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Harnessing Youth Potential in Ghana

A Policy Note

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Currency equivalents:

US\$1.00 = Ghana cedi, GH¢ 2.9 (Average 2014)

Government fiscal year:

January 1–December 31

Abbreviations and Acronyms

AfDB	African Development Bank
ES	Enterprise Survey (World Bank)
COTVET	Council for Technical and Vocational Education
GLSS	Ghana Living Standard Survey
GSS	Ghana Statistical Service
IFAD	International Fund for Agricultural Development
MELR	Ministry of Employment and Labor Relations
MoYS	Ministry of Youth and Sports
MTI	Ministry of Trade and Industry
NAP	National Apprenticeship Program
NEP	National Employment Policy
NYA	National Youth Authority
NYP	National Youth Policy
NGOs	nongovernmental organizations
SMEs	small and medium enterprises
TVET	technical and vocational training and education

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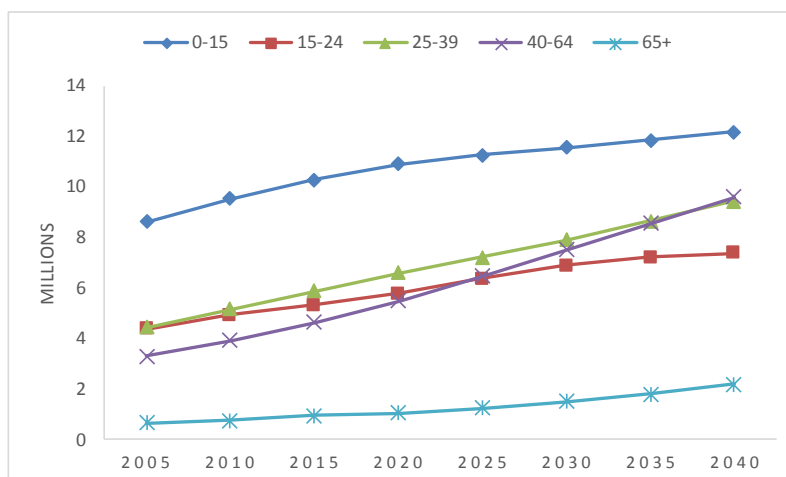
The note prepared as part of the Poverty, Inequality and Jobs in Ghana two-years programmatic work co-led by Vasco Molini (Poverty and Equity) and Maddalena Honorati (Social Protection and Labor) under the overall guidance of Stefano Paternostro (Practice Manager, Social Protection and Labor) and Pablo Fajnzylber (Practice Manager, Poverty and Equity).

This policy note draws on a forthcoming report on “Expanding Job Opportunities in Ghana”, prepared by the World Bank (World Bank 2016a) as part of the Poverty, Inequality and Jobs in Ghana programmatic work and complements it by providing specific policy recommendation for youth. The note also draws on a recent report on youth decent work deficit, prepared by Understanding Children Work (UCW 2016), an inventory of existing youth employment initiatives in Ghana prepared by the Ministry of Youth in collaboration with the World Bank (Avura and Ulzen-Appiah 2016) and consultations with policy makers, program implementers, NGOs, donors and other relevant stakeholders held during a technical workshop in Accra in May 2016.

Why care about youth employment?

Youth are both an opportunity and a challenge, and jobs for youth is a top priority for Ghana. There are several compelling reasons to pay particular attention to youth opportunities. Partly, it is a numbers' game. According to household survey data from 2012, Ghana's adult population is comparatively young - the age groups 15-24, and 24-35, account for 34 and 35 percent of the adult working age population (defined as ages 15-64) - and so the question of better job opportunities is to a very significant extent a question of job opportunities for youth. Moreover, the increase in the youth population – although modest in Ghana compared to some other countries - is expected to be peaking in the coming ten to fifteen years, making the question of helping youth transition into productive employment a particularly timely issue (Figure 1).

Figure 1: The youth bulge is happening now in Ghana



Source: Estimates based on UN populations data.

But there are other reasons why youth employment is a particularly important policy issue, and plenty of evidence that there are significant economic and social gains to ensuring good job outcomes for young people and, conversely, very costly not to get it right. In Ghana, and elsewhere, the first job opportunity for young people matters for how career and income opportunities will develop over life (Falco and others, 2014). Today's young people have more access to schooling than previous generations, and different expectations on what a job should offer. As evidenced across the globe, there are large economic, political and social costs to societies that end up with large numbers of dissuaded youth that lose confidence in political and economic systems are large. Hence, is important to understand how job opportunities for youth can be harnessed in Ghana.

This policy note provides a view of the main challenges facing Ghana youth and proposes policy options to address them. The note (i) highlights youth key characteristics from the perspective of their skills and jobs and the constraints they face, (ii) describes the institutional set up and strategy governing youth employment interventions in Ghana and what is known about existing initiatives in Ghana, and (iii) proposes policy avenues going forward and the particular role the government can play. Because implementing such policies will prove a daunting task for any government, prioritization is critical. The

analysis attempts to structure policy priorities with a proposed sequencing around short-term policy options, or quick gains in the first year; and medium-term program reform options, which may take longer. This note is mainly targeted to the National Youth Authority (NYA) within Ministry of Employment and Labor Relations (MELR), and to the Ministry of Youth and Sports (MYS), in charge of the policy making process on youth employment, as well as all their implementing partners within and outside the government as identified in the 2014-2017 National Youth Policy action plan.

What is special about youth employment in Ghana?

Jobs for youth is a complex agenda, because young people make up a very diverse population needing very different kinds of support. Young rural and urban residents, girls and boys, early school leavers and university graduates have different assets and face very different opportunities and constraints. In standard labor market analysis, moreover, the 15-24 age group is generally the conventional definition of youth. However, in Ghana as in many other countries youth is generally understood to include also the next age cohort, up until 35 years of age (this is the case in Ghana) or even 39 years of age. In Ghana, however, it is particularly the 15-24 year olds – new labor market entrants, including early school leavers - that are vulnerable in the labor market compared to other groups. As a group, they face different or at least more severe constraints to finding good jobs. The following section highlights some key facts on youth, schooling and jobs, using predominantly the sixth round of the Ghana Living Standard Survey Round 6 (GLSS6).

Youth have difficulties accessing more productive jobs.

In Ghana, young people aged 15-24 are less likely to hold a job than older adults. Some 55 percent of the 15-24 year olds are active in the labor market. A vast majority of these active youth are working – only 4 percent of them are unemployed, although this rate is still twice as high as for other age groups. Largely, young people are less likely to work because they are in school: 31 percent of youth are inactive and in school. This represents a significant increase in access to basic education among young people – net enrolment rates in secondary education has increased from 34 to 55 percent since 1999. Unfortunately, they are also more likely than other groups to be inactive and yet not in education. This is particularly true for girls, of whom 17 percent are neither working nor studying, compared to 11 percent of young men. It is important to note that the next age cohort – those aged 25-39 – do not have unfavorable labor outcomes compared to the younger age groups (Table 1).

