

Growth and Employment in Ghana

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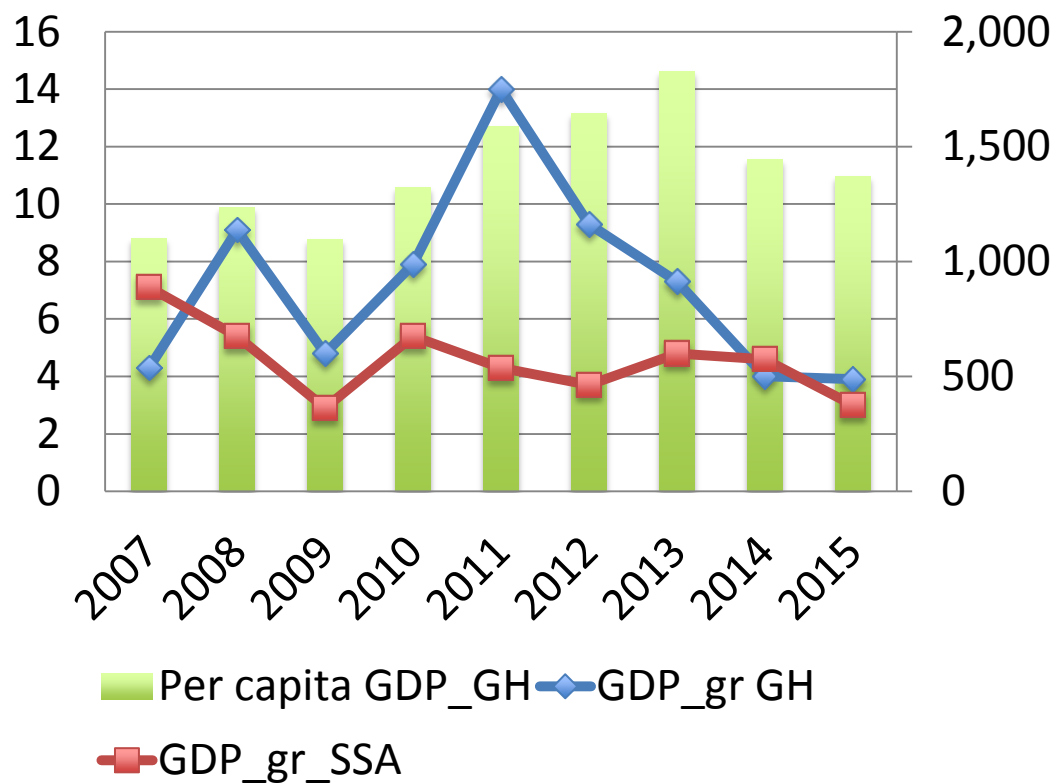
Introduction

- Joblessness and low quality of employment remain a major challenge in Ghana
- Opposition politicians often ride on it to win political power only to be confronted with the enormity of the issue.
- Until recently, Ghana's growth has been quite remarkable with annual average growth of 7.2% between 2007 and 2015
- But this has not translated into generation of sustainable and quality jobs

