

53622

ECA/PHSD/HRP/91/8/[6.2(i)(c)]



UNITED NATIONS
ECONOMIC COMMISSION FOR AFRICA
Public Administration, Human Resources
and Social Development Division

**AN EVALUATION OF THE IMPACT OF ADJUSTMENT
PROGRAMMES ON THE CAPACITIES FOR THE EFFECTIVE
UTILISATION OF HUMAN RESOURCES IN AFRICAN COUNTRIES**

October, 1991

A. INTRODUCTION

1. The prospects for the effective utilisation of human resources in Africa are quite gloomy. Projections by ILO/JASPA for the 1990s show that employment is estimated to grow at an annual average of 2.4 per cent per annum and the labour force at 3.3 per cent per annum. This means that the unemployment problem will continue to afflict the region in the 1990s. Given the poor performance of the African economy in the 1980s, the development challenge facing the continent in the 1990s is to search for renewed economic growth and to translate such growth into increased employment opportunities so as to maximise the benefits from growth.¹

2. Very few African countries, if any, have had a consistent and clear-cut policy for human resources utilisation. Frank (1968) argues that in many instances, African governments assumed that faster economic growth (as measured by the growth of national output) would ensure increased employment of all types of labour. As such these governments proceeded by adopting import-substitution industrialisation which relied, largely, on imported technologies, raw materials and other intermediate inputs. Little regard was given to the issue of capital-labour substitution, especially in the wake of increased labour costs due to minimum wage legislation; creating productive internal linkages; reducing foreign dependence; etc. Over time, the unstable and declining export revenues reduced the capacity of many an African economy to import the necessary spare-parts and inputs. By the beginning of the 1980s, this problem had become so serious that many countries in Africa were forced to consider or adopt the IMF's and World Bank's structural adjustment programmes.

3. According to Campbell and Loxley²

Structural adjustment, as advocated by the international institutions [the IMF and the World Bank], seeks to restore growth and stability by recasting relative prices, domestic expenditures and the type and degree of state intervention in the economy. Adjustment programmes are couched in narrow

¹ILO/JASPA, African Employment Report 1990, (Addis Ababa: JASPA, 1991), p. ix. The same report show that to arrest and reverse the downward employment trend would require a minimum growth rate of 5 per cent per annum -- a figure which is too high when compared to recent economic performance.

²Bonnie K. Campbell and John Loxley (eds), Structural Adjustment in Africa, "Introduction" (London: Macmillan, 1989), p. 2.

economic terms, as a series of changes in a number of key policy parameters, such as the exchange rate, the supply of credit, the tax regime, the price to producers of export commodities or the retail price of food. The policy variables involved are broadly the same regardless of the country or government seeking assistance, only the details of adjustment vary. Yet behind this 'technical' façade, which justifies policy changes by reference to 'efficiency', appropriate specialisation based on comparative advantage, and fiscal prudence - seemingly unobjectionable, neutral terms - lie a number of unstated, but contestable, ideological presuppositions; and what are represented as policy changes designed simply to improve 'economic' rationality often have far-reaching and highly controversial political and social consequences. [emphasis added]

4. At issue is not so much the question of whether the African economies required structural adjustment or not but rather the moot point has been that of the manner in which the structural adjustment programmes (SAPs) have been implemented. In many African countries, the adoption of SAPs worsened the human condition in terms of reduced public expenditures on the social sector, increased cost of living, reduced employment opportunities, etc. It has to be said that even in those countries which did not adopt SAPs formally, attempts were made to implement the stringent SAPs policies with a view to winning the favours of the international financial institutions. However, due to data problems, it is statistically difficult to be precise as to the exact effects of SAPs on employment growth in African countries. The task of this paper is, therefore, threefold: (a) to analyze the employment growth trends in adjusting and non-adjusting countries; (b) to analyze the impact of some policy instruments of orthodox SAPs on the capacity of African countries to effectively utilise human resources; and (c) to propose a policy framework for employment generation under conditions of reduced economic growth and structural adjustment.

B. EMPLOYMENT GROWTH AND SAPs IN THE 1980s

5. According to ILO data, the labour force is estimated to have grown at an annual rate of over 3 per cent between 1980 and 1990, but the share of the labour force in wage

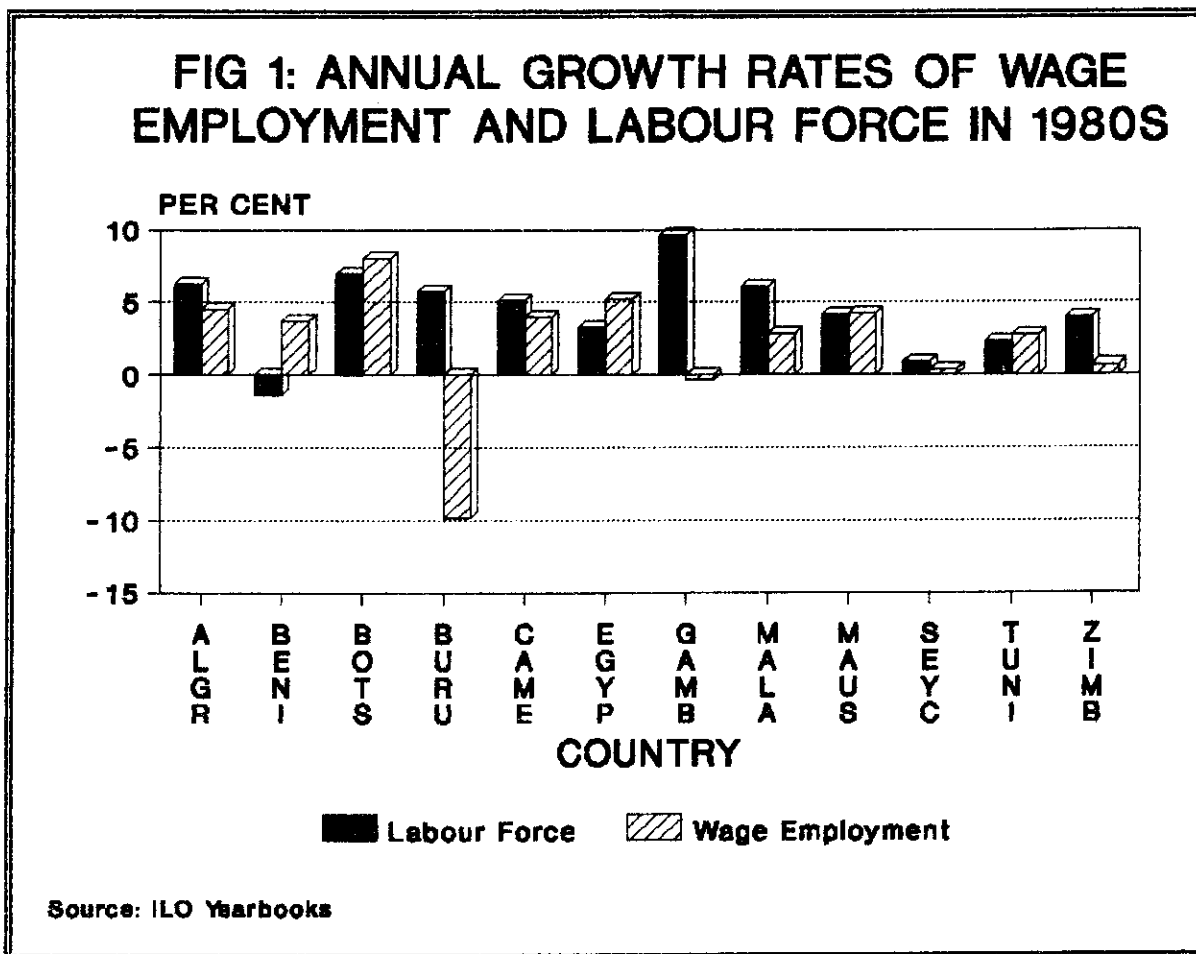
Table 1: Labour Force and Wage Employment in Selected African Countries ('000)

