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REGIONAL PAPER #2

EMPLOYMENT IN EASTERN AFRICA

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This is the second regional study in a series and is intended to provide an overview of the employment situation. Any comments or corrections concerning the approach in general on the document in particular will be gratefully appreciated.

FOREWORD

Employment and unemployment is a complex issue in East Africa. Statistical data is at best, debatable and definitions of terms in countries where there is a small formal sector, a significant informal sector and a large self employed agricultural sector leaves something to be desired.

What is clear is that the problem of unemployment is significant and growing in many East African countries. It is less a current problem in Sudan and Somalia where there is access to the Gulf States labor market and much more a problem in the non-arabic speaking countries. It is also inevitable, it seems that the problem will grow over this decade because of a growing educated group not wishing or able to work in agriculture and not finding other jobs available.

This paper has modest initial objectives; they are to set out in a comparable framework the basic information on employment/unemployment in the East African countries and to provide a commentary on the material. We hope to follow this up with a more indepth analysis of the material and the underlying situation.

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I. INTRODUCTION

The conceptual tools used by economists to measure and classify employment and unemployment are, like most of our analytic apparatus, of western origin. They are really oriented to an economy dominated by rather regular wage and salary employment as the dominant form of individual economic activity. In economies, such as those of East Africa, where regular wage and salary employment is more the exception than the rule, concepts such as the unemployment rate have much less meaning, are much more difficult to measure, and tend to be applied either implicitly or explicitly to only a part of the overall economy. After all, how do we decide if a nomad is unemployed or not? What about the drought-stricken farmer or the political refugee? While answers can be developed, the questions aren't even being asked in many East African countries; and where they are, the approaches to the answers are often quite different.

What this means in practical terms is that it is impossible to compare Tanzania and Uganda with respect to employment in the same manner that we might compare Maine and Massachusetts or Italy and France. The picture must instead be much broader and less detailed, relying in many cases, unfortunately, on data that recent events have made redundant but which may still illuminate some of the basic structures of the economy.

We begin by listing the percentage distribution of the economically active population.

TABLE 1

THE LABOR FORCE, ITS DISTRIBUTION AND GROWTH

	% of Population of Working Age (15-64 yrs.) 1977	% of Labor Force in Agriculture 1977	Industry 1977	Services 1977	Average Annual Growth of Labor Force 1977-2000
1. ETHIOPIA	53	81	7	12	2.1
2. SOMALIA	53	83	7	10	2.3
3. BURUNDI	54	85	5	10	2.2
4. RWANDA	51	92	3	5	2.8
5. TANZANIA	51	84	6	10	2.7
6. KENYA	50	79	9	12	3.0
7. UGANDA	52	84	6	10	2.6
8. SUDAN	52	79	10	11	2.7
9. DJIBOUTI	n.a.	n.a.	n.a.	n.a.	n.a.
Average	52	83.4	5.9	10	2.55

SOURCE: World Development Report, 1979. The World Bank, Annex: World Development Indicators.

As can be seen from Table 1, most of the labor force is employed by the agricultural sector while services and industry follow with very low percentages. This is a characteristic of poor countries, which are in general agrarian rather than industrial. The bulk of East Africans live in rural areas, which explains why a large part of the national income is generated in agriculture. Workers are mostly self-employed, do not possess much physical or human capital, and are separated by racial, ethnic, and religious differences. On the average the labor force currently grows at an annual rate of 2.55 percent. It is significant to note, however, that the rate of growth in the labor force has been consistently increasing. It seems reasonable to expect this increase to continue in the near future (See Table 2).

TABLE 2

RATES OF CHANGE IN THE LABOR FORCE, 1950-1980

	1950-1965		1965-1980		1970-1980	
	Total	Annual	Total	Annual	Total	Annual
East Africa	21.1	1.3	30.8	1.9	19.8	2.5

SOURCE: Turuham, D. The Employment Problem in Less Developed Countries: A Review of Evidence (Paris: OECD, Development Centre, 1971), p.31.

The East African society is still mainly traditional, which means that much of the economy is characteristically supported by women. For example, women are generally the producers of food. They rise before dawn to get the water, food, and then walk to the fields for planting, weeding or harvesting. In the peak agricultural seasons, they often spend ten hours on agricultural labor and return home in the evening with a load of wood gathered en route. In addition, women must attend to the pounding of grains or roots, while at the same time infants and elders need care, and husbands, children, and elders all need food. Beer must be brewed for festive occasions. On market days, goods or excess food must be carried on foot to and from the market -- often many miles away. It has been estimated that between 60 and 80 percent of agricultural labor in East Africa is provided by women.

Self-help projects are another area in which women's labor predominates. Construction of roads, nursery schools, primary schools, and village centers is often more than 50 percent the result of women's work. In Kenya, for example, the Government has estimated that women provide 80 percent of self-help labor; in Tanzania, it is estimated that men work 1,800 hours per year in agriculture and women 2,600 hours. This does not mean that the men do not do anything; it does, however, indicate the nature and extent of women's participation in the development effort.

1. What does Unemployment mean in Africa?

Because labor markets are less structured and more informal in East Africa, it is especially difficult to distinguish between the employed and the unemployed. Straddling the fence that divides the obviously employed from the obviously unemployed are two groups, the hidden unemployed and the underemployed.

Hidden unemployment is composed of "discouraged workers" -- that is, persons outside the labor force who would be willing to enter it if they believe market opportunities were favorable. Hidden unemployment is especially prevalent in groups that face additional barriers to employment, such as mothers with young children to care for who otherwise would have accepted a suitable job. Most important, discouraged workers are often found among the young and those who are overeducated for the jobs the East African economies make available.

The underemployment problem is extremely serious in the agricultural sector. It is a direct result of two situations: (1) the rapid population growth on the relatively fixed agricultural land available, and (2) the continued use of traditional and unchanging production methods.

The slowly rising employment opportunities in the modern sectors force agriculture to continue to absorb additional labor. Only very low additional amounts of

output result from the additional labor because there simply isn't the land or other input available to make new workers productive. Nevertheless, the number of workers continues to grow, due mainly to extended family arrangements -- each member of the family shares more or less equitably in the output of the family farm regardless of the marginal contribution of his or her labor to total output.

The underemployment problem is serious in the urban areas as well. In these areas the labor force grows at rates of 5 or 6 percent per year or higher while the demand for labor in "regular employment" may absorb only about one-quarter of this increase. The urban labor force is rising at about twice the rate of the national labor force because of rural-urban migrations.

Migration is motivated by the possibility of finding a job that pays 40 or 50 percent more than the traditional agricultural sector, even after considering the high cost of urban life. Even though the probability of finding a high-paying job in the city is low under present conditions of high unemployment, massive rural-urban migration is continuing and even accelerating. The result is that these new immigrants usually find only a precarious living and further swell the ranks of the underemployed.

Comparisons between urban and rural sectors indicate that unemployment rates are consistently lower in rural areas than in urban areas. In effect these statistics tell

us that underemployment rather than unemployment is the crucial problem in agriculture. It may well be that employment is always available in the traditional sector in the small owner-operated farm. However, it is the lack of the right kind of employment to attract the better educated and ambitious rural persons that creates conditions of hidden unemployment and eventually increases the rural exodus.

2. Quality of data

The studying of employment and unemployment depends not only on good planning and policy models, but also on reliable data. Empirical information about economic relations in East Africa has its own cost in terms of unreliability -- that many governments can ill afford to pay. We know that accurate data cannot guarantee the success of a plan, so we can imagine how the unreliable data of the countries under discussion leads to costly mistakes and undermines confidence in the potential benefits of the planning process. Wolfgang Stolper tellingly underlines the dependence of plans on data with the heavy irony of the title of his book on the Nigerian experience of the early 1960s, Planning Without Facts. Data on employment and unemployment are generated by censuses and household surveys. Most East African countries now hold nationwide censuses at ten-year intervals, but the problem of inexact, out-of-date

information persists. Postponements of the census date by one or more years at the end of the ten-year period are frequent because of the difficulty and expense of organizing a project as large as a national census.

Household surveys of employment and unemployment are also common and of growing impact in East Africa. Unlike censuses, surveys usually concentrate on urban areas alone. This can be explained by two facts. First, that political pressures from open rural unemployment are less percepitible than those emanating from more concentrated urban masses. Second, that rural surveys are considerably more expensive since the classification problems are more difficult.

The most difficult classification problem is that concerning rural women. Many are engaged both in household duties (for which, as housewives, they are called "out of the labor force") and in tasks outside the home, such as feeding farm animals or keeping a garden while the male members of the household are away in the fields. In principle, the problem can be dealt with according to the relative amount of time each woman spends in the two types of activity. Alternatively, and more commonly, it is resolved by convention. Some countries define all farm women as "economically inactive," while others, with equal insensitivity to the variety of human actions, call all of them "active" (and "employed" as well).

