, girls, children, the vulnerable and people with special needs; persons with disability and the marginalized." (Republic of Ghana, 2015a; p. vii). The policy focuses on mainstreaming gender equality, women empowerment and social protection concerns by concentrating on the implementation of some five policy commitments, namely women's empowerment and livelihood; women's rights and access to justice; women's leadership and accountable governance; economic opportunities for women; and gender roles and relations.

- Ghana National Social Protection Policy: The Ghana National Social Protection Policy provides a framework for delivering social protection in a manner that is consistent and logical, holistic, and properly targeted (Republic of Ghana, 2015b). The policy embodies a vision that is inclusive, strategic, and socially empowering through fostering the protection of persons living in extreme poverty, vulnerability, and exclusion. It espouses the principle of equality of all Ghanaians in having opportunities and in contributing to national development. It aims at eliminating all forms of inequality. In the short-term, the policy focuses on being rehabilitative, restorative, protective and facilitating through the implementation of some programmes, namely the Livelihood Empowerment Against Poverty (LEAP), the Labour-Intensive Public Works (LIPW) under the Ghana Social Opportunities Project (GSOP), the School Feeding Programme (SFP), the National Health Insurance (NHI) Exemptions and the Basic Education Capitation Grants. While the medium-term focus is preventive and promoting, in the long-term it is transformational. Among the strategic actions of the policy are emergency assistance; social welfare services; productive inclusion; decent work; and mainstreaming gender and disability issues in social protection.

Legislations that focus on gender equality and enhance the role of women and other vulnerable groups in economic participation through employment include Ghana's 1992 Constitution, the Labour Act, 2003 (Act 651), the Persons With Disability Act, 2006 (Act 715), the targets in National Development Frameworks and commitments to International Frameworks and Instruments on human rights, social protection, good governance and accountability for development with a focus on rights of women, men, children and other vulnerable groups. For example, article 36 (6) of the 1992 Constitution of Ghana stipulates that "The State shall afford equality of economic opportunity to all citizens; and, in particular, the State shall take all necessary steps so as to ensure that full integration of women into the mainstream of the economic development of Ghana" (Republic of Ghana, 1992).

This provision guarantees gender equality and freedom for women and men, girls and boys, people living with disabilities and all other vulnerable groups from discrimination based on social and economic status and any form of discrimination (GoG, 2015; Republic of Ghana, 2015a). The Labour Act, 2003 (Act 651) guarantees the employment of women, PWDs, young people and other vulnerable groups and the protection of such people when they are in employment. The Persons With Disability Act, 2006 (Act 715) provides for the employment, promotion, and provision of tools to PWDs, among others.

Ghana's ratification and commitment to achieving targets of International Frameworks and Instruments such as the Sustainable Development Goals (SDGs); provisions of the Universal Declaration of Human Rights; the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW); the Covenant on Economic, Social and Cultural Rights; the African Charter on Human and People's Rights; and the Protocol on the Rights of Women in Africa; among others represent additional legislations to guarantee the inclusion of women and other vulnerable groups in economic activities and employment.

The discussion thus far indicates that there are deliberate attempts by the Ghanaian government to promote gender equality and women and other vulnerable groups' participation in employment through various national legal and institutional frameworks as well as ratification of international agreements, conventions, and frameworks.

### 3.2.6 Major Gaps and Problems in Policies/Initiatives for Employment Generation

There are some gaps or challenges in the policies and initiatives by government to generate employment opportunities for the growing population. First, policies and/or initiatives are hardly underpinned by scientific studies; instead they are usually borne out of political demagoguery. For example, 1D1F and One Village One Dam (1V1D), although excellent initiatives, came during vigorous campaigning and so had very little preparatory work done on them prior to being launched. Indeed, 1V1D came about when, during political campaigns, it was noticed that farmers were barely 'mining' the earth or mud for water to be able to irrigate their crops during the dry season.<sup>10</sup> While this was an apt and rapid response to a felt need, it would accomplish much more if some amount of planning and feasibility or confirmatory analyses had been undertaken.

Another issue is the internal inconsistency of some of the policies or simply misdiagnosis. For example, in identifying challenges that hamper effective service delivery in Ghana, the NEP came up with a list, including unsustainable public sector wages bill and relatively low public sector wages and salaries.

These two factors run counter and could not be present at the same time. Even worse still, the same NEP then aims at, among other things, increasing employment including those in the public sector.

Another challenge has to do with implementation gaps. There are fragmented policies on employment being administered across sectors in the economy without any effort being made to harmonise and coordinate these policies. A bold attempt at resolving this was the proposal for the formation of the NECC as part of the NEP.

However, this part of the policy is yet to be functional after nearly six years of implementation.

Further, changes in political preferences tend to interfere with targeting and goals of programmes (Dadzie & Fumey, 2020). For example, National Youth Employment Programme (NYEP) was converted to Ghana Youth Employment and Entrepreneurial Development Agency (GYEEDA) when there was a change of government with a slightly different focus and then again to Youth Employment Agency (YEA), also with a change in political leadership.

As noted by Dadzie and Fumey (2020), an analysis of various youth employment programmes for Ghana shows a skewed focus on skills development, apprenticeships, and entrepreneurship trainings only. Indeed, these are disproportionately emphasised to the neglect of other equally important areas such as marketing and value chain management, all of which are required to ensure impact and sustainability of such programmes.

Most of the programmes to generate employment opportunities either lack a well-structured exit strategy or, where they exist, are not well implemented (Dadzie & Fumey, 2020). As a result, aftercare support services are either lacking or weak. In such cases, post-training engagements tend not to be very beneficial to consolidating or advancing the skills learnt while in training. In some cases (e.g., the YEA programme), beneficiaries do not exit the programmes at all making it difficult for potential beneficiaries to be enrolled.

Generally, data on employment programmes in Ghana are absent as most do not have robust monitoring and evaluation systems, and not all the programmes have conducted tracer studies. Dadzie and Fumey (2020) note that of the 15 different youth employment programmes assessed, only two had conducted tracer studies. This leaves very scanty or no information on how those graduating from the programme are faring. Thus, a critical question borders on how many jobs are created by various employment interventions and how to effectively track the changes in employment creation. For example, how many jobs have been created through the implementation of the current NEP? What is the specific nature of the jobs created and what are the socioeconomic and gender dynamics of the jobs created? These are questions that one cannot readily provide answers to. In fact, the lack of readily available data on jobs created is as troubling as the challenge of unemployment itself. A closely related issue is the general lack of clear indicators to provide the basis for impact evaluation of interventions as emphasized by Dadzie et al. (2020). This prevents evidence-based policy making, especially on scaling up existing interventions.