The main problem in Ghana is not access to work, however, but the poor quality of jobs available to the majority of the population. Poverty is intimately connected to the kind of job one holds, rather than to whether one works. This is all the more valid for the youngest workers. In fact, young people aged 15-24 accounted for one third of all new jobs between 2005 and 2012. However, these were not particularly productive jobs. In particular, young workers are still much less likely than other age groups to have access opportunities in the wage sector (Figure 2, panel a). Nor are they very likely to find opportunities as self-employed in the off-farm sector – entrepreneurship is limited, and less than ten percent of household enterprise owners are between 15-24 years of age (Figure 2, panel b). Instead, they are much more likely than other groups to be engaged in the farm sector, reflecting the fact that early school leavers are more common in rural areas, and that lack of education affects labor market opportunities to a great extent.

Table 1 Youth aged 15-24 are less likely to work than others.

Percent

	Working age	Age groups				
	15–64	7–14	15–24	25–39	40–64	65+
Labor force participation rate ^a	79	29	55	91	92	58
Male	81	29	57	94	94	65
Female	77	29	53	87	90	52
Unemployment rate ^b	2	0	4	2	1	0
Male	2	0	4	2	1	0
Female	2	0	5	2	1	0
Inactive, in school ^a	11	67	31	2	0	0
Male	12	67	32	2	0	0
Female	10	67	30	1	0	0
Inactive, not in school ^a	10	4	14	8	8	42
Male	7	3	11	3	6	35
Female	13	4	17	11	10	48

Source: World Bank (2016a); estimates based on GLSS6.

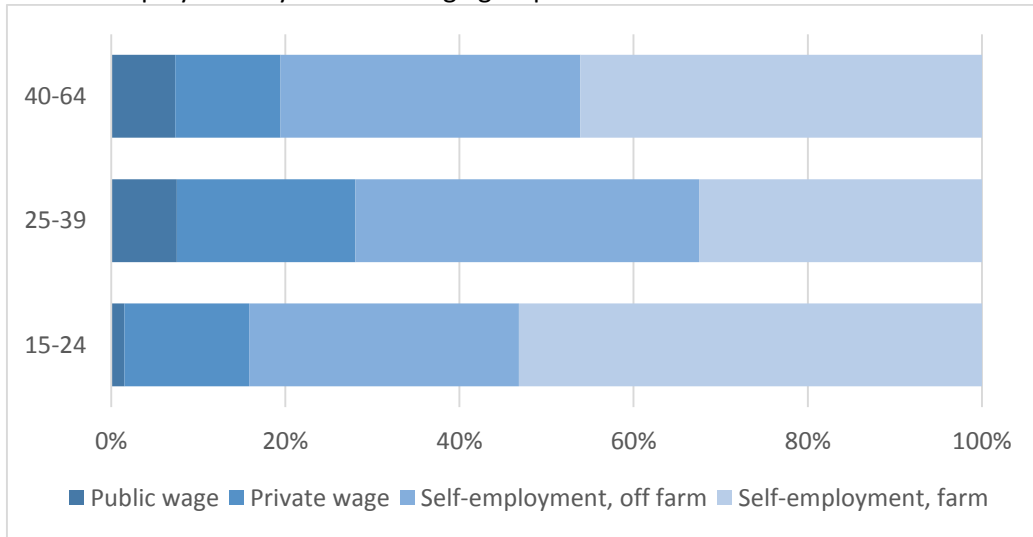
a. As share of total population in respective age group.

b. As share of active in respective age group.

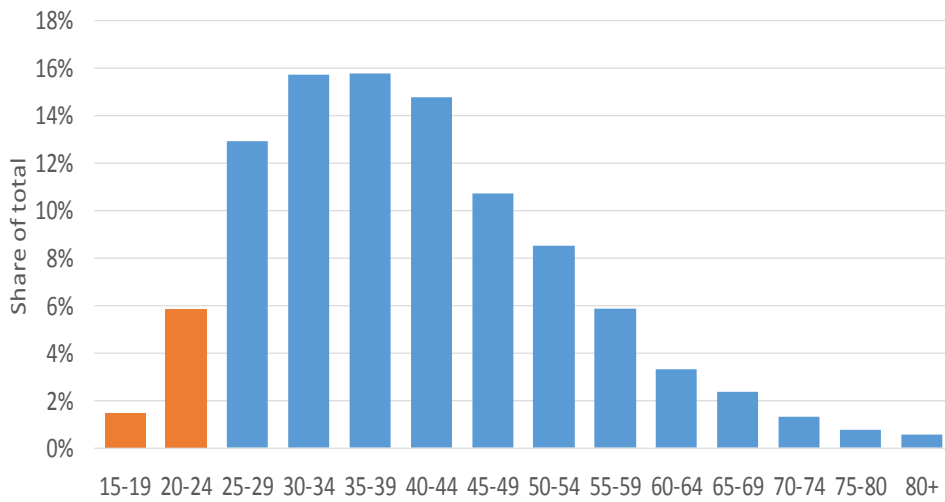
Opportunities differ significantly between different young people, reflecting their different characteristics, challenges and constraints. Paths of access to education and, subsequently, access to sectors where productivity and pay are higher, are very different between urban boys and rural girls (Figure 3, panels a and bFigure 3: Opportunities Differ Among Youth.). Both location and gender matters for these transitions. In rural areas, where poverty is higher and school infrastructure less developed than in urban areas, children leave school earlier, and are also likely to combine school and work throughout their education. At the same time, there are fewer opportunities to find employment with a private firm than in urban areas. Young women are more likely to leave school, without taking up jobs, because of household duties, especially as girls generally marry and begin to form a family at a much earlier age than do boys/men. Unlike young men in urban areas, of whom a majority eventually find work in the wage sector, they have virtually no access to wage employment.

