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Government as Employer of Last Resort as a Solution to Youth Unemployment in Developing Countries: Lessons from Ghana's National Youth Employment Programme

Timothy Yaw Acheampong¹

Abstract. Due to the private sector's inability to absorb the growing number of unemployed youths particularly in developing countries, as expected from neoclassical policies, critics of the neoclassical theory – the 'critical view' – have advocated for direct job creation programmes such as the Government as Employer of Last Resort (ELR) as a solution to all forms of unemployment. This paper provides evidence on the ability of Government to tackle youth unemployment based on a study of Ghana's National Youth Employment Programme (NYEP) using features of the ELR proposal as an analytical tool.

Design/methodology/approach. A mixed-methods, case study approach.

Findings. Ghana's NYEP has contributed to building some human capital; however, it does not meet all the criteria of an effective ELR scheme.

Research limitations/implications. Although, the study focuses solely on Ghana's NYEP, lessons from the programme's implementation challenges should serve as a guide for governments and policy makers.

Originality/value. This is the first independent empirical study on the NYEP and the first in Ghana and Africa based on the ELR framework.

Paper type. Original research paper.

Keywords: *Labour Market, Youth Unemployment, Government as Employer of Last Resort (ELR), Ghana's National Youth Employment Programme (NYEP), Developing Countries, Human Capital*

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1. Introduction

According to the latest World Employment Social Outlook Trends 2018 Report of the International Labour Organisation (ILO), global unemployment remains elevated as more than 190 million people are currently unemployed.² Furthermore, the lack of employment opportunities for youths under the age of 25 years particularly in developing countries is still a major global challenge that requires the attention of policy makers especially now that decent work targets have been prioritised under the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs). In 2019, the number of unemployed people across the globe is projected to grow by 1.3 million. Whereas developed countries are expected to enter their sixth consecutive year of decreasing unemployment rates, in developing countries unemployment is expected to increase by half a million per year in both 2018 and 2019.³

Just as the trend has been in the past years, unemployment continues to be more prevalent among the youth as indicated by a current global youth unemployment rate of 13 per cent which is three times higher when compared to the adult unemployment rate of 4.3 per cent.⁴ Similarly, two decades ago, in the year 2008 the worldwide youth unemployment rate was 12.1 percent compared to the global and adult unemployment rates of 5.8 and 4.3 percent respectively.⁵ Again in the year 2013, the ILO indicated that 73.8 million young people were unemployed globally with another half million projected to be unemployment by 2014. Furthermore, the youth unemployment rate – which had already increased to 12.6 per cent in 2012 – was also expected to increase to 12.9 per cent by 2017 with East Asia, South Asia and Sub-Saharan Africa being the worst affected.⁶

In adopting measures to address the problem of unemployment, governments and policy makers across the globe have been confronted with what has been described as the ‘great debate’ regarding the appropriate roles of government interventions and free markets in job creation and the achievement of full

² ILO. 2018. *World Employment Social Outlook Trends 2018*. Geneva: International Labour Organisation.

³ Ibid.

⁴ ILO. 2018. *World Employment Social Outlook Trends 2018*. Geneva: International Labour Organisation.

⁵ Otoo, K. N., & Torgbe, M. A. 2011. *National initiatives on Youth Employment in Ghana working paper no. 2010/01*. Accra: Labour Research & Policy Institute, Ghana TUC.

⁶ ILO. 2013. *Global Employment Trends 2013, Recovering from a second jobs dip*. Geneva: International Labour Organisation.

employment.⁷ On the one hand, the ‘distortionists’ perspective argues that government interventions in the labour market, reduce the rate of job creation and generate higher rates of unemployment.⁸ This neoliberal perspective, which has formed the basis of IMF policy prescriptions to nations, posits that full employment will be achieved if labour market interventions are completely eliminated to allow market forces to operate.⁹

Evidence from many countries however, indicates that the neoclassical framework does not always lead to job creation and full employment as theorised. For instance, it has been found that ‘distortionists’ policies such as structural adjustment programmes (SAPs) and financial liberalisation have resulted in uneven and disappointing patterns of socioeconomic development defying the neoclassical prediction that unfettered markets lead to higher growth rates, job creation, decreased poverty and more equitable income distribution.¹⁰

Increasing deregulation due to SAPs has also led to social safety nets being removed while the demand for labour has reduced creating a new cadre of unprotected workers or ‘labour reserves’ (especially youths) in the urban informal and rural sectors.¹¹ Furthermore, the private sector which was also expected to absorb these workers particularly in African and other developing countries have not been able to expand to create jobs due to external competition from globalisation and neoclassical policies.¹²

The inability of the ‘distortionists’ policies to address the problem of unemployment, has led to ‘institutionalists’ proposals such as the government as employer of last resort (ELR) as a solution to the problem of unemployment and a means to facilitate equitable labour market outcomes for all.¹³ The ELR proposal is based on the critical view of the labour market which posits that many people who are involuntarily unemployed, would be

⁷ Ragan, C. T., & Lipsey, R. G. 2007. *Macroeconomics*. Toronto: Pearson Addison Wesley.

⁸ Jha, P., & Golder, S. 2008. *Labour Market Regulation and Economic Performance: A Critical Review of Arguments and Some Plausible Lessons for India*. Geneva: International Labour Organization.

⁹ Braunstein, E. 2012. *Neoliberal Development Macroeconomics: A Consideration of its Gendered Employment Effects*. Geneva: United Nations Research Institute for Social Development (UNRISD).

¹⁰ Antonopoulos, R. 2007. *The Right to a Job, the Right Types of Projects, Employment Guarantee Policies from a Gender Perspective*. Annandale-on-Hudson, NY: The Levy Economics Institute of Bard College.

¹¹ David, W. L. 2011. The Human Right to Development. In L. Keita, & L. Keita (Ed.), *Cited in Philosophy and African Development Theory and Practice* (pp. 37-55). Dakar, Senegal: CODESRIA.

¹² Ibid.

¹³ Jha, P., & Golder, S. 2008. *Labour Market Regulation and Economic Performance: A Critical Review of Arguments and Some Plausible Lessons for India*. Geneva: International Labour Organization.

willing to accept an offer of work in jobs for which they are trained, at the going wage rate, if such offers were made to them.¹⁴

The ELR scheme variously called job guarantee, public service employment, or buffer stock employment programmes is based on the premise that, since demand in the private sector is insufficient to provide full employment as expected from neoclassical policies, governments should use their domestic policy space to mobilise labour resources to engage communities in socially and economically meaningful activities.¹⁵ An effectively designed ELR programme is expected to have the following 5 features namely: an Infinitely Elastic Demand for Labour, Decent Wages and a Benefits Package, Enhancement of Human Capital, Deficit Financing, as well as Socially and Economically Beneficial Jobs.¹⁶

In line with the ‘institutionalists’ perspective, the Government of Ghana introduced the National Youth Employment Programme (NYEP) also called the National Youth Job Corps Programme in October 2006 as a response to the problem of youth unemployment which has been identified as the single most important challenge facing policy makers.¹⁷ Since, the NYEP was intended to be a direct job creation programme by government, it can be considered as an ELR initiative.

Based on the tenets of the ELR proposal outlined above, an ELR programme is expected to address all forms of involuntary unemployment including youth unemployment. Thus far, most work on the ELR proposal has remained at the theoretical level.¹⁸ This paper therefore examines prospects of the ELR proposal as a solution to addressing youth unemployment in developing economies by drawing lessons from the implementation of Ghana’s NYEP based on an independent evaluation of the programme’s outcomes within the ELR framework.

This paper evaluates the employment outcomes of the NYEP with emphasis on its contributions to addressing youth unemployment in Ghana. It identifies

¹⁴ Kaboub, F. 2009. Employer of Last Resort Schemes. In P. A. O'Hara (Ed.), *Economic Policy Volume II* (Vol. 2, pp. 179-193). Geperu, Perth, Australia: International Encyclopedia of Public Policy.