Various policies and programmes are formulated and rolled out without due regard to funding, and infrastructural and technical requirements. Implementation commences and soon serious challenges come up leading to abandonment or sloppy implementation of such policies and programmes. Indeed, this point was underscored by a key informant who retorted that "... employment policies are formulated without provision for upgrading capacity of institutions, so such institutions are unable to implement the policies due to [the lack of or inadequate] human, financial, institutional or legal framework required for successful implementation." (Key Informant, August 2021).

<sup>10</sup> For a brief history of the initiative see <https://www.graphic.com.gh/features/features/history-of-the-one-village-one-dam-policy-you-can-t-miss.html>

### 3.2.7 Relationship between Employment Generation and Social Protection Policies

Employment generation policies intend to keep people in decent and productive employment. Like the NEP, employment policy focuses primarily on tackling the employment situation, by helping to address decent work deficits, and targeting the youth, women, persons with disability and other vulnerable groups. A social protection policy is required to achieve inclusive and sustainable development (Republic of Ghana, 2015b). Such a policy is important to ensure that citizens are guaranteed relief from abject poverty; to realise their basic rights and to participate effectively in socio-economic life. As such, relevant programmes should be systematically and consistently pursued by governments to achieve social inclusion and protection. Indeed, this is what motivated the development of Ghana's social protection policy.

The preceding discussion lays bare the relationship between policies for employment generation and that for social protection. Like social protection policies, employment policies aim to achieve social inclusion, where everyone who is able and willing to work is not excluded, based on their social circumstance, from economic pursuits of their choice. A key informant puts it succinctly as follows:

*"The fact ... is that employment is the most sustainable social protection tool. To protect people from life cycle shocks – economic or social – is to put them in employment. But the issue with Ghana is that we have separated employment from social protection, and we seem to have a difficulty linking the two. However, a workable social protection policy is required for people who fall out of employment. Unfortunately, in Ghana, social protection has become an intervention for people who do not have productive capacity like the elderly, persons with disability, extremely poor people etc. But there must be a way that when one is unemployed government can support to link one to jobs, but currently the linkage is very weak." (Key Informant, August 2021).*

Indeed, a social protection policy is primarily expected to be protective, preventive, and promotional. This implies that a social protection policy aims at protecting those in poverty and promoting them out of poverty and preventing those not in poverty from slipping into poverty. In effect, employment and social protection policies are complementary.

Given the relationship established between employment and social protection policies, key informants were asked to comment on whether employment policies are accompanied by social protection policies. All the key informants acknowledge that employment policies are not adequately accompanied by social protection policies in Ghana. They maintain that even though employment policies are, to some extent, social protection policies, there is no policy coordination between; for example, MELR (in charge of employment policy) and Gender Ministry (in charge of social protection). A key informant notes that:

*"... there is a complete misalignment between employment policies and social protection policies. Employment and social protection are supposed to be linked up, but somehow social protection is sitting in the Gender Ministry while employment and labour relations sit at MELR." (Key Informant, August 2021).*

Another key informant stated that "... until Ghana formalizes the informal sector and jobs are regulated well, we cannot have jobs accompanied by social protection. Most employment strategies like NSS, NABCO and YEA are internship programmes." Indeed, those programmes do not have inbuilt social protection in the form of pension contribution because they are not fulltime employment. For example, NSS and NABCO do not contribute to social security. However, social protection is broad. There are some angles that can be explored. The fact is that the programmes are in themselves a kind of social protection as they serve as safeguards for youth or graduate joblessness.

## 3.3 Policy Ideas

### 3.3.1 Distinct Characteristics of Successful Government Employment Generation Initiatives

Given the enormity of the unemployment situation in Ghana, an employment creation initiative can be described as successful if it provides job openings to a significant number of unemployed people. Boadu and Fatunbi (2020) report from key informants across Africa that successful government employment initiatives are described as those that have led to the generation of 12,000 new jobs and/or businesses within two to five years of their initiation. While this study does not place a handle on a specific number that makes an initiative successful, the key point is that a successful initiative must significantly bend the curve of unemployment. Another feature that is considered is the ability of the initiative or programme to create enduring or sustainable employment opportunities. Some of these initiatives are the National Youth Employment Programme (NYEP)/YEA, and NABCO, among others.

One distinct characteristic of successful government initiatives is the presence of a well-planned exit strategy. This feature allows for sustainability of the programmes and individual employment. For example, the former NYEP had an exit strategy that ensured people engaged on two modules, viz., the Community Teacher Assistants and Youth in Health Extension, transitioned into the mainstream teaching and health assistants' professions after a minimum of two years on those modules.

Another characteristic is one designed to provide job placement opportunities for the youth in a manner that enables them to acquire the necessary employable skills. This characteristic is combined with the feature of allowing some minimum period on the scheme during which applicants have job placement in public or private organisations. An example of such an initiative is the YEA, which commenced in 2016. The placement provides young graduates with additional workplace experience that is required in securing permanent employment (Boadu & Fatunbi, 2020). The initiative also facilitates placement of unskilled youth to training institutions so they can learn a chosen trade for periods up to two years before exiting to establish their own businesses.

Data available indicate that nearly 100,000 people benefit from this initiative each year (Boadu & Fatunbi, 2020; Dadzie & Fumey, 2020). The YEA is flexible to the extent that it incorporates continuous development and revision of training modules to reflect changes in skill needs. Indeed,

it is the flexibility that has contributed in no small way to its relevance and success. The programme ceased to enrol graduates since 2017, a function that has been taken over entirely by NABCO (Dadzie & Fumey, 2020). However, the YEA suffers from ineffective or limited process monitoring and evaluation.

Further, a programme that has legal backing is protected from discontinuance after a change in government as associated with other programmes; this also makes it incumbent for government to provide appropriate budgetary allocation (Ampadu-Ameyaw et al., 2020). This characteristic is what has added to the enduring nature of the YEA.

A distinct characteristic of successful government job creation initiatives is one that has wide coverage and has diverse training modules such as the REP and the NABCO. In particular, the REP provides short duration apprenticeship or in-service training together with business development and advisory services to beneficiaries. The programme has a nationwide coverage thereby making it possible for a lot more people to subscribe to their services. Records as of June 2019, show the REP had created over 62,000 new jobs, assisted in setting up nearly 52,000 new businesses, and nearly 21,000 existing medium and small-scale enterprises strengthened (Dadzie & Fumey, 2020). The success of the REP is also derived from the fact that it works closely with other programmes such as the Ghana Regional Appropriate Technology and Industrial Service (GRATIS) and Ghana Entrepreneurial Agency.

Institutionalisation of a robust and vigorous monitoring system remains a key characteristic to the success of government job creation initiatives. For example, the NEIP has largely been successful due to the incorporation of external monitoring as a major feature in progress review and funds utilisation by beneficiaries (Boadu & Fatunbi, 2020). This monitoring is carried out twice a year. Indeed, the interest rate under the NEIP is lower than half the rate (i.e., 10%) offered by the banking system, and the payment terms are more flexible. The programme also partners incubators and accelerator hubs.

