

Bridging The Gap: A Renewed Employment Policy For a Generation of Ghanaian Youth

POLICY BRIEF – GHANA

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Executive summary

The youth of Ghana are the country's most valuable asset, yet their potential is being stifled by a persistent unemployment crisis. Amid the continuing economic difficulties, the urgency of reforming the National Employment Policy (NEP) is of paramount importance for Ghana's youth. This policy brief proposes a comprehensive review and renewal of the NEP, incorporating insights from the private sector, civil society organizations, policy implementers, and the youth. By analyzing the current state of youth employment, reviewing existing initiatives, and making strategic policy recommendations, this brief provides a collaborative and data-driven roadmap for sustainable improvement to employment levels. This means taking fully into account the need to prepare the youth better for the world of work in the emerging Fourth Industrial Revolution.

Introduction

Ghana's increasingly youthful population faces significant employment challenges that need to be tackled with a robust and forward-thinking employment policy. This policy brief highlights the challenges and trends that illustrate the shortcomings of the NEP, originally meant to run from 2012-2016 and now long expired. It also proposes an approach that factors in contemporary realities and future opportunities for Ghana's youth. It is vital for the government, private sector, civil society, and the youth themselves to embrace a collaborative approach to employment policy reforms that provide opportunities for every young Ghanaian to thrive and contribute to national prosperity.

Current state of youth employment

Youth unemployment remains alarmingly high, exceeding 14.7 percent in the first three quarters of 2023 according to the Ghana Statistical Service (GSS). The number of unemployed youth (defined as aged between 15 and 35) rose from about 1.2 million to over 1.3 million during the same period, with the rate among females consistently higher than among males¹. In 2022, youth unemployment saw a decline only in the second quarter. However, a sharp increase in female unemployment between the fourth quarter of 2022 and the first quarter of 2023 widened the gender gap in 2023, as compared with 2022. Approximately 440,000 people joined the labor force between the first and third quarters of 2023, with over 60 percent securing employment during this period. Consistently, more females than males have been unemployed, with the difference averaging about 600,000 in 2022 and 900,000 in 2023. The number of employed persons in urban areas remained nearly constant in the first three quarters of 2023, following quarterly variations in 2022.

The economic downturn post-COVID-19 and Ghana's engagement with the International Monetary Fund (IMF) have further strained the government's capacity to generate public sector employment. Consequently, the private sector, civil society, and renewed, innovative policy measures must play a pivotal role in addressing this crisis.

Challenges and trends

- **Economic constraints:** Economic conditions have limited job creation, particularly in the private sector.
- **Skills mismatch:** There is a significant gap between the knowledge and skills provided by the education system and those demanded by the labor market.
- **Technological advancements:** The Fourth Industrial Revolution demands new skill sets, but most of the youth are unprepared for these changes.
- **Limited access to resources:** Young entrepreneurs face challenges in accessing finance and business development services.

Review of current initiatives

Several initiatives have been implemented to tackle youth unemployment, including the Youth Employment Agency (YEA) and the Rural Enterprise Programme (REP). In 2017, the Youth Enterprise Support (YES) program was restructured and renamed the National Entrepreneurship and Innovation Plan (NEIP) with the goal of expanding its reach and scope to a more diverse demographic and wider age group. It was resourced with GH¢10 million in seed funding to raise GH¢100 million to fund its activities. In 2020, the Ghana Enterprises Agency Act, 2020 (Act 1043) replaced the National Board for Small-Scale Industries Act, 1981 (Act 434) and the Ghanaian Enterprises Development Act, 1975 (NRCD 330)². This restructuring was resourced with GH¢145 million to support small and medium enterprises (SMEs) to recover from the effects of the COVID-19 pandemic.

While these programs have had some success, their impact has been limited by several factors:

- **Fragmentation and duplication:** There is a lack of coordination among various initiatives, leading to overlaps and inefficiencies.

- **Resource limitations:** Many programs are underfunded and unable to scale up their impact.
- **Implementation gaps:** Challenges in monitoring and evaluation hinder the sustained implementation and effective adjustment of these initiatives.

