

EMPLOYMENT AND TRAINING
PAPERS

3

**Adjustment, employment
and labour market institutions
in Sub-Saharan Africa:
An emerging consensus
on consultative policy design?**

A handwritten signature in black ink, appearing to read 'Hansel', is written over a horizontal line. To the right of the signature, the year '1997' is written.

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Executive Summary
Structural Adjustment, Employment and Labour Market Institutions
in Sub-Saharan Africa
An ILO Regional Seminar in Kampala, Uganda (25-27 September, 1996)

A series of five National Seminars were held in East and Southern Africa countries (Kenya, Uganda, Tanzania, Zambia and Zimbabwe) during the first half of 1996 on the issue of the impact of adjustment on employment and labour market institutions. The following emerged:

- *Governments are keen to develop employment policies with a poverty reducing focus as an integral element of adjustment programmes;*
- *Proposals for regular consultation between governments, trade unions, employer organizations on the impact of adjustment on the labour market gained support; intervention points for the consultation could be during the annual budget cycle as well as prior to adopting Policy Framework Papers (PFP) with the Bretton Woods Institutions;*
- *Recommendations for improving information systems to trace the employment impacts of adjustment programmes were universally supported; they need to include surveys as well as early-warning methods.*

A Regional Seminar was held in Kampala, Uganda during September 1996 aiming to review present experiences and identify 'best practise' to improve the following:

- *consultation on adjustment policy reform*
- *government adjustment policy design and implementation*
- *policy research and capacity building for the above purposes*

At the Regional Seminar the experiences of adjustment, employment and the impact on labour market institutions in the five countries were reviewed in-depth through background papers commissioned from national consultants. The papers highlighted the unsatisfactory performance of the Sub-Saharan Africa economy during adjustment, characterised by slow growth with increasing inequality.

The papers showed in particular that the informalization of the African economies has been accelerating during adjustment, with employment in the formal wage sector lagging behind. In all countries the growth rate of employment was below that of the influx of new job-seekers onto the labour market -- implying that the formal sector is steadily decreasing its share of total employment. However, in some countries the problem is rather more acute as the level of employment has continued to decline in absolute numbers during adjustment. Limited employment creation in the private sector is below that of the level of retrenchment in the public sector.

The Seminar's Working Groups recommended that the approach to the design and implementation of adjustment programmes needs to change urgently and quite fundamentally. What is needed is a 'consultative policy design' underpinned by capacity building and appropriate policy research. The institutional framework for dialogue and consultation between governments, social partners (representative organizations of employers and employees) as well as other significant economic interest groups was judged as entirely inadequate. The institutional framework is particularly ill-equipped to manage a context of major policy reforms.

The Regional Seminar helped to clarify the emerging consensus between governments, social partners and international organizations, including the ILO and the Bretton Woods

institutions regarding the consultative policy design. This consensus could be summarised as placing greater emphasis on the political process of decision making as a way of ensuring an appropriate policy focus. This represents a move away from a tradition of a technocratic process of decision making. In a number of countries this had been practised by the APEX ministries (Finance, Planning and Economic Development and the Central Bank) often with tacit support of the Bretton Woods institutions. The latter approach had jeopardised the credibility of the adjustment programmes because of the absence of political support. It had led to repeated policy reversals, to stop-go approaches and to incomplete implementation of the programmes across the region.

It was recommended that Social and Economic Development Councils (SEDCs) be set up in each country. These SEDCs should be the forum where social partners through frequent and regular consultation can constructively contribute to national economic policy decision-making; they will also bring together line ministries and APEX ministries.

For wide-ranging developmental issues, such as poverty reducing strategies, the participation of a variety of civil society organizations to the SEDCs should be ensured. However, for issues specifically relating to the labourmarket regulation and flexibility, employment creation, etc. the consultations should be organised along tripartite lines.

As an expression of the emerging consensus on consultative policy design, it may be noted that the World Bank, in the wake of the national and regional ILO seminars, offered a grant from its Institutional Development Fund to support the formation of a body tentatively called 'Zimbabwe's Economic Development Council'. However, it may also be noted that, notwithstanding the emerging consensus, distinct differences of opinion remain in the areas of appropriate employment policies as well as the commitment to universal application of core labour standards.

Preface and Acknowledgements

The International Labour Organization (ILO) would like to express its gratitude to all the participants of the Regional Seminar on *Adjustment, Employment and Labour Market Institutions in Sub-Saharan Africa* held in Kampala, Uganda 25-27 September 1996 for their frank and constructive discussions of the key issues of structural adjustment and labour markets across the region. The presentations of the country review papers at the seminar have made an important contribution to the debate on equitable social and economic development in Sub-Saharan Africa. The message from the Seminar to governments as well as international organizations working in this area was unanimous and clear: better adjustment programmes will require improved consultation between all those concerned.

The ILO thanks the Deputy Prime Minister and Minister of Labour of the Government of Uganda, the Hon. Paul Etiang, for opening the seminar and asking the participants to look '... critically at the adverse social consequences of structural adjustment and to identify ways to addressing these'. The closing statement of the Hon. Sam Kutesa, Minister of State for Planning and Economic Development of Uganda emphasized the increasing awareness that '... in addition to paying attention to the short term measures which have characterised the adjustment programmes . . . one should have a clear sense of long term direction'. He expressed a keen interest in the outcome of the Seminar's deliberations and said that the recommendations will receive due attention from policy makers.

The *Economic Policy Research Centre* at Makerere University, Kampala, Uganda worked closely with us in the preparation of this Regional Seminar and its support has been very much appreciated.

The Regional Seminar was organised as part of an ILO project on 'Structural Adjustment and the Role of Labour Market Institutions: A Capacity Building Project', funded by the Danish International Development Agency (DANIDA). The project's objectives are to: research and document the impact which structural adjustment programmes are having on the labour markets in selected African countries (Kenya, Uganda, Tanzania, Zambia and Zimbabwe); and analyse how trade unions, employers' organisations and other labour market institutions in these countries could take a pro-active approach to economic adjustment. Such an approach would seek to safeguard employment which is needed for long-term growth and development of these countries, while identifying new economic opportunities and devising strategies for households and enterprises to take advantage of these.

The project steering committee is chaired by Rolph van der Hoeven of the ILO Employment and Training Department. Willem van der Geest is the task manager of the project and he prepared these proceedings with inputs from (in alphabetical order) Thomas Bwalya, Pierre Dhonte, Lawrence Egulu, Rolph van der Hoeven, Ishrat Husain, Godfrey Kanyenze, Robert Kylvoh, Fred Opio, George Ruigu and Martijn Schrijvers.

Werner Sengenberger
Director, Employment and Training Department
International Labour Office, Geneva.

Adjustment, Employment and Labour Market Institutions in Sub-Saharan Africa: An Emerging Consensus on Consultative Policy Design?

1. Opening Session

1.1 Welcome Address

Werner Sengenberger, Director, Employment and Training Department, International Labour Office, Geneva.

In his opening remarks Mr. Sengenberger, on behalf of the International Labour Organization (ILO), welcomed the Deputy Prime Minister and Minister for Labour and Social Services, the Hon. Paul Etiang and everyone present at the Regional Seminar. He noted that the subject of the seminar was important for the whole region and he expressed the ILO's concern about the implications of Structural Adjustment Programmes (SAPs) on employment and wages. The Director proceeded to give a brief background of the ILO and its activities, such as developing representation of the social partners and ensuring social justice, creating international labour conventions and standards and monitoring them, as well as providing technical assistance to member States.

Mr. Sengenberger emphasized that during the 1990s, employment issues and the fight against unemployment are at the heart of policy debates throughout the world. Naturally employment issues are at the top of the ILO's agenda. Without new employment, living standards are in jeopardy, hence the ILO continues to pursue the goals of full, gainful and freely-chosen employment. He also noted that moving towards global full employment is an achievable, essential and crucial part of the fight against poverty.

The Director remarked that the ILO had been given the mandate by the United Nations after the Copenhagen Social Summit held in May 1995 to take the lead in the area of employment and sustainable livelihood. In this context, the ILO is presently conducting a series of national employment reviews and co-ordinating this with agencies within the UN system.

Mr. Sengenberger looked forward to an in-depth debate on the relationship between adjustment and employment in Sub-Saharan Africa and a successful regional seminar.

1.2 The ILO Perspective on Adjustment

Rolph van der Hoeven, Employment and Training Department, ILO Geneva

Rolph van der Hoeven indicated that the ILO had been concerned with structural adjustment since its inception in the early 1980s. Many of the structural adjustment programmes affected the size and composition of employment, as well as the welfare of workers and their families. However, when adjustment policies were introduced, the general opinion expressed by the international financial agencies and Ministries of Finance was that it was a short-term process which would improve the situation of the country and its workforce. There was therefore no room for social concerns.

However, in the mid-1980s, this perception changed: SAP agreements were renewed various times in most countries. Moreover, the programmes ventured beyond short term stabilization. The social consequences of the programmes became increasingly visible. In order to focus on the social dimensions of structural adjustment, the ILO organized in 1987 a high-

level conference with both Ministers of Labour, Ministries of Finance as well as representatives of international financial agencies. This was followed by a series of regional conferences, including one in Africa. The areas of particular concern were:

- the macro-economic and fiscal policy frameworks adopted under structural adjustment and their implication for employment creation;
- in particular, the changes in public sector employment levels and conditions under structural adjustment;
- the usefulness of social safety nets and the need to carry out an evaluation of their limitations and possible negative aspects;
- the inclusion of social partners in the preparation and execution of structural adjustment; to ensure that policies be formulated which draw on a national consensus;
- the relation between labour standards and structural adjustment with a view to better use the international labour standards in the formulation of national labour laws.

He noted that, since the early 1980s, one could distinguish four generations of adjustment policies:

- The *first generation* of adjustment programmes were aimed at *stabilizing the economy* after internal or external shocks. The major thrust of these programmes was to utilize the same instruments as industrialized countries had been applying all along since the 1950s to combat a balance of payments deficit. Key measures included containing fiscal deficits by reducing government expenditure, making real interest rates positive, applying wage restraint for public sector workers and, to the extent possible, for private sector workers and a real devaluation of the currency to stimulate exports and discourage imports. Reliance on these policy instruments characterized programmes of the early 1980s which were designed, especially in Latin America, also to deal with the growing debt crisis which had become evident by the problems in Mexico in 1982.
- A *second generation* of adjustment programmes, which dealt more explicitly with issues of *growth and capacity*, was introduced in the mid-1980s. This second generation of adjustment programmes came to the fore, because policies merely emphasizing stabilization in the economy did not succeed, in most cases, in bringing about growth. At best the balance of payments gap was reduced. As a consequence, several countries undergoing stabilization programmes were caught in a vicious circle of slow or negative growth, large debt service payments, which inhibited consumption and investment growth and compressed imports. Fairly early on in the 1980s, it had been realized that adjustment programmes would only succeed if they took into account concerns for growth beyond merely attempting to stimulate the export sector through devaluation. Initially it was thought that growth could be stimulated by liberalizing the economy. Restrictive policy regimes created distortions in product, capital and labour markets which hampered a free flow of products and production factors, which in turn would hamper growth. However, later on, more attention was given to investment and increase in productivity, as it became clear that liberalization of markets at times when stabilization policies were carried out meant that growth opportunities were delayed. At best, stabilization laid the basis for improved growth in the future, but estimates of the turnaround of the economy were extended from 1-2 years in the early 1980s to 4-8 years in the later half of the 1980s. The International Monetary Fund, for example, introduced an Enhanced Structural Adjustment Fund (ESAF) for poor countries which allowed them to receive support over a period up to three years with repayment stretched out over a

period of ten years, in contrast to its regular credit tranches which were to be reimbursed over a period of 1 to 2 years.

- A *third generation* of adjustment programmes started to focus explicitly on *social concerns*. In response to the ILO's High-Level Meeting on Employment and Structural Adjustment in 1987 and UNICEF's plea for 'Adjustment with a Human Face', the World Bank introduced its 'Social Dimensions of Adjustment' programme in 1988. This brought to the fore the notion of social safety nets and compensatory programmes in order to help or to compensate those groups of the population whose living standards were adversely affected by the adjustment policies and would face a decline in living standards, either because of a decline in government services or because of increased unemployment. Since the 1990s most adjustment programmes contain some form of social safety nets, although there is still a great deal of discussion on whether social safety nets also provide the poor, and those mostly affected by adjustment programmes, with sufficient tools to overcome poverty on a sustainable basis.
- A *fourth generation* of adjustment programmes deals therefore not only with the effects of adjustment on people and institutions, but is trying to go further by *seeking to include people and institutions as actors*, thereby promoting participation and consultation. The reasons for renewed attention to participation and consultation were that adjustment programmes had been designed mainly by central banks, ministers of finance and international agencies, which was based on the earlier conception (especially during the first generation) that adjustment would be a 'quick fix' setting countries back on the track towards sustained growth once and for all. However, when adjustment programmes came to include concerns for growth and social development, the drafting of the Policy Framework Papers, setting the stage for adjustment, were still dominated by those who were responsible for stabilization, leaving out those responsible for development and social policies. It is therefore deemed important to bring adjustment programmes back into the realm of national policy-making with the objective of economic and social development, not only for the people but also by the people. To achieve this was amongst the central concerns of the World Summit for Social Development which took place in Copenhagen in March 1995.

The Bretton Woods Institutions are currently trying to apply the third generation of adjustment policies, often through combining growth-oriented programmes with so-called compensatory programmes. They have acknowledged the need to move to the application of the fourth generation of programmes. However, as they themselves readily admit, they find it difficult to achieve this.

Rolph van der Hoeven observed that adjustment should not be at variance with international agreements from the Copenhagen World Summit for Social Development, which put employment creation and poverty alleviation as primary goals of all government policies. International organizations, national governments and social groups in the country concerned should all work to make the fourth generation of adjustment programmes possible. The Regional Seminar might make a contribution to this by identifying the institutional framework required and preconditions to be met for this fourth generation of programmes. He concluded by stressing that it is not possible to make social policy without involving the people since they (the people) are part of the process of adjustment, both at local and international level. He looked forward to a successful seminar for which the groundwork had been well prepared by several of the national participants who had submitted excellent papers.

1.3 Official Opening Address

Deputy Prime Minister and Minister of Labour and Social Welfare of the Government of Uganda: The Honorable Paul O. Etiang

In his opening address, Deputy Prime Minister and Minister of Labour and Social Welfare, the Hon. Paul O. Etiang welcomed all the delegates to the Regional Seminar. He noted that structural adjustment is a necessary phenomenon in view of the poor economic situation faced by many countries across the region. The increasing poverty and persistent stagnation called for economic adjustment in order to raise the rate of growth of incomes and effect changes in the structures of production and trade. There have been varying degrees of success in different countries.

The Minister gave a brief background of the Ugandan economy which highlighted the need to embrace structural adjustment. The key areas which needed intervention were:

- inflation control;
- balance of payment deficits;
- the narrow tax base.

The components of SAP being implemented include:

- fiscal and monetary reform;
- macroeconomics stability including correcting the balance of payment, through trade liberalisation and active export promotion, etc.;
- labour market reforms.

However, it was also recognized that a supportive institutional infrastructure was needed, which had resulted in the creation of the Ugandan Revenue Authority, the Uganda Investment Authority and the Decentralisation Secretariat.

The Minister identified the major elements of adjustment programmes which affect the labour market as follows:

- trade liberalisation;
- privatisation and public enterprise reform;
- civil service reform;
- changing labour relations in the process of restructuring.

He noted that employers are placing a strong emphasis on efficiency, productivity and profitability and maybe disregarding labour relations issues such as freedom of association, collective bargaining and consultation with all the stake holders. The Minister acknowledged that the adjustment reforms were bound to face serious opposition from trade unions as they are losing their members and see their financial base narrowed. He noted that formal sector workers had been the '...real victims of adjustment'. The Minister urged participants to concentrate on solving those problems.

He concluded by requesting the Seminar to look critically at the adverse social consequences of structural adjustment and to identify ways of addressing those consequences. Questions to be asked in such an examination included:

- was the analysis leading to the adoption of the adjustment programmes at fault?
- were the objectives formulated correctly?
- were all the stake-holders consulted?

2. Session II : Employment and Labour Markets during Adjustment: An Assessment

Chair: Mrs. Jasye R. Kasakye, Permanent Secretary, Ministry of Labour and Social Welfare

2.1 Key issues for the Seminar

Willem van der Geest, Employment and Training Department, ILO Geneva

Willem van der Geest explained that five National Seminars had been held during February to July 1996 across East and Southern Africa (Kenya, Tanzania, Uganda, Zambia and Zimbabwe) which brought together senior representatives of governments, social partners, international and bilateral organizations including World Bank and IMF, academic and research institutions and civil society institutions.