¹⁵ Wray, R. L. 2007. *Government as employer of last resort, could it work for developing countries*. Geneva: International Labour Organization.

¹⁶ Wray, R. L. 2007. *Government as employer of last resort, could it work for developing countries*. Geneva: International Labour Organization. See also Tcherneva & Wray 2005; Papadimitriou, 2008; Kaboub, 2009.

¹⁷ Otoo, K. N., Osei-Boateng, C., & Asafu-Adjaye, P. 2009. *The Labour Market in Ghana, a descriptive analysis of the Labour Market component of GLSS V*. Accra: Labour Research & Policy Institute.

¹⁸ Tcherneva, P., & Wray, L. R. 2005. *Employer of Last Resort Program, a case study of Argentina's Jefes de Hogar program*. Kansas City: Center for Full Employment and Price Stability.

the major factors that influenced the success of programme and compares the employment outcomes and implementation of the programme against the 5 key features of an ELR. The paper concludes that although the features of Ghana's NYEP does not meet all the criteria of a truly and effective ELR programme, lessons from its implementation challenges should serve as a guide for governments particularly in Africa and the developing world that intend to undertake youth employment programmes and resort to an ELR scheme as a solution to addressing youth unemployment in their respective countries.

2. Theoretical and Conceptual Issues

The Government as Employer of Last Resort (ELR) proposal for addressing unemployment underpins this study. Dating back to at least the 1800s, several labour market theories have been proposed to explain, to predict, and to prescribe solutions for unemployment as well as for the attainment of full employment.¹⁹ Currently two major sets of conflicting theoretical perspectives are used in labour market analyses.²⁰

On the one hand, the neoclassical theory argues that labour markets are basically efficient and fundamentally fair with full employment as the norm; whereas, critics of the neoclassical theory – the 'critical view' – which has been linked to radical and institutionalist theories such as Marxists, Post Keynesian, Feminists and the Segmented Labour market Theory argue that the market system is inherently unfair with unemployment as the norm.²¹ The two perspectives disagree over the causes of unemployment, the effectiveness and fairness of the market system in allocating employment opportunities, as well as the role of government interventions and labour market institutions in achieving full employment and equitable labour market outcomes.

The neoclassical theory is based on the Continuous Market Clearing Mechanism (Say's Law), the Rational Expectations Hypothesis, and the Aggregate Supply Hypothesis.²² The market clearing hypothesis of the neoclassical theory derived from Say's Law posits that supply creates its own demand.²³ This hypothesis argues that when the economy occasionally

¹⁹ Snowdon, B., & Vane, H. R. 2005. *Modern Macroeconomics Its Origins, Development and Current State*. Montpellier Parade, Cheltenham: EdwardElgar Publishing, Inc.

²⁰ Colander, D. 2002. *The Death of Neoclassical Economics*, Middlebury College Economic Discussion Paper No. 02-3. Middlebury: Department of Economics Middlebury College.

²¹ Tilly, C. 2004. Labor Markets. *Essay for Poverty and Social Welfare in the United States: An Encyclopedia*.

²² Snowdon, B., & Vane, H. R. 2005. *Modern Macroeconomics Its Origins, Development and Current State*. Montpellier Parade, Cheltenham: EdwardElgar Publishing, Inc.

²³ Sayre, J. E., & Morris, A. J. 2006. *Principles of macroeconomics*. Toronto:McGraw-Hill Ryerson.

diverges from its full employment output, internal mechanisms within the economy will automatically move the demand and supply of labour back to its full-employment output and its natural rate of unemployment.²⁴

Another major tenet of the neoclassical model is the rational expectations hypothesis which posits that workers and employers behave rationally, gathering and intelligently processing information about things that are economically important to them in the labour market.²⁵ Furthermore, since employers and workers are able to gather perfect information about the labour market, it enables them to anticipate and adjust to future economic outcomes including changes in demand and supply of labour.²⁶

Closely linked to the rational expectations hypothesis is the aggregate supply hypothesis which posits that changes in employment are determined by the 'voluntary' choices of workers who change their supply of labour in response to perceived temporary changes in the real wage.²⁷ The aggregate supply hypothesis argues that workers prefer to work more if the current real wage is below the norm, and work less (take more leisure) in the current period in the anticipation of working more (taking less leisure) in the future, when the real wage is expected to be higher. The implication of this hypothesis is that unemployment is as a result of rational and voluntary decisions made by individuals; thus, the neoclassical theory's conclusion that involuntary unemployment cannot exist and that full employment is the norm.²⁸

Due to the neoclassical assumptions that individuals in the labour market make decisions rationally, and that the labour market is fundamentally fair and efficient in adjusting labour demand with labour supply, policy makers with a neoclassical orientation have adopted what has been described as a 'distortionist' perspective of labour market policy interventions.²⁹ According to the 'distortionist' view, any form of government interventions in the labour market, and the existence of labour institutions such as trade unions in general,

²⁴ Hubbard, R. G., & O'Brien, A. P. 2006. *Economics*. Upper Saddle River: Pearson Prentice Hall.

²⁵ Snowdon, B., & Vane, H. R. 2005. *Modern Macroeconomics Its Origins, Development and Current State*. Montpellier Parade, Cheltenham: EdwardElgar Publishing, Inc.

²⁶ McConnel, C. R., & Brue, S. L. 2008. *Economics Seventeenth Edition*. NewYork: McGraw Hill/Irvin.

²⁷ Snowdon, B., & Vane, H. R. 2005. *Modern Macroeconomics Its Origins, Development and Current State*. Montpellier Parade, Cheltenham: EdwardElgar Publishing, Inc.

²⁸ Greenwald, B., & Stiglitz, J. E. 1987. Keynesian, New Keynesian and New Classical Economics. *Oxford Economic Papers*, 39(1), 119-133.

²⁹ Boyer, R. (2006). *Employment and decent work in the era of flexicure*. New York: United Nations .

would distort the economy, reduce the rate of job creation and generate higher unemployment.³⁰

The distortionists' viewpoint therefore advocates for *laissez-faire* policies which minimises the role of government and emphasises the role of the market in addressing unemployment since in this view, regulations affect the freedom of employers to adjust the quantities of resources, one consequence of which is unemployment.³¹ The distortionists' viewpoint also supports policies that remove restrictions on labour markets and help individuals to invest in skills as a means of enhancing their chances of accessing employment opportunities.³²

The neoclassical theory and its 'distortionist' perspective has been the foundation of the Washington Consensus – the IMF's policy prescriptions which relies largely on markets to deliver economic development and full employment based on the principles of liberalisation, privatisation and macroeconomic stability.³³ The thesis of this policy prescription is that the full employment and optimal social welfare will be achieved if labour market regulations are completely eliminated and competition is encouraged.

Several authors have used evidence from empirical studies of labour markets to contest core assumptions and policy recommendations of the neoclassical theory. For instance, Roberts notes that:

The predominance of neoclassical logic to labour market research has contributed to the substantial deviation between theoretical models and empirical evidence.³⁴

This is because the neoclassical approach leaves little space for acknowledging the influence of power, history, or culture; thus also neglecting sociological and political variables essential to labour market flexibility.³⁵

Empirical evidence also indicates that, although increased productivity and economic growth has been experienced globally as a result of neoclassical policies such as structural adjustment and deregulation, the neoclassical policies

³⁰ Jha, P., & Golder, S. 2008. *Labour Market Regulation and Economic Performance: A Critical Review of Arguments and Some Plausible Lessons for India*. Geneva: International Labour Organization.

³¹ Ibid.

³² Tilly, C. 2004. Labor Markets. *Essay for Poverty and Social Welfare in the United States: An Encyclopedia*.

³³ Braunstein, E. 2012. *Neoliberal Development Macroeconomics: A Consideration of its Gendered Employment Effects*. Geneva: United Nations Research Institute for Social Development (UNRISD).

