

Minimum wage determination in Ghana

- Introduction
- Legislative framework for Minimum Wage in Ghana
- Institutional framework for Minimum Wage determination
- Technical Determination of Minimum Wage
- Minimum Wage Figures

- Introduction

- Ghana has single minimum wage for all sectors and regions – both formal and informal work
 - Minimum wage in Ghana is determined annually

- Legislative Framework

- The main law that governs industrial relations in Ghana – Labour Act, 2003 (Act 651) provides for national minimum wage
 - **Section 113** (1a) requires the National Tripartite Committee (NTC) to determine the national daily minimum wage
 - **Section 113** (2) provides that the Minister of Employment and Labour Relations shall publish in the Gazette and in public media, a notice of the national daily minimum wage

- **Institutional Framework**

- **The National Tripartite Committee (NTC) is the main body responsible for fixing the national minimum wage in Ghana**
- **The NTC is established by section 112 of Act 651 – made up of**
 - **the Minister of Employment and Labour Relations (the chairperson)**
 - **five representatives of the Government;**
 - **five representatives of employers' organization; and**
 - **five representatives of organized labour.**
 - The secretary General of the Trades Union Congress (TUC) leads organized labour
 - The President of the Ghana Employers' Association (GEA) leads the employers' group

- Institutional Framework

- A Technical Sub-Committee (TSC) of the NTC undertakes the technical work involved in the determination of the national minimum wage
 - The TSC comprises of representatives of government, employers group, and organised labour
- The TSC reviews economic data and makes recommendation adjustment of the national minimum wage to the the NTC

- Technical Approaches for the Determination of minimum wage in Ghana
 - Approach 1: Adjusting for inflation and the restoration factor
 - Protecting the real value of the national minimum wage – even if the nominal minimum wage would not be increased, there must be restoration of the value of the minimum wage by adjusting for inflation.
 - Computation of the restoration factor (RF)
 - $RF\ 2022 = \text{actual inflation for 2022} - \text{projected inflation (PI) for 2022}$
 - National Minimum Wage (NMW) for 2023
 - $NMW\ 2023 = NMW_{2022} \times (1 + RF_{2022}) \times (1 + PI\ 2023)$

- Approach 2: adding productivity to the computation
 - This approach considers
 - contribution of labour to productivity in adjusting the minimum wage – Nominal Productivity Factor (NPF) – allocation of 50 percent of projected nominal GDP growth to labour
 - Restoration of the real value of the minimum wage - the Restoration Factor (RF)
 - $NMW_{2023} = NMW_{2022} \times (1 + RF_{2022}) \times (1 + PI_{2023}) \times (1 + NPF)$

- Approach 3: Bringing everything Together
 - contribution of labour to productivity in adjusting the minimum wage – Real Productivity Factor (RPF) – allocation of 50 percent of projected real GDP growth to labour
 - Restoration of the real value of the minimum wage - the Restoration Factor (RF)
 - $NMW_{2023} = NMW_{2022} \times (1 + RF_{2022}) \times (1 + PI_{2023} + RPF)$
- The TSC recommends the figure from one of the approaches to the NTC for consideration

Daily Minimum Wage in Ghana (2012-2022)

YEAR	GH CEDI		US DOLLAR	
	Amount	Change (%)	Amount	Change (%)
2012	4.48	20.1	2.31	-5.07
2013	5.24	16.96	2.59	11.99
2014	6.00	14.50	1.93	-25.62
2015	7.00	16.67	1.62	-16.02
2016	8.00	14.29	2.05	26.45
2017	8.80	10.00	1.99	-2.65
2018	9.60	9.09	2.17	9.09
2019	10.69	11.35	1.98	-8.91
2020	11.82	10.57	2.03	2.70
2021	12.53	6.01	2.15	5.74
2022	13.53	7.98	1.70	-21.12

- Thank you