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Job creation in the mining sector: evidence from Ghana

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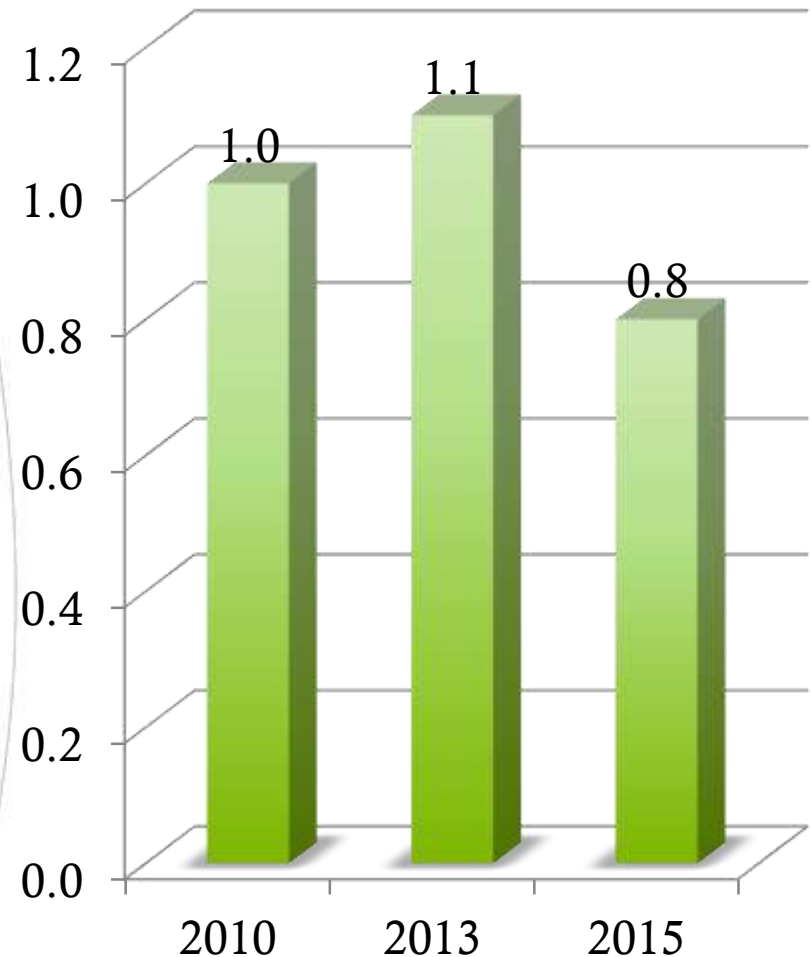
Introduction

- ◆ Until recently, the growth of the mining sector has been quite strong averaging 8.2% over 2007-2012 and 4.8% over 2007-2016
- ◆ It contributes about 2% to GDP and about 6% to industrial output
- ◆ Leading foreign exchange earner and generated US\$4.9 billion largely from gold equivalent to 44.2% of country's total export earnings in 2016
- ◆ Contributed GHc1.7 billion (15.9% of government revenue) to government tax revenue

Employment concerns in mining

- Mining accounts for just about 1% of total employment (about 120,000)
- However, government documents sometimes quotes 500,000 in small-scale mining from observation)

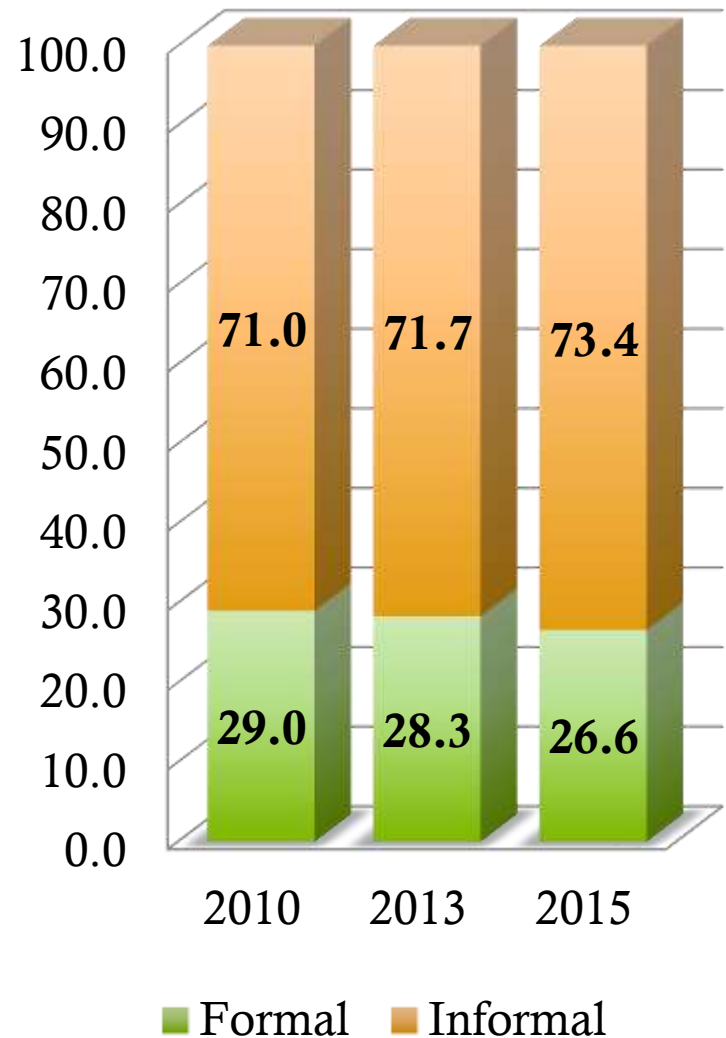
Employment in mining as % of total employment