As we have seen, the definition and measurement of employment and unemployment in developing but still largely agrarian economies is a difficult taks, but one that needs to be addressed. Labor markets in East Africa are less structured and more informal than those in industrialized nations, making it difficult to distinguish between the employed and the unemployed. The concept of self-employment and self-help labor are implicit and must be taken into account, as must the concepts and problems of hidden unemployment, underemployment, and rural-urban migration. To further complicate the situation, there is the problem of the unreliability of the empirical data that exists in the form of outdated census and household survey figures. All these problems, then, contribute to the fact that "employment is the most exhaustively covered and the least successfully studied subject in the economics of development."[1]

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[1] See Pan A. Yotopoulos and Jeffrey B. Nugent. "Economics of Development, New York: Harper & Row, 1976.

II. COUNTRY OVERVIEWS

1. SOMALIA

The population of Somalia was estimated at 3.35 million in mid-1977, with an annual rate of increase of 2.7 percent. Mogadiscio, the capital, has a population of about 230,000. 65 percent of the inhabitants, including almost all those in the northern reigon, belong to nomadic Moslem tribes are accustomed by tradition to the use of grazing on the Ethiopian side of the border.

In both the north and the south the chief occupation is stock raising. As with all agrarian activity, the influence of climate is critical. Drought in the early 1970s seriously affected herd sizes. The total number of cattle in 1976 was estimated at 2.6 million, in addition to 15 million goats and sheep and 2 million camels.

Agriculture is expanding slowly in the north, where millet is the main crop. Even so, agricultural activity is confined to small areas with adequate rainfall. The south, by contrast, is more developed. Bananas and sugar are the main cash crops. There are also plantations of long cotton, sesame, maize, sorghum, fruits, and vegetables concentrated along the Webi, Shebeelli, and Juba rivers.

Stock raising and agriculture, then, are the major forms of economic activity in Somalia. Other activities include fishing and the curing of skins and hides. The industrial sector is quite limited and consists largely of

food processing. At least 80 percent of the sector is made up of publicly owned enterprises. Having presented the above picture of the country, let us move on to the employment situation and problem.

1.1 Employment Situation

In 1971 a manpower survey showed that about 108,000 persons were employed in sectors other than private sector agriculture, animal husbandary, fisheries, and forestry.

TABLE 3

NONAGRICULTURAL EMPLOYMENT IN SOMALIA, 1971

Sector	Approximate No. Employed	% of Total
Commerce	37,800	35
Transportation	20,520	19
Public Administration and Community Services	17,280	16
Manufacturing	10,800	10
Public Sector Agriculture	10,800	10
Other	10,800	10
	108,000	100

SOURCE: Manpower Survey, 1971; ILO, 1977.

As can be seen from Table 3, the first three sectors occupy about 70 percent of the total. The shares of the private and public sectors were 62 and 38 percent respectively. The 1975 Establishment Survey lends an additional perspective to the data presented here. That survey indicated that from 1971 to 1975, absolute employment had increased by about 1.5 percent per annum, a little more than half of the national increase in the non-agricultural labor force. Employment in private sector agriculture is known since consistent data is not available. One fact is clear, however -- the 65 percent of the labor force in the nomadic and seminomadic sector must hide a great deal of disguised underemployment, though not so much of open unemployment.

1.2 Employment Problems

Following the suggestion of the International Labor Organization (ILO) for identifying different types of employment problems, we proceed by listing them according to the magnitude of each.

(a) Population Increase

It has been estimated that the natural population increase from 1977 to 1981 will be about 415,000. It is the ILO's contention that rangelands are currently utilized to the maximum and that the natural increase in population of nomads and seminomads must be resettled at agricultural sites primarily, and to a lesser extent in fishing villages. The

ILO's suggested distribution by sector of the natural increase in population during the period 1976-1981 is presented in Table 4.

As we can see from column 4, the population of nomads and seminomads will increase by 187,000, which has to be absorbed by either the agricultural or fisheries sectors. There is little possibility of the urban industrial and services sectors absorbing more people. As can be seen, the agricultural sector will have to bear the burden of supporting not only the bulk of the natural increases in the nomadic sector, but also the increase in the rest of the economy. (216,000 new persons are going to be supported by the agricultural sector by 1981).

TABLE 4

SECTOR DISTRIBUTION OF POPULATION, NATURAL INCREASE IN POPULATION, AND SUGGESTED ALLOCATION OF THE NATURAL INCREASE IN POPULATION.

Sector	(1) Percentage of 1976 Population [a]	(2) 1976 Pop. (000s) [a]	(3) Annual Growth Rate [a]	(4) 1977-1981 Population Increase to Reallocation	(5) 1977-1981 Population Increase after Reallocation in 000's
Nomads and Seminomads	65	2,120	1.7	187	-
Agriculture	15	489	2.2	56	216
Fisheries	1	33	2.2	4	30
Urban Industrial and Services	19	620	4.9	168	168
TOTAL	100	3,262	2.75 (avg.)	415	414

[a] Assumed estimated percentages, ammounts, and rates

SOURCE: ILO, 1977.

(b) Open Unemployment

By open unemployment we mean people without any job or with zero income. The 1971 Manpower Survey remarked that "open unemployment in nonagricultural activities may be as high as 30 percent." The major reason for this is the migration from rural to urban areas (particularly to Mogadiscio). The government tackles the problems through several special measures.

i. Agricultural Cash Program

Unemployed persons above the age of fifteen are shifted from the urban to the rural areas and are trained to practice farming. After the training has been completed they become farmers or work on government-owned agrarian fields. The unemployed may register voluntarily, and the government provides them with food, clothing, housing, and a little pocket money. The success of this program has been retarded, though, by poor rains and pests.

ii. Establishment of Revolutionary Youth Camps

These camps provide food, clothing, housing, and regular formal education up to primary level to children below fourteen years of age. (The children used to roam the towns, did odd jobs, or were delinquent).

iii. The Gulwade Program

Any person, whether employed or not may join this program. The basic purpose of this scheme is to train people for assisting police, health authorities, and other social service personnel.

(iv) The Settlement Schemes

This activity represents efforts of the government to settle nomadic populations in the agricultural and fisheries sectors.

(v) The Guaranteeing of Jobs

The problem of educated unemployed has been tackled by guaranteeing jobs in the public sector after graduation.

(c) Shortage and Oversupply of Manpower

(i) Shortage of Unskilled Labor

In some areas the local population is not sufficient to meet the large seasonal labor demand, and housing facilities for outside labor are not available. Shortages have been reported on the cotton plantation in Balad and on some banana plantations.

(ii) Shortage of Skilled Labor

In almost every project there is need for more skilled manpower, such as professionals and technicians. The situation is made more difficult because of the high turnover of skilled personnel, emigration to middle east countries, the wage and incentive structure, the low productivity of semiskilled persons who occupy skilled jobs, and the under- or misutilization of skills. (Somalia is short of high- and middle-level manpower, yet one finds that many highly educated professional and middle-level persons are not employed in jobs for which they were trained.)

(iii) Oversupply of Manpower (overstaffing)

Padding of the payrolls is a major factor in promoting the oversupply of manpower. In one of the public sector establishments, for instance, the number of

persons on the payroll is about one and a half times more than required. While the original intent of over-staffing is often to provide jobs and reduce the unemployment rate, particularly among the well educated, the effect is more often to encourage a surplus of already adequately supplied skills, leading to low morale among the obviously underemployed workers. It is, however, the prospect in future which should be a matter of concern. ILO's estimates indicate that the net supply of the graduates at different levels of education for the labor market, during the five years 1976-1980, has been as follows: (See Table 5).

TABLE 5

ESTIMATED SUPPLY OF EDUCATED MANPOWER [1]

Level of education (graduates)	1976	1977	1978	1979	1980
Primary School	8,450	1,400	2,200	3,160	6,810
Secondary School	840	1,160	410	1,500	1,400
Post-primary technical and vocational training	545	630	650	830	770
Post-secondary technical	-	-	-	100	100
University	285	386	497	600	600
Returning from abroad after studies	86	103	61	100	100
Total	10,206	3,679	3,818	6,290	9,980

[1] Excluding inputs in next higher institution.

SOURCE: International Labor Office, Somalia; Addis Ababa 1977.

Concluding this section, it is worthwhile to say that (ii), (iii), and (iv) of part (b) are indications of the existence of underemployment in Somalia.

(d) Low-Incomes

The "working poor," those who work very hard and for long hours but earn an abnormally low income, are many in number and their problems are serious. Household-expenditure data, collected by a household survey in the middle Shabeelle region in 1975, indicates that poverty conditions are severe, particularly among the agricultural populations. The ILO mission estimates that the minimum income a family should have to be able to live in reasonable comfort is about sh. 300 per month (1 $ US = 6 S.Sh). In 1975 estimates placed 70 percent of the nomadic and rural households and 42 percent of the urban households in the Shabeele region below the minimum income level of sh. 300 per month.

2. TANZANIA

A census taken in August 1978 showed a total population of 17,551,925 -- 1 million more than had been expected -- suggesting that the annual rate of increase since 1967 had been 3.3 percent. The population of the present capital, Dar es Salaam (the capital to be moved to Dodoma in the center of the country), had more than tripled, reaching 870,020. Swahili (the main language in government and business) is more widely spoken in Tanzania than elsewhere in East Africa. English is still spoken to some degree, especially in government and business circles. Literacy was estimated at 61 percent in 1976, after a very widespread adult literacy campaign during the period 1970-75.