COUNTRY	1980		1980		1980 & 1980s		LFORCE EMLT. PA		GROWTH	
	LABOUR FORCE	WAGE EMLT.	LABOUR YEAR	WAGE YEAR	SHARE	SHARE PA	GROWTH			
1 ALGERIA	3707	3144.8	1987	5341	4137.7	84.83	77.47	6.30	4.51	
2 BENIN	1581	66.2	1986	1447	80.8	4.19	5.58	-1.41	3.68	
3 BOTSWANA	288	83.2	1984	368	110	28.89	29.89	6.94	8.05	
4 B. FASO	2963	50	1985	4051		1.69	-	7.34	-	
5 BURUNDI	1974	116	1986	2654	47.3	5.88	1.78	5.74	-9.87	
6 CAMEROON	3143	308.2	1987	4269	1984	357.3	9.81	8.37	5.12	3.98
7 CONGO	575	115	1984	625		20.00	-	2.17	-	
8 C. D'IVOIRE	3119	470	1983		432.5	15.07	-	-	-2.66	
9 EGYPT	12671	9799.1	1984	14311	11849	77.33	82.80	3.24	5.23	
10 ETHIOPIA	15287	362.1	1984	18492		2.37	-	5.24	-	
11 GAMBIA	252	29.6	1983	325	29.3	11.75	9.02	9.66	-0.34	
12 GHANA	4073	461	1984	5580		11.32	-	9.25	-	
13 KENYA	5996	1005.8		1988	1311	16.77	-	-	3.79	
14 LIBERIA	635	121	1984	704		19.06	-	2.72	-	
15 MADAGASCAR	3552	105.5	1985	3929		2.97	-	2.12	-	
16 MALAWI	2316	370.4	1987	3300	1986	432.31	15.99	13.10	6.07	2.79
17 MAURITIUS	324	197.6	1989	446	273.13	60.99	61.24	4.18	4.25	
18 NIGER	2437	26		1988	25.974	1.07	-	-	-0.01	
19 NIGERIA	27981	2722.1	1986	29974		9.73	-	1.19	-	
20 SENEGAL	2240	110	1988	2308		4.91	-	0.38	-	
21 SEYCHELLES	23	17.9	1985	24	18.23	77.83	75.96	0.87	0.37	
22 S. LEONE	1184	69.9		1987	67.4	5.90	-	-	-0.51	
23 SWAZILAND	214	75.1		1987	82.7	35.09	-	-	0.14	
24 TANZANIA	8174	607.7		1984	672.4	7.43	-	-	2.66	
25 TOGO	948	73.4		1987	63.9	7.74	-	-	-0.18	
26 TUNISIA	1954	1609	1989	2360	1986	1873.5	82.34	79.39	2.31	2.74
27 ZAMBIA	1690	379.3		1989	359.6	22.44	-	-	-0.58	
28 ZIMBABWE	2555	1009.9	1987	3260	1984	1036.4	39.53	31.79	3.94	0.66

Source: ILO, Yearbook of Labour Statistics, 1989-90; ILO/JASPA, 1988 African Employment Report

employment fell from an average of 10 per cent in 1980 to less than 8 per cent by 1990.³ As we have argued in the introduction above, the prospects for the 1990s are quite bleak as

³ILO/JASPA, African Employment Report 1990, op. cit., pp. 19 and 34.



well. Table 1 shows that in both 1980 and later years, very few countries (Algeria, Egypt, Mauritius, Seychelles and Tunisia) had wage employment accounting for more than half the labour force. Many of the other countries listed in the table had, in 1980, low shares of wage employment: 1.07 per cent in Niger, 1.69 per cent in Burkina Faso, 2.37 per cent in Ethiopia, 2.97 per cent in Madagascar, etc. Of the twenty countries listed in the table (for which employment data for the 1980s is available) seven of them registered negative average annual growth rates of wage employment: ranging from negative 0.01 per cent in Niger to negative 9.87 in Burundi. This contrasts with only one country (Benin) which registered a marginal decline in its labour force but the share of wage employment at 5.58 per cent in 1986 was still quite low. Overall, figure 1 (which is drawn from table 1 data) show that only five countries (Benin, Botswana, Egypt, Mauritius, and Tunisia) registered annual average growth rates of wage employment in excess of those for the labour force.