It had been evident from the various official statements at the five national seminars that the issues of employment and labour markets during adjustment were a top priority across the region. The Permanent Secretary of the Ministry of Labour and Social Welfare in Uganda had emphasized that the seminar was to:

'... examine all circumstances relating to labour and Structural Adjustment Programmes and to recommend to Government ways of lessening their adverse impact so that the country reaps maximum benefits from the programmes'.

In Zambia the Permanent Secretary of the Ministry of Labour and Social Welfare noted that *'... the subject of your seminar is very appropriate for our times.'*

In Kenya, the Assistant Minister of Labour and Manpower Development said that

'... economic reforms have had some negative side effects on employment, which is of particular concern to the Government'.

In Zimbabwe the Minister of Public Service, Labour and Social welfare emphasized

'This seminar has been able to mobilise greater involvement of all concerned, ...to identify appropriate responses to safeguard employment during the adjustment period'.

The Minister for Labour and Youth Development of Tanzania informed the seminar about the initiatives of the government to start implementing a national employment policy which will focus on the informal sector and youth development in particular.

Willem van der Geest presented an assessment of the experience of adjustment. This gave rise to the view that the macroeconomic outcome indicators for the five countries before and during/after adjustment policy reform show rather mixed results (See Table 1). What emerges is a picture of successful reduction of public deficit in some cases, but not for Tanzania and Zimbabwe, but obtained at the cost of slow or sluggish macroeconomic growth (except Uganda). It is clear that the macroeconomic outcomes which were realised are quite unsatisfactory. Of the five countries reviewed above, only one has for any sustained period of time realised a GDP growth performance exceeding population growth by more than one percent (Uganda since 1987). Moreover, the growth performance *during* the adjustment period in the 1990s appears to be lower than that realised prior to the implementation of the adjustment policy changes for some of the countries (particularly Kenya and Zimbabwe).

Debt continued to remain problematic for these countries (except Uganda, in view of recent ongoing multilateral debt cancellation). Although the economic performance might have been worse *without* the policy reforms, the fact remains that the present outcomes are far from satisfactory and improvements are urgently sought after.

Table 1: Key Macroeconomic Performance Parameters (1987-1994)**A. GDP per capita growth in percentage**

	1987	1988	1989	1990	1991	1992	1993	1994
Kenya	1.2	1.3	2.3	0.1	-1.4	-1.2	-6.0	2.2
Tanzania	1.1	-2.6	-1.7	0.2	-2.0	-0.5	1.8	0.6
Uganda	1.9	4.6	2.9	2.9	3.6	5.0	2.2	6.8
Zambia	4.4	14.0	-5.5	-4.7	-3.4	-4.1	1.6	-8.9
Zimbabwe	-2.7	2.6	1.1	-1.1	1.3	-9.2	-2.5	4.4

B. Overall Public Deficit as a percentage of GDP (fiscal years)
(Total Revenue plus External Grants -Total Expenditure)*

	1987/8	1988/9	1989/90	1990/1	1991/2	1992/3	1993/4	1994/5
Kenya	-4.4	-4.9	-5.0	-8.0	-2.0	-3.8	-6.1	-4.0
Tanzania	-11.4	-9.6	-12.7	-9.2	-13.8	-13.9	-14.0	-8.6**
Uganda	-2.2	-2.3	-5.3	-3.7	-5.9	-3.6	-4.5	-3.0**
Zambia	-13.1	-11.9	-5.6	-6.8	-14.1	-4.4	0.7	-0.6
Zimbabwe	-5.7	-5.4	-4.2	-5.7	-2.7	-7.4	-2.4	-14.2

C. Total Long Term Debt as percentage of GNP

	1987	1988	1989	1990	1991	1992	1993	1994
Kenya	75.1	70.9	73.3	87.2	98.3	91.3	139.6	112.4
Tanzania	168.8	196.2	227.8	275.0	250.2	284.1	316.8	
Uganda	31.4	30.7	43.6	63.3	87.9	109.6	99.0	88.1
Zambia	55.2	43.9	44.3	50.2	57.5	84.3	77.9	85.9
Zimbabwe	344.7	206.0	186.9	240.6	243.5	243.5	202.5	203.8

*) The overall balance refers to current and capital revenues plus net lending and external grants minus the sum of current and capital expenditures. For Zambia net lending is not included.

**) preliminary estimates of GDP figures.

Sources : Kenya: various *Economic Surveys*; Tanzania: various *Economic Bulletins*; Uganda: various *Background to the Budget*; Zambia: various *Budget Speeches* ; Zimbabwe: *Financial Statement 1995* as well as World Tables 1996 and World Debt Tables 1996.

The above data for fiscal deficit as a percentage of GDP -- the prime concern of the Bretton Woods institutions -- do not support the contention that significant reductions of fiscal deficits had been achieved during/after adjustment -- see Table 2.

Table 2: Fiscal Deficits Before and During/After Adjustment
(deficit as % of GDP)

	Before Adjustment (1983/84 to 1988/89)	During/After Adjustment * (1989/90 to 1994/95)
Kenya	-5.45	-4.81
Tanzania	-9.66	-9.16
Uganda	-4.06	-4.33
Zambia	-12.30	-5.12
Zimbabwe	-6.74	-6.46

* For Zimbabwe, given the late start of its ESAP programme, the period 'before' refers to 1983 to 1990.

The presenter noted that economic adjustment is a wide-ranging programme. Some of its components are competition-enhancing while those relating to privatisation and civil service reform are institutional-change oriented. If one broadens the scope of the evaluation by examining the impact on employment, the analysis indicates that formal wage employment has declined in relative as well as absolute terms.¹ The changes in public sector employment in the case study countries (Kenya, Tanzania, Uganda, Zambia and Zimbabwe) are summarized below, combining employment data from national and international sources (see Table 3).

The table illustrates the decline of public employment levels (in absolute as well as relative terms) since the 1990s, in contrast with the increases during the 1970s and the 1980s. Private sector formal wage employment levels declined too during the 1990s, except for Kenya where a small increase could be observed. Hence, the decline of the share of formal employment in the total labour force was not only because of the fast growth of the labour force; the public and private sector employment decline in absolute terms accelerated this decline as well. In terms of changes of the employment structure, the relative shares between the public and the private sectors remained quite stable, except for Tanzania. In Kenya and Zambia approximately half of the formal sector employment was in the public sector, whereas for Uganda and Zimbabwe these percentages were in the order of one fifth and one third respectively. In Tanzania the private sector became relatively more important since 1985.

In summary, the overall impact of adjustment on employment is ambiguous and depends critically on the initial conditions in which these various programmes are started. In the slow-growing economies, the presenter noted that the employment effects of adjustments are likely to be negative. Even where there is positive economic growth, it was found - for example in Kenya - that the expansion of the informal sector employment was a lateral one with the same activities carried out by more people. While comprehensive firm and sectoral data on labour productivity are not available, it would seem that labour productivity may have declined during the adjustment period.

¹ This analysis of the impact of adjustment programmes on employment levels and labour markets was made on the basis of the review papers prepared by national consultants sponsored by the ILO, presented at the Kampala Regional Seminar (discussion see below). The titles and summary contents of the papers are listed in appendix 4.

Real wage levels have declined significant during the adjustment period, as the bargaining powers of trade unions were considerably constrained by government policies, the high levels of un- and under-employment prevailing and the overall weak macroeconomic environment. What comes out is that inflation tends to erode average non-agricultural earnings quite sharply and hence, the need for macroeconomic stability is also imperative from the point of view of the formal sector wage earner.

Table 3: Formal Sector Employment during Adjustment 1980-1995

Kenya	1980	1986	1990	1993	1994
FS/LF %	17.6	17.6	18.0	17.1	16.9
TPSE/FS %	46.9	48.9	49.5	46.5	45.8
Priv/FS %	53.1	51.1	50.5	53.5	54.2
CGE*	254.5	297.6	325.4	317.1	n.a.
TPSE*	471.5	574.6	700.1	685.4	688.4
Priv.*	533.8	600.5	714.2	788.6	814.7
Tanzania	1980	1985	1991	1993	1995
FS/LF %	7.4	7.2	9.2	9.6	8.1
TPSE/FS %	73.3	75.8	53.6	50.0	50.5
Priv/FS %	26.7	24.2	46.4	50.0	49.5
CGE*	223.9	261.8	319.5	326.4	279.4
TPSE*	442.4	480.1	500.3	510	459.4
Priv.*	161.1	153.3	433.1	510	449.9
Uganda	1982	1985	1991	1993	1995
FS/LF %			17.2	14.5	13.3
TPSE/FS %			37.1	34.9	30.5
Priv/FS %			62.9	65.1	62.9
CGE *	191.2		269	214.9	148
TPSE*	271.2		406.1	368.9	302
Priv.*			688.5	688.1	622.8
Zambia	1980	1985	1989	1992	1994
FS/LF %	29.4			20.7	18.0
TPSE/FS %	58.4			61.8	59.7
Priv/FS %	41.6			38.2	40.3
CGE *	148.3		110.6	141	131.7
TPSE*	272.3			332.0	298.9
Priv.*	194			205.2	201.8
Zimbabwe	1980	1986	1990	1993	1995
FS/LF %	34.1	30.9	30.3	28.9	25.3
TPSE/FS %	12.4	18.5	18.6	17.2	17.9
Priv/FS %	87.6	81.5	81.4	82.8	82.1
CGE *	71.7	90.8	94.9	88	86
TPSE (est.)*	125.0	194.9	221.8	213.0	206.0
Priv.*	883.1	858.6	970.7	1025.4	944.8

* CGE, TPSE and Priv. in thousands of persons employed

Key : Priv=Private Sector Employment LF=Total Labour Force CGE=Central Government Employment
TPSE=Total Public Sector Employment FS=Formal Sector wage employment

Sources: ILO-WEP Database, ILO-Yearbooks, various national estimates.

The Perspectives of Social Partners on Adjustment Policy Reforms

The social partners, i.e. organisations representing employers and employees, have developed different perspectives on these employment and labour market impacts. These may be schematically summarised as below.

Employers Organizations. The structural adjustment programmes have received both support and opposition from the key employer or manufacturing organisations across the region. Their reactions varied with different components of the programmes. For example, there was strong support for the removal of restrictions on access to foreign exchange as well as for removal of various types of price controls. On the contrary, there has been some intensive lobbying against a number of aspects of the trade liberalisation. It has been argued that import liberalisation had led to massive imports, and calls for the protection of domestic producers have been voiced. Employers have also campaigned for relaxation of redundancy laws, to enable employers to declare workers redundant without too much bureaucracy. They argued that some of the components of structural adjustments were adversely affecting the volume of operations and their profits which made it inevitable to restructure their work forces.

Trade Unions. As a result of the challenges to the workers arising from the implementation of SAPs, trade unions have increased their involvement in economic reforms and related discussions. Trade unions have in recent years more strongly developed and presented their views on SAPs -- as evidenced by for example the *Beyond ESAP* project of the Zimbabwe Congress of Trade Unions. Trade unions have also been involved more in negotiating terminal benefits with employers, as part of redundancy measures. Moreover, trade unions increased the activities on educating their members about the effects of SAPs. The trade union movement is seeking to develop closer links with informal sector which it had hitherto ignored. It is hoped that this will help to initiate outreach programmes aimed at, among other things, developing skills in the informal sector. This is in recognition of the informal sector's critical role in creating employment for those retrenched from the formal wage sector.

As regards the overall impact of adjustment on tripartite structures, the evidence indicated that there had been systematic attempts at consultation in the 1970s but that since the 1980s, consultation on economic policy issues took place almost exclusively between the ministries of finance and the external donors. There was a need, therefore, for social partners to increase their effort to assess the impact of these policies on the economy in general and their members in particular. This would form the basis for effective policy advocacy and the formulation of alternative proposals for economic policy across the region.

Table 4: Perspectives on Selected Policy Reforms

<u>Policy Reforms</u>	<u>Supportive of present implementation</u>	<u>Seeking alternatives to present implementation</u>
A. Import Liberalisation	- Consumer Organisations - Manufacturers (raw material)	- Employers (finished products) - Manufacturers (finished products) - Trade Unions
B. Devaluation	- Employers (Export-oriented industry) - Manufacturers (Exporters) - Trade Unions (Export industries)	- Trade Unions (Non-export sectors) - Employers (Importers) - Manufacturers (Importers) - Consumer Organisations
C. Removal of price controls	- Employers - Manufacturers	- Consumer Organisations - Trade Unions
D. Privatization and Retrenchment	- Employers - Manufacturers	- Trade Unions
E. Relaxation of Redundancy Procedures	- Employers - Manufacturers	- Trade Unions

The discussions at the National Seminars emphasized the need for a different *consultation policy* by governments. Calls from various sides were made for initiatives from the governments to specify methods of consultation with social partners and the wider civil society on a frequent and regular basis. The four areas which such consultation would need to cover would include the following:

- *economic policy*: especially with a focus on the design and implementation of specific adjustment policy reforms, in particular trade liberalization, privatization and public sector reform, taking full account of the employment implications;
- *employment policy*: the focus and content and project/programmes to be implemented as part of a drive to increase employment opportunities and improve productivity;
- *social dimensions of adjustment*: specific targeted measures to deal with groups directly negatively affected by adjustment policy reforms;
- *research on labour markets and employment*: identifying areas where additional information is needed to come to a better understanding of the functioning of the labour markets and the impact of macroeconomic adjustment policy reforms on employment and wages.

Table 5 below present a summary of the follow-up actions suggested based on the discussions for each country. The table may form a starting point for identifying follow up initiatives to initiate 'best practices' in the area of consultation as well as the four areas of policy.

Table 5: Follow up actions recommended at the National Seminars

	Uganda	Zambia	Kenya	Tanzania	Zimbabwe
Consultation Policy	- convene national fora's on adjustment policy reforms; - improve tripartite consultation;	- extend annual budget consultation to include all social partners; - tripartite consultation prior to agreeing the PFPs;	- invite trade unions to consultation and/or negotiation with IMF-WB; - consult on PFP prior to adopting it;	- improve transparency and accountability of public expenditure; - make consultations part of the budget process and include tripartite and civil society groups;	- increase consultation between unions, business and government through a Labour Market Commission;
Economic Policy	- revise privatization approach to ensure national participation;	- accelerate investment through low real interest rates; - selectively implement trade liberalization; - restructure public enterprises before privatisation;	- ensure fiscal discipline to prevent rapid devaluation and hyper inflation; - improve administration of import taxes towards level playing field;	- design privatization appropriate for Tanzania with no stock exchange yet and debt overhang; - continue to implement civil service retrenchment - intensify revenue collection efforts; - review speed of tradeliberalization for manufactures;	- ensure that privatization allows national participation through unit trusts for national shareholders only;
Employment policy	- adopt anti-poverty employment policy with focus on improved productivity in the informal sector - reduce obstacles to informal sector operations	- develop and implement an employment policy in conjunction with SAPs focusing on training/skill upgrading;	- implement an employment policy with a focus on informal sector productivity;	- intensify redeployment training programmes; - strengthen informal sector associations; - credit and technical support for the informal sector;	- define a national productivity strategy; - private sector training; - education system should be skill oriented; - pursue employment intensive growth, including through wage subsidies;
Social Dimensions of Adjustment	- implement programmes to assist retrenched workers; - give execution and management of SDA programmes to NGOs; -- use basic needs approach to define minimum and living wage;	- reform and enforce retrenchment laws and procedures; - intensive training of government; - define poverty datum line and move minimum wage towards it; - improve functioning of safety net systems;	- expand retraining programme for public and civil service reform; - devolve management of the SDD program components to other ministries and NGOs;	- increase expenditures on the social sectors; - provide safety nets for vulnerable groups;	- gear social funds towards general social measures;
Policy Research	- survey constraints to employment expansion in the private formal sector; - study informal sector problems;	- survey labour force and improve analytical capacity;	- study constraints to entering the informal sector; - study employment, growth and welfare effects of import liberalization	- research the linkages between the formal and the informal sector closely; - generate consistent poverty assessment data over time; - assess productivity changes in the informal sector; - improve employment database;	- need to improve the efforts of the CSO data collection; - more linkages between researchers and policy makers; - more gender related policy research;
Other	- ensure fight against corruption;	- negotiate debt relief and rescheduling;	- focus on management improvement in the public sector enterprises;		- budgeting process has to be improved; - review Manpower Act 1984; - review land distribution issues;

The above summary of recommended follow-up actions emerging from the five national seminars, gave rise to the following agenda issues which warranted discussion at the Regional Seminar. For each of these agenda points the specific objectives as well as the mode of implementation will need to be spelled out, as well as the implications for governments, social partners and international development agencies, including the International Labour Organization. These five key issues and the objectives which they seek to achieve are presented in the Table 6 below.

