

FIRST DRAFT VERSION 4

THE REPUBLIC OF GHANA

THE NATIONAL EMPLOYMENT POLICY

**PREPARED BY
THE MINISTRY OF MANPOWER, YOUTH AND EMPLOYMENT**

FOR USE AS WORKING PAPER ONLY

PREFACE

Background

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

The National Development Challenges

Ghana's Gross Domestic Product has shown steady and positive growth of an average 4 per cent per annum over the last decade. In fact the economy of Ghana grew at 6 per cent in 2005 and it is projected to grow at 6.2 per cent by end 2006. Sectoral growth rates in the major agricultural, industrial and services sectors remain reasonably high and have added significantly to the overall GDP. Ghana's impressive macroeconomic performance has, however, not facilitated the needed structural transformation of the economy. The limited diversification of the economy, including its dependence on primary commodity exports, has changed very little since independence.

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

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

Unemployment and Poverty

Although poverty has declined over the last few years, it is still high at about 40 per cent. This means that the absolute number of people in poverty remains high. Of the current national population of about 21 million, about 8 million live in poverty and well over 5 million are in extreme poverty. There is a strong correlation between the employment situation and poverty. Income poverty is the result of unemployment, under-employment and very low income of the working poor in low productivity jobs.

The informal sector has absorbed many of the new entrants. Non-farm self-employment has risen steadily as a major source of household income, while farming has been declining. In both activities income levels are often below the poverty threshold. With the unemployment rate for the country estimated at 8.2 per cent, about 800,000 Ghanaians are currently unemployed and a further 1.2 million are under-employed. It is recognized that there are different sources of household incomes, but productive employment is the main source that households could rely on for sustainable livelihood. The capacity to provide productive employment to the unemployed persons among the economically active population is, however, a daunting challenge. Yet the fact that our educational system continues to pour unskilled, semi-skilled and unemployable young graduates into a job market with comparably few job opportunities, there is need for sober reflection and deeper thoughtfulness on the kind of policy interventions which will be needed to overcome the challenges.

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

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

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

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

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

Following the achievement of macroeconomic stability, and improvement in good governance, Government is now set to deal with the employment challenge. A number of efforts have therefore been initiated to tackle the serious employment and poverty situation through the implementation of policy interventions, programmes and projects under the GPRS I and II. Some of the initiatives have sought to make our production processes and public investment programmes more employment intensive as direct ways of generating employment in the country.

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

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

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

Hon. Abubakar Saddique Boniface (MP)
Minister of Manpower, Youth and Employment

TABLE OF CONTENTS

PREFACE

TABLE OF CONTENTS

LIST OF TABLES

LIST OF ACRONYMS

EXECUTIVE SUMMARY

CHAPTER ONE: BACKGROUND TO THE NATIONAL EMPLOYMENT POLICY

1.1 THE MACROECONOMIC AND FINANCIAL POLICY ENVIRONMENT

1.2 THE LABOUR FORCE IN GHANA

1.3 EMPLOYMENT GROWTH BY ECONOMIC SECTOR

1.3.1 The Agricultural Sector

1.3.2 Non-Farm Activities and Rural Sector Employment

1.3.3 Industry Trade and Investment

1.3.4 The services Sector

1.3.5 Public Sector Employment

CHAPTER TWO: THE EMPLOYMENT CRISIS AND NATIONAL EMPLOYMENT POLICY CHALLENGES

2.1 THE EMPLOYMENT SITUATION

2.2 EMPLOYMENT POLICY CHALLENGES

2.2.1 Unemployment and Poverty

- 2.2.2 Labour Market Information
- 2.2.3 Private Sector Growth and Competition
- 2.2.4 Education and Training
- 2.2.5 Productivity, Wages and Income
- 2.2.6 Industrial Unrest
- 2.2.7 Employment of Vulnerable Groups
- 2.2.8 Child Labour
- 2.2.9 Occupational Safety and Health
- 2.2.10 HIV and AIDS at the Work Place

