

**IN THE FIRST SESSION OF THE EIGHT
PARLIAMENT OF THE FOURTH
REPUBLIC OF GHANA**

**REPORT OF THE
COMMITTEE ON EMPLOYMENT, SOCIAL
WELFARE AND STATE ENTERPRISES**

ON THE

**2021 ANNUAL BUDGET ESTIMATES OF THE
MINISTRY OF EMPLOYMENT AND LABOUR
RELATIONS**

March 2021

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STATE ENTERPRISES ON THE 2021 ANNUAL BUDGET ESTIMATES OF
THE MINISTRY OF EMPLOYMENT AND LABOUR RELATIONS**

1.0 INTRODUCTION

The Budget Statement and Economic Policy of the Government of Ghana for the 2021 financial year was presented to Parliament on Thursday 12th March 2021 by the Minister for Parliamentary Affairs, Majority Leader and Leader of Government Business, Mr. Osei Kyei-Mensah-Bonsu, pursuant to Article 179 of the 1992 Constitution.

In accordance with Standing Orders 140(4) and 184 of the House, the Annual Budget Estimates of the Ministry of Employment and Labour Relations was referred by the Rt. Hon. Speaker to the Committee on Employment, Social Welfare and State Enterprises for consideration and report.

The Committee, thereafter, met with the Hon. Minister for Employment and Labour Relations, Mr. Ignatius Baffour Awuah and his team of officers on Wednesday 24th March 2021 and considered the referral.

The Committee is grateful to the Hon. Minister and his team for their co-operation and support. The Committee also expresses appreciation to the scheduled officers from the Ministry of Finance for being in attendance to assist the Committee consider the Estimates.

2.0 REFERENCE DOCUMENTS

The Committee made reference to the following documents during the consideration of the budget estimates:

- i. The 1992 Constitution of Ghana
- ii. The Standing Orders of Parliament of Ghana

- iii. The 2020 Budget Statement and Economic Policy of the Government of Ghana
- iv. The 2020 Annual Budget Estimates of the Ministry of Employment and Labour Relations
- v. The 2021 Budget Statement and Economic Policy of the Government of Ghana
- vi. The 2021 Annual Budget Estimates of the Ministry of Employment and Labour Relations.

3.0 MANDATE

The Ministry of Employment and Labour Relations has the mandate to coordinate employment and labour related policies and interventions, promote harmonious labour relations and eliminate child labour for socio-economic development.

4.0 IMPLEMENTING AGENCIES

1. Ministry Headquarters
2. Youth Employment Agency
3. National Pensions Regulatory Authority
4. Labour Department
5. Fair Wages and Salaries Commission
6. Department of Factories Inspectorate
7. National Vocational Training Institute
8. Management Development and Productivity Institute
9. Department of Co-operatives
10. Ghana Co-operative Council
11. Ghana Co-operative College
12. Opportunity Industrialisation Centres
13. Integrated Community Centres for Employable Skill

5.0 2020 PERFORMANCE REVIEW

5.1 The Ministry of Employment and Labour Relations was granted a budgetary allocation of **GH¢207,890,032.00** to implement its programmes and activities for the 2020 financial year. The breakdown of budget allocation and the budget performance is provided in Table 1.

Table 1. Summary of Allocation and Releases as at December 2020

Item	Approved Budget (GH¢)	Actual Expenditure	Variance	% Release
Compensation	70,217,340.00	65,953,703.00	4,263,637.00	93.9
Goods & Services	46,764,319.00	29,592,105.00	17,172,214.00	63.3
Asset	90,908,373.00	7,099,083.00	83,809,290.00	7.8
TOTAL	207,890,032.00	102,644,891.00	105,245,141.00	

5.2 From the above Table, as at the end of 31st December 2020, the Ministry had expended a total amount of GH¢102, 644, 891 which constitutes 49.37% of its total allocation for the year. While 63.3% of the allocation for Goods and Services was released, only 7.8% of the amount provided for capex was released and expended at the same period. The inadequate release funds particularly in respect of capex affected the smooth implementation of key programmes and projects of the Ministry. This notwithstanding, the Ministry, during the year under review, implemented a number of programmes and activities.

