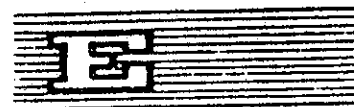




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REPORT ON THE

ILO/JASPA AFRICAN EMPLOYMENT REPORT 1992

PAPER PREPARED

BY

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1. Introduction

This report is presented in collaboration with the ILO's Jobs and Skills Programme for Africa (JASPA). It consists essentially of the Executive Summary of the ILO/JASPA African Employment Report 1992. The report discusses four major themes which have a considerable bearing on the critical employment situation in Africa; an overview of recent economic performance and its impact on employment; a critical assessment of the retrenchment and redeployment programmes in the public sector which have become salient features of structural adjustment programmes in African countries; an evaluation of the impact of the ongoing economic policy reforms on the urban informal sector employment, and manpower and employment planning approaches under economic reforms.

2. Overview of the Employment Situation and Prospects

This review provides an opportunity to undertake a quick evaluation of the direction of major macro-economic variables such as GDP, per capita income, poverty, employment, and unemployment, etc. By this approach, it is easy to avoid the pitfalls of waiting for long periods before analysing the consequences of ongoing policy reforms, most of which have immediate and predictable consequences on the labour force and labour market conditions.

In spite of the strenuous ongoing efforts to re-orient their economies towards significant gains in real growth, the question of unemployment and mass poverty still remain, the number one social problem facing many African governments. Not only have structural adjustment programmes exacerbated the employment crisis but they have had direct consequences on the likely positive trends in employment growth in the next decade. Many governments generally agree that increased unemployment could have serious social and political consequences and could wreck their efforts to achieve high growth rates through the structural adjustment programmes.

Available evidence reveals that the expected upturn in employment growth in sub-Saharan African countries has not materialised. The growth of most economies did not reflect any significant improvement vis a vis the pattern that was experienced in the 1980s. The trend in recovery has not been significant. In fact overall, real per capita income declined by 2% in 1990 and 1% in 1991 for sub-

Saharan Africa as a whole. The 1970 to 1980 period still remained the best decade when per capita income increased at a modest 0.9% per annum. Projections for the period 1990 to the year 2000 show an extremely modest growth of 0.3% per annum. In short, the long term prospects for economic recovery for sub-Saharan Africa are both sobering and disturbing. While the average per capita income for most countries in the world is expected to rise significantly from 1990 to 2030, per capita income in sub-Saharan Africa could reach only \$400 compared to \$3,300 in East Asia, \$9,000 in Eastern Europe and over \$40,000 for the high income countries.

The main conclusion emerging from the above is that sub-Saharan Africa is the only region in which poverty is expected to worsen, with significant increases in the proportion of the population under poverty from 47.8% in 1990, to 49.7% by the year 2000. It is therefore not surprising that the UNDP's Human Development Index (HDI), has 18 African countries in its group of the last 20 countries which have the lowest HDI.

Unemployment is clearly on the increase with most African countries registering varying degrees of the problem. Unemployment is especially high in the urban areas. Very few up to date statistics have so far been reported, and the various population and labour force surveys indicate high levels of unemployment though there exists considerable cross-country variability. On average, urban unemployment rates are close to 20%, and projected to increase to about 30% by the year 2000, in the absence of a major effort to reverse current unfavourable trends.

The changing and unpredictable economic fortunes of most sub-Saharan African countries have had considerable impact in the performance of the economies in labour absorption. The present situation has raised some questions regarding the role of governments in their capacity to create jobs. It is now obvious that job security which was a major feature of modern sector employment no longer exists. The strict adherence to certain international conventions relating to minimum wages, social security and opportunities for training and retraining have all been done away with. The role played by the modern sector in job creation has been drastically reduced and it currently engages less than 10% of the labour force due to the policy of retrenchment and total freeze on employment in the civil service and state owned enterprises.

Youth employment still remains critical. Available evidence shows that Africa is the only continent where the proportion of persons, aged between 15 and 24 years in relation to the overall population will continue to grow over the next 30 years. Our estimates indicate that on the average only 30% of students are able to join the second level education from the first and a mere 11.5% from the second to the tertiary level. As a result between the first and third level about 90% are forced to enter the labour market with a preference for modern sector jobs which are by and large unavailable.