### 3.3.2 Closing Policy Implementation Gaps

First, policies and/or initiatives should be preceded by scientific studies, exploring their feasibility, and anticipating implementation challenges. This way, adequate preparations will be made before commencement of implementation. Indeed, the planned policy or initiative should be in response to a certain felt need of the people.

As proposed by a key informant, the national council responsible for coordinating employment interventions in all sectors and institutions, i.e., the National Employment Coordinating Council, should be established. The relevance of this committee cannot be over-emphasized. While employment interventions need efforts from all institutions and departments of government, it is imperative that sector- or institution-specific interventions rolled out are coordinated. Coordination prevents duplication of efforts from institutions and departments; and provides the opportunity to monitor the roll out of interventions and generate important data useful for feedback into policy revision.

A key challenge with the policy implementation process is the capacity and technical preparedness of all relevant implementation institutions. A challenging assumption is that once all relevant stakeholders are consulted in the design of employment policy, then all implementation institutions are adequately ready to roll out the policy during implementation. However, that is not the case, as underscored by a key informant. Therefore, implementation gaps can be closed if the technical and logistical capacities of all relevant institutions in policy implementation are thoroughly assessed and augmented in readiness for policy roll out.

Another key mechanism for closing implementation gaps is to develop an effective checks and balances system in policy implementation. As it stands now, a key question is: who checks the activities of who in employment policy implementation? In the current national employment policy, who has the oversight responsibility to make institutions responsible for strategies outlined that have still not been implemented? Therefore, ensuring that there is accountability in policy implementation is key to closing gaps.

There is the need to ensure that the policy formulation process is apolitical. This will ensure that changes in political preferences do not interfere with targeting and goals of programmes. One way of achieving this is to legislate to make it mandatory for succeeding governments to continue policies and/or initiatives of previous governments.

The portfolio of youth employment programmes in Ghana should be widened. Beyond the current focus on skills development, apprenticeship, and entrepreneurship trainings only, other equally important areas such as marketing and value chain management should be emphasised. This will enhance both the impact and sustainability of the programmes.

Employment programmes should be planned with well-structured exit strategies and these strategies should be conscientiously implemented. This way, aftercare support services will be strengthened to make post-training engagements beneficial to consolidating or advancing the skills learnt while in training. It will ensure that more beneficiaries are enrolled.

One other way of closing implementation gaps is to ensure that employment programmes have robust inbuilt data capture mechanisms. Programmes should have very strong process monitoring and evaluation systems to ensure problems are spotted in real time for resolution. Mandatory periodic tracer studies should also be instituted for all employment programmes.

Prior to roll out of employment policies and programmes, attention should be paid to funding and technical requirements. This will ensure that programmes are both properly implemented and not abandoned midstream. Indeed, several of Ghana's employment policies and programmes have failed because of funding challenges (Ampadu-Ameyaw et al., 2020).

### 3.3.3 Government Action/Policy Required to Improve Employment Situation: A Social Democratic Perspective

Social democracy entails creating and pursuing policies and actions that stimulate freedom, equality, justice, and solidarity in society. These four objectives are basically regarded as the core values of social democracy (see Kastning, 2013). Social democratic principles are against social inequality and injustice, promote a free and socially just society, and promote a market economy supervised by the State (Kastning, 2013). Taking these social democratic perspectives into employment creation discussions, government needs to undertake specific actions to improve the current employment situation in the country.

The evidence clearly shows gender inequality in employment/unemployment statistics. While all people are affected, women are disproportionately affected. Women should be progressively targeted in current employment creation interventions. Surprisingly, the legal and policy framework clearly indicates adequate policies and legislation that are supposed to stimulate women's participation in the labour market, yet the inequality persists. This reveals implementation and enforcement challenges. Thus, government needs to strengthen institutions that enforce these provisions. Given the lack of decent jobs, especially in the informal sector, government actions should be to provide an enabling environment for the effective organization and operation of trade unions in all spheres of work, by enforcing regulations that safeguard their rights. Trade unions and strong worker representation can aid even low-profile workers to demand for their rights to better conditions of work through those unions. Indeed, the labour market situation in Ghana still shows semblances of employers wielding so much power over workers. Active and efficient trade unions can provide the cure to this through stimulating the concept of solidarity among workers, which provides them with the freedom to exploit their social and economic rights. Therefore, providing the platform where workers can swiftly enforce their rights is key.

Further, the concept of solidarity should provide government with the impetus to institute expansive and well-functioning welfare systems for all categories of workers. What happens to workers when they lose their jobs? What happens to those who drop out of their jobs due to incapacitation? These are critical issues that efforts from government that solidarize with these situations may seek to tackle. Like some welfare systems in developed economies, government should work towards welfare systems that seek to prop up workers when they lose their jobs. This should go far beyond one-time severance packages, which is common in situations where workers lose their jobs in Ghana. For the unemployed, instituting a welfare system that provides some monetary package would be ideal to improving their lot in the spirit of solidarity.

Some usual issues that surface in development discussions are partisanship and nepotism in the distribution of the national cake. The employment landscape is not immune to these issues. In fact, it is common to hear the phrases "who you know" or "who knows you" when employment opportunities, and indeed other development issues, are discussed. Partisanship and nepotistic tendencies in employment opportunities do not promote equality in job placements.

Government should ensure that employment opportunities are devoid of partisanship or nepotism by prioritizing equality of opportunity expressed through, for example, qualifications and competencies in job placements. Therefore, job opportunities should be neutral to gender, origin, religion, health, and economic status. Equality of job opportunity also implies that the vulnerable and underprivileged people (e.g., the poor and the disabled) should be adequately supported to equally participate in the labour market.

On the basis of social democracy emphasising a market economy supervised by the State, government needs to support and provide a conducive environment for the private sector to thrive and drive the employment agenda. Given the employment (or unemployment) situation in Ghana, it is evident there are fundamental market failures exhibited by the forces of demand and supply of labour. Thus, a continuous expectation of the market to fix the problem is surely not the way to go, and various governments have recognized the need for State intervention. Given specific public sector constraints to employment, the private sector holds the potential for massive growth in job opportunities. However, before this potential can be tapped, government needs to directly promote private sector growth. At present, most government incentives or procurements empower multinational companies who provide limited job potential. Government should prioritize providing incentives to entrepreneurs (such as tax waivers and procurements of locally manufactured goods). These incentives should specifically target businesses that have the potential for huge job opportunities such as the manufacturing businesses. In fact, Aryeetey et al. (2021) identified agro-processing and tourism as industries without smokestacks (IWOSS) that have huge employment creation potential in Ghana, especially because of their unique characteristics including improved regulatory environment, providing critical employment opportunities for the youth, having a large export capacity, use of labour-intensive technologies, and efforts to address various constraints in their value chains. They further noted that agro-processing and tourism are expected to provide a higher annual employment growth (especially in high-skilled jobs) than manufacturing and other non-IWOSS sectors by 2035. Specific attention should be placed on investments that curtail major constraints such as inadequate skilled labour, credit constraints, poor infrastructure, energy challenges and cost, low capacity to export, and a weak and inefficient regulatory environment.