6. To gauge the elasticity of employment with respect to GDP and the adoption of structural adjustment measures; and to analyze the employment elasticity in the 1970s and 1980s, a simple multiple regression was done for six countries (four of which have implemented SAPs while the other two have not). The regression results presented in table 2 shows that the SAP dummy had a negative coefficient in three cases (Burundi, Kenya and Zambia). However, the coefficients were only significant in two cases (Burundi and Zambia). Be that as it may, this result points to the fact that adoption of the orthodox SAPs policies may have negative implications on the capacity to generate more employment opportunities in some countries. As for Mauritius, the coefficient for the SAP dummy is positive -- indicating that adoption of structural adjustment in this particular case enhanced the economy's capacity to create more job opportunities. As we show below, the Mauritian experience is an exception rather than a rule among those countries which adopted SAPs. However, given the low value of the Durbin-Watson (D-W) statistic which shows that auto-correlation of the residuals exists, this result has to be treated with caution as the regression equation, despite its significance in terms of the F-ratio and adjusted R^2 , is unreliable. The low D-W statistics indicate the fact that there are other socio-economic events which occurred and which continued to affect employment and GDP in subsequent years but which the model has, due to data problems, not fully taken into account.

7. The existence of auto-correlation is also observed in Burundi (1972 - 88), Botswana (1982 - 88 and 1980 - 88), Kenya (all periods) and Zambia (1971 - 87 and 1980 - 87). To the extent that auto-correlation seems to be present in the 1972-88 model in Burundi data, it is plausible to argue that this could be caused by the adoption of SAP or other similar policies. In the case of Botswana, the discovery of diamonds and its resultant expansionary impact on the economy can be said to be the main cause of auto-correlation. While the explanatory power (R^2) of the Kenyan equations are very high, the rather low D-W statistics can be explained in terms of the change in the economic structure: coffee and tea which headed the league in terms of contribution to GDP in the 1970s have been superseded by tourism in the 1980s and this may have affected the relationship between employment and national output. For Zambia, the drastic fall in world copper prices (its main export) in the mid-1970s, and increased capital-intensity could be the main reasons behind auto-correlation. Further, the Zambian equations seem to suffer from identification errors as their explanatory powers are too low and the GDP coefficients negative in two time periods. Statistically speaking therefore, the Zambian equations cannot be used to make any generalisations.

Table 2: REGRESSION COEFFICIENTS ON LOGARITHM OF TOTAL NON-AGRICULTURAL EMPLOYMENT

COUNTRY	PERIOD	CONSTANT	LOG GDP	SAP DUMMY	R ²	Adj. R ²	D-W	F RATIO
BURUNDI	72-88	-2.85 (2.18)	1.18 (10.3)	-	.88	.87	1.23	105.39
	72-88	-5.54 (2.96)	1.42 (8.56)	-0.13 (1.88)	.90	.89	2.01	63.33
	72-79	-5.17 (1.32)	1.39 (3.95)	-	.72	.68	1.56	16.00
	80-88	2.48 (1.00)	0.72 (3.32)	-	.61	.56	1.97	11.04
BOTSWANA	72-88	6.84 (15.6)	0.68 (10.1)	-	.87	.86	0.78	101.24
	72-79	6.70 (22.4)	0.70 (14.2)	-	.97	.96	2.87	202.56
	80-88	4.52 (3.17)	1.00 (4.91)	-	.77	.74	1.22	24.08
CAMEROON	73-84	2.75 (6.08)	1.36 (21.4)	-	.98	.98	1.57	458.22
KENYA	72-88	4.72 (14.9)	0.84 (28.7)	-	.98	.98	1.12	825.43
	72-88	4.64 (7.27)	0.85 (14.1)	-0.004 (0.16)	.98	.98	1.12	385.88
	72-79	4.98 (4.32)	0.81 (7.52)	-	.90	.89	1.3	56.56
	80-88	4.27 (6.19)	0.88 (14.0)	-	.97	.96	0.78	196.64
MAURITIUS	71-87	10.16 (28.9)	0.21 (5.64)	-	.68	.66	.52	31.77
	71-87	10.66 (23.3)	0.16 (2.98)	0.09 (1.58)	.73	.69	.56	18.69
	71-79	6.99 (26.6)	0.57 (19.0)	-	.98	.98	1.2	362.03
	80-87	11.04 (17.5)	0.12 (1.91)	-	.37	.27	.70	3.65
ZAMBIA	71-87	13.15 (12.2)	-0.04 (0.30)	-	.01	.00	.86	0.09
	71-87	11.32 (10.8)	0.19 (1.44)	-0.04 (3.04)	.40	.32	1.70	4.69
	71-79	11.35 (7.95)	0.19 (1.04)	-	.13	.01	2.19	1.09
	80-87	14.33 (5.63)	-0.19 (0.59)	-	.06	.00	.37	0.35

NB: Figures in parentheses are t-statistics.

8. Despite these statistical problems, it would still be interesting to compare the employment elasticity of GDP between the 1970s and 1980s. Except for Botswana (due to the boom resulting from diamonds mining), the 1980s coefficients are all lower than those for the 1970s. This would suggest that with the economic crises that affected the African economies in the 1980s, their capacity to create more employment opportunities were adversely affected. As a consequence, the unemployment problem has been aggravated -- especially in the wake of the rapid population growth rates.

9. When time is used as an explanatory variable, its coefficient is only significant in the following instances: Botswana (1972-79); Kenya (1972-88 and 1980-88); Mauritius (1971-87 and 1980-87); and Zambia (1980-87) -- see table A1 in the appendix. In Cameroon, time does not seem to have any effect on the variations of employment over the 1973-84 period. Further, the inclusion of time reduces the explanatory power of the Cameroon equation -- this may imply under-identification error. In the case of Mauritius, the inclusion of time as an independent variable gives rise to wrong signs for the log of GDP (a similar situation is observed in Kenya over the 1972-79 period) and, in the case of the 1980-87 period, lower adjusted R^2 -- indicating under-identification of the regression equation. In the Zambian case, the inclusion of time in the 1980-87 period improved the explanatory power of the regression equation (however, the coefficient of log GDP was not significant). When GDP is left out of the Zambian equation, both the SAP dummy and the time variables are significant (with negative coefficients), with high explanatory power, no auto-correlation, and significant F-ratio. In Zambia, therefore, it is plausible to argue that other factors, and not necessarily GDP, are important in explaining the variations in employment over the 1980s.

10. The foregoing regression results suggest that the adoption of SAPs has negative impact on employment growth in three countries and positive only in one country. Table 3 shows that out of the 12 countries with SAPs, 6 of them registered negative average annual employment growth at some point in the 1980s -- periods immediately preceding the adoption of SAPs. Taking an overall picture, the table shows that 13 out of the 20 countries registered a slower rate of annual employment growth in the 1980s when compared to the late 1970s. This lends support to the lower elasticity of employment with respect to GDP of the 1980s when compared to the 1970s in the regression equations above. Only two countries (Egypt and Mauritius) managed to increase the annual rate of increase of employment in the 1980s - both adjusting countries.