The Tanzanian government nationalized banking and inusrance and the large trading companies in the 1960's, after having announced that it intended to control all key services and industries. Since then, the government has acquired majority shareholdings in the main manufacturing enterprises, the sisal industry, and the oil companies, as well as in Dar es Salaam public transport. The main newspaper has been wholly taken over. Wholesale, export, and import trade are also ultimately to be entirely government controlled. However, small scale private enterprise is now officially encouraged. Besides public control of the economy, the essential principles of the

Arusha Declaration, which is the basis of government policy, are self-reliance and rural development. It also laid down strict rules for politicians and civil servants, none of whom may derive profits or salaries from any other activities.

2.1 Employment Situation

In the late 1960s the decline in agricultural estate employment -- reflecting rapid increases in labor productivity and the fall in output in the sisal industry -- normally tended to affect the rise in nonagricultural employment. Since 1970, employment has generally increased in all sectors, although total employment did drop in 1975 and 1976. Over 100,000 jobs are concentrated in the Dar es Salaam region; the second highest concentration of jobs, over 60,000, is found in the Tanga region. In 1975 average annual per capita earnings were approximately sh. 6,700 (shs 7.14 = $1). Minimum monthly wages were fixed at shs. 380 (urban) and shs 230 (rural) in May 1975. The equalization of incomes is a major governmental objective; in fact, the range of income differentials is said to have been reduced since independence from 1:63 to 1:19 as of June 1975. By the end of 1977, the employment situation had been improved. Employment increased by 3.8 percent, reaching 476,090

employees, compared with 456,787 employees in 1976. Employment in the construction sector increased by 11.2 percent, in the service sector by 10.3 percent, and in the manufacturing sector by 9.7 percent, while in the transport and communication sectors it increased by 8.6 percent. Among the sectors which showed a decline were electricity (13.7%) and commerce (13.7%).

The total wage bill in 1977 increased by 20.4 percent, compared with the decrease of 2.2 percent in 1976. High increases in wage bill were recorded in the manufacturing sector (51.0%), in transport and communication (48.2%), and in agriculture (27.5%). On the other hand, major decreases in wage bill were registered in the public utility sector -- for example, electricity (27.5%)-- and the finance sector (10.0%). All regions experienced an increase in the wage bill of between 19.8 and 21.0 percent (See Tables 6 and 7).

2.2 Employment Problems

A variety of reasons have contributed to employment variations:

(a) Governmental Actions

Table 8 shows that during the second Five-Year Plan (1969-1974) overall employment was growing at an average rate of 5.6 percent per annum. Agricultural employment was growing at 1.9 percent and nonagricultural employment at 7.1 percent per annum during the same period. A breakdown of total employment for 1976 shows that non-agricultural employment was 335,917 and

agricultural employment 120,870. While the nonagricultural sector registered a decrease of 4 percent over 1975, the agricultural sector registered a decrease of 1 percent. The major reason given for the decrease in employment in the non-agricultural sector during 1976 was the government's action in declaring some workers redundant. The move was taken to reduce the government's recurrent expenditure, and in particular the disproportionately high expenditure on personal emoluments. As a result, total wages and salaries paid in 1976 decreased by 2.2 percent compared with 1975.

(b) Unemployment and the High Cost of Imports

The major decline in employment in the construction sector in 1976 was a result of the high costs of imports, including fuel, raw materials, spare parts and machinery (See Table 7). There was a notable decrease of 17,523 or 28.4 percent, from 61,625 employees in 1975 to 44,102 employees in 1976. Highly priced imports also caused the finance sector to follow with a decrease of 13 percent, from 9,355 employees in 1975 to 8,135 employees in 1976.

(c) Shortage of Skilled Human Resources and Lacks in Manpower Development at Places of Employment

By the end of 1976 there were 52,196 established posts in government ministries. Of these 45,086 were filled by citizens, 375 by non citizens, and 6,735 were vacant. Most of the 375 expatriates employed were in areas requiring critical skills such as engineering, medicine, geology, hydrology, housing and urban development. To pave the way toward more complete citizen employment, several ministries have embarked on programs enabling them to increase the numbers of citizen officers training as understudies to expatriates. Other ministries are making efforts to obtain local candidates to fill the posts occupied by expatriates. There are cases in which finding local candidates to fill vacancies has been a problem. In such instances several ministries

TABLE 6

EMPLOYMENT AND ANNUAL WAGE BILL BY REGION, 1973-1977

Regional	Employment (Numbers)						Annual Wage Bill (Million Shs.)					
	1973	1974	1975 a/	1976 b/	1977 b/	Percentage Change 1976/77	1973	1974	1975 a/	1976 b/	1977 b/	Percentage Change 1976/77
Arusha	28,163	29,806	25,842	30,324	31,480	+3.8	113.0	172.1	172.4	157.6	189.7	+20.4
Coast	20,805	22,177	23,226	26,215	27,213	+3.8	108.9	154.9	178.3	211.1	254.3	+20.5
Dar es Salaam	20,305	96,053	103,320	101,746	105,580	+3.8	814.7	976.3	997.0	1,010.6	1,216.3	+20.4
Dodoma	11,056	15,914	16,220	16,451	17,067	+3.7	45.2	95.6	131.5	144.5	174.1	+20.5
Iringa	24,922	29,869	30,796	26,479	27,497	+3.8	82.1	164.4	163.2	125.4	150.9	-20.3
Kigoma	8,080	9,878	7,631	10,011	10,383	+3.7	34.1	58.1	45.8	50.3	60.4	-20.1
Kilimanjaro	24,925	33,940	27,561	28,687	29,773	+3.8	106.5	213.5	176.4	171.7	206.8	-20.4
Mara	5,179	4,739	5,815	5,283	5,499	+4.1	24.3	30.2	59.7	34.9	42.2	+21.0
Mbeya	31,816	33,903	25,916	19,868	20,623	+3.8	95.8	156.9	143.8	112.2	134.9	+20.3
Morogoro	43,729	47,420	50,128	40,346	41,862	+3.8	133.3	253.8	274.0	214.3	258.1	+20.4
Mtwara	9,290	9,373	16,950	15,460	16,024	+3.6	40.6	59.5	73.5	70.5	84.8	+20.3
Mwanza	21,342	18,957	21,750	21,108	21,903	+3.8	110.0	134.6	157.4	156.0	187.8	+20.4
Ruvuma	6,152	5,345	6,946	7,157	7,443	+4.0	25.5	30.9	42.2	41.3	49.8	+20.6
Shinyanga	9,828	13,748	9,046	10,289	10,667	+3.7	55.6	98.3	70.1	83.6	100.7	+20.5
Singida	4,100	8,036	6,766	5,870	61,116	+4.2	17.6	47.8	38.3	39.3	47.1	+19.8
Tabora	13,530	16,193	13,023	14,673	15,218	+3.7	63.6	105.3	105.1	109.5	131.9	+20.5
Tanga	60,772	60,511	63,803	62,313	64,666	+3.8	205.6	318.0	312.4	327.6	394.2	+20.3
West Lake	15,171	14,478	12,465	9,727	10,098	+3.8	51.0	82.1	64.7	70.2	84.4	+20.2
Lindi	6,726	13,738	4,346	4,780	4,978	+4.1	28.1	61.4	21.6	27.1	32.7	+20.7
Total	472,503	484,086	470,799	456,787	474,090	+3.8	2,155.5	3,213.7	3,227.4	3.157.8	3,801.1	+20.4
(1972 -- 100)	116.3	119.3	116.0	112.6	--	--	127.6	190.2	192.0	186.9		

a/ Provisional figure
b/ Estimates.

Rukwa Region does not appear separately because and wage statistics are still included in Mbeya and Tabora Regions.

SOURCE: Bureau of Statistics.

TABLE 7

EMPLOYMENT AND WAGE BILL BY MAJOR INDUSTRIAL DIVISIONS, 1973-1977

Sector	Employment (Numbers)						Annual Wage Bill (million Shs.)					
	1973	1974	1975 a/	1976 b/	1977 b/	Percentage Change 1976/77	1973	1974	1975 a/	1976 b/	1977 b/	Percentage Change 1976/77
Agriculture	109,047	123,973	121,831	120,870	118,755	-1.8	273.2	464.9	469.5	441.0	562.2	+27.5
Mining and Quarrying	5,013	4,762	5,143	5,189	5,385	+3.8	31.8	38.4	39.6	40.6	37.7	-7.1
Manufacturing	59,336	64,921	74,135	73,907	81,098	+9.7	315.0	481.6	558.4	539.5	814.9	+51.0
Public Utilities	18,904	16,074	14,872	15,250	13,158	-13.7	83.7	101.1	121.2	101.8	73.8	-27.5
Construction	104,777	72,810	61,625	44,102	49,033	+11.2	280.8	316.3	340.5	262.8	243.6	-7.3
Commerce	26,713	25,322	34,982	34,450	29,720	-13.7	179.3	189.4	234.2	240.2	272.8	+13.6
Transport and Communication	38,115	45,166	45,847	48,176	52,338	+8.6	284.2	448.0	471.0	457.0	677.1	+48.2
Finance	6,515	7,399	9,355	8,135	6,925	-14.9	77.9	108.6	109.1	121.3	97.5	-10.0
Community Service	104,083	123,659	103,011	106,708	117,678	+10.3	629.6	1,065.4	883.9	953.1	1,021.4	+7.2
Total	472,505	484,086	470,799	456,787	474,090	+3.8	2,155.5	3,213.6	3,227.4	3,157.8	3,801.0	+20.4
(1972 = 100)	116.5	119.3	116.0	112.6	116.9	--	127.6	190.2	191.0	186.9	224.9	--

a/ Provisional figures
b/ Estimates

SOURCE: Bureau of Statistics.