### 3.3.4 Social Actors' View of Government's Employment Policies

Data from key informants show that social and economic actors have a favourable view of the National Employment Policy due to the consultative process that led to its development. The final policy was a product of a consultative process where all relevant stakeholders presented their views and interests. A key informant indicated that "... the policy is good and intends to create jobs" (Key Informant, August 2021). However, specific critique of these actors is unanimously on implementation. Thus, while the policy has been acknowledged to be good, the same cannot be said of its implementation. A key informant remarked: "There is a difference between the policy or intervention documents and what is actually implemented. For example, government intends to create 1 million jobs, but we do not hear government wanting to support businesses to employ people" (Key Informant, July 2021).

Another critique is a weak coordination of the employment policy and other policies, and/or between relevant ministries and institutions. For example, given the potential of trade to open job opportunities, how does the employment policy relate to the trade policy?

### 3.3.5 Political Economy and Implementation of Employment Generation Policies

#### Theories shaping development policy making and employment creation policies/initiatives in Ghana

The underlying theory that generally guides development policy making in Ghana is neoliberalism, which basically advocates for free market capitalism or liberalized markets with limited interference by central government. Its basic tenet is the transfer of market control from government to the private sector. Neoliberal policies became popular in Ghana in the 1980s and 1990s when the Economic Recovery Programme (ERP) and the Structural Adjustment Programme (SAP) were implemented. This period witnessed numerous reforms including privatization, reduction in public spending, deregulation, and financial sector liberalization. A key testament to the country's adherence to neoliberal theory in development thinking is the emphasis on private sector-led growth in most policy documents. The Growth and Poverty Reduction II (GPRS II), Food and Agricultural Sector Development Policy (FASDEP I & II), Accelerated Agricultural Growth and Development Strategy (AAGDS) and trade policy all place importance on development based on private sector leadership. For example, the trade policy states that "The fundamental principle underlying the Trade Policy is that the private sector is the engine of growth, with Government providing a trade enabling environment to actively stimulate private sector initiatives" (GoG, 2004, p. v).

Further, the government's medium-term vision for Ghana's development as contained in the coordinated programme of economic and social development policy states in part "... to create the conditions for the Ghanaian private sector to propel growth and create ample employment opportunities especially for the youth." (Republic of Ghana, 2017, p. xv). The neoliberal theoretical paradigm supports State intervention in the economy at a minimalist role when the private sector fails to achieve the desired results. For example, in relation to employment creation, government intervenes with skills development and job creation programmes to reduce unemployment. However, State intervention is usually not well planned and integrated with other development policies and the objectives of private sector actors.

Following the general neoliberal thinking in overall development policy, government basically relies on this same theoretical model in policies and initiative for employment creation. This implies that the private sector is the focus for employment creation; however, government makes interventions to fix market failure in the mismatch between supply and demand of labour. Thus, unemployment due to the inability of the private sector to create the requisite number of jobs to absorb the labour force provides the basis for government to make interventions in the labour market. Government intervention in the labour market is basically driven by the recognition that some potential workers do not have adequate skills and hence it is the duty of government to

support apprenticeship programmes that provide skills to these workers. However, interventions that directly create jobs (e.g., NABCO and YEA) recognize that temporary State employment is necessary to allow school leavers some skills to be able to participate fully in the private sector component of the labour market.

#### Structural trends in macroeconomic policies

Historically, macroeconomic policies shifted from State control of economic decision making from independence to structural adjustment and economic recovery policies beginning in the late 1980s. These policies were underpinned by neoliberal ideas of privatization, deregulation and complete transfer of economic decision making to the market. Since then, there has not been any structural trends in macroeconomic policies, as policies in the last two decades remain the same. In fact, macroeconomic policy objectives, including high and sustained economic growth, low inflation, stable exchange rate, and low unemployment, have remained the same ever since. Therefore, there have been no structural trends in macroeconomic policies to achieve these objectives in the last two decades. While the approaches of various governments to achieving these objectives vary, there are no known structural trends in policies. For example, the Bank of Ghana has had a long-standing objective of price stability through inflation targeting over the years under various governments.

#### Coordination between identified macroeconomic policies and development planning

There is a constitutional mandate for coordination between macroeconomic policies and development planning as contained in "... within two years after assuming office, the President shall present to Parliament a co-ordinated programme of economic and social development policies ..." (Republic of Ghana, 1992, article 36(5)). This is further emphasised in "This coordinated programme will form the basis for the preparation of a detailed medium-term national development policy framework to be implemented over the period 2018-2021." (Republic of Ghana, 2017, p. xix). Indeed, macroeconomic policies of government are expressed in the annual budget estimates presented to parliament, and these are expected to be based on the medium-term development framework of the government. For example, annual economic activities and budgets are supposed to reflect the medium-term vision of the government as detailed in Republic of Ghana (2017). However, hardly any annual macroeconomic targets are aligned with this medium-term vision. In particular, the government's medium-term macroeconomic vision has been to double per capita GDP by 2024 by achieving average annual economic growth rates of at least 7.2 percent between 2017 and 2024 (Republic of Ghana, 2017). But this target was missed even in the pre-COVID-19 years, and the situation has now been exacerbated by the pandemic. Thus, even though coordination between macroeconomic policies and development planning is stipulated, much still needs to be done to achieve this.

#### Coordination between identified macroeconomic policies and employment creation

The macroeconomic policy landscape paints a picture of employment creation as a by-product of macroeconomic policies, revealing little coordination between macroeconomic policies and employment creation.



Indeed, a key informant retorted: "... employment continues to be treated as a residual outcome of macroeconomic policy such that even in budget statements we only hear about inflation, GDP, etc. with employment missing." (Key Informant, August 2021). Macroeconomic policies are generally created to achieve some objectives that are supposed to inure to the benefit of the private sector. The assumption is that once the private sector grows, more job opportunities would be created. While it is true that private sector growth may positively impact employment creation, the challenge is the lack of clear transmission mechanisms or pathways through which the achievement of macroeconomic policy goals impact private sector growth or employment creation. For example, economic growth is one of the major macroeconomic goals of government; however, the evidence shows low employment creation elasticity of growth mainly because of a slower growth in the sectors regarded as high labour absorption (such as agriculture and manufacturing) as against high growth in sectors (such as mining and oil extraction) considered as low employment generating (Aryeetey & Baah-Boateng, 2016).