Table 3: Employment and GDP Growth and Adoption of SAPs

COUNTRY	AV. PA EMPLT GROWTH		AV. PA GDP GROWTH		SAP
	1975-80	1980s	GDP8185	GDP8690	
ALGERIA	-	4.51 ^c	4.46	0.68	2
BENIN	9.6 ^{**}	3.68 ^b	3.72	-0.10	2
BOTSWANA	9.1	8.05 ^a	11.7	8.44	2
BURUNDI	4.9 [*]	-9.87 ^b	5.12	1.86	1 (1986)
CAMEROON	-	3.98 ^a	9.5	-1.7	2
C. D'IVOIRE	8.4	-2.66 ^a	-0.26	-0.96	1 (1981)
EGYPT	1.7	5.23 ^a	7.88	2.66	1 (-)
GAMBIA	14.4 [*]	0.34 ^a	0.96	7.62	1 (1986)
KENYA	4.6	3.79 ^d	3.62	4.62	1 (1980)
MALAWI	10.1	2.79 ^b	3.12	2.68	1 (1981)
MAURITIUS	2.9	4.25 ^c	4.46	6.82	1 (1981)
NIGER	-14.1 ^{**}	-0.01 ^d	1.14	2.42	1 (1986)
SEYCHELLES	6.0	0.37 ^f	1.72	5.34	2
S. LEONE	2.8	-0.51 ^c	-0.60	0.44	1 (1986)
SWAZILAND	3.3	0.14 ^c	3.30	5.06	2
TANZANIA	6.3 ^{**}	2.66 ^a	0.44	3.68	1 (1987)
TOGO	6.2 ^{**}	-0.18 ^c	-1.64	3.18	1 (1983)
TUNISIA	3.6	2.74 ^b	3.78	3.54	2
ZAMBIA	-0.7	-0.58 ^c	0.74	-0.20	1 (1985)
ZIMBABWE	-0.8	0.66 ^a	3.44	3.12	2

NOTES

The average annual employment growth rates refer to the following time periods:

- 1975-79
- ** 1978-80
- * 1980-84
- ^b 1980-86
- ^c 1980-87
- ^d 1980-88
- ^e 1980-89
- ^f 1980-85
- ^g 1980-83

The number 1 under SAP signifies countries which have adopted SAPs and the years (in parentheses) adopted; 2 signifies countries which did not have SAPs at the time.

Source: ILO, Yearbooks of Labour Statistics;
ILO/JASPA, 1988 African Employment Report

**C. IMPACT OF INDIVIDUAL SAPs POLICY INSTRUMENTS ON
CAPACITY TO GENERATE EMPLOYMENT OPPORTUNITIES IN
AFRICA: TOWARDS A DIAGNOSTIC ANALYSIS**

11. The central plank of SAPs is to devalue local currencies, control money supply, liberalise the product and money markets, cut public expenditure, etc. The fundamental structural problems of Africa are not addressed and, moreover, the reduction in public expenditure is greatest on the social sector. The SAPs seem to be preoccupied with achieving short-term financial balances as opposed to laying a foundation for long-term sustainable socio-economic development and transformation of the economic structures.

12. In the public sector (that is the civil-service, public enterprises and parastatal companies), the adoption of SAPs meant, almost invariably, recruitment freeze accompanied by massive retrenchment with a view to increasing efficiency.⁴ This premise was based on the fact that the public sector was over-employed and that its employment policy used equity, and not efficiency, as the decision-rule. The public sector was also forced to stop employment guarantees to higher education graduates. Some of the countries which stopped employment guarantees include Benin, Central African Republic, Congo, Guinea, Mali, Rwanda, Somalia and the Sudan. As such, the structure of the unemployed changed from being lowly educated to that of highly educated and predominantly youthful.⁵ The increased incidence of unemployment among the educated youth cannot be attributed to SAPs alone but also to the fact that the educational systems' programmes are not relevant to Africa's changing socio-economic needs. For example, enrolment in secondary and tertiary education continues to be biased in favour of liberal arts subjects while the managerial, scientific and engineering skills are the ones most likely to contribute towards solving some of Africa's socio-economic problems.

⁴The African Employment Report 1990, p. 33 cites statistics which show the extent of public sector retrenchment in some African countries in the 1980s. These include 45,000 in Ghana, 40,000 in Guinea, 27,00 in Tanzania and 16,000 in Cameroon. The Report however points out that such ambitious retrenchment programmes failed to reach their targets. Instead many governments confined themselves to less controversial measures such as salary freeze, cancellation of vacant posts, enforcement of the retirement age, etc.

⁵For a detailed discussion of this issue, see *ibid.*, pp. 25-31.

13. On the other hand, to the extent that public expenditure has to be reduced when SAPs are being adopted so as to reduce government budget deficits, this has direct impact on employment in the public-sector and an indirect effect on the private sector which supplies the former. In some African countries, the reduction in public expenditure had to be accompanied by privatisation programmes. The latter, in effect, meant the application of the profitability rule and hence increased unemployment.

14. With regard to the private sector, the liberalization of the trade regime meant that increased inflow of imported goods and services increased the rate of failure of local businesses through increased competition. The devaluation of the local currencies increased the cost of production and reduced the capacity to import the necessary inputs and other supplies. The high cost of foreign exchange (in terms of the local currencies) increased further the incidence of the foreign exchange constraint. The situation for the private sector has not been helped either by the decline in government demand (once the major customer). All these factors have reduced the private sector's labour absorptive capacity and hence reduced the capacity of African countries to increase productive employment opportunities.

15. Since currency devaluations have had the effect of weakening the value of the local currency both internally and externally, the resulting high rates of inflation have eroded real wages to the extent that it is estimated, in some African countries, that real wage rates have fallen below the subsistence levels.⁶ In the wake of such drastic decline in the compensation to employees, morale and motivation among the workforce has been greatly reduced and hence reduced efficiency. In this regard, Africa's capacity to utilise its human resources has been greatly undermined. Perhaps the most glaring demonstration of the impact in the fall of real wages has been the brain-drain phenomenon where skilled indigenous manpower is forced to migrate to other parts of the world in search of better conditions of services and remuneration. Given the skilled manpower constraints which afflict African countries, the loss of such vital manpower is something they can ill afford.

