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# EMPLOYMENT ISSUES IN SUB-SAHARAN AFRICA

JAN VANDEMOORTELE



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# **Employment issues in Sub-Saharan Africa**

Jan Vandemoortele\*

*United Nations Development Programme*

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*\*The views expressed in this paper are those of the author and do not necessarily reflect those of his employer. Until the end of 1990, the author was a member of the ILO/JASPA team.*

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## I. Introduction

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Why is it important to consider labour-market issues in an era of structural adjustment? The answer is two-fold. First, the structure and behaviour of the labour market determine to a large extent the way in which the entire economic system will respond to policy changes and incentives (through labour mobility, wage flexibility, productivity gains, etc.). Second, the impact of those policy changes on the labour market will determine whether the adjustment process will be socially and politically sustainable or not. The disregard of the social impact—particularly on employment and labour incomes—was often at the root of the failure of the adjustment process during the 1980s.

Despite this essential role, relatively little is known about the structure and behaviour of labour markets in the region. Without hard data, existing reform programmes usually conjecture a neoclassical behaviour of the labour market. Indeed, it is not uncommon to find in the literature assertions like “. . . experience suggests that . . . governments should resist interfering in labour markets. If left alone, they work well”.<sup>1</sup> Before we can move from economic analysis to pragmatic prescription, we need to have a better understanding of how labour markets really operate and why they do so. It would be ineffective and counter-productive to fabricate prescriptions by merely fitting facts and figures to predispositions of ideology and economic dogmas. Economic fairy tales about the labour-market are of little use to policy-makers. Hence, there is an urgent need for enhanced country-specific labour market research to improve the design and appropriateness of the new generation of structural adjustment programmes.

The objective of this paper is to present an overview of the major labour-market adjustments that have occurred during the 1980s in Sub-Saharan Africa. In so doing, the paper will indicate the challenges that lie ahead and suggest areas and issues for further investigation. The topics discussed at the regional level will present a structured framework for analysis in country-specific research. Because of the wide variety of labour-market features among African countries, however, it is likely that the results of country studies will sometimes contradict the regional characterization given in this paper.

The structure of the paper is as follows: Section II presents the labour force projections for the 1990s. It draws attention to the salient feature of increased female labour force participation over time. Section III reviews recent employment trends in the modern sector and discusses the issue of public-sector employment. Sections IV and V deal with employment in the informal and rural sectors respectively. Caution is expressed regarding the widespread belief that unemployed youth can easily be settled in productive self-employment in the informal sector. In the rural areas, the growing importance of non-farm activities is a noticeable development. Section VI discusses the issue of mounting unemployment and identifies the unemployed. Section VII assesses real wage and salary trends. It points to the dangers of using aggregate wage and salary data. Section VIII makes employment projections for the 1990s. It shows how the informal and rural sectors will continue to play the role of ultimate labour sponges. In Section IX, we reiterate the premise that the success and failure rates of adjustment programmes will critically depend on their correct assessment of the structure and behaviour of the labour market.

## II. Population and labour force

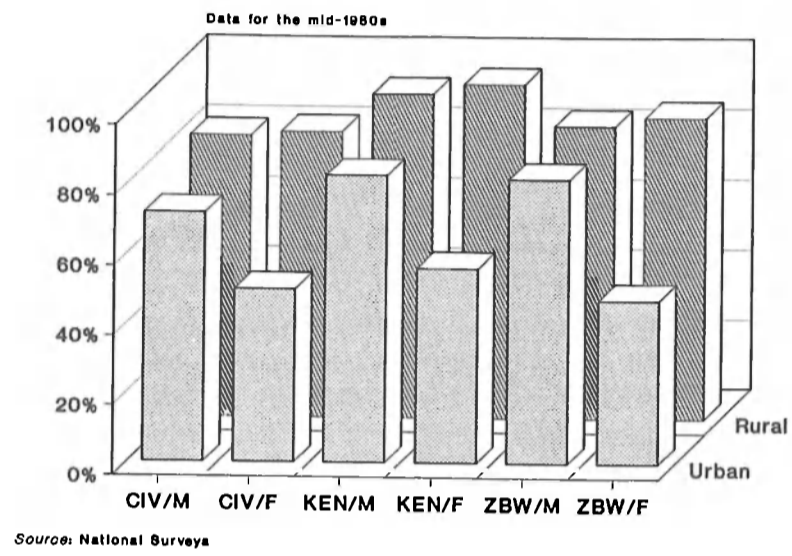
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The population of sub-Saharan Africa is currently estimated at approximately 500 million people. It is projected to grow at 3.2 per cent a year during the 1990s.<sup>2</sup> An estimation of the size of the regional labour force requires information about average activity rates. Activity rates in Sub-Saharan Africa display the following characteristics: (i) they are higher in rural areas compared to urban centres, and (ii) they are markedly higher for males than for females—except in the age-bracket 15–19 because of higher male enrolment in secondary education. However, the gender bias differs according to the location. In rural areas, the activity rate is highest for females, while the opposite is true in urban areas. Figure 1 depicts activity rates for males (M) and females (F) by rural and urban location for three countries, namely Côte d'Ivoire (1985), Kenya (1986), and Zimbabwe (1986/87). The graph confirms that activity rates are highest in rural areas, that urban females are considerably less economically active than urban males, and that this gender bias is reversed in rural areas.<sup>3</sup>