Table 6: Key Issues and Objectives for Future Adjustment Programmes

Key Issue:	Objective:
Comprehensive Consultation Policy	The objective of a comprehensive consultation policy is to make consultation a regular and repeated element of the design and implementation of adjustment programmes and economic policy formulation more generally.
Capacity Building by the Social Partners	To facilitate participation of the social partners in the formulation of economic policy.
Review of the Design and Implementation of Adjustment Policy w.r.t Employment	The objective would be to review the employment impact of adjustment policy reform, in particular of: a. trade liberalization with a focus on: - the harmonization of various regional trade agreements (SADC; COMESA etc.) - the speed and selectivity of import liberalization; b. civil service and parastatal reforms with a focus on: - priorities and quality of service delivery and maintaining or upgrading skills within the public sector; c. privatization, with a focus on: - work force restructuring as an integral part of the privatization process; - identifying mechanisms for retaining part of the ownership by employees, management and/or national institutions.
Formulate and Adoption of National Employment Policies and Strategies	To promote employment as a priority in national economic and social policy, and to improve the productivity of labour. To stimulate economic growth and development, reduce the incidence of poverty, and improve the levels of living, by minimizing unemployment and underemployment, and maximizing the utilization of labour and human resources. The National Employment Policy will seek to focus on the removing of constraints which impede investment in general and employment-intensive growth in particular
Employment Monitoring	The objective of employment monitoring is to make an employment policy impact analyses before starting and/or during adjustment, especially at the time of the agreeing a new 3-year policy framework paper (PFP)

2.2 A Review of Zimbabwe's Adjustment Experience

Godfrey Kanyenze, Director of Economics, Zimbabwe Congress of Trade Unions, Harare, Zimbabwe.

Godfrey Kanyenze began by explaining the orthodox adjustment model which makes a distinction between tradables and non-tradables. It states that non-tradables are goods and services that cannot be traded on the international market, while tradables compete with other producers from abroad. The presenter noted that structural adjustment seeks to shift resources to the production of tradables and to achieve this, expenditure switching is necessary. He cited devaluation as one way of moving resources to the production of tradables. He made a distinction between real production wages and real consumption wages. In the tradable sector, real product earnings have fallen more than in the non-tradable sector. Nevertheless, the growth and expansion of employment as predicted by the orthodox model had not materialized.

The presenter noted that wages are the main source of income for urban households, therefore their decline explains, to a considerable extent, the increase in poverty. From a poverty perspective, the presenter noted that the incidence of poverty has been rising in Zimbabwe. Simultaneously there has been a massive expansion of the informal sector.

He said that it was difficult to assess whether it was ESAP, the drought that hit Zimbabwe, or the high debt problems that caused the deceleration of growth. In Zimbabwe it was not only a problem of implementation, but also one of *design* of the programme. On the design of ESAP, the presenter said there was very little consultation in the programme. As a consequence there has been a focus on achieving financial targets rather than addressing the problems of capacity and inequity in the distribution of resources, such as land, working capital, etc.

His recommendations focused on the following:

- the Government should identify ways of pursuing an employment-intensive growth strategy;
- to ensure proper co-ordination and harmony of labour market policies, a Labour Market Commission (LMC) should be established so as to improve the administration. The LMC should be based on close and active participation of social partners;
- the need for strengthening the capacity for policy analysis, formulation and implementation of the representative organisations of employers and workers;
- the development of an education and training system geared toward employment creation;
- the need to create flexibility through decentralisation and semi-autonomous institutions;
- the need to promote private sector participation in human resource development especially in the provision of firm specific skills;
- the need to review the Manpower Planning and Development Act, 1984.

Discussion

One participant wanted to know to what extent Zimbabwe had really followed the adjustment approach. Would it not be true that if it had consistently done so, the outcome would have been different. A key objective is stabilisation and keeping the fiscal deficits small. However, the deficit had widened tremendously during the ESAP programme.

In response to the comment, others noted that the Government of Zimbabwe had implemented the programmes as outlined. A recent paper by Prof. Davies of the University of Zimbabwe had shown that inflation, following devaluations prescribed by the programme, had eroded tax revenues to a much greater extent than anticipated.

It was noted that the issue of dualistic economy in Zimbabwe seemed to suggest that SAPs were not receiving significant responses from the rural non-commercial sector. He wondered whether structural adjustment is an appropriate term in a situation where the structure is not responding. It may therefore be considered an adjustment programme, but it is not a *structural* programme.

In response, the presenter argued that instead of waiting for growth to deliver employment as had been the case in South East Asia, growth should now be focused on employment creation. On the issue of dualistic economy, he noted that there had been a great deal of political pressure to resist change, for example in the areas of land redistribution and indigenization, which had tended to raise the level of social tension.

It was observed that although Zimbabwe had started SAPs later, and thus had the benefit of knowing the pitfalls which other countries had faced, the experience and performance had not differed from other countries. Issues not properly addressed related to the labour market and employment and the entire region needed to focus on poverty and employment. There was a need to review SAP.

Finally, the presenter noted that SAP is encouraging Sub-Saharan Africa to compete as individual countries. However, most countries survive because of their linkages with others through regional agreements, see for example the European Union. Therefore, the idea in Africa should also be to complement one another and work much more as a region with a stronger focus on regional co-ordination and integration.

The IMF observer to the Regional Seminar, Mr. Pierre Dhonte, Senior Advisor, African Department noted that market response is indeed crucially important. In his personal view, the problem of Zimbabwe was that of an overly dominant Government sector. It was well-understood that a market economy also has a need for government programmes etc. but an appropriate balance between the public and the private sector was yet to be established. Zimbabwe's case was not representative as it had not yet recovered from the inflationary phase and its stabilisation had not been completed. However, there should not be a discontinuation of the current approaches and programmes because of these problems.

3. Session III: Employment and Labour Markets During Adjustment in Uganda

Chair: Mr. Aneas C. Chuma, UNDP Resident Representative (Acting-in-charge), Uganda

3.1 Research Issues on Adjustment in Uganda

Fred Opio, Executive Director, Economic Policy Research Centre, Kampala, Uganda

Uganda has been at the forefront of implementing major adjustment policies for nearly a decade with some impressive results. The economy has grown on average about 6 per cent per year and the overall economic activities have stabilized. This growth is mainly export led, propelled by government expenditure and donor assistance. To achieve this, the Government of Uganda has adopted seven broad policy strategies under SAP based on:

- stabilization of the economy through restoration of fiscal and monetary discipline;
- liberalization of the market system;
- rationalization of the exchange rate;
- minimization of balance of payment problems;
- privatization and rationalization of State enterprises;
- downsizing of the civil service and the army; and
- liberalization of interest rates to make the financial markets more efficient.

These strategies were vigorously pursued with the financial and technical assistance of the international financial agencies and the support of NGOs and civil society. The commitment of the Government of Uganda to this course provided the basis for a coherent set of policy actions which yielded rapid economic growth and is now seen as one of the success stories in Sub-Saharan Africa.

Strategically, SAPs objectives did not address the issue of poverty reduction because it was widely believed that by stabilizing the economy, the *trickling down effect* would ultimately lead to poverty reduction. This view, which was commonly held by policy makers in Uganda, is losing credibility. Available evidence suggests that the incidence of poverty in Uganda has decreased under SAPs, but not in all regions. Social indicators on health, education, nutrition and life expectancy have worsened in the past ten years. However, the major causes for the worsening poverty situation do not seem to be linked directly to SAP. Historically, Uganda's civil strife, its high population growth rate and the HIV/AIDS epidemic have exacerbated the poverty situation to such an extent that it is not possible to conclude that without SAP, the poverty situation would not have grown even worse. Qualitative surveys indicated that at least 52 per cent of the population believe that SAP policies have improved their economic status. However, over 40 per cent identified specific SAP policies which they believed exacerbated their poverty condition (e.g. retrenchment, increased taxation, cost sharing etc.). It may be argued that SAP's achievement has contributed to the levelling-off of the incidence of poverty in Uganda; there is no evidence to show that the poverty condition would have improved without SAP. Although economic stabilization in Uganda appears to have minimized the likely worsening of the economic situation created in the 1970s and 1980s, the programmes are, however, not a sufficient condition for poverty reduction.

Therefore, a major policy research activity need to be undertaken to guide decision-makers in developing a national long-term perspective programme of action. In this regard, the independent Economic Policy Research Centre (EPRC), located at Makerere University Campus, is currently involved in a wide-range of policy oriented research on poverty and macro-economic issues. This research seeks to provide baseline information and policy guidance to policy makers. Central to the EPRC's concern is to undertake relevant demand-driven policy studies, to guide

policy makers to make more rational decisions. Coupled with that, the EPRC is also concerned with conducting relevant research which will form the base for the future policy framework. The Centre works closely with the Ministry of Planning and Economic Development, the Ministry of Finance and the Ministry of Agriculture etc., to ensure that policies are far-sighted and realistic.

In view of this objective, the EPRC's current research focuses on:

- poverty analysis;
- macro economic issues;
- informal sector evaluation;
- trade and agricultural sector policy analysis; and
- labour productivity and wage rationalization.

The EPRC's Executive Director explained that current research activities at the centre have tended to focus on macro economic issues, but that poverty analysis is now taking the lead. As an economic policy research institution a great deal of emphasis has been placed on independent research on economic issues. However, there is a clear need for a multi-disciplinary approach to policy research. Future policy research would have to be more broad-based, bringing into play other institutions involved in socio-economic analyses and with expertise of other technical and environmental issues in order to integrate our population's aspirations more meaningfully.

While such research output has been used by Governments to develop its medium-term policy framework, the Centre now plans to expand its horizon and *build capacity* for policy analysis within Government and the private sector. To support this, a *Staff Secondment* as well as a *Young Professional* scheme have been initiated. The former aims at building analytical capacity within Government and the private sector to undertake specific policy analysis for the respective Ministry/Department etc. Two or more senior officials from Government/Private Sector can now be attached to the Centre for three to six months to work on a specific policy-oriented research project of particular interest. In this way more demand-driven research can be undertaken by a member of staff of the Ministry/Department, guided by the staff of the EPRC.

The Young Professional scheme is longer-term, aimed at building a capacity for future policy analysts to meet as yet undefined future demands. Such Young Professionals are chosen from a pool of Masters graduates and higher, who are contracted to the Centre for three years. During this period, they are taught skills to undertake policy analysis and other research activities thereby enhancing their ability to carry out independent research at a later date. Other forms of capacity building are also being pursued, especially in collaborative research with local institutions and individuals keen to undertake research.

The Executive Director took the opportunity to invite fellow participants who have a research orientation to join with the EPRC in its research effort of providing our policy makers with the necessary information for a more rational decision making process. He said that we all owe it to our African continent, for her future depends on what we can offer today.

In conclusion, he noted that the main research focus of the EPRC has been on macro-economic issues and poverty. It is envisaged that the emphasis will be shifted to agricultural and trade policy issues by 1997. However, it is still anticipated that poverty issues will remain a dominant theme given the Government's concern with poverty. In this regard, studies on poverty will continue to aim at identifying and examining how best Uganda can achieve and maintain a high-level of economic growth with equity, thus achieving long-term sustainable development with a human face.

3.2 Uganda's Experience of Employment and Labour Markets During Adjustment

Germina Ssemogerere, Makerere University, Kampala, Uganda

Germina Ssemogerere briefly described Uganda's structural adjustment programmes and elaborated on its weaknesses and missing links. She observed that even though SAPs in Uganda had formally begun in 1987 in the form of a stabilization phase -- named the Economic Recovery Programme -- serious implementation of structural adjustment programmes had only started in 1990. Notwithstanding the nine year history of stabilization and adjustment, she argued that up to the present date, no comprehensive employment policy framework was in place to trace the responses of labour markets to adjustment. Employment data are a key indicator of equitable growth and hence she emphasized the importance of time series data to monitor the changes in the labour market. She further observed that the following initial conditions should be considered in planning for employment and the labour market in Uganda:

- a massive underutilisation of labour - she noted that on average each person works for only 3 hours a day according to a recent ILO study;
- most of the retrenched people still need to be redeployed - she noted that government owes an explanation to the majority of the retrenchees whom were not redeployed. Even the workers who remained had expected specific incentives which they have yet to receive;
- self employment is the largest component of total employment (about 80 per cent) and yet there is very little information about it;
- the lowest quartile of the households (about 40 per cent of the population) receives only 8.8 per cent of the total income.

The presenter described the different segments of the Uganda labour market and emphasized the importance of knowing how each segment of the labour market has responded to adjustment. The rural labour market is segmented into three components: (i) the self employed small holders (below 12 hectares); (ii) the small holders and small estates using hired labour; and (iii) the large estates. Each of these have responded quite differently to the adjustment programmes. Under adjustment the share of the international price received by producers, especially for coffee, improved because of the elimination of inefficient public marketing. However, for the first segment of smallholders, who comprise the largest share of the agricultural sector, export commodities represent only a small share of their production: most of their products are for own consumption or for the local market. She noted that although the marketed surplus of food crops is little, it provides around 20 per cent of the farm income. She stressed the need for further research about the marketable surplus for food crops and regarding the off-farm sector which generates about 40 per cent of rural income (charcoal burning, fishing, Boda Boda, etc). The evidence appears to indicate that the improvement of the share of international prices accruing to these small farmers has had only a limited impact in terms of their income. Moreover, the market liberalization took place at a time when the international price of coffee had collapsed.

She noted that there is always hostility on the part of Government vis-a-vis the labour unions since they can not agree to downwards wage flexibility. She mentioned the following advantages of organised labour:

- it can play a constructive role in human capital formulation;
- it enhances discipline at the work place;
- it encourages safety standards at work and leads to formulation and enforcement of appropriate labour contracts.

She therefore argued that labour unions should be encouraged, through an appropriate policy framework for industrial relations, to work in partnership with employers in the liberalized

market environment.

The presenter recommended several actions for follow-up:

- a labour market policy which widens the conceptual framework of adjustment should be drawn up;
- government should be assisted to generate up-to-date data on each segment of the labour market. This should replace the use of 'unchecked assumptions' in the planning process;
- tracer studies of what is happening to the displaced labour force as well as demobilized soldiers are urgently required;
- the policy making process should be increasingly democratised. This could be done through broad based consultations; in Uganda the experience of the National Forum had been encouraging. It had become clear that such a National Forum needed support and capacity building in order to formulate alternative programmes.

Discussion

One participant asked about the nature of the relationships between adjustment, employment and poverty. Could adjustment be specifically blamed for any set back or slow developments with regard to employment and poverty reduction? The presenter responded by observing that only snap shot data was available and that there was no system for monitoring employment in place; there are no trend data to show the precise changes in employment and labour conditions over the structural adjustment period. The important question could not be conclusively answered for Uganda at this point in time.

Another participant noted that it was clear that the implementation of the retrenchment programmes had been faulty - too small packages, delayed payments, a disregard of original contracts. etc. Could the trade unions have been actively involved in the retrenchment process? The speaker answered that at the same time as retrenchment was taking place, there had also been some new recruitment in some institutions, which had changed the composition of some of the service but not the numbers. She observed that involvement of the trade unions would have contributed to dealing with the retrenchment and the new recruitment in a fair and transparent way.

3.3 Employment and Poverty Reduction in Uganda

Fred Opio and Marios Obwona, Economic Policy Research Centre, Kampala, Uganda

Marios Obwona, who presented the paper, started by recognising the many difficulties in defining poverty. He noted that the definition which they had used relates to a state of low economic as well as social welfare. He presented the poverty profile in Uganda in brief drawing on the data of the Integrated Household Survey (IHS), which had been conducted during 1992/93, and the first and second annual monitoring surveys done respectively during 1992 to 1993 and 1994). The authors observed that there appeared to be a consistent *decline* in the incidence of poverty between the three surveys. However, the incidence of poverty had remained high overall with estimates ranging from between 48 to 36 per cent. Moreover, it seemed to have increased in the Eastern region of the country to 52 per cent, while remaining very high in the Northern region, though reduced from 61 to 53 per cent. He further noted that about 80 per cent of the non-poor in all regions except the North live in the urban areas compared to 37 per cent in the rural areas.

The data did not indicate any significant difference between male and female groups.

The challenge for poverty reduction in Uganda appears to lie in the improvement and provision of social services in the rural areas as a whole. These include:

- Feeder roads, communication and markets;
- Schools, teaching materials and libraries;
- Health centres, clinics, drugs;
- Recreation facilities and other services, etc.

According to data from the Ministry of Health, less than 10 per cent of the population in the rural areas were reported to have access to safe water supply, proper sanitation and adequate food supply.

The government's efforts in spearheading the various programmes aimed at both alleviating poverty and increasing the productivity of the vulnerable groups should be recognised. Such programmes include:

- Programme for the Alleviation of Poverty and Social Costs of Adjustment (PAPSCA);
- Karamoja Development Programme (KDP) for pastoral communities in North-eastern Uganda;
- Northern Uganda Reconstruction Programme;
- Entandikwa Programme;
- Formation of a National Task force to produce an Action Plan for Poverty Eradication.

The presenter noted that the informal nature of most employment in Uganda is limiting the scope for generating comprehensive employment data. He further advocated for disaggregation of subsistence self employment and other forms of self employment. He observed that 80 per cent of all workers and more than 87 per cent of rural workers are employed in agriculture -- mostly in household farming which tends to be very labour intensive. He therefore called for a number of interventions to improve the incomes of the poor:

- modernization of agricultural sector;
- encouragement of rural enterprises;
- encouragement of urban informal sector employment;
- the creation of labour-intensive employment programmes.