Figure 2: Employment Opportunities in Higher Productivity Jobs are Limited

a. Employment by sector and age group



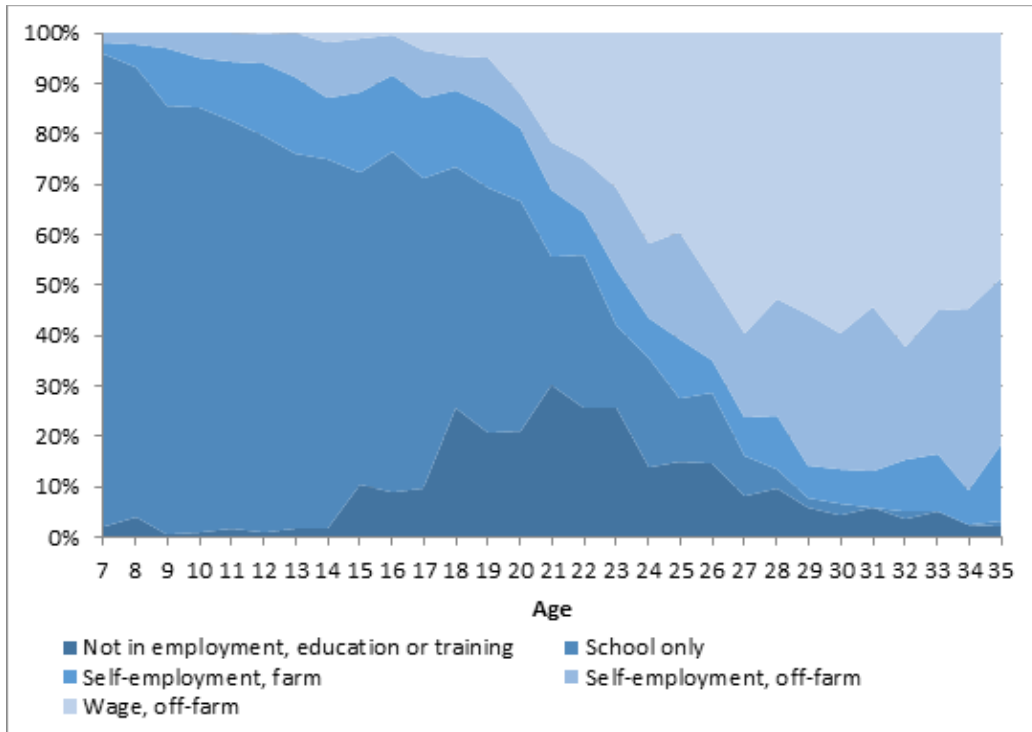
b. Distribution of household enterprises by age of owner



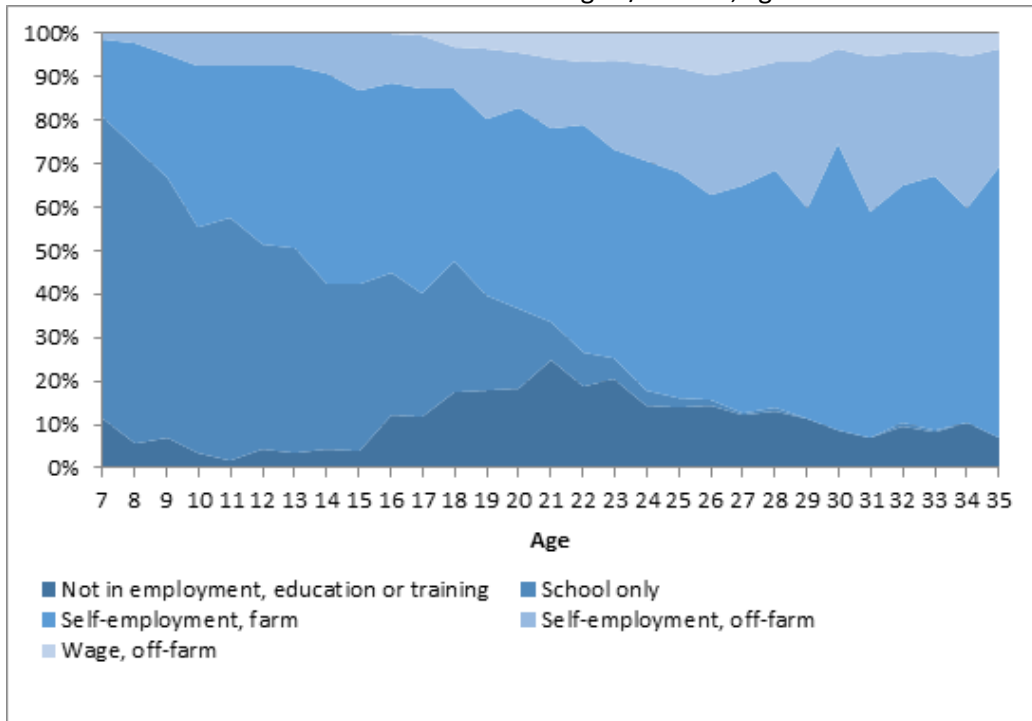
Source: World Bank (2016a). Estimates based on GLSS6.

Figure 3: Opportunities Differ Among Youth.

a. Transitions into work from school: urban boys/men, ages 7-35.



b. Transitions into work from school: rural girls/women, ages 7-35.



Source: World Bank (2016a). Estimates based on GLSS6.

Some constraints are more binding for youth than adult

Clearly, youth is a diverse group facing multiple constraints to transitioning into jobs, and the comparatively worse labor market outcomes for young people are the result of different factors: lack

of capital, skills and networks, inexperience, social norms, and a general lack of labor demand. All of these contribute to limiting access to job opportunities in self-employment and wage work.

Low levels of formalization and opportunities for wage employment are among the top impediments for youth wage employment. Despite the recent high economic growth, the formal private sector in Ghana is small. Youth and women in particular have very limited access to wage jobs; wage jobs are also concentrated in the southern regions (especially Accra). Even with exceptionally high growth, the wage sector can absorb only some of the new entrants to the labor market¹. Moreover, not everybody will be able to find a job in the wage sector, given their skills and personal circumstances. Self-employment, in the off-farm and farm sectors, will remain a critical source of livelihood for youth entering labor markets in the coming years.

Access to finance remains among the top constraints to young (and adult) entrepreneurs and to jump-start new businesses. The high interest rate is a deterrent for borrowing for all types of economic activities, formal and informal, small and medium sized enterprises, but the access and cost of credit affects more severely small and micro-firms, and even more potential entrepreneurs seeking to start up a business. The issue of credit is clear from both qualitative and quantitative evidence in the form of household survey data on household based enterprises. About half of the household enterprises report lack of capital and credit as serious difficulty when they were starting their firm. And in fact, the vast majority of household enterprises operate without access to external finance; only 6 percent have tried and successfully gotten credit from banks or other financial institutions. Young people, lacking savings for investment, assets for collateral, and experience/track record, are more constrained than others.