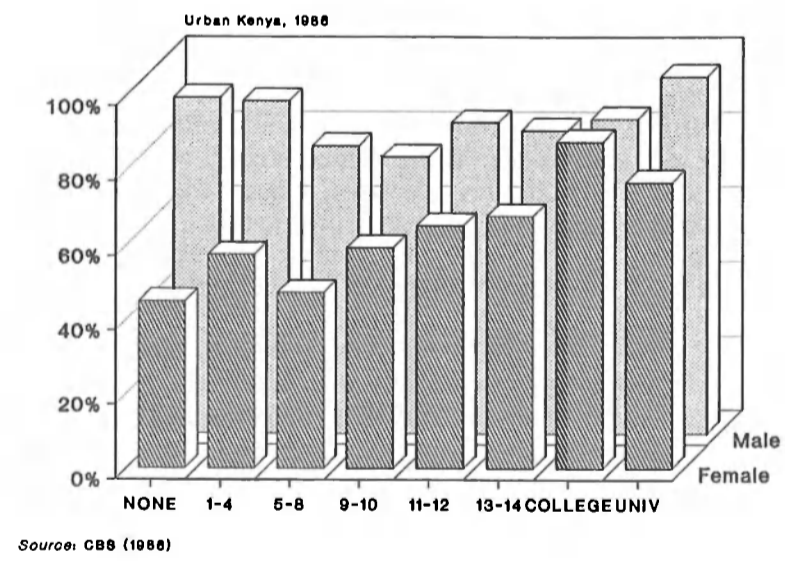
Recent population censuses and labour-force surveys indicate that the average rural and urban activity rates for the working-age population approximate 80 and 65 per cent, respectively.<sup>4</sup> However, they also demonstrate noticeable changes over time. Indeed, the data show marked increases in activity rates.<sup>5</sup> In Zimbabwe, for instance, the overall activity rate of the working-age population increased by 7 percentage points between 1982 and 1986/87.<sup>6</sup> A closer analysis of the evidence reveals that the rise stemmed essentially from higher participation of urban women. The two labour-force surveys undertaken in Kenya show a striking increase in economic activity of urban women. Between 1977/78 and 1986, their labour-force participation rate increased from 39 to 56 per cent. The activity rate of urban men and the rural working age population, on the other hand, remained virtually constant.<sup>7</sup> In Mauritius, the female labour-force participation rate expanded from 20 per cent in 1972 to 26 and 34 per cent in 1983 and 1987 respectively.<sup>8</sup>

The increased number of female labour-force recruits in urban areas arises from two main factors. First, education is positively correlated with labour-force participation. This is illustrated in Figure 2. It suggests that the level of education determines, to a large extent, the activity rate for urban women.<sup>9</sup>

**Figure 1** Activity rate by location and gender



**Figure 2** Activity rate by gender and level of education



Since there is virtual full participation in the prime age groups for urban males and rural workers, education has almost no influence on their activity rate. The second factor that has a bearing on female activity rates is the process of labour market informalization, especially in urban areas. Indeed, the increased activity rate of women stems from the implementation of survival mechanisms<sup>10</sup> at the household level. In coping with deteriorating income trends in the urban sector, households increase their activity rate, particularly those of their female members.

The urban female activity rate is expected to rise further in the future because of the interplay of the above-mentioned factors. Despite the setbacks in the field of primary education in recent years, female enrolment has increased considerably.<sup>11</sup> The average number of years of education received by the female labour force in urban Kenya increased from 3.4 to 5.3 between 1969 and 1986. In 1983, the average women on the Mauritian labour market had attained 6.2 years of education, which came close to the male average of 7.1 years. The process of labour-market informalization, on the other hand, is unlikely to be reversed in the near future, compelling urban women to continue to increase their activity rate. Moreover, as the natural population growth gains importance *vis-à-vis* the rural-to-urban migration, the masculinity ratio in urban Africa is gradually approaching equilibrium. Hence, women will represent a growing share of the newcomers in the urban labour market.

For these reasons, it is estimated that the number of female entrants in the Sub-Saharan urban labour market will increase rapidly in the future. It is conservatively estimated that the overall urban activity rate will increase from 65 per cent in 1990 to 67 per cent in 2000. The estimated regional labour force for those years is given in Table 1.