Confirming earlier findings, it appears that women have made some gains in their participation in the labour market during the past two decades. But a disturbing development during this period is that with the retrenchment and restructuring of the civil services, women appeared to have been most adversely affected. Because women tend to be concentrated in the lower end of the occupational hierarchy, they are the first to be retrenched. The outcome of these developments is that majority of women entering the labour force, tend to be concentrated in activities in the informal and rural sectors.

Estimates by JASPA on the informal sector reveal an upward trend in the size of employment in the sector. In 1991, it accounted for 25% and 62.5% respectively of the total labour force and urban labour force. Recent supportive changes in policy and institutional framework in Africa are aimed at strengthening the economic performance of the sector as well its potential in job creation.

The rural sector will remain the major source of new jobs for at least, the next decade. Since agriculture alone is estimated to account for more than one-half of the economic growth, its recent growth is likely to have positive impact on the well being of the society and poverty alleviation. Opportunities for employment in the agricultural sector, will become attractive as the sector experiences a more favourable policy environment. However, the recent record declines in agricultural export prices of African countries, the persistent droughts and famines, occasional floods and widespread civil wars have undermined the prospects for agricultural sector employment.

The critical employment crisis confronting African countries has raised several questions concerning the issue of employment and manpower planning in the era of structural adjustment. The problem of unemployment has been

compounded by slow economic recovery, retrenchment, early retirement of public servants, closure of economic establishments and the serious imbalances in the labour market. Since countries practicing some form of manpower planning still maintain the traditional approach, the critical issue is the relevance of manpower planning in a situation where a much larger proportion of the labour force is found in the informal and rural sectors which are excluded from conventional employment and manpower planning? The need for governments to evolve policies and measures to assist in the management of the labour market vis a vis the informal sector, is now a critical question. The failure to evolve an effective management of employment and manpower development planning in most African countries has led to a major problem of massive brain drain.

The gravity of the unemployment situation facing African countries and the rather gloomy prospects for recovery raise several questions on approaches that have so far been adopted to tackle the unemployment problem. Unemployment trends indicate that without a major concerted and coherent effort to deal with the problem, it could lead to major economic, social and political crisis, as it has infact done in several African countries recently.

With nearly six million persons joining the labour force each year a more comprehensive approach to job creation is required, hence the need for a programme approach. First it will help to minimize the problems of ad hoc measures and policies and uncoordinated efforts which have hitherto characterised the past attempts to reduce unemployment. This approach will compel the authorities to articulate a comprehensive sector strategy and avoid fragmentation of effort. It will provide the opportunity to define in specific terms the magnitude of the employment problem and indicate target beneficiaries for the employment programme, as well as set out strategies to achieve the stated objectives and goals. It would help governments to direct their resources towards the solution of the employment problem in a much more planned and streamlined fashion, and to mobilize and coordinate internal and external resources geared specifically towards employment promotion.

The employment programme could be made up of the following four components: (a) a policy component; (b) a mechanism for operation, coordination and monitoring of the programme; (c) an integrated and interrelated set of employment promoting project proposals; and (d) proposals for target groups who

are expected to be the principal beneficiaries of the programme. The programme approach offers a more aggressive and efficient way to address the employment problem. In this respect the sector ministries will need to be strengthened, while at the same time identifying key factors in the strategy. These would include credit schemes, and issues relating to the youth, women unemployed, retrenched workers, informal and rural sectors and the provision of vocational and entrepreneurial training, and coherent programmes of labour based works. These programmes would, however, be best situated within the context of clearly articulated employment policy documents. A number of African countries are beginning to move in this direction.

Similar to the adoption of the various economic recovery programmes, countries could thus begin to adopt employment programmes akin to the economic recovery programmes, to which resources could be sought and prioritized towards employment promotion.

The report now turns to the consideration of three major problem areas now engaging the attention of African countries; public sector retrenchments, policy and institutional environment for informal sector employment promotion, and employment and manpower planning under conditions of economic reform.