Discussion

One participant commented that although the urban informal sector is an important sector, it faces numerous problems. Whereas political leaders are praising the enterprises and workers in the sector, the sector is not given incentives to create more employment. The same participant observed that it is important to have an active agricultural policy framework to address the problem of emergencies like famine and drought.

Another participant noted that the Entandikwa scheme was not appropriate given the level of illiteracy of the loan recipients. He feared that funds would not be used profitably. However, as a point of information, another participant clarified that actually some of the loans were already being repaid. He informed the seminar participants that Entandikwa was a soft loan programme administered by the government which was attracting a 12 per cent interest rate; the loans were allocated on the basis of projects written and submitted by potential beneficiaries.

Other issues which came up in the discussion related to the failure of SAPs to cover household poverty considerations while addressing macroeconomic imbalances. There was also widespread

agreement that SAPs had ignored the importance of consultations. Such consultations should cover the wider civil society institutions.

Yet another participant noted that the best way to reduce poverty is to avail households of certain basic needs. However, during SAPs the budgets for social services had declined -- hence the prevalence of cost sharing. He inquired what was known for Uganda about the effect of cost sharing on the incidence of poverty.

Fred Opio, one of the authors of the paper, commented that poverty issues had not been given due consideration because a trickle down effect from renewed growth and economic stability had been anticipated. However, the experience appeared to indicate that this trickle down was minimal, while the costs of adjustment had been '...pouring down'. Therefore, he called for equity-oriented policy interventions.

3.4 A Trade Union Perspective on Adjustment in Uganda

Lyelmo Ongaba, Secretary General, and Lawrence Egulu, Economist, (formerly) National Organization of Trade Unions, Kampala, Uganda

Secretary General Lyelmo Ongaba addressed the Regional Seminar and reviewed the labour relations situation in Uganda during adjustment. He observed that there had been many instances where the gains from the adjustment programmes appeared to accrue only to owners and senior management, without yielding benefits to the majority of workers. The agricultural plantation workers, which he had represented for many years, continued to receive very low wages and had found their attempts at representation thwarted through political interference as well as police actions.

Mr Ongaba requested Lawrence Egulu to present the NOTU trade union perspective on adjustment in more detail. Mr. Egulu describe briefly the different trade unions which are operational in Uganda. He noted that a great number of trade union members work in the public enterprises and the civil service. He noted that many of the unions were representing the so-called 'group employees' -- those not working under permanent contracts of employment. Given the fact that the group employees were the worst hit during retrenchment, this had a significant negative effect on trade union membership. In addition to retrenchment, the privatisation of public enterprises was also a major factor. In general, he observed that the shrinking of the formal sector had left trade unions with a sharply reduced base from which to recruit.

He made the following recommendations:

- there is a need for decentralised bargaining with employers' organizations;
- the minimum wage bill should not be overlooked because it protects the lower category workers who are generally poor;
- trade unions should be involved in the privatisation of public sector enterprises and also in retrenchment;
- privatisation should also allow indigenous people to invest and utilise local resources. In particular, workers should have preferential access to buying shares in the newly privatised companies;
- there is a general underfunding of the Ministry of Labour to the extent that the staff does not have the logistics to execute labour-related inspections and monitoring;
- the power of the industrial court is jeopardised because of governmental interference;
- in the case of disagreement between employers and employees, compromise and negotiation rather than force should be used to solve the problem. For example, using the

- armed forces to curb workers' strikes should be ruled out;
- there is a need for tracer studies about the different retrenchment employees. This would make it possible to help them resettle.

Discussion

Participants noted that it was important to retrain and counsel the retrenchees. They observed that this had been recommended by the Public Service Reorganisation Committee (PSRC) but that this had not worked out at the implementation stage. They wondered which institution had been responsible for this failure of implementation of the retrenchment.

One participant asked whether there had been any benefits from SAPs for the trade unions and, if not, whether they had proposed an alternative framework. The presenter responded that SAPs actually missed the point. He observed that it was impossible to restructure an economic system without consulting the social partners. He noted that the SAPs had created macro-economic stability but that the social component had been wholly ignored. He emphasized that there was an urgent need for 'adjustment with a human face'.

Another participant inquired about the structure of the industrial court. He argued that the present structure may be a factor which encourages political influence. Various participants shared the view that some political influence is inevitable, given that the President of the Court is selected by the Minister of Labour.

3.5 A Management Perspective on Adjustment in Uganda

Ezra Suruma, Chairman of the Board of Directors, Uganda Airlines Corporation, Kampala, Uganda

The Chairman of the Uganda Airlines Corporation, Ezra Suruma narrated how the country's economic systems had been broken down completely and how work ethics had been eroded before the commencement of SAPs in 1987. The whole economy had been characterised by shortages and speculation where trading commodities was virtually the only way of making a living. The initial objective of SAPs had been to bring back some sense of economic order. He noted that SAPs have been accompanied by economic growth and stability, by the liberalisation of interest rates, exchange rates and prices, low inflation, public enterprise reform, reduction in the public service work force, etc. He stressed the benefits of SAPs because they had made some enterprises more active. To explain this perspective he presented two case studies of public sector enterprises which, under new management and operating in the changed adjustment context, had improved performance dramatically, although with a reduced work force. The two cases he analysed were those of the Uganda Airlines Corporation (UAC) and of the Uganda Commercial Bank (UCB), the largest bank of Uganda. Dr. Suruma based his account on his first hand experience as Chairman of the UCB during the period of its restructuring from 1992 to 1996 and his Chairmanship of the UAC since the early 1990s to the present.

Uganda Airlines Corporation was heavily dependent on subsidies ever since its creation in 1976. For example, throughout the early 1980s the airline could not even generate enough resources to cover its fuel bills. The corporation was severely overstaffed and on average employees worked only 15 days a month. In 1985 a government directive was issued cancelling all subsidies to parastatals, including the UAC. A restructuring study was undertaken and staff was made redundant; however, the study did not succeed in coming up with a new organizational

structure. In the early 1990s, in a context of accumulated debts and arrears, the flight schedules were revised and the airline concentrated on its regional and domestic network, cancelling its flights to several European cities. Further redundancies were made and new aircrafts were leased. At present the airline succeeds in meeting its operating expenses from its earnings; its debt has been restructured and reduced. One lesson is that some of the losses were a consequence of government policy failures, including non-payment for services as well as directing the airline (in the early 1980s) to absorb demobilized soldiers into the corporation. A second lesson is that retrenchment contributed to restructuring the corporation and improving its viability. Finally, the corporate strategy needs to take into account the main assets (for example, routes and landing rights) and devise a competitive business plan around these. It was for these reasons that the speaker concluded that privatization of the airlines was inevitable and would improve its long term viability.

The presenter also analysed the case of the Uganda Commercial Bank (UCB) - the largest bank in the country which is wholly owned by the government. He noted that the major problem identified with the UCB was that its wage bill was too high. The size of its labour force was greater than what it could afford to pay. Quite a number of branches were loss-making, which amounts to saying that deposits were used for the running costs of the branches. To solve this escalating problem a number of programmes were implemented in two distinct phases which reduced the staff levels by more than 50 per cent from 3459 to 1689 persons:

- request for early and voluntary retirement were invited; this was taken up by 229 employees;
- another 320 employees were retrenched;
- bank employees who owed the bank more than US \$ 100,000 were requested to leave the services and manage their projects using the borrowed funds;
- about one third of the branches were closed while others were converted to and the staff laid off;
- in 1994 further staff reductions were carried out leading to 677 persons leaving the UCB.

Dr. Suruma noted that after this massive retrenchment, the bank was indeed able to cover its operational costs. The lesson which could be drawn from the UCB experience was that public sector management can function better during adjustment, provided that government does not constrain or interfere with management decisions. Although he defended SAPs and retrenchment in particular from the management perspective, he agreed that there was a severe dislocation of public enterprise employees. He raised the following issues on retrenchment:

- retrenchment had taken place without adequate resettlement because of the absence of retraining, counselling or business credit programmes;
- the labour market lags behind the macroeconomic adjustment and this presents itself as a conflict between macroeconomic objectives such as growth, deficit reduction etc. and microeconomic objectives of creating better income opportunities at the household level;
- the absence of adequate labour market information makes well grounded policy initiatives in this area especially difficult.

He noted that for UCB the need for restructuring had not just come from Government and the international donors but also from within the bank itself. Despite the considerable success achieved by the UCB in turning around its operations, the World Bank apparently felt that restructuring was not the desirable alternative -- it continued to push the Government to opt for wholesale privatisation of the UCB. By 1996 the UCB was operating profitably but the privatisation controversy was foremost in the workers' minds and this had led to low morale,

instances of embezzlement, etc.

He concluded by noting that the issue of employment had not had received sufficient advocacy in the SAPs. He had questioned representatives of the Bretton Woods institutions why employment growth is not an explicit target in SAPs. In the case of Uganda, the response which he had received from representatives of these institutions was that unemployment was not a problem because people are self-employed in the rural sector.

The presenter called for broad based consultations between the donor community, government, employers and employees at the time of the development of the programmes. For example, on retrenchment he recommended that although it is inevitable in the process of enterprise restructuring, there should be ways of absorbing and/or retraining the retrenched workers.

Discussion

Asked to identify the specific factors that led to the revitalisation of the UCB and Uganda Airlines, Dr Suruma noted that for the UCB it was due to political support and though but courageous management while for Uganda Airlines it was a combination of good board management, consisting of only professionals, with a minimum of political influence and a good choice of managers.

Another participant asked whether there were other good side of SAPs, apart from those mentioned by the speaker. The presenter pointed out that for example trade and exchange rate liberalisation had increased the range of goods available in the shops. However, he noted that although the range of goods had increased many people still could not afford to buy them.

4. Session IV: Employment and Labour Markets During Adjustment

Chair: Ishrat Husain, Director, Poverty & Social Policy Department, World Bank, Washington DC

4.1 The Case of Tanzania

Godwin Mjema, Economic Research Bureau, University of Dar es Salaam, Tanzania

Godwin Mjema set out that the objective of his presentation was to analyse how structural adjustment programmes have affected employment and labour markets in Tanzania. SAPs were introduced in Tanzania in the early 1980s -- some 14 years ago. The government of Tanzania undertook to:

- raise the GDP growth rate to around 5 per cent per annum;
- reduce inflation from the level of over 30 per cent to a single digit level;
- to correct both the internal and external imbalances in the economy.

To achieve the above objectives, the government decided to (i) privatise a great number of the 400 parastatals which had been created between 1967 and 1990. It had been hoped that this would help to create new employment opportunities. However, nearly all of them turned out to be inefficient and loss making and they did not expand their labour force; (ii) lay off between 50,000-70,000 employees during the 1990s; (iii) freeze wage payments levels in real terms; and generally liberalise the whole economy.

In his analysis how the above had affected employment and labour markets, Dr. Mjema noted the following:

- Formal wage employment in the agricultural sector has declined due to the collapse of large scale farming in the sector. However, tourism, forestry, fishing and construction have registered an increase in formal wage employment. Formal wage employment in the manufacturing sector is also declining.
- There is no convincing evidence to suggest that the retrenched civil servants are being absorbed by the private sector. As a result, these retrenchees are meeting a lot of hardships. Moreover, the university graduates who previously would have been absorbed by the public sector are now unemployed and their productivity is lost;
- As a result of the above mentioned developments, informal sector activities have increased.

Available figures indicate that urban informal sector activities formed at least 20 per cent of GDP in 1984 and that this figure had increased to 33 per cent of GDP in 1990.

Discussion

A number of questions were raised by the presentation of the case of Tanzania. These focused on four key issues: (i) the likely future developments; (ii) gender bias; (iii) legal reforms required; and (iv) the relationship between the formal and the informal sector. In particular:

- What are the prospects for employment expansion in Tanzania for the next 10 years?
- Is employment skewed in favour of males?
- What kind of legal reform of labour laws will be required in Tanzania?
- How is the relationship between the formal and the informal sector changing in Tanzania?

The presenter expressed the view that the structure of employment in Tanzania is not likely to change a great deal over the next decade. This was despite the fact that the Government of Tanzania will continue to focus on employment creation and there are programmes to re-direct the youths from urban to rural areas.

Employment in Tanzania, like elsewhere, is skewed in favour of men. Moreover, women generally occupy lower positions. Amongst many other reasons, it may be noted that the levels of education for men and women are not the same. Women are not adequately provided with education to the same level as men, partly because parents are more likely to educate boys rather than girls. However, the government is trying to put policies into place to redress the gender bias. Women should be protected so as to ensure equal work for equal pay. It was noted that women over their life cycle are likely to be off their jobs for some periods. Among other things, for example, day care facilities should be encouraged so as to allow women more time at their jobs.

4.2 The Case of Kenya

Gerrishon Ikiara, Department of Economics, University of Nairobi, Kenya

Gerrishon Ikiara explained that his joint study with his colleague Njuguna N'dungu aimed at documenting the impact of structural adjustment programmes on the labour markets of Kenya and to analyse how trade unions, employers' organisation and other labour market institutions could take a pro-active approach to economic adjustment. Drawing on the framework paper of Van der Geest and Wignaraja, he emphasized that the overall purpose of such a review is to contribute to the formulation of employment and labour market policies which aim to safeguard employment which is needed for long term growth and development.

Kenya had started the SAP programmes in the early 1980s but implementation of the programme had been slow and deficient throughout the 1980s. Therefore, the analysis of the impact of SAPs on labour market is limited by the short period of the analysis, i.e. 1991 to 1995. It was clear that SAPs in Kenya were not very well perceived as shown by the following:

- during the period 1980 to 1984 the government had vaguely introduced SAPs but not much happened;
- during the period 1985-1991, government had increasingly accepted SAPs but implementation had remained very poor;

As a result of the above, in 1991, donors suspended external development assistance to Kenya because the agreed economic reforms were not being implemented at the required pace. For example, out of the 255 parastatals in Kenya, only 8 had been privatised. The required reforms were:

- External trade liberalisation;
- Foreign exchange liberalisation;
- Privatisation;
- Creating an 'enabling environment' for investors, both local and foreign; the political tensions in Kenya have failed to create such an environment.

Mr. Ikiara described some of the qualitative and quantitative changes on the labour market during adjustment by reviewing real wage changes as well as job security. The evidence showed that real wages have gone down tremendously. However, he noted that even before SAP's firm implementation, the real wages were not rising. The consensus was that these reductions can not simply be blamed on SAPs and that the determinants of the real wage levels, such as demographic shifts, skills and productivity changes, the investment levels and structure, etc. etc. had also moved unfavourably. Job security had substantially gone down and become virtually non-existent for the majority of persons in the labour force.

Discussion

There appears to be a lack of any systematic government policy in Kenya. Government has

intervened in the labour markets in ad hoc way. The government sought to ensure that wages do not increase above productivity, in a bid not to scare off foreign investors. This was one of the possible explanations given as to why real wages in Kenya have been declining. Another possible explanation was that income disparity in Kenya is out of proportion. It was reported that 10 per cent of the population receive 55 per cent of the total GDP. The government has been biased against the informal sector, even though this sector has been growing tremendously over the past few years. This sector needs support as its contribution to GDP is significant.

4.3 The Case of Zambia

Venkatesh Seshamani, Professor, Department of Economics, University of Zambia, Zambia.

Zambia has been taking its structural adjustment programme (SAP) more seriously in the last five years, after years of policy reversals and a stop-go policy with respect to macroeconomic management. Since the MMD government came to power, there have been:

- liberalisation of interest rates through the auctioning of treasury bills as well as liberalisation of the exchange rate;
- reduction of tariffs and trade liberalization; etc.
- withdrawal of the government from the domestic agricultural marketing system;
- extensive reforms in the fiscal area;
- the implementation of a 'stop-payment' system of public expenditure since 1993/94.

By doing the above, Zambia managed to bring down its inflation rate from a very high level of 190 per cent in 1991 to around 5 per cent in 1995.

However, the real question is whether Zambia did achieve the desired objectives of its adjustment programme. The answer to this question can only be a negative one, in view of the following economic and social performance indicators:

- GDP per capita has gone down and the GDP growth rate has been negative throughout the period of adjustment;
- real earnings have declined and real wages are very low -- well below what one may term a 'living wage';
- available figures show that more people are getting poorer. For example, it is estimated that 60 per cent of Zambian population was below the poverty line in 1980 compared to 71 per cent who are below the poverty line in 1992, with further increases likely to be taking place;
- there has been an increase in use of child labour; recent estimates put the number of child workers as high as 1.5 million (mostly in the informal sector);
- other social indicators (such as life expectancy and child mortality) have not improved either.

The implications of the above for employment had been that many people had lost their jobs and that the unemployment rate is very high, only partly due to the retrenchment of civil servants.