**Table 1** Labour force projections (millions)

Sub-Saharan Africa	1990	2000	Absolute difference	Annual change
<b>Population</b>				
Rural	349.9	430.4	80.5	2.1%
Urban	144.9	250.6	105.7	5.6%
Total	494.8	681.0	186.2	3.2%
Working-age population	263.3	364.7	101.4	3.3%
<b>Activity rate</b>				
Rural	80%	80%	—	—
Urban	65%	67%	—	—
<b>Labour force</b>				
Rural	149.0	184.4	35.4	2.2%
Urban	50.1	89.9	39.8	6.0%
Total	199.1	274.3	75.2	3.3%

Source: United Nations (1989) and own estimations.

The regional labour force is estimated at approximately 200 million in 1990. It is projected to increase at 3.3 per cent per annum over the next ten years.<sup>12</sup> Hence, the Sub-Saharan economies will have to generate an average of 7.5 million new jobs every year to absorb all labour force recruits during the 1990s. The urban labour-force in particular will grow exponentially at an average rate of 6 per cent a year. In the years to come, the urban labour market will have to absorb more than half of all the labour-force recruits.

### III. Modern-sector employment

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The modern sector employed only 10 per cent of the regional labour force in 1980.<sup>13</sup> Moreover, the rate of wage employment growth slowed down notably during the 1980s. Wage employment is reported to have fallen in absolute terms in several Sub-Saharan African countries, including the Central African Republic (-33.6% in 1980-1986), Côte d'Ivoire (-15.0% in 1980-1989), the Gambia (-27.5% in 1979-1986), Niger (-24.2% in 1981-1988), Zaire (-8.5% in 1980-1984), and Zambia (-5.2% in 1980-1989). In Togo, private-sector wage employment declined by 7 per cent in the period 1980-1988. It fell by one-fifth in Tanzania between 1979 and 1984. In Niger, employment in private and public enterprises dropped by 22.7 per cent between 1979 and 1989. It plunged by 28.2 per cent in Côte d'Ivoire between 1980 and 1989. In the Central African Republic, it plummeted by 23.7 per cent in a time span of just two years between 1985-1987.

A deceleration in modern sector employment has indeed been observed in several countries. The public sector was not immune to this generalized slow-down in wage employment. According to recent ILO data, public sector employment growth in eight Sub-Saharan African countries decelerated from a weighted average of 7.3 per cent a year in the period 1975-1980 to 2.4 per cent in the quinquennium 1980-1985.<sup>14</sup> Likewise, a World Bank study reports that government employment growth declined from an average rate of 4.0 per cent per annum between 1981 and 1983 to 2.4 per cent in the period 1984-1986.<sup>15</sup> In Niger, the rate of expansion of the civil service decelerated from 9.7 per cent in the period 1982-1984 to 3.8 per cent in 1987-1989. In Côte d'Ivoire it decelerated from 8.6 per cent in the period 1980-1983 to 1.8 per cent in 1986-1989. In some extreme cases, governments have been forced to retrench thousands of public-sector workers.

The argument is often voiced that overstaffing in the public sector constitutes a major destabilizing factor of the fiscal position because the public sector wage bill is progressively claiming a larger proportion of government revenue—hence the advice to retrench thousands of civil servants. But overmanning is an empirical question and should not become a new article of faith in economic analysis.<sup>16</sup>



Moreover, many of the ambitious retrenchment programmes did not reach their target. Most governments consider the dismissal of civil servants as the ultimate step in solving the public-sector employment problem. Instead, many have limited their action to a less controversial sequence of measures,<sup>17</sup> including a salary freeze, cancellation of vacant budgetary posts, lowering of the retirement age, dismissal of temporary workers, elimination of ghost workers, and a recruitment freeze. It was only in those cases where such measures had a meagre impact on the budget that retrenchment of civil servants was actually enforced. Even then, it proved extremely difficult to implement the retrenchment programme. In Tanzania, for instance, the government decided to retrench 27,000 civil servants in 1985. But in that same year, a new Ministry of Local Government was created. As a result, less than half of the intended number of workers was actually laid off. In Ghana, generous severance payments made retrenchment prohibitive, particularly in state enterprises.

Recent experience points to considerable difficulties in reducing employment levels in the public sector. Difficulties stemmed either from political or budgetary sources. The furthest governments seem to be willing to go is to impose a recruitment freeze. Recruitment was frozen in non-essential public services in Benin, the Gambia, Mauritania, Sierra Leone, Somalia and Tanzania.<sup>18</sup> Guaranteed employment schemes for graduates have also been discontinued in several countries, including Benin, the Central African Republic, Congo, Guinea, Mali, Rwanda, Somalia and the Sudan.<sup>19</sup> Kenya announced a similar measure in 1986, although it has remained a dead letter so far.

The results emerging from existing redeployment programmes indicate that only a minute fraction of the retrenched workers have become successful micro-entrepreneurs. Because of pressing social and material needs, severance payments<sup>20</sup> have seldom been invested in income generating activities. Evidence from Burkina Faso and Gabon, for instance, shows that most of the workers who had benefited from redeployment programmes joined the ranks of job seekers after one or two years. Such discouraging results turn truly worrisome when one knows that redeployment programmes and national employment funds are increasingly being financed through international loans and credits, not through grants.