Economic Growth and per capita GDP

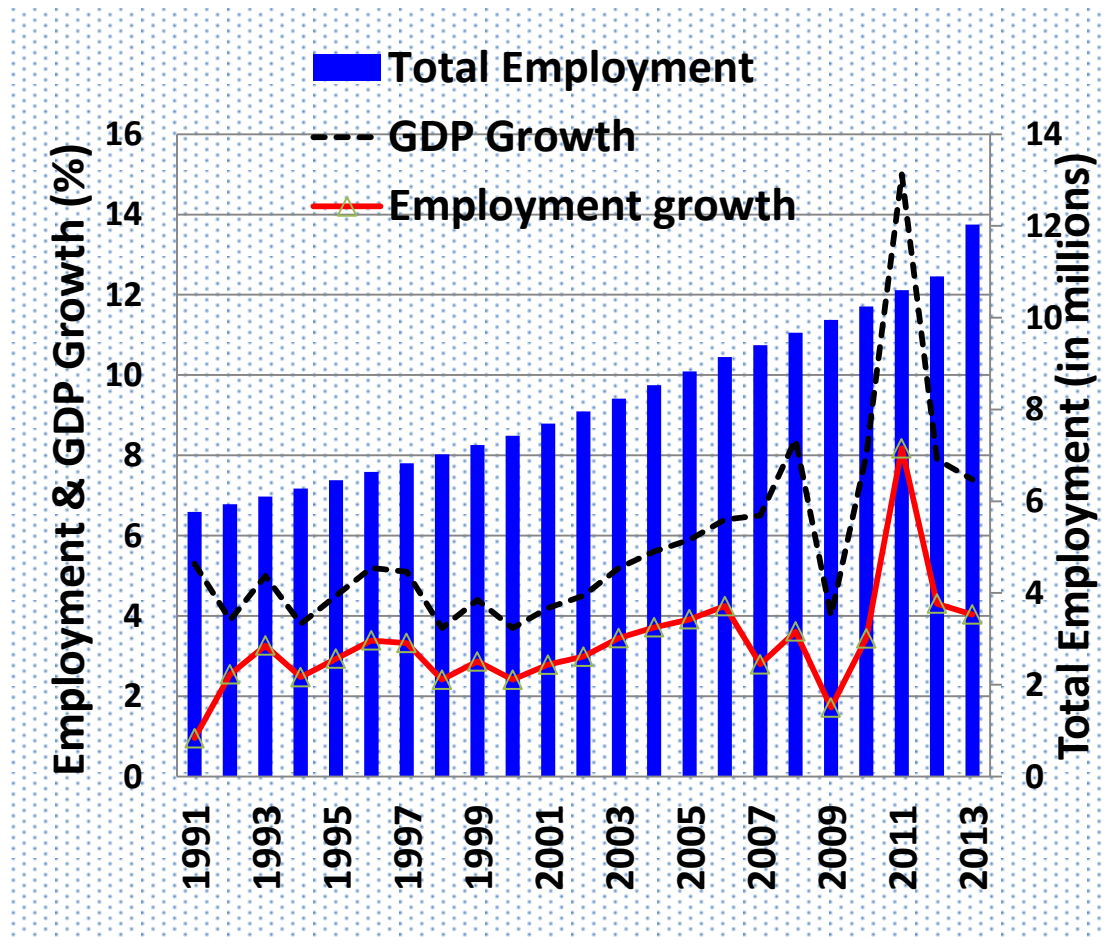
- Ghana's growth performance better than SSA average over the last decade
- Ghana attained middle income status in 2007 after national accounts rebasing
- Discovery of oil pushed growth to 14% in 2011

GDP growth & GDP per capita trends



Employment and GDP growth trends

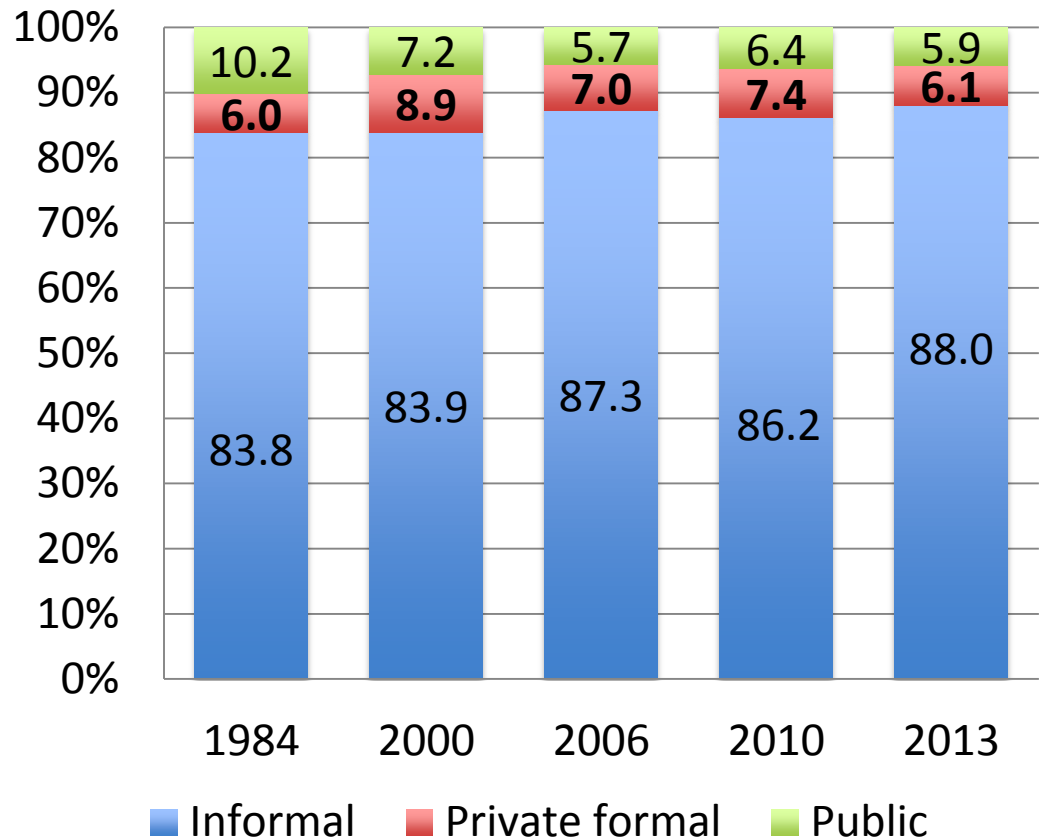
- Employment growth lags behind economic growth to the extent that
- Every 1% GDP growth triggers 0.5% employment growth
- Jobs are mostly created in the informal sector where earnings are low.
- Hence, share of informal employment has been rising relative to formal sector jobs