⁶The African Employment Report 1990 (p. 39) cites evidence which show, for example, that in Sierra Leone "In 1976/77 the average household in Freetown needed an equivalent of two government minimum wages to satisfy its food requirements. By early 1990, the same household required 17 government minimum wages to maintain its nutritional standards of 1976/77."

16. Currency devaluations which seek to make primary exports such as cocoa, coffee and minerals competitive only succeed in world price slump due to the fact that world supply of such commodities exceeds demand. For example, over the United Nations Programme of Action for African Recovery and Development (UN-PAAERD), 1986-90, the volume index of exports increased by 7.5 percentage points while the unit value index dropped 23.2 per cent. Over the same period, the unit value of Africa's imports rose by 13.9 percentage points but the volume index decreased by 3.8 percentage points.⁷ This deterioration in the terms of trade contributed to reducing Africa's capacity to effectively utilise its human resources. The rise in the cost of imported inputs and other products reduces the capacity to import. This reduces both employment and productivity in the import-dependent industrial sector and, hence, the increased incidence of unemployment and poverty.

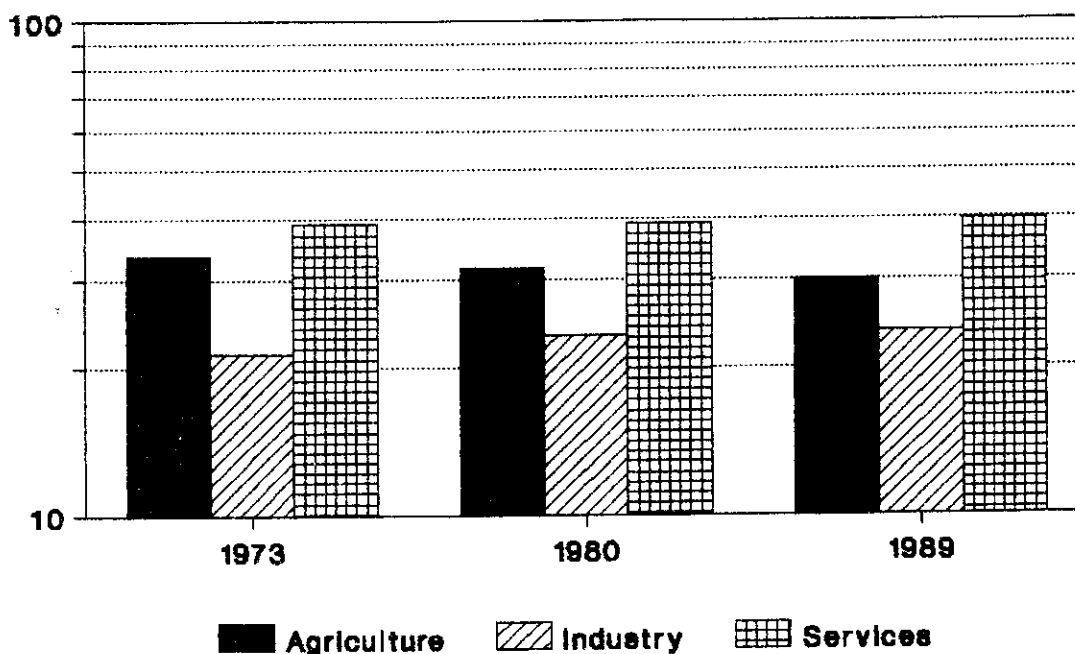
17. While SAPs encouraged an improved agricultural pricing policy, the positive aspects of this particular policy instrument have been negated by the increased costs of agricultural inputs such as fertilizers, seeds, implements, etc. As such, many farmers have increasingly found it difficult to increase their productivity. In this regard, SAPs have contributed to reducing the capacity of the rural sector to increase productive employment in the agricultural sector. The experience of Zambia after adopting the IMF's SAP in 1985 which, among other things, meant weekly auctioning of the local currency (the kwacha) is illustrative.⁸ Even though the World Bank had set aside a reasonable amount of auctioning funds for the agricultural sector, the funds were hardly used because of the fact that the lending rate shot up to nearly 40 per cent. At the same time, the government withdrew fertilizer subsidy and this increased the agricultural cost of production. Due to the drastic depreciation of the kwacha as a result of the auctioning system, the prices of imported agricultural machinery and implements became prohibitively expensive. For example, a tractor which cost around K30,000 in 1984 began to cost anything above K150,000.00 by the end of 1985.

⁷United Nations, Report of the Secretary General, Economic Crisis in Africa, Final Review and Appraisal of the Implementation of the United Nations Programme of Action for African Economic Recovery and Development 1986-90 (UNPAAERD), (New York: United Nations, 1991), p. 17.

⁸See V. Seshamani, "Zambia" in A. Adedeji, S. Rasheed and M. Morrison, (eds) The Human Dimension of Africa's Persistent Economic Crisis, (London: Hans Zell Publishers for the United Nations Economic Commission for Africa, 1990), pp. 104-123.

18. Africa's capacity to utilise its human resources effectively seems to be limited by its economic structure. Table 4 and figure 2 show that the contribution of the agricultural sector to GDP declined in the order of about 5 per cent over the 1973-80 and 1980-89 periods. Over the same periods, the contributions by industry and the services sectors to GDP also stagnated or declined -- that is, the share of industry is about the same in 1989 as it was in 1980. Given the rapid population growth of the region, the economic structure is not in a position to generate adequate employment opportunities for the ever increasing labour force.

