We have once again travelled through another year since the last May Day. May Day, as we all know, is an occasion for workers’ solidarity worldwide. It is a day set aside for working people to review and assess their conditions in the world of work and within society as a whole. It is also an occasion for working people to raise their collective voice and to bring to the fore their concerns and the challenges they are facing.

In Ghana, May day is special because it does not only bring workers together but it also provides workers a unique opportunity to meet and engage with the President and Ministers of the Republic who, despite their tight and heavy schedules have, over the years, made time to be with us on this special day when we meet to celebrate our contribution to the social, economic, political and cultural development of our country.

This year we are celebrating May Day under the theme “Decent work for Sustainable Economic Development”. It is our hope that the Government of the National Democratic Congress (NDC), our employers and all stakeholders in the world of work will give serious consideration to the issues that we seek to address under this theme.

The huge decent work deficit in Ghana is not good for our democracy. Democratic governance cannot be sustained in a situation where large sections of the population live in poverty.
The idea of improving living standards through Decent Work has always been the aim of the struggles of the trade union movement. However, as an internationally recognized agenda, Decent Work was initiated by the ILO in 1999. The Decent Work Agenda has four main objectives namely; Employment creation, Workers rights, Social Protection, and Social Dialogue.

It is unacceptable that for over fifty years after Ghana’s independence the working people of Ghana do not enjoy reasonable ratings in these important indicators. The huge decent work deficit in Ghana is not good for our democracy. Democratic governance cannot be sustained in a situation where large sections of the population live in poverty. If democracy fails to deliver decent work and improved living standards, the people can easily loose confidence in the political system. It is, therefore, important that all the social partners (i.e., Government, Workers and Employers) join hands to ensure that Ghanaians are guaranteed Decent Work. Democracy and good governance should be translated into benefits and real improvement in the standard of living of the people.

We note that job creation occupies an important position in the NDC Manifesto, we were also happy to note that the theme for the 2011 budget was “Stimulating Growth for Development and Job Creation”. Sadly though, the budget did not provide specific strategies or measures for job creation and the indicators against which performance would be measured. Indeed, we are yet to see concrete strategies and measures aimed at addressing the alarming unemployment situation in the country. We expect Government to take the necessary steps to facilitate the creation of decent jobs for the people, especially the youth, whose aspiration for a bright future are dashed from day to day.

A large majority of Ghanaians are working under very harsh conditions in the informal economy. They endure long hours of work yet they earn very low incomes from their labour. Young men and women move from one street to another in our cities and other urban centres from morning till night selling all kinds of things just to survive. We do not believe that Ghanaians enjoy street hawking. Rather, street hawking has become a survival strategy in the absence of decent jobs. It is a reflection of employment policy failure and the failure of macro-economic policies in Ghana.
street hawking. Rather, street hawking has become a survival strategy in the absence of decent jobs. It is a reflection of employment policy failure and the failure of macro-economic policies in Ghana, generally, to deal with the huge decent work deficit.

Even workers in the formal economy receive “take home pay that cannot take them home”. The outcome of the mapping of public sector workers onto the Single Spine Salary Structure clearly shows that the level of pay in the public sector is still low and requires further review if we are to see real benefits in the new pay policy.

We would like to reiterate Organized Labour’s position that in order to improve productivity we should first improve wages. Employers should invest in training of their workers and pay them well. Firms that use reasonable proportion of their revenue to pay their workers above the market rate are able to reduce worker turnover and increase labour productivity.

Ghanaian workers continue to contribute to the fortunes of Ghana. But workers are not being treated fairly. They continue to receive low pay and their rights are being abused. To overcome these challenges, workers need to be empowered to participate in the decisions that affect their lives. Workers need voice at work through their freely chosen representatives. Ghanaian work-

The unwillingness of employers to negotiate in good faith, as required under section 97 (1) of the Labour Act, poses a serious threat to the attainment of decent work.

ers should not be denied the opportunity to join trade unions of their choice and to have the rights to bargain collectively. Workers deserve the right to enjoy freedom from discrimination and the opportunity to place their children at school rather than at work.

We are aware that, even though Section 79 of the Labour Act 651, 2003 allows freedom of association and the rights to collective bargaining, some employers in Ghana have resorted to several undemocratic tactics to frustrate workers and to prevent them from freely joining trade unions of their choice thereby denying these workers the right to exercise their constitutional right to bargaining collectively. The unwillingness of employers to negotiate in good faith, as required under section 97 (1) of the Labour Act, poses a serious threat to the attainment of decent work.

Again social dialogue structures and processes provide the means for workers rights to be protected and advanced. They ensure popular participation in public policy, help to combat social exclusion and promote consensus building, democracy, social stability and peace.

Many workers are dying on the job and others suffer various degrees of disabilities while at work.
Organized Labour wishes to state clearly that to confront poverty and social exclusion, the search for Decent Work is not a choice. It is a national obligation.

We have the Factories, Offices and Shops Act with adequate provisions that ensure safety at the workplaces. The Labour Act (Act 651) also empowers labour inspectors to take the necessary actions and measures to ensure a safe and healthy working environment. But the reality is that workers in all sectors of the Ghanaian economy continue to face unsafe conditions that pose imminent and long-term danger to their health. The ridiculously insignificant number of labour inspectors and their lack of capacity and adequate resources are some of the reasons for the poor and unsafe working conditions in Ghana. Organised Labour, therefore, takes this opportunity, once again, to call on Government to resource the Factories Inspectorate and the Labour Department to do their work as part of the Decent Work agenda for sustainable social and economic development. The emerging oil and gas industry in particular makes such measures extremely necessary to avoid accidents and environmental disasters.

Your Excellency, poverty reduction is achieved through a complex of complimentary factors: employment creation, social dialogue, development of social protection systems and the fight against corruption while equity can be realized through effective involvement of all citizens in decision making and fair and balanced distribution of the fruits of growth. The Decent Work agenda must occupy the centre of all policies aimed at reducing poverty and achieving equitable, inclusive and sustainable development. We all, as partners in development, have an obligation to address the issue of poverty in a meaningful way or face the prospect of being continuously caught up in this social canker. Organized Labour wishes to state clearly that to confront
poverty and social exclusion, the search for Decent Work is not a choice. It is a national obligation. The onus lies on our leaders to show us the way out of poverty.

The National Health Insurance Scheme (NHIS) is no doubt a comprehensive health care programme. Good health care delivery also thrives on health infrastructure. We acknowledge government’s effort toward the expansion of the health infrastructure particularly at the district level. We entreat government to continue to take the necessary measures to strengthen the NHIS for a better health care delivery.

Organized Labour takes the opportunity to acknowledge the efforts of the National Aids Commission and other agencies that continuously work to sensitize the population on HIV/AIDS. We urge the Commission to continue with the sensitization and to do more to further reduce the prevalence of HIV in the country. We call on workers in particular and Ghanaians in general to wake up fully to the reality of HIV/AIDS and the real danger it poses to our collective effort and survival. We call on all to observe the ABC of HIV/AIDS prevention. Abstain from sex if you can; if you cannot be faithful to your partner; otherwise use a condom.

Your Excellency, the oil find in Ghana should be a blessing to us rather than a curse. Ghana has no reason to fail because we can learn from other oil producing countries in Africa. We call for transparency in the administration of the oil resources so that the country will derive maximum benefits for the good of the country. Your Excellency, we would like to take this opportunity to draw your attention to the deplorable situation at PSC Tema Shipyard. We hold the view that PSC Tema Shipyard can add value to the oil and gas industry if it operates efficiently. We call for the immediate implementation of

We are also anxiously looking forward to the resuscitation and expansion of the operations of the Ghana Railway Company to facilitate movement of persons and haulage of goods in the country.
the Chris Ackumeys report to save the Shipyard from imminent collapse.

We are also anxiously looking forward to the resuscitation and expansion of the operations of the Ghana Railway Company to facilitate movement of persons and haulage of goods in the country.

The people of Ghana have been subjected to a daunting water crisis for a very long time. Workers form a large proportion of the Ghanaian society and go through massive frustration in search of water. When the private management contract was being introduced, workers and their unions expressed reservations about it. Five years into the management contract we have not seen any improvement in quality of service in the water sector. We are still witnessing people carrying large containers in search of water. Aqua Vitens Rand Limited (AVRL) which was contracted to manage urban water has failed to deliver the services it was contracted to deliver. The management contract will elapse at the end of the month.

We urge Government not to renew the contract. The appropriate sanctions must be applied and AVRL must go for good. Ghana should be able to manage its water sector. If we cannot provide water for ourselves what can we provide for ourselves?

Your Excellency, as we enter the political campaign season for 2012 elections we expect our political parties, the government of the day, the National Electoral Commission and other stakeholders, such as our vibrant and varied civil society organizations and citizens of Ghana to exhibit maturity. Our electoral process must be fair and transparent. The competing parties and their presidential candidates should engage in debates over the main social and economic issues. We expect a clear vision for the future of Ghana and concrete policy alternatives that can transform our economy into a true middle-income country where social equity and justice prevail. Politicians should spare us of politics of insults, lies, attacks on personalities and any form of violence. We need peace to develop our country. Decent Work and Sustainable Development can only be achieved in peace.

Competing political parties and their presidential candidates should engage in debates over the main social and economic issues. We expect a clear vision for the future of Ghana and concrete policy alternatives that can transform our economy.
It is estimated that half of the workers in the world earn less than two US dollars a day. The 1998/99 Ghana Living Standards Survey stated that four out of ten persons living in Ghana are poor. Poverty has been defined generally as the lack of basic human needs, such as clean fresh water, nutrition, health care, education, clothing and shelter because of the inability to afford them.

The Survey also established that between 25 and 30 percent of the population depend on the informal sector for their livelihood. It means that strenuous efforts have to be made to reduce the number of poor people in the country by providing them with decent work that will enable them to afford those essential amenities that will take them out of poverty.

In an attempt to improve the standards of living of the people, the NPP Government in 2001, developed a strategy called the Ghana Poverty Reduction Strategy (GPRS). With the collaboration of the International Labour Organisation (ILO), the Government, engaged the Trades Union Congress (TUC) and the Ghana Employers’ (GEA) in developing a pilot programme called the Ghana Pilot Programme on Decent Work Agenda (GDWPP) as a component of the GPRS.