Some countries, however, have been able to sustain relatively high levels of growth in public sector employment. In Kenya, for example, public sector employment continued to grow at the annual rate of 4.2 per cent between 1980 and 1989. In Burkina Faso, civil service employment increased at 5.4 per cent per annum between 1986 and 1989. The fastest growing sub-sectors are the basic social services. The number of teachers in Kenya, for instance, increased at an annual rate of 7.6 per cent per annum between 1982 and 1989. Although the growth rate was inflated because of the implementation of a new educational system, it should not be considered particularly excessive. If the basic objective is to sustain the provision of basic social services to a rapidly increasing population, then employment in those

services should keep pace. Indeed, in a situation where the number of children of school-going age is increasing at 4.7 per cent a year—as was the case in Kenya during the 1980s<sup>21</sup>—it would be unreasonable to advocate a recruitment freeze for teachers if one does not want the quantity or quality of education to decline further.

## IV. Informal-sector employment

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The informal sector is increasingly becoming the employer of last resort in urban Africa. Since the modern sector absorbs only a minute fraction of the newcomers to the urban labour market, the overwhelming majority of the incremental urban labour force must necessarily be absorbed in the informal sector. It is estimated that the informal sector created some 15 million new jobs during the 1980s in the region. In contrast, the urban modern sector added only an estimated one million new jobs. Approximately 61 per cent of the urban labour force are currently employed in the informal sector. The remainder are either employed in the modern sector (21%) or unemployed (18%). The informal sector is clearly playing the role of urban labour sponge. Knowing that about a quarter of the regional labour force is urbanized and that two-thirds of all wage employment is in urban areas, we can expect that a staggering 93 per cent of all additional jobs in urban Africa will need to be generated by the informal sector during the 1990s.

The activities of the majority of micro-enterprises are trade-related, while only a small percentage belong to the services and manufacturing sub-sectors. A 1988/89 survey of the informal sector in Dakar revealed that 72 per cent of the enterprises were in commerce, while the other 28 per cent were in production, building trades, transport and services.<sup>22</sup> This distinction is important because the potential for productive employment in services and manufacturing enterprises is much larger than that in trading activities. The Dakar survey found that the average size of an enterprise in commerce was only 1.1, compared to 3.0 in building and construction, 4.4 in services and 4.5 in production activities.

Access to self-employment in commerce is easiest in terms of experience, skills, and capital. Therefore, informal enterprises in the trading sector usually consist of one-man ventures. Micro-enterprises in services and manufacturing activities, on the other hand, are usually larger, employing between three and five persons. Access to self-employment in those activities is much more difficult and requires—besides experience, skills and capital—a high degree of maturity, a fixed location and permanent structures. It is therefore not surprising that most micro-entrepreneurs in those two sub-sectors are well over 30 years of age.<sup>23</sup>