CHAPTER THREE: LEGAL AND INSTITUTIONAL FRAMEWORK FOR LABOUR ADMINISTRATION

- 3.1 LEGAL FRAMEWORK AND APPLICATION OF STANDARDS
- 3.2 THE LABOUR ACT AND INDUSTRIAL RELATIONS

CHAPTER FOUR: POLICY OBJECTIVES AND PRINCIPLES OF THE NATIONAL EMPLOYMENT POLICY

- 4.1 THE RATIONALE OF THE NATIONAL EMPLOYMENT POLICY
- 4.2 THE POLICY OBJECTIVES
- 4.3 PRINCIPLES OF THE POLICY

CHAPTER FIVE: STRATEGIES OF THE NATIONAL EMPLOYMENT POLICY

- 5.1 ENABLING MACRO AND SECTORAL POLICIES
- 5.2 EMPLOYMENT INTENSIVE GROWTH STRATEGIES AND SPECIAL EMPLOYMENT INTENSIVE SCHEMES
- 5.3 ENSURING SUPPORTIVE POPULATION, MIGRATION AND REGIONAL DEVELOPMENT
- 5.4 IMPROVING LABOUR MARKET INFORMATION
- 5.5 ACCELERATING PRIVATE SECTOR GROWTH AND DEVELOPMENT
- 5.6 DEVELOPMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES
- 5.7 IMPROVING LEGAL AND REGULATORY ENVIRONMENT
- 5.8 ENHANCING TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING
- 5.9 ENHANCING BUSINESS DEVELOPMENT AND MANAGEMENT THROUGH ENTREPRENEURSHIP TRAINING
- 5.10 PROMOTION OF FARM AND NON-FARM RURAL EMPLOYMENT
- 5.11 INCORPORATION AND FORMALISATION OF INFORMAL SECTOR OPERATIONS AND EMPLOYMENT
- 5.12 MAINSTREAMING OF VULNERABLE GROUPS
 - 5.12.1 The Youth
 - 5.12.2 Women
 - 5.12.3 Persons with Disability
- 5.13 PROTECTION OF CHILDREN AGAINST CHILD LABOUR
- 5.14 IMPROVING WORKING CONDITIONS, OCCUPATIONAL SAFETY AND HEALTH

5.15 PREVENTING HIV AND AIDS AT THE WORKPLACE

5.16 PROTECTING THE ENVIRONMENT

CHAPTER SIX: INSTITUTIONAL ARRANGEMENTS FOR POLICY IMPLEMENTATION

6.1 THE ROLE OF GOVERNMENT

6.1.1 The National Development Planning Commission

6.1.2 The Ministry of Finance and Economic Planning

6.1.3 The Ministry of Manpower, Youth and Employment

6.1.4 Ghana Statistical Service

6.1.5 Ministry of Information and National Orientation

6.1.6 Other Government Ministries and Policy Making Institutions

6.2 THE ROLE OF EMPLOYERS AND WORKERS ORGANISATIONS

6.3 DONOR CONTRIBUTION AND COORDINATION

6.4 THE ROLE OF NGOs AND CIVIL SOCIETY

6.5 NATIONAL EMPLOYMENT COORDINATING COUNCIL

6.6 THE METHOD OF IMPLEMENTATION

6.7 MONITORING AND EVALUATION

6.8 REVIEW AND REVISION OF THE NATIONAL EMPLOYMENT POLICY

LIST OF ACRONYMS

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

GNCC	Ghana National Commission on Children
GPRS	Ghana Poverty Reduction Strategy
GRATIS	Ghana Regional Appropriate Technology and Industrial Service
GSS	Ghana Statistical Service
HIPC	Highly Indebted Poor Country
ICT	Information Communications Technology
ILO	International Labour Organisation
IMF	International Monetary Fund
LMI	Labour Market Information
LMIS	Labour Market Information System
JSS	Junior Secondary School
MDA	Ministries, Departments and Agencies
MDCI	Multilateral Debt Cancellation Initiative
MDG	Millenium Development Goal
MDPI	Management Development and Productivity Institute
M & E	Monitoring and Evaluation
MLGRD&E	Ministry of Local Government, Rural Development and Environment
MMDA	Metropolitan, Municipal and District Assemblies
MMYE	Ministry of Manpower, Youth and Employment
MOFEP	Ministry of Finance and Economic Planning

MOWAC	Ministry of Women and Children Affairs
NACL	National Advisory Committee on Labour
NBSSI	National Board for Small Scale Industries
NDPC	National Development Planning Commission
NECC	National Employment Coordinating Council
NEPAD	New Partnership for Africa's Development
NEPF	National Employment Policy Framework
NGO	Non-Governmental Organisation
NLC	National Labour Commission
NLCD	National Liberation Council Decree
NYC	National Youth Council
NYF	National Youth Fund
NTC	National Tripartite Committee
NTE	Non-Traditional Export
OSH	Occupational Safety and Health
PACFCG	Pan- African Consultative Forum on Corporate Governance
PEC	Public Employment Centres
PEF	Private Enterprises Foundation
PNDC	Provisional National Defence Council
PPMED	Policy Planning, Monitoring and Evaluation Division
SOE	State-Owned Enterprises