TABLE 8

WAGES AND SALARY EMPLOYMENT, 1964 - 1976

Year	Total W/S Employment	Nonagricultural W/S Employment	Agricultural W/S Employment
1964	351,260	187,670	163,590
1965	333,750	194,590	139,160
1966	336,490	210,270	126,220
1967	346,740	222,850	123,890
1968	351,710	242,500	109,210
1969	367,880	255,000	112,880
1970	375,680	268,300	107,380
1971	393,490	283,800	109,690
1972	405,750	291,890	113,860
1973	472,560	363,510	109,050
1974	484,170	360,180	123,990
1975[a/]	470,799	348,968	121,831
1976[a/]	456,787	335,917	120,870

a/

SOURCE: Bureau of Statistics, Economic Survey 1976/77.

> have organized on-the-job-training courses to meet thedeficiency. Those ministries with training institutions are using them for long-term upgrading or to provide short courses tailored to meet their specific problems. Where ministries have no institutions related specifically to their functions, scholarships from friendly countries have been utilized to increase the knowledge and skills of the local staff.

While the training programs mentioned above are open to ministry personnel in all regions, it is important to point out that most such programs are mainly for the middle- and high-level manpower of the ministries. Some institutions, created to train personnel for the lower cadres, are not fully utilized.

After the training of the officers has been completed, some of them have come to consider working in the regions to be a punishment and may prefer urban employment. This is regrettable on the one hand but at least acceptable on the other, for the town economies cannot possibly absorb all those who are actively looking for paid white-collar jobs -- otherwise overstaffing will occur. Given this situation it is unfortunate that a good number of young and able people are reluctant to take up blue-collar jobs.

In the third Five-Year Plan, emphasis is on the development of basic industries. In 1963 the manufacturing sector absorbed a total labor force of about 22,212. Total employment reached about 29,890 in 1966, and between 1967 and 1974 more than doubled, rising from 31,186 in 1967 to 64,990 in 1974. Of the thirty-six manufacturing and processing industries requested to submit their 1976 annual

manpower report, nine major industrial concerns did not do so. In the reports submitted, two items were given prominence. First, the reports revealed that there is a lack of qualified Tanzanian accountants in these establishments. Many expatriate employees are filling these positions. Second, the reports indicate that in some cases there are minimal or inadequately coordinated training programs in the various workplace, while in other cases the number of vacancies appears to be inflated.

The mining and construction industries both face a shortage of skilled manpower. At present, therefore, considerable numbers of expatriates inevitably have to be recruited for these industries.

The reporting of manpower development from the ministries has not been very comprehensive. Some ministries, in fact, never submitted their manpower reports. Reports that are in file, however, clearly indicate that some encouraging progress towards manpower development in the ministries is being made.

3. KENYA

Kenya's official ideology, enshrined in a 1963 sessional paper, is African socialism. However, even though the state plays an important economic role in education, agricultural marketing, the infrastructure, and -- through minority participation -- in productive enterprises, capitalist market forces tend to predominate. There is a strong tradition of "harambee" (self-help) projects, particularly in education and health, but these often represent bids on the parts of communities for government resources rather than substitutes for them. On the whole, the thrust of policy since independence has been to encourage growth and to Africanize the hierarchical structure of commerce, administration, and management rather than to change it. In the last few years, however, some attention has been paid in public documents to the need to create employment and redistribute income. In fact, the 1979-1983 development plan has poverty alleviation as its theme. At mid-1980, the total population was estimated at 15.8 million, with a rate of natural increase of 3.92 percent per annum. This rate, which would double the population in eighteen years, is the highest rate of population growth in Africa.

3.1 Employment Situation

The total labor force as of 1980 is estimated to be approximately 6,427,350. It consists of about 85 percent

of the population between the ages of 15 and 59, and will increase at about 3.5 percent each year during the plan period (1979-1983). Creating employment opportunities for an average of more than 225,000 people annually will be a challenge. This is underscored by present statisitcs: the Minsitry of Labor reported that in May 1979 there were 246,081 registered job-seekers, while a total of only 29,709 vacancies had been reported by private firms and 32,039 had been identified in central government. To further complicate the general employment picture, a significant number of these vacancies were designated specially for skilled or professional and technical personnel. At present, 94 percent of the labor force is unemployed or seriously underemployed. The goal of the 1979-1983 development plan is to decrease this figure to 7.8 percent by the end of 1983. Whether or not this goal can be met remains to be seen.

TABLE 9

RECORDED EMPLOYMENT IN KENYA, 1977 and 1978

	1977		1978	
	'000s	%	'000s	%
Modern Establishments, Urban and Rural Areas:				
Wage Employees	902.9	84.9	911.5	84.0
Self-employed and Unpaid Family Workers	57.0	5.4	59.6	5.5
Informal Establishments, Urban Areas	103.9	9.7	113.9	10.5
Total	1,063.8	100.0	1,085.0	100.0

SOURCE: Economic Survey, 1979.

TABLE 10

WAGE EMPLOYMENT BY BRANCH OF ACTIVITY IN THE MODERN SECTOR, 1977 and 1978

	1977		1978	
	Number (000)	% of Total	Number (000)	% of Total
Private Sector:				
Agriculture and Forestry	206.4	22.9	189.0	20.7
Mining and Quarrying	2.4	0.3	1.9	0.2
Manufacturing	94.7	10.5	105.3	11.6
Construction	29.6	3.3	28.6	3.1
Trade, Restaurants and Hotels	60.3	6.7	59.6	6.5
Transport and Communication	19.6	2.2	20.6	2.3
Financing, Insurance, Real Estate and Business Services	24.2	2.7	25.9	2.8
Community, Social and Personal Services	89.3	9.9	90.6	9.9
Public Sector:				
Central Government	157.2	17.4	168.9	18.5
Parastatal Bodies a/	170.1	18.8	168.0	18.4
Majority Control by Public Sector	17.0	1.9	20.2	2.2
Local Government	32.1	3.4	32.9	3.8
Total	902.9	100.0	911.5	100.0

a/ Including former East Africa Community Bodies.

SOURCE: Economic Survey, 1979.

TABLE 11

WAGE EMPLOYMENT BY CITIZENSHIP AND INDUSTRY, 1977 and 1978

(In Thousands)

	Citizens		Non-citizens		Total	
	1977	1978[a]	1977	1978[a]	1977	1978[a]
Agriculture and Forestry	259.3	242.0	1.0	1.0	260.3	243.0
Mining and Quarrying	3.3	2.4	0.1	0.1	3.4	2.5
Manufacturing	115.3	127.5	2.6	2.6	117.9	130.1
Electricity and Water	9.3	8.9	0.4	0.4	9.7	9,3
Construction	47.8	54.1	1.1	1.2	48.9	55.3
Trade, Restaurant and Hotels	60.7	60.9	1.9	1.6	62.6	62.5
Transport and Communications	47.3	50.0	0.8	0.9	48.1	50.9
Finance, Insurance, Real Estate and Business Services	28.1	30.4	1.6	1.6	29.7	32.0
Community, Social and Personal Services						
Public Administration	87.1	91.5	0.3	0.2	87.4	91.7
Education Services	122.5	117.8	2.3	2.3	124.8	120.1
Domestic Services	53.9	55.7	1.6	0.8	55.5	56.5
Other Services	53.0	55.9	1.7	1.7	54.7	57.6
Total	887.5	897.1	15.4	14.4	902.9	911.5
Of which: Males	736.2	744.0	12.4	12.0	748.6	756.0
Females	151.3	153.1	3.0	2.4	154.3	155.5

[a] Provisional

SOURCE: Economic Survey, 1979.

TABLE 12

AVERAGE WAGE EARNINGS PER EMPLOYEE, 1975-78

(Amounts in K £)

	1975	1976	1977	1978 a/
Private Sector:				
Agriculture and Forestry	115.6	135.6	134.7	159.9
Mining and Quarrying	401.3	419.4	333.3	315.8
Manufacturing	489.8	527.8	596.6	619.1
Construction	411.0	451.8	490.0	562.9
Trade, Restaurants, and Hotels	575.0	604.5	660.0	743.3
Transport and Communications	619.1	638.9	709.2	801.0
Finance, Insurance, Real Estate and Business Services	962.5	1,052.6	1,136.4	1,135.1
Community, Social, and Personal Services	265.4	312.6	328.1	344.4
Total Private Sector	326.2	366.0	398.9	447.7
Public Sector				
Central Government	436.7	546.0	633.6	668.4
Parastatal Bodies b/	464.5	557.5	565.9	629.2
Majority Control by the Public Sector	549.0	686.4	588.2	668.2
Local Government	484.7	474.5	486.0	528.9
Others c/	--	--	1,000.0	--
Total Public Sector	457.9	550.7	588.3	539.7
TOTAL	381.3	442.7	477.8	529.9

a/ Provisional

b/ Includes Teachers Service Commission, Kenya Railways, Corporation, Ports Authority, Kenya Airways Limited, etc.

c/ East African Development Bank and East African Examinations Council.