Lack of skills – including basic foundational skills for some, soft skills, and labor market relevant competencies also for those with many years of education - is also a significant obstacle to youth job outcomes. An over-arching issue concerns early school leavers. Although children now go to school for longer than before, there is still a group of 15-24 year olds that have left school too early to acquire skills enough to be able to compete for a job in the labor market. This includes in fact basic fundamental skills such as literacy: in spite of increasing access to education, one in four young women (15-24) cannot read or write, and 20 percent of third graders can still not read a single word. Access to post-basic levels of education is limited: there are over 9,000 Junior High Schools in Ghana but only 650 Senior High Schools, and substantial variation in school quality remains². The limited capacities at government Senior High Schools combined with costly fees of formal and informal training prevent many young people from furthering their education and improving their job relevant skills. These low general skill levels are compounded by lack of skills that could be more relevant to firms looking to hire people, including both jobs-specific technical skills and soft skills like communication, networking, autonomy, and team working skills³.

¹ It would need to grow nearly 20 percent each year just to keep up with additional labor market entrants due to population growth—not including those that would come from transformation of self-employment on and off the farm (World Bank 2016).

² Around 55% of graduates from Junior High Schools are unable to enter into Senior High School and only 7% of these continue in formal technical and vocational education training (Ghana Education Service, 2010).

³ While no information is available for Ghana, evidence from other countries suggest that employers look for a combination of both foundational and job specific skills, including such soft skills

Because young people are new to the labor market, they also lack the ability to identify and present themselves to a job opportunity (even if they have relevant skills). First, young people may not know what occupations are in demand, or pay better, and what educational paths are necessary to enter a particular occupation. Second, once available for work, young people tend to have less well established professional networks and access to information on job opportunities/vacancies. Third, because they lack experience, they are not familiar with job searching strategies and techniques, including preparing résumés and contacting potential employers. Moreover, although self-employment off the farm is a large sector of employment in Ghana, young people have little experience or exposure to what entrepreneurship is and what skills and assets are needed to start a successful business, including how to prepare a business plan.

Young women – as shown above - face different constraints from men due to social and cultural norms. Traditions that foster early family formation (for girls) and assign household duties largely to girls effectively remove girls from accessing job opportunities. Women are also limited in their economic and entrepreneurial opportunities because of a system of property rights that is biased against female inheritance and ownership of land and other assets. The legal framework in Ghana does not formally appear to impose strong restrictions on women’s work. Nonetheless, women appear to often lack the title to property of their household enterprises, which in turn limits their access to finance.

What are the challenges and opportunities of existing youth employment initiatives in Ghana?

Government often support active labor market programs (ALMPs) to help address market failures related to jobs demand and supply for the general working population, and more specifically the challenge of youth unemployment (and under-employment). ALMPs offer a series of services to students, job seekers, existing workers and firms to facilitate their transition from school or unemployment to stable quality jobs, facilitate first time entry to labor markets, and their adjustment to changing labor market conditions. ALMPs include a wide range of interventions, intended to foster the quality of labor supply (e.g., skills training programs), increase labor demand (e.g., wage subsidies and job vouchers, public works and programs supporting entrepreneurship and microenterprise development), or improve the matching of individuals and jobs (e.g., job search assistance, employment services). They usually target specific sets of disadvantaged individuals that range from youth with different level of basic educations and technical skills who drop out of school or are transitioning from school to work, unskilled and skilled adults that are unemployed, low productivity workers, social assistance recipients, disable and displaced workers.

The economic rationale for governments to be involved in supporting ALMPs is to increase opportunities for youth to access better jobs (both wage employment and self-employment), hence reducing the burden of public expenditures on social assistance and unemployment assistance (and insurance when it exists).⁴ Furthermore, the social and private costs of poor labor market outcomes are probably higher for youth than for older workers.

⁴ For example, it was estimated (Belfield et al., 2012) that each of the 6.7 million unemployed and out-of-school youth in the United States cost to taxpayers almost \$14,000 per year.

Governments support ALMPs usually through either direct provision (e.g., through public training institutes, public employment services and subsidized credit) or financial support (e.g., funding training costs and/or subsidizing trainees). Regarding skills training programs, currently the practice in many countries is to fund training costs and leave the actual training provision to the private sector (Honorati and McArdle, 2013). Publically financed vocational and technical trainings are in most middle income countries the most popular type of ALMPs. In the early 2000s, training represented the largest category (or 36 percent of total expenditure in ALMPs) among countries of the Organization for Economic Co-operation and Development (OECD). For instance, OECD countries spent on average almost 0.8 percent⁵ of their Gross Domestic Product (GDP) on ALMPs⁶ which is modest compared to the policy implications of not addressing the problem of unemployment, especially youth unemployment.

Policy framework and Institutional set-up for youth employment in Ghana

In Ghana, the youth employment agenda is governed through the National Employment Policy (NEP) launched in 2015, and the National Youth Policy (NYP), from 2010. The policy framework to promote employability and better jobs for young people in Ghana is laid out in key policy documents such as the Ghana Shared Growth and Development Agenda (2014-2017), The National Youth Policy and Implementation Plan and the recently launched National Employment Policy (2015). Youth are also recognized as one of the vulnerable groups that needs to be prioritized also in the Coordinated Program of Economic and Social Development Policies (CPESDP, 2014-2020).

The Government holds the leading role in formulating the NYP, the policy goals and a medium term action plans to implement and monitor the strategy, in collaboration with other stakeholders. Ghana's government has taken the lead also in preparing the NEP and the overall strategy for youth employment which defines the policy focus policy areas, sets specific short-, medium-, and long-term goals to be achieved, and provides the elements for the development of a medium-term program to achieve the goals.

The NEP lays out a multi-sectoral agenda, centered on four objectives: (i) to create more decent jobs to meet the growing demand for employment; (ii) to improve the quality of jobs for those who are employed; (iii) to increase labor productivity; and (iv) to strengthen governance and labor administration (Ghana Ministry of Employment and Labor Relation 2014). As such, the NEP emphasizes the importance of both broad-based economic growth to foster job creation in all sectors of the economy, and specific interventions to reduce unemployment among youth, both with and without education. In recognition of the importance of self-employment and micro-business, the NEP also recognizes the importance of establishing an enterprise culture that promotes successful businesses and an entrepreneurial spirit. To increase the quality of jobs, concerted efforts towards skills development as well as formalization are envisaged. The NEP recommends to establish a National Employment Coordinated Council as the coordinating institutional framework for implementing the policy. It is to be chaired by the Vice-President. An implementation plan is needed to guide the implementation of the policy.

⁵ Betcherman et al. (2010). Expenditures on ALMPs programs on GDP are around 0.6 percent for ECA countries.

⁶ Including job training programs, entrepreneurial training on promoting self-employment, wage subsidies, public works, and employment services.