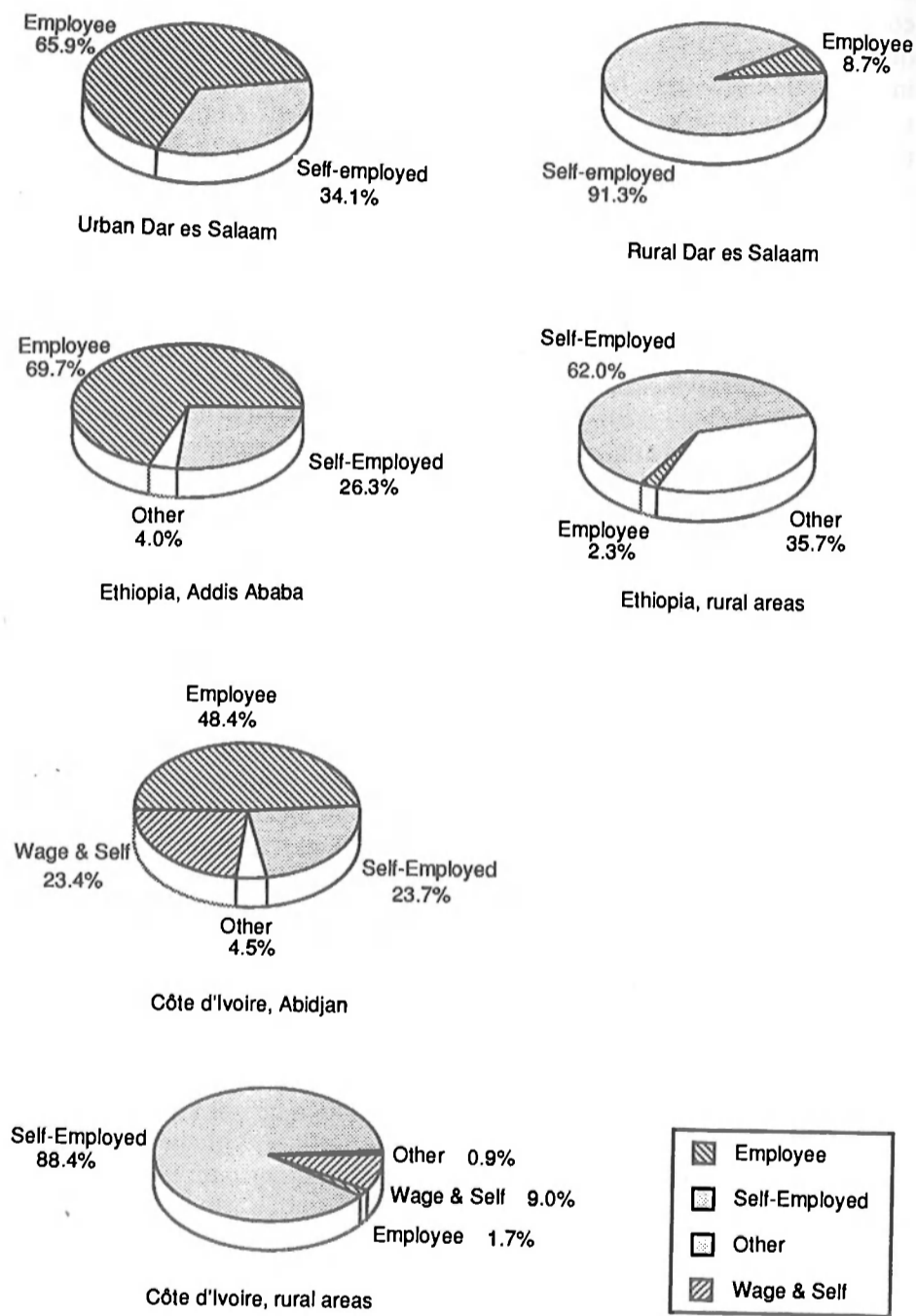
The belief is widespread that unemployed youth can easily be settled into self-employment in the informal sector. However, access differs greatly according to the type of activity. As was pointed out, access in terms of the required attributes is relatively easy in commerce, while it is quite demanding in production activities. Most youngsters employed in petty trading consider their job temporary. They all aspire to become self-employed in more productive and remunerative activities. Alas, there is a gulf between their aspirations and viable business opportunities.

There seems to be a gap of approximately 15 years between the moment the school leaver joins the labour market and the moment he or she becomes a micro-entrepreneur in the services or manufacturing sector. During that period of time, the would-be entrepreneur acquires the necessary attributes for gaining access to the most productive parts of the informal sector. The road to self-employment in those activities is thus long and tortuous. The gap of 15 years is filled with periods of apprenticeship, formal and informal sector wage employment, petty trading, and spells of unemployment.

Evidence contradicts the prevailing assumption that the majority of the urban labour force will be self-employed in the future. Indeed, censuses and surveys indicate that the chief employment status in urban centres is not self-employment but wage employment. A census of Dar es Salaam residents undertaken in 1984 found that only one-third of the employed population was working for own account. The remaining two-thirds had an employee status. Similarly, the 1984 population census in Ethiopia revealed that only 26.3 per cent of the Addis Ababa working population had the status of either employer or own account worker. Over two-thirds (69.7%) of the employed population worked for pay. The remaining 4.0 per cent consisted of unpaid family workers and apprentices. The results of the 1985 living standard survey in Côte d'Ivoire confirm these observations.<sup>24</sup> As much as 71.8 per cent of the households in Abidjan obtained income from wages and salaries. Two-thirds of them were said to earn only wage incomes. The other third earned income from both wage and self-employment. In contrast, only 23.7 per cent reported receiving income solely from self-employment. The remaining 4 per cent did not earn any income. Figure 3 depicts the composition of the urban and rural employed workforce by employment status.

Hence, the available information validates the argument that the majority of the urban labour force work for pay, not for profit.<sup>25</sup> With the rapid urbanization of the labour force, this means that the importance of work for pay in the informal sector will increase over time. Therefore, it would be unrealistic to expect that most of the newcomers to the urban labour market will become self-employed. Youth face grave obstacles in gaining access to self-employment outside petty trading because they lack the necessary maturity, skills, experience and financial resources to start and run their own business. As in most urban economies, the principal employment status in urban Africa is—and will continue to be—wage employment, be it of a formal or informal nature.

**Figure 3** Workforce by employment status



This is not to dismiss the importance of activities that aim at developing an entrepreneurial spirit among the youth. Such activities will have to play a greater role in enhancing employment levels and alleviating poverty in the years to come. They will also be necessary to bring structural change into the informal sector. The centre of gravity of the informal sector needs to be moved away from the predominant commercial activities towards the more productive and better established parts of the sector. The so-called "missing middle" will need to be developed in the future, i.e. those types of enterprises that fall between the traditional informal sector and the small-scale formal sector.