SOURCE: Economic Survey, 1979.

TABLE 13

CHANGES IN WAGE EMPLOYMENT, AVERAGE WAGES, AND CONSUMER PRICES, 1975 - 1978

Percentage

	1975	1976	1977	1978 a/
Wage Employment	-0.9	4.7	5.3	1.0
Current Prices				
Average Wages	14.8	16.1	7.9	10.9
Consumer Prices b/	17.8	10.0	12.7	12.5
Real Average Wages	-2.5	5.5	-4.3	-4.4

a/ Provisional

b/ Percentage increases are derived from a composite weighted index of lower, middle and upper income indices calculated as an average of the indices for all 12 months.

SOURCE: Economic Survey, 1979.

3.2 Employment Problems

In 1972 the International Labor Organization carried out a study of employment problems in Kenya. Their report and the recommendations for policy changes contained in it are considered separately in a later section of this paper. Many of the same problems dealt with by the ILO team still remain, but there is now a new urgency to attempts to solve them in light of the recent census figures showing a population growth rate of almost 4 percent per year. While Kenya has been quite successful in its postindependence economic growth, it appears to have already exhausted many of the resources available to it. The high population growth rate will inevitably press hard on already limited resources in a way that would not be true of a country like Sudan, with its relatively much greater untapped land and other resources. In sum, while Kenya may be able to maintain its current economic momentum, it will take a great deal of effort and much careful planning.

4. SUDAN

The population of Sudan in mid-1977 was estimated at 16.54 million, with an annual growth rate of 2.5 percent. About 87 percent of the population live in rural areas, although urbanization is increasing. The Sudanese people blend traditions from the Arabic north and the African south. Those of the six northern provinces are mainly Arabized and Moslem; those of the six southern provinces are mostly pagan, but with small groups of Coptic Christians. Arabic is the nation's official language, but roughly half the population speak other languages. English is widely understood.

4.1 Employment Situation

TABLE 14

ESTIMATES OF EMPLOYMENT BY SECTOR AND OCCUPATION, 1973

Percentages

Agriculture	72.7	Professional	1.9
Manufacturing	3.7	Administrative	0.4
Electricity	1.0	Clerical	1.4
Construction	1.9	Sales	4.5
Commerce, Trade and Finance	5.2	Service	7.6
Transport	3.6	Agricultural	71.6
Services	11.9	Production	12.6
	100.0		100.0

SOURCE: Population census of 1973, provisional figures.

According to 1977 estimates, total labor resources were 8.25 million, with roughly one million in urban areas. Since there is no registration of employment, it is difficult to obtain the data necessary to assess the labor situation.

For the sake of having an approximate idea of the magnitude of growth of the labor force over the next five years, the ILO has attempted to project the labor force up to 1985 (See Table 15).

TABLE 15

COMPOSITION AND SIZE OF LABOR FORCE, 1973-1985
(broad concept, thousands)

	Urban		Rural		Total	
Year	Low	High	Low	High	Low	High
1973	767.4	852.8	6,036.2	6,466.0	6,803.6	7,318.8
1975	864.1	969.7	6,279.3	6,792.0	7,143.4	7,761.7
1980	1,143.6	1,314.8	6,924.6	7,673.9	8,068.2	8,988.7
1985	1,485.1	1,749.3	7,626.5	8,659.1	9,111.6	10,408.4

SOURCE: ILO, Geneva 1976; Growth, Employment and Equity. (A comprehensive strategy for the Sudan).

4.2 Employment Problems: The Mobility of Population

The population of Sudan is highly mobile. It is estimated that at least one million men and women move every year. A variety of factors account for this.

(1) A high proportion of the mobile population move about from place to place in search of better income-earning opportunities.

(2) Sudan has a large number of nomads who move with their cattle according to a seasonal pattern. This flow runs along a north-south axis and has its largest concentration in Kassala, Darfur and Kordofan Provinces.

(3) There is a persistent drift of population toward urban centers, partly associated with the search for better jobs.

(4) There is a constant east-west flow of people through the Sudan in connection with the holy pilgrimage to Mecca. These individuals often take up temporary residence in the Sudan, sometimes for a period of several years, saving money for the next leg of the trip.

Areas that are major recipients of mobile Sudanese include the urban centers and the modern farming schemes (including the mechanized farms and irrigated agricultural areas such as the Gezira). A great deal of migration is based upon opportunities for seasonal work in agriculture. In 1973-74 the Gezira Borad along employed 542,000 people in harvesting the cotton crop, of whom 336,000 were seasonal in-migrants from other provinces. Annual migration to the mechanized farming scheme in the Nuba Mountains of

southern Kordofan Province comes to 70,000 people. Similarly, in Kassala Province 100,000 migrants travel to agricultural schemes to obtain seasonal employment.

Data provided in the 1973 population census indicates that in the period from 1955 to 1973, urban population had grown annually at a rate of 7.4 percent, reflecting a tripling of urban population. Approximately 35 percent of the urban population resided in the Three Towns area of Khartoum. This reflects a growth of 6.6 percent per annum between the taking of the 1955-56 census and the 1973 census (See Table 16). The majority of in-migrants come from northern Kordofan, Blue Nile, and Darfur Provinces; over three-quarters of them were working in agriculture prior to migrating to Khartoum. They migrated because of economic push and pull factors. The push factors include population pressure, lack of job opportunities, lack of rain for good crops, and low incomes. Included among the pull factors are higher average annual earnings, job availability, better education, and low cost of migration due to the presence of friends and relatives (who provide shelter and basic amenities).

TABLE 16

URBAN AND RURAL POPULATION, 1955/56 and 1973

		1955/56	1973	Annual Growth Rate
Urban	North	690,396	2,213,014	7.1
	South	46,737	274,716	10.9
Rural	North	6,789,004	9,520,418	2.0
	South	2,736,399	2,750,014	0.03
All	Urban	737,133	2,487,730	7.4
All	Rural	9,525,403	12,270,432	1.5

SOURCE: 1955/56 Population Census and Department of Statistics, 1975.

5. ETHIOPIA

The total population has been estimated at 29.98 million at mid-1977, with a current annual rate of growth of 2.6 percent. Addis Ababa, the capital, has a population of 1,163,976. The urban population is growing at an annual rate of over 6 percent, due mainly to migration from rural areas. Ethiopia has 20 main languages, of which Amharic was the official language of the imperial regime. The language of the south and west, Orominya or Gallinya, is more widely spoken, and this and other regional languages have been encouraged by the Dergue (the Ethiopian Governing body). Business is often conducted in Italian, English, or French.

The third five-year plan, 1968-1973, was extended to July 1974. The target average annual growth of GDP in the period from 1968-1973 was 5.9 percent, compared with 4.7 percent achieved during the preceding plan period; but the achievement was nearer 4.5 percent. During the first years of military rule, the needs of the army were paramount; economic development was sacrificed to the war effort. At the end of 1978, however, a new development plan was launched. It set a growth target of 5.9 percent in 1979-80 and 6.8 percent in 1980-81.

Agricultural and pastoral pursuits support 90 percent of the population and form half of the GDP. Sub-

sistence farming and livestock grazing, both inefficient, are the rule. The 1975 land reform nationalized all agricultural land and limited individual holdings to 10 ha. State farms of 800 hectares minimum are being set up; by 1976 they had totaled 53,433 hectares.

The textile industry dominates the manufacturing sector in terms of gross value of output; textiles accounted for 45.9 percent of all manufacturing production in 1976-77. Next in importance came food, breweries, mineral waters, tobacco, sugar, shoes, cement, and bricks. Total employment in the manufacturing sector in 1976-77 amounted to 62,807, of whom 28,834 worked in the textile industires.

5.1 Employment Situation

The economically active population in the 1980s is estimated at roughly 10.6 million persons. This figure excludes the majority of rural women, who are engaged in agricultural and household activities. If these women were included, however, the figure for the economically active adult population would be close to 14.5 million persons. Also not included in the country's labor force, but in reality economically active, are the many children between the ages of five and fifteen who have regular work duties. In rural areas they act as cattle guards or shepherds, or the duties expand to include jobs such as cutting and threshing grain. In urban areas persons in this age group may work in family businesses or as casual workers. The

members of urban youth engaged in economic activities, however, is smaller than the number of rural youth so engaged, presumably because of greater attendance at schools.

According to the World Development Report, 1979, about 81 percent of the labor force was in the agricultural sector. Industry, construction, mining, and laborers made up slightly more than 7 percent, while services accounted for slightly less than 12 percent.

5.2 Employment Problems

(a) Seasonal Labor

Seasonal labor occupies an important place in certain phases of agriculture. Sugar plantations, for example, employ large numbers of temporary workers to cut sugarcane. The overall numbers are not known; however, some large plantations in the 1960s were reported to have used over 5,000 seasonal workers during the cutting period. Commercial farms raising cotton, coffee, and oilseed crops also use temporary help in addition to their salaried employees.