FIG 2: AFRICA, CHANGING ECONOMIC STRUCTURE, 1973-1989



Source: World Bank (1990)

Table 4: Africa, Economic Structure, 1973-89

Country	AGRICULTURE			INDUSTRY			SERVICES			PERCENTAGE CHANGES					
	1973	1980	1989	1973	1980	1989	1973	1980	1989	Agriculture	Industry	Services	73-80	80-89	73-80
Algeria	7.9	8	13.2	46.1	53.8	43.1	40.1	31.6	35.6	1.27	65.00	16.70	-19.89	-21.20	-21.20
Benin	41.3	43.4	43.4	11.1	11.1	11.5	37.6	36.3	40.4	5.08	0.00	0.00	3.60	-3.46	-3.46
Botswana	33.0	11.7	2.9	27.6	41.1	54.8	39.4	47.2	42.3	-64.55	-75.21	48.91	33.33	19.80	19.80
B. Faso	40.2	38.9	30.6	24.9	18.8	23.3	27.2	36.4	42	-3.23	-21.34	-24.50	23.94	33.82	33.82
Burundi	63.3	57.8	46.2	11.6	11.7	15.9	18.2	23	26.1	-8.69	-20.07	0.86	35.90	26.37	26.37
Cameroon	30.8	27.9	27	18.6	25.9	27.9	50.6	46.6	45.1	-9.42	-3.23	39.25	7.72	-7.91	-7.91
C. Verde	12.2	18.7	14.4	23.9	16.8	17.1	63.9	64.5	68.5	53.28	-22.99	-29.71	1.79	0.94	0.94
CAR	36.1	37.6	40	24.7	18.9	14.5	31.3	37.6	40.3	4.16	6.38	-23.48	-23.28	20.13	20.13
Chad	42.6	53.4	35.8	19.5	11.8	20	37.9	34.8	44.2	25.35	-32.96	-39.49	69.49	-8.18	-8.18
Congo	15.7	11.7	13.7	22.1	46.6	35.5	62.2	41.7	50.8	-25.48	17.09	110.86	-23.82	-32.96	-32.96
C d'Ivoire	31.0	26.9	35.4	17.7	16.1	18.5	31.5	37.7	23.1	-13.23	31.60	-9.04	14.91	19.68	19.68
Ethiopia	46.6	45.6	38.7	14.9	14	15.1	31	30.2	36	-2.15	-15.13	-6.04	7.86	-2.58	-2.58
Gabon	11.6	7.2	11.8	49.7	61.9	45.3	38.7	30.9	36.4	-37.93	63.89	24.55	-26.82	-20.16	-20.16
Gambia	32.2	27.3	26.6	8.2	14.6	8	50	47.8	43.4	-15.22	-2.56	78.05	-45.21	-4.40	-4.40
Ghana	49.0	57.9	48.9	18.6	11.9	17.4	32.4	30.2	33.7	18.16	-15.54	-36.02	46.22	-6.79	-6.79
Guinea-B	42.9	44.3	47	24.4	19.7	15.8	32.7	36.1	37.2	3.26	6.09	-19.26	-19.80	10.40	10.40
Kenya	31.9	27.6	26.3	18.6	18.8	16.8	39.4	38.5	42.8	-13.48	-4.71	1.08	-10.64	-2.28	-2.28
Lesotho	37.2	20.4	19.4	9.5	25	24.1	40.9	41	37.3	-45.16	-4.90	163.16	-3.60	0.24	0.24
Madagascar	23.9	26.7	28.2	16	14.3	13	49.3	47.8	48.7	11.72	5.62	-10.62	-9.09	-3.04	-3.04
Malawi	38.9	33.3	31.5	15.7	17.2	18.2	39	39.1	40.9	-14.40	-5.41	9.55	5.81	0.26	0.26
Mali	54.7	58.4	49.6	12.4	9.3	12.2	32.9	32.3	38.2	6.76	-15.07	-25.00	31.18	-1.82	-1.82
Mauritania	35	28.5	33.7	27.3	24.4	21.6	28.3	41	35.8	-18.57	18.25	-10.62	-11.48	44.88	44.88
Mauritius	17	10.5	10.6	20.1	22	26.8	48	52.5	46.4	-38.24	0.95	9.45	21.82	9.38	9.38
Morocco	20.8	18.4	15.5	28	30.9	35.7	46.2	42.8	41.9	-11.54	-15.76	10.36	15.53	-7.36	-7.36
Niger	60.3	42.6	35.4	9.4	22.7	12.9	30.4	34.8	51.7	-29.35	-16.90	141.49	-43.17	14.47	14.47
Nigeria	33.1	25.3	29.3	25.7	40.5	43.8	39	31	24.3	-23.56	15.81	57.59	8.15	-20.51	-20.51
Rwanda	61	45.8	37.1	8.7	21.5	22.8	30.2	32.6	40.1	-24.92	-19.00	147.13	6.05	7.95	7.95
Sao Tome	37.2	38.7	24.6	21.3	17.2	39	30.7	30.7	32.1	4.03	-36.43	-19.25	126.74	0.00	0.00
Senegal	22.6	18.8	22	19.7	24.5	31.1	57.8	56.6	46.9	-16.81	17.02	24.37	26.94	-2.08	-2.08
S. Leone	27.3	30.4	43.5	24.6	20.1	11.7	37.9	41.5	38.8	11.36	43.09	-18.29	-41.79	9.50	9.50
Somalia	53.9	64.4	62.2	11.6	7.5	9.2	22.5	22.2	24.6	19.48	-3.42	-35.34	22.67	-1.33	-1.33
Sudan	38.2	31.0	34.7	11.8	12.4	14	37.7	48	47.6	-18.85	11.94	5.08	12.90	27.32	27.32
Togo	32.0	27.5	33.9	20.2	24.8	22.6	47.8	47.7	43.6	-14.06	23.27	22.77	-8.87	-0.21	-0.21
Tunisia	19.7	14.1	11.9	21.3	31.1	28.1	45.3	41.3	48.5	-28.43	-15.60	46.01	-9.65	-8.83	-8.83
Uganda	55	70.5	65.9	8.7	4.4	8.5	26.6	23	21.5	28.18	-6.52	-49.43	93.18	-13.53	-13.53
Zaire	15	27.6	29.6	39.5	33.3	32.1	45.4	39.2	38.3	84.00	7.25	-15.70	-3.60	-13.66	-13.66
Zambia	11.3	14.2	12	53.1	41.3	44	35.6	44.5	31	25.66	-15.49	-22.22	6.54	25.00	25.00
Zimbabwe	13.8	13.1	11.1	22.1	23.3	23.2	42.9	44.3	42.5	-5.07	-15.27	5.43	-0.43	3.26	3.26
AVERAGES	33.58	31.74	30.09	21.29	23.19	23.56	38.91	39.08	39.7	-5.49	-5.18	8.94	1.58	0.44	0.44

Source: World Bank (1990).