The presenter argued that the government had embarked on a two-pronged approach to structural adjustment seeking to combine measures to restore macroeconomic stability with measures to reduce the negative social impact of the programmes through targeted social interventions through safety nets and social funds. Although it could be said that some measure of success had been achieved with regard to the former, the latter had nearly completely failed. The presenter noted that the government had given insufficient priority to the badly needed social expenditures and capacity building in the social sector.

4.4 Zambia's Adjustment Experience: A Comment

Thomas Bwalya, Director of Planning, Ministry of Labour, Government of Zambia.

On a more positive note the Director of Planning of the Ministry of Labour and Social Affairs of the Government of Zambia, pointed out that the government has undertaken several bold steps to move to a liberal labour market for Zambia. Ineffectual administrative structures had been dismantled and state monopolies had been broken up. Attitudes which had been characterised by a dependency on the state for getting a job are changing progressively.

The relationships between adjustment programmes and employment are a subject of intense study and scrutiny in Zambia. SAPs have meant a loss of public sector jobs, while new opportunities were mostly in the informal sector -- recent estimates put formal sector employment at only approximately 15 to 18 per cent of the total labour force. This change presents a crisis for the labour market institutions, in particular the Zambia Congress of Trade Unions and its affiliates, as well as the social security institutions. Their weakness has also meant that the terms and conditions of service have deteriorated, coupled with a lack of social security and unhealthy and unsafe working environments.

The government roles in the labour market are changing in a number of ways:

- though it still is the largest employer with approximately 35 per cent of the formal sector its importance is becoming less. The ongoing public sector reform programme is improving the government's operational planning, the jobs delegation and the remuneration levels in order to stop the exodus of professionals to the private sector and to high pay opportunities in neighbouring countries such as Botswana and South Africa;
- the government's education and training system is being reformed in order to create skills which match the needs of the liberalised environment, implying a shift away from liberal arts to business and entrepreneurial skills;
- user charges in state education and training institutions have led to an increased involvement from the users in the design of the curriculums;

The Labour Market Reform programme of the Ministry of Labour aims to solve problems through liberalization. It is envisaged that this, in the long run, will lead to a situation where the demand for and the supply of labour will equal. Undoubtedly, the programme faces a mammoth task and the Ministry of Labour lacks the financial and technical muscle to execute the reform programme required which will include:

- reform of the social security system as well as of the labour laws;
- review of labour standards as well as the labour administration process;
- improvements in employment services;
- promotion of better placement for training and employment on the basis of merit only as well as improvements in occupational health and safety in work places and productivity in general;
- capacity development at the government level, first to co-ordinate the National Social Safety net policies and programmes and second to provide technical support to labour market institutions.

In summary, the main challenge of the adjustment is for the labour market institutions which have to learn to live with the informal sector. Extending labour standards to the informal economy, especially those relating to occupational health and safety, has been noted and is likely to be implemented within the dictates of a free market economy.

4.5 The ICFTU-AFRO Perspective on Adjustment and Trade Unions

Lawrence Egulu, Economist, ICFTU-AFRO, Nairobi, Kenya

The Sub-Saharan African Context of Adjustment

The development crisis which Africa has been experiencing since the 1970s has been worsening in recent years. The incidence of poverty is increasing in many countries across the region.² The poorest African countries have had to rely increasingly on multilateral institutions such as the World Bank and the IMF. The majority of African countries started implementing IMF and World Bank-supported structural adjustment programmes. The goal of these was to counter the sharp decline of their macro-economic variables as well as their social indicators and to set these economies on a path of sustainable growth. However, SSA has to cope with the adjustment agenda while obtaining limited debt restructuring as the multilateral loans generally have the strictest terms for any restructuring. The current debt situation is the worst in Africa's economic history. Recent studies show that the total figure is now higher than the entire value of the output of goods and services by all Africa's poorest nations. The problems of servicing the accumulated total debt of about US \$300 billion are further aggravated by the fall in Africa's export earnings. Today debt service payments amount to US \$10 billion annually, which is about four times the regional budget for health and education combined!

Added to the above scenario is the social strife in virtually every sub-region of the continent. Islamic fundamentalism has claimed many lives in Algeria amongst whom trade unionists were targeted. The civil war in the Sudan continues unabated; Somalia remains in a state of civil war, whereas Liberia, Sierra Leone and Angola are yet to stabilise. The war in Rwanda, with more than a million lives lost and two million refugees in neighbouring countries, is perhaps the most tragic. Burundi's ethnic divides are a significant blow to its development. Neither have Nigeria or Zaire set good examples to the rest of Africa.

Trade Union Perspectives on Adjustment

The trade union movement accepts that there was a need to return the African economies onto a development path and has therefore, in principle, supported structural adjustment programmes. It has however serious reservations about current programmes because they do not go far enough in effecting tangible development. That is why since September 1992, the ICFTU and AFRO have been organising a series of national conferences on the *social dimensions* of structural adjustment programmes.³ These conferences brought together a broad section of the population: the government, the Bretton-Woods institutions, representatives of other multilateral and bilateral donors, non-governmental organizations, academics and others. The key issues identified through these conferences are detailed below.

The design of the SAP programmes. Some time ago, Mr. Michel Camdessus, IMF Managing Director said that

'... trade unions have the duty and the right to advocate their views not only on matters relating to labour and social issues but on the direction in which their members want their society to go..'

² Out of the 42 nations in the world which are categorised as 'least developed', some 29 are found in Africa. This number may well increase. While the total population of the African continent has approached the 700 million mark, perhaps as much as two-thirds of these are living below the poverty line.

³ These were (in chronological order): Zambia, Mali, Niger, Ghana, Uganda, Morocco, Chad, Burkina Faso, Kenya, Gabon, Senegal, Mozambique, Central African Republic, Tanzania, Cameroon and Guinea Conakry. The conferences created an opportunity for trade unionists to openly discuss the development policies of their countries in a free atmosphere. Follow-up recommendations encouraged more consultation and collaboration with trade unions with regard to the economic policies which the countries are adopting.

Unfortunately this is exactly what has been lacking with regard to the adjustment programmes. They are implemented without due regard for the national stakeholders who will later be affected by the process and its austerity measures. Unilaterally imposed programmes lack any national blessing and ownership and have therefore sometimes been rejected in their totality.

At the ICFTU we believe that programmes of national dimensions should as much as possible be based on national acceptance for them to succeed. A public debate and involvement of the stakeholders in the design, implementation, monitoring and evaluation of these programmes needs to be ensured if the IMF and World Bank truly wish to salvage Africa from its economic malaise.

Social dimensions of adjustment. One of our central concerns is that poverty alleviation and employment creation have never featured as explicit SAP objectives. The Bretton Woods institutions concentrate on macro-economic measures to stimulate growth. We readily accept that faster economic growth is good and would be an important prerequisite for development. The problem is that the Bretton Woods institutions end up looking at growth as an end in itself. They appear to believe that the outdated theory of the trickle down effect will be able to fight poverty and create jobs. Experience has shown that this is not the case. Due to structural rigidities inherent in African economies, the large majority of the population ends up getting a raw deal. Poverty continues unabated and as retrenchments take their toll, unemployment becomes a major problem. In the final analysis, the belief that growth will trickle down to other sectors has proved erroneous. The few that benefit from adjustment do so excessively and those who lose do so massively, further widening the gap between the majority poor and the minority rich. If SAPs are to be successful, measures that target poverty, unemployment, social exclusion and unequal access to resources should be incorporated into the programmes at the design stages and implemented together with those aiming at economic stabilisation. Rather than starving the social sector ministries, the social dimensions of adjustment should be adequately looked at in order to generate pro-people sustainable development. The population should have access to basic services which they would not be able to enjoy if left at the mercy of the profit-motivated sector. The austerity measures induced by structural adjustment have plunged individual African nations into a situation characterised by a decline in education, health, nutrition, employment and incomes.

Speed, pace and sequencing. Another of our concerns has to do with the speed, pace and sequencing of the adjustment process. Often the process has conflicting sequences. As a consequence of that, public enterprises end up being sold at give-away prices; similarly the abrupt withdrawal of social benefits to the poor can lead to social disintegration.

Gender and equality issues. Neither do SAPs adequately address gender and equality issues. Women, who comprise over 52 per cent of Africa's population, are the most disadvantaged. They spend their energies to ensure that their families and the communities they live in are well taken care of. But their contribution to national development is undervalued and remains unrecognised. Their access to resources is negligible and the contribution they put into the economy, especially in the informal and agricultural sectors, is not given the due regard it deserves. The effects of the current adjustment programmes have disproportionately affected them by adding extra burdens as they strive to provide for their families with reduced time and income. If the women of Africa are to be brought to the limelight, then SAPs should be able to target the above problems. Measures that ensure women's participation in the economy should be designed and incorporated in the adjustment packages.

Worker's protection. A number of countries in Africa are keen on setting up Export Processing Zones (EPZs) in order to emulate the rapid growth of South-East Asian countries, often at the behest of the World Bank and IMF. The theory that EPZs facilitate export-led development is plausible but the trade union movement has its own apprehensions to this,

especially with regard to trade union rights. EPZs put formal and informal impediments to the free exercise of workers' and trade union rights and as such conditions reminiscent of the Industrial Revolution are in place. Time and again we hear of overwork, child labour, sexual harassment, underpay, unhygienic working conditions, job insecurity and banning of trade unions in EPZs. Studies have shown that investors do not consider labour costs as a major factor in determining location of their enterprises. Yet African countries hope to attract foreign direct investments by repressing their own people. Trade unions should be allowed to operate freely in EPZs. Much as we need jobs, workers should be treated with the dignity they deserve.

Social clause. The social clause should be adhered to in all trade agreements in order to ensure the full protection of workers and working conditions in all sectors of the economy. The social clause would ensure that all trading partners respect a basic level of workers' rights. It would stop the pursuit of competitive advantage through the repression, discrimination and exploitation of workers. The ICFTU proposal is that the five minimum labour standards, as defined by the internationally accepted and widely ratified conventions of the ILO, should be operated by the World Trade Organization (WTO) and in the context of similar international trade agreements. The five core labour standards are the following:

- freedom of association;
- the right to collective bargaining;
- the minimum age of employment;
- non-discrimination and equal remuneration;
- prohibition of forced labour.

Public sector reform and privatization. Many governments have sought to cut public service employment and also divest themselves from the running of public enterprises. It is important that the public service be made more efficient than it is now but a thorough audit, in cooperation with the trade unions, should take place prior to starting downsizing exercises. It is important that the right people with the right skills be employed by the public sector. Where retrenchment is nonetheless inevitable, union involvement should be guaranteed.

Privatisation programmes should progress cautiously and with minimum costs to the poor. Union views should be taken into account if the process is to be transparent. Privatisation should not create new private sector monopolies; workers' participation should be promoted through schemes such as trust funds. The indigenisation process should aim at a fairer income distribution as well as improved access to resources such as land and water. Adequate redundancy packages should be provided just as objective criteria are needed to develop a fair policy based on age, experience, and so on. Sufficient notice, counselling, vocational skills, retraining and adequate social security should be provided to those who will be affected.

Transparency. But perhaps a big omission that should be rectified quite immediately is the non-transparent manner of the government's budgeting process. Openness by the ministries responsible for finance to incorporate views from a broader section of the population is very important. There ought to be more co-ordination amongst ministries in order to avoid duplication and inconsistencies in government. Working towards changing in the adjustment programmes to address the above failures and inadequacies will remain a central task of the trade union movement.

In summary, government and the Bretton Woods institutions do not have a monopoly to the solutions to our problems. Rather, what is required to achieve tangible success will be collective efforts. The ICFTU-AFRO is happy to note that after many years of agreeing economic policy reforms behind closed doors, the IMF and World Bank are at last opening up and listening to a broader section of the population. We hope that our ideas are being taken seriously and will be incorporated into the programmes.

5. Session V: Institutional Framework for Adjustment Policy Reforms

Chair: Robert Kyloh, Bureau for Worker's Activities, ILO Geneva

5.1 Key Issues for Consultative Policy Design

Robert Kyloh, Bureau for Worker's Activities, ILO Geneva

The Chair of the session introduced the themes for discussion in the three Working Groups which covered the following:

- Proposals to Improve Consultation on Adjustment Policy Reform, chaired by Rolph van der Hoeven of the ILO, Geneva;
- Proposals to Improve Government Policy Design and Implementation, chaired by George Ruigu of the ILO's East African Multi-disciplinary Advisory Team in Addis Ababa;
- Proposals for Policy Research and Capacity Building, chaired by Willem van der Geest of the ILO, Geneva.

Drawing on the background papers prepared for the Regional Seminar, he provided some guidance for issues for each of the above Working Groups.

Working Group One. Comprehensive Consultation Policy. He noted that many past statements of the ILO and its constituents on issues of consultation has remained rather *pro-forma*: their value is not in doubt but detailed proposals on how to operationalize the objective of consultation are hardly ever spelled out. Throughout the seminar several pertinent question had been raised about the implementation and the implications of consultation. Indeed some may question the usefulness of consultation, arguing that economic policy decisions are to be taken in confidence. The question to deal with is who will be consulted about what and when. In particular, the following questions need to be addressed:

- What are the criteria for *inclusion/exclusion*?
Inclusion. Is it to be based on a tripartite structure or should it also include more specific interest organizations such, for example, Chambers of Commerce, Manufacturing Associations, Informal Sector Association, Consumer Organizations?
Exclusion. What are the criteria for exclusion, i.e. not a national organization (only regional or international), the public nature of the organization (as distinct from private profit-oriented organizations), the size of the membership, the sources of its funding, etc.
- What is the appropriate *level of consultation*?
National. Involving only organizations/institutions operating at the national level
Regional. Involving regional level organizations/institutions
Sectoral. Addressing issues specific to sectors of the economy (agriculture, industry, services) at the sectoral level.
- What is the most desirable *frequency and timing*?
High Frequency. Each year as part of the process of drawing up the government budget, which includes decisions on taxes, tariffs, subsidies as well as allocation of expenditures?
Low Frequency. At the time of the agreeing a new 3-year policy framework paper (PFP) and/or at the start of a new 5 or long term development plan;
- What is the best strategy to *institutionalize* the consultation?
Ad hoc. By Government invitation
Through Membership of a National Council. By application to a regular council or institute (with a secretariat) such as the National Economic Development and Labour Administration Council (NEDLAC) in South Africa set up specifically for this purpose.

Parliamentary Committee. Regular and with access to public and political decision making.

Presidential Commission. Ad hoc but ensuring direct access to senior political circles.

Working Group Two. *Adjustment Policy Design and Implementation.* The Working Group Two would focus on the design of adjustment policies and its implementation, with a view to ensuring that:

- employment creation and an improved functioning of the labour market were explicitly included in such design;
- the impact of the programmes on employment and poverty reduction be monitored; and
- that employers organizations and trade unions were included in the design process.

It would require ways to review the employment impact of adjustment policy reform, in particular of those components of the programme with a significant impact on the labour market, i.e.:

- trade liberalization;
- civil service and parastatal reforms;
- privatization; and
- induced labour market flexibility.

Ensuring that employment is a central concern of adjustment would require a different policy design as well as implementation. Further issues to be discussed would include the focus and instruments of an employment policy, to include:

- accelerating small scale and informal sector enterprises development as a strategy for employment creation;
- promotion of rural employment (farm as well as non-farm); and
- improving the links between education, training and the labour market.

Working Group Three. *Policy Research and Capacity Building.* The gaps and limitations of available data for labour market indicators had been highlighted in most of the background papers to the Seminar. These gaps hinder the development of policy proposals -- hence the need for further policy research. Moreover, for any consultation to be meaningful and effective, the social partners need to invest in building up their capacity in policy analysis and policy advocacy. In addition to 'own' capacity within their institutions, the social partners would need to draw on available expertise in the country, for example within Universities and policy research institutes. In particular, the following issues were to be addressed by the Working Group:

- the institutional framework for policy research;
- priorities for policy research and the systems of defining such priorities;
- dissemination, training and capacity building strategies;
- funding strategies and constraints for policy research and capacity building.

5.2 Working Group Reports

Working Group One: ⁴ Consultation and Capacity Building

Rapporteurs: Rolph van der Hoeven (Chair) and Godfrey Kanyenze

The Working Group One set out a brief checklist of issues to be discussed for recommendation and follow-up. These included the:

- *need* for consultation;
- *areas* to be covered by such consultation, distinguishing labour market issues and more general developmental issues;
- *structure* of consultation: formal and/or informal;
- *frequency* of the consultations and the 'intervention points';
- *participation* in the consultation: inclusion and exclusion;
- appropriate *models* for consultations for the Sub-Saharan context.