3. Public Sector Retrenchment and Redeployment Programmes Problems and Prospects

Public sector employment accounts for more than 50% of modern sector employment in Africa. In fact in many countries, the public sector contribution ranges between 50%-80%. Public sector retrenchment programmes, among other factors, have contributed to a considerable reduction in the modern sector employment growth rate, to only about 2% per annum, well below the growth rate of the labour force of over 3% per annum. This has resulted in a declining share of modern sector employment from about 10% in the early 1980s to about 8% currently. These trends are resulting in increasing informalisation of employment in Africa, contrary to trends expected in a modernising and developing economy. In order to reverse the observed negative trends, it is necessary to understand why public sector retrenchment programmes were undertaken, the mechanics of the

implementation of such programmes, how such programmes can be avoided in future, and the ways of minimising their negative impacts, especially through the implementation of public sector redeployment programmes.

While in the 1970s, a few African countries like Nigeria and Tanzania implemented public sector retrenchment programmes with limited objectives, there has been a large scale introduction of public sector retrenchment programmes in African countries in the 1980s, as a requirement of their Structural Adjustment Programmes. In the first half of the 1990s, several other African countries like Ethiopia, Kenya, Sierra-Leone, Tanzania, Burundi, Rwanda, Uganda, and Zimbabwe are embarking on public sector retrenchment programmes, as part of their structural adjustment programmes. The scale of public sector retrenchment programmes is in fact increasing. Whereas in the 1980s public sector retrenchment accounted for about 10%-20% of total public sector employment, in the 1990s, the target public sector retrenchment rates are in the range of 20%-30% of public sector employment.

Public sector retrenchments have been considered necessary essentially for the following reasons:

- (a) Reducing the growth rate of public expenditures especially, recurrent expenditures, in order to reduce the levels of budget deficits and inflation rates and their associated negative macro consequences.
- (b) Arresting the sharp declines in real wages of public servants and associated low morale and declining productivity by having a smaller, and leaner public service which can be better remunerated at a higher level, in order to reverse the negative consequences of real low wages and salaries.
- (c) Increasing labour productivity by reducing underemployment of public sector employees through retrenchment, and thus compelling or assisting them through redeployment programmes to move to more productive employment in other sectors of the economy.

In order to minimise the adverse social and economic impacts of the retrenchment exercises, the exercises have usually been implemented over a period of 3-5 years, with most programme spread clustering around 3 years. A

number of countries have not published clear criteria for selecting those to be retrenched, nor have they established a clear institutional machinery for the management and implementation of the retrenchment programme. This has led to protests from affected workers and their unions some of which were not consulted on the arrangements for the whole programme. However, an increasing number of countries are establishing a carefully conceived administrative machinery for implementation of retrenchment programme. In these cases, clear criteria for the selection of retrenched workers, have been announced. Those retrenched have invariably included those over the retirement age, workers with poor service records, and more recently recruited workers on the principle of "Last in, First Out" - LIFO. In nearly all cases, most of the workers retrenched have been concentrated on grades with limited skills, and usually in the junior category of manpower. As a result of manpower shortages in the intermediate and high-level manpower categories, manpower in these categories were little affected.

Given the adverse impacts of the retrenchment programmes in terms of increased poverty, unemployment, and social and economic dislocations associated with rising unemployment rates, a number of measures were introduced to keep public sector employment within sustainable limits. These measures have included imposing stricter controls on recruitment, introduction of computerised payrolls in order to eliminate ghost workers, and increased centralisation of recruitment authority. Other measures have included improved manpower budgeting procedures such as manpower hearings to determine acceptable manpower levels before allocating financial and budgetary provisions, or determining manpower levels based on imposed financial limits, having due regard to available resources. Privatisation and commercialisation of public enterprises, have also contributed to such enterprises maintaining manpower levels consistent with their economic viability.