Formal/informal sector employment in mining

- Mining employment dominated by small-scale informal mining activity
- Just a little over a quarter of mining employment in the formal sector

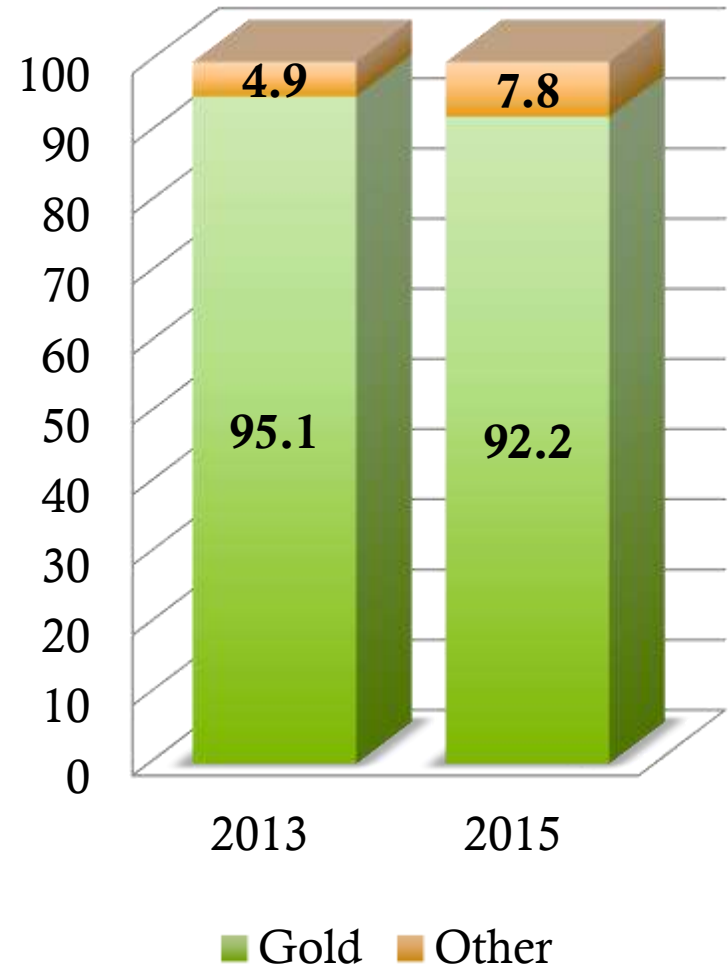
Formal vs. informal



Employment by mining activity

- Gold mining is the main source of employment in the mining sector
- accounting for over 90% of total mining employment

