

2077

(10)

CS/2673-3

UNITED NATIONS
AFRICAN INSTITUTE FOR ECONOMIC
DEVELOPMENT AND PLANNING

INSTITUTE OF DEVELOPMENT STUDIES
UNIVERSITY OF SUSSEX

DAKAR

BRIGHTON



52nd SEMINAR ON

STRATEGIES FOR INCREASING PRODUCTIVE EMPLOYMENT IN AFRICAN COUNTRIES

DAKAR 10 NOVEMBER - 12 DECEMBER 1975

THE KENYAN GOVERNMENT'S RESPONSE TO THE ILO REPORT:
PART VI (SUMMARY) OF THE SESSIONAL PAPER ON EMPLOYMENT

OCTOBER, 1975.

THE KENYAN GOVERNMENT'S RESPONSE TO THE ILO REPORT:
PART VI (SUMMARY) OF THE SESSIONAL PAPER ON EMPLOYMENT

The Marshalling of Resources

Kenya remains a poor country wherein the creation of more jobs and the provision of higher levels of living for more people can only be achieved by a sustained high rate of growth in the economy. Economic growth then, retains the importance which it has been assigned in every Development Plan which has been formulated since Independence. To be specific, given the rate of population growth and the continued preponderance of agriculture in the economy, the resources necessary to increase the rate of growth in employment will be obtained only if the country achieves a 7 per cent year increase in gross domestic product and a 6 per cent per year in the agricultural sector's contribution to gross domestic product.

The actual marshalling of domestic resources and the generation of resources from abroad depends not only on the the achievement of growth targets but upon the implementation of appropriate fiscal and trade policies. In both of these areas, there will be important reforms. The tax reform which will be introduced is designed to increase the efficiency of the tax system, provide a more equal distribution of after-tax income, and provide a better system of incentives and disincentives in both production and consumption.

The reform in trade policy is designed to generate resources by making Kenyan firms more competitive in both domestic and international markets. As with tax policies, trade policy will be such as to favour low income groups by its indirect effects on employment and prices. The specific changes to be made in tax and trade policies have been outlined above in this paper.

The marshalling of human resources for development and growth involves host of complex tasks which range from programmes to improve health and

nutrition, programmes of skill training and staff development and the formulation of an incomes policy which will assure a more rational allocation of the scarce human resources available for the production of goods and services. The Government's policy toward technical assistance and Kenyanization will be designed to assure that the country has the manpower available with which to achieve its growth targets and implement essential programmes.

Manpower problems continue to be one of the most serious constraints on development. While progress has been made and these problems are not as serious as they were at Independence, the maintenance of a high growth rate in large sectors of the economy has meant that the country continues to experience severe manpower shortages particularly of skilled workers and university trained professionals. The Government assigns a high priority to programmes of skill training, to staff development and high level professional training as opposed to general secondary and university education.

The marshalling of foreign capital resources is essential in order to allow a higher rate of investment than can be sustained from domestic resources alone. The Government will take action to assure a continuing flow of foreign capital, rising in absolute amount but not as a proportion of total investment.

Growth for What?

The reasons for seeking growth and marshalling resources for development are, first, to improve the lives of those who earn the lowest incomes by the progressive elimination of the worst manifestations of poverty. Secondly, the country seeks growth and development in order to enrich and to make more enjoyable the lives of all of its citizens.

In order to eliminate the worst manifestations of poverty, landlessness and outright unemployment, the Government will formulate its plans and allocate its resources in a fashion which will provide either a wage job or land to everyone by 1980.

In order to provide jobs and to improve the levels of living of the working poor, the Government will undertake a number of programmes in both urban areas to increase the productivity of those who work and to achieve a better geographic distribution of amenities such as education, health, housing and water supplies.

The priority which the Government assigns to various programmes is dependent upon the group which will benefit most from them. The programmes which have the highest priority are those which benefit the 60 per cent of the households earning less than £60 per year. These households consist mostly of those who derive their livelihood from smallholdings. To a lesser extent, it consists of those who are unproductively employed and self-employed in what the report calls the "informal" sector.

Though relatively small in number, the most desperate people of all are those who are absolutely landless and without work and pastoralists in semi-arid and arid areas. Growth and development will be pursued primarily for the benefit of these people.

Agricultural Intensification

The programmes which will most assist those poverty stricken households in rural areas are those which are aimed at agricultural intensification, i.e. those programmes which will lead to a more efficient use of land and the conversion of production from subsistence farming to commercial farming.

The specific programmes which have high priorities, as a consequence, are -

- (a) those which will improve the agricultural extension services and orient those services to those smallholders who need it most;
- (b) those which will result in better land distribution creating holdings which an optimum size in terms of efficiency, e.g. through land settlement programmes;

- (c) farmer education;
- (d) those which provide an improved availability of agricultural inputs such as credit, fertilizers and seeds.
- (e) those which improve the efficiency of agricultural marketing primarily by reducing costs; and
- (f) those which introduce new or better crops.