Dominance of Informal sector employment

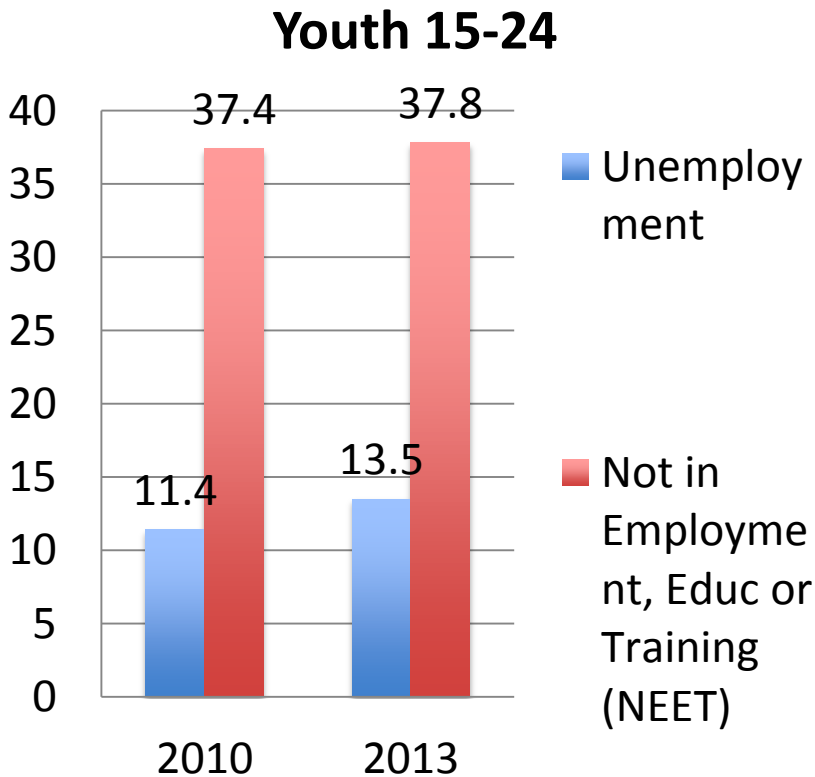
- Most of the jobs created were in the informal sector
- Pushing the sector's share in total employment from 84% in 1984 to 88% in 2013
- Public sector continues to decline in its share while that of private formal sector remains stagnant