5.3 ACHIEVEMENTS FOR 2020

Management and Administration

- i. The National Labour Migration Policy (NLMPG) which has the objective of strengthening systems for the protection and empowerment of migrant workers and their families received approval.
- ii. The Labour (Domestic Workers) Regulations, 2020 (L.I. 2408) which has the aims at formalising the employment relations between domestic workers and their employers with the view to eliminating the abuses often suffered by domestic workers was passed into law.
- iii. The Ministry also conducted a survey to assess how the Corona Virus Disease (Covid-19) pandemic impacted on employment in Ghana, particularly on sectors like the hospitality, entertainment and event, education as well as trade and manufacturing, which were hard hit by the pandemic.
- iv. The National Tripartite Committee, in collaboration with employers' representatives and organized labour, issued a 10-point Communique on Covid-19 workplace safety guidelines to minimize the spread of the virus.

Job Creation

- i. The Ministry through the Youth and Employment Agency (YEA) enrolled 80,538 beneficiaries onto the various YEA Modules.

- ii. The Department of Co-operatives, under the Ministry, facilitated the formation of 5,955 new co-operative societies, inspected 150 and audited 370 existing co-operatives.

Skills Development

- i. The National Vocational Training Institute (NVTI), Opportunities Industrialization Centres –Ghana (OIC-G) and the Integrated Community Centres for Employable Skills (ICCES) collectively trained a total of 7,811 persons in vocational and technical skills.
- ii. The Ministry, through the Labour Department, inspected 256 workplace/establishment and placed 634 persons in gainful employments through the Public Employment Centres (PECEs) and Private Employment Agencies (PEAs).
- iii. The National Pensions Regulatory Authority (NPRA) set in motion the decumulation of pensions benefits under the National Pension Acts, 2008 (Act 766) as amended. Payment to beneficiaries under the 3-Tier Pension Scheme, in relation to monthly pensions and past credit from SSNIT, as well as Tier-2 lump sum benefit from Occupational Pension Schemes began in January 2020.

6.0 BUDGETARY ALLOCATION FOR YEAR 2021

6.1 The Ministry of Employment and Labour Relations has been provided with a total budgetary allocation of **GH¢208,063,127.00** for the implementation of its programmes and activities for the 2021 financial year. The allocation, as represented in Table 2 below comprises Compensation- GH¢92,345, 226.00 (44.38%), Goods and Services -GH¢55,609,028.00, (26.73%), and Capex - GH¢60,108,873.00 (28.89).

Table 2. 2021 Allocation by Economic Classification and Source

ITEMS	GOG	IGF	DONOR	TOTALS	%
COMPENSATION	68,758,386	23,586,840	-	92,345,226	44.38
GOOD & SERVICES	3,739,587	51,073,107	796,334	55,609,028	26.73
CAPEX	4,717,508	55,391,365	-	60,108,873	28.89
TOTALS	77,215,481	130,051,312	796,334	208,063,127	100
%	37.11	62.51	0.38	100	

Sources: Annual Budget, PBB estimates 2021 MELR

Table 3: Allocation by programmes

Program	Allocation 2020	%of 2020	Allocation 2021	% of 2021
Management and Administration	4,414,639	2.1	10,983,129	5.28
Job creation and Devevelopment	6,615,989	3.2	15,840,866	7.61
Skill Development	127,128,737	61.2	109,051,459	54.41
Labour Administration	69,730,667	33.5	72,187,673	34.70
TOTAL	207,890,032	100	208,063,127	100

Sources: Annual Budget 2020-2021, Ministry of Employment and Labour Relations

7.0 SECTOR OBJECTIVES FOR 2021

7.1 In line with its sector objectives for 2021, the Ministry will, among others, facilitate improved skills development for industries, harness the benefits of migration for social-economic development and also promote gender equality and equity in political, social and economic development systems and outcomes.