³⁴ Roberts, M. J. 2004. *An Inclusive Neo-Institutional Model of Labour Market Flexibility: A Case of Singapore*.

³⁵ Snowdon, B., & Vane, H. R. 2005. *Modern Macroeconomics Its Origins, Development and Current State*. Montpellier Parade, Cheltenham: Edward Elgar Publishing, Inc.

have not been able to generate enough employment opportunities to enable every individual participate in the benefits of growth.³⁶ The neoclassical policies have rather contributed to a growing informal economy characterised by low wages, poor working conditions, and the absence of social protection particularly in developing countries.³⁷

For more than three centuries, neoclassical economists have considered unemployment as only a transitory phenomenon, and have either denied or minimised the existence of involuntary unemployment.³⁸ However, a study conducted in the UK revealed that 80 per cent of unemployed males and 75 per cent of unemployed females were involuntarily unemployed as result of factors beyond their control including sex, age, ethnicity, health, labour market experience, education, locality, and family circumstances.³⁹ In this regard,

many unemployed [especially youths] who are nonetheless actively searching for a job would be shocked to find out that some economists [neoclassical theorists] view them as being voluntarily unemployed!⁴⁰

On the basis of the criticisms of the neoclassical theory discussed above, critical theories which include Marxists, Post Keynesian, Feminists and Labour Market Segmentation theories all reject the neoclassical analyses of the labour market.⁴¹ The core argument of the critical theorists is that unemployment is a normal state of affairs within capitalism and therefore market forces are incapable of achieving social justice, and addressing the problem of unemployment.⁴² From the institutional, radical, and feminist perspectives (the critical view), the structure of labour markets and other economic and social institutions influence individual actors.⁴³

³⁶ Antonopoulos, R. 2007. *The Right to a Job, the Right Types of Projects, Employment Guarantee Policies from a Gender Perspective*. Annandaleon- Hudson, NY: The Levy Economics Institute of Bard College.

³⁷ David, W. L. 2011. The Human Right to Development. In L. Keita, & L. Keita (Ed.), *Cited in Philosophy and African Development Theory and Practice* (pp. 37-55). Dakar, Senegal: CODESRIA.

³⁸ Kaboub, F. 2009. Employer of Last Resort Schemes. In P. A. O'Hara (Ed.), *Economic Policy Volume II* (Vol. 2, pp. 179-193). Geperu, Perth, Australia: International Encyclopedia of Public Policy.

³⁹ Burchardt, T., & Grand, J. L. 2002. *Constraint and Opportunity: Identifying Voluntary Non-Employment*. London: Centre for Analysis of Social Exclusion London School of Economics.

⁴⁰ Ragan, C. T., & Lipsey, R. G. 2007. *Macroeconomics*. Toronto: Pearson Addison Wesley.

⁴¹ Forstater, M. 2002. *Unemployment, in Elgar Companion to Post Keynesian*. Edward Elgar Publishing.

⁴² Tilly, C. 2004. Labor Markets. *Essay for Poverty and Social Welfare in the United States: An Encyclopedia*.

⁴³ Figart, D. M. 2005. Gender as more than a Dummy Variable, Feminist Approaches to Discrimination. *Review of Social Economy*, 63 (3), 509-536.

Contrary to the neoclassical viewpoint that advocates *laissez-faire* or ‘distortionists’ policies, the critical viewpoint advocates for what has been described as an ‘institutionalists’ approach to addressing unemployment.⁴⁴ The institutionalists perspective is based on the premise that private markets without proper regulations tend to do a poor job of protecting unemployed workers and vulnerable groups such as the youth; therefore, the ‘institutionalists’ policy approach advocates for a wide range of labour market regulations to facilitate equitable outcomes.⁴⁵ The regulations may take the form of economic, social and judicial interventions that emerge from the legislative machinery of the government and other labour market institutions.⁴⁶ In line with the institutionalist approach to addressing unemployment, some Post Keynesian and Feminist economists have advocated for direct job creation programmes such as Government as an ELR variously called job guarantee, public service employment, or buffer stock employment programme as a solution to achieving full employment and addressing all manners of unemployment.⁴⁷

The ELR proposal is based on the premise that since demand in the private sector is insufficient to provide full employment, governments should use domestic policy space to generate the demand for labour.⁴⁸ The implementation of such an employment programme by government is justified on the grounds that:

ELR can create an infinitely elastic demand for labour at a floor or minimum wage that does not depend upon long- and short-run profit expectations of business. Since only government can divorce the offering of employment from the profitability of hiring workers, the infinitely elastic demand for labour must be created by government.⁴⁹

An ELR scheme can address the problem of youth unemployment and underemployment due to the following features of an effective ELR

⁴⁴ Tvrdoň, M. 2007. *Labour Market Flexibility, the case of Visegrad Countries*. Karviná, Czech Republic.

⁴⁵ Jha, P., & Golder, S. 2008. *Labour Market Regulation and Economic Performance: A Critical Review of Arguments and Some Plausible Lessons for India*. Geneva: International Labour Organization.

⁴⁶ Downes, A. S., Mamingi, N., & Antoine, R.-M. B. 2000. *Labour Market Regulation and Unemployment in the Caribbean*. Inter-American Development Bank.

⁴⁷ Papadimitriou, D. B. 2008. *Promoting Equality Through an Employment of Last Resort Policy*. Annandale-on-Hudson, NY: The Levy Economics Institute of Bard College.

⁴⁸ Wray, R. L. 2007. *Government as employer of last resort, could it work for developing countries*. Geneva: International Labour Organization.

⁴⁹ Minsky cite Kaboub, F. 2009. Employer of Last Resort Schemes. In P. A. O'Hara (Ed.), *Economic Policy Volume II* (Vol. 2, pp. 179-193). Geperu, Perth, Australia: International Encyclopedia of Public Policy.

programme: Firstly, an ELR is expected to provide an infinitely elastic demand for labour – this means that an ELR should offer a job to anyone who is ready, willing and able to work, regardless of ethnicity, gender, education, work experience, or age.⁵⁰ This provision of an ELR scheme would particularly benefit the youth who are more affected by unemployment than other age groups. Secondly, an ELR is also expected to provide a decent socially acceptable wage and benefits package that includes health care and social security.⁵¹ This provision of an ELR would also benefit the youth who are more likely to be underemployed or engaged in poor conditions of work. Thirdly, an ELR is expected to facilitate the enhancement of human capital – that is, an ELR should prepare workers for post-ELR work – whether in the public or private sector by equipping participants with useful work habits and skills.⁵² This provision of an ELR would also benefit the youth who face more entry barriers into the formal labour market.

Another feature of an ELR programme is socially and economically beneficial work. Proponents of the ELR posit that in order for government employment programmes to be successful, the employment opportunities should be created in labour intensive services that lead to readily visible public benefits in order to be considered a serious alternative to transfer schemes and to avoid the stigma generally attached to “welfare” programmes.⁵³

Finally, proponents of ELR also advocate for deficit financing as the most sustainable funding arrangement to achieve full employment and address unemployment.⁵⁴ The deficit financing preposition is based on the premise that since government is a very credible borrower, it can issue fiats to commercial banks, asking them to credit the accounts of participants with the promise to pay back at a later date. Furthermore, since participants would be engaged in productive work and earning income, the government would gain in the form of taxes which could be pumped back into the programme.⁵⁵

⁵⁰ Papadimitriou, D. B. 2008. *Promoting Equality Through an Employment of Last Resort Policy*. Annandale-on-Hudson, NY: The Levy Economics Institute of Bard College.

⁵¹ Ibid.

⁵² Tcherneva, P., & Wray, L. R. 2005. *Employer of Last Resort Program, a case study of Argentina's Jefes de Hogar program*. Kansas City: Center for Full Employment and Price Stability.

⁵³ Dodd, R. A. 2007. *Financial Stability, Social Justice, and Public Employment in the Work of Hyman P. Minsky*.