Another issue that stresses the lack of coordination between macroeconomic policies and employment creation is shared by a key informant, who notes that: *"Employment should be brought to the centre stage of economic policy. For example, the Bank of Ghana by its Act has only one objective: price stability, which means they do inflation targeting – something that was pioneered by New Zealand Federal Reserves in the 1990s where the central bank of New Zealand focused on achieving price stability. Now New Zealand has altered this objective to add achieving full employment while the Bank of Ghana is stuck to just the single mandate of price stability"* (Key Informant, August 2021).

Further, to achieve job creation, the vision of the government (i.e., Republic of Ghana (2017)) makes provision for annual allocation of USD 1 million for constituency development under the Infrastructure for Poverty Eradication Programme (IPEP). However, this has not been successful as the funds under the programme are not released to the development authorities expected to administer such funds. There is also no option of rolling over the allocation if it is not utilised.

### **How the political economy affects the implementation of policies focusing on employment generation**

The political-economy basis of Ghana revolves around the two main political parties (i.e., NDC and NPP), who have engaged in permanent electioneering campaigns throughout the Fourth Republican era (i.e., 1993 to date). The political landscape exhibits a clear trend of abandonment of policies, projects, and programmes of previous government when there is democratic political transition in the Fourth Republican era. Thus, there is considerable abandonment of many previously started and uncompleted projects, sometimes leading to judgment debts. These factors also affect implementation of employment policies. For example, the change in name and mandate of the NYEP to the GYEEDA when the NDC government took over from the NPP government in 2008 curtailed the implementation of the original programme.

Further, the change in name of GYEEDA to YEA when the NPP government took over from the NDC government in 2016 also affected the implementation of the initial programme. Moreover, changes in government usually cause changes in leadership and direction of employment programmes, and impose some delays, which can obstruct implementation even if the policy or programme does not change. For instance, the employment policy was created in 2015 under the NDC government, but they lost power the following year to the NPP. Although the NPP government has not changed or abandoned the implementation of the policy, several things that were supposed to be done (such as a three-year review and the formation of the NECC) are not yet in place.

Another political economy issue that has negative consequences for employment creation is the talk of 'political witch-hunting' of businesses that are viewed to be sympathetic of the opposition party or owned by people in opposition. This perceived 'witch-hunting' leads to the collapse of some businesses that further dampen employment creation initiatives in the economy.

### **3.3.6 Addressing Employment Issues through Dialogue**

Given that the employment space is a multi-stakeholder environment, an effective employment dialogue reveals varying views, interests, and perspectives from these different stakeholders. The interest of government, for example, is different from the interests of business, organized labour, employers, and civil society organizations. A key informant noted that "... it is important for us to dialogue on employment generation policies even though we may not have the same opinions on what has to be done ..." (Key Informant, August 2021). Dialogues provide opportunities to build consensus and synchronise these views into common themes that each stakeholder would be satisfied with. Therefore, dialogues promote ownership of a defined programme of action, an important characteristic that stimulates policy buy-in by all stakeholders; and provides the platform for the generation of new ideas and dimensions. Further, dialogue promotes representation and democratization of employment issues. Through dialogues, citizens have the platform to participate in the decision-making process on employment.

Given the multi-stakeholder nature of employment discussions, all stakeholders are important to sustaining dialogues. All key informants acknowledge the importance of all stakeholders in starting and sustaining dialogues. A key informant intimated that there must be a cordial relationship among the various stakeholders, with another stating that "... the key forces are employers, government and other key stakeholders" (Key Informant, July 2021). However, government should lead the process. A key informant noted that "... unemployment is a national threat and thus more closely linked to governance. Government is losing a lot of national income. This points to government as a progressive force that should lead the discussions" (Key Informant, August 2021).

Government has the oversight responsibility for policy formulation and implementation. Without the political will to commit to employment discussions emanating from other stakeholders, there may not be an effective and successful dialogue. Moreover, it is likely that a progressive force from these other stakeholders may easily degenerate into agitations that may introduce political instability. However, a government with the political will can easily whip up interest from all other stakeholders to dialogue.

## 4.0 CONCLUSION AND RECOMMENDATION

### 4.1 Conclusion

Despite several attempts by various governments through diverse interventions and initiatives, unemployment is still a key challenge in Ghana, disproportionately affecting young people, women, and urban dwellers. Its magnitude is said to be downplayed by the ILO recommended measurement of employment.

It is a paradox that women still face several gender-based inequalities (such as low academic qualifications and skills, low positions, and salary differentials/disparities) and constraints in participating in the labour market (such as limited access to productive resources, sexualization and reproductive roles, cultural perceptions, and time spent on unpaid care activities) when there are adequate policies, provisions, and legislations to curb these challenges.

The current National Employment Policy was launched in 2015 with four main objectives: to create more decent jobs to meet the growing demand for employment; to improve the quality of jobs for those who are employed; to increase labour productivity; and to strengthen governance and labour administration. This policy is accompanied by several employment creation initiatives and interventions (e.g., NABCO, 1D1F, PFJ/RFJ, PERD, YEA, MASLOC and NEIP) across various sectors to increase employment and provide the requisite skills and capacities for trainees to start their own businesses. While the policy has chalked some successes (such as the creation of some employment interventions), it has some fundamental failures, especially implementation gaps.

Distinct characteristics of successful interventions or initiatives are a well-planned exit strategy, provision of job placement opportunities that enable acquisition of the necessary employable skills (e.g., NABCO, YEA and NEIP), legal backing (e.g., YEA), wide coverage and diverse training modules (e.g., NABCO and YEA) and institutionalisation of robust and vigorous monitoring system. In all these (although the YEA lacks a well-planned exit strategy), it meets most of the other characteristics.

Megatrends (such as digitalization or industry 4.0, urbanization and climate change) are generally two-edged in terms of employment creation. However, Ghana is not currently positioned to reap the good sides of these trends.

### 4.2 Recommendations

Given the enormity of the unemployment challenge, it is obvious that an employment strategy that can contribute to bending the curve of unemployment markedly is one which is comprehensive in tackling both supply-side and demand-side challenges, and is one which is multi-sectoral, cutting across macroeconomic management, trade, education, and social protection policies. A fire-fighting and piecemeal approach can only scratch the problem rather than tackle it.

For educational policies, it is recommended that Ghana considers an education model where policies and programmes are developed jointly by the business or corporate sector and the academic sector. The corporate sector knows its needs and the skills set it requires, therefore, its direct involvement in education programmes and policies generates a system where graduates are useful and fit job openings. At present, the private sector generally bemoans the lack of match between skills required and what graduates possess. Thus, educational programmes should be repackaged in direct response to the needs of industry. This can be effectively done if the programmes and policies are designed jointly by those who use the skills and those who train. Moreover, the marked disparities between infrastructure and other endowments between High Schools, and technical and vocational institutes compound the employment problems. Vocational and technical training are less prioritized; meanwhile, they possess more potential for the creation of self-employed jobs relative to those from High Schools.