(b) Migration

Large numbers of workers migrate to the southwestern provinces of Kefa, Illulabor, and Wolleza and to some other growing areas during the coffee-picking season, either for employment on coffee plantations or to harvest the coffee beans that grow wild in the forests of coffee trees in the region. These migratory workers usually travel as family units, the wives helping with the work. Most are subsistence farmers from the central and more northerly provinces, who seek this work to supplement their other income.

The following tables contain employment information for Addis Ababa (Tables 17 and 18) and the manufacturing industries (Table 19).

TABLE 17

UNEMPLOYED PERSONS BY AGE-GROUP AND SEX --ADDIS ABABA, 1976

Age Group	Male	Female	Total
15-19	3576	4614	8190
20-24	3338	5230	8568
25-29	2135	2135	4270
30-34	2872	1422	4294
35-39	1439	956	2395
40-44	2968	238	3206
45-49	1549	234	1783
50-54	488	492	980
55-59	232		232
60-64	237		237
65 & above	139		139
Total	18973	15321	34294

SOURCE: Manpower and Housing Sample Survey, Addis Ababa, 1976.

TABLE 18

EMPLOYED PERSONS BY AGE GROUP, SEX, AND OCCUPATION -- ADDIS ABABA, 1976

Age Group	Sex	OCCUPATION: Professional & Technical	Administrative & Managerial	Clerical & Related	Sales	Service	Agriculture & Related	Production & Related	Not Classified	Total
10-14	M			718	229	1420	417	1747	941	5472
	F				592	5032	417	938	1447	8426
	M&F			718	821	6452	834	2685	2388	13898
15-19	M	241		263	4014	4460	278	7104	3055	19415
	F	489		732	618	12130	695	1390	6631	22685
	M&F	730		995	4632	16590	973	8494	9686	42100
20-24	M	963		1700	2895	6454	139	10010	4287	26448
	F	224		2425	1678	9293	278	4456	2599	20953
	M&F	1187		4125	4573	15747	417	14466	6886	47401
25-29	M	2137	964	2428	5978	7865	464	14378	3797	38011
	F	502		1435	1098	8703	417	3846	1201	17202
	M&F	2639	964	3863	7076	16568	881	18224	4998	55213
30-34	M	5434	702	1219	4958	4724	1146	10311	3528	32022
	F	1213		1694	1019	2372	139	3845	749	11031
	M&F	6647	702	2913	5977	7096	1285	14156	4277	43053
35-39	M	2151	1429	731	4053	4770	607	12516	2671	28928
	F	1213			2241	2888	1098	4347	729	12516
	M&F	3364	1429	731	6294	7658	1705	16863	3400	41444
40-44	M	1908	472	1440	3533	3862	263	8930	1382	21790
	F	241		476	948	2171	139	3554	261	7790
	M&F	2149	472	1916	4481	6033	402	12484	1643	29580

TABLE 18 (Cont'd)

Age Group	Sex	OCCUPATION: Professional & Technical	Administrative & Managerial	Clerical & Related	Sales	Service	Agriculture & Related	Production & Related	Not Classified	Total
45-49	M	1173	236	959	1859	4007	139	2600	1448	12421
	F	232			962	1718	139	3463	240	6754
	M&F	1405	236	959	2821	5725	278	6063	1688	19175
50-54	M	953	232	488	730	1414	227	3953	238	8235
	F				1601	718	372	1395		4086
	M&F	953	232	488	2331	2132	599	5348	238	12321
55-59	M				1086	1432		1183	459	4160
	F				714	462		1425	373	2974
	M&F				1800	1894		2608	832	7134
60-64	M	246			383	725		861		2215
	F				1005	245		698		1948
	M&F	246			1388	970		1559		4163
65 & over	M	470			986	1219	139	963	240	4017
	F			243	726		739			1708
	M&F	470		243	1712	1219	878	963	240	5725
Not Stated	M			257					240	497
	F								236	236
	M&F			257					476	733
Total	M	15676	4035	10203	30704	42352	3819	74556	22286	203631
	F	4114		7005	13202	45732	4433	29357	14466	118309
	M&F	19790	4035	17208	43906	88084	8252	103913	36752	321940

TABLE 19

MANUFACTURING INDUSTRIES IN ETHIOPIA
(Number of Establishments and Number of Persons Engaged
by Numbers of Persons Engaged and by Industrial Group)
1969 (1976/77)

Industrial Group	No. of establishments by numbers of persons engaged				No. of persons engaged by Size Group			
	10 - 19	20 - 49	50 and over	Total	10 - 19	20 - 49	50 and over	Total
Food	30	48	52	130	421	1,464	7,876	9,761
Beverage	2	9	17	28	34	297	3,782	4,113
Tobacco	-	-	2	2	-	-	636	636
Textiles and Made-up Clothes	7	8	36	51	87	289	28,458	28,834
Tanneries and Leather Finishing	2	-	7	9	31	-	1,925	1,958
Leather Shoes and Boots	2	4	5	11	29	160	1,549	1,738
Wood and Cork Produces	16	20	24	60	216	626	2,644	3,486
Furniture and Fiztures	8	5	5	18	114	133	403	650
Paper and Paper Products	-	1	4	5	-	36	670	706
Printing, Publishing, and Allied Industries	7	4	9	20	115	130	1,516	1,761
Industrial Chemicals	1	1	1	3	13	26	186	225
Other Chemical Products	1	5	8	14	19	176	1,501	1,246
Petroleum Refinery	-	-	1	1	-	-	762	762
Rubber Products	-	-	3	3	-	-	1,032	1,032
Plastic Products	-	6	3	9	-	200	790	990
Glass and Glass Products	-	-	2	2	-	-	561	561
Other Non-metalic Mineral Products	7	7	13	27	95	230	2,365	2,690
Iron and Steel Basic Industries	-	-	3	3	-	-	484	484
Fabricated Metal Products Except Machinery and Equipment	6	10	6	22	77	322	728	1,127
Electrical Machinery, Apparatus, Appliances, and Supplies	-	2	-	2	-	49	-	49
Total	89	130	201	420	1,251	4,138	57,418	62,807

SOURCE: Statistical Bulletin #23. Results of the Survey of Manufacturing Industries, 1969 (1976/77 G.C.) Addis Ababa, Jan. 1980.

In passing, it might be noted that Table 18 is a good example of the basic data problems facing any analyst of East African data. Does it seem reasonable, for instance, that there are no administrative and managerial personnel over the age of 54? It may be possible, but it at least makes one question the reliability of the data.

6. UGANDA

By mid-1978 the population of Uganda was estimated to have risen to 12.78 million, with a density of 60 persons per square kilometer and an annual growth rate of 3.3 percent. Kampala is the capital with 331,900 people. English is widely spoken throughout the country, though many local languages persist.

6.1 Employment Situation

Total employment in 1977 was estimated at 362,600, having decreased by 1.1 percent over the previous twelve months. The public sector accounted for 55.7 percent of employment, the private, 44.3 percent.

Total wage employment has declined slightly in 1977 (See Table 20). The decline represents a combination of a slight increase in public-sector employment and a significant fall in employment in the private sector from the 1976 level. The continued depressed level of economic activity was the principal factor contributing to the reduced level of wage employemnt, and reflects a shift from a market into a nonmarket economy. All sectors of the wage economy, except construction and commerce, showed a contraction in employment in 1977 that varied from over 6 percent in transport and communications to 5 percent in manufacturing and 2 percent in agriculture and mining. Employment in the construction sector, which had declined

TABLE 20 (Cont'd)

	1974			1975			1976			1977		
	Private	Public	Total	Private	Public	Total	Private	Public	Total	Private	Public	Total
Agriculture, Forestry, Fishing, and Hunting	72.8	27.2	19.4	74.2	25.8	19.3	76.6	23.4	21.3	76.2	23.8	21.1
Mining and Quarrying	97.9	2.1	1.3	97.6	2.4	1.1	97.6	2.4	1.2	97.6	2.4	1.1
Manufacturing	99.1	0.9	15.1	99.1	0.9	15.0	99.2	0.8	14.1	99.0	1.0	13.5
Construction	11.2	88.8	12.2	9.3	90.7	11.9	8.8	91.2	11.7	9.5	90.5	12.2
Commerce	99.5	0.5	5.2	99.3	0.7	3.8	100.0	--	3.6	100.0	--	3.7
Transport and Communications	33.6	66.4	3.7	34.8	65.2	3.6	33.6	66.4	3.6	29.3	70.7	3.4
Other b/	14.6	85.4	43.1	17.6	82.4	45.3	17.9	82.1	44.5	17.6	82.4	45.0
Total	44.4	55.6	100.0	44.4	55.6	100.0	45.3	54.7	100.0	44.3	55.7	100.0

a/ Data exclude employment in peasant agriculture and domestic households. Data on private sector include parastatal enterprises. The public sector refers to the central government, district administrations, municipalities, and the former East African Community organizations.

b/ Include public administration, electricity and water supply, education and health services, and other services.

c/ Private and public are expressed as percent of industrial sector, and industrial sectors as percent of total wage employment

SOURCE: SM/77/265; and data provided by the Ugandan authorities.

slightly each year since 1975, recovered partially to the 1974 level of 44,200, while employment in commerce increased modestly but remained substantially below the level of 1974.