⁵⁴ Wray, R. L. 2007. *Government as employer of last resort, could it work for developing countries*. Geneva: International Labour Organization.

⁵⁵ Wray, R. L. 2007. *Government as employer of last resort, could it work for developing countries*. Geneva: International Labour Organization.

3. Youth unemployment and ELR in Ghana

Available data from the Ghana Statistical Service (GSS) indicates that overall, the youth (between ages 15-24) have the highest unemployment rates in Ghana.⁵⁶ The overall unemployment rate in Ghana was 3.6 per cent; however, for young people between the ages of 15 and 24, the unemployment rate was estimated at 4.1 per cent: more than twice the adult unemployment rate (1.9%). In Ghana, unemployment is highest among urban youth particularly in the nation's capital city – Accra. This can be partly attributed to the rural-urban drift in Ghana whereby many people (especially) youths from the rural areas move to the urban centres in search of better opportunities.⁵⁷

Available data indicates that each year about 250,000 youths enter the job market out of which the private sector absorbs just 2 per cent compelling the remaining 98 per cent to seek employment in the informal sector since remaining unemployed is considered too costly particularly for young people in the absence of social safety nets such as unemployment insurance.⁵⁸ This clearly suggests that the private sector in Ghana is currently not in the position to address the youth unemployment challenge and therefore justifies the need for government interventions to address youth unemployment in Ghana.

Over the years several policy and project specific interventions have been initiated by the government of Ghana to address youth unemployment⁵⁹. Some of the project specific interventions include: The National Mass Cocoa Spraying Programme (NMCSP), the ILO Decent Work Programme (DWP), National Forest Plantation Programme (NFPP), Captains of Industry Programme and Students in Free Enterprise Programme (SIFE), Venture Capital Trust Fund and National Youth Fund, Local Enterprise Skills Development Program (LESDEP), Skills Training and Entrepreneurship Programme (STEP), the National Youth Employment Programme (NYEP) and even very recently the Nation Builders Corps (NABCO). Together, these initiatives have sought to offer direct jobs to large numbers of young men and women who otherwise would have remained unemployed in the informal survivalist economy; however, the biggest single youth employment initiative in

⁵⁶ GSS 2008. *Ghana Living Standards Survey Report Of The Fifth Round (GLSS 5)*. Accra: Ghana Statistical Service.

⁵⁷ UNDP. 2007. *Ghana Human Development Report towards a more inclusive society*. Accra: United Nations Development Programme Ghana.

⁵⁸ Otoo, K. N., Osei-Boateng, C., & Asafu-Adjaye, P. (2009). *The Labour Market in Ghana, a descriptive analysis of the Labour Market component of GLSS V*. Accra: Labour Research & Policy Institute.

⁵⁹ Otoo, K. N., & Torgbe, M. A. 2011. *National initiatives on Youth Employment in Ghana Working Paper No. 2010/01*. Accra: Labour Research & Policy Institute, Ghana TUC.

Ghana has been the NYEP.⁶⁰ This paper therefore focuses on the NYEP as an ELR programme.

4. Ghana's National Youth Employment Programme

As an intervention to address youth unemployment and underemployment, the Government of Ghana launched the National Youth Employment Programme (NYEP) in October 2006 to provide employment opportunities for all unemployed youths in Ghana – Ghana's National Youth Policy defines "youth" as "persons who are within the age bracket 15 and 35".⁶¹ In this regard, the introduction of the NYEP in Ghana can be viewed as an ELR intervention. The NYEP was to be implemented in two phases with the stated objectives to identify and create jobs for the youth nationwide, to check rural–urban drift, create opportunities for self-employment ventures, and to inculcate in the youth good morals, a sense of self-discipline and patriotism.⁶²

The first phase of the programme ran from 2006 to 2009 and was expected to create jobs for half a million (500,000) youth across the country in the following employment modules: Youth-In-Agri-Business, Youth-In-Trades and Vocations, Youth-In-ICT, Community Protection Unit, Waste and Sanitation Management Corps, Rural Education Teachers Assistants, Auxiliary Health Care Workers Assistants, Paid Internships and Industrial Attachments, Vacation Jobs, and Volunteer Services Modules. The second phase of the programme began in the year 2010. According to the NYEP's implementation guidelines the second phase "will take a longer view of employment issues within the context of the Growth and Poverty Reduction Strategy".⁶³

The management of the NYEP is structured along Ghana's decentralisation concept. The modules were implemented nationwide by different implementing agencies including government Ministries, Departments and Agencies (MDAs), Metropolitan, Municipal and District Assemblies (MMDAs), as well as private companies. For instance, whereas the Waste and Sanitation Module was managed by a private company Zoomlion Ghana Limited, the Community Teaching Assistants, Community Protection Unit, and Health Assistants Module modules were implemented by the Ghana

⁶⁰ Otoo, K. N., & Torgbe, M. A. 2011. *National initiatives on Youth Employment in Ghana working paper no. 2010/01*. Accra: Labour Research & Policy Institute, Ghana TUC.

⁶¹ MOYS. 2010. *National Youth Policy, towards an empowered youth impacting positively on national development*. Accra: Ministry of Youth and Sports.

⁶² MMYE. 2006. *Youth Employment Implementation Guidelines*. Accra: Ministry of Manpower, Youth and Employment.

⁶³ MMYE. 2006. *Youth Employment Implementation Guidelines*. Accra: Ministry of Manpower, Youth and Employment.

Education Service (GES), the Ghana Police Service (GPS), and the Ghana Health Service (GHS) respectively, while the Paid Internship module was implemented by different MDAs and MMDAs.⁶⁴

6. Methodology

The findings of this paper are based on an independent evaluation conducted on the employment outcomes and operations of NYEP during the first 7 years of implementation. The evaluation utilised both primary and secondary data. The primary data were obtained through interviews and focus group discussions with key informants while the secondary data were obtained from officials of the NYEP as well as available reports and documentation. The key informants include all participants of the NYEP and the key social partners in employment within Ghana's labour market. The NYEP participants included programme beneficiaries, past and current managers of the NYEP, and officials of the NYEP's implementing agencies and funding bodies. The social partners included representatives of the Labour Department, the Ghana Employers Association (GEA) and organised labour represented by the Ghana Trades Union Congress (GTUC) as well as officials of Ghana's National Labour Commission (NLC), and the Ghana Statistical Service (GSS). The subsequent sections discuss the findings, conclusions and recommendations of the paper.

7. Employment outcomes of NYEP 2006-2012

Official statistics indicate that the NYEP created job opportunities for 108,403 persons across the country from the inception of the programme in 2006 to December 2008.⁶⁵ By the end of the first phase of the programme (2006-2009) a little over 110,000 unemployed persons had benefitted from the programme. This level of employment was however, short of the programme's initial target to create 500,000 jobs within the first phase of the programme by about 80 percent. According to Managers of the NYEP by the year 2012 the programme had recorded 219,150 beneficiaries although more than a million unemployed youths had applied to the programme.

In terms of the nature of jobs created, secondary data obtained from officials of the NYEP indicates that 7 employment modules were implemented in the

⁶⁴ NYEP. 2011. *National Youth Employment Program, NYEP*. NYEP Presentation to YEN Ghana. April 9, 2011, Accra.