Currently, the evidence of low growth in jobs relative to Ghana's economic growth is too profound to ignore in the quest to solve unemployment. Thus, government needs to find proactive solutions to ensure that economic growth induces more employment creation. The literature clearly shows that the growth trajectory led by the services (characterized by low productivity, informal and precarious jobs, and limited orientation for exports) and exploitation of natural resources (oil and other minerals) accounts for this problem. Therefore, one of the ways to tackle jobless growth is to ensure that the poor performance of the manufacturing sector is curtailed by investing in the growth and performance of industries. Specifically, agro-processing and tourism sectors have been identified as emerging "industries without smokestacks" that have huge employment creation potential suitable for low and moderate skilled people and can lead the diversification of the economy. Creating jobs in these higher productivity sectors involve investments that remove significant growth constraints (e.g., credit, energy, market, export promotion). The job creation pathway of this strategy is its promotion of the right model of structural transformation, which some argue is the real cause of unemployment. Moreover, investments should boost productivity in the low productive agriculture and services sectors.

Skills development training programmes that aim to equip job seekers with the requisite skills and capacity to find formal wage jobs is found in several studies as an ineffective pathway to solving the unemployment problem. What has been observed to work is training programmes that aim to reorient trainees to seek self-employment in farming or non-farm household enterprises. This evidence in several developing countries is recommended to guide employment creation interventions in Ghana. In designing skills development training programmes, Government and other stakeholders should focus on packages that provide the capacity and resources for trainees to become entrepreneurs. Formal wage employment usually encourages job displacement.

There are adequate policies and legislations for the effective participation of women and vulnerable groups in employment and curtailing various forms of gender inequalities in the labour market. Government should commit to ensuring that these policies and legislations are implemented to the letter. Resource and institutional constraints that prevent these policies from being implemented should be tackled.

Unemployment or employment should be valued in a similar fashion to other macroeconomic indicators (e.g., inflation, GDP, and exchange rate) that are valued. While unemployment is equally as important – if not more important – as other macroeconomic indicators, the attention it receives begs the question as to whether it really is a problem. For example, inflation data are collected and published periodically, so are economic growth and exchange rate. However, employment and unemployment data are not done so periodically and are usually based on estimates. For instance, the labour force survey is not conducted annually. How do we solve a problem we do not have adequate and timely data on? Therefore, Ghana needs employment or unemployment databank collected periodically, preferably annually. The importance of data is further reflected by the creation of interventions with their job creation targets. If government, for example, decides to launch an initiative that is expected to create a certain number of jobs, on what basis is this number decided and what would be the effect on current unemployment if we do not have adequate data?

Employment should be brought to the centre stage of economic policy. At the macroeconomic level, employment is treated as a residual outcome of economic policies. For example, the Bank of Ghana over-emphasises price stability rather than achieving full employment, which other central banks are doing.

Ghana needs a strategy to combat the negative consequences of megatrends for employment creation. There is the need to pay particular attention to the current model of urbanization. Indeed, it must be redesigned through policies to boost agricultural productivity, provide critical infrastructure, and create job opportunities in rural areas. For the consequence of digitalization, investments should be made to promote the practical teaching of ICT from the basic level as a means of equipping people with the skills to function in an economy that is witnessing an increase in digitalization.

Ghana needs to prioritize social protection in employment creation. The first line of action is to move the social protection component at the Ministry of Gender, Children and Social Protection to MELR. Further, government needs to demonstrate the importance of social protection in employment by introducing key social protection components such as pensions in public programmes and interventions to serve as a motivation to the private sector. There should be safety nets in jobs that help workers to manage vulnerability to income shortfalls and other shocks.

We recommend further that immediate steps should be taken to fix critical issues in the current employment policy. First, the National Employment Coordinating Council to coordinate employment initiatives and interventions across institutions and sectors should be established. Second, a comprehensive review of the policy to incorporate current trends in employment issues should be conducted. Third, the sector-specific national employment policy monitoring and evaluation plans based on the NDPC's National Monitoring and Evaluation Framework should be undertaken. Fourth, the plan to identify present and future skills needs and related training programmes should be developed. Finally, the technical and logistical capacities of all relevant institutions in policy implementation should be thoroughly assessed and augmented.

Temporary employment programmes should be planned with well-structured exit strategies (i.e., clear path of transition from the temporary placements to permanent placements like the community health and teaching assistants under the former NYEP) and these strategies should be conscientiously implemented. Evidence so far shows that employment programmes without exit strategy do not do a good job at employment creation. Programmes without such strategies are easily stretched to their limits as they get chocked due partly to the fact that beneficiaries do not get weaned off such programmes.

Some systematic reviews (such as Kluge et al., 2016; Vivalt, 2020) reported that in developing countries, public sector agencies-implemented programmes show less success than those implemented by private sector players or non-governmental organizations (NGOs). However, the NGOs have been observed to lack the administrative and financial capabilities to scale up programmes they pilot. While the public sector agencies have such capabilities, they do not have the commitment or dedication of the private sector to achieve results.

This implies that a hybrid system in which the public sector contributes these capabilities with the private sector also bringing on board its commitment or performance focus might be the way to go in terms of implementation of job creation programmes. While this hybrid option has been used elsewhere with reasonable success (Chakravarty et al., 2016; Fox & Kaul, 2018), it might have to be experimented in the Ghanaian context to assess how successful pilots could be scaled up.

Finally, evidence from the literature is that business trainings for microenterprises positively impact sales and profit, but not employment creation (McKenzie et al., 2020). For small and medium scale enterprises, however, provision of consulting services has been observed to have significant employment creation effects (McKenzie et al., 2021). This implies that business training for microenterprises is not the way to go if policymakers want to impact job creation in the economy; instead small and medium scale enterprises should be targeted and assisted with consulting services for expansion.

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## APPENDICES

### Appendix A: Organisations Responding to the Instrument

S/No.	Stakeholder Organisation	Form of Interview	Remark
1	Ghanaian-German Centre for Jobs, Migration and Reintegration	In-Person	Documents collected
2	Ghana Employers' Association	In-Person	
3	Trades Union Congress	Virtual	Documents collected
4	Ministry of Employment and Labour Relations	Virtual	
5	Ministry of Gender, Children and Social Protection	In-Person	Documents collected
6	Youth Employment Agency	In-Person	
7	National Entrepreneurship Innovation Programme	Not required	Documents collected
8	National Youth Authority	Not required	Documents collected
9	National Service Scheme	Not required	Documents collected
10	Nation Builders Corps	Not required	Did not respond after several visits
11	National Vocational Training Institute	Not required	Did not respond after several visits
12	National Labour Commission	Required	Could not be interviewed on the basis of technicalities