This collaboration took the form of capacity building for the social partners at the national level with the objective “to reinforce the capacities of the Ministry of Manpower, Youth and Employment (MMYE), the GEA, the Ghana TUC and other...
Taking the global acceptance of the concept of decent work and the decision of our development partners to insist on the incorporation of decent work in their cooperation agreements with us, it is important that we understand what decent work means to workers and trade unions.

Policy makers in becoming pro-active agents in integrating decent work aspects in the GPRS and other policy documents and laws. The objectives were to achieve:

1. More and better jobs in micro and small enterprises; strategy to address the problems of the informal sector
2. Skills development
3. Maximising the employment benefits of infrastructure development
4. Integration of persons with disabilities in society,
5. Increasing productivity and fair distribution through wages and incomes policy

A further objective was developed for the local level “to build capacities of the key stakeholders in the local economy to design and implement Local Economic Development (LED) Strategy”.

Following from the above, two pilot projects have been commissioned in two Districts of the Central Region. These projects are in the Awutu-Efutu-Senya and the Ajumako-Enyam-Essiam Districts.

Fortunately, the NDC government has continued with the Ghana Decent Work Agenda and is currently engaged in developing Ghana Decent Work Country Programme II.

This is an acknowledgement of the importance of decent work as a tool for economic development by the Government of Ghana irrespective of the political party in power.

At the international level, a Communiqué issued by the European Union in 2006 under the theme “Promoting Decent Work in the World” noted that the concept of decent work for all is a way of tackling inequalities among the people of the world. Consequently, the European Commission committed itself to ensure the inclusion of the concept of decent work in agreements and cooperation with countries outside the European Union.

The International Trade Union Confederation (ITUC) declared October 7, 2008 as world day for Decent Work. Taking the global acceptance of the concept of decent work and the decision of our development partners to insist on the incorporation of decent work in their cooperation agreements with us, it is important that we understand what decent work means to workers and trade unions.

**SO WHAT IS DECENT WORK?**

The term was first introduced by the Director General of the International Labour Organisation (ILO) in his report to the International Labour Conference (ILO) in 1999.

In that report, he defined the term decent work as “productive work under conditions of freedom and equity, security and dignity, in which rights are protected and adequate remuneration and social coverage are provided.”

The report went further to set four basic objectives of decent work as follows:

- Protection of labour rights
- The promotion of employment
- Social protection for vulnerable situations, and
Since 1999, the concept has gained further additions to its original definition to include for instance the following:

- Productive and secure work
- Respect for Labour Rights
- Adequate incomes
- Social protection
- Resort to social dialogue, collective bargaining and participation of social partners etc.

It is clear that global effort at economic development has indentified Decent Work as a tool which must be embraced by all.

For the trade union movement, I believe this poses some challenges and also offers greater opportunity for involvement in the national economic development effort.

What are some of these challenges and opportunities? I shall try to identify a few of these but before then, I wish to underline the fact that workers and trade unions need to redouble their efforts on capacity building if they are to play effective roles in the challenges that follow from the acceptance of the concept of decent work in our country.

Recently, it was reported that a trade union activist, Mr Joseph Osei Owusu, a Programme Officer of the General Agricultural Workers Union (GAWU), in an address to a youth meeting of the union, had this to say “the Ghanaian youth is entitled to decent work, hence a campaign must be waged using different tools and strategies adapted to different audience, including media campaign to evolve recognizable concept among citizens and employers”. Mr. Osei Owusu went further to define decent work as a strategy “to achieve sustainable development that is centered on people”, adding that “there is no time like now to start advocating for decent work as the surest way of eradicating poverty in Ghana”.

CHALLENGES AND OPPORTUNITIES THAT FACE ORGANISED LABOUR IN THE DECENT WORK AGENDA

(a) Promotion of Labour Rights

The Union movement has long been engaged in collective bargaining to secure fair working conditions for their members. Fortunately the 1992 Constitution provides guarantees for the trade union movement to play its role. Ghana has also ratified ILO Convention 87 on Freedom of Association and 98 on Collective Bargaining. In spite of these instruments, the trade union movement still faces a lot of challenges as some employers refuse to recognize the rights of their workers to exercise their constitutionally guaranteed rights to form or join trade unions. The fight for the recognition of trade unions rights must be vigorously fought and won by all legitimate means.

In addition however, my view is that, promoting labour rights should not be limited to the rights of unionized workers alone. There is a large pool of workers whose rights are abused on a daily basis. I can readily mention the poor working conditions of Domestic Workers. I know the ILO has enacted a convention on the Rights of Domestic Workers. I believe the least that Organised Labour could do to ensure that the rights of these poor domestic workers are protected is to advocate for government to ratify the ILO Convention on the Rights of Domestic Workers. The trade unions
should also consider seriously the issue of unionization of this category or workers.

I suggest also that Organised Labour should advocate strongly for a national law that will regulate the employment conditions of these workers and ensure that the benefits of minimum wages are extended to them in the interim.

What about the issue of child labour? Every now and then we see young children of school going age either loitering or selling petty items like dog chains, chewing gum etc. Others are also engaged by the visually impaired people who engage in begging on our streets. These children are the future of our country. Is it that the educational system does not prepare them adequately for the future? Or is it the poverty of their parents that drives them onto the streets?

As members of our society, it is my view that public authorities must concern themselves about the plight of these children. I think Organised Labour, as part of the campaign for Decent Work, must include the case of these vulnerable children in our society.

**(b) Promotion of employment**

In trade union parlance, “poverty anywhere is a threat to prosperity everywhere”. One way of reducing poverty is to provide employment for the people. But such employment should be decent work; work that will guarantee them decent incomes, where their rights are protected and where they work in freedom.

A large majority of workers in Ghana are in the informal sector. Workers in this sector have basically no rights. They work long hours, earn very little incomes and have virtually no social protection, nor do they have access to old age pensions.

The informal sector has the potential to contribute more to our economic growth as a country if the sector is supported and well regulated. I believe that Organised Labour should engage the authorities towards the improvement of the working conditions/environment of workers in the informal sector.

Again within the ranks of Organised Labour for instance is the large pool of professional drivers.

It is my view that Organised Labour has the responsibility to ensure that these drivers and their mates enjoy better working conditions. It is a well known fact that they drive long hours beyond acceptable hours without rest. Organised Labour should launch a campaign aimed at improving the working conditions of these categories of workers and ensure that they are enrolled onto the national pension scheme. I am aware that the Federation of Transport Unions mounts a campaign annually to draw attention to the plight of commercial drivers, but I think this is not enough.

The campaign should be a regular feature in order to increase awareness on the dangers posed to drivers and their passengers when drivers are made to drive long hours without rest. The trade union movement must further advocate for government to enact and implement policies that will protect investment, job creation and job sustenance, as well as skills development.

Recently, the unions in the textile industry succeeded to a large extent in my view in protecting jobs within the industry by collaborating with the employers and government to reduce the smuggling and importation of textile to the

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(d) Promotion of Social Dialogue

I am always fascinated by what Ahaji Summonu, Secretary General of the Organisation of African Trade Union Unity (OATUU) often said to wit, “you cannot shave somebody’s hair in his absence”. Governments are daily engaged in making decisions that affect workers and the populace. To ensure that these decisions are in the best interest of their members and society at large, I believe it is the right of the trade union movement to be involved in the formulation of policy. This will require that the union movement should mount very strong campaign for their inclusion in policy formulation and engage the authorities constantly in social dialogue. The Labour Act, 2003. Act 651 has provided some platform for this engagement with the social partners, especially with government.

Section 113 of Act 651 has established the National Tripartite Committee (NTC) and given it the following functions:

· Determine the daily minimum wage
· Advise on employment and labour market issues,

detriment of the local factories. This effort is commendable.

(c) Social Protection of Vulnerable Groups

It is my view that the trade union movement must concern itself more with the plight of the vulnerable groups in the country who suffer from social exclusion. For instance, the common carriers, these we refer to as “Kaya Yei” and the street hawkers have no social protection whatsoever.

These people work, and live in deplorable circumstances. They are engaged in that form of work to ensure their livelihood. However what they do and suffer cannot be described as decent work.

Organised Labour is encouraged to look into plight of these persons and see what advocacy roles it can play to secure some protection for these groups.
To ensure that these decisions are in the best interest of their members and society at large, I believe it is the right of the trade union movement to be involved in the formulation of policy.

including labour laws, international labour standards, industrial relations and occupational safety and health.

· Consult with partners in the labour market on matters of social and economic importance, and

· Perform such other functions as the Minister (of Labour) may request for the promotion of employment development and peace in the labour sector.

Act 651 has a provision which requires that the NTC is provided a secretariat to enhance its work. I do not know if this Secretariat has been provided. If not then I strongly urge Organised Labour to insist on its establishment as that will secure them the legitimate and legal platform to engage the social partners on the issue of Social Dialogue.

If on the other hand the Secretariat has been put in place, then let us see the NTC working beyond the determination of minimum wages. The Trade Union Movement is seriously urged to constantly put issues of economic and social concern on the agenda of the NTC. If the unions do not prompt them, public authorities on their own will probably not take the initiative.

In conclusion, I wish to state that the theme of this year’s May Day is very relevant to our present situation. The Decent Work Agenda must be pursed as a tool for sustainable economic development. Organised Labour should seriously engage itself in a campaign to bring the issue of decent work in all its forms to the forefront as recommended by Mr. Osei Owusu of GAWU.

The Trade Union Movement must also encourage and increase capacity building among its officers and activities to prepare them adequately to engage the authorities in serious dialogue. I wish to thank the May Day Planning Committee for inviting me to participate in this symposium.

I hope my contribution has been meaningful. Thank you for your attention.
PRESENTATION BY
ALEX FRIMPON
Ghana TUC POLICY BULLETIN June 2011

The views expressed in this presentation are the views of the author - who is Executive Director, Ghana Employers Association - and do not necessarily reflect the views or policies of the Ghana Trades Union Congress (TUC). The Ghana TUC does not guarantee the accuracy of the data included in this paper and accepts no responsibility for any consequence of their use. Terminology used may not necessarily be consistent with Ghana TUC official terms.