The Geographic Distribution of Services and Amenities

Improvements in levels of living can often be achieved more readily by providing access to certain services and amenities. The provision of a water supply, a school, a health clinic or a cattle dip can substantially improve the quality of life of all households in a community. For the Plan period 1974-78, the Government will establish targets with respect to the minimum acceptable access to certain services such as education, water, health and housing.

Small Business Development

Although it is not as important as smallholder agriculture, the small business sector in Kenya economy employs as many as 480,000 people. Given its size and its importance in terms of providing jobs, those programmes which will promote the expansion of and improve the productivity in this sector should contribute substantially to increasing employment and the incomes of the working poor.

The programmes which will best promote this sector are primarily legislative and administrative. First, the Government will systematically review all rules and regulations which affect small business operations and will change or alter those which are found to be unnecessary.

Secondly, the Government will reorganize the institutions which are now promoting small business development under a new Small Business Development Agency. This agency will be responsible for developing its own extension service and for providing an effective, comprehensive and co-ordinated service to small businessmen.

Finally, the Government will lend encouragement to commercial banks to extend credit to small business by assuming some of the risks associated with making such loans.

Family Planning

Family planning has a direct impact on the welfare of households by reducing the number of dependants and thus increasing the amount of household income available to each household member. Nationally, family planning accomplishes much the same thing. A smaller population with fewer dependants means higher average productivity and higher per capita income. It also means that scarce resources are not so severely strained to provide essential services and every new entrant to the labour force with the capital which will enable him to be employed. The family planning programme outlined in this paper has, as a consequence, a very high priority.

Incomes Policy

In a very general sense there is an incomes policy implicit in the Government's focus upon programmes which benefit the poorest people and in its tax and trade policies. However, given the existence of a free trade union movement in the country, responsible collective bargaining, and a relatively autonomous Industrial Court, the Government will not impose restrictions which will hamper the operations and development of these institutions.

On the other hand, the Government will not hesitate to use the powers which it has available to ensure wage and salary restraint on the part of all parties. The Government will ensure that the income differences which exist between urban and rural workers do not increase. This can be accomplished only by wage restraint on the part of urban workers.

The first incomes policy objective of Kenya Government is the provision of a wage job or of access to land for all house-holds by 1980. The second incomes policy objective is the achievement of a guaranteed minimum access to basic social services including water and housing. The means by which these objectives are to be achieved will be spelled out in the Development Plan 1974-78.

Rural Development

The basic elements of rural development are included under each of the headings listed above. It remains to focus upon what is the most important element in the country's rural development programme and that is the establishment of efficient administration and planning at provincial and district levels and the devolution of decision-making and responsibility from the centre to lower levels of Government. The Government has already made significant progress in this direction during the current plan period and will continue to pursue the objective of decentralized decision-making and planning during the next Plan period.

Education and Training

The report made far-reaching recommendations for educational reform in Kenya and the Government has accepted in principle, the most important of these, i.e. the ultimate extension of primary education to nine years and the introduction of a more practical curriculum in primary schools. The Government feels that those reforms will have more long-term impact on employment than other reforms which have been proposed.

The basic policy of the Government during the next Plan period calls for a consolidation of gains made and improvements in quality within the education system. The major focus of the system will be on the further development of job specific training as opposed to general education. In practical terms, this means expansion in pre-vocational Schools, increased support for an expansion of technical and vocational education under existing programmes and renewed emphasis upon professional training mostly of high-level manpower.

Tariff Policy

The Government, in consultation with the Partner States of the East African Community, will make far-reaching changes in tariff policy designed to render Kenyan industry more competitive, more employment creating, and more development oriented. These changes include the gradual introduction

of a uniform tariff system and the promotion of exports through a general subsidy. It is envisaged that these measures will have a substantial impact upon the composition of industries which will be established over the next Plan period.

Labour Intensive Works Projects

The creation of a capability to undertake labour intensive rural works programmes is assigned a high priority. Because such projects require a considerable amount of planning, organization and supervision, the Government will confine its activities at the outset to labour intensive road schemes where sufficient expertise already exists. As an interim arrangement, the Government will create a separate unit in the Roads Department in the Ministry of Works to be responsible for executing such projects in co-operation with, and on half of, local authorities.

In addition, the Government will exploit the experience of other countries with rural works programmes through technical assistance. Technical assistance will be used to help with the formulation of a comprehensive rural works programme which is not confined to road building but will also be involved in irrigation, land-clearing, construction and similar projects.

School-Leavers

As the report indicates, the problems of school-leavers is essentially that of frustrated aspirations - the inability of youth to find jobs for which they believe they qualify by reason of educational achievement. The issue is an extremely complex one involving not only educational reform but also the introduction of an incomes policy which will alter incentives in desirable directions. The problem cannot be solved within a short period of time.

The Government's long-term policy to solve the school-leavers problems will involve the establishment of wage and salary guidelines for the Industrial Court which will attempt to alter the structure of wages and salaries in favour of skilled manual workers as opposed to those with an academic education. In addition, the Government through the Industrial Court, will assure that workers are paid according to the jobs which they perform rather than the amount of education which they have acquired.