7.2 The Ministry will also ensure decent pensions for beneficiaries, promote full participation of Persons with Disabilities (PWDs) in socio-economic development, improve human capital development and management, and promote the creation of decent jobs.

7.3 Further, the Ministry will promote the effective participation of the youth in socioeconomic development by providing them with employable and apprenticeship skills. The Ministry will monitor and evaluate sector policies, programmes and projects, and promote occupational safety and health for all workers in both the formal and informal sectors.

8.0 OUTLOOK FOR 2021

8.1. The Ministry through the three (3) technical and vocational institution in the country will train 12,480 persons in various vocational trades, as well as 5,140 master craft persons. In addition, the Management Development and Productivity Institute (MDPI) will provide 120 courses and give training to 614 individuals in the country in management and productivity enhancement skills.

8.2 The Ministry, through the Department of Labour, will conduct 1400 workplace /establishment inspections and assist 500 job seekers to be placed in jobs through the Public Employment Centres (PECs) and Private Employment Agencies (PEAs).

8.3 The Department of Factories Inspectorate, which is under the Ministry, will register 700 new factories, conduct inspection on 3000 offices, shops and factories, undertake 100 safety and health sensitization programmes, and conduct 96 industrial hygiene surveys.

8.4 Further, the Ministry will sensitize the public on the Labour (Domestic Workers) Regulation, 2020 L.I.2408 to enable them appreciate the contents and the objects of the Regulation in protecting the rights of domestic workers. The Ministry will also facilitate the establishment of District Child Protection Committees in collaboration with the Local Government Service and other stakeholders. This is part of the measures to reduce the menace of child labour in the country.

8.5 As part of mechanism to link pay to productivity in the public sector, the Ministry plans to develop Productivity Index that will serve as the standard for measuring productivity. The Ministry will also improve Pension Scheme Administration coverage of the 3 Tier Pension.

9.0 OBSERVATIONS AND RECOMMENDATION

9.1 IGF Target

9.1.1 The Committee observed that an amount of GH¢90, 908,373 was projected as Capex in the 2020 Budget of the Ministry. The Committee noted, however that as at 31st December 2020, only a meagre sum of GH¢7,099,083.00 representing 7.81% had been realized from IGF. In spite of the inability of the Ministry to meet its IGF target for 2020, the Committee observed that the Ministry has again projected to realise a huge amount of GH¢130, 051,312.00 from IGF and sought clarification as to how the Ministry was going to meet this target.

9.1.2 The Ministry informed the Committee that the inability of the Ministry to meet the IGF target for 2020 was largely due to some administrative bottlenecks involving

one of its main IGF institutions, the Management Development and Productivity Institute (MDPI). According to the Ministry, the challenge, which related to litigation of lands belonging to MDPI has been resolved. The Ministry therefore assured the Committee of its potential to meet the IGF projection for 2021.

9.2 Funding of Capital Expenditure

9.2.1 The Committee observed that in 2020, the amount of GH¢90,908,374.00 approved as Capex for the Ministry was to be fully funded from the IGF. Unfortunately, the Ministry could only generate GH¢7,099,083.00 from the projected IGF, thus affecting the implementation of the Ministry's projects and activities that were to be funded from Capex.

9.2.3 In a similar trend, the amount allocated for capex in the Ministry's 2021 budget is to be sourced mainly from IGF. This means that should the Ministry misses its IGF target as it happened in the preceding year, especially in this era of Covid-19 pandemic, it would be very difficult for the Ministry to undertake capital projects and procure critical logistics.

The Committee therefore recommends that the Ministry of Finance should provide adequate Funding from GOG as part of the Capital Expenditure instead of depending largely on IGF, which cannot always be guaranteed or predicted.