On the whole, the retrenchment programme, achieved the objective of reducing the public sector employment growth. In several countries budget deficits and inflation rates also declined, although not solely as a result of retrenchments. However, in some countries, although the retrenchment exercises were carried out, subsequent administrative reforms led to inflation of public sector employment, thereby defeating the objectives of the retrenchment programmes. In these cases, a better synchronisation and planning of those administrative reforms, which increased the role of regional and local administrations, could have led to the

absorption of some of the retrenched workers. With regard to increases in real wages and salaries for the smaller and leaner public services after retrenchment, the retrenchment exercises have contributed to halting the steep declines in real wages earlier experienced. There has been an increasing trend in a few countries, but in all cases, current real wage levels are still dramatically below the levels of the late 1970s and early 1980s. Real wages still do not constitute a "living wage" and worker morale and productivity remain at unacceptably low levels.

Redeployment programmes to facilitate the transition of public sector retrenched workers into alternative more productive employment, have been adopted by several countries especially since the late 1980s. However, not all countries have executed redeployment programmes. These redeployment programmes have consisted mainly of essentially 5 elements: a) Prompt payment of "attractive" retrenchment benefits; b) Information, education and communication programmes on the rationale for retrenchment programmes and advice on alternative employment sources; c) Financial assistance and counselling; d) Training in vocational skills and entrepreneurial development; and e) Direct job creation programmes. Those redeployment programmes have relatively short track records of achievement, so that an assessment of their success is difficult. However, preliminary assessment of their experiences indicate that with careful design, planning and execution they can make a valuable contribution towards minimising the adverse impacts of the public sector retrenchment programmes.

3.1 Recommendations

A critical assessment of the overall experience of public sector retrenchment and redeployment programmes indicates that attention should be paid to the following recommendations.

- (a) Since the African labour market will be relatively saturated during the 1990s, every effort should be made to attain the objectives of current retrenchment programmes through alternative measures other than retrenchment programmes. Such alternative measures in particular, include more intensive efforts at transparent internal and external resource mobilisation, and use. More effective expenditure control is necessary, especially on capital expenditures, where substantial resources are lost to development programmes, as a result of inflated public sector contracts.

- (b) Where public sector retrenchment programmes are truly inevitable, attractive retrenchment benefits should be paid promptly. Such payments should be closely linked to counselling and training programmes in redeployment programmes, so as to improve chances of the separation payments being used for job relocation purposes. The cost of retrenchment benefits are often so high, that they need to be phased over a period of 3-5 years, by stretching out the retrenchment programme. External donor assistance will be necessary in the case of most countries, in the funding and implementation of retrenchment and redeployment programmes.**
- (c) In order to reduce the prospect for further future massive public sector retrenchment programmes, there is a need to evolve measures for keeping public sector employment growth within sustainable levels. This will entail improving the data base for personnel records through computerisation and occasional physical checks and counts on staff to eliminate "ghost workers". Tighter recruitment procedures need to be put in place, while more effective manpower budgeting and control measures are introduced. There should be a continuous review of the extent of subsidies to public enterprises, with further privatisation and commercialisation as may be necessary.**
- (d) Having due regard to the high social and economic costs of public sector retrenchment programmes, there is a need to minimise their negative consequences, by introducing redeployment programmes. The retrenchment programme should be carefully synchronised with the redeployment programme so that retrenchment programmes are not initiated before the redeployment programmes are in place.**
- (e) Redeployment Programmes should consist of five essential elements; i) timely payment of "attractive" retrenchment benefits; ii) information, education and communication programme; to explain to the public the necessity for the retrenchment programme, and to advise retrenched workers on alternative sources of employment; iii) financial counselling and assistance programmes; iv) training in vocational and entrepreneurial skills; and v) job creation programmes. Wherever possible, retrenched workers should also be associated with existing programmes for overall unemployment alleviation. Greater priority should be given to the use of informal sector training facilities and trainers in the training programmes,**

and the provision of land and complementary inputs and advisory services for agricultural production, in the job creation programmes. The job creation programmes should pay greater attention to longer term viability and more cost effectiveness in the programmes.

- (f) There is a need to build in more effective mechanisms for monitoring and evaluation of the components of the redeployment programmes. Regular monitoring and evaluation of programmes will enhance their prospects of success.
- (g) Since the Public Sector has limited prospects for increasing employment in the medium term, there is an urgent need to give increased priority to measures for an expanded role for the private sector in employment generation.