⁶⁵ The Budget Statement and Economic Policy of the Government of Ghana for the 2009 financial year presented to Parliament on Thursday, 5th March, 2009.

first phase of the programme. The modules included the Youth in Paid Internships, Community Health Assistants, Community Protection Unit, Community Teaching Assistants, Afforestation, Waste and Sanitation as well as the youth in Agri-Business modules. According to program officials, in the second phase of the programme, beginning from 2010, additional modules including the Youth in Fire Safety & Prevention, Prison Support Services, Immigration, ICT Mobile Phone Repairs, Dress Making & Fashion, Hairdressing & Beauty Care Services, Road Maintenance, Bamboo Processing, Film Making, as well as the Youth in Grasscutter Rearing modules were added to the programme.⁶⁶

It should however be noted that all of the employment opportunities provided by the NYEP were temporary in nature. According to the NYEP Implementation Guidelines document, beneficiaries were to spend a maximum of 2 years on the programme. This was reaffirmed by managers of the NYEP who said the programme did not offer permanent employment opportunities but rather the programme was intended to be a stop gap measure that prepares youth for permanent employment. However, whilst some beneficiaries had either exited into mainstream employment (with public or private institutions) or were engaged in their own businesses (such as Dressmaking, Agro Farms, Mobile Phones Repairs Centres) as at the time of this study, interviews with some beneficiaries and officials of implementing agencies revealed that several beneficiaries had been on the programme for more than 2 years contrary to programme's implementation guidelines.

It should also be noted that the NYEP did not actually create jobs. The programme played more of a placement role by entering into memorandum of understandings (MOUs) and liaising with the various implementing agencies indicated earlier, who actually engaged programme beneficiaries. Other functions of the NYEP included paying beneficiaries in the paid employment modules such as the Teaching Assistants, Health Assistants, Community Protection, Paid Internships and the Waste and Sanitation modules. In the case of the Agri-Business Module, the NYEP provided beneficiaries with agricultural inputs and fertilizer whereas beneficiaries in the Hairdressing & Beauty Care Services Module for instance were provided with equipment to set up shops upon their exit from the programme. The NYEP also assisted some beneficiaries with funds to either set up or grow their businesses.⁶⁷

⁶⁶ NYEP. 2011. *Draft National Youth Employment Programme Strategic Plan Document for The Year 2011-2013*. Accra: National Youth Employment Programme.

⁶⁷ NYEP. 2011. *National Youth Employment Program, NYEP*. NYEP Presentation to YEN Ghana. April 9, 2011, Accra.

As at January 2013, beneficiaries in the NYEP were paid monthly allowances ranging from Gh¢50.00 to Gh¢210.00 which was equivalent to about \$25.00 to \$105.00 a month; however, they did not receive any other benefits. The allowances were allocated based on modules and educational attainment. For instance interviews with participants of the NYEP revealed that in the Paid Internships Module beneficiaries with DBS qualifications received Gh¢110.00 whereas beneficiaries with HND, Bachelor, and Master degrees received Gh¢140.00, Gh¢160.00, and Gh¢210.00 respectively.

At the inception of the programme in 2006, the wages of all beneficiaries were pegged above Ghana's monthly minimum wage which was Gh¢43.20 equivalent to about \$47.00 (due to depreciation of the Ghana cedi to the US Dollar by the year 2013 Gh¢50.00 was only worth \$25.00). By the end of the first phase of the programme in 2009, over 50% of beneficiaries were being paid wages below Ghana's monthly minimum wage which was Gh¢71.69 equivalent to \$51.00. For instance, although Ghana's monthly minimum wage increase to Gh¢83.97 in 2010 and was over Gh¢120.00 by the year 2012, beneficiaries in the Waste and Sanitation Module were still paid Gh¢50.00 per month (below the minimum wage) until January 2012 when their wages was increased to Gh¢100.00. However, this lasted only for about a month because on February 6, 2012 the minimum wage had increased to Gh¢120.96 equivalent to \$71.57.

Managers of the NYEP justified the low wages paid to beneficiaries on the grounds that beneficiaries were paid allowances and not wages; furthermore, beneficiaries were considered as apprentices and not permanent employees. The NYEP's Draft Strategic Plan Document 2011-2013 also points out that, "despite the increases announced by the Government, salaries have remained unchanged [in the NYEP] since 2006/7" because the Programme hitherto was not covered by an Act of Parliament, and other supporting documentation such as Legislative Instrument (LI), Conditions of Service, Scheme of Service, Job Inspection and evaluation reports that regulate the levels of salaries adjustments.⁶⁸

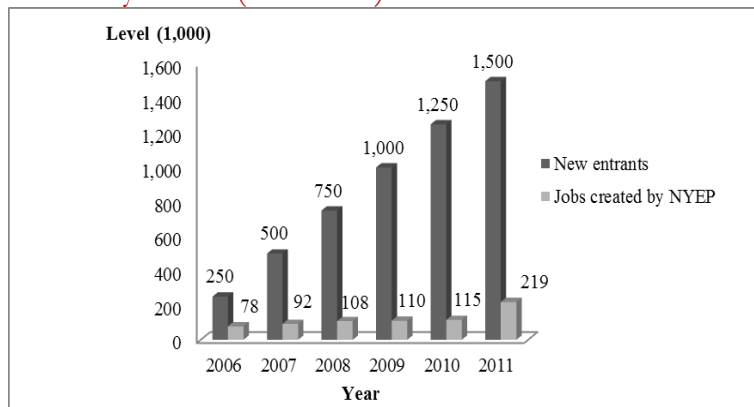
8. Impact of NYEP on Youth Unemployment in Ghana

The NYEP has made some contributions to addressing youth unemployment in Ghana particularly in the areas of enhancing human capital by providing skills training and valuable work experience for many unemployed youths who otherwise would not have gained such benefits if it had not been for the

⁶⁸ NYEP. 2011. Draft National Youth Employment Programme Strategic Plan Document For The Year 2011-2013.

programme. Notwithstanding that, the programme has not significantly contributed to reducing unemployment and underemployment in the country. As indicated earlier, within the first 6 years of the NYEP about 219,150 persons benefitted from the programme. However, available data indicates that each year alone, about 250,000 youths enter the job market out of which the private sector absorbs just 2 per cent.⁶⁹ Accordingly, within the first 6 years of the NYEP, it is estimated that about 1.5 million youths would have entered Ghana's labour market out of which the NYEP could only absorb about 15 percent of the new entrants. Since, Ghana's private sector can only absorb 2 percent of the new entrants; over 80 percent of the new entrants would still remain unemployed or underemployed in spite of the NYEP as illustrated in Figure 1.

Figure 1: Comparison of estimated unemployed new entrants and level of jobs created by NYEP (2006-2011)



Source: Author's construct computed from NYEP's secondary data 2007-2012; Otoo, Osei-Boateng, & Asafu-Adjaye, 2009.

The inadequacy of the level of jobs in the NYEP to match the level of growing youth unemployment in Ghana has been reiterated by the Draft NYEP Strategic Plan 2011-2013 which states that, "the analysis of data on registered youth from NYEP Regional and District Offices suggests that a million unemployed youth are anxiously waiting for NYEP job placement

⁶⁹ Otoo, K. N., Osei-Boateng, C., & Asafu-Adjaye, P. 2009. *The Labour Market in Ghana, a descriptive analysis of the Labour Market component of GLSS 5*. Accra: Labour Research & Policy Institute.

opportunities and urgent actions are required to meet these urgent social, economic and security challenges”.⁷⁰

The comparison of the level of jobs in the NYEP against the level of unemployed youths, who enter Ghana’s labour market yearly coupled with the observations of the NYEP’s Draft Strategic Plan, clearly indicates that the NYEP was unable to solve the problem of youth unemployment in Ghana. These findings are also consistent with an earlier study which observed that “one can aptly come to the conclusion that the NYEP has been deficient and mediocre in solving the problem of youth unemployment in Ghana in a manner that truly promotes the interest of young people”.⁷¹

9. Implementation Challenges of NYEP

The implementation of the programme was confronted with several challenges mainly because the programme was introduced before some of the necessary supporting documents and structures such as a National Employment Policy, a legal framework, institutional linkages with social partners, as well as reliable and consistent funding source(s). When asked why the programme began without the necessary supporting structures, an official of the NYEP explained that:

We needed to do something to contain youth anger pertaining to youth unemployment. Maybe an Arab Spring or a Ghanaian Spring would have happened before we would implement, if that is what you want. Do you want people to go out on the street and start burning cars before we rush and put a policy together and roll out? The programme was hardly put together on an ad hoc basis but the understanding was that as we move on we address the challenges step by step and all the necessary structures would be put together. If we say we are going to wait for all these structures, we would never take off.⁷²

Seven (7) years into the programme, all the relevant structures – National employment policy, legal framework, institutional linkages with social partners, as well as a reliable source of funding were still found to be not in place. The implications of how the absence of each of these structures affected the implementation of the NYEP are discussed next.