Institutional sector of employment

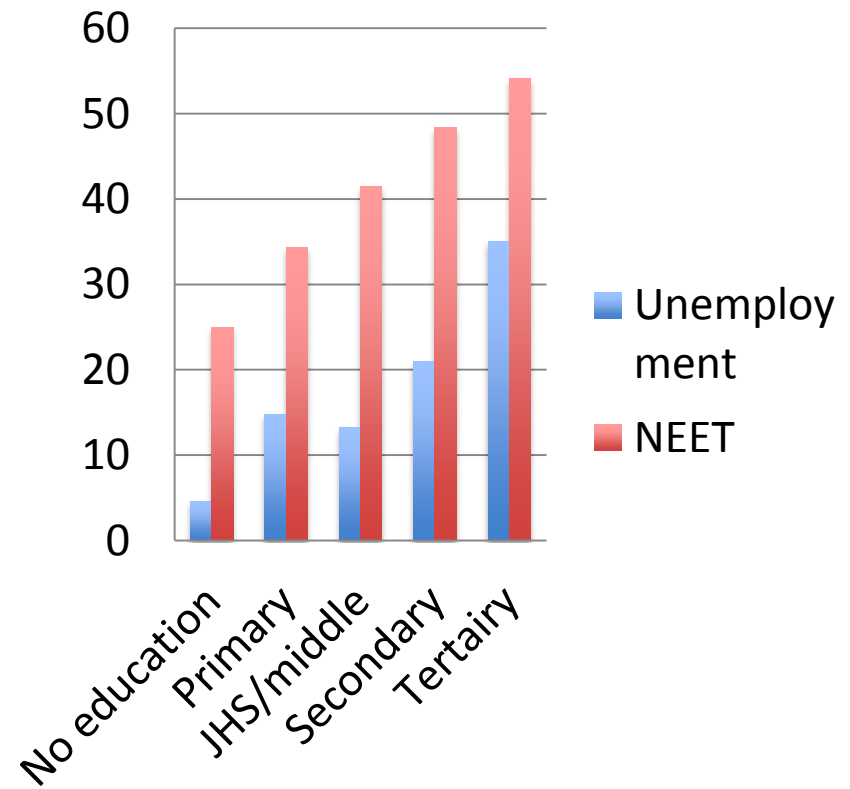


High unemployment & joblessness among the youth and educated

Youth unemployment & NEET



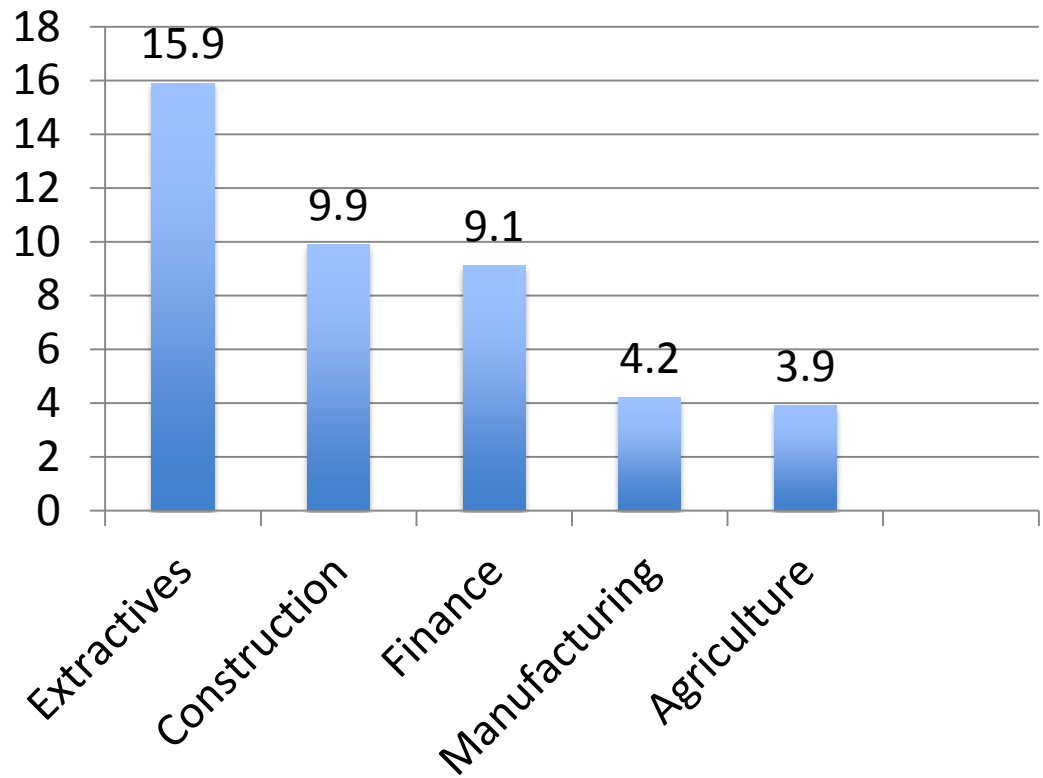
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Relative growth of key sectors