4. Policies and Institutional Environment for Informal Sector Development and Employment Generation

A major component in the strategy for private sector contribution to employment generation is the development of the informal sector, in which most indigenous African entrepreneurs operate.

The perception of the importance of the legal and institutional environment in economic development has gone through considerable changes since the early 1980s. One common feature of the 1990s is the emerging consensus in most countries on the need for an enabling environment as an important vehicle for economic growth. Some countries have gone beyond this awareness and have embarked on a new generation of programmes and policies aimed at the promotion of the private sector through measures that will cut down the costs of operation of business and direct more resources in favour of the productive sector.

One significant example of the re-thinking of development strategy in the continent is that governments have since 1989, embarked on a review of the taxation policy, and the set up for a consistent and transparent legal framework for investment. The major conclusions of the review were that in several ways, the

structure of the tax system hindered an adequate investment response because the tax system discriminated against earnings on equity by taxing both the profits and the capital gains.

Recent changes in the 1990s have also evolved a more consistent and transparent legal framework for the private sector. In most countries, laws and regulations governing economic activities have been reviewed in order to cut down substantially the administrative costs and to simplify various procedures. These have been achieved through : (i) harmonisation of conflictual provisions; (ii) reduction of government agencies; (iii) provision for the handling of the applications for new investment projects of a more favourable legal basis for administrative decisions.

In many countries, the new legal framework for investment has transferred the responsibilities for registration and licensing procedures from Government agencies to concerned professional associations and the local authorities. For commercial activities, the validity period of the licenses has been extended. The number of products requiring import permit has been reduced, and the requirement of import license has been increasingly abolished for imported goods. At the same time, the number of products which were subject to price controls has also been reduced. The most important changes introduced are found in the investment and labour codes. New investment codes have established a single office to handle all applications and agreements. Hence, any new applications now require only few copies compared to several in the past.

In Tanzania for example, the Government has reversed its previously prohibitive stance towards the informal sector, through many official pronouncements which culminated with the amendment of the Leadership code in February 1991. In effect this amendment permits party and government officials to be involved in the hitherto forbidden informal sector. By July 1991, all items except three, had been decontrolled and deconfined, compared to 400 categories of consumer good subject to price control before, and fifty broad categories subject to internal final confinement. Import liberation by own fund and open general license (OGL) schemes have been introduced since 1984.

The impact of the recent changes discussed above on the informal sector remain to be adequately assessed. One main reason is that the time lag between

the introduction of the recent measures and the investigations in the various countries was too short to arrive at any meaningful conclusion. Another factor is that in most cases, the new measures are not yet operational because of delays in strengthening the implementing institutions. However, a major finding of recent JASPA studies, is that there is a general assumption on the part of policy makers, that any effort to promote private sector development will automatically benefit the informal sector. Hence in effect, no further de-regulation of the fiscal and the legal constraints is on the policy agenda for the informal sector other than what is being granted to the private sector as a whole. In addition, increased allocation of resources in favour of the private sector has not been targeted directly enough, to actually benefit the informal sector. The following facts raise several questions about the validity of the generally held assumptions about private sector development in relation to the informal sector. First, the informal sector operators have never operated under the same legal and fiscal environment as the other sections of the private sector. Highly unequal and discretionary enforcement of the regulations, are extremely damaging for efficiency in the sector. Other non-economic factors such as low exposure to information, government practices, discriminatory attitudes of government officials, are also the source of important additional costs for operating business in the sector. Secondly, most of the recent incentives introduced to support private sector development are targeted to specific activities such as industrial exports processing and the production of capital goods for the agricultural sector. The few informal sector units which operate in these priority areas are unique in the sense that they tend to specialise in the production of semi-products for modern firms.