Decent Work refers to opportunities for men and women to obtain productive work in conditions of freedom, equity, security and human dignity. It sums up the aspirations of people in their working lives.

On behalf of the Ghana Employer’s Association and all employers in Ghana let me take this opportunity to salute the working people of Ghana and Organised Labour under the banner of Ghana TUC on the occasion of the May Day which falls on Sunday. I doff my hat for the countless sacrifices workers have made towards national development, prosperity and progress. GEA and employers warmly appreciate your role.

May I once again thank the TUC for inviting me to speak at this symposium which is part of the week-long celebration of the May Day commemorative activities. The theme for this symposium is “Decent Work for Sustainable Economic Development”. Given the fact that there cannot be decent work without sustainable economic development and vice versa, the choice of the theme is apt and could therefore not have been chosen at a better time. This paper will attempt to make an exposition of

Decent Work and its main elements. It will endeavour to examine these elements in relation with the Ghanaian context. Also an attempt will be made to suggest key policy issues for the consideration of the social partners. It is the fervent expectation of this author that this presentation will trigger more discussion and dialogue among the stakeholders towards sustainable economic development which is a prerequisite for national competitiveness.
Over the last decade the term Decent Work which was coined by the International Labour Organisation (ILO) has gained greater and significant attention by government, employers and workers and has therefore taken centre stage in the policy actions and activities of these constituents. For the purpose of this paper there is the need to explain what Decent Work is all about.

Decent Work refers to opportunities for men and women to obtain productive work in conditions of freedom, equity, security and human dignity. It sums up the aspirations of people in their working lives – their aspirations for opportunity and income, rights, voice and recognition, family stability and personal development and fairness and gender equality. Ultimately these various dimensions of decent work underpin peace in communities and society. We need Decent Work because economic growth is not enough. International trade and economic growth alone cannot eradicate poverty. Decent Work is a key mechanism by which wealth is redistributed and poverty eliminated.

**THE ILO’S DECENT WORK AGENDA**

The ILO Decent Work Agenda is the balanced and integrated pragmatic approach to pursue the objectives of full and productive employment and decent work for all at global, regional, national, sectoral and local levels. It has four strategic objectives:

1. **Fundamental principles and rights at work**
2. **Employment creation**
3. **Social protection**
4. **Social dialogue between the social partners: governments, employers’ organisations and workers’ organisations.**

Decent Work is central to efforts at poverty reduction, and is a means for achieving equitable, inclusive and sustainable development. The ILO works to develop Decent Work-oriented approaches to economic and social policy in partnership with the principal institutions and actors of the international multilateral system and the global economy.

From the above it can be said that Decent Work is predicated upon four main pillars namely – employment, rights at work, social
protection and social dialogue. In trying to put the ILO Decent Work agenda into practice these four key strategic objectives must be achieved.

First, the issue of employment. Fundamental to the issue of employment is an economy that generates opportunities for investment, entrepreneurship, skills development, job creation and sustainable livelihoods. We need to ask ourselves the question as to whether the Ghanaian economy support or facilitate the creation and sustainability of employment.

The Government of Ghana Medium-Term National Development Policy Framework; Ghana Shared Growth and Development Agenda 2010-2013, Volume 1, Page 86 states as follows:

Employment is a cross-cutting issue and is therefore treated in all the other thematic areas of this policy framework. This section therefore does not deal with everything as other areas also deal with their employment-related issues.

A number of guiding principles and actions are needed in productive employment within the framework of national employment policy. Inter-sectoral policies will be pursued to ensure sustainable employment, sensitive to economic growth and driven by enterprise creation, trade and investment activities, training skills development and education and appropriate labour laws. However, employment

Others are inadequate apprenticeship and entrepreneurial development; inadequate labour market opportunities; untapped potential of ICT; inadequate recognition of innovation and creativity; and a public procurement regime that cannot be used as leverage for employment generation even though about 70% of the national budget is spent on it.
Workers cannot in one breath cite their constitutional right to freedom of association but at the same time breach the legal procedures for settling disputes. Rule of law requires patience, tolerance, mutual understanding and respect for institutions and structures set up to deal with adjudication of industrial disputes.

promotion is confronted by a weak macroeconomic framework that is unable to translate decades of relative stability into employment gains, especially for the youth.

It is also characterised by limited job opportunities for graduate employment in the country; increasing vulnerability of the unemployed men and women aged between 15-35 years; underemployment, low productivity and low income earnings in agriculture, making it unattractive to young people; existence of skills and entrepreneurial gap in the labour market; inadequacy of targeting for skills training and other support services for men and women aged between 15 – 35 years; negative effect of child labour; and lack of opportunities to gain and retain skills through innovative means.

Others are inadequate apprenticeship and entrepreneurial development; inadequate labour market opportunities; untapped potential of ICT; inadequate recognition of innovation and creativity; and a public procurement regime that cannot be used as leverage for employment generation even though about 70% of the national budget (after personal emoluments) is spent on it. It is further constrained by poor enforcement of rules and regulations protecting private sector employment and inability of the Public Procurement Act, 2003 (Act 633) to adequately generate employment as envisaged. Yet another constraint is a relatively small domestic market which is not able to absorb the increasing job-seekers.

It is significant to re-emphasize that there cannot be employment creation without an active promotion of sustainable enterprises. Promoting sustainable enterprises is about strengthening the rule of law, the institutions and governance systems which nurture enterprises and encourage them to operate in a sustainable manner. It is equally imperative to foster a conducive environment for enterprise development. These include factors such as peace and political stability, good governance, entrepreneurial culture, sound and stable macroeconomic environment, trade and sustainable economic integrating, access to financial services, physical infrastructure, information, communication technologies (ICT) among others.

All the above factors and issues are interdependent, interrelated and mutually reinforces each other in employment creation.

Second, is the fundamental objective of rights at work. This pre-supposes the right to obtain recognition and respect for the rights of workers. All workers need representation, participation and legislations that promote and protect their interests. The constitutional rights of the Ghanaian worker are the freedom to join or form a trade union of their choice, freedom of expression, among others. Also Ghana as a member of the ILO has ratified Conventions 87 and 98 which deals with freedom of association and collective bargaining respectively. Ghana therefore must respect its international obligations. Besides, sections 8, 9, 10 and 11 of the Labour Act 2003 (Act
651) deal with the rights and duties of employers and workers. Both employers and workers must adhere to these legal provisions to ensure full compliance with the law. Even though there have been occasional infractions and violations from both employers and workers, these laws are widely observed and respected. But the greater challenge has to do with compliance with the rules and procedures for setting industrial disputes. Workers cannot in one breath cite their constitutional right to freedom of association but at the same time breach the legal procedures for settling disputes. Rule of law requires patience, tolerance, mutual understanding and respect for institutions and structures set up to deal with adjudication of industrial disputes.

Let us all remember that capital and investment are cowards; they go where they are needed, but stay where they are well treated. Unlawful industrial actions by both employers and workers affect investment flow into the country and therefore dwindle prospects of employment creation.

The third pillar under the Decent Work agenda is the promotion of Social Dialogue. This involves the formation of strong, vibrant and independent employers and workers organisation to promote and protect the interest of their respective members through the use of dialogue, negotiations, discussions, consultations, and others. Central to Social Dialogue is the credibility of the representatives, credibility of the processes and procedures of the consultations and the credibility of the outcomes. Financial independence and sustainability is paramount.

Ghana has since independence over five decades ago been an active advocate of Social Dialogue and this has helped significantly in the enactment of labour laws throughout this period even though Ghana has not ratified ILO Convention 144 concerning Tripartite Consultations.

It is against this background that we believe the National Tripartite Committee (NTC) must be made to actively promote Social Dialogue in this country. This will enhance cooperation among the social partners, improve interpersonal relationship of the leadership and members of the NTC, facilitate consensus building, reduce friction and engender common understanding of matters of mutual and national interests.

Fourth and not the least is the issue of Social Protection. This connotes that workers work under safe and healthy conditions ensuring periods for adequate rest, taking into account family and social values, provide adequate compensation and access to health care. In this segment greater attention shall be given to the issues of pensions, occupational safety and health, National Health Insurance Scheme, HIV/AIDS and Child Labour.

Pension Reforms have been undertaken in Ghana with the coming into force of the National Pensions Act, 2008 (Act 766). The law establishes a three-tier pension scheme which seeks to ensure adequacy of pensions for workers upon retirement. How do we ensure that the Pension Scheme especially the first and

Workers and their families must be protected from HIV/AIDS and this requires that employers actively commit resources to the education and sensitisation of workers and their families and immediate communities towards behavioural change that will save them from acquiring such diseases.
A well-functioning financial system provide the lubricant for a growing and dynamic private sector. Making it easier for SMEs, including co-operatives and start-ups, to access financing, for example, credit, leasing, venture capital funds or similar or new types of instruments, creates appropriate conditions for a more inclusive process of enterprise development.

second tiers overcome its teething governance and management challenges so that it can protect the income security of workers during retirement? How do we ensure that the past accrued credit of SSNIT contributors are credited to workers in accordance with the provisions of Act 766? How do we ensure a smooth transfer of contributions from the Temporary Fund with the Bank of Ghana to selected Fund Managers of various organisations? The Social Partners must dialogue with the SSNIT and regulator i.e. National Pensions Regulatory Authority (NPRA) to find lasting solutions to these questions to assure of confidence and faith of contributors to the scheme.

Occupational Safety and Health (OSH) is another key issue under Social Protection worthy of consideration. The law enjoins employers to take practicable steps to ensure that workers are free from the risk of personal injury or damage in the course of employment. Employers also have a duty to provide work and appropriate raw materials, machinery, equipment and tools at the workplace. These legal obligations require employers to be abreast with all their legal duties and take steps to ensure full compliance.

This requires the injection of capital, time and resources to the management of OSH in the workplace to ensure the safety of workers. On the other hand workers have a corresponding duty to take all reasonable care for the safety and health of fellow workers in the course of duty.