- Economic growth largely driven by low employment generating & highly capital intensive sector – Extractives, construction, finance)
- Slow growth in high labour absorption sectors of agriculture and manufacturing

Annual average growth of sub-sectors 1993-2013 (%)

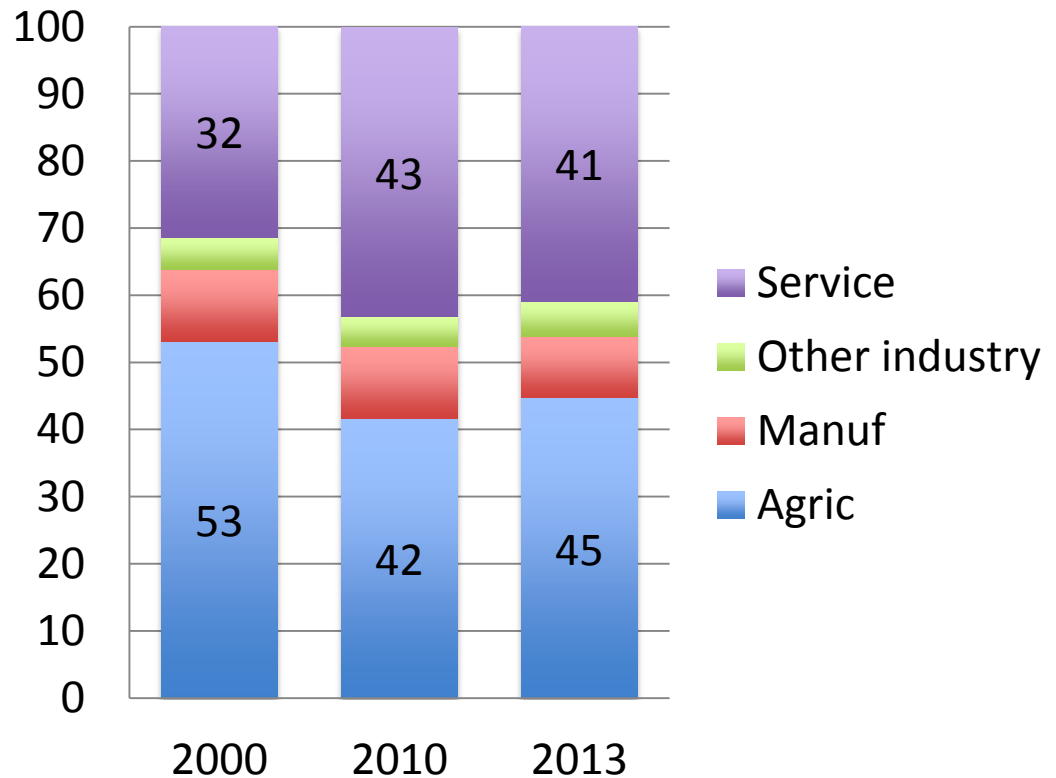


Sectoral Shift of employment and GDP

- Poor performance of agriculture and manufacturing has culminated in a shift of employment from agriculture to informal services activity
- This shift mirrors a change in sectoral composition of GDP

	2000	2013
• Agric	39.4	22.0
• Manuf	10.1	6.3
• Service	32.2	49.4

Sectoral distribution of employment (%)



The way forward

- New formal jobs are not going to be created in cities (skills required are not there)
- Focus on rural districts
- Modernising agriculture to fill the missing middle of small & medium scale agricultural activities
- Linking modernised agriculture with agro-industry to create off-farm employment through agribusiness

Way forward (2)

- Invest in infrastructure to support manufacturing and create industrial parks to absorb agriculture output and create manufacturing jobs (packaging, distribution, etc.)
- Initiate programs to formalise the operation of construction work (particularly in the housing sector) to make construction jobs sustainable and decent
- Leverage return from extractives (e.g. oil) to build infrastructure to support employment friendly sectors.