D. EMPLOYMENT GENERATION UNDER CONDITIONS OF SLOWER GROWTH AND STRUCTURAL ADJUSTMENT.⁹

19. To the extent that employment has, mainly, two aspects: the production and the income aspects; the main tenet of planning employment so as to maximise job opportunities entails that the employment planning activity has three main objectives:

- a. to monitor and review the existing employment situation in the country;
- b. to estimate productive employment needs which should be generated over a specified period of time to both absorb the anticipated increase in the labour force and to reduce the existing levels of unemployment; and
- c. to observe changes in the labour absorptive capacity of the economy as the process of economic growth and structural change unfolds -- by identifying employment issues (such as the skill and age structure of the labour force, the distribution between urban and rural areas, etc.) and needs at the sectoral level which could be incorporated in the macro-framework and sectoral strategy of the plan period, and to suggest measures aimed at the expansion of productive employment in the short- medium- and long- term future growth of the economy.¹⁰

20. In this context, employment planning should be integrated in the planning framework of the overall development strategy. More specifically, the main issue should relate to how a rapidly growing population can be transformed into effective manpower and effective consumers.¹¹ That is, how can the existing pool of unskilled labour be transformed into a productive one so as to make such labour employable either as employees or as self-employed workers; improve income distribution and raise the morale of the general public.

⁹This section draws heavily from ILO/JASPA, African Employment Report 1988, (Addis Ababa: JASPA, 1989), ch. iv.

¹⁰Rashid Amjad (ed), Human Resources Planning: The Asian Experience, (New Delhi: ILO/ARTEP, 1987), cited in *ibid.*, p. 107.

¹¹ECA, Handbook for Manpower Planners in Africa, ECA/PHSD/HRP/89/26(6.1(iii)(a)), (Addis Ababa: ECA, 1989), p. 249.

21. Comprehensive employment planning, however, depends on the establishment of an efficient labour market information (LMI) system. The availability of up-to-date quality LMI which can make it possible to assess the changing employment situation and manpower needs of the economy is, thus, a necessary condition for employment planning and implementation.

22. Table 5 gives a summary of AAF-SAP policy instruments that could be adopted to strengthen and diversify the productive capacity of the African economies. Since the strengthening of the productive capacity is likely to improve the utilisation of human resources it is necessary to have an efficient LMI system to serve as an early warning system in the labour and product markets. Under conditions of slower growth and structural adjustment, manpower planning should extend its activities to sectoral employment and manpower planning; self employment; and manpower analysis so as to assist in the strengthening of the productive capacities of the national economies through increasing the employment opportunities and improving human resources development programmes. We discuss these new approaches to employment planning in the context of the policy instruments suggested in table 5.

(i) Sectoral employment, manpower and planning

23. The lack of data on how slower growth is affecting different economic sectors has given interest to sectoral employment and manpower planning -- both with regard to the different economic sectors and to the public and private sectors.¹² The other factor which has given rise to this has been the fact that until recently, the public sector was the main employer for high skill categories in many developing countries. As such manpower planning was concerned, at the time, with assessing the manpower requirements of the public sector. Hit hardest by the recession, the public sector is being scaled down and the emphasis of manpower planning is being turned to the productive sectors of the economy -- industry and agriculture -- so as to maximise the latter's employment potential.

¹²L. Richter, "Manpower Planning and Labour Market Issues and Priorities for Africa", Paper presented at the Inter-Regional Seminar on Upgrading Labour Market Information Reporting Systems in Developing Countries." Copenhagen, 13-17 October 1986 (mimeographed). cited by *ibid.* p. 113.

TABLE 5: Summary of proposed policy instruments and measures under AAF-SAP (strengthening and diversifying production capacity)

Description of Policy Instrument and Measures	Effects for adjustment with transformation
A.1 Land reforms for better access and entitlement to land for productive use; enhancement of the role of women as agents of change and the modernization of the food production sector.	increased production and opportunities for gainful employment; poverty alleviation and more equitable income distribution.
A.2 Devoting at least 20-25 per cent of the total of public investment to agriculture.	improved rural infrastructure and agricultural institutions; increased agricultural productivity; expansion of rural employment.
A.3 Allocation of an increasing share of foreign exchange for imports of vital inputs for agriculture and manufacturing sectors; expansion of agricultural and industrial employment; increased domestic output of essential commodities and avoidance of import strangulation; and increased inter-linkages between agriculture and industry;	satisfaction of critical needs.
A.4 Sectoral allocation of credit using credit guidelines that would favour the food sub-sector and the manufacture of essential goods.	increased production of food and essential manufactured goods; increased gainful employment.
A.5 Adoption of investment codes and procedures tailored to the promotion and development of small-scale industries.	better enabling environment with greater involvement of local entrepreneurs.

Description of Policy Instrument and Measures	Effects for adjustment with transformation
A.6 Use of selective nominal interest rates in such a way that interest rates on loans for speculative activities would be greater than the rates on loans for productive activities, and resulting weighted real interest rates for savings would be positive.	increased mobilisation of domestic savings; reduction of speculative activities; shifting resources to productive activities.
A.7 Creation and strengthening of rural financial institutions.	increased mobilisation of rural savings and improved financial intermediation.
A.8 Rehabilitation and rationalisation of installed productive and infra-structural capacities; and setting up of an effective national maintenance system.	fuller capacity utilisation; economic growth; savings in foreign exchange.
A.9 Utilizing the existence of <u>de facto</u> multiple exchange rates systems in a rationalized manner and/or creating and streamlining such a system for purposes of resource transfers, resource mobilisation and reversal of capital flight and ensuring availability of essential imports.	encouragement of capital inflows, especially by nationals working abroad, and discouragement of capital flight; improvement in balance of payments; satisfaction of critical needs.
A.10 Creation of a special fund for loans at subsidized interest rates to certain groups of economic operators.	encouragement of greater productive activity. Description of Policy Instruments and Measures Effects for adjustment with Transformation.

The emphasis now is therefore to determine the critical skill needs of the various sectors of the economy and how the supply of such skills can be enhanced.

24. In view of the AAF-SAP suggested policy instruments such as devoting about one quarter of public investment to the agricultural sector, increased manufacturing activities, increased productive inter-linkages between the agricultural and the industrial sectors, the case for sectoral manpower planning becomes even stronger. Such planning should aim at reducing the skilled manpower constraints in the various sectors and for a detailed analysis of how

employment generation could be maximised as a result of the increased sectoral inter-linkages.