It must be pointed out that a safe workplace is not one without accidents but an environment where workers feel safe and secured, conscious of their health and safety obligations and move about without any let or hindrance. Employers,
Government and Workers have a duty to work together to improve the regulatory, enforcement and educational framework in dealing with OSH to make the workplace safer.

Let us turn attention to the National Health Insurance Scheme (NHIS). It is without doubt one of the most significant social protection mechanisms and pro-poor policy initiative to have been established in Ghana. Workers who contribute to SSNIT equally part with 2.5% of their income to the NHIS in return for the basic coverage of the scheme. Laudable as this is, the scheme has been plagued with many problems ranging from registration, accessing health care, refund of expenses to accreditation of health facilities, among others. One wonders how workers/employers are deriving maximum benefits from the NHIS. Employers and workers have a responsibility to ensure that contributors benefit from the NHIS. Engagement with the NHIA in this regard is a necessity.

We cannot do justice to the issue of social protection without bringing up the issue of HIV/AIDS especially its grave impact on organisations, communities and Ghana as a whole. In many parts of the world this disease has decimated many societies and the workplace is no exception. Workers and their families must be protected from HIV/AIDS and this requires that employers actively commit resources to the education and sensitisation of workers and their families and immediate communities towards behavioural change that will save them from acquiring such disease. Businesses must ensure they establish workplace HIV/AIDS policies. GEA under the Global Fund Project is available to extend such support to needy organisations.

How then at this juncture do we ensure that Decent Work can promote sustainable economic development? Based on the discussion thus far, some suggestions could be made:

**Social and Stable Macroeconomic Policy and Good Management of the Economy**

Monetary, fiscal and exchange rate policies should guarantee stable and predictable economic growth. The National Tripartite Committee (NTC) must be made to actively promote Social Dialogue in this country. This will enhance co-operation among the social partners, improve interpersonal relationship of the leadership and members of the NTC.
Trade and Sustainable Economic Integration

The varying development levels of countries must be taken into account in lifting barriers to domestic and foreign markets. Efficiency gains caused by trade integration can lead to positive employment effects either in terms of quantity or quality of job dislocation, increased informality and growing income inequality, measures must be taken by governments in consultation with the social partners to better assess and address the employment and decent work impact of trade policies. Actions are also needed at regional and multilateral level to remove trade distortions and to assist developing countries in building their capacity to export value-added products, manage change and develop a competitive industrial base.

Good Governance

Democratic political institutions, transparent and accountable public and private entities, effective anti-corruption measures and responsible corporate governance, are key conditions for making market economies and enterprises perform in superior ways and be more responsive to the values and long-term goals of society.

Physical Infrastructure

Enterprise sustainability and human development critically depend on the quality and quantity of the physical infrastructure available such as physical facilities for enterprises, transportation systems, schools and hospital.
Reliable and affordable access to water and energy also remains a major challenge especially in developing countries. Enterprises are also particularly assisted by local access to supporting industries such as service providers and machinery suppliers and producers.

Access To Financial Services

A well-functioning financial system provides the lubricant for a growing and dynamic private sector. Making it easier for SMEs, including co-operatives and start-ups, to access financing, for example, credit, leasing, venture capital funds or similar or new types of instruments, creates appropriate conditions for a more inclusive process of enterprise development. Financial institutions, particularly multilateral and international ones, should be encouraged to include decent work in their lending practices.

Entrepreneurial Culture

Governmental and societal recognition of the key role of enterprises in development and strong support, both public and private, to entrepreneurship innovation, creativity and the concept of mentorship particularly for start-ups, small enterprises and targeted groups such as women and youth are important determinants of a conducive business environment. Respect for workers’ rights should be embedded in programmes targeting entrepreneurial culture.

Education, Training and Lifelong Learning

Human talent is the single most important productive factor in today’s economy. Focussing on the development of a skilled workforce and the expansion of human capabilities through high-quality systems of education.

Human talent is the single most important productive factor in today’s economy. Focussing on the development of a skilled workforce and the expansion of human capabilities through high-quality systems of education, training and lifelong learning is important for helping workers to find good jobs and enterprises to find the skilled workers they need. Financial support should also be made available to enhance success of poor workers to training and skills upgrading. In this way, society can achieve the twin goals of economic and social progress.
Employment relationships are regulated by a number of legislated and sometimes negotiated minimum standards which are meant to protect the interests of parties in an employment relationship. These minimum standards are ceilings below which labour must not be sold or bought. One of such important minimum standards is the Minimum Wage. The minimum wage is the lowest wage that employers must legally pay to employees. In other words, the minimum wage is the lowest wage at which workers may sell their labour. Hence both employers and employees are not permitted to buy or sell labour at any wage rate below the minimum wage.

Although the benefits of minimum wage are generally acknowledged, there are divided opinions as to whether or not minimum wage is effective in attaining its goals. For those who argue that minimum wage is incapable of achieving its goals, they espouse that minimum wage lowers employment of minimum wage workers by creating disequilibrium between demand for and supply of labour. Proponents of this idea employ the basic competitive model; the demand-supply model and argue that minimum wage creates “artificial wage-floor” with no relationship with market requirements such as productivity growth and unemployment (Ghellab 1998). For this model, demand for labour is a

THE MINIMUM WAGE IN GHANA (2000-2010)

by Prince Asafu-Adjaye, Researcher, Labour Research and Policy Institute, Ghana TUC

The minimum wage is the lowest wage that employers must legally pay to employees. In other words, the minimum wage is the lowest wage at which workers may sell their labour. Hence both employers and employees are not permitted to buy or sell labour at any wage rate below the minimum.
“Minimum rates of wages which have been fixed shall be binding on the employers and workers concerned so as not to be subject to abatement by them by individual agreement, nor, except with general or particular authorisation of the competent authority, by collective agreement.”

decreasing function of real wages. Consequently, when the minimum wage is fixed above the prevailing equilibrium wage, all this being equal, it create excess supply of labour over demand for labour (Ghellab 1998).

In the above scenario, the negative effects of minimum wage on employment are generated by a combination of substitution and scale effects. By substitution effect, proponents of this argument postulate that firms could decide to use more capital and less labour as labour becomes more expensive. Firms may also substitute skilled labour for unskilled labour. By scale effect, it is argued that as cost of production increases due to wage increase and sales fall, firm could reduce both capital and labour (Ghellab 1998).

The above argument against minimum wage rates treats the labour market as homogenous. The crux of the demand-supply model is wage equilibrium. However, according to Ghellab (1998) in most developing economies, the notion of wage equilibrium is utopian. In addition, firms affected by new minimum wage rate because their existing wage rate is significantly below the new minimum wage can use other alternative means of maintaining and even raising productivity without necessarily cutting down on labour. Also, when demand for the products the employees produce is highly inelastic, such as utilities, minimum wage is unlikely to lead to job cuts by management. This is because management can pass on the increase in wage to consumers in the form of higher prices and since demand for the product is highly inelastic, consumers would continue to buy the product at the higher price.

For an economy like Ghana’s where real wages are low, minimum wage is even more crucial. This is because in most cases, the minimum wage as well as the percentage increase in the minimum wage serve as benchmarks for wage negotiations. Especially in the formal sector, minimum wage has a significant effect on base pay. Hence in Ghana, minimum wage is significant and must therefore be adequate to at least meet the basic needs of workers and their families. Also minimum wage can also be a tool to reduce wage
inequality and poverty as well as serve as benchmarks for social incomes.

**LEGISLATION BACKING MINIMUM WAGE**

Minimum wage is often backed by law. The International Labour Organization (ILO) convention 26 on Minimum Wage-Fixing Machinery adopted in 1928 provides for minimum wage. Among other provisions, convention 26 stipulates that:

“minimum rates of wages which have been fixed shall be binding on the employers and workers concerned so as not to be subject to abatement by them by individual agreement, nor, except with general or particular authorisation of the competent authority, by collective agreement”. Of the 183 member countries of the ILO, 103 countries, representing 56.3 percent of the member countries of the ILO have ratified convention 26 on minimum wage. It is worth stating that while the United State of America has not ratified convention 26, the United Kingdom ratified it in 1929 but denounced it in 1985.

In Ghana, convention 26 on minimum wage was ratified by the Convention People’s Party (CPP) government in 1959. Ghana’s labour law, Act 651 of 2003 has provisions on minimum wage. Section 113 (1) of Act 651 mandates the National Tripartite Committee (NTC) to determine the National Daily Minimum Wage (NDMW). Having determined the national minimum wage, Section 113 (2) of the labour law requires that “The Minister shall publish in the Gazette and in such public media as the

Although in absolute terms Ghana’s NDMW has progressively increased during the period under review, the percentage increases have progressively decreased with the only exceptions in 2002/2003 and 2006/2007 when some marginal increases were recorded.
 Granted that these amounts are adequate, during the first 5 years of the decade under review, the national minimum wage was fixed below the upper poverty line. Thus minimum wage earners between 2000 to 2004 were poor because their incomes were inadequate to enable them meet their nutritional requirements and other basic needs.

In determining the NDMW in Ghana, a number of socioeconomic variables are considered. These variables include the prevailing macroeconomic situation of the Ghanaian economy, the basic needs of workers and their families and the changes in the cost of living of Ghanaian workers and their families. Other factors which are considered in the determination of the NDMW include; level of productivity and desirability of attaining and maintaining high level of employment.