Policy gaps

The expired NEP does not adequately address the current and future employment landscape. Key shortcomings include:

- **Inadequate focus on TVET and STEM skills:** The current technical and vocational education and training (TVET) system and slow progress in boosting enrolment in science, technology, engineering and mathematics (STEM) courses do not sufficiently prepare youth for advanced work in the digital economy.
- **Insufficient support for entrepreneurship:** There is minimal emphasis on creating an enabling environment – targeted financial services, training, incubation, etc. – for young entrepreneurs to thrive.
- **Lack of collaboration with the private sector:** The NEP does not leverage the potential of the private sector in job creation, contributing to a significant lack of available jobs for the transition from school to the world of work.
- **Outdated framework:** The policy framework does not reflect Ghana's economic realities or the demands of the Fourth Industrial Revolution.

Policy recommendations

1. Education and skills development

- **Curriculum enhancement:** Update educational curricula to align with market needs, focusing on STEM and digital literacy.
- **Vocational training:** Expand and upgrade vocational and technical education programs to equip youth with practical skills.
- **Lifelong learning:** Promote continuous learning and re-skilling opportunities to adapt to technological advancements.

2. Economic incentives

- **Tax incentives:** Provide tax breaks and incentives for businesses that hire and train young workers.
- **Funding for start-ups:** Increase access to funding and resources for young entrepreneurs through grants, low-interest loans, and business incubators.
- **Public-private partnerships:** Foster collaboration between the government, private sector, and educational institutions to create job opportunities.

3. Sector-specific strategies

- **Agriculture:** Modernize the agricultural sector and promote agribusiness to attract young people. Provide incentives and support for youth engagement in agriculture.
- **Technology and innovation:** Support the growth of the information, communications and technology (ICT) sector by creating innovation hubs and offering digital training programs.
- **Green jobs:** Invest in sustainable industries such as renewable energy and waste management to generate new employment opportunities.

4. Labor market reforms

- **Regulatory changes:** Simplify business regulations to facilitate the establishment and growth of businesses by young people.
- **Fair wages and conditions:** Implement policies to ensure fair wages and decent working conditions, attracting youth to various sectors.
- **Social protection:** Enhance social protection measures for unemployed youth, providing safety nets while they seek employment.

5. Monitoring and evaluation

- **Robust mechanisms:** Develop comprehensive monitoring and evaluation frameworks to track the progress and impact of youth employment initiatives.
- **Data-driven adjustments:** Regularly update and review programs based on data and feedback, ensuring they remain effective and relevant.

Implementation plan

Action steps:

- **Short term (1-2 years):** Immediate curriculum updates, establishment of monitoring frameworks, initiation of tax incentives.
- **Medium term (3-5 years):** Expansion of TVET programs, development of public-private partnerships, and scaling up of funding initiatives.
- **Long term (5+ years):** Full integration of lifelong learning systems, sustained investment in green jobs, and comprehensive labor market reforms.

Stakeholder engagement

- **Government agencies:** Ministry of Employment and Labour Relations, Ministry of Education, National Development Planning Commission, Ghana Enterprises Agency (GEA), National Entrepreneurship and Innovation Programme (NEIP), and Youth Employment Agency (YEA).
- **Private sector:** Association of Ghana Industries, Ghana Employers' Association, various business associations, industry leaders, and private investors.
- **Civil society:** Ghana Hubs Network, non-governmental organizations (NGOs), community organizations, and advocacy groups, The Youth Sub-platform on SDGs.

- **Youth and unemployed:** Direct engagement with youth through surveys, forums, and feedback mechanisms to ensure their needs and perspectives are central to policy development.

Monitoring and evaluation

- **Key Performance Indicators (KPIs):** Employment rates, skills development metrics, business start-up success rates, and program reach.
- **Regular reporting:** Quarterly and annual reports to assess progress and impact.
- **Adaptive management:** Mechanisms for adjusting policies and programs based on real-time data and outcomes.

Conclusion

The renewal of Ghana's National Employment Policy is not merely an economic necessity but also a moral imperative to safeguard the future of Ghana's youth and, by extension, the future of the nation. By bridging the gap between current realities and future opportunities, this policy can transform Ghana into a hub of innovation, resilience, and sustainable growth.

References

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Endnotes

- 1 Citi newsroom- Date accessed: May 31st, 2024.
- 2 Restructuring of the NBSSI to GEA.

The Pan-African Coalition for Transformation (PACT) is a platform that seeks to bridge and close gaps between policy design and implementation. The Youth Employment and Skills (YES) PACT has six Chapters in Ghana, Cote d'Ivoire, Uganda, Niger, Ethiopia, and Rwanda. Read more about the YES-PACT at acetforafrica.org/yes-pact

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