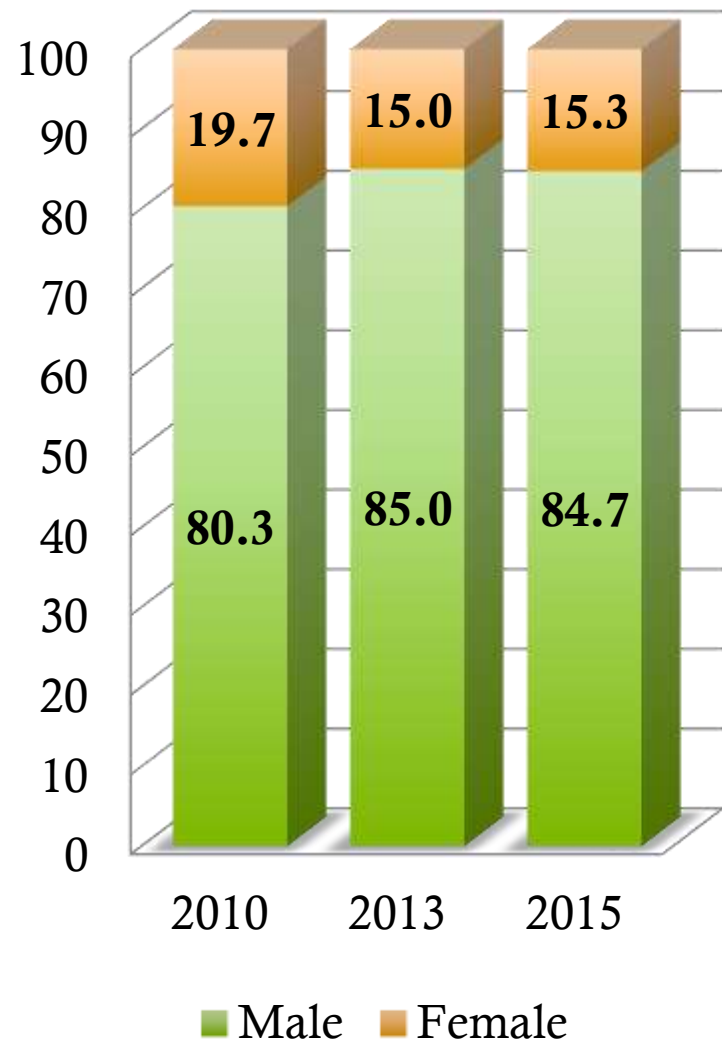
Employment by mining activity (%)



Gender dimension of employment

- Mining is a male dominated activity
- 8 in every 10 mining worker in Ghana is a male

Gender dimension (%)



Job creation in mining

- ◆ Who says the elephant cannot dance - *Mining activity is often criticized for its limited direct job creation potential*
- ◆ But mining does not only create direct jobs but also indirect jobs and even induced jobs
 - ◆ Direct jobs
 - ◆ Indirect jobs created in mining communities in providing goods and services for mining activities
 - ◆ Induced jobs - jobs resulting from direct and indirect employees spending and increasing consumption

Direct job creation in mining

- ◆ Using annual change in total mining employment, a total of **65,979** direct jobs were created in mining sector in Ghana over 2004-2015 averaging **5,832** annually
- ◆ **8,299** formal and **57,680** informal jobs over the 12-year period.
- ◆ Between 2007 and 2015, **74,208** jobs were created by gold mining and **17,904** job losses in other mining activities over the period yielding a net direct jobs of **56,304** .
- ◆ Using employment elasticity of output, **53,050** direct jobs were created over 2004-2015 or **4,421** annually on average

Indirect & Induced job creation in mining

- ◆ Jobs created by suppliers of mining inputs (equipment, human resource, infrastructure) and distribution of mining products
 - ◆ Trainers of workers (engineers, geologists etc.)
 - ◆ Outsourcing of catering services
 - ◆ Repair and maintenance of mining equipment
 - ◆ Utilities, transport and accommodation
 - ◆ Distributors and marketers of mining products
 - ◆ Agriculture (food crops,
- ◆ Induced – economic activity created spending by direct and indirect mining employees

Direct and Indirect Jobs

Annual direct and indirect jobs created/lost in various economic sectors

Sector	2011	2012	2013	2011-2013
Agriculture	2	0	-1	1
Extractives	0	0	0	0
Mining companies	1	0	1	2
Manufacturing	-1	2	1	2
Utilities	2	1	-1	2
Construction	-2	-2	5	1
Trade	3	7	-1	9
Transport & communications	1	0	-1	0
Services	-1	2	-3	-2
Total	5	10	0	15

Figures in '000 fulltime equivalent

Source: Computed from Stewara Reaqueen and mining company data from seven mines.

Direct, Indirect and Induced jobs

Annual direct, indirect and induced jobs created (in '000 fulltime equivalent)

Source	2011	2012	2013	2011-2013
Mining Companies (direct jobs)	1	0	1	2
Direct suppliers (indirect jobs)	1	2	0	3
Suppliers' suppliers (indirect jobs)	4	7	-3	8
Re-spending of salaries (induced jobs)	2	6	7	15
Total	8	15	5	28

Source: Computed from Steward Redqueen and mining company data from seven mines.

Conclusion

- ◆ Limited employment generation concerns is often based on the number of people engaged directly in mining activity.
- ◆ The multiplier employment effect through indirect and induced jobs cannot be ignored.
- ◆ In Ghana, the suspension of small-scale mining has caused many mining towns to lose their source of livelihood.
- ◆ Indeed, the elephant can dance if you assess it its totality.

Thanks for your
attention