⁷⁰ NYEP. 2011. Draft National Youth Employment Programme Strategic Plan Document For The Year 2011-2013.

⁷¹ Gyampo, R. 2012. Youth Participation in Youth Programmes: The Case of Ghana’s National Youth Employment Programme. *The Journal of Pan African Studies*, 5(5), 13-28.

⁷² Interview with the NYEP’s former Deputy National Coordinator in Charge of Communications in Accra April 2012.

9.1 Absence of National Employment Policy

The implementation of the NYEP was not linked to any national employment policy document or development strategy although the NYEP's Implementation Guidelines states the programme was conceived within the broader national policy of addressing unemployment. According to Ghana's National Development Planning Commission (NDPC) as part of GPRS II, the government was expected to adopt an employment policy and national strategy entailing initiatives for social protection, social dialogue, and social inclusion, especially, for vulnerable members of the population such as women, persons with disability, and youths.⁷³ In this regard, the NYEP's implementation guidelines, notes that the programme was to be absorbed into a broader national framework based on and directed by a National Employment Policy and Strategy in line with GPRS II.⁷⁴ However, although the MMYE has formulated a Draft National Employment Policy, the document is yet to be approved by the Parliament of Ghana.

The absence of an approved national employment policy document to govern the operations of the NYEP is problematic because the policy was to serve as a guide to employment creation in the country and also to ensure that the activities of the NYEP would be coordinated within national employment efforts in both the public and private sectors in collaboration with the various social partners as outlined in GPRS II and the Draft National Employment Policy. Furthermore, the policy would have served as a monitoring tool for stakeholders in measuring the impact of the NYEP to addressing the problem of youth unemployment in the country.

9.2. Absence of Legal framework

In addition to the absence of a National Employment Policy, the absence of a legal backing in the form of an Act of Parliament or LI was another factor that affected the implementation of the NYEP. Interviews with both past and current managers of the NYEP as well as document analysis of the NYEP's Strategic Plan revealed that the programme lacked a legal framework to govern its operations and employment practices. Both past and current managers of the NYEP said the absence of a legal framework affected the operations of the

⁷³ NDPC. (2005). *Growth and Poverty Reduction Strategy (GPRS II) 2006-2009*. Accra: National Development Planning Commission.

⁷⁴ MMYE. 2006. *Youth Employment Implementation Guidelines*. Accra: Ministry of Manpower, Youth and Employment.

programme. According to an official of the NYEP, “until its status is enshrined in the constitution of the state, the Programme cannot have the maximum authority needed to take major decisions that will expand activities and also widen its funding sources.”⁷⁵

A legal framework stipulating the objectives, target beneficiaries, code of conduct for programme officials, selection criteria, funding sources of the NYEP among other structural and institutional arrangements was necessary to ensure fairness, uniformity and consistency in how the programme was implemented since legal frameworks provide guidelines, regulations and standards to govern the behaviour of programme implementers and limit the exercise of discretion by government officials.⁷⁶

Various stakeholders interviewed were of the view that without a legal framework, the NYEP could be terminated at any time by the government in power without parliamentary approval. For instance, explaining the importance of a legal framework to govern the NYEP, an official of the Ghana TUC observed that:

More often than not, when governments are out of power, most of their programmes get out with them...So that once you have a policy backed by law, it cannot be thrown out like any other project or programme but it becomes entrenched and so it doesn't matter if you are NDC or NPP, you would have to implement it.⁷⁷

According to Managers of the NYEP, as a consequence of the various challenges associated with the absence of a legal framework, the NYEP was transformed into the Youth Employment and Entrepreneurial Development Agency (GYEEDA) in August 2012 in line with steps stipulated by Cabinet to the sector Ministry to make the programme a permanent entity that is more efficient. According to media reports:

The National Coordinator of the Programme, Abuga Pele, who announced this in Accra said the new name formed part of measures to restructure the programme. He said the new Agency will improve on the payment structure of beneficiaries, come out with an exit plan and will include more modules that will focus on entrepreneurship.⁷⁸

⁷⁵ Interview with Human Resource and Development Manager of NYEP in Accra, November, 2011.

⁷⁶ FAO. 2000. *Legal Framework Analysis For Rural And Agricultural Investment, concepts and guidelines*. Rome: Food and Agriculture Organization of the United Nations, Legal Office.

⁷⁷ Interview with the Deputy Secretary General of the Ghana Trades Union Congress (TUC) in Accra.

⁷⁸ Myjoyonline news article entitled ‘NYEP changed to GYEDA’ Published On: August 19, 2012.

It is however, too early to evaluate the impact of this transformation of the NYEP into GYEEDA on the effectiveness of the programme in addressing youth unemployment in Ghana.

9.3 Absence of Collaboration with Social Partners

Another factor that affected the implementation of the NYEP was the absence of formal collaborations with social partners. An examination of NYEP's Implementation Guidelines, Draft Strategic Plan and interviews with the programme's officials and social partners revealed that the NYEP was conceptualised and implemented without collaboration from some of the key social partners in employment – the Labour Department, Ghana TUC, and GEA. The ILO points out it is necessary to include social partners in the design and implementation of youth labour market programmes since social partners play an important role in creating a platform for exchange of ideas and ownership.⁷⁹

Furthermore, Section 112 of Ghana's Labour Act 651 (2003) has established the National Tripartite Committee of social partners - government, employers' organisations, and organised labour in order to promote employment development and peaceful industrial relations in Ghana's labour market. Ghana's Draft Employment Policy as well as the GPRSII document also underscores the need for government to collaborate with social partners in employment creation. However, interviews with officials of both the Labour Department and NYEP confirmed that even the Labour Department was not consulted before the establishment of the Programme although the Labour Department is the government agency with the legal mandate to handle employment related issues and was located in the same sector ministry as the NYEP. Meanwhile the Labour Department has a legal mandate to provide the government with labour market information for policy formulation.

The absence of collaboration and a formal linkage between the NYEP and its social partners led to duplication of efforts and overlapping of functions of various state agencies. For instance, it was found that some functions which the Labour Department is legally mandated to perform as outlined in Section 3 of the Labour Act 651, (2003) were duplicated by the NYEP because of the absence collaboration. According to Ghana's Labour Act, the Labour Department is mandated to register and keep a database of all unemployed persons in the country. The Labour Department is also mandated to provide

⁷⁹ ILO. 2008. *Employment Report No. 1, Apprenticeship in the informal in Africa*. Geneva: International Labour Organisation.

information on the demand of labour and thereby facilitate the supply of labour to meet the demand based on requirements of employers.⁸⁰ However, the NYEP performed these same functions. For instance, although different agencies operated the various NYEP employment modules, the NYEP also registered unemployed youths and liaised with the employing agencies so that when these agencies declared vacancies, the NYEP responds by supplying them with unemployed youth who had registered with the programme. However, if there was formal collaboration there would have been no need for two different government agencies to carry out the same functions but rather the limited resources could have been used to strengthen existing structures.

The study also found that the absence of collaboration between the various government agencies responsible for employment issues exacerbated the disjointed nature of how employment data is maintained in the country. For instance, it was found that the Labour Department had its own data on registered unemployed persons; however, the Department was not updated on the employment figures of the NYEP although both agencies were under the Ministry of Manpower, Youth, and Employment when the NYEP was launched in 2006. Meanwhile the GSS is another agency that maintains employment data. Although the unemployment data from the GSS is often quoted as the official data of the country, it is different from that of the Labour Department. Interviews with officials of these 2 agencies revealed that meetings had been held with other stakeholders with the view of harmonising labour market information in the country.