## V. Rural employment

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Agriculture still represents the backbone of most Sub-Saharan economies. It remains the single most important sector and generates the bulk of non-oil export earnings (typically more than 80 per cent). It is also the most important employer. About three-quarters of the Sub-Saharan population derive their livelihood from agriculture.

Small-scale agriculture in Africa is overwhelmingly subsistence-oriented. Food crops like maize, yams, millet, cassava and paddy occupy more than half of the total area planted. Farm holdings are quite small. The majority of farmers cultivate less than one hectare. It is therefore not surprising that a large proportion of them do not market any produce. Only a minority sell produce for an amount equivalent to the annual minimum wage. The average number of hours worked is usually high. The extent of visible under-employment is often found to be lower than expected. Indeed, farmers work long hours to eke out a meagre living. The rural labour force survey in Kenya, for instance, revealed nearly full labour utilization. For the prime age group 25–64, the average farmer worked about 40 hours per week. There was no gender bias with respect to the length of time worked. The bias occurred in the type of activities. Men worked more for pay or profit outside the holding, especially in non-farm activities. Women worked more on the holding, particularly fetching water and collecting firewood.

Another important characteristic of the rural labour market is the significant proportion of peasant farmers reporting non-farm activities as their main source of cash income. In Côte d'Ivoire, for instance, 12.4 per cent of the rural labour force was reported to be self-employed in non-farm activities in 1985. The main types of non-farm activities seem to be similar to those undertaken in the urban informal sector. The predominant activity is commerce. In Côte d'Ivoire, less than 15 per cent of non-farm businesses were engaged in manufacturing. Food commerce accounted for half and non-food commerce for a quarter of all non-farm activities.

Although the importance of rural non-farm activities in terms of employment is difficult to quantify—because they are usually carried out as a secondary occupation—it can be safely assumed that their significance is increasing over time. Evidence contained in Table 2 clearly shows that rural households obtain a significant and growing proportion of their income from

sources other than farming. In Kenya, the relative importance of non-farm activities nearly doubled between the mid-1970s and the early 1980s. Their increased importance came about at the expense of farming activities, confirming a high level of labour utilization in the rural areas in that country.

**Table 2** Composition of rural household income in selected countries (%)

Activity	Côte d'Ivoire 1985	Ghana 1988	Kenya 1974/75 1981/82	Lesotho 1986	Sudan 1978/80
Farming	75.0	69.0	57.0	48.1	47.7
Non-farm activities	13.3	16.0	9.7	16.9	6.0
Salaries and wages	6.4	11.0	22.4	21.3	52.3
Remittances & gifts	5.3	4.0	10.9	13.7	59.2
Total	100.0	100.0	100.0	100.0	100.0

Source: Rural household budget surveys.

The increased importance of non-farm activities as a source of employment and income in rural areas stems from the interplay of the following three factors: higher agricultural output and incomes; a shift in the consumption structure in favour of informal-sector goods and services; and the growing population pressure on arable lands.

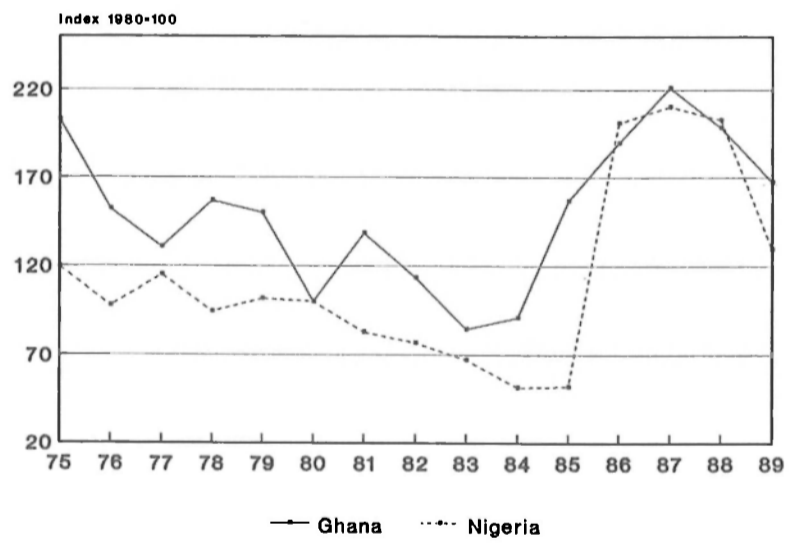
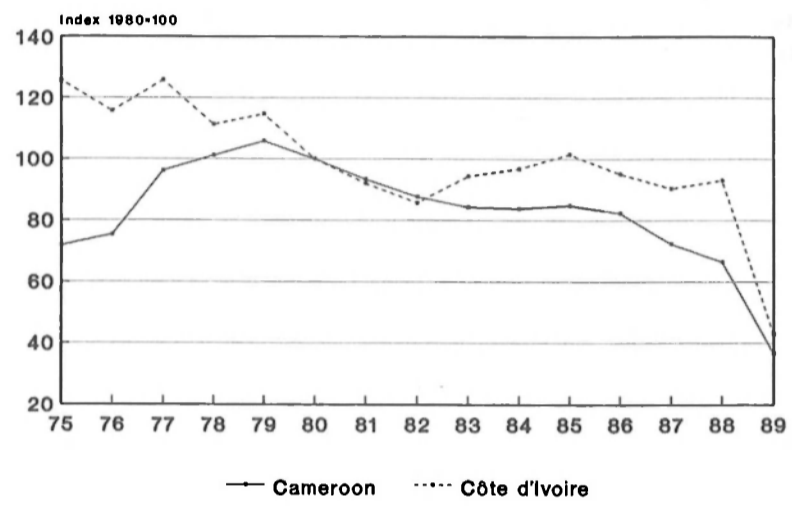
Improving agricultural production has been one of the key objectives of structural adjustment and economic recovery programmes. Agriculture has been the engine of growth of Africa's vulnerable recovery. As much as one-half of the economic growth observed between 1980 and 1989 stemmed from agriculture.<sup>26</sup> Moreover, agricultural growth was mainly food-crop-driven, while export volumes of primary commodities declined throughout the 1980s.<sup>27</sup> The major causes for the rapid growth in agriculture in recent years were good weather conditions, domestic trade liberalization, and more attractive producer prices.