9.3 Skills Development

9.3.1 The Committee observed that the Ministry will, in 2021, apply its budgetary allocation to 4 key budget programmes namely, Management and Administration, Job Creation and Development, Skills Development and Labour Administration.

9.3.2 The trend over the years, as noted by the Committee, shows that a high percentage of the Ministry's budgetary allocation goes into Skills Development. For instance, while 61.2% of the allocation was utilized for skills

development in 2020, 54.42% of the 2021 budget of the Ministry will be committed to skills development.

This demonstrates that the Ministry's priority at the moment is on equipping the youth with the requisite technical and vocational manpower skills that are fundamental for job creation and sustainable livelihoods.

9.4 Development Partners Funds

9.4.1 The Committee observed that amount of GH¢661,230.00 was provided in the Ministry's 2020 Budget as Development Partners Support to the Ministry. There was however no record in the Ministry's Budget Performance on how the Donor Support Fund was utilized.

9.4.2 The Ministry explained that it was yet to receive information on how the amount was expended as DP funds component of the Budget is always managed by the Ministry of Finance on behalf of the Ministry.

The Ministry of Finance later provide the information which is attached to this report as Adendum

The DP Funds, the Ministry indicated, normally come in the form of grants and sometimes loans and are managed by Ministry of Finance through their National Authorising Officer (NAOs) who periodically report to the Ministry.

9.4.3 The Committee recommends that in order to forestall the challenges relating to accurate and timely reporting on the utilization of the DP Funds, the Ministry of Finance should work out an arrangement for the Ministry of Employment and Labour Relations to manage the funds at their level and report accordingly.

10.0 YOUTH EMPLOYMENT AGENCY (YEA)

10.1 The Youth Employment Agency has been allocated an amount GH¢654,143,762 for the implementation of its programmes and activities for the 2021 financial year. The Agency's budget, as provided under the Youth Employment Agency Act, 2015 (Act 887), will be funded from Communication Service Tax - 80%, Ghana Education Trust Fund (GETFUND) - 5%, and the District Assemblies Common Fund (DACF) - 10%. These funds are required to be made available to YEA to execute its programmes.

10.2 The Committee observed that as at 31st December 2020, the Agency had received a total of GH¢423, 830,249, representing 80.9% of its budgetary allocation of GH¢524,113,509.00 for 2020.

Although the release of 80% of the Agency's 2020 budgetary allocation was very encouraging, the Committee expressed concern about the failure of the DACF and GETfund, over the years, to comply fully with the law requiring them to transfer 10% and 5% respectively of their funds to YEA.

10.3 The Committee was also informed that the 80% Communication Service Tax (CST), which constitute the highest component of the YEA sources of funding has been consistently capped. In 2020, YEAs share of the CST was capped to 29%. Although this has been revised upwards to 66% in the 2021 Allocation, the Committee observed that the capping of YEA funds, coupled with the paltry release of funds from DACF and GETfund deprives the YEA of the needed resources to implement its programmes and activities. For instance, the Agency projected to enroll 9000 youth in the Community Improvement Programme in 2020 but managed to enroll only 3000, due to funding challenges. Similarly, YEA planned to enroll 8,000 youth in the Agricultural Extension (Regional Flagship) Module but ended up enrolling only 300.

The Committee considers the YEA as an important vehicle for providing jobs for the youth. There is therefore the need for government to provide the Agency with the needed resources to effectively pursue this mandate. The Committee strongly urges the DACF, the GETfund and the Ministry of Finance to ensure that funds earmarked for YEA are transferred in full and on time for the implementation of the Agency's programmes and activities.

11.0 NATIONAL PENSIONS REGULATORY AUTHORITY

11.1 The National Pensions Regulatory Authority has been granted a total budgetary allocation of GH¢54, 853,120 to implement its planned programmes and activities in 2021. Out of the total budgetary provision, an amount of GH¢23,586,841.00 which translates to 43% of the allocation will be utilized for Compensation whilst GH¢20, 295,654 constituting 37% will be used to cater for Goods and Services. A total amount of GH¢10, 970,626, which is 20% of the allocation will be applied to fund capital expenditure.