The need for consultation. The Working Group observed that since development is about the improvement of the standard of living of the people, the people have to be consulted on issues affecting their lives. In this regard the participation of the people provides governments with the necessary mandate to carry through development programmes. The group further observed that national (social) ownership of development programmes is essential for the sustainability of the programmes. In addition, social participation provides the necessary clarity in terms of policy direction and helps in providing a national vision which all groups can identify with. This in turn provides the consensus so essential for the success of development programmes. It also eases the process of reform by removing the element of surprise. Consultation also encourages responsible behaviour on the part of civic society groups. The group further observed that consultations should be a means to an end and not an end in itself, implying therefore the importance of achieving binding decisions from the process itself.

Areas of consultation. On the issues/areas where consultations should take place, the group generally agreed this should cover both developmental issues as well as labour market and employment issues. The consultation would include, at least, the following:

- economic policy reforms;
- employment policy; and
- the social dimensions of adjustment.

Moreover, it was agreed that on specific issues such as labour market flexibility, effective tripartite consultation should take place.

The structure of consultation. The group noted that for consultations to be effective, they must be accompanied by capacity building, especially within the weaker organizations. The adoption of a comprehensive consultation policy by governments would imply an increased need for technical support to participants in the consultation process on legal and economic matters pertaining to the labour market and economic policy more generally. Capacity building by the social partners for policy formulation becomes an important issue in its own right.

⁴ The following were members of the Working Group 1 in alphabetical order: Mr. Ojja Andira, Principal Labour Officer, Ministry of Labour and Social Welfare, Uganda; Mr. Thomas C. Bwalya, Principal Labour Officer, Ministry of Labour and Social Security, Zambia; Mr. Rolph van der Hoeven, International Labour Organization, Geneva; Dr. Godfrey Kanyenze, Senior Research Economist, ZCTU, Zimbabwe; Mr. Robert Kyloh Bureau for Workers' Activities, ILO, Geneva; Mr. Boniface Munyao, Deputy Secretary-General, COTU, Kenya; Mr. Lucas Ojiambo, World Bank Regional Office, Nairobi, Kenya; Mr. Nkumbi Steven, Federation of Ugandan Employers, Uganda.

Timing and modes of consultations. While generally encouraging both formal and informal modes of consultation, the group emphasized the importance of formal consultations. It observed that formal consultation are more serious, involve public relations and accountability and enhance the sustainability of policies. A more formal structure was also recommended on the basis that it will drive the informal process. Hence, it was recommended that the formal consultations should be institutionalized through Social and Economic Development Councils. However, the group observed that the importance attached to formal or informal consultations largely depend on the issues being considered.

Frequency. The group recommended that for the consultative process to be effective, meetings should be held regularly -- for example, quarterly. The group also felt that an institutional link between the multipartite consultative body and the national parliament should be developed. However, it is recommended that these two bodies maintain their separate identities.

Inclusion and Exclusion. The group suggested that for the consultative process to be representative and broad-based, all major national stakeholders should participate. Each country therefore has to identify the core national groups which should include trade unions, employers and NGOs. The process of creating the consultative body should be driven by the civic society groups, who should enlist the support of government and the international financial institutions.

Appropriate Models. It was agreed that the a possible model for a Social and Economic Development Councils to be emulated may be South Africa's National Economic Development and Labour Advisory Council (NEDLAC). However, the precise functioning of the councils was to be worked out at the national levels, taken fully into account the existing institutions and past experiences of each country separately.

Working Group Two: ⁵ Adjustment Policy Design and Implementation

Rapporteurs: George Ruigu (Chair) and Tendai Bare

The Working Group Two focussed on the design of adjustment policy, with a view to ensuring that

- employment creation and an improved functioning of the labour market were explicitly included in such design;
- the impact of the programmes on employment and poverty reduction be monitored; and
- that employers organizations and trade unions were included in the design process.

It proceeded to discuss each of these issues in turn.

Incorporating Employment and Labour Market Policies in Adjustment Policy Design. The group first discussed the design and implementation of adjustment with respect to employment. The group resolved that consultations are a prerequisite for the design of better policies and implementation strategies. Effective consultations should be mounted, but who should be consulted and how was to be addressed by the Working Group on the Comprehensive Consultation Policy (see above).

⁵ Mr. George Ruigu of ILO, EAMAT, Addis Ababa chaired the working group and Ms. Tendai Bare of the Government of Zimbabwe was its rapporteur. Members (in alphabetical order) were Mr. Joseph Buga, Federation of Informal Sector Associations, Uganda; Mr. Ishrat Hussain, World Bank, Washington DC; Mr. Gerrishon Ikiara, University of Nairobi, Kenya; Mr. Kasilati, Tanzania Free Trade Unions, Tanzania; Dr. Marios Obwona, Economic Policy Research Centre, University of Makerere, Uganda; Mr. Werner Sengenberger, ILO, Geneva; Prof. V. Seshamani, University of Zambia, Zambia; Dr. E.S. Suruma, Uganda Airlines Corporation, Uganda; Mr. T.M. Waithaka, Federation of Kenyan Employers, Kenya.

Specific measures for enhancing productivity in the economy should be adopted. These are likely to involve an adoption of appropriate technologies and support for national productivity centres. In the dominant agricultural sector issues relating to land tenure, credit, infrastructure should be included. The support of agriculture as the dominant sector should receive emphasis overall, (alongside other sectors) the objective of employment promotion would be strengthened by the adoption of an explicit employment policy.

The Working Group observed that employment and poverty reduction have not been an explicit objective of adjustment programmes in the past; these have concentrated on macroeconomic stabilisation, incentives for increased and regulatory reform. It was agreed that employment and poverty reduction objectives should be included explicitly in the new 'fourth generation' of adjustment programmes and that regular review of the progress in these regards was essential.

Monitoring of employment & poverty reduction. In order to operationalise these wider social objectives *benchmarks* should be established with respect to target groups which may be bearing the brunt of poverty and unemployment; these would in particular focus on youth and on women. The benchmarks should be quantifiable in order to allow monitoring during the programmes. Safety nets should be provided for the vulnerable groups and these should involve employment promotion measures including labour intensive works. The implementation of such reviews will require active participation of independent specialists and analysts, with the support of international development agencies (World Bank, ILO and others). The process would need to be initiated and followed by government Ministries and Agencies directly involved in the design and implementation of adjustment policies (Finance, Planning, Central Bank, Trade and Commerce, etc). One implication is that direct collaborative efforts between the above mentioned international agencies in the areas of trade policy review, civil and parastatal reform and public expenditure reviews would be essential.

The implementation of policy reform. The Group discussed the issues of trade liberalization, civil service reform and privatization in turn.

Trade liberalization. The Working Group emphasized that with respect to trade liberalization the speed and selectivity of import liberalisation was critical -- not only for employment but also for industrial development in general. It was recommended that consultations should be mounted at both domestic and regional levels. The employers and workers organisations could set up consultative forums within their regions on specific issues of trade liberalization.

Civil Service Reforms. Concerning civil service reforms, the group recommended increased transparency and accountability in the process. It was recommended that post-reform civil services should pay a living wage for the lower cadres of the civil service and to address the compression of wages for higher categories. This would move the service towards improvement of quality but this should go hand in hand with the upgrading of skills within the public sector. Strict adherence should be maintained on manning levels to ensure that over-expansion of the service does not recur.

Privatisation. Privatisation should be an integral part of the adjustment programmes. The sale of public assets should seek to ensure that the payments of the asset reflect, as far as possible, the realistic value of the assets. Sales should not be however based on the desire to raise funds for the public sector, because experience shows that these are not normally adequate. Transparency and accountability in the process is a must. Work force restructuring should be an integral part of the privatisation process. Ultimately it would be desirable to ensure that destruction of jobs could be reversed as privatisation proceeded. Furthermore, the Group noted that mechanisms should be set in place to ensure participation of nationals in the ownership in

privatised firms, with proportions of share holdings retained for employees, management and/or national institutions. The stock markets would facilitate privatisation, through the flotation of shares, wherever they exist.

Furthermore it was mentioned that an expansion of employment opportunities would require an improved system of providing employment services, in particular those relating to matching supply and demand on the labour market, as well as those focusing on training, human resource development and skill formation.

Working Group Three: ⁶ Policy Research and Capacity Building

Rapporteurs: Willem van der Geest (Chair) and Steve Kayizzi Mugerwa

The Working Group defined a brief agenda for its discussion. The agenda should focus on identifying the priorities for policy research on adjustment and on mechanism to ensure that the policy research is utilised by policy makers in government as well as the social partners and civic society at large. In particular, the questions to be addressed were:

- what will constitute an appropriate institutional framework for policy research?
- what are the priorities for policy research and the systems of defining such priorities?
- what are feasible funding strategies for policy research and capacity building?

An appropriate institutional framework. It was noted that policy research had been weak for a variety of reasons, relating to funding and incentives for the research, as well as a lack of demand and interest from the government side. The latter had primarily been for technical reasons, but also in some cases for political reasons. In effect, most of the policy research undertaken across the region had been demand-driven and undertaken on the request of international organizations, including the World Bank, the ILO, various other UN-institutions and bilateral donors. The Working Group noted two initiatives which had made a difference in this regard: the setting up of policy research centre (presently active in Kenya, Tanzania and Uganda) as well as the formation of the African Economic Research Consortium (AERC). It was emphasized that at this stage the social partners (trade unions, employer organizations) would need to draw expertise from these institutes and networks. A complementary strategy of in-house capacity building for research and policy analysis was to be pursued as well, but was likely to be only effective in the medium to longer term.

Finally, it was emphasized that the independence of research agencies needed to be guaranteed. The past experience had shown instances of politicization of data, leading to deliberate misrepresentation of data as well as suppressing politically inexpedient findings. One possible way out would be for agencies involved in data collection and data processing to become semi-autonomous non governmental organizations. Government as well as civil society institutions would have access to data collected, within the legal framework and limits of a data-protection act. A major implication of the Working Group's discussion was that development institutions, such as the the ILO need to assist and facilitate such information sharing and

⁶ The Working Group consisted of the following (alphabetical order) Mr. Pierre Dhonte, International Monetary Fund, Washington DC; Mr. Lawrence Egulu, ICFTU-AFRO, Nairobi, Kenya; Mr. Willem van der Geest, ILO Geneva (Chair), Mr. John Kyagulanyi-Kaggwa, private sector, Uganda; Mr. Simon Kyewalyanga, Statistics Department, Entebbe, Uganda; Prof Steve Kayizzi-Mugerwa, University of Gothenburg, Sweden; Mr. Elias Mashasi, ILO-EAMAT, Addis Ababa; Mr. John Mawire, EMCOZ, Zimbabwe; Dr. Godwin Mjema, Economic Research Bureau, Dar es Salaam, Tanzania; Ms. Margaret Ndekeru, Federation of Informal Sector Associations, Uganda; Dr. David Ogaram, Ministry of Labour, Uganda; Mr. M. Ogwang, Ministry of Planning and Economic Development, Uganda; Dr. Pius Owino, Institute of Policy Analysis and Research, Nairobi, Kenya.

exchange.

Priorities for Policy Research. Regarding key areas of policy research, the Working Group identified unanimously two key areas:

- *household responses* to economic adjustment: in which ways are different categories of households affected by economic adjustment; what are peoples' survival and coping strategies; how do institutions and organizations affect these patterns?
- *the definition of employment*: it was observed that international definitions of employment tend to focus on formal wage sector employment only; this appears highly inappropriate for economies which are increasingly informal. A comprehensive taxonomy of employment types and contracts needs to be developed and applied and this should become the base for future analyses of changes in the African employment picture. Without this improved conceptual and empirical work the information and data-base on employment changes across Sub-Saharan Africa tends to be too narrow for policy formulation. One particularly important example of employment underrecorded and insufficiently researched was that of work undertaken by women across the region.

Feasible funding strategies. The Working Group agreed that policy research and capacity building strategies are at present too low on the priority list of governments. The present situation that the major share of funding comes from external donor projects and programmes leads to institutions which are not self-sustaining in the long run. Governments will be the main users and must allocate financial resources for this purpose. As regards dissemination, training and capacity building strategies it was noted that research institutes need to identify a number of strategic target groups -- within government as well as non-governmental organizations, including social partners -- towards which their activities should be directed.

5.3 Adjustment and Poverty Reduction: A Comment

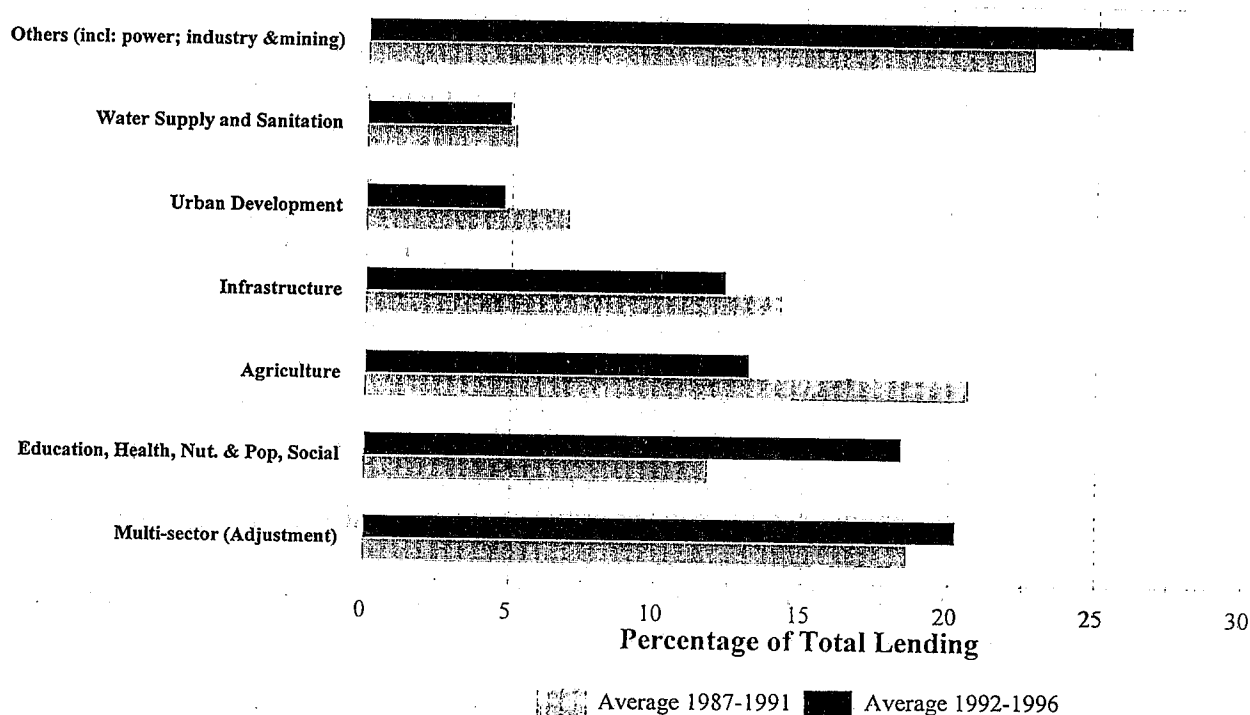
Ishrat Husain, Director, Poverty & Social Policy Department, World Bank, Washington D.C.

Mr. Husain, representing the World Bank, pointed to important methodological limitations in the discussions about the relationship between adjustment and employment at the Seminar. Some of the presentations had failed to distinguish between exogenous factors and the impact of adjustment policy reforms. An example of this was the reference to the shortening of the life expectancy in Zambia and Uganda. Clearly, the devastating impact of the HIV/AIDS epidemic was to be taken into account and any relationship between policy reforms and life expectancy will be spurious if adjustment was not made for this exogenous factor.

Mr. Husain noted that structural adjustment lending is by no means the main category of loans which his organization makes. A brief overview of the lending portfolio of the WB over the years 1992 to 1996 indicates that adjustment lending amounted to less than one fifth of the total. Allocations to lending for the social sector (education, health, nutrition and population) were nearly as large, as were loans for agriculture and infrastructure. These sectoral programmes tend to have significant positive benefits for low income households and tend to reduce poverty. Figure 1 illustrates the World Bank's lending portfolio to Africa by broad sectors as a percentage of the total lending; the category 'multisector loans' refers to structural adjustment lending.

In his presentation, Mr. Husain focused on three issues: (a) benefits of economic reform programme; (b) the relationship between growth and poverty reduction; and (c) the role of informal sector.

Figure 1: World Bank Lending to Africa by Sector
(as percentage of total lending)



Benefits of Economic Reform Programmes

Mr. Husain pointed out that the growth rate of Sub-Saharan Africa has reached 4 percent in 1995, a sharp contrast with the sluggish performance of 1.4 percent over the period (1991-94). Positive per capita income growth has been realized in 31 countries out of 42 during FY92-94. In the earlier five years, only 15 to 20 countries were able to obtain positive growth. Since January 1994, when devaluation took place in the CFA zone, there has been a turnaround in many of these countries which were facing economic decline or stagnation for many years. Economic forecasts for 1996 project a further acceleration of the rate of growth.

In order to achieve this turnaround, many countries had to make significant sacrifices and the improved performance in recent years has been a tangible benefit. The economic landscape of Africa looks very different from what it was even five years ago.