## Appendix B: Additional Tables

**Table B.1: Employment, unemployment and labour force participation**

	Male	Female	Rural	Urban	All
Population 15+	8,091,493	9,166,763	8,025,082	9,233,175	17,258,257
Employed	5,414,250	5,802,474	5,580,606	5,636,118	11,216,724
Employment-population ratio (%)	66.9	63.3	69.5	61.0	65.0
Labour force participation rate (%)	72.3	69.7	73.3	68.9	70.9
Unemployed persons 15+	438,113	589,481	303,941	723,654	1,027,594
Unemployment rate (%)	7.5	9.2	5.2	11.4	8.4

Source: GSS (2019)

**Table B.2: Monthly earnings of jobs**

	GLSS6			GLSS7		
	Male	Female	All	Male	Female	All
Overall monthly earnings	592.64	395.48	495.47	1,106	679	972
Legislators/managers	1,260.01	804.99	1,081.34	1,999	1,781	1,937
Professionals	1,105.21	775.92	982.23	1,229	934	1,107
Technicians/associate professionals	756.19	576.2	717.96	1,409	996	1,284
Clerical support workers	561.77	830.13	685.78	1,002	806	923
Service/sales workers	685.54	435.88	490.43	814	444	641
Skilled agric/fishery workers	345.88	127.34	263.09	1,068	798	1,009
Craft and related trades workers	549.46	398.67	485.52	1,081	349	947
Plant machine operators/assemblers	670.1	418.48	661.9	1,117	604	1,094
Elementary occupations	453.74	236.54	376.35	766	335	597
Other occupations	3,440.54	1,500.00	3,294.81	2,426	-	2,426

Source: GSS (2014, 2019)

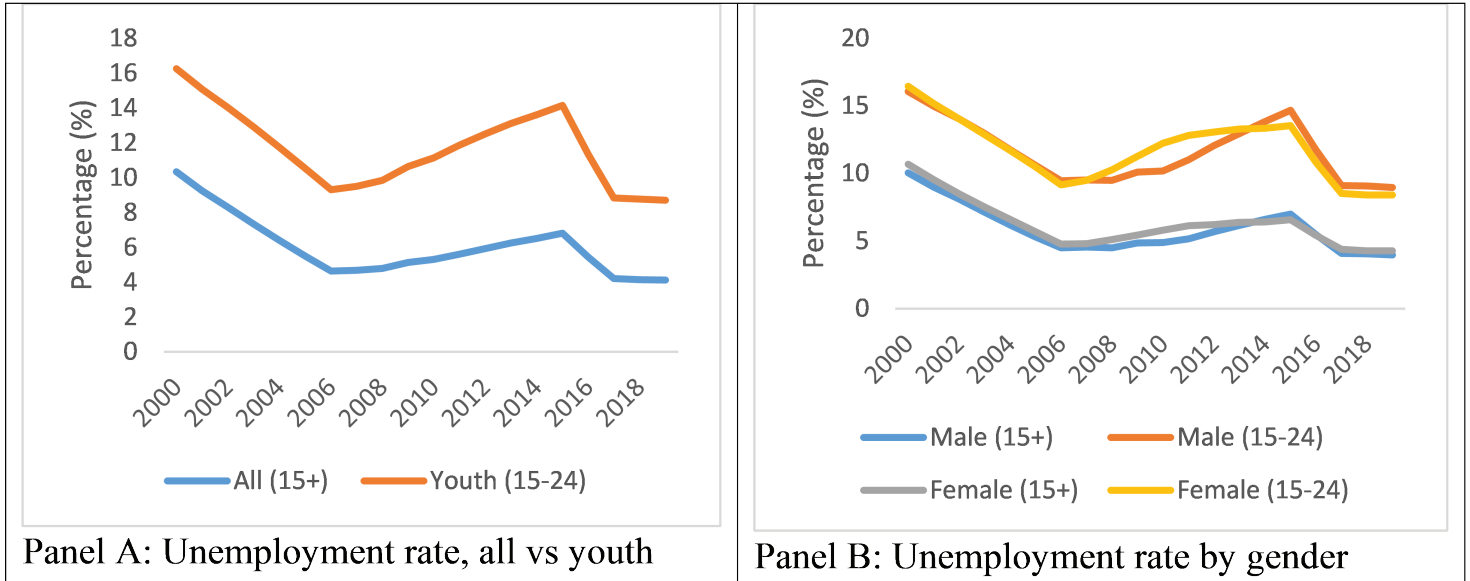
**Table B.3: Employment distribution by industry 15 years and older**

Industry	GLSS1	GLSS4	Census	GLSS5	Census	GLSS6	GLSS7
Agriculture, fishing, and forestry	64.6	55.8	51.2	55.7	40.1	46.4	38.6
Manufacturing	8.0	11.0	11.2	11.0	12.7	9.2	11.6
Construction	1.4	1.7	3.2	1.9	2.9	3.3	4.3
Mining, electricity, water and gas	0.9	1.0	1.8	1.0	2.3	1.7	1.6
Services	25.1	30.6	32.7	30.5	42.1	39.5	44.0
Total	100	100	100	100	100	100	100

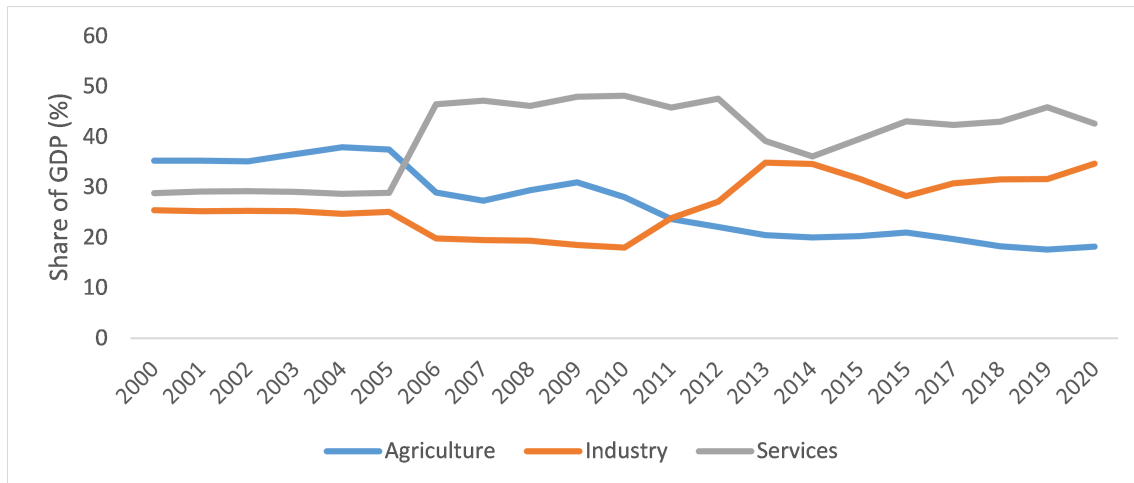
Source: Aryeetey et al. (2021)