11.2 The Committee noted that in recent years the Authority has proven to be self-financing. For instance in 2020, the Authority generated a total of GH¢50,005,672 constituting nearly 90% of its IGF target to fund its operations. Similarly, the entire budgetary allocation of the Authority for the 2021 financial year, amounting to GH¢54,853,120 will be fully funded from IGF. The Committee considers this development very positive and urges the Authority to sustain its self-financing efforts.

11.3 The Committee was informed that as part of measures to improve Pension Coverage in the informal sector, the Authority in 2021, will develop and implement micro-pensions policy for the informal sector. The Committee was happy to note that last year, the Authority projected to achieve an informal sector pension coverage of 260,000 but exceeded this target as it recorded a pension coverage of 300,000. In 2021, the Authority has projected to enroll additional 100,000 onto the Tier 3 Pension Scheme to bring the total coverage to 400,000 by the end of 2021.

The Committee commends the Authority for its efforts at improving pension coverage within the informal sector and urges government and all stakeholders to support this initiative which is cardinal for promoting social and income security of many of our citizens who work outside the formal sector.

12.0 NATIONAL VOCATIONAL TRAINING INSTITUTE (NVTI)

12.1 An amount of GH¢45,989,585.00 has been allocated to the NVTI. In pursuance of the Institutes mandate of creating jobs through skills development and training, the agency will, among others, enroll 4,000 trainees and offer on-the job training to 4,446 people. Further, the NVTI plans to register 5,000 Master Craft Persons and administer proficiency testing for 2,000 Master Crafts Person.

12.2 The Committee observed that the institute is confronted with challenges such as inadequate number of instructional and support staff. The training institutes, in particular, lack of vehicles, inadequate infrastructure, equipment and tools.

The Committee recommends that in view of the importance of technical and vocational education and training in providing employable skills to the youth, government should speed up its effort at revamping TVET education to make it more attractive to the youth.

13.0 The Department of Co-operatives

13.1 The Department of Co-operatives has been allocated an amount of GH¢15,477,503 for the implementation of its programmes. The Department will in 2021 apply its budgetary allocation to digitise the operations of the Department, revitalise agricultural co-operative through the formation of an Apex Association, and promote co-operation and collaboration among stakeholders within the co-operative societies. The Committee noted that the

Department could not realise some of its projections in 2020 due to a number of challenges including inadequate funding, inadequate staff and logistical constraints.

13.2 The Committee is of the view that co-operative system holds great potential for creating jobs, particularly within the informal sector. In addition, the co-operative system could serve as an important vehicle for expanding pension coverage within the informal sector.

The Committee therefore recommends the need for government to equip the Department of Co-operatives with the requisite logistics to enable them transform the co-operative sector into a more viable industry.

14.0 GENERAL OBSERVATION

The Committee observed that some of the Ministry's agencies like the Department of Labour and the Department of Factory Inspectorate are confronted with the challenge of limited resources logistical constraints, and limited office space, among others. The Committee is of the view that the Ministry can only achieve its mandate if all the agencies under its outfit are well resourced and positioned to function effectively.

15.0 CONCLUSION

The mandate of the Ministry of Employment and Labour Relations in coordinating labour related policies, promoting job creation and decent working environment, as well as fostering industrial peace can only be achieved if the Ministry is given the needed resources to undertake its functions effectively and efficiently.

In the light of this, the Committee hereby recommends that the House approves the sum of **Two Hundred and Eight Million, and Sixty-three Thousand, One Hundred and Twenty-seven Ghana Cedis (GH¢208,063,127.00)** to enable the Ministry of Employment and Labour Relations implement its programmes and activities for the 2021 financial year.
Respectfully submitted



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