There are no queues or shortages of essential necessities of life. There is no black market in foreign exchange. Licenses are no longer required for importing goods. Price controls in goods have been removed and yet inflation has been drastically curtailed. This radical change in the economic policies has had positive effect on the incentives for production and trade. It was heartening that several representatives of the trade unions present at this seminar agreed that trade liberalization, privatization, civil service reform and a lean and efficient government were essential for resumption of growth and improvement in the living standards of the majority of the population.

He cautioned that, while these achievements are commendable, the people and governments should also realize that the international competition for financial resources, investment, technology and trade has intensified in recent years and is likely to become even more stiff in the coming years. Efforts have to be redoubled to increase Africa's share in the international market that will bring more prosperity for its people.

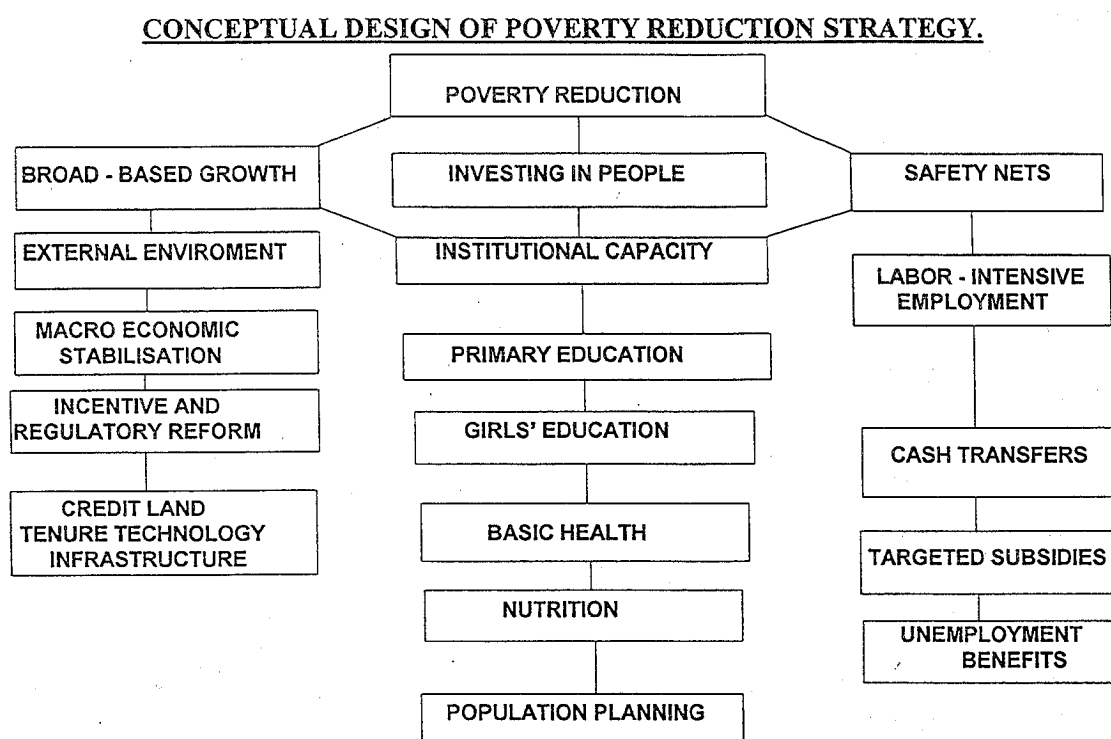
What needs to be done in the future to maintain and consolidate these gains? The first step is to ensure that economic policies remain consistent and credible. If these policies remain on track, private investors will be attracted to establish new businesses and firms and create employment to absorb the large numbers of new entrants to the labour force. The second task is to begin the process of institutional reforms that focuses on strengthening administrative capacity of the state to deliver basic social services and to provide essential infrastructure. The third task is to forge stronger relationships and partnerships among the government and the civil society for a shared vision of development, an articulation of the strategy and the implementation of development programmes and projects.

Mr. Husain outlined how he conceptualized a poverty reducing strategy for Sub-Saharan Africa. Poverty reduction can only be realized through a multi-dimensional approach to economic development. What is required is broad based economic growth which can only be achieved if economic policies are:

- sufficiently responsive to changes in the *external environment*;
- geared towards achieving *macro economic stabilisation*;
- introducing reforms of *incentives and regulations*;
- complemented by appropriate micro-economic policies regarding *credit, land tenure, technology and infrastructure*.

These elements of adjustment programmes, though strictly necessary, are by themselves not a sufficient condition for achieving a reduction in the incidence and severity of poverty. A second set of supporting policies will need to focus on investing in people -- i.e. human resource development -- as well as complementary institutional development -- i.e. capacity building. Investing in people will need to start right at the very basic levels of health, nutrition and population planning, as well as through a greater focus on primary education, especially for girls. It is for this reason that the World Bank allocates nearly a quarter of its lending to these social expenditures (education, health, nutrition, population as well as water supply and sanitation).

Figure 2: Conceptual Design of Poverty Reduction Strategy



Finally, any poverty reduction strategy will require that effective safety nets are in place. Safety nets will require labour intensive employment scheme such as, for example, rural road building as co-financed in Zambia. Various types of targeted subsidies, for example for food distribution in famine affected areas or for specific vulnerable groups, will need to be part of such safety nets. In addition to labour intensive employment and targeted subsidies, a need will remain for cash transfers and unemployment benefits. Such transfers will remain an integral element of such safety nets measures, though of course severely restricted by the paucity of public funds across the region.

The presenter illustrated this point with the aid of the data on social indicators and poverty incidence for the five countries represented at this workshop. He demonstrated that, with the exception of life expectancy, all social indicators in the five countries had improved between 1987 - the beginning of the adjustment programmes - and 1993.

Mr. Husain suggested that the two countries - Uganda and Tanzania - which had recorded positive per capita income growth since 1987, were the only ones that had also witnessed reduction in the incidence of poverty. There was, on the other hand, unambiguous evidence that poverty had increased in Zambia where economic growth rates had declined consistently. Zambia has not yet been able to stabilize its economy although strenuous efforts are being made since 1991. Kenya, which has also been inconsistent in the implementation of economic reforms until recently, shows no change in the incidence of poverty. Since 1992, there has been perceptible increase in per capita incomes and that should lead to some downward movement in poverty incidence but current information is not available to substantiate this point. As income distribution in Kenya is relatively unequal compared to the other countries in the region, a larger growth component is required to make some dent in reducing poverty. There is not enough information about Zimbabwe and Mr. Husain felt that poverty had not been reduced there either. Economic growth rate has lagged behind population growth in Zimbabwe in the last decade. The presenter, therefore, concluded that the evidence shows there is a positive correlation between growth and poverty reduction in this region, too, like other developing regions.

Mr. Husain was of the opinion that there were two favourable characteristics of the Africa region that could help in devising solutions towards poverty reduction. First, a majority of the poor live in the rural areas and derive their incomes from the agriculture sector. Second, the initial distribution of land assets is fairly equal with the exception of South Africa, Malawi, Zimbabwe and Kenya and most agricultural output is produced by smallholders. Thus, any policies, investment and institutional changes that benefit the agriculture sector will invariably lead to improvement in the status of the rural poor. The policies of structural adjustment that have removed distortions such as overvaluation of the exchange rate, liberalized agricultural prices and removed monopolies in agricultural marketing have all helped the smallholders in raising their incomes. This is the mechanism through which adjustment policies affect the growth positively and as the pattern of this growth is right, it also contributes towards poverty reduction.

Mr. Husain was of the view that the undue emphasis on retrenchment in the public sector was misplaced. First, public sector employees account for only 5 per cent of the total labour force in most African countries and, therefore, in terms of magnitude do not pose a serious problem as far as impact on overall employment levels are concerned. Second, the retrenched employees do not fall among the ranks of the poor but, in most cases, belong to the middle income groups. Therefore, it will be wrong to attribute retrenchment directly to the worsening of the poverty. Third, only a small proportion of the public sector employees, typically 10 to 20 per cent, has been retrenched but there are reports that in some countries almost as many new employees have been hired or retrenched workers rehired by different public sector organizations. To the extent this has been the case, the net impact has been negligible.

The Role of the Informal Sector

The presenter observed that the growth of the informal sector was a positive development and had very sound economic rationale. There were three factors, according to him, that could explain this observed buoyancy of the informal sector.

First, liberalization has dismantled the barriers to entry for the small and in formal business. As foreign exchange becomes available without restrictions and at the market rate, the advantage which the formal sector had enjoyed through privileged access to foreign exchange at subsidized official rate has disappeared. The abolition of the import licensing system has enabled small businesses to obtain their goods and raw materials at the same prices as the few selected import licensors used to receive in the past. The removal of subsidies on interest rates has equalized the costs of capital across enterprises although the access to capital remains an unresolved issue. Therefore, the spurt in small and informal enterprises making or selling goods and services is an expected rational response to this episode of liberalization.

Second, the products and services that are provided by the informal sector are highly responsive to the preference, tastes and demand of the majority of the population. The specifications and quality of the goods and services supplied by the informal sector match the requirements of the low income population. The formal sector caters to a narrow, sophisticated, westernized segment of the population and the informal sector to the large majority of the population. As the purchasing power of the rural income earners, who benefit from the shift in the terms of trade in favour of the agriculture sector, rises their demand for the goods and services supplied by the informal sector also rises. This spills over to the urban informal sector where the second round multiplier effect operates. Hence this expansion in the volume of the businesses in the informal sector is a logical answer to the increased purchasing power of those segments of the population that had no access to these goods and services in the pre-liberalization era.

Finally, the organized or formal private sector has not only been subjected to excessive taxation of various kinds but also harassed by government officials of all types. This combination of high tax payment and informal payments raises the transaction costs of doing businesses which are then realized through high consumer prices for the goods and services they sell. By contrast, the unregulated or unregistered businesses do not pay taxes and are not monitored by a whole host of government ministries and department. Thus, their transaction costs are relatively lower than their counterparts in the organized sector. This cost advantage is passed on to the consumers who, on perfect rational grounds, choose to shift their purchase of goods and services towards the informal sector.

The combination of lower transaction and production costs, the specifications of products meeting the preferences of the majority of the population and the improved access to inputs, goods, foreign exchange, imports as in the post-liberalization period have led to this increase in the level of activity in the informal sector.

5.4 Preconditions for successful adjustment: a comment

Pierre Dhonte, Senior Advisor, African Department, International Monetary Fund, Washington DC

Pierre Dhonte noted that the employment problems of Sub-Saharan Africa are indeed enormous. It would be wrong to believe that retrenchment of public sector employees and civil servants is the main issue. At the heart of the problem is the large influx of new entrants. Current estimates indicate that some 8 to 9 million new entrants to the labour markets will be seeking

employment opportunities each year in Sub-Saharan Africa. What is needed is faster growth, and therefore the development of Sub-Saharan Africa will require more efficient investment.

The process of structural adjustment in Sub-Saharan Africa is generating positive results. Key to the process of adjustment have been the mutually reinforcing relationships between the liberalization of exchange rates, the dismantling of trade barriers, and the financial sector reforms. Countries which have proceeded confidently along this path, including Uganda, are experiencing GDP growth rates in excess of 5 per cent.

Next to promoting openness and financial stability, the most important bottlenecks to be tackled in order to foster higher economic growth across the region are the low savings and investment ratios. Mr. Dhonte noted that higher domestic savings are a key precondition to increased investment. The main determinants of domestic savings are positive real interest rates and, equally important, security of real and financial assets. In an inflationary context the first is unlikely to be realized, whereas in order to guarantee the security of real and financial assets, the legal systems across the region will need to be strengthened so that individual investors have recourse in the event of fraudulent losses. Moreover, it is necessary to emphasize the credibility and stability of macro policies in order to instill confidence. Many of the adjusting countries have made considerable progress in these regards.

Informal sector associations, some of which are represented at this Seminar, may be of considerable importance for growth and employment. The informal sector will be the destination of most of the new job seekers. Associations which can effectively represent these small enterprises to get access to business loans and upgrade technology and productivity, and to remove regulatory obstacles, can facilitate their growth.

The importance of consultation has been increasingly recognised by the International Monetary Fund and it is ready to listen to representative organization. Indeed, the IMF's participation in the seminar was precisely intended to convey the organization's interest in the views of non-governmental actors, including trade unions, as well as the UN system and the ILO.

Consultation are an integral element of the IMF effort to achieve transparency in decision making. Indeed, it would not be untrue to say that these efforts do absorb perhaps as much as half of the time of the IMF staff. One important example is the support to Government to produce more accurate tax and public expenditure data. The continuous effort going into the formulation of the Policy Framework Papers (PFPs) provides another example; the PFPs spell out objectives of economic policy as well as the means to achieve them, and in this sense, their preparation provides a forum for a transparent discussion of the issues.

Finally, the importance of safety nets was well recognised by everybody. Some of them have worked well, whereas others have failed to achieve their objectives. The problem is not one of resources only: workable proposals for managing the safety nets better have also been in short supply. Efforts from the UN system and the ILO and its constituents would be crucial.

Mr. Dhonte said that it was a pleasure to participate in the ILO regional seminar. Focussing on employment in a cross-section of countries is a useful and fruitful approach and the discussions show that there is ample need to continue these efforts.

6. Closing Session

Chair: Werner Sengenberger, Director Employment and Training Department, ILO, Geneva

6.1 Closing Discussion

Werner Sengenberger invited a discussion on the presentations made by the representatives of the Bretton Woods Institutions as well as the deliberations of the Working Groups. Lawrence Egulu, Economist of the ICFTU-AFRO, noted that both the presentations by the World Bank and the IMF seemed to put too much emphasis on growth per sé. But the question which needed to be addressed as well is *who* is benefitting of such growth -- the issues are employment and poverty reduction. In his view, the key issue was to achieve a much greater resource allocation towards the social sectors across the region.

In this context, he questioned whether the performances of Ghana and Uganda were indeed so impressive. Much of the growth seemed to be the result of rehabilitation, rather than a genuine addition of new economic opportunities. The importance of such growth was not to be underrated, but it had meant that relatively few jobs had been created. The implication had also been that growth had been slowing down in Ghana, rather than being sustained into the 1990s. Hence, it was now pertinent to ask these questions, in order to avoid a repeat in Uganda. Post-war reconstruction needed to be distinguished from sustained growth.

Dr Suruma of the Uganda Airlines Corporation (UAC) recommended in particular that consultations should be strengthened. He urged the IMF and the World Bank to always consult the stake holders. In his statement, drawing on his presentation earlier made at the Regional Seminar, he observed the following:

- some level of arm twisting by donors is inevitable since they have the funding; the issue should be to ensure that this power is used constructively;
- all institutions should involve workers' representatives in their planning. He noted that UAC had a workers' union and there was a member of the union on the Board of Management, which had facilitated the planning of the restructuring;
- information pertaining to the retrenched should be collected in order to enable follow-up (such as training, counselling, etc.) at a later point in time.

As for the retrenchment process across the region, one participant noted that this too should be growth-oriented and not simply be an ad hoc decision to reduce fiscal deficits. Moreover, the agreed labour standards should not be violated and employment security provisions such as, for example, redundancy payment should be honoured as part of the process.

Dr Kanyenze noted that much of the growth in the success stories had resulted from substantial injections of foreign aid and structural adjustment lending, which need to be repayed at some future date. This external borrowing from multilateral institutions implied a major future liability for African nations.

Robert Kyloh of the ILO commented on the various areas where the ILO was in accord with the World Bank and the IMF; these were promoting faster growth, the need for consultations and a sound investment climate. However, there were also a number of areas where the ILO would place a much greater emphasis than the representatives from the Bretton Woods institutions: these included that:

- employment generation and moving towards full employment through active labour market policies should be the overarching aim of economic and social policy;
- the social safety nets should be managed better and result in a much wider coverage than

- achieved at present; and
- institutional arrangements to underpin democracy and trade union rights were to be the key to equitable development and therefore these should be supported through capacity building.

6.2 Closing Statement of the Seminar

Rolph van der Hoeven, Employment and Training Department, ILO, Geneva

In his closing statement, Rolph van der Hoeven thanked the participants for their active involvement and for the fruitful deliberations. He was particularly impressed by the open and frank debate on the social effects of the adjustment policies and the various suggestions made to involve people in the adjustment process, through improved consultation mechanisms. He observed that the debate at the Regional Seminar had dealt with the four generations of adjustment programmes, that is adjustment through stabilization, adjustment through growth, adjustment through social developments and adjustment through institutional development and participation.

The consensus of the debate had been that the first two approaches to adjustment were far too limited to address the problems of Sub-Saharan Africa. Certainly, some of the key elements, such as fiscal and monetary policy, were important and should not be neglected. Indeed, fiscal discipline in order to prevent phases of hyper-inflation were both consistent with growth and social equity. Hyperinflation had meant a rapid erosion of real incomes for the majority of employed persons in Sub-Saharan Africa as their contracts were not inflation-indexed. The key issue was to recognize who was benefitting from the growth and seek to design growth strategies which included poor and non-employed households, rather than excluding them.