SSS	Senior Secondary School
STEP	Skills Training and Employment Placement
TUC	Trade Union Congress
VALCO	Volta Aluminium Company
WTO	World Trade Organisation

EXECUTIVE SUMMARY

1.0 BACKGROUND TO THE NATIONAL EMPLOYMENT POLICY

The Macro-Economic and Financial Policy Environment

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

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

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

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

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

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

The Growth and Poverty Reduction Strategy II (GPRS II) which is the current development framework covering the period 2006-2009 seeks to build on what has already been achieved and to further improve the macroeconomic environment. Its overall objective is to double the size of the Ghana economy in terms of real production within the next decade and increase the per capita income of the average Ghanaian to that of middle income status by 2015. The framework also emphasises the acceleration of economic growth and poverty reduction through private sector-led wealth creation and employment generation. In accordance with this, growth targets have been established to operationalise Ghana's international commitments under the United Nations Millennium Development Goals (MDGs) and New Partnership for Africa's Development (NEPAD).

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

The Labour Force in Ghana

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

The population of Ghana is estimated to be 18.9 million in 2000 and 21.13 million in 2005 with an annual growth rate of about 2.7 per cent. Over 56 per cent of the population live in rural areas while nearly 44 per cent live in urban areas.

The rapid growth of Ghana's population has been ascribed to its youthful nature and declining mortality rate. Life expectancy is estimated at about 57 years with women averaging 58.4 per cent and men averaging 54.2 per cent

Recent estimates suggest that projected labour supply is expected to increase from 10.1 million in 2000 to 12.8 million by 2009. Thus with an estimated growth rate of 2.7 per cent per annum, the correspondent supply of incremental labour to Ghana's labour market is expected to be about 350,000 per annum over the forecast period.

The demand for labour emanates from both the private and government sectors. Generally, the economically active population (EAP) comprise the employed (those who work and those who had jobs but did not work) and the unemployed (those who are without work, are currently available for work and are seeking work during a defined period). The employed population formed 94 per cent and 97.2 per cent of the EAP in 1970 and 1984 respectively. The bulk of the EAP, 61.1 per cent of the employed population was engaged in agricultural activities in 1984

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

Employment growth by economic sector

Agriculture

Agriculture is currently the highest contributor to GDP and provides employment to over 60 per cent of the population. In 2005, agriculture grew at 4.1 per cent and its share of GDP was 36 per cent.

Agricultural production faces a number of challenges. Ghana's agriculture is still rain-fed which is unreliable and hence could disrupt crop production. Limited attempts to implement policies aimed at conserving and utilising rainfall to improve agriculture have been frustrated by the choice of inappropriate technology. Land acquisition for large scale commercial farming is still difficult. Other constraints include lack of affordable credit for agricultural development, rampant bushfires, post-harvest losses, lack of storage facilities, high transportation costs and marketing problems.

The GPRS II aims at modernising agriculture through applications of science technology and research, improving linkages with industry and improving management practices of farmers. The average trend of agricultural activities relating to food security, fisheries, crops and livestock have shown positive adjustment between 2001 and 2005. Agricultural mechanisation and the proportion of arable land under irrigation have also increased though marginally.

The overall picture for the forestry sub-sector is mixed. While the hectares of degraded forest reserve planted increased significantly, the hectares of urban area planted did not make any progress. Significant employment was however generated. The average number of jobs generated over the past four years amounts to 101,396 per annum. In terms of employment creation, this sub-sector seem to be doing well but the key issues of non-sustainability and low productivity which had continuously undermined the agricultural sector would have to be addressed.

Land administration is still a major problem confronting investors in all sectors of the economy. Problems of poor land use practices, multiple sales, multiple ownership, delays in processing of documents, etc. are serious constraints that hinder investment in particularly the productive sectors thereby constraining employment generation. A review of progress of GPRS I on land administration indicate that progress at reforms is slow and interventions put in place to remove constraints in the land sub-sector including those contained in the land administration project are still at their preparatory stages.

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

Non-farm Activities and Rural Sector Employment

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

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

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

Industry, Trade and Investment

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

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

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

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

The Services Sector

The services sector is the largest source of employment after agriculture, employing 33 per cent of the economically active population in 2000.