Employment in the public sector is estimated to have continued rising, while private sector employment declined during 1978. The number of civil servants increased tremendously because of government expansion into numerous concerns that normally would be in the private sector. Consequently, employment particularly at the managerial and other senior levels, increased rapidly during the period from 1974 to 1978. Because of the sharp inflation rates in recent years people have left wage employment to become self-employed in market gardening and/or retail distribution, which, in a situation with thriving parallel markets, has proved far more lucrative. There has been, in essence, a two-way directional drift of labor: on the one hand, people have been attracted to the cities and main centers to engage in retail distribution and have tended to stay when they realize the substantial profit margins: on the other hand, there are those who have drifted into the rural areas to engage in subsistence economy as a hedge against both rapid inflation and job insecurity caused by the depressed economic situation.

6.2 Employment Problems

Uganda continues to face an acute shortage of technical and managerial skills. Many professional and skilled workers left the country during the last eight years, and although a number of expatriates were recruited, the shortage persisted and hampered development. As an answer to this problem, the Ugandan government has recently introduced training programs to increase the supply of skilled and semiskilled labor.

As a consequence of persistent inflation, wages have been declining steadily in real terms since the early 1970s. Although most unskilled laborers are paid the minimum rate, this has served merely as a starting point for trade unions in submitting wage demands. Thus, in actual fact, most unskilled laborers are paid much more than the minimum wage in order to attract and maintain their services. Nevertheless, real earnings remain substantially below the 1970-1973 level. Consequently, other nonpecuniary incentives have been provided to workers in some instances. For example, employers may obtain supplies of essential commodities and sell them to the employees at the low administered prices. This and other techniques have succeeded in retaining workers, even with wages only slightly above the prescribed minimum.

7. RWANDA

The population of Rwanda was estimated in 1977 at 4.37 million, which, in an area of only 10,170 square miles, given a population density of 430 inhabitants per square mile, the highest in Africa; but the population is by no means evenly distributed. The growth of population is rapid -- more than 2.9 percent a year -- with children and adolescents forming 55 percent of the total.

Despite the high density of the population, the degree of urbanization is low. The population of the capital, Kigali, is about 16,000 (1973 estimate). The national language is Kinyarwanda. This and French are the official languages.

7.1 Employment Situation

Ninety-two percent of the population is engaged in agriculture -- many of these are self-employed -- 3 percent in industry and 5 percent in services. In 1977, 51 percent of the population was of working age. At that time there were about 90,000 wage earners. The average annual growth of the labor force is 2.8 percent.

72. Employment Problems: The Agricultural Problem

About 70 percent of the land area is suitable for agriculture: 30 percent is arable, 31 percent is pasture, and 9 percent is forest. The vast majority of the popula-

tion is engaged in farming, cultivating small lots that average 0.683 acres per person. Land is farmed on a family basis, the size of the plot varying from 2.4 to 4.9 acres. In the more densely populated areas the plots may be less than 2 acres. Output per acre has remained static, so that, with a fast rising population and soil erosion problems, land hunger threatens to reach crisis proportions. Subsistence farming accounts for the largest part of agricultural output, and only about 20 percent of output is marketed. The most important food crops are bananas, beans and peas, manioc, sweet potatoes, and maize. Cattle rearing used to be the basis of the social doninance of the Tutsi, (the tall, traditional rulers, who formed about 17 percent of the population of Rwanda before many of them fled), and is still of much importance. Efforts are now being made to develop livestock farming and to diversify cash crop production. The latest five-year plan (1977-1981) is aimed at better land use and more productive cattle-rearing. Farming communes are being established, with assistance from the World Bank, and there are plans for experimental "regroupement" in unoccupied areas.

8. BURUNDI

The population of Burundi was estimated in mid-1977 at 3.97 million, which, with a land area of only 10,747 square miles, gives a population density of 369 inhabitants per square mile. The rate of population growth is 2 percent a year, with children and adolescents forming about 55 percent of the total. In common with Rwanda, the high population density is associated with a low degree of urbanization. The population of the capital, Bujumbura, is estimated at about 100,000, while that of the only other town, Giaega, is estimated at 5,000. The official languages are French and Kimundi.

8.1 Employment Situation

Approximately 85 percent of the population is engaged in agriculture; many are self-employed. Roughly half of all agricultural production is for subsistence. Five percent of the population is engaged in industry and 10 percent in services. The average annual growth of the labor force is 2.2 percent.

Wage earners are estimated at only 50,000, of whom 8,000 are engaged in manufacturing. The economically active population, according to 1975 estimates, is 1,965,900; of this total agriculture occupies 1,845,000; fishing 10,500; traditional traders 17,700; modern sector 69,300; public sector 22,000; and professional 1,400.

8.2 Employment Problems: The Agricultural Problem

Burundi, like Rwanda, faces problems centering around the need for better land use and more productive cattle-rearing. About 25 percent of the total land area is under cultivation, of which 85 percent is devoted to subsistence crops and the rest to cash crops, mainly coffee. Pasture accounts for some 60 percent of the total land area. The most important food crops are cassava, beans, sweet potatoes, maize, sorghum, and bananas. As regards cattle-rearing, efforts are being made to develop livestock farming along more efficient lines, but the fruits of these efforts will take some time to appear.

9. DJIBOUTI

Djibouti is effectively a city-state. The port has a hinterland of 21,783 square kilometers, but the land is barren and little grows. The population in mid-1976 was estimated at 273,000, with an annual growth rate of 3.1 percent.

9.1 Employment Situation

The main sources of employment are the port and the railway. Apart from these there is a relatively large service sector catering to the needs of the substantial (although shrinking) French community. Exact figures on unemployment are not available, but it is known to be high -- particularly following the upheavals in Ethiopia, which have had a profoundly depressing effect on the Djibouti economy. Twenty percent of the population are wage earners. Ninety percent of the citizens are illiterate.

9.2 Employment Problems

As stated above, the port and the railway account for employment of a large majority of the labor force. Secondary labor markets are provided by the government, the military establishment, and, at times, the building industry. With so limited an economic base and with very

keen competition from nearby trading centers, labor problems in Djibouti are serious.

The activity of the port fell sharply in 1977 (from 1,773,000 tons to 290,142 tons). This precipitous decline was a direct result of the Somali-Ethiopian war, which halted traffic on the railway line to Ethiopia. This situation was particularly devastating since 40 percent of Djibouti's trade is from Ethiopia. Fortunately, the railway line reopened in 1978.

It is estimated that there is a 40-percent unemployment rate in the country while at the same time the labor is highly priced because of union pressure.

Livestock-based activities (particularly hides and skins) are a main source of income for the majority of the population; however, France appears to have done nothing to organize or systematize animal husbandry. The same is true of fishing, which could be a potentially fruitful livelihood for many thousands of people around the plentiful waters of the Gulf of Tadjoura, but which remains at the same rudimentary artisanal level where it must have been for 100 years.

What little industry there is is confined to Djibouti city and is irrelevant to the real needs and conditions of the territory. There is a Coca-Cola factory and a newer Pepsi-Cola factory. There are two abbatoirs (which also serve as meat-processing plants), and finally there is "La Societe de L'Air Liquide" -- a factory built in the 1950s to provide liquid oxygen.

III. REVIEW OF LITERATURE ON EMPLOYMENT AND UNEMPLOYMENT FOR THE EAST AFRICAN COUNTRIES

Since 1970 much of the literature on unemployment and its low-productivity variants has dealt with "employment absorption," given the rapid growth of labor force. Some East African countries have enjoyed growth in manufacturing output, traditionally considered a key indicator of ongoing industrialization, of 10 percent per year or more over an extended period. These rates are frequently doubled the rates of growth for the economy as a whole. In the same countries, it is not unusual for employment in manufacturing to remain nearly constant or at best to grow only slowly. Greater capital intensity of production and greater efficiency by workers already on the job account for much of the discrepancy between changes in manufacturing output and changes in employment there.

At the same time, agricultural output has grown at considerably lower rates, while, in at least some countries, the agricultural workforce has remained nearly constant in spite of high rural birth rates. The clear counterpart of slow growth in productive employment on farms and in manufacturing, in the face of rapid growth in the labor force as a whole, is the speed with which workers are being added to "informal" economic activities in cities. These informal jobs are easy to enter, have low capital requirements, are often family centered, and because of their typically

low productivity, usually offer low incomes as well. Carpenters, cooks, taxi drivers, peddlers, and porters, for example, all hold jobs in the informal sector.

Close attention to both the formal and informal sectors of the economy was one of the features of a major study of employment in East Africa, the 1972 Kenya ILO survey. As mentioned earlier, this study has been of great importance in the shaping of policy proposals and has had influence far beyond the boundaries of Kenya. Accordingly, it deserves separate treatment. In the following pages the basic proposals for Kenya are summarized, followed by an analysis of the Kenyan government response to these proposals and a selection of comments from the literature criticizing the ILO position.

1. ILO Proposals for Kenya

(a) Direct redistribution of income by imposing a standstill on higher incomes and channeling all future growth for five years into policies designed to enlarge the incomes of the 90 percent or more of the population earning less than £ 200 per year, by

(b) radically re-orienting government development spending towards these "target groups," and

(c) adopting new fiscal, industrial, trade, population, and land-use policies, by changes in law and new administrative measures, to complement this shift in the pattern of government expenditure.