## Appendix C: Additional Figures

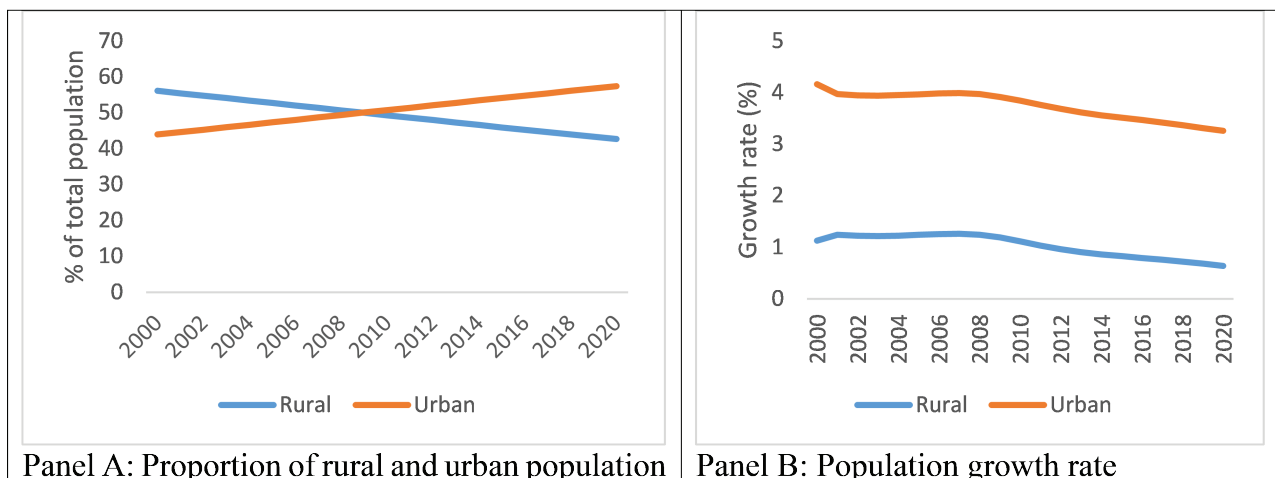


Source: World Bank WDI



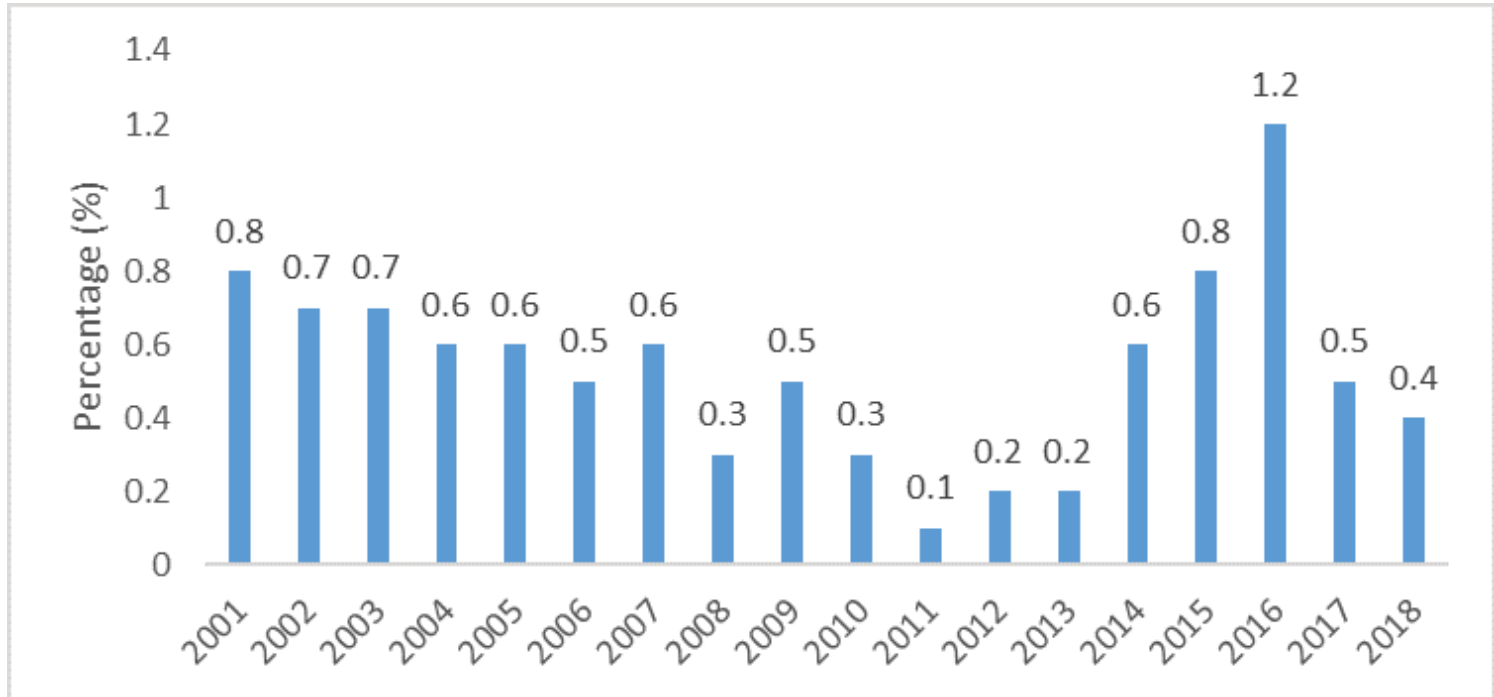
Source: World Bank WDI

**Figure C.2: Sectoral value added to GDP**



Source: World Bank WDI

**Figure C.3: State of urbanization in Ghana**



Source: Aryeetey et al. (2021)

**Figure C.4: Employment elasticity of growth**

Paul Kwame Nkegbe is currently an Associate Professor of Agricultural and Applied Economics at the Department of Economics and Entrepreneurship Development, University for Development Studies, Ghana. His research interests are in applied microeconomic analysis and his recent work has concentrated on rural livelihoods with special focus on physical activity, adoption of productivity-enhancing innovations and energy requirements connected with engagement in such activities. He has also recently taken interest in issues of socio-economic development with emphasis on employment and inclusiveness. .

Benjamin Musah Abu is a Lecturer in the Department of Economics and Entrepreneurship Development, University for Development Studies, Ghana, and a PhD candidate in Applied Agricultural Economics and Policy, University of Ghana. His research concentrates on applied microeconomic analysis of productivity, food security and nutrition, and agricultural commercialization of smallholder farm households. His recent work has focused on economic empowerment of the marginalised, and employment.

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Unemployment is not only a challenge, but it also exerts some negative externalities on development in general. Many governments across Africa have initiated policies, interventions, and strategies to create sustainable and quality jobs. A scan of these policies shows that while some have worked, others have failed to yield the desired results. The mixed outcomes of these policies provide an important basis to examine the policy landscape to take stock of what has worked and why, and those that have not worked and the reasons for their failure.