**TABLE 1 NATIONAL MINIMUM WAGE AND INFLATION IN GHANA - (2000 - 2010)**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>DAILY GH¢</th>
<th>MONTHLY GH¢</th>
<th>PERCENTAGE CHANGE</th>
<th>YEAR-ON-YEAR INFLATION (DECEMBER)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>0.42</td>
<td>11.34</td>
<td>-</td>
<td>40.50</td>
</tr>
<tr>
<td>2001</td>
<td>0.55</td>
<td>14.85</td>
<td>30.90</td>
<td>21.30</td>
</tr>
<tr>
<td>2002</td>
<td>0.71</td>
<td>19.17</td>
<td>29.00</td>
<td>15.20</td>
</tr>
<tr>
<td>2003</td>
<td>0.92</td>
<td>24.84</td>
<td>29.50</td>
<td>23.60</td>
</tr>
<tr>
<td>2004</td>
<td>1.12</td>
<td>30.24</td>
<td>21.70</td>
<td>11.80</td>
</tr>
<tr>
<td>2005</td>
<td>1.35</td>
<td>36.45</td>
<td>20.50</td>
<td>14.80</td>
</tr>
<tr>
<td>2006</td>
<td>1.60</td>
<td>43.20</td>
<td>18.50</td>
<td>10.50</td>
</tr>
<tr>
<td>2007</td>
<td>1.90</td>
<td>51.30</td>
<td>18.70</td>
<td>12.75</td>
</tr>
<tr>
<td>2008</td>
<td>2.25</td>
<td>60.75</td>
<td>18.40</td>
<td>18.13</td>
</tr>
<tr>
<td>2009</td>
<td>2.65</td>
<td>71.69</td>
<td>18.00</td>
<td>15.97</td>
</tr>
<tr>
<td>2010</td>
<td>3.11</td>
<td>83.97</td>
<td>17.10</td>
<td>08.58</td>
</tr>
</tbody>
</table>

*Source: Ghana Trades Union Congress*
The table above shows that from 2000 to 2010, the minimum wage in Ghana increased significantly. During the period under review, the national monthly minimum wage increased by 640.4 percent from GH¢11.34 to GH¢83.97. On average, Ghana’s NDMW increased by 22.2 percent annually from 2000 to 2010 with the highest annual percent increase (30.95%) recorded in 2001.

Although in absolute terms Ghana’s NDMW has progressively increased during the period under review, the percentage increases have progressively decreased with the only exceptions in 2002/2003 and 2006/2007 when some marginal increases were recorded. Also, the percentage increase in the NDMW in Ghana decreased sharply (by about 8%) between 2003 and 2004.

**INFLATION AND NDMW IN GHANA**

Inflation is a measure of aggregate price movements in an economy. It measures changes in the price of a fixed basket of goods and services patronised by a typical or an average household. Inflation therefore has a direct effect on the purchasing power of the incomes of workers. It is therefore rare to find any wage negotiation in Ghana which does not reference inflation. This is done to ensure that the value of income of workers eroded by inflation is restored. Inflation, current and projected, is therefore an important index in the formula for determining minimum wage in Ghana.

**FIGURE 1 MINIMUM WAGE AND INFLATION IN GHANA (PERCENTAGE INCREASES)**
The current poverty lines are low, hide poverty in Ghana and does not reflect the income requirements to have real command over goods and service required for an acceptable standard of living in Ghana.

Available data shows that except in 2000 when the percentage increase in the NDMW was fixed below the rate of the year-on-year (December) inflation, for most of the decade under review, the percentage increase of NDMW was fixed above the year-on-year (December) inflation. Particularly, in 2002, the percentage increase in the NDMW (29.09%) was almost twice the year-on-year (December) inflation rate (15.20).

NATIONAL MINIMUM WAGE AND POVERTY IN GHANA

Poverty is multidimensional. Poverty can be defined in both monetary and non-monetary terms (Darkwah 2005). In Ghana, according to the Ghana Statistical Service (GSS) (2007) at a Consultative Group Meeting in November 1999, two nutrition based poverty lines were set; lower and upper poverty lines. The lower poverty line which focuses on the nutritional requirements of household members is GH¢288.47 per adult (GSS 2007). Therefore individuals whose total annual incomes fall below GH¢288.47 are considered as extremely poor. For persons under this poverty line, even if they expend all their income on food, they would not be able to meet their minimum nutritional requirements (GSS 2007). The upper poverty line per adult per year is GH¢370.89. According to the GSS (2007), this amount includes both essential food and non-food consumption needs. Hence individuals who are able to consume above this level are considered to be capable of meeting both their nutritional requirements as well as their basic needs.

In practical terms these amounts; GH¢288.47 for the lower poverty line and GH¢370.89 for the upper poverty line are low and inadequate to meet the needs of the working people of Ghana and their families. However, for analytical purposes, granted that these amounts are adequate, during the first 5 years of the decade under review, the national minimum wage was fixed below the upper poverty line. Thus minimum wage earners between 2000 to 2004 were poor because their incomes were inadequate to enable them meet their nutritional requirements and other basic needs.

Using the international standards, poverty as measured by income is US$1 a day (Darkwah 2005). Thus persons who do not earn US$1 a day are classified as poor. From 2000 to 2002 (3 years) Ghana’s legislated monthly minimum wage of US$25 was not enough to move those who earned it out of poverty if poverty is measured by the US$1 a day international standard. Hence workers who earned the national minimum wage could be classified as poor. For such workers, the ideals of work which include lifting people out of poverty did not apply to them just because the national legislation allowed their employers to pay them such wages.

APPLICATION OF MINIMUM WAGE IN GHANA

The dearth for labour market information in Ghana makes it difficult to empirically access the application of minimum wage in Ghana. However, anecdotal evidence suggests serious breaches of the minimum wage legislation particularly in the informal sector. The non-compliance with minimum wage legislation has also been found in the formal sector and even in the public sector. Baah (2007) estimates that about 58 percent of informal sector workers in Ghana earn below the national minimum wage. In addition, Otoo et. al. (2009:32) show that “interestingly, some public sector workers (8%) earn below the
national minimum wage and 10 percent of private formal workers are earning below the national minimum wage”

CONCLUSION
The forgoing presents an analysis of the national minimum wage in Ghana. It highlights the increasing trend of the national minimum wage rate over the last decade. However, findings are that for the first 5 years of the period under review, the national minimum wage was fixed below the proposed upper poverty line. Given that real incomes are low in Ghana, it is important that not only must minimum wage be fixed but it must be fixed high enough to make it possible for minimum wage earners to provide for themselves and their families. Maybe time has come for Ghana to consider fixing different levels of minimum wage to meet the needs of specific sectors and workers.

The current poverty lines are low, hide poverty in Ghana and does not reflect the income requirements to have real command over goods and service required for an acceptable standard of living in Ghana. Therefore there is the need for a review of the poverty lines in Ghana taking into account current concerns, particularly consumption patterns in the determination of poverty lines.

The persistent and continued underdevelopment of Africa and the pauperization of its working people are traceable to the characteristic inequalities fostered by the capitalist mode of production, particularly in its neoliberal incarnation

*Communiqué of 1st Trilateral Conference of the of the Ghana TUC/COSATU/NLC*
The majority of Africa's population live in rural communities and are trapped in the informal sector. The informal sector in Africa is characterised by poor working conditions and lack of job security and social protection. It is also dominated by women and young people. Women constitute the majority of informal sector operators in Ghana (57 %), Benin (65 %), Malawi (58 %), and Namibia (53 %) (Baah 2007). Women are also engaged in vulnerable employment such as domestic work and casual employment, where social security coverage is close to zero.

The need for social protection mechanisms in Africa is underscored by rising vulnerability. There is pervasive unemployment, volatile food prices, war and conflicts, as well as environmental disasters, all of which require safety nets. A high prevalence of HIV/AIDS contributes to the rising number of orphans and families headed by women and children. Globalisation and urbanisation, is rapidly weakening the extended family system, which has traditionally been the source of social security for many.

Vulnerability to shocks varies significantly, and the impacts of shocks may affect men and women differently. Some risks (e.g., loss of income due to maternity) are biologically imposed. Other risks, even if they are not biologically imposed, can be higher for women than men - they are biologically susceptible to some illnesses such as certain sexually transmitted diseases and HIV and have gender-specific health issues, such as those related to child-bearing.

Global changes in the labour market, macroeconomics, and demographic transitions are resulting in negative impacts on women, particularly those outside the formal sector (Sabates-Wheeler and Kabeer 2003). The financial crisis and credit squeeze that followed the global economic crisis affected women greatly, as they are the main clients of microfinance institutions in Africa. A decline in demand for exports affected the incomes of women in high-value agriculture (e.g., Uganda) (Buvinic 2009).
Social protection programmes in most African countries are gender-neutral in spite of the differential impacts of risk on men and women. They are mainly employment-based and focused on formal sector workers, hence excluding the majority of women, who are concentrated in the informal sector. In most instances women’s access to social security benefits is determined by their social relationships as wives, widows or children of an insured male.

Gendered social protection programmes are particularly important in African countries, where traditional customs relegate women to the background. In some African societies (e.g., northern Ghana), women have limited access to property, such as land and livestock. In some societies, families continue to prioritise boys over girls in education, resulting in many women lacking the skills and capacities to compete on the labour market. Yet, little attention is given to gender in the design of social protection programmes in Africa.

EMPLOYMENT-BASED SOCIAL SECURITY SCHEMES IN AFRICA: A DISADVANTAGE FOR WOMEN

Social protection programmes in most African countries are gender-neutral in spite of the differential impacts of risk on men and women. They are mainly employment-based and focused on formal sector workers, hence excluding the majority of women, who are concentrated in the informal sector. In Ghana, in 2009, females constituted 29 per cent of the Social Security and National Insurance Trust’s active contributors and 14.9 per cent of its beneficiaries. The female membership of the National Social Security Fund in Kenya remains at 25 per cent.

In most African countries, social insurance schemes were inherited from the colonial governments (mainly provident funds); and these were established primarily for civil servants (and other private enterprises in some countries). Over the years, these schemes have transformed into mandatory national pension schemes for formal sector workers. The emphasis on the formal sector in the provision of social protection in Africa excludes rural dwellers and women who are concentrated in the informal sector. In most instances women’s access to social security benefits is determined by their social relationships as wives, widows or children of an insured male.
Social protection programmes and policies in most African countries have not changed much from those inherited from the colonial governments. The focus has primarily been on providing emergency aid in the form of food, cash, and in kind donations, as well as in the form of humanitarian assistance such as that which is offered to refugees. The constitutions of many African countries do not recognise social protection as a fundamental human right. The International Labour Organization’s (ILO) Convention 102 has not been ratified by many African countries.