Real producer prices in most Sub-Saharan African countries bottomed out around the mid-1980s, after experiencing a steady decline in the 1970s and early 1980s. Agricultural producer prices increased more rapidly than wages and prices in general. Consequently, the long-term decline in the domestic terms of trade has been halted in most countries and reversed in some. This has undoubtedly improved the employment and earnings prospects in the rural sector. It has also led to a narrowing of the urban-rural income gap,<sup>28</sup> although the income concentration within the rural sector seems to be on the rise.<sup>29</sup>

However, the recent slump in agricultural commodity prices on world markets is undoing most of the progress made in recent years. Producer prices of coffee and cocoa have recently been halved in several member countries of the Communauté financière africaine (CFA countries). In non-CFA countries, it is increasingly difficult to protect real producer prices of these tradeables through continued devaluation. Figure 4 displays the evolution in real producer prices for cocoa in two CFA countries and in two non-CFA countries.



**Figure 4** Real cocoa producer prices in selected countries



Source: UNDP/World Bank (89) & EIU (90)

The prices are expressed in local currency and deflated by the consumer-price index. The graph shows the drastic reduction in real producer prices that came in the wake of the recent collapse of world cocoa prices. In Cameroon and Côte d'Ivoire, real producer prices dropped by 45 and 54 per cent, respectively, in 1989. Neither were Ghana and Nigeria able to insulate their farmers from the collapse of world prices. Real producer prices fell by 16 and 36 per cent, respectively, in 1989, nullifying a major part of the progress achieved during the period 1984–1987.

Recent experience confirms that in primary commodity exporting countries the internal terms of trade are not independent of international terms of trade. Together with the debt overhang, the present slump in world commodity prices seriously obstructs the successful implementation of structural adjustment programmes in the region.

## VI. Unemployment

So far our regional employment profile indicates that three-quarters of the labour force are employed in the rural sector, while the modern and informal sectors employ approximately 8 and 12 per cent, respectively. The remainder are classified as unemployed.

The tendency toward mounting unemployment in the region is undeniable. Population censuses and labour-force surveys indicate high levels of unemployment, especially in urban areas.<sup>30</sup> In Zimbabwe, for instance, the urban unemployment rate was appraised at 18.3 per cent in 1986/87. In Kenya, the rate was reported at 16.2 per cent in 1986. In Dar es Salaam, it was reported that 21.6 per cent of the urban labour-force was out of work in 1984. In Sierra Leone, the urban unemployment rate was estimated at 14.8 per cent in 1988. In Dakar, 17.3 per cent of the urban labour force was unemployed in 1985. In Abidjan, 20.0 per cent was out of work in the same year. Table 3 summarizes recent information concerning urban unemployment in the region.