All the social partners were of the view that formal institutional linkages and collaboration with the NYEP would have enabled the programme to benefit from a more holistic and clearly defined employment framework informed by data and the needs of both employers and workers. For instance, a representative of the GEA said a relationship with the NYEP would have enabled the GEA to make suggestions to improve the programme especially with regards to the needs of employers and noted that, “if government would give our members tax reliefs and other incentives we would be happy to open our doors for people [NYEP beneficiaries] to get in and acquire the requisite skills and some can be given permanent employment opportunities”.⁸¹

Officials of the Ghana TUC were also of the view that a formal relationship between the NYEP and workers’ unions was very important for the achievement of the decent work agenda. In this regard, an Officer of the Ghana TUC noted that, “our business is to protect the people in the labour

⁸⁰ Labour Act 651 (2003). Accra: Ghana Publishing Company, Assembly Press.

⁸¹ Interview with Programme Manager of the Ghana Employers’ Association in Accra November, 2011.

market whether they are in the Ghana TUC or not. Once the NYEP has to do with employment and youth, it concerns us. So the relationship is very important".⁸² The TUC officer added that, "ideally they are the government so they have to identify all the social partners and bring us on board because their work will inform the type of actions we have to take".⁸³

In separate interviews, representatives of the social partners reiterated the value of the NYEP since it aimed to address some of the youth unemployment challenges confronting the nation; however, they questioned why government would make such a very important social intervention in the labour market without seeking input from, and collaborating with the social partners. Input from social partners was necessary to influence the quantity and quality of employment opportunities provided, ensure that the employment practices of the NYEP was in conformity with labour standards, as well as to minimise duplication of effort on the part of various stakeholders.

9.4. Inadequate and unreliable Funding

Inadequate and irregular funds were also identified as major factors that affected the implementation of the NYEP. This challenge was largely as a result of the funding arrangement of the programme. For instance, the NYEP did not programme did not have a single source of funding. The NYEP was entirely financed by public sources of funds. The Ministry of Finance and Economic Planning (MOFEP) provided a portion of its budget to the programme while other statutory funding bodies including the Ghana Education Trust Fund (GETFund), National Health Insurance Levy (NHIL), the Road Fund, and District Assembly Common Fund (DACF) provided portions of their yearly allocations to the NYEP based on Parliamentary approval.⁸⁴

Following an Act of Parliament in 2008, the Communication Service Tax (CST) was also mandated to provide not less than 20% of its revenue to the NYEP. Allocation from each of the funding sources however, varied from year to year. Furthermore, interviews with officials of the NYEP, and funding bodies as well as a document analysis of the NYEP's Draft Strategic Plan 2011-2013 revealed that, funds received by the NYEP from the various sources was inadequate and irregular. Since the NYEP did not have the legal backing to compel the funding bodies, the funding bodies had the discretion

⁸² Interview with the Youth Desk Officer of the Ghana Trades Union Congress (TUC) in Accra November, 2011.

⁸³ Ibid.

⁸⁴ The Budget Statement and Economic Policy of the Government of Ghana for the 2007 Financial Year presented to Parliament on Thursday, 16th November, 2006.

to determine the time and amount of monies they wanted to allocate to the NYEP. Consequently, the NYEP's Draft Strategic Plan states that, "the perpetual delay and refusal in the releases of allocated funds by the various funding sources continues to distort the Programmers' annual projections and deliveries. These challenges exist as statutorily, funds allocated to the Programme cannot be deducted at source by the Central Government."⁸⁵ Officials of the NYEP indicated that, for a greater part of the year 2008, recruitment into the NYEP had to be suspended due to inadequate funds to implement the programme.⁸⁶ Due to the inadequate and irregular nature of the funds received by the NYEP, Ghana's Agricultural Development Bank (ADB) was brought in to assist the programme by pre-financing some of its costs. An official of the NYEP explained the relationship between ADB and the NYEP as follows:

When we had employed between 10,000 and 40,000 people we could pay all the beneficiaries every month. Then we realised that no, the money that we get every month cannot be sustained. Because we receive our money every four months, we always had four months arrears. So we brought in ADB in 2007/2008 to serve as a bridge. So ADB came to pre-finance. Because ADB belongs to government, government can direct ADB that go ahead and pay. But the government was not able to meet its expected revenues. So along the way ADB also refused to assist us.⁸⁷

As indicated by the NYEP official, the funding arrangement with ADB was also unsustainable due to the government's inability to meet revenue targets. As a consequence, by the year 2011, the NYEP was indebted to the ADB Gh¢23million which is about \$12million.⁸⁸ According to a report of the ADB:

As at 31 December 2011, the Bank had an exposure of GH¢28,835,222 (2010: GH¢ 25,316,614) as part of Loans and advances to customers owed by the NYEP.⁸⁹

Funding was still the major challenges confronting the NYEP seven (7) years into the implementation of the programme.

⁸⁵ NYEP. 2011. Draft National Youth Employment Programme Strategic Plan Document For The Year 2011-2013.

⁸⁶ Interview with former NYEP Deputy NYEP Coordinator in charge of Administration and Internships in Accra, November, 2012.

⁸⁷ Interview with the Human Resource and Development Manager of the NYEP in Accra April 2012.

⁸⁸ NYEP. 2011. Draft National Youth Employment Programme Strategic Plan Document For The Year 2011-2013.

⁸⁹ ADB. 2012. Annual Report & Financial Statements 2011. Agricultural Development Bank.

9.5. Influence of Politicians, Cronyism and Corruption

Interviews with participants of the NYEP, social partners as well as media reports revealed that bi-partisan politics, cronyism, nepotism, discrimination, and other corrupt practices affected the implementation of the NYEP. The incidence of discrimination and bi-partisanship particularly in recruitment of programme officials was confirmed by interviews with officials of Ghana's National Labour Commission (NLC) and document analysis of their records.

For instance, the official records of the NLC confirmed the testimonies of former NYEP coordinators who revealed that, when there was a change of government in 2009, all the National Coordinators of the NYEP with the exception of one individual were sacked and replaced with officials of the ruling political party on the grounds that they held a different political ideology from the new government.⁹⁰ This resulted in a petition initiated by the aggrieved coordinators and received by Ghana's NLC on the 25 of March, 2010.⁹¹ The NLC ruled judgement in favour of the aggrieved coordinators and ordered the new leadership of the NYEP to pay damages to the affected coordinators for unfair terminations.⁹²

The findings above are consistent with an earlier study conducted by some officials of the Ghana TUC which noted that:

The other major challenge the NYEP faces has to do with the seeming politicisation of the programme. The appointment of ruling party officials as coordinators both at the regional and district levels and the direct involvement of Metropolitan/Municipal/District Chief Executives [who are also political appointees] have greatly compromised the national character of the programme. This has negatively affected how people get recruited into the programme. The nepotism, cronyism and discrimination in the programme and referred to by participants should not be lost on the stakeholders.⁹³

In addition to the cronyism and discrimination, the implementation of the NYEP was also affected by several corrupt practices including sexual harassment, improper recruitment, and financial malfeasances which have

⁹⁰ Interviews with past and current Coordinators of the NYEP 2011 to 2012.

⁹¹ Interview with Head of Industrial Relations at Ghana's National Labour Commission in Accra April 2012 as well as document analysis of dockets at the NLC in Accra.

⁹² Ibid.