As part of the colonial legacy, social security institutions in Africa have largely provided old age pensions, incapacity, and survivors’ benefits. In most countries, paid sick leave, paid maternity leave, and work injury leave have been mandated employer-liabilities by the labour laws. The provision of maternity leave in the formal sector as an employer-liability appears to have negative consequences for women. Maternity benefits are deemed unnecessary costs for business. As a result, many women are denied employment opportunities, and hence access to social security. A few countries such as South Africa and Namibia as well as Francophone African countries such as Benin, Guinea, Niger, and Togo provide some exceptions. The social security schemes in these countries fully or partly fund maternity leave benefits.

The provision of maternity leave in the formal sector as an employer-liability appears to have negative consequences for women. Maternity benefits are deemed unnecessary costs for business. As a result, many women are denied employment opportunities, and hence access to social security.
Universal family benefits are almost rare on the continent. The care of children continues to be the responsibility of both parents, but evidence of men neglecting their responsibilities abound. The judiciary is supposed to enforce child care responsibilities on fathers.

Since 2000, some African countries have attempted to reform existing programmes and introduce new ones. The primary focus has been to improve benefits (e.g., Nigeria and Ghana) and/or expand coverage to the informal sector (e.g., Ghana). A few of these new/reformed programmes have entrenched positive discriminative objectives that favour women, but others have eliminated existing gender biases. South Africa has set the pension age of men and women to 60 years, eliminating the gender-bias in favour of women.

Social assistance programmes are also being established on the continent. Cash transfers are being delivered to the elderly, people living with disability, and the destitute. Aside from Botswana, Mauritius, Namibia, and South Africa, which offer comprehensive social assistance programmes, Lesotho and Seychelles have introduced universal pension schemes, while Cape Verde, Liberia, and Swaziland, among others, have embraced means-tested old age pension schemes. Ghana, Mozambique, Sierra Leone, Uganda, and Zambia, among others, have initiated pilot programmes to extend cash transfers to the elderly and vulnerable. Health insurance schemes are also being adopted by some countries.

UNFAVOURABLE MATERNITY LEAVE CONDITIONS
In some countries, unfavourable conditions are entrenched in labour laws to minimise the supposed negative impacts of maternity leave on enterprises. For instance, in Malawi women can qualify for maternity leave again only three years after their previous confinement. In other words, women who give birth within three years after their previous confinement lose maternity benefits. In Niger, where maternity leave benefits are split between the employer and the Caisse Nationale de Securité Sociale (CNSS), the claimant must have worked for a minimum of two years for the employer to qualify for the employer’s share of the benefits. Zambia’s labour laws enforce 120 days of paid maternity leave on employers for women who have been engaged for a minimum of two years. In Botswana, maternity leave is granted with full salary for the first three confinements at compulsory two year intervals. Women on
their fourth confinement and above earn maternity leave at a reduced salary. On average, the maternity leave period on the continent ranges from 10 - 14 weeks.

**FAMILY BENEFITS: RARE**

Universal family benefits are rare on the continent. The care of children continues to be the responsibility of both parents, but evidence of men neglecting their responsibilities abound. The judiciary is supposed to enforce child care responsibilities on fathers. However, slow justice processes, corruption, and administrative bottlenecks leave many women struggling alone with the care of their children. Middle-income countries such as Botswana, Mauritius, Namibia, and South Africa provide family benefits through state-financed social assistance programmes. In Togo, Benin, and Niger, family benefits are provided through the membership-based CNSS, but the beneficiaries are largely formal sector workers. In Togo, insured single mothers are even discriminated against. While up to six children of an insured male worker qualify for family benefits (regardless of the wife’s employment status), only two children of an insured single mother are eligible. Wives in Benin need the consent of their husbands to access family benefits.

**OUT-OF POCKET HEALTH EXPENDITURE: A DRAIN ON MOTHERS**

Out-of-pocket health care service-delivery in many Africa countries is taking a great toll on mothers. There are few progressive policies such as the free maternal care policy instituted by the Government through the NHIS. Other countries provide free/subsidised Caesarean services to women in confinement. South Africa, Malawi, Mauritius, and Uganda also pursue free and universal health care delivery.
women. Gabon, Ghana and Kenya have instituted universal health insurance schemes. Mutual health schemes, usually community-based, have also evolved in countries such as Rwanda, Benin, Senegal, and Tanzania. Mutual health schemes are improving access to health care services by informal sector workers and those living in rural populations. However, affordability is cited as the main reason for the lack of enrolment in these types of schemes for the poor. There are few progressive policies such as the free maternal care policy (pre-natal and post-natal) instituted by the Government of Ghana through the National Health Insurance Scheme. Other countries provide free/subsidised Caesarean services (e.g., Togo, Benin, and Sierra Leone) to women on confinement. South Africa, Malawi, Mauritius, and Uganda also pursue free and universal health care delivery through public hospitals and clinics to all citizens. But access in some of these countries, particularly in Malawi and Uganda, is described as poor, due to inadequate resources and geographical challenges.

SOCIAL ASSISTANCE PROGRAMMES: GENDER SENSITIVE?

Some social protection programmes on the continent have inherent positive discriminative objectives in favour of women; although “gender is rarely used as a differentiating lens through which to understand poor people’s exposure to risk and vulnerability and to design social protection measures accordingly” (Thakur et al. 2009: 167). The Malawi Social Action Fund (MASAF) Public Works Programme (PWP) operates in food-deficient rural areas and targets women and female-headed households. The programme purposely selects projects that either attract a large proportion of women workers or create assets that benefit women directly, such as woodlots and water points that reduce women’s workloads and water-collection times (Cammack 1996; Shaba, unpublished). It is important to note that public work programmes may not be an effective intervention for vulnerable people, such as women involved in intensive care of children, old people, or people with disabilities. This is because PWP relies on recipients’ abilities to engage in active economic activities.

A programme to feed the vulnerable in Botswana distributes free meals and nutritional supplements to pregnant women and lactating mothers from poor or low-income households. In
Ghana, the Livelihood Empowerment against Poverty, a cash-transfer programme, identifies a carer for eligible persons within a household – this is usually a woman. Female-headed households have priority access to the cash transfer scheme piloted in Malawi (CTS March 2009 Monthly Monitoring Report; Shaba, unpublished). Designated caregivers of beneficiaries of the South African Child Support Grant are largely females (Agüero et al. 2006). Women in Benin receive higher retirement incomes and enjoy a tax credit based on the number of children they have.

**EVIDENCE FROM FEMALE-BIASED SOCIAL PROGRAMMES**

Attention to gender in designing social protection programmes can enhance efficiency and ensure better protection of men and women (Luttrell and Moser 2004: 2). Evidence suggests that gender equality is key to improving maternal health and child mortality (Luttrell and Moser 2004: 3). This is particularly so in African societies, where the traditional role of women as caregivers remains strong. For instance, women are associated with prioritising health care expenditures. Women also show a greater propensity to spend money in health-related matters such as nutrition, as compared with men (Khandker 1998). In a case study about Mutual Health Organisations (MHO) in Mali, Senegal, and Ghana, Chankova et al. (2008) found that female-headed households are more likely to join mutual health programmes that account for the synergies between women’s work and children’s welfare and recognise the barriers to women’s advancement in the labour market offer a strong potential to contribute to wider goals of economic growth, human development, and social justice (Thakur et al. 2009: 169).
Giving women in the formal sector in Africa access to unconditional maternity benefits through public social security schemes can boost women’s career development. This may alleviate the fears of private businesses about high maternity costs associated with young women.

In Africa, social benefits have a trickle down impact on an extended family, if not the larger community. Olivier and Kalula (2004) noted in South Africa that recipients of Older Persons Grants tend to share their meagre incomes with family members in need, particularly when there are no other ongoing sources of income. Old age pensions in South Africa have had a particularly positive effect on girls’ nutritional status – those in recipient households are on average 3 to 4 centimetres taller than their same-age counterparts in non-recipient households (Samson et al. 2004). Undoubtedly, having women beneficiaries of social grants as caregivers would facilitate the trickle-down benefits to other family members. Cash transfers in the hands of women as caregivers can improve children’s health and nutritional status as well as school enrolment. Baird et al. (2009) observed from a conditional cash-transfer experiment among teenage girls and young women in Malawi that a rise in re-enrolment rates among dropouts increased by two and a half times, while the dropout rate among those in school decreased from 11-6%.

Giving women access to productive resources through social grants or public work programmes also means empowering them economically and teaching them to be self-reliant. Posel et al. (2006) found that households receiving social grants offer better chances to age-qualified female members undertaking a job search, resulting in greater success in securing employment. Addressing gendered forms of vulnerability across the life cycle can lead to gains in gender equity, poverty reduction, and human development. Well-designed programmes that account for the synergies between women’s work and children’s welfare and recognise the barriers to women’s advancement in the labour market...
offer a strong potential to contribute to wider goals of economic growth, human development, and social justice (Thakur et al. 2009: 169).

**CONCLUSION**

Unlike the developed world, where adequate social assistance programmes exist, vulnerability in most African countries has been exacerbated by the global crisis. As caregivers, women in particular have been affected by the food crises. The potential of social protection mechanisms to provide effective remedies to poverty and vulnerability - particularly in the period of post-financial and economic crisis - is not in doubt. In the African context, however, the dynamics of social protection needs to change to become more effective. So far, employment-based schemes have favoured men more than women due to labour market disaggregation and other factors such as women’s biological and social roles. Because girls’ enrolment and retention in school in most African countries lags behind that of men, women in Africa are more likely than men to be unemployed due to limited skills. Women are also more likely to exit from employment to assume maternal roles. These facts are illustrated by high unemployment among women in many parts of Africa. As a result, pursuance of employment-based social protection systems would only produce or perpetuate gender inequality.

Studies have established that countries need not be rich to afford basic social protection programmes, but African governments continue to hide behind excuses about affordability to evade responsibilities. Sub-Saharan Africa has the lowest levels of expenditure for social protection after South Asia.
Social security schemes supported by the few formal sector workers are not sustainable in the long term. Poor tax regimes have resulted in high donor dependency. So far, pilot cash-transfer programmes on the continent are financed by donors.