4.1 Recommendations

- (a) There is therefore the need to evolve in the current legal and institutional framework, specific measures to further cut down the institutional costs of operation for informal sector business.**
- (b) Specific incentives would also have to be considered to foster greater integration between formal and informal enterprises involved in the production of similar goods.**
- (c) The need arises to evolve new approaches in the design and the implementation of direct assistance schemes for the informal sector.**

- (d) Concerning the first point, specific measures to be introduced are of three different types : (i) measures for reducing the delays experienced by informal sector entrepreneurs in identifying the appropriate government institutions implementing the legal requirements for the set-up and the operation of business; (ii) measures aimed at reducing the delays in the processing of the legal requirements and (iii) measures to evolve appropriate methods and practices in assessing the fiscal obligations of operators in the informal sector.**
- (e) To cut down the delays in identifying the appropriate governments institutions, one appropriate measure is the provision of up-to-date information by governments on the registration and licensing procedures, standards legislation and fiscal obligations. This can be done through the production and distribution of brochures, seminars, workshops, and the mass media. An adequate channel through which to pass this information to operators in the sector, would be the various professional associations in the sector. Hence, there is the need for governments to have more interaction with such associations, and to design appropriate institutional arrangements towards such a goal.**
- (f) To reduce the delays in processing the legal requirements for informal sector entrepreneurs, specific measures will have to be targeted to the strengthening of the concerned government institutions and departments in order to address their current weak administrative and managerial capacity. In this respect, specific measures will include (i) the provision of additional human and financial resources, and introduction of specific training programmes to raise their level of productivity. These measures will have to be complemented by more attractive levels of remuneration and incentive packages such as bonuses, and allowances offered to the staff. (ii) Other measures will have to aim at the rationalisation of the licensing, registration and the tax systems, by cutting down the number of institutions involved on the one hand, and the large number of requirements on the other. (iii) A specific recommendation in the above regard, is the establishment of a single office to handle all legal requirements and the simplification of the tax structure through a reduction in the number of fiscal obligations.**

- (g) With respect to the evolution of appropriate methods for assessing the fiscal obligations, one consensus emerging, is the use of output/turnover as the basis for taxation in the informal sector. This approach appears more appropriate than other discriminatory policies which use, either capital only or labour only, as a basis for taxation. The main bottleneck in implementing the policy is the lack of record keeping or accounting in most informal sector enterprises. The other limitation arises from the poor estimation of the outputs, which tends to be arbitrary and unequal. In these two respects, the following specific measures can be considered : (i) provision of training facilities by the administration on accounting; (ii) inclusion of specific fiscal incentives in the tax structure for enterprises keeping records or having an accounting structure; (iii) production for tax collectors of relevant guidelines and statistical tools in the estimation of output in the informal sector.**
- (h) With the ultimate objective of promoting greater integration between formal and informal firms, the following additional incentives should be provided to production ventures involving both formal and informal firms :**
- **removal of compulsory hiring and firing procedures through the Public Employment Centres;**
 - **more flexible enforcement of the minimum wage, working hours, and social security requirements;**
 - **less restrictive provision for the use of temporary/casual workers;**
 - **the setting up of credit ceilings to be allocated to the selected firms;**
 - **provision of preferential discount rates by central banks on credit to the informal sector;**
 - **possibility of pre-financing of credit by the central bank;**
 - **exemption on taxes on credit for firms which qualify for the incentives;**
 - **removal of the training levy on the firms;**
 - **establishment of cost-sharing mechanisms in creation of new vocational training centres;**
 - **flexible enforcement of the apprenticeship code for the concerned enterprises.**
- (i) In the framework of the Social Dimension of Adjustment (SDA) programme, some resources have been allocated to support informal sector activities in**

many countries, namely for the redeployees and unemployed graduates. The target groups are the retrenched workers and unemployed youth. In Ghana, the PAMSCAD earmarked a credit line of \$1 million for employment generating activities (including the informal sector) in favour of such vulnerable groups as women, redeployees, rural and urban poor. The most striking example of comprehensive programmes are those of bilateral and multilateral technical cooperation activities. In this regard, the ILO tends to play a leading role as an executing agency with the financial support of the UNDP. Other supporting programmes are those of the USAID, GTZ, Swiss Corporation, DANIDA, CIDA, SIDA etc. Overall focus of these programmes are (i) assisting government in the design and formulation of policies and strategies to promote the informal sector; (ii) initiate training programme for participants in both business and managerial and technical skills in the operation of their enterprises; (iii) set up credit schemes with viable and flexible options for financing the sector. The expansion of the scope and scale of such schemes is strongly recommended.