⁹³ Baah, A. Y., Achakoma, K. A., & Ampratwum, E. F. 2009. *Working Conditions in the National Youth Employment Programme in Ghana*. Accra: Ghana Trades Union Congress and Fredrich-Edbert-Stiftung.

resulted in the state losing millions of Ghana cedis, several NYEP coordinators losing their jobs while others have faced criminal prosecutions.⁹⁴ Some of the reported incidences of corruption include the following: 6 formal coordinators of the NYEP were put to trial at a Kumasi High Court for allegedly stealing 6,638 bags of fertiliser meant for the Youth in Agriculture Module NYEP in 2007; similarly, the Tuna-Kalba District Coordinator of the NYEP in the Northern Region was arrested on May 31, 2007, detained and released on bail by the Sawla Police for allegedly stealing 22 bags of fertilizer belonging to the programme; the Coordinator of the National Youth Employment Programme in the Awutu Senya District in the Central Region was suspended for allegedly extorting monies from newly recruited personnel of the programme in March 2011; also in March 2011, the District Coordinator for Ajumako Eyan-Essiam in the Central Region was dismissed for unlawfully deducting allowance of beneficiaries and pocketing their allowances worth Gh¢7,600; The NYEP coordinator for Bibiani-Anwianso-Bekwai district in the Western region was sacked for illegal recruitment and abuse of office by having sex with female applicants in exchange for jobs; similarly, the Tamale Central Coordinator of the NYEP in the Northern Region was interdicted by the Management of the programme for allegations of sexual misconduct levelled against by some female beneficiaries.

10. Lessons from NYEP with respect to ELR proposal

10.1. Infinitely Elastic Demand for Labour

Firstly, an ELR is expected to provide an Infinitely Elastic Demand for Labour such that anyone who is ready, willing and able to work, regardless of ethnicity, gender, education, work experience, or age is able to get employment.⁹⁵ Evidence from the employment outcomes of the NYEP indicates that this criterion of an ELR programme was not met by the NYEP. Out of over a million applicants to the NYEP within the first 6 years of the programme, only 20 per cent have been able to benefit from the programme.

10.2. Decent Wages and a Benefits Package

An ELR is also expected to provide a uniformly distributed decent socially acceptable wage and benefits package that includes health care and social

⁹⁴ Interview with Human Resource and Development Manager of NYEP in Accra April 2012.

⁹⁵ Wray, R. L. 2007. *Government as employer of last resort, could it work for developing countries*. Geneva: International Labour Organization.

security.⁹⁶ This criterion of an ELR was also not met by the NYEP. NYEP beneficiaries did not receive any form of benefits such as health care or social security. Furthermore, wages in the NYEP were not uniformly distributed while many beneficiaries were also paid wages below Ghana's national minimum wage as discussed earlier.

10.3. Enhancement of Human Capital

An ELR is also expected to facilitate the Enhancement of Human Capital by preparing workers for post-ELR work—whether in the private or private sector by equipping participants with useful work habits and skills.⁹⁷ The NYEP met this criterion of an ELR because interviews with officials of the GPS, GRA, and GHS as well as some former NYEP beneficiaries who are now permanent employees with the GRA, GPS and the GHS confirmed that some beneficiaries have gained permanent employment opportunities with their respective agencies as a direct result of their participation in the programme. Other beneficiaries have also received formal and informal training as well as practical experience in professions such as nursing, teaching policing, road maintenance, hair dressing, sewing, and grasscutter rearing as a direct result of their participation in the NYEP. The achievements of the NYEP with regards to the enhancement of human capital is not far reaching since only a small fraction of the unemployed youth population and NYEP applicants benefitted from the programme. Furthermore, since there are inadequate jobs in Ghana's labour market, there is no guarantee that training and experience gained from the NYEP will result in permanent employment opportunities for beneficiaries.

10.4. Deficit Financing

Proponents of ELR also advocate for deficit financing as the most sustainable funding arrangement to achieve full employment and address unemployment.⁹⁸ The NYEP partial met this criterion of an ELR scheme. The funding arrangement of the NYEP was not based on deficit financing. Although managers of the programme resorted to deficit financing through ADB during

⁹⁶ Papadimitriou, D. B. 2008. *Promoting Equality Through an Employment of Last Resort Policy*. Annandale-on-Hudson, NY: The Levy Economics Institute of Bard College.

⁹⁷ Tcherneva, P., & Wray, L. R. 2005. *Employer of Last Resort Program, a case study of Argentina's Jefes de Hogar program*. Kansas City: Center for Full Employment and Price Stability.

⁹⁸ Wray, R. L. 2007. *Government as employer of last resort, could it work for developing countries*. Geneva: International Labour Organization.

the implementation of the programme, the arrangement was unsustainable because the government was unable to pay back ADB as promised due to the government's inability to meet revenue targets. Furthermore, the wages paid to beneficiaries was inadequate to generate sufficient taxes to be pumped back into the programme as is expected from an ELR scheme. In this regard, although the NYEP resorted to deficit financing in the course of its implementation, it was not designed and implemented as proposed by proponents of ELR.

10.5. Socially Beneficial Jobs

According to proponents of the ELR, in order for government employment programmes to be successful, the employment opportunities should be created in labour intensive services that lead to readily visible public benefits in order to be considered as a serious alternative to transfer schemes and to avoid the stigma generally attached to “welfare” programmes.⁹⁹ Based on this criterion, the nature of jobs created in the NYEP conforms to ELR proposal since the services provided by NYEP beneficiaries were socially beneficial. For instance Managers of the NYEP noted that: the Health Assistants Module was initiated to augment the shortage of nurses nationwide; the Waste and Sanitation Module was as also informed by need to clean up the excess waste that waste collection companies are unable to collect and also the need to keep the environment clean; the Community Teaching Assistant Module was also informed by the need for more teachers in the rural areas and deprived schools where many trained teachers refused postings. Consequently, over 2,000 rural and deprived schools have been revived as a result of the implementation of the NYEP.¹⁰⁰ In light of the above, it is clear that the nature of work performed by NYEP beneficiaries is socially beneficial.

It can be concluded based on the assessment of the NYEP's employment outcomes against the 5 key features of an ELR that the NYEP has some attributes of an ELR but the programme cannot be said to be truly an ELR scheme. Nevertheless the challenges encountered in the course of the implementation of Ghana's NYEP provide useful lessons for governments on in Africa and elsewhere who intend to resort to a direct job creation programme to address the problem of youth unemployment.

⁹⁹ Dodd, R. A. 2007. *Financial Stability, Social Justice, and Public Employment in the Work of Hyman P. Minsky*.

¹⁰⁰ NYEP. 2011. *National Youth Employment Program, NYEP*. NYEP Presentation to YEN Ghana. April 9, 2011, Accra.

11. Conclusion and recommendations

The NYEP has been described by all social partners in Ghana as a commendable initiative due its primary objective of addressing the problem of youth unemployment in Ghana. However, empirical evidence on employment outcomes of the after the first 7 years of implementation indicate that the programme is incapable of solving the youth unemployment challenge in Ghana. Although the NYEP builds human capital by providing youths with experiences and skills to make them more employable, inadequate jobs in both the public and the private sectors makes such a smooth transition from the programme into permanent employment unrealistic. In addition to inadequate and irregular funding, the absence of a national employment policy, legal framework, and collaboration with social partners in addition to the existence of politicisation, nepotism, cronyism, discrimination, and corruption were identified as major factors that affected the success of the NYEP.

In view of the challenges and lessons obtained from the implementation of Ghana's NYEP, it is recommended that, in order, for government to successfully serve as an ELR, a national employment policy is required to coordinate all employment activities. A legal framework should also be in place to govern the operations of the employment programme. In addition, government interventions to address youth unemployment must be devoid of partisanship and be based on credible data; this requires that all social partners are consulted in the conceptualisation and implementation of the programme, whilst programme officials are appointed based on competence and not political considerations. Finally, reliable and adequate funding is also required to ensure the sustainability of the programme; however, in order for deficit financing to work, governments must ensure that they will be able to generate enough revenue preferably through the productivity of the employment programme itself to pay back bank loans. The above recommendations are more likely to be realised if government employment programmes are conceptualised and implemented on the basis of the ELR proposal with the aim of achieving full employment and equitable labour market outcomes for all individuals irrespective of their demographic characteristics.

Adapt International Network



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