**Table 3** Urban unemployment rates in selected countries

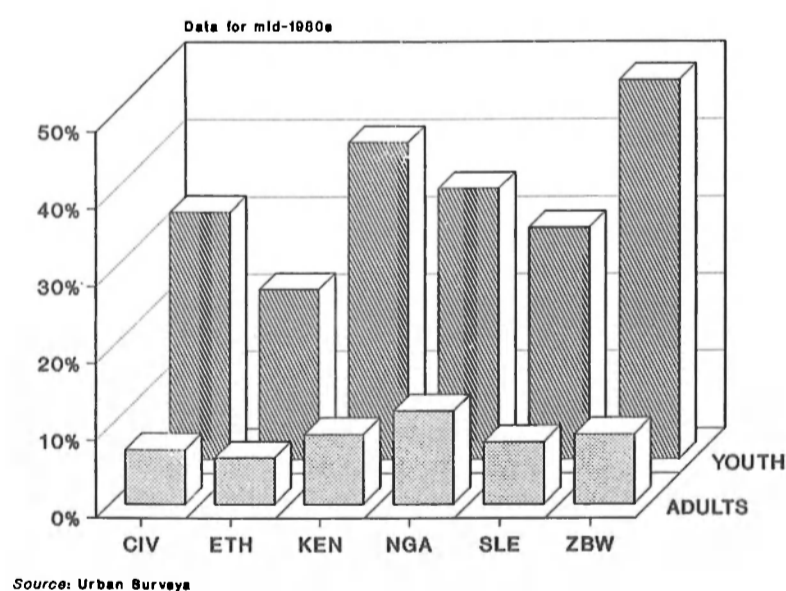
Country	Year	rate(%)
Botswana	1984/85	31.2
Côte d'Ivoire	1985	20.0
Ethiopia	1981	23.0
Kenya	1986	16.2
Nigeria	1985	9.7
Senegal	1985	17.3
Sierra Leone	1988	14.8
Somalia	1982	22.3
Tanzania	1984	21.6
Zambia	1986	19.0
Zimbabwe	1986/87	18.3

*Source:* National censuses or surveys  
The reference period is usually a week

Table 3 suggests that in the mid-1980s the urban unemployment rate in the region ranged between 15 and 20 per cent, up from approximately 10 per cent in the mid-1970s.<sup>31</sup> This means that, in absolute terms, there were approximately 9 million urban unemployed in Sub-Saharan Africa in 1990. It is currently estimated that the unemployed urban population is increasing at 10 per cent a year or more. This is considerably higher than the estimate of 6 per cent a year during the 1960s.<sup>32</sup>

The unemployed in the region have two important characteristics: their youthfulness and their high level of education. A large proportion of the unemployed consist of young people aged between 15 and 24 years. Typically, the youth represent between two-thirds and three-quarters of the unemployed population, although they account for only a third of the regional labour force. Their unemployment rate is universally higher than that for any other labour-force category. Figure 5 indicates that youth unemployment rates are considerably higher than adult unemployment rates. The countries included in the graph are Côte d'Ivoire (1985), Ethiopia (1984), Kenya (1984), Kenya (1986), Nigeria (1985), Sierra Leone (1985) and Zimbabwe (1986/87). Based on information for 15 Sub-Saharan African countries, youth unemployment rates are about three times higher than adult unemployment rates. Youth unemployment rates of 30 per cent or more are not uncommon in the region, as is shown in Figure 5.

Figure 5 Youth & adult unemployment rates



It is important to determine whether youth unemployment is a transient problem or whether it is a sign of an emerging structural imbalance on the African labour markets. Available evidence supports both interpretations. On the one hand, data confirm that unemployment rates decline as one moves higher in the age pyramid of the labour force. This confirms the "employability-gap" thesis according to which youth are more vulnerable to unemployment because they lack sufficient maturity, work experience and social contacts to be competitive on the labour market. In other words, unemployment is considered part of the normal socialization process of the youth. This thesis is supported by the data contained in Table 4 which show that unemployment rates for adolescents (15–19 years) and young adults (20–24 years) are markedly higher than those for the adult labour force.

**Table 4** Urban unemployment rates by age in selected countries (%)

Age Group	Nigeria		Kenya <sup>*</sup>	
	1974	1983	1978	1986
15–19	20.7	47.2	26.6	36.2
20–24	11.4	28.0	18.5	29.2
25–29	4.9	2.7	4.8	8.6
30–34	1.8	2.2	2.0	3.7
35–39	1.4	1.7	1.8	2.1
40–44	3.0	0.8	0.7	0.7
45–49	1.2	0.0	1.1	2.0
50–54	0.9	1.3	1.4	0.9
55–59	0.0	2.7	1.5	4.1
60–64	0.0	–	3.2	0.0
65+	0.0	–	2.2	–
All	6.2%	7.3%	6.7%	9.7%

Source: Urban labour force surveys.

<sup>\*</sup>Based on a single day reference period

However, Table 4 also suggests that youth are particularly vulnerable to rising unemployment. Youth unemployment rates increased rapidly between the mid-1970s and mid-1980s, while adult unemployment rates remained virtually unchanged. It was the educated youth in particular who suffered from increased unemployment. Contrary to the situation in the industrial countries—where the lack of education and training constitutes the major characteristic of the unemployed youth—educated youth in Africa are more prone to unemployment than uneducated youth. Unemployment seems to be positively correlated with the level of education. Typically, the unemployment rate by level of education follows an inverted U shape. Evidence from seven countries (shown in Table 5) indicates that the

unemployment rate is relatively low for the workforce without any formal education, increases for those with primary education, peaks for those with lower secondary education, and declines for upper secondary and university graduates.