- (j) The effectiveness of such programmes has been hampered by institutional weaknesses in government implementing agencies. The weaknesses often include lack of coordination, poor backstopping, high cost of delivery of output etc. As a result, the new trend is that, to some extent, non-governmental organisations (NGOs) have become more effective in dealing with the informal sector. Other prominent actors include private consulting firms, communities and grassroots organisations and professional associations. Although many governments are suspicious about the present trend to reducing their role in direct management of schemes, to only identification and evaluation of programmes, many are seeking ways to adjust to it. Specific actions to assist governments in this respect are of three kinds. One requires strengthening of government institutions in the field of project identification, monitoring and evaluation. The second will have to do with the evolution of an adequate institutional environment for the creation and expansion of effective NGOs, grassroots organisations and professional associations.

- (k) Finally, technical assistance executing agencies and the donor community should evolve institutional arrangements with governments to redirect more assistance to these organisations, especially in the areas of managerial capacity development, and fund raising.

5. Employment and Manpower Planning under Economic Reforms

The overall employment intensiveness of the development strategy pursued by any country depends largely on the type and effectiveness of employment and manpower planning implemented by the country.

The employment problems and issues that face policy makers and employment planners are closely associated with the success or failure of the macro-economic system. Employment and manpower planning policy and objectives therefore bear close relationship to prevailing macro-economic policies. The stabilisation and adjustment programmes taking place in African economies have serious implications for employment and manpower planning approaches in use, because the latter are expected to assist macro-economic changes constructively.

While there is much awareness among the employment and manpower planners about the serious employment problems confronting their countries, their attempts at tackling them have not made much impact as evidenced by our earlier discussions. This is partly due to weakness of capacity among employment and manpower planners to analyse and adapt to the changing economic and development policy environment and, their continuing adherence to the traditional manpower planning approaches.

The changed economic situations since the 1980s particularly, with the adoption of stabilisation and structural adjustment programmes, the sizeable reduction in the public sector manpower and, growing reliance on the market economy, point to the inadequacies and weaknesses of and, call into question, previous employment and manpower planning policies and approaches. They also underpin the need for a new orientation, and approach to employment and manpower planning.

Employment and manpower planning under economic reforms is intended to promote employment generation and manpower utilisation through the choice of appropriate planning approaches, analysis, and understanding of the functioning of the labour market. It entails a good understanding of the interaction between manpower demand generated by changing market conditions and the supply of manpower (from education and training). Since it is not a static exercise, it must take into account the rapid changing domestic factors together with external forces influencing the economy.

Accordingly, the focus of employment and manpower planning is increasingly shifting, towards labour market analysis, which is a more relevant and analytical tool for addressing current employment and manpower issues.

Labour market analysis has the ability of capturing early signals about possible disturbances in the labour market and the underlying causes as well as adequate methods of handling them. This, it achieves by identifying obstacles to fuller utilisation of the human capital stock, the decision-making practices of the various actors in the labour market, the social processes underlying labour use, and their interaction in both production and distribution.

While conventional manpower planning typically, is preoccupied with headcount imbalances, long-term horizons and preparing quantitative projections, generally in the public sectors, which leave little room for flexibility, labour market analysis is constantly adjusting short and medium term analyses to reflect changing conditions while at the same time keeping in mind the long-term. It emphasises manpower planning as a continuous process which requires regular feedback, updating, continuous analysis, and monitoring so as, to reveal trends in manpower utilisation and the relations between education and employment, and hence its extensive use of surveys and tracer studies as essential tools for data collection.

Unlike conventional manpower planning, which by concentrating only on the public sectors, ignores the majority of the labour force, labour market analysis derives its information from where the labour force is located (public, informal and rural sectors and private sectors) including the unemployed, hence the term "labour force" is preferred. Labour force not only includes the unemployed but also leads on to an examination of the reasons why some people are unemployed. It

brings in many subtle analyses that go beyond what is possible with manpower forecasting.