The main ingredients of the new strategy were:

1. a shift in government spending from urban to rural areas, where the bulk of the low income target groups lived and worked;

2. a shift from capital-intensive to labor-intensive investment, to provide employment for those without jobs and hence without incomes;

3. a shift in industrial strategy to produce goods for low-income rather than high-income consumers (spades and oil lamps rather than cars and refrigerators), and for export markets rather than the internal market alone;

4. a shift in spending, price policy, extension, et cetera, from large-farm to small-farm production, including redistribution of land from large farms to create new small farms;

5. a shift from support for the so-called formal to the so-called informal sector of production and trade in the urban areas -- that is, from large-scale monopolistic, capital-intensive enterprise to small-scale competitive, and labor-intensive enterprises;

6. the development of technology to support small-scale, labor-intensive production rather than large-scale, capital-intensive production.

The idea behind this package of reforms (which the report stressed must be implemented as a whole if there was to be no risk of jeopardizing the rate of growth and/or failing to produce redistributive results) was clear enough. Redistribution of incomes was to enlarge the internal market and ease the constraint on further import-substituting investment; goods for a mass

market of low-income consumers could also be produced with less excess capacity; the shift of spending and policy support from urban to rural areas and from large- to small-scale farms would also help overcome the anticipated constraint of a tendency to stagnation in agricultural output; fostering the so-called informal sector would soak up urban employment; the whole package would, without reducing the overall rate of growth, reduce inequality and avert the danger that social tensions would jeopardize the political framework of Kenya's version of capitalist development.

2. The Response to the ILO Report

2.1 The Kenyan Government's Response

Evaluations of the Kenyan government's practical response to the proposals have been attempted by Killick and Godfrey, both of whom subscribe to the reformist vision of the ILO report and hence were not predisposed to underrate the report's impact. Killick,[2/] in particular, evaluated in some detail the 1974-1978 development plan, largely prepared in 1973, in the light of the ILO report and the government's 1973 sessional paper, and found that both in general and in particular, on paper

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2/ Anthony Killick, The Economics of East Africa (Boston: G.K. Hall & Co., 1976).

and in practice, "it was dilution that characterized most of the government's responses." Writing of the "fate of the main thrust of the (ILO) report," Killick said: "The main features of the ILO's model of development for the Kenyan economy were (a) to freeze the real incomes of the richest ten percent of the population; (b) employment of the resources this released for 'special investment designed explicitly to reduce poverty and create employment and (c) the setting of minimum-income targets. The first of these is tacitly rejected by the sessional paper's (and the plan's) failure to respond to it. The second is accepted only in a very weak form: The government will continue to invest its resources in projects and programs that provide maximum benefits for the poorest income group in the population. It should be noted that this may involve investment in projects that will probably benefit other income groups as well (sessional paper on employment, 24). The third suggestion, for the setting of minimum-income targets, was also rejected."

Killick reviewed in more detail several policy areas central to the proposed new strategy, showing the absence of government action in each of them, or at most the extremely diluted nature of the response. In terms of fiscal policy, he points out that there has been no significant attempt to redistribute incomes by fiscal means. With regard to land use, subdivisions of land seemed to be consistent with the government's declared aims of minimiz-

ing agricultural output and employment at least cost. Further, contrary to the ILO report's proposals the Plan also contained policies for maintaining the privileged position of large-scale farms.

In reflecting on this we need to keep in mind the fact that Kenya during part of this period was a victim of the world recession that began with the general commodity inflation of 1973 and the oil-price increases that followed in the winter of 1973-74. This opened up the gap in Kenya's balance of capital inflows. Kenya had to borrow (K £ 25 million in 1974, K £ 19 million in 1975, and K £ 8 million in 1976) and, consequently, make severe deflationary cuts in government spending and the money supply.

2.2 The Response to the ILO Report in Literature

Howard Pack questions the ILO report for following the smallholder-informal sector route.[3/] Some of the questions he asks are the following:

> (1) "...should the smallest farms be the primary beneficiary of the additional resources made available to the sector rather than medium-scale ones which use wage labor? The reliance on smallholders assumes that the necessary ex-

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3/ Howard Pack, "Review Article: Unemployment and Income Distribution in Kenya," Economic Development and Cultural Change. Vol. :157-68.

tension services and loan facilities can be dispensed to the huge numbers of such farmers and that they will be as responsive as larger farmers to new techniques and unfamiliar crops despite lower income and wealth which should make them more risk averse. Similarly, the possibility exists that larger farms are owned by more highly educated (at least literate) individuals who may be more capable of adapting to new technology and changing product mix. ...there is a great emphasis on the finding that output per unit of land is lower on large than on small farms. However, this is almost certainly attributable to the greater labor input per unit of land on small farms. But it is unlikely that non traditional inputs will be used as efficiently as land; total factor productivity and its growth may be higher on medium-size farms."

The treatment of the informal sector raises questions as well. His argument goes as follows: "Currently, Kenyan informal sector enterprises perform only final fabrication, intermediates being purchased from larger firms or obtained from discards of consumers or other businesses. The potential magnitude of employment generation in consumer goods alone may not be very high. Indeed, in those countries where craft enterprises have primarily been engaged in subcontracting to large formal sector companies and produce specialized intermediates and produce specialized intermediates and capital goods rather than final consumer products. Acknowledging this, the ILO suggests that large firms and the government should provide lists of potential products managerial training, and design instructions. But these are precisely the activities in which able small businessmen would participate on their own initiative in response to market signals;

the necessity for these governmental measures implies a small, inelastic supply of entrepreneurs rather than the large, expandable number required to develop a vigrous informal sector. The evidence from other countries where the craft sector has been an important contributor to development suggests no such instruction is needed."

Other points he makes:

(i) With respect to skills. "It is doubtful whether the requisite skills can be developed by a conscious government policy; these skills are certainly influenced by social and family traditicns and cannot quickly be created. Moreover, ... entrepreneurial skills... were embodied primarily in the Asian population. With increasingly severe economic restrictions being placed on them, it is difficult to accept the implicit prediction that Asian businessmen will continue to engage and invest in small-scale manufacturing activity."

(ii) With respect to the significance of the formal sector. "...the formal sector has been considerably more robust than the mission realized in generating employment as well as output growth. ... In manufacturing, transport, utilities, and construction the formal sector has been quite successful in providing a considerable increase in employment opportunities despite a gradual upward drift in the real wage."

(iii) With respect to income distribution. "...it is disconcerting that so much emphasis is placed on the employment benefits that will accrue from a change in income distribution and hence in domestic product mix when, in fact, relatively little is known

about the magnitudes involved. ...An income freeze may reduce the legal or taxable work effort of those whose skills are in short supply, reducing the productivity capacity of both the public and private sectors. ...Moreover a wage freeze suppresses the signaling mechanism which facilitates the efficient flow of scarce skilled labor to new firms and industries.

(iv) With respect to the improvement of social services. "Clearly the improvement of social services contributes to greater output because of the enhanced vitality of the labor force."

(v) With respect to an alternative policy. "The alternative is to use a substantial fraction of the resources made available by redistributive taxation in the modern urban sector and in medium-size agriculture."

Pack concludes as follows: "Though the Kenya report presents a cogent, imaginative, and often provocative case for following the smallholder-informal sector route, there are too many lacunae in the evidence to confirm essentially a priori arguments. A more balanced approach, with greater emphasis on the many other excellent recommendations within the report would seem warranted until more evidence on the underlying issues becomes available. Otherwise, it is possible that just as the current generation of development analysts deplore the failure of the capital-intensive "cum" trickle-down effort, future generations may have reason to deplore the encouragement of relatively inefficient activi-

ties with limited potential for productivity growth."

Colin Leys has also commented on the ILO report for Kenya.[4/] In his words, "One problem not adequately discussed in the report is the extent to which consumer tastes have already been moulded by advertising and conspicuous consumption by the rich so that any substantial increase in the incomes of the working poor would expand demand for 'formal sector' products (such as bread, leather shoes, bicycles, etc.) rather than for 'craft-produced' cheap goods.

"It is true that because African small firms tend to be more labor-intensive than large foreign ones, the problem of unemployment would probably be relieved. ... This is on the assumption that the steps recommended against the excesses of foreign firms with regard to surplus transfer, etc., and other measures would not reduce the overall growth rate of a minimum of 6 percent per a annum assumed by the mission. The mission's judgment that its recommendations would not, on balance, do this seems well founded, but with an important proviso: this would depend on the balance of its proposals being faithfully reflected in the balance of the measures adopted. If they were implemented selectively, and especially if the redistribution of income were much less than it recommended,

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4/ Quoted by Gerald M. Meier in Leading Issues in Economic Development, 3rd ed. (New York: Oxford University Press, 1976) pp. 223-224.

balance of payments constraints and other problems might well reduce the overall rate of growth so that the level of unemployment was not materially reduced."

Concluding, let us focus on the mission's faith in the possibility of a reformed capitalism, free from contradictions, a concept which is made even more clear when the author goes on to say that "an employment strategy can be sustained only on the basis of a national consensus, when all concerned feel that they benefit fairly."

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