With regard to the social effects, two issues stood out in the debate: firstly, the slow progress in a number of social indicators; primary school enrolment for the various countries was still low and the health situation had not markedly increased. It was a moot point as to whether this was because of or despite adjustment, because whatever the cause, such negative trends could not be tolerated and had to be dealt with. What also came to the forefront was the informalization of the economy and in some countries the declining number of formal sector workers in the total workforce. This he found extremely worrying as it was frequently associated with a decline in the quality of jobs. These trends should be reversed. Economic history had shown that the process of development meant that more and more people were included in the formal economy and not excluded. Sub-Saharan Africa's recent developments were strongly at variance with this. However, this should not be taken to mean that informal sector workers and their families would be left out on their own. Innovative programmes to support their activities and to upgrade their skills and recognition of their existence had been long-standing policy concerns of the ILO, without however heralding the informal sector as the primary solution to Africa's employment problems.

With regard to the involvement of people, he was extremely pleased to notice that all participants (government officials, representatives of Bretton Woods institutions, workers and employers alike) had voiced strong messages in favour of consultations and the involvement of social partners in the preparation and execution of adjustment programmes, bringing the reality of a fourth generation of adjustment programmes closer. He noted that the Working Groups had recommended that indicators of employment and incomes of different groups of workers and farmers should be established and regularly evaluated during adjustment programmes. Programmes should not only be monitored on economic and financial criteria, but also on social and employment criteria. This had also been one of the strong messages coming from the World Summit for Social Development. Adjustment programmes and the social component and

social and economic councils should be established with the aim of integrating economic and social components and to involve people, without which even programmes designed with the best intentions and a great deal of technical inputs would fail.

He thanked the State Minister and the Minister of Planning and Economic Development the Hon. Sam Kutesa for accepting the invitation to officially close the regional seminar. All the Ugandan colleagues and friends and the other international participants had created an exceptionally good atmosphere at the seminar. He assured all these participants that he would do the utmost to ensure that the strong messages emanating from the seminar would be heard and widely applied both inside and outside the International Labour Organization and the United Nations system.

6.3 Official Closing

Chair: Fred Opio, Executive Director, Economic Policy Research Centre, Kampala

The Minister of State for Planning and Economic Development, the Hon. Sam Kutesa

In his closing statement, the Minister of State for Planning and Economic Development, the Hon. Sam Kutesa thanked all delegates for their presence at the Regional Seminar. He pointed out that he had listened with keen interest to the outcome of the three day deliberations. The recommendations made will receive due attention from policy makers. He further noticed that there is an increasing awareness of the need to strengthen long term planning in addition to paying attention to short term measures, which have characterised the adjustment programmes. Even when one is addressing short term concerns, one should have a clear sense of the long term direction.

On the issue of employment and labour markets, the Minister observed that, when the NRM Government came to power in 1986, there was hardly any information on which to make realistic plans. There were no data on employment and the activities of the Statistics Department had been severely constrained through lack of logistical and technical support. The starting point was to reactivate collection and management of data and information. So far no Labour Force Surveys have been undertaken although efforts are underway to do so.

Uganda embarked seriously on its structural adjustment programme in 1987. The government launched the Economic Recovery Programme which had three principal objectives:

- the achievement of internal financial stability and reduction of inflation;
- the reduction of the external account deficit;
- the promotion of economic rehabilitation and growth.

The Ministry of Planning and Economic Development will endeavour to improve Government's capacity to formulate and coordinate policy proposals to fulfill the national objectives of economic growth and poverty eradication. The Ministry will take all necessary steps to involve the people of Uganda in the formulation and implementation of development plans and programs and policies which effect them.

Priority was placed on the restoration and maintenance of macroeconomic stability, liberalisation of the economy, strict control of Government expenditure and the rehabilitation and improvement of the infrastructure and social services. Major programs are undertaken in the area of decentralisation and privatisation of Government, financial sector reform and the drive to increase revenue collection. The economy has responded very well to these measures. Our immediate objective is to ensure that the economic growth is translated into improvement in the quality of life of all our people. The fight against poverty is a challenge which Uganda is committed to face.

Kampala and Geneva, December 1996

Appendices

Appendix 1: Participation at the National Seminars

Five National Seminars on *Adjustment, Employment and Labour Market Institutions* have been organized by the International Labour Organization in East and Southern African countries:

Kampala, Uganda	(29 Feb) jointly organised with the Economic Policy Research Centre, Kampala (EPRC) ⁷ .
Lusaka, Zambia	(18 April) jointly organised with the ILO Area Office in Lusaka.
Nairobi, Kenya	(24 April) jointly organised with the Institute for Policy Analysis and Research (IPAR) ¹ .
Dar es Salaam, Tanzania	(23 July) jointly organised with the Economic and Social Research Foundation (ESRF) ¹ and the ILO Area Office.
Harare, Zimbabwe	(30 July) with the ILO-SAMAT and Dateline Southern Africa.

The substantive purpose of the national seminars was to engage social partners (i.e. representatives of employers and workers organizations) and international development agencies, into a discussion of the impact of adjustment programmes on employment and the labour markets in East and Southern Africa (ESA) and to draw out the implications for policy formulation and implementation.⁸ The seminars are an activity of the *Structural Adjustment and the Role of Labour Market Institutions: A Capacity Building Project*, funded by the Danish International Development Agency (DANIDA).⁹ This project aims:

- to research and document the impact which economic adjustment programmes are having on the labour markets in Sub-Saharan African countries;
- to analyse how social partners could take a pro-active approach to economic adjustment;
- to closely associate leading academic economists within the countries to define such pro-active strategies, jointly with policy makers, as well as leaders and representatives of employers and trade unions;
- to identify a strategy to address the needs of social partners for capacity building in the area of adjustment and economic policy formulation;
- to disseminate the findings of this research through national seminar in each country attended by key national policy makers, as well as the World Bank and IMF;
- to hold an regional seminar to inform bi- and multi-lateral donor organizations of the findings and recommendations;
- to publish the findings for a wider audience.

Participation at the National Seminars

Governments. The interest and involvement of the governments was high. Official openings were conducted by the respective Ministers of Labour (Tanzania and Zimbabwe), the Assistant Minister of Labour (Kenya) and the Permanent Secretaries for Labour (Uganda and Zambia). A further indication of the importance which governments attached to the seminars was that the

⁷ Funded (partly) by the African Capacity Building Foundation (ACBF).

⁸ The *Proceedings and Highlights* of the five seminars provide details of the discussions which took place and recommendations formulated (copies may be obtained from the Secretariat of the Kampala Regional Seminar).

⁹ The project is part of the Multi-bilateral programme of cooperation between the ILO and the DANIDA.

Ministries of Finance, Economics and Planning in each of the countries were represented.

Social Partners. Trade unions organizations were represented by their leadership as well as their professional staff. Organizations representing employers, including in each of the countries chambers of commerce and/or manufacturing associations, were also represented by their leadership. In view of the growing importance of the informal sector as a source of employment, associations representing this sector and small and medium enterprises did participate. The International Confederation of Free Trade Unions Africa Region (IFCTU-AFRO) (Nairobi) was represented at all the seminars.

Bretton Woods Institutions. There was active participation by the Resident Representatives of the International Monetary Fund (Zambia and Kenya) and the World Bank (Tanzania), and Senior staff of the World Bank (Zimbabwe and Kenya).

International Labour Organization. In addition to the ILO project manager, the ILO was represented at the seminars by the Directors of ILO EAMAT, ILO SAMAT and the ILO Area Offices as well as by Senior Employment Specialists and Specialist of Workers' Education.

Other Multi- and Bilateral Institutions Further institutions represented were the DANIDA, European Union, GTZ, IDRC, UNDP, USAID and the Royal Netherlands Embassy. The distribution of the participants to the five seminars across these categories was as follows:

Table A1: Institutional Affiliation of Participants to the National Seminars

	Kenya	Tanzania	Uganda	Zambia	Zimbabwe
Government	5	6	16	7	12
-Ministries of Economics, Finance, Planning	1	2	5	3	1
- Ministry of Labour	3	2	4	3	8
- Other	1	2	7	1	3
Social Partners	10	5	10	12	12
- Trade Unions (incl ICFTU)	6	3	4	3	7
- Employers Organizations	2	1	2	3	4
- Informal Sector Association	2	1	1	2	1
- Public and Priv. Enterprises	-	-	3	4	-
International Organizations	13	7	5	14	18
- Bretton Woods Institutions	4	1	-	2	2
- ILO	2	5	3	5	9
- United Nations and Bilateral Organizations	7	1	2	8	7
Academic Institutions	20	9	9	4	10
Churches, NGOs, Press and Other Civil Institutions	3	14	1	4	9
TOTAL	51	41	41	41	61

Appendix 2: Programme of the Regional Seminar

DAY 1: Wednesday 25 September, 1996

8.30 Registration of the Participants

Session I: Official Opening

Chair: Werner Sengenberger

Director, Employment and Training Department, ILO, Geneva

9.00 **The ILO perspective on Adjustment**

Rolph van der Hoeven, Employment and Training Department, ILO Geneva

9.30 **Official Opening**

The Hon. Paul O. Etiang

Deputy Prime Minister and Minister of Labour and Social Welfare, Government of Uganda

10.00 **Break**

Session II:

Employment and Labour Markets during Adjustment: An Assessment

Chair: Jasye R Kisakye, Permanent Secretary Ministry of Labour & Social Welfare

10.30 **Key issues for the Seminar**

Willem van der Geest, Employment and Training Department, ILO Geneva

Comments and Discussion

11.30 **Zimbabwe's Experience**

Godfrey Kanyenze

Zimbabwe Congress of Trade Unions, Harare, Zimbabwe

Comments and Discussion

12.30 **Break**

Session III:

Employment and Labour Markets during Adjustment in Uganda

Chair: Aneas C. Chuma, Resident Representative UNDP (Acting), Kampala

13.30 **Research Issues on Adjustment**

Fred Opio

Executive Director, Economic Policy Research Centre, Kampala

14.00 **Uganda's Experience: Employment and Labour Markets During Adjustment**

Germina Ssemogerere, Makerere University, Kampala, Uganda

Comments and Discussion

14.45 **Employment and Poverty Reduction in Uganda**

Marios Obwona and Fred Opio, Economic Policy Research Centre, Kampala

Comments and Discussion

15.45 **Break**

16.15 **Institutional Perspectives on Adjustment in Uganda**

Trade Union Perspective:

Lyelmo Ongaba

Secretary General National Organization of Trade Unions Uganda

Management Perspective:

Ezra Suruma

Chairman of the Board, Uganda Airlines Corporation

17.15 **Comments and Discussion & Close of Day,**

DAY 2 Thursday 26 September**Session IV: Employment and Labour Markets during Adjustment****Chair: Ishrat Husain****Director, Poverty and Social Policy Department, World Bank, Washington DC****9.00 The Case of Tanzania:**Godwin Mjema, Economic Research Bureau, University of Dar es Salaam
Comments and Discussion**9.45 The Case of Kenya:**Gerrishon Ikiara, Department of Economics, University of Nairobi, Kenya
Comments and Discussion**10.30 Break for Coffee/Tea****11.00 The Case of Zambia:**Venkatesh Seshamani, Department of Economics, University of Zambia
Comments and Discussion**11.45 Comments from ICFTU-AFRO, Trade Unions and Employer Organizations.****12.30 Break for Lunch****Session V: Institutional Framework for Adjustment Policy Reforms****Chair: Robert Kyloh****Bureau for Worker Activities, ILO Geneva****13.45 Formation of Working Groups and Notes for Guidance****Working Group I: Proposals to Improve Consultation on Adjustment Policy Reform**

Chair: Rolph van der Hoeven, ILO Geneva

Working Group II: Proposals to Improve Government Policy Design and Implementation

Chair: George Ruigu, ILO-EAMAT, Addis Ababa

Working Group III: Proposals for Policy Research and Capacity Building

Chair: Willem van der Geest, ILO Geneva

16.00 Break for tea and coffee**16.30 Reports of the Working Groups to the Plenary****17.15 Invited Comments from the World Bank and the IMF****18.00 Close of the Day****DAY 3: Friday 27 September (morning only)****Session VI: Closing Discussion****Chair: Werner Sengenberger****Director, Employment and Training Department, ILO, Geneva****9.00 Discussion****11.00 Closing Statement of the Seminar**

Rolph van der Hoeven, Employment and Training Department, ILO, Geneva

Official Closing Session**Chair: Fred Opio, Executive Director, Economic Policy Research Centre, Kampala****11.30 Official Closing**The Hon. Sam Kutesa, Minister of State for Planning and Economic Development,
Government of Uganda.**12.15 Lunch and Departure.**

Appendix 3: List of Participants of the Regional Seminar

Adjustment, Employment and Labour Market Institutions in sub-Saharan Africa Kampala (Uganda), 25-27 September 1996

Official Opening and Closing

The Hon. Mr. Paul O. Etiang
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Kelvin K. Kiyingi	" "
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Anne Shalita	Uganda TV/Radio, Kampala
Harold Onvia	" "
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Appendix 4: List of Background Papers for the Project

Lawrence Egulu, *Structural Adjustment and Public Sector Employment Reduction in Uganda: A Trade Union Perspective*, (Revised Report)

Adjustment and public sector employment 1987 to 1995; institutional changes in the labour market (wage settlements; minimum wages; job security; health and safety; right of association; industrial court); responses of trade unions to public sector employment reduction; conclusions and recommendations.

Willem van der Geest and Ganeshan Wignaraja, *Adjustment, Employment and Labour Market Institutions in Sub-Saharan Africa in the 1990s: A Survey*, ILO Employment Paper 10, Geneva.

A Cross-country comparative survey of adjustment, economic performance and employment growth; key characteristics of Sub-Saharan Africa's labour market; changing structure of employment; changing terms of employment; adjustment and labour market institutions; issues for policy and research; appendices on real wages.

Gerrishon K. Ikiara and Dr Njuguna S. Ndung'u, *Employment and Labour Market during Adjustment: the case of Kenya*, (Revised Report).

Overview of adjustment (competition enhancing policy reforms; institutional change oriented policy reforms); anticipated employment impact of SAPs; public responses to SAPs (FKE; KCO; COTU; KCAWU; KAM); impact on the labour markets (employment growth determinants; real wage adjustments); changes in employment policies and practices; responses of labour market institutions (employers; trade unions); conclusions and recommendations.

Godfrey Kanyenze, *Labour Markets and Employment During ESAP*, (Revised Report),

Review of the Structural Adjustment Programme 1991-95; Adjustment and the Labour Market: The Orthodox Adjustment Framework; Why ESAP failed to Deliver; Is Labour Market Flexibility a Good Thing?; Conclusions and Recommendations.

T.M. Kasilati, *Structural Adjustment in Tanzania: Formal Sector Employment Reduction and Trade Union Responses*, (First Draft)

Structural Adjustment and Formal Sector Employment in Tanzania 1986-1995; Institutional Changes of the Labour Market; Trade Union Response to Employment Reduction; Conclusions and Recommendations.

T. Mashakada, *Perspectives and Responses to Adjustment in Zimbabwe*, (Revised Report),

Objectives and targets of SAPs in Zimbabwe; public responses to SAPs; changes in employment policies and practices during adjustment; responses of labour market institutions during adjustment.

G.D. Mjema and J.L.M. Shitundu, *Employment and Labour Markets During Adjustment: the case of Tanzania*, (Revised Report).

Introduction; SAPs in Tanzania: the 1985-95 experience; SAPs and the Labour Market in Tanzania; Employment Policies and Labour Practices During Adjustment; Responses of Labour Market Institutions During Adjustment; Conclusions and Recommendations.

V. Seshamani and E.C. Kaunga, *Employment and Labour Markets: the case of Zambia*, (Revised Report)

Objectives and targets of SAPs; review of Zambia's SAPs 1989-1995; public responses to SAPs; impact of adjustment on the labour markets (formal employment; informal employment; gender; real wages; informal sector earnings); employment policies and practices; industry case studies; responses by labour market institutions (trade unions, employers; indigenous business); conclusions and recommendations.

G. Ssemogerere, *Employment and Labour Markets During Adjustment: The Case of Uganda*, (Revised Report)

Introduction; The objectives, strategy and conditionality of the SAP; Adjustment policies adopted and performance indicators; impact of adjustment on the labour market; public responses by social partners and political interest groups; recommendations.

E.S. Suruma, *Public Enterprise Restructuring and Labour Dislocation in Uganda's Structural Adjustment: A Management View*, (Revised Report)

Criteria for labour use in public enterprises (planning horizon; projecting manpower supply and demand; identifying and resolving excess and shortfalls); development objectives and public sector enterprises; Case study 1: Uganda Commercial Bank; Case study 2: Uganda Airlines Corporation; recommendations.