The subject of labour market analysis thus involves, the wide variety of factors that influence labour market transactions and manpower allocation practices, both in formal and in informal labour markets. It is by such analysis that employment process can be identified and monitored and their dynamics and transactions understood. In other words, the analysis of current and past patterns of manpower utilisation is more likely to provide more information on the operation of the labour market than simple projections of past manpower trends.

The serious economic crisis and adjustment problems experienced by African countries since the mid-1970s and during the decade of the eighties have increased an awareness among African countries of the need to take stock of the past and plan for a new well defined vision for the future, through National Long-Term Perspective Studies (NLTPS). These long term perspective studies provide a framework to guide short and medium term action plans. Some countries are already doing this.

The NLTPS is not however, intended to do away with short and/or medium term planning, but rather to contribute to the renewal of development planning in Africa. It is rather a means of exploring alternative development scenarios, the objective being, to help government and, leaders in the private sector, and in society in general, to improve decision-making through a consensus on a set of national development goals, policies and strategies.

The NLTPS have implications for short and medium term employment and manpower planning. Among the requirements is the need for employment and manpower planners, to situate their planning within the NLTPS so that short and medium term considerations would not amount to neglect of measures essential for sustainable long term improvements in national welfare.

The serious issue of unemployment as reforms and adjustment proceed, requires the employment and manpower planner to examine policies related to self-employment, high concentrations of unemployment, and poverty levels. Programmes and projects for promoting employment creation should be prepared and reflected in overall sectoral development plans and projects.

To avoid a situation where serious skill shortages pose a threat to domestic and foreign investment, employment and manpower planners will have to anticipate rapidly changing skill requirements in key sectors of the economy, particularly the quality of the labour force, which to a great extent influence foreign investment.

The difficulty of anticipating the new patterns of demand for the suppliers of skilled manpower, requires that the assessment work be better and more effectively done at the sectoral level.

The effectiveness of employment and manpower planning and labour market analysis depends on a sound information base and the understanding of how the labour market functions. This requires the establishment of reliable, comprehensive and up to date Labour Market Information (LMI) system as a necessary condition in order to support the activities of decisions makers and planners.

Availability and collection of LMI in African countries suffer from a number of short-comings with respect to inadequate analysis and interpretation, unsatisfactory timeliness, and lack of co-ordination to mention a few.

5.1 Recommendations

- (a) There is therefore an urgent need to significantly strengthen the human and institutional capacities for employment and manpower planning in African countries. This should include the enhancement of the technical capability of personnel involved in planning, data gathering, and the operation of LMI, and suggested improvements for better co-ordination between Government ministries and interest groups in the determination, monitoring, and implementation of employment and manpower planning activities.
- (b) The paucity of indigenous experts in policy and research work and in development management in Africa largely account for poor formulation and implementation of employment policies, programmes and projects in Africa. Successful implementation of macro-economic and sectoral plans requires indigenous African capacities - skills, knowledge and institutions - for successful implementation of macro-economic and sectoral plans.

- (c) **The availability of indigenous African capacities can greatly enhance a better understanding and more effective employment and manpower planning under regimes of structural adjustment and deregulation. There is thus, the need for strengthening of capacities in employment policy analysis and programme formulation and implementation not only among government officials, but also, in the African research, consultancy, NGO, and university communities. This calls for the establishment of a Network of African institutions dealing with employment and human resources development issues. The establishment of an African Network for Employment Promotion and Capacity Building, will not only be one of the most effective means for skill up-grading, and training policies at regional, sub-regional and national levels but will also serve as one of the positive measures for ensuring the more effective use of the already trained skills in Africa, and the new policy of national execution of development programmes involving external donor support. Hence it is strongly recommended that African governments should lend their full support to the effective functioning of the African Network for Employment Promotion and Capacity Building Project which the ILO and the UNDP are now in the process of implementing, initially in 16 African countries. Eventually, it is hoped that the African Regional Network will have national components in all African countries, as well in the main sub-regional groupings.**