The services sector is also the second largest contributor to GDP at about 30 per cent of total contribution in 2005. Sectoral growth in 2005 was 6.9 per cent indicating a positive trend from 4.7 per cent in 2003 and 4.9 per cent in 2004.

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

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

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

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

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

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

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

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

Analysis of the employment generation potential of the three broad economic sectors indicates that agricultural sector income employment elasticity has been very low for all periods ranging between 0.31 and 0.57. This low elasticity indicates that the agricultural sector is saturated with labour and that expansion of employment opportunities is limited. Meanwhile, income employment elasticity in both industry and service exceed unity, 2.12 for industry and 1.22 for service indicating that there are greater opportunities for job expansion in industry and service sectors.

Public Sector Employment

The public sector of Ghana is currently made up of 650,000 employees. The public sector serves as buyer of goods and services, provider of services and employer thereby influencing output and employment.

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

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

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

2.0 THE EMPLOYMENT CRISIS AND NATIONAL EMPLOYMENT POLICY CHALLENGES

The employment situation

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

The lack of structural transformation of the Ghanaian economy has further constrained the development of new and productive employment opportunities and a fuller utilisation of the labour force. The bulk of employment opportunities continue to consist of low-income agricultural and informal activities. Formal public and private sector jobs have declined. Persistent unemployment, underemployment and growth of precarious forms of employment remain central features of the economy. Close to 68 per cent of employed population are self-employed with no employees.

This means that the majority of the working population work in their own small enterprises and have no other employees apart from themselves. With the economy dominated by the self-employed who do not have the capacity to employ others, the prospects for generating additional jobs or employment opportunities for a growing young population is very low.

Employment Policy Challenges

The major employment policy challenges facing the country include:

- Unemployment and poverty
- Poor labour statistics and ineffective labour market information system

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

.3.0 LEGAL AND INSTITUTIONAL FRAMEWORK FOR LABOUR ADMINISTRATION

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

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

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

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

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

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

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

4.0 POLICY OBJECTIVES AND PRINCIPLES OF THE NATIONAL EMPLOYMENT POLICY

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

The broad policy guidelines outlined in GPRS II include:

- The adoption of a national policy for enhancing productivity, incomes and wages with equal opportunities for men and women in all sectors of the economy
- Ensuring the implementation of a coherent employment policy on the youth, vulnerable and excluded
- Needs-oriented human resource development, including technical, vocational education and training
- The adoption of a comprehensive policy for monitoring and evaluation of employment information, and
- Improving existing policy on social protection and social dialogue at the workplace

The main objectives of the National Employment Policy are to:

- i. Promote the goal of full employment in national economic and social policy, and to enable all men and women who are available and willing to work, to attain secured and sustainable livelihood through full productive and freely chosen employment and work;
- ii Secure improvement in the productivity of the labour force to improve private sector competitiveness and enhance employability to the extent that labour is afforded quality and well-remunerated employment consistent with productivity;
- iii Provide the fullest possible opportunity to each worker to qualify for, and to use his/her skills and endowments in a job for which he/she is well suited, irrespective of race, sex, religion, political opinion, national extraction, ethnic or social origin;
- iv Safeguard the basic rights and interests of workers, and to that end, promote respect for relevant International Labour Standards, including those on Forced Labour, Freedom of Association, the Right to Organise and Bargain Collectively, the Principle of Non-Discrimination and Equality of Treatment and Opportunities and elimination of the most extreme forms of Child Labour;

v Secure maximum cooperation from, and participation by, the Ghana Employers Association (GEA), the Trades Union Congress and other interested parties in decisions relating to national employment policy, so as to ensure industrial peace and harmony and minimise productivity and job losses through industrial unrest; and

vi Stimulate economic growth and development, eradicate poverty and improve the standards of living by minimising the rates of unemployment and underemployment, and optimising the utilisation of labour and human resources.

The principles of the National Employment Policy are:

- i. Employment will be coordinated and implemented within the framework of national economic and social policy underpinned by deepening good governance and civic responsibility. In this regard, this National Employment Policy is consistent with the overall development strategies as outlined in the 1992 Constitution of the Republic of Ghana, the Growth and Poverty Reduction Strategy II and the Sector-Wide development Programmes;
- ii. Government policy on employment generation will emphasise the provision of a favourable environment for private investment and job creation. Government will continue to maintain stable and favourable macroeconomic policies, pursue vigorous human resource development, provide basic infrastructure and additional incentives to support a vibrant private sector as the engine of economic growth and job creation in Ghana;
- iii. The private sector therefore, should take on the role of the major investor in the productive enterprises that will provide increased employment and generate incomes. This calls for the promotion of enterprise culture that will induce self-reliance, risk taking, and a national environment that rewards effort and initiative;
- iv. Individuals groups and the community at large, including those at the grassroots level and in line with decentralisation and participatory development, also bear an important responsibility for employment creation;
- v. The principles of collective bargaining, workers education and adjustment in wages linked to price and productivity changes will be promoted;