The NYP is, in a similar vein, focused on empowering youth so that they can participate and indeed contribute to national development. Like the NEP, Ghana's national youth policy recognizes the importance of involving youth in productive work, as a means of both individual fulfillment and contribution to the country, and empower youth both by skills development and by increasing their exposure to entrepreneurial culture and fostering independence and the ability to identify business opportunity. It also emphasizes the importance of helping youth access reliable and adequate labor market information. The National Youth Policy Implementation Plan 2014-2017 sets an implementation plan around four broad thematic clusters: human development and technology; economic empowerment; youth participation, governance and leadership; and culture, sports and national orientation. The implementation plan identifies activities, outputs and outcomes for each of the clusters, as well as indicators to monitor them, means of verification, the level of implementation, a timeframe and an estimated cost.

The Government agencies in charge of implementing these strategies and manage youth employment policies includes: the Ministry of Employment and Labor Relations, (MELR) and the Ministry of Youth and Sports (MoYS). The National Youth Authority, now under the Ministry of Employment and Labor Relations, is the public agency with the mandate to coordinate the activities of all youth organizations and formulate youth policies and programs. Several other stakeholders have been identified to also play a key role in the monitoring and evaluation of the national youth policy: Ministries, Departments and Agencies (MDA), Youth Groups and Organizations, Metropolitan, Municipal and District Assemblies, Development Partners, Parliamentary Select Committee on Youth, Sports and Culture, Civil Society Organizations, Private Sector Organizations, The Media, Political Parties.

The Youth Employment Agency was established in 2015 to support about 600,000 disadvantaged youth by providing job placement, skill training, and seed capital to establish microenterprises. It targets graduates from junior and senior high school and from technical and vocational schools, as well as school dropouts and illiterate youth. The program is being redesigned under the MELR. It includes the following components: skills training and internship through the formal and informal structures; entrepreneurial training; assistance to form cooperatives/ trade associations; and support services (financial support, tools, equipment) for organized and registered cooperatives and trade associations.

Existing youth employment programs

In Ghana, publicly funded ALMPs for youth are geared to providing skill training, entrepreneurship training and supporting apprenticeships in informal firms. Ghana has a large number of public and private programs that provide skills upgrading, technical and vocational and educational training (TVET) and over 200 public and 450 private TVET institutes through the country (World Bank 2016b). Labor market information is run manually and cannot help match job seekers and firms in a timely manner. The Labor Department under the MELR administers 64 employment centers throughout the country⁷ to register jobseekers, collect jobs vacancies from local employers, facilitate job placements and report to employment information branches (EIB). However, these centers are constrained by poor infrastructure, human resources and financial capacity, hence their activity and impact on the employment outcomes is

⁷ Public employment centers are present in all 10 regions, but not in all districts (only in 38 districts). Where public employment centers are not present, district offices deploy their functions.

limited. Not all district offices have connectivity and the equipment needed to track local employers' demand. Recently the Department of Labor in the MELR launched the development of a labor market information system to compile data from public employment centers and district offices, data migrants and other administrative sources.

In addition to public agencies, several nongovernmental organizations (NGOs) and community-based organizations run small scale initiatives in Ghana to support youth by promoting skill development, entrepreneurship, and access to jobs or creation of microenterprises. These organizations include, but are not limited to the Meltwater Entrepreneurial School of Technology (MEST) and the MEST incubator, the Don Bosco Technical Institute, the Ghana Skills Development Initiative (GIZ, German International Cooperation), Technoserve (international nonprofit economic development organization), the GRATIS Foundation, Solidariedad West Africa and the Junior Achievers Trust International (World Bank 2016b).

Despite such an extensive portfolio of programs, a comprehensive list of the universe of initiatives in Ghana does not exist and there is little rigorous evidence on what works best to promote youth employment in the country. While a complete inventory of existing public and private youth employment initiatives does not exist, the Ministry of Youth is undertaking a comprehensive stock-taking exercise with support from the World Bank (Avura and Ulzen-Appiah 2016). A list of known programs was compiled and program managements were contacted to gather basic information on program design and activities details, number of applicants, number of beneficiaries and program costs among others. The scope of the stock-taking includes both public youth employment programs financed by the Government of Ghana and private programs (funded by NGOs, donors and private foundations). Programs have been grouped according to the following typology: skills development and training, entrepreneurial training, employment service, direct employment in the public administration, apprenticeship, others (internship, loans to start business).

Information about youth employment programs is fragmented, dispersed, and incomplete. Access and availability of basic program monitoring data such as number of beneficiaries and actual spending was not readily available for most programs. Data collection activities for the purpose of the inventory have been very time intensive, requiring in some cases multiple visits to the agency and also getting to a complete list of programs was challenging. With a few exceptions, most program management units could not provide information about their target group, how many people applied, participated and graduated from programs, how much they were spending, and their sources of financing. This was generally the case also for most social protection programs as documented by a recent social protection assessment and spending review (World Bank 2016b). This is a finding with policy implication in itself- without clear and transparent information on key program information, it is difficult to know how to strengthen current efforts. While little can be said about overall program effectiveness (most programs also lack some form of evaluation), a few additional salient findings emerge from this first overview.

The majority of youth employment programs offer skill development training and are small in scale. The majority of youth employment initiatives – 25 programs - are implemented and funded by private institutions and NGOs while about 17 programs are run by not government agencies or ministries⁸. The largest government sponsored programs include: (i) the Youth Employment Agency established in 2015 to replace the Ghana Youth Employment and Entrepreneurial Development Agency that offers skills

⁸ See Avura and Ulzen-Appiah 2016 for a complete inventory of programs and their description.

training and two years direct employment in the public administration, entrepreneurship training to about 100,000 youth per year (planning to expand to 600,000) and assist youth to form cooperatives or trade associations and provide access to financial support through enterprise funds in the form of tools, equipment and innovative ways of financing/ (ii) Youth in Agriculture program launched in 1999 under the Ministry of Food and Agriculture (MoFA) which aims at promoting youth employment in the agricultural sector by providing training, support to agri-business, farm inputs and extension services to about 50,000 youth per year (iii) The Rural Enterprise Program implemented by the Ministry of Trade and Industry (MTI) with financial support from AfDB and IFAD that also provide business development services, technology transfers and access to rural community banks to about 27,000 poor farmers and small entrepreneurs every year. Private programs are smaller in scale and operate mostly in the Accra Metropolitan Area.

Preliminary findings point to the limited capacity of youth programs to meet the demand. Program coverage with respect their target population (youth with JHS or SHS or tertiary degree as highest education attainment for example) could not be estimated. Based on data collected, oversubscription seems to be the norm, however, with many more youth applying to those programs than the slot that are actually available. According to program estimates, only 30 percent of youth applicants get access to programs run by NGOs and private institutes, while only 19% of the about 1.3 million youth who apply annually are accepted in publicly sponsored programs (Avura and Ulzen-Appiah 2016).