Giving women in the formal sector in Africa access to unconditional maternity benefits through public social security schemes can boost women’s career development. This may alleviate the fears of private businesses about high maternity costs associated with young women. For those in the informal sector, universal family benefits and access to free health care (maternal, including child care) would also be the surest way of supporting women to meet gender-imposed vulnerabilities. Special tax incentives can also be instituted for single mothers in the formal sector.

Studies have established that countries need not be rich to afford basic social protection programmes, but African governments continue to hide behind excuses about affordability to evade responsibilities. Sub-Saharan Africa has the lowest levels of expenditure for social protection after South Asia. In some countries such as Ghana and Namibia, cash transfers have been condemned as a medium to encourage laziness and dependency, although pilot programmes had shown significant improvements in the lives of beneficiaries, in social as well as economic terms.

However, it is important to note that the current highly informal structure of many sub-Saharan African countries offers little room for universal social protection schemes. Social security schemes supported by the few formal sector workers are not sustainable in the long term. Poor tax regimes have resulted in high donor dependency. So far, pilot cash-transfer programmes on the continent are financed by donors. African countries need to explore appropriate financing mechanisms. It is difficult to sustain universal coverage without mandating contributions, either through taxes or insurance. With high poverty levels, taxes (on luxury goods) appear to be an appropriate mechanism to ensure that the poor are paid for by the rich. In Ghana, a 2.5 per cent tax on goods and services to finance the National Health Insurance Scheme has proven to be viable. In 2009, the National Health Insurance Levy in Ghana provided 61.7 per cent of the National Health Insurance Scheme’s revenues. Consequently, the Government of Ghana is considering eliminating premiums to ensure universal access to health care. In 2009, Gabon raised 30 million US dollars for health by partly imposing a 1.5 per cent tax on companies handling remittances from abroad. Similar mechanisms, when well-established, can boost cash-transfer financing and promote wider coverage.
The Ghanaian economy in the last decade has performed pretty well compared to the three decades before. Despite the growth records, the country is struggling with job creation particularly for the youth and improvement in the living standards of the people. The gap between the macro level performance and that of the micro level has widened over the period.

This article gives an overview of the economy for the first quarter of 2011 with particular reference to key macroeconomic indicators and their implications on the labour market. This is done by carefully analysing the effects of the rebasing and real sector performances, the stabilization policy and fiscal development as well as the monetary and financial developments over the period.

REBASING AND REAL SECTOR PERFORMANCES

In 2010, Ghana decided to update its methodology used in computing the national accounts by changing the base year from 1993 to 2006 in order to capture the significant changes that have taken place in the socio-economic landscape of the country over the last decade and beyond.

After the rebasing, the new GDP estimates for 2006 was GH¢ 18,705.00 million against the previous estimate of GH¢ 11,671.97 million based on the 1993 series. This translates into an increase of 60.3 percent in the level of the GDP portraying a much richer economy than previously measured. The per capita GDP estimates for the 2006 and 2010 were GH¢ 854.9 and GH¢ 1,908.0 respectively. By this performance, Ghana is said to be a lower middle income country.

Despite the growth records, the country is struggling with job creation particularly for the youth and improvement in the living standards of the people. The gap between the macro level performance and that of the micro level has widened over the period.
Under industry, the main driving subsector was mining and quarry and this was because of the production of crude oil.

On sectoral basis, the yearly estimates for the agriculture sector after the rebasing was 30.20 percent as against 37.7 percent in 2009, industry’s was slashed from 27.2 percent to 18.6 percent, with services shooting up to 51.1 percent from 35.1 percent.1

Real GDP for the first quarter of 2011 was 5.1 percent. This shows a decline over the previous quarter (i.e. fourth quarter of 2010) of 5.5 percent. This notwithstanding, the main sectors that contributed to the growth records were the industrial and services sectors. Under industry, the main driving subsector was mining and quarry and this was because of the production of crude oil. The manufacturing subsector however declined by 7.0 percent from a growth of 7.1 percent in the last quarter of 2010.

Similarly, the growth in the services sectors was attributed to the business services which increased by 19.7 percent, hotels and restaurants by 17.4 percent, personal service activities by 14.2 percent and transport and storage by 11.5 percent.

The weak performance in the agricultural sector was due mainly to the seasonal patterns in production. The seasonal problems in the agriculture sector has persisted over the years with little or no effort to revert the cycle. This means that the country is unable to produce sufficiently throughout the year thus relying on huge exports.

The nature of employment in the lead growth sectors can be compared to that of a ‘pyramid’ where a lot more Ghanaian are found operating at the lower part of the pyramid with lower levels of skills. For instance in the telecommunication sector, one finds a lot of Ghanaians trading in top-up cards popularly known as “Space-to-Space”. As a nation, we need a more dynamic transformation whereby more Ghanaians would be part of the highly skilled technology driven levels in the lend growth sectors. The declining growth in the manufacturing sector is worrying and the state must do a lot more to create jobs in this sector and encourage private sector partnership.

It is important to note that the living standards of Ghanaian cannot be measured only by the rebasing since per capita GDP is just one of indicators of measure. There is the need to sustain the social interventions such as millennium development goals, Livelihood Empowerment Against Poverty (LEAP), National Health Insurance Scheme (NHIS), etc and if
possible introduce some other inventions.

The rebasing has some possible implications on the country’s foreign assistance. First of all the country would have to forgo its Official Development Assistance (ODAs) and secondly opt for more debt financing. ODAs are concessional loans or grants given to less developed economies to aid in economic development and welfare creation. Since these assistance are meant for the least developed economies, it is only natural that as middle income country, we do not qualify for such assistance. However our perceived rich economy would boost our image in the international markets for loan contraction. In other words our ability to secure more loans from other developed economies would be quite easy. The caution is that such loans must be used efficiently by investing in productive ventures to generate returns to pay back. Otherwise the country would be heavily indebted.

**STABILIZATION POLICY AND FISCAL DEVELOPMENTS**

In mid-2009 the government of Ghana agreed with the Bretton Woods Institutions (BWIs) on a Stabilization Programme to last from 2009-2012. The rational for the three year policy was for government to cut down on its expenditure as a result of the highly expansionary budgetary stance.

### Table 1: Revised GDP Estimates on Year-on-Year

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Growth in GDP at Constant 2006 prices</strong></td>
<td>6.5</td>
<td>8.4</td>
<td>4.0</td>
<td>7.7</td>
<td></td>
</tr>
<tr>
<td><strong>GDP Current (million Cedis)</strong></td>
<td>18,705</td>
<td>23,154</td>
<td>30,179</td>
<td>36,598</td>
<td>46,232</td>
</tr>
<tr>
<td><strong>GDP Current (million $)</strong></td>
<td>20,331.7</td>
<td>24,632.9</td>
<td>28,203.9</td>
<td>25,773.3</td>
<td>32,557.5</td>
</tr>
<tr>
<td><strong>Per Capita GDP (Gh Cedis)</strong></td>
<td>854.9</td>
<td>1,034.2</td>
<td>1,317.8</td>
<td>1,562.7</td>
<td>1,908.0</td>
</tr>
<tr>
<td><strong>Per Capita GDP ($)</strong></td>
<td>929.2</td>
<td>1,100.2</td>
<td>1,231.6</td>
<td>1,100.5</td>
<td>1,343.7</td>
</tr>
</tbody>
</table>

Source: Ghana Statistical Service / Revised on May 11, 2011

One of the consequences of this policy is the freeze on “a net hiring” public sector employment, except for teachers, nurses and doctors. This was part of the condition for the Government to secure a $300-million loan from the International Development Association (IDA) of the World Bank to support the 2009 budget. Such policies do not augur well for a country that is bedevilled with unemployment challenges.

In spite of the conditions under the stabilization policy, the fiscal development of the country for the first quarter shows that total revenue and grants amounted to GH¢ 1,886.9 million (3.5% of GDP), representing an annual growth of 18.6 percent compared with a growth of 17.7 percent recorded for the corresponding period in 2010. Whilst total domestic revenue mobilisation improved by 3.3% of GDP, total grants (excluding project grants) declined by some 54.4 percent compared with an annual growth of 24.7 percent in the previous period in 2010. Our status as a middle income country could partly explain the decline in the grants inflows.

The pace of Government Expenditure (excluding foreign financed capital expenditure) amounted to GH¢ 2,754.3 million (5.2% of GDP), representing an annual growth of 42.7 percent as against 42.9 percent recorded for the same period in 2010.
The Budget Deficit recorded during the first quarter was 1.6% of GDP compared with 1.4% of GDP at the end of the same period in 2010. The revised budget deficit for 2011 is about 5.1 percent of GDP. The deficit targets may be quite ambitious considering the limited space for fiscal manoeuvre on account of short-term inflexibilities in public expenditures by way of mandatory obligations including interest payments, statutory transfers to the District assemblies Common Fund, the public sector wage bill and the development budget). If adequate attention is not paid to these inflexibilities it could lead to under-provisioning in the budget which could in turn result in new payment arrears or worse still, in delays and stoppages of infrastructural projects which is counterproductive because of the consequences for growth and job creation.

Provisional total public debt stock at the end of the first-quarter of 2011 stood at US$12,675.94 million (35.65% of GDP) from US$11,829.20 million (38.29% of GDP) at the end of December 2010.

Government’s wage bill for the first quarter of 2011 amounted to GH¢869.6 million (1.6% of GDP), representing an annual growth of 23.7 percent compared with a growth of 7.0 percent recorded in the same period in 2010. The growth in the wage bill is largely on account of the implementation of the Single Spine Salary Structure which began in July 2010.

**MONETARY & FINANCIAL DEVELOPMENTS**

The Bank of Ghana continued to maintain its inflation targeting framework as a guide to the price and monetary outlook during the period under review. Inflation targeting involves a declaration of an inflation Government’s wage bill for the first quarter of 2011 amounted to GH¢869.6 million (1.6% of GDP), representing an annual growth of 23.7 percent compared with a growth of 7.0 percent recorded in the same period in 2010.
target by the central bank and then monetary tools (often the prime rate) are used in an attempt to keep inflation within the targeted range.