(ii) Employment and manpower planning for self-employment

25. The concern for promoting self-employment opportunities in the informal and agricultural sectors dates back to the early 1970s. These concerns did not, however, provide a detailed analysis of the causes of rural un- and under- employment; and rural-urban migration, the skill requirements for the agricultural sector and other rural activities, etc. as information gathering on the rural sector was ad hoc, unsustained, unco-ordinated and not followed up. The main reason for this is that conventional manpower planning techniques are not readily applicable to the rural sector. Other militating factors include frequent shifts in policy objectives, inadequate resources allocated to the sector, and shortage of relevant manpower.

26. In the wake of the slow growth in formal sector wage employment, self-employment has become one of the most important avenues of solving the unemployment and poverty problems. The promotion of self-employment in both the urban and rural areas is crucial to solving the unemployment problem which afflicts many African countries and which is compounded by the rapid growth of the labour force, even if economic growth was at a reasonably high level. Self-employment involves targeting -- which can be done through manpower analysis to provide the necessary information to work out the different sets of policies and to monitor their implementation. Countries such as Kenya conduct annual surveys of persons engaged in the informal sector and their earnings so as to have information which can be used to design and render support to the sector.

27. Policy instruments A.1 to A.5, A.7 and A.10 (in table 5) makes the planning for self-employment imperative. To arrest the current high rates of unemployment, in both the rural and urban sectors, through self-employment would, among other things, require increased access to land through land reforms; enhancement of the role of women as agents of change; increased credit provision; increased investment in the agricultural sector; adoption of appropriate investment codes to promote and develop small-scale industries; increased management training programmes; etc.

(iii) Manpower analysis

28. Manpower analysis aims at improving the understanding of the working of the labour market processes and a regular monitoring of these processes. An understanding of the factors which influence labour market transactions and manpower allocation practices, both in the formal and informal labour markets, will enhance employment planning and implementation. The manpower analysis studies focus on individual sectors so as to identify manpower needs - especially higher skills and occupations -- of each sector and to assess the implications of slower economic growth and SAPs on investments in skill training programmes. By the same token, manpower analysis could help to identify the factors which make the local educational and training systems non-responsive to the existing and potential socio-economic problems. It may also point to the other factors which constrain employment growth and how these problems are likely to be resolved.

29. Manpower analysis will help to identify the main manpower issues and imbalances, opportunities and constraints, and the policy alternatives to solve identified manpower problems. The form of manpower analysis adopted will depend on the manpower issues in question, the time frame (whether short- or long- term), national or sectoral, occupational or local specific, etc. As such no standard format can be given for all sorts of manpower analysis.

30. Manpower analysis would help to, for example, identify the available skills, capabilities and capacities to implement some of the policy instruments suggested in table 5. For example, increased provision of agricultural credit, increased public investment in the agricultural sector, land reforms, etc. may come to nothing unless a proper analysis of the socio-economic situation and capabilities of the target groups is done. Since manpower analysis helps to diagnose the nature and the extent of the various socio-economic problems related to the operations of the labour market, it is of vital importance to the implementation of the various policy instruments suggested in table 5.

E. CONCLUSION

31. This paper has shown that, in general, SAPs have had negative impact on the capacity to effectively utilise human resources. The regression analysis and the descriptive analysis of

the impact of individual policy instruments of SAPs have demonstrated how these affect employment creation within the region.

32. In the light of the foregoing, this paper has suggested a policy framework for employment generation in the context of slower economic growth and structural adjustment. The essence of this framework is to make employment planning sector-based; promotion of self-employment in both the rural and urban sectors; and the adoption of manpower analysis so as to have a better understanding of the workings of the labour market. This framework has been discussed in the context of AAF-SAP's proposed instruments and measures which aim at strengthening and diversifying Africa's production capacity. The imperative of adopting this new framework and the proposed AAF-SAP's policy instruments so as to improve the labour absorptive capacities of the African economies cannot be over-emphasised. Without this kind of framework and policy instruments, it is difficult to envisage a reduction in the current high levels of unemployment any sooner.

APPENDIX

TABLE A1: REGRESSION COEFFICIENTS ON EMPLOYMENT WITH TIME AS AN EXPLANATORY VARIABLE

COUNTRY	PERIOD	CONSTANT	LOG GDP	SAP DUMMY	TIME	R ²	ADJ R ²	D-WF STAT
BURUNDI	72-88	-42.15 (0.95)	0.92 (1.45)	-0.15 (2.02)	0.03 (0.82)	.91	.88	2.0441.48
	72-79	-50.69 (0.56)	0.82 (0.68)	-	0.3 (0.50)	.74	.63	1.436.95
	80-88	54.74 (1.02)	1.4 (1.91)	-	-0.03 (0.97)	.67	.55	2.156.00
BOTSWANA	72-88	-43.32 (0.33)	0.44 (0.69)	-	0.03 (0.38)	.87	.85	0.6847.80
	72-79	-89.12 (2.97)	0.28 (2.06)	-	0.05 (3.20)	.99	.99	2.62261.81
	80-88	-125.73 (0.53)	0.41 (0.37)	-	0.07 (0.55)	.78	.71	1.0010.98
CAMEROON	73-84	2.34 (0.03)	1.35 (1.80)	-	0.00 (0.01)	.98	.97	1.50206.20
KENYA	72-88	-47.23 (4.11)	0.16 (1.03)	-0.01 (0.87)	0.03 (4.52)	.99	.99	1.96620.29
	72-79	-68.49 (2.61)	-0.05 (0.17)	-	0.04 (2.80)	.96	.95	2.464.39
	80-88	-39.40 (4.66)	0.24 (1.86)	-	0.03 (5.17)	.99	.99	1.45472.50
MAURITIUS	71-87	-44.96 (3.56)	-0.002 (0.31)	-0.03 (0.52)	0.03 (4.52)	.84	.80	22.12
	71-79	4.72 (0.11)	0.56 (2.00)	-	0.001 (0.55)	.98	.97	155.23
	80-87	-123.94 (3.08)	-0.19 (1.88)	-	0.07 (3.35)	.81	.73	1.3110.56
ZAMBIA	71-87	14.91 (4.03)	0.26 (1.74)	-0.02 (1.15)	-0.002 (1.01)	.44	.32	1.973.48
	71-79	14.50 (2.05)	0.23 (1.07)	-	-0.002 (0.45)	.16	.00	2.190.58
	80-87	26.18 (9.14)	0.05 (0.32)	-	0.01 (4.58)	.82	.75	1.1211.22
	80-87	23.49 (8.48)	-	-0.02 (1.8)	-0.01 (3.84)	.89	.84	1.9419.20

The figures in parentheses are t-statistics.