Less than half of the publicly sponsored programs are explicitly targeted to youth. Public-sponsored programs generally target the vulnerable, lower educated youth and the working poor and operate nationwide. Only six of the public programs really target the youth aged 15-35 years by making age as one of the eligibility conditions to participate in the program. These are: the Youth Employment Agency, Youth Enterprise Support (YES), Youth in Agriculture, Youth in Cocoa, the Youth Leadership and Skills Training Institute (YLSDT), National Apprenticeship Program (NAP) and Fisheries Commission. Private programs generally target higher educated youth, at least senior high school graduates and potential high-growth young entrepreneurs (Avura and Ulzen-Appiah 2016). Given the significantly poorer job outcomes for the 15-24 group compared to others (including 25-39), limited targeting may be a problem.

Only few programs provide complementary services for business start-up, ongoing mentoring and counseling after the training. Very few programs provide beneficiaries with some form of support to either start up a business such as cash and in kind grants, subsidized loans, or job search assistance to better link to employers. Exceptions include the Rural Enterprise Program that facilitates access to financial institutions and local commercial banks, and the Local Enterprises and Skills Development Program (LESDEP) which offer start-up equipment, financed by loans to be used as a revolving fund, access to credit, and support to the start-up business. In addition, the YES gives an interest free loan of GHS 50,000, while Youth in Cocoa and Youth in Agriculture provides farm inputs & extension services. After-training support, counseling and advisory services which are fundamental especially for new business start-up are provided only by YES, National Vocational Training Institute (NVTI), Gratis Foundation and Opportunities Industrialization Centers, Ghana (OICG) programs.

There is significant duplication among youth programs and room for better coordination and cross-learning. Program fragmentation and duplication pervade in terms of similar interventions (skills training, apprenticeship and entrepreneurship support) targeting the same population group. Public youth employment programs are not linked and specifically established to complement each other. Seven out

of the 17 public youth employment programs are implemented by the same ministry, the MELR, and provide similar services and training classes. There are clearly opportunities to better complement and coordinate programs both in the public sector within and across implementing ministries, and between the public and private sector by with NGOs and private institutes.

It is not clear what works in Ghana because programs have not been evaluated for their impact; monitoring systems are very weak and impact evaluations almost absent (especially for public programs). The difficulty in obtaining basic information from the institutions responsible for the programs reviewed in the inventory provides a clear indication of how inadequate existing M&E information systems are. Most programs do not produce basic monitoring reports or track beneficiaries during the program and after program completion. Very few public programs could provide their recurrent costs or sources of financing. Regular process evaluations, important to ensure that programs are being implemented as intended and to identify implementation bottle-necks to be corrected, are not conducted and no reports were produced (World Bank 2016b). Only four programs (Gratis Foundation, NVTI, Integrated Community Centers for Employable Skills, and OICG) had been evaluated through tracer studies to assess whether they are producing the results and impacts expected: all funded by donor agencies or development partners (Avura and Ulzen-Appiah 2016). Of the 17 public youth employment programs discussed here, none had a rigorous impact evaluation; only the National Apprenticeship Program – currently on hold - is being evaluated. With no rigorous evaluations, neither government nor youth know which program is working and which is not working and why. By contrast, almost all private programs have some form of monitoring and evaluations funded by donors, but few programs have established M&E frameworks.

Finally, the inventory of youth programs finds that average unit costs are low compared to similar programs in other countries, especially among public programs. Cost per participants for government funded programs are very low, about GHS100, GHS150 (~USD40), while private programs average cost per participant is about GHS 2,320 (~USD610), more aligned with international standards of about USD750 per participant for a six month training and internship program in Colombia in 2005⁹ and about USD1,000 for a similar program in Kenya in 2012 which offers youth stipends to cover meal and transport expenses as well as monetary compensations to employers for their on-the-job training. Low costs of public programs is an indication of the fragmentation of programs under a limited overall budget envelope, and suggests that services provided are not adequate to the needs of the youth, provide limited support, are too short in duration and/or are not reaching the minimum quality of training. The review finds that costs also vary by program type: programs supporting entrepreneurship that offer competitive funding, ongoing incubation and mentoring are the most expensive; technical skill training have subsidized fees and offer start-up kits at subsidized costs, while seven programs charge nominal fees for their services but some beneficiaries are not able to pay.

What can Policy Do? A Framework for Action

The analysis of youth employment outcomes, youth-specific constraints and existing labor market policies and programs in Ghana points to some general and specific areas for policy actions. In order to

⁹ *Jovenes en Accion*, Attanasio et al 2011.

improve labor market outcomes for youth, address the gaps and weaknesses of the existing policies and programs, this note proposes a roadmap for the youth employment policy agenda in the short and medium term. It should be noted that a jobs strategy is a multi-sectoral agenda that involves macro, industrial, trade, urban, social protection, and other policies, many of which focus on increasing the opportunities for business and – as such – the demand for labor (see World Bank, 2016a). The purpose here is not to elaborate on the broad agenda but to focus on specific aspects of policy that can favor youth.

A Sequenced Approach: the short term

In the short term, there is a need to (i) provide better diagnostics of existing ALMPs performance, market failures and of the skills in demand; (ii) rationalize existing programs by reducing YE programs fragmentation and duplication; (iii) strengthen the coordination and communication across different actors involved in the implementation of such programs.

First, it is important to invest in data collection and monitoring, relying on both survey instruments and program administrative records for program performance management. Better diagnostics requires better data and tools: better program level data and firm level data (regular establishment census and survey data). Monitoring performance and assessing results of existing ALMPs is key to inform evidence-based policy making and to enable the government to make optimal decisions such as discontinuing or reforming ineffective programs, and invest more and scale up programs that work. Ghana is among the few African countries with a good track record of labor force surveys, collected through the different rounds of the GLSS¹⁰. A specific module of household enterprise was added in the 2012 round (GLSS6) to capture more detailed information about the increasing share of off farm household enterprises. The GLSS so far and the LFs in the coming years will provide the main data sources to analyze trend in labor force participation, inactivity rates, employment status by sector and by activity. However, they will not be enough to understand youth constraints, what works and why. They will need to be complemented by qualitative and specific quantitative surveys to youth, tracer studies and most importantly by monitoring and evaluation data to assess the performance of existing programs. According to the inventory of youth programs, very few programs have been subject to a proper assessment. Programs' management teams should design and develop comprehensive M&E systems capable to track inputs (costs), basic process and output indicators, collect feedback through beneficiary assessment surveys and employers' surveys (when they are involved as in the case of internships and apprenticeships), track youth outcomes after program completion through tracer studies (for example through the inexpensive method of phone calls), and when resources are available conduct impact evaluations to assess outcomes against proper counterfactual and cost –effectiveness analysis. The combination of these M&E tools would provide an assessment of not only of the “whether” a program works, but also the “why”. Solid and comprehensive M&E systems would also trigger a virtuous feedback loop to the program management to inform corrective actions based on results and adapt the program future design and implementation to improve performance.