Inflation targeting involves a declaration of an inflation target by the central bank and then monetary tools (often the prime rate) are used in an attempt to keep inflation within the targeted range.

Inflation for most parts of last year was on a declining pattern. However after the Petroleum price hike in January 2011, inflation on a year on year basis moved up quite significantly. In January, inflation rate

### Table 3: Budget Balance & Financing

<table>
<thead>
<tr>
<th>(Million Ghana Cedis)</th>
<th>2010</th>
<th>2011</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Out turn</td>
<td>Out turn</td>
<td>Estimate</td>
</tr>
<tr>
<td>Tax Revenue</td>
<td>1,146.80</td>
<td>1,601.50</td>
<td>7,683.00</td>
</tr>
<tr>
<td>% of GDP</td>
<td>2.6</td>
<td>3</td>
<td>14.4</td>
</tr>
<tr>
<td>Non-Tax Revenue</td>
<td>21.5</td>
<td>46.3</td>
<td>537.5</td>
</tr>
<tr>
<td>Others</td>
<td>117.7</td>
<td>100.0</td>
<td>-</td>
</tr>
<tr>
<td>Grants</td>
<td>305.2</td>
<td>139.2</td>
<td>517.4</td>
</tr>
<tr>
<td>% of GDP</td>
<td>0.7</td>
<td>0.3</td>
<td>1</td>
</tr>
<tr>
<td>Total Domestic Revenue</td>
<td>1,286.00</td>
<td>1,747.80</td>
<td>8,220.60</td>
</tr>
<tr>
<td>% of GDP</td>
<td>2.9</td>
<td>3.3</td>
<td>15.4</td>
</tr>
<tr>
<td>Total Revenue &amp; Grants</td>
<td>1,591.20</td>
<td>1,886.90</td>
<td>8,738.00</td>
</tr>
<tr>
<td>% of GDP</td>
<td>3.6</td>
<td>3.5</td>
<td>16.4</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>1,930.10</td>
<td>2,754.30</td>
<td>9,433.40</td>
</tr>
<tr>
<td>% of GDP</td>
<td>4.3</td>
<td>5.2</td>
<td>17.7</td>
</tr>
<tr>
<td>OVERALL BALANCE(commitment)</td>
<td>-338.8</td>
<td>-867.4</td>
<td>-695.4</td>
</tr>
<tr>
<td>% of GDP</td>
<td>-0.8</td>
<td>-1.6</td>
<td>-1.3</td>
</tr>
<tr>
<td>OVERALL BALANCE(Cash Incl. Divestiture)</td>
<td>-621.4</td>
<td>-828.1</td>
<td>-962.7</td>
</tr>
<tr>
<td>% of GDP</td>
<td>-1.4</td>
<td>-1.6</td>
<td>-1.8</td>
</tr>
<tr>
<td>Wages &amp; Salaries, Pensions &amp;SSP</td>
<td>702.9</td>
<td>869.64</td>
<td>4,472.8</td>
</tr>
<tr>
<td>% of GDP</td>
<td>1.6</td>
<td>1.6</td>
<td>8.4</td>
</tr>
</tbody>
</table>

stood at 9.08 percent. However inflationary pressures from the petrol hikes and associated effects moved the Consumer price index to 9.16 percent in February. As at the end of March, the petroleum effect together with food inflation had declined. As a result, inflation rate at the end of March fell to 9.13 percent. As at the end of April, May and June, inflation further declined to 9.02, 8.90 and 8.59 percent respectively on the backdrop of substantial fall in food and non-alcoholic beverages groups.

The lower levels of inflation are likely to continue throughout the year but the critical question of the tradeoff between inflation targeting and employment targeting still remains. It is argued that perhaps an optimum inflation approach (i.e. employment, real GDP growth, investment and the real exchange rate) by the bank could contribute more significantly in addressing the social needs of the country. Some critiques have argued that inflation in Ghana is a supply side constraint and until these constraints are carefully addressed even at zero inflation, unemployment would remain high.

Some employers have argued that their employees must not negotiate for higher salaries since inflation is declining. This perception does not hold because of a number of reasons. First of all the value of money (real income) is affected by any level of inflation. Inflation at any level other than zero percent erodes the value (or the purchasing power) of money by that percentage. For instance the April inflation rate of 9.02 percent implies that the purchasing power of money is being eroded by 9.02 percent over the period of twelve months. The least any worker can get in the face of any rate of inflation will be an increase

Some critiques have argued that inflation in Ghana is a supply side constraint and until these constraints are carefully addressed even at zero inflation, unemployment would remain high.
Lending rates refer to the interest rates banks and non-banking financial institutions charge the public on loans and advances. (i.e. salary) at least at the same rate as the current inflation rate.

Secondly, Lower inflation does not signal falling prices. Inflation is calculated over a period of twelve months across the entire economy, not just to the price of a single good or service. What this means is that inflation might be falling but relative prices (i.e. changes in the price of a single commodity) may be rising or remain unchanged. For instance the increases in petroleum, utility prices, road tolls, transportation fares etc experienced at the beginning of this year has remained at their levels despite the gradual reduction in inflation.

Lending rates refer to the interest rates banks and non-banking financial institutions charge the public on loans and advances.

Another important monetary indicator is interest rates. The major interest rates are deposit rates, lending rates and the Bank of Ghana prime rates. Lending rates refer to the interest rates banks and non-banking financial institutions charge the public on loans and advances. It reflects the cost of borrowings and includes the charges and commissions levied by banks. As at April 2011, the average lending rate stood at 27.51.

The deposit rate on the other hand is the interest paid by the commercial banks on deposits. As at April 2011, the average deposit rate was 8.98 percent.

The Bank of Ghana prime rate is the interest rate charged by the Bank of Ghana for credit or loans to the Commercial Banks. In the first quarter of 2011, the rate was reduced from 13.50 percent late last year to 13.00 percent, representing a reduction of 0.50 basis points.

There is no doubt that the trend in the interest rates reflects the high interest spread over the period despite the reduction in the policy rate by the central bank. Considering the relatively cheaper rate (i.e. 91 days T-bill

<table>
<thead>
<tr>
<th>Table 4: Inflation Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>December (2010)</td>
</tr>
<tr>
<td>January 2011</td>
</tr>
<tr>
<td>February 2011</td>
</tr>
<tr>
<td>March 2011</td>
</tr>
<tr>
<td>April 2011</td>
</tr>
<tr>
<td>May 2011</td>
</tr>
<tr>
<td>June 2011</td>
</tr>
</tbody>
</table>

Source: Ghana Statistical Service (2011)
rate) at which government borrows from the commercial banks and the rates at which the banks (i.e. the interbank rate) also lend to one another as against the high rates that businesses and households have to borrow from the banks (i.e. rates in table 3), obviously allocation of credit to the private sector becomes limited. This situation crowds out the private sector which eventually affects job creation, adequate standard of living and low productivity in the country. It is not surprising that manufacturing sector is experiencing declining growth.

In other to see the trickling down effect of the macro level performance at the micro level, the government during the first quarter of 2011 launched an industrial policy to promote increased competitiveness and enhanced industrial production, with increased employment and prosperity for all Ghanaians. The policy outlined the following key development objectives:

- to create a modern productive economy, with high levels of value-addition;
- to expand productive employment in the manufacturing sector;
- to expand technological capacity in the manufacturing sector;
- to transform agriculture through agro-based industrial development;
- to provide consumers with fairly-priced, better quality products and services, competitive in both the domestic and international markets; and
- to promote spatial distribution of industrial development in order to achieve reduction in poverty and income inequalities

The concept behind the new policy is credible. One can only

Even though Ghana is deemed to have achieved a lower middle income status, the structure of the economy does not represent that of a middle income country.
hope that policy stands the test of time with the objectives being realized.

**CONCLUSION**

Even though Ghana is deemed to have achieved a lower middle income status, the structure of the economy does not represent that of a middle income country. The economy is highly informal, output from manufacturing is declining and there are still seasonality problems in agriculture. As a country we are still behind in terms of social development and technological advancement. To worsen the situation, our current status as middle income even comes with a cost in the area development assistance.

The huge budget deficit targets as a result of the stabilization policy must be critically examined particularly its implications for jobs and for other key expenditures to stimulate the economy. The tight fiscal policy and the efforts to achieve low inflation have repercussions for employment and other economic activities.

The continuous reduction in the policy (prime) rate as a result of falling inflation and the apathy of banks to reduce their interest rates by an equally significant margin is worrying. With the current trend, the lack of access to credit by certain key sectors such as agriculture and manufacturing will continue, and the private sector is unlikely to expand significantly to create jobs that will absorb new entrants to the job market. If this is not addressed, the unemployment situation will worsen.

It is critical at this point for the Central Bank to clearly define an optimal inflation target - a rate that will promote private sector activities and at the same time not hurt jobs. Even though inflation is falling if the structural bottlenecks that affect food production and distribution are not addressed, the fall in inflation cannot be sustained.

The huge budget deficit targets as a result of the stabilization policy must be critically examined particularly its implications for jobs and for other key expenditures to stimulate the economy.

<table>
<thead>
<tr>
<th>Instrument</th>
<th>December 2010</th>
<th>April 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>91-Day</td>
<td>12.26</td>
<td>12.05</td>
</tr>
<tr>
<td>182-Day</td>
<td>12.67</td>
<td>12.45</td>
</tr>
<tr>
<td>1 year</td>
<td>12.65</td>
<td>12.48</td>
</tr>
<tr>
<td>2 year fixed</td>
<td>12.7</td>
<td>12.5</td>
</tr>
<tr>
<td>3 year fixed</td>
<td>13.4</td>
<td>12.39</td>
</tr>
<tr>
<td>Lending rate</td>
<td>27.62</td>
<td>27.51</td>
</tr>
<tr>
<td>Saving rate</td>
<td>5.87</td>
<td>6.50</td>
</tr>
<tr>
<td>Prime rate</td>
<td>13.50</td>
<td>13.00</td>
</tr>
</tbody>
</table>

Source: Bank of Ghana