- vi. While providing for a greater role for the private sector in employment and job creation, caution shall be taken to the well-known paradox that the operation of the market system may lead to the marginalisation of some sections of the population including women, in rural areas and the informal sector, the youth, elderly persons, those with disabilities and the unemployed. Since these people are vulnerable and must be provided for through adequate safety-nets, Government undertakes to protect and assist these groups with special compensatory and well-targeted programmes, including those envisaged under the Growth and Poverty Reduction Strategy and the National Social Protection Strategy; and
- vii. To meet the employment challenge through well targeted policies and programmes, government will provide detailed and frequently updated information which is accurate and reliable on the size and structure of the labour force and disseminate it for purposes of labour market projections and development planning.

5.0 STRATEGIES OF THE NATIONAL EMPLOYMENT POLICY

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

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

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

- Promotion of farm and non-farm rural employment through modernisation of agriculture, improving the productivity of farmers and contract farming arrangements, promoting effective linkages between farm and non-farm activities, promoting value-added activities to improve backwards integration, providing credit support and non-financial assistance including business services, marketing outlets and appropriate processing technologies, and encouraging district assemblies to improve social and economic infrastructure to attract private investments in the local economy.
- Corporatisation and formalisation of informal sector operations to facilitate the structural transformation of the economy through arrangements for resource pooling in enterprise networks, clusters, cooperatives, etc. with the objective of achieving increased efficiency and to attract business support services to expand operations, provision of adequate incentives and training for informal sector businesses to encourage them to formalise their businesses, and encouraging regular dialogue and interaction between the registrar general's department, NBSSI, and trade and business associations on the registration of informal sector businesses.
- Mainstreaming of vulnerable groups including youth, women and persons with disability in the national development process to increase their productivity and employability through the implementation of adequate policy interventions and the introduction of special employment schemes and programmes, and a comprehensive database and labour market information on vulnerable groups to facilitate policy planning and programming.
- Protection of children against child labour through awareness creation on the rights of the child, withdrawal of children from hazardous and exploitative work, providing children and their families with alternative income earning activities and developing a database on children at work to facilitate planning and decision-making.
- Improving working conditions, and occupational safety and health by strengthening the OSH system through effective coordination mechanisms, adopting adequate preventive OSH strategies to reduce industrial fatalities, improving training and disseminating OSH information to workers and employers, developing database on person-hours lost on ailments and injuries for planning purposes, protecting the vulnerable at the work place and especially adopting standards that are protective of the health of women during pregnancy, after child birth and while breastfeeding, updating existing legislation and enhancing the capacity of labour officers to perform their duties efficiently.

- Preventing HIV infection and AIDS in the work place through educational campaigns, dissemination of information on AIDS in the work place, providing protection to people with HIV and AIDS from discrimination in the workplace, and encouraging employers to make available protective devices at their workplaces to prevent HIV and other sexually infected diseases.
- Protecting the environment from degradation through sustainable implementation of the National Employment Policy and effective collaboration of agencies responsible for monitoring and carrying out inspection activities.

6.0 INSTITUTIONAL ARRANGEMENTS FOR POLICY IMPLEMENTATION

The Role of Government

The multifaceted and multidimensional nature of the employment policies and strategies contained in this document require well coordinated effort and commitment of all government agencies. It is the responsibility of government to create the environment conducive for growth and investment.

In this context, implementation of the National Employment Policy would require that all government agencies will consciously integrate in their policies and programmes, the relevant policy initiatives, guidelines and strategies that maximise productive employment and the improvement of the general working conditions of labour. This requires concerted effort for the coordination and implementation of sectoral policies and programmes that gives priority to the creation of employment in both the public and private sectors. Public institutions that will play a key role include NDPC, MOFEP, MMYE, MLGRD&E, GSS, Ministry of Information and National Orientation and other policy making bodies.

The Role of Employers and Workers' Organisations

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

Donor Contribution and coordination

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

The Role of NGOs and Civil Society

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

National Employment Coordinating Council

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

The Method of Implementation

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

Monitoring and Evaluation

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

Review and Revision of the National Employment Policy

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