Better diagnostic is also needed to understand the market and government failures that constrain transitions into wage employment, and that are more binding for youth. Where employers demand workers with specific skills and such workers are unavailable, a short-run market failure relative to the

¹⁰ In 2015 the Ghana Statistical Service piloted a labor force survey (summary report forthcoming) with the plan to carry our annual labor force surveys.

supply of skills clearly exists and may require public intervention. Where there are many people with adequate skills and no demand from employers, the constraints may rest elsewhere. It is not clear which are the most binding constraints for youth to access wage employment, the extent of skills mismatches and lack of labor demand. Constraints to business start-up and small scale entrepreneurship are instead evident from the analysis of the off farm household enterprises (GLSS6), being access to credit, outdated technologies and lack of networks, and access to supply value chains.

Attention needs to turn to collect sectoral and firm level data on local labor market demand and the type of skills that are most in need by employers. On the labor demand side, regular collection of representative firm-level survey data will be needed to document employers' needs. Representative firm-level data are one of the biggest gap in data¹¹. There is also no regular and comprehensive reporting on the number, type of vacancies needed by private sector firms. The Department of Labor suffers from capacity to collect the information needed by employers on a regular basis to inform. Sectoral analysis based on employers' surveys are needed to identify skill needs and potential unmet labor demand in order to design demand-driven interventions and facilitate youth entry into wage employment.

Building on sound diagnostics of local labor markets and on rigorous assessment of existing employment programs for youth, the government of Ghana should consider rationalizing and consolidating existing youth employment programs. According to the youth programs inventory there is significant overlap and duplication among youth programs, across different implementing agencies, but also within the same agency (as for example within the MELR). Programs that offer the same services, notably skill training, to the same target population (senior high school drop-outs) should be consolidated to increase capacity while reducing administrative costs. The rationalization of programs should also consider to drop ineffective programs and reallocate resources to best performing programs and/or launching new programs to address policy gaps.

Once key programs are identified, there will a significant requirement to define roles and areas of responsibilities across the different actors involved in the implementation of such programs. It is the role of the Government to define the functions, responsibilities, and the institutional and administration arrangements of the different government agencies. In terms of direct implementation, it is important to define the best role the government agencies can play. The Government does not need to implement all forms of programs directly. For example, while there may be a strong rational for skills training, there are cases in which the optimal policy response for governments is not necessarily to publicly subsidize or to directly provide training. Governments may instead have an important role to play in ensuring a functional "training system" in which all parties – students, employers, public and private training providers – can provide their respective input in the most effective way, by facilitating the coordination between training providers and employers, providing accreditation and quality assurance policies for training providers, offering counseling services on career development and improving labor market regulation.

The Government should take a leading role in coordinating key stakeholders in the youth employment agenda. As such it needs to strengthen its role in convoking partners within and outside the government

¹¹ The last available census data are dated 2003 and could not be used in the analysis of this report. Recently, the Ghana Statistical Service (GSS) has undertaken an extensive project to establish a registry of formal and informal establishments through an enterprise census, and to collect detailed survey data for a selected sample (reports are forthcoming).

(key government agencies, employers associations, program implementers, NGOs, Youth Groups and Organizations, Civil Society Organization, Parliamentary Select Committee on Youth, Political Parties, Development Partners) around the agenda, and coordinating different incentives and programs. The multitude of programs and incentives, from public and non-public sources, suggests that much can be done to improve coordination in the area of youth employment. Broadly, the Government should create the enabling environment for the private sector to absorb jobs by ensuring also supporting policies and reforms that improve the business environment (infrastructure, trade policies, tax policies, including improving access to electricity and finance, and diversify the economic growth.

It will be important to regularly update the M&E framework of the National Youth Policy Action Plan.

The National Youth Policy Action Plan 2014-2014 sets a very detailed and elaborated M&E work plan, with clear timeframe and estimated budget; the M&E framework includes clear baseline and target values for selected indicators. However, actual values and updates are not easily accessible to track progress of the NYP implementation. Importantly, the government needs to define the NEP action plan as a tool to oversee the NEP implementation, in alignment with the NYP action plan. An M&E work plan for the NEP should also be developed including selected indicators to ensure that program inputs are being transformed into the desired outputs, and the outputs transformed into the desirable outcomes.

Finally, the Government has a specific leading role in communicating and raising awareness of the different YE initiatives, promoting research and disseminating results. The government should develop a communication strategy to generate awareness and advertise programs and their benefits to students and trainees ex-ante and ex-post programs. Marketing efforts should not overlook the promotion of particular skill and occupational areas by gathering information on estimated job openings and earnings, and using it in the promotion effort. Importantly, the Government should promote research on innovative solutions, impact evaluations, beneficiary tracer studies and act as a broker to disseminate results among policymakers through fora.

Medium and long term actions

Over the long-term, there are opportunities to improve policies to address some of the more critical constraints, including basic education. Based on a good understanding of key constraints and international experience and on the analysis of active labor market programs in the country, it will be possible to improve the effectiveness of youth employment programs.

First, the role of basic education is essential to ensure a smooth transition to work. The low level of education of the youth population is an important part of the youth under-employment problem as “foundational” skills are needed to further acquire job-relevant technical skills, ICT and sector specific skills. Ghana has successfully increased access to basic education, but there are many problems with quality. Basic education provides the general cognitive and other skills that are needed for further learning. Education and training policy needs to consider how to best strengthen the quality of basic education, reduce dropouts and repetition, and translate class attendance to valuable learning.

Second, it will be necessary to improve the effectiveness of existing ALMPs programs to better address youth constraints and market failures, also drawing on best practices and international evidence. A significant body of evidence from other countries now exists on what works best for different types of constraints and groups which together with a growing understanding of what has worked in the Ghana

context, should serve as a guidance. This may imply to introduce new programs or reform existing programs by adding complementary components that better address the multiple constraints youth face such as access to credit, poor information and networks, female workers' specific constraints. According to international best practice, factor of success of youth employment programs are related to (i) integrated approaches to respond to different types of constraints; (ii) demand driven design of skills training; (iii) inclusion of soft skills training modules; (iv) on-the-job training and (v) private sector involvement in both program design and implementation; (vi) post-program support (Box 1).

Third, gender-sensitive and youth-targeted interventions within the context of the broader policies should be considered. Many of the policies that government implement to facilitate the creation of business and jobs will certainly help youth, as other workers. But youth might face higher constraints relative to adult workers when accessing these jobs – including when they take the form of self-employment opportunities- and women higher than men. Gender-sensitive elements to reduce the opportunity cost of participation should be considered in the design of youth employment programs to address the gender gap in inactivity rates.

Fourth, effective labor intermediation services should be created in Ghana to make labor market information available and accessible to all jobseekers. These services include (i) labor market information; (ii) job search assistance; (iii) career counseling; and (iv) special programs for the unemployed, including second chance programs. These are programs that have proven quite cost-effective.¹² According to the 2014 National Employment Policy, “an effective Labor Market Information System (LMIS) will depend on the improved capacity of the Employment Information Unit (EIU) of the Labor Department of this Ministry (MELR), the Ghana Statistical Service (GSS), and other labor organizations. Funding and human resource capacities currently do not exist to support the development of an efficient and effective LMI system”¹³. The World Bank and the International Labor Organization (ILO) plan to assist the Department of Labor in setting up a modern labor market information system that can meet the needs of Ghanaian firms and job seekers.

Box 1: Global good practices in youth employment programs that could be adapted to the Ghana context

International evidence suggests that, comprehensive programs are more likely to succeed than those that attempt to address only one issue at a time given that the constraints facing young people are complex and multifaceted¹⁴. Training program reforms should consider adding or linking beneficiaries to complementary components such socio-emotional or life skill training, gender sensitive measures and services, counseling, job preparation and job placement services. For programs that aim at promoting business start-up or helping existing entrepreneurs to grow and expand it is important to combine training with linkages to business development services, business incubators, in kind or cash grants, preferential access to microcredit, extensions, links to other MSMEs and supply chain development services (Table 1). For example, the Adolescent Girls Initiative successfully piloted in six countries¹⁵ approaches that combine technical and soft skills training with ancillary services tailored to local context, such as childcare, mentoring, job placement assistance, and links to microcredit. The

¹² E.g. Betcherman et al. (2010)

¹³ MELR (2014), 14.

¹⁴ Cho and Honorati (2014); Card et al. (2015); Solutions for Youth Employment (2015).

¹⁵ Afghanistan, Haiti, Jordan, Lao People's Democratic Republic, Liberia, Nepal, Rwanda and South Sudan.

agriculture, agro-processing and post-processing sectors offer opportunities for productive jobs; there is a need to aggregate/cluster small scale producers, educate, incubate and sensitize them to commercialize their production.

Training curricula should be re-designed to respond to employers' needs and close the gap between TVET and industry. Evidence shows that the success of vocational and technical training programs is closely related to which skills they teach, how well they serve the local labor demand (demand-driven design)¹⁶, and how well they are implemented. The training program design would use labor market information to identify growing sectors and occupation areas, recruit participating firms, identify specific job areas for training with the firms, review and validate available standards, develop a course outline and curriculum based on this information. It is important to position a new training program into any national framework that exists and to determine the jobs and occupational areas in demand in different sectors of the economy. A critical factor will be to involve employers as stakeholders both in identifying needs and designing curricula.

Ghana should consider the role of subsidized internships in formal private firms to promote wage employment. One of the most successful experiences include the *Jovenes* programs first implemented in Latin America and recently adapted to the Kenya context. These programs combine three months of technical training courses (including about two weeks of life skills training) with three months of work experience in private sector firms. Private sector participation in the program is essential and is sometimes coordinated by the local Chambers of Commerce and Industry. The programs provide a per diem payment for food, transport, and extras; cover training costs; and provide work risk insurance (during the internship). The selection of institutions implementing the program (nongovernmental organizations, training institutions, and so on) is competitive by public bidding and based on their results (measured in terms of the rates that beneficiaries are placed in apprenticeships in participating businesses).

Involving and incentivizing the private sector is key. The private sector through NGOs, private providers of various services and through employer associations, should be a core player in the implementation of youth employment programs, especially for those geared at promoting wage employment outcomes. Kenya recently piloted a successful training and internship programs. To ensure private sector participation, the intervention was design to operate as a private-public partnership. The Government of Kenya set the strategic vision and financed the program while the Kenya Private Sector Alliance (KEPSA), a policy advocacy organization for private employers, defined the competencies needed by employers in the six growth sectors, mobilized and motivated employers to participate in the program. To incentivize employers to train and invest on young interns a small monthly stipend was offered to compensate employers for their mentoring and supervision role.

Encouraging learning tests and skills certification in the traditional (or un-regulated) apprenticeship system and enhancing its complementarities with formal apprenticeship program (NAP) should be

¹⁶ In supply-led training, the availability of training is related to the supply of available teachers and instructors in the skill areas they know, and the facilities, workshops, equipment, curriculum and learning material available. Training programs offer the same courses year-after-year and there is little or no labor market information, planning and evaluation to guide the training material. By contrast, in demand-led training systems the preparation of a training plan is usually centered on group of employers. In the Morocco's TAEHIL program for example, the training plan and program content is validated by at least three companies (Honorati and McArdle 2013).

considered to effectively deliver skills training to youth. Traditional apprenticeship is a promising avenue that utilizes the large informal private sector to provide on the job training to youth. However, the existing large traditional apprenticeship system that is a specific feature of the Ghanaian economy, lacks standardized curricula, certified instructors or master trainers and the labor-management-government regulation to ensure that marketable and certified skills are delivered. Providing subsidized technical assistance from a training fund, standard courses by industry associations and encouraging skills certification linked to the formal system could be considered (Adams et al 2013).

Ensuring long term support after the training has also been reported as a factor of success for sustainable outcomes and should be taken into account in programs' restructuring. Assisting in the transition into work after training is essential. The type of post-program support will depend on the desired outcomes; it would entail personalized jobs search assistance and job placement services to facilitate labor market entry in the wage employment sector, while it would be important to visit young entrepreneurs after receiving training and financial support and providing mentoring, coaching and business development assistance.

Conclusions

Youth in Ghana are in need of more productive job opportunities to lead better and more fulfilling lives and contribute to Ghana's prosperity. This note has shown that young people, in particular the youngest group, are vulnerable in the labor market – they work less, and more importantly, they work in less productive sectors and occupations. The relatively poorer outcomes for young people is related to the many constraints they face, including lack of access to credit, sufficient skills, and lack of experience of how to find a job or start a business.

The Government has a leading role in sharpening the implementation of the youth agenda to address these problems. It is the role of the Government to lead the implementation of the NEP, oversee the prioritization of interventions, and coordinate different stakeholders. While there are many programs addressing youth unemployment and underemployment in Ghana, there is a need to rationalize, streamline, evaluate and target these programs better to marginalized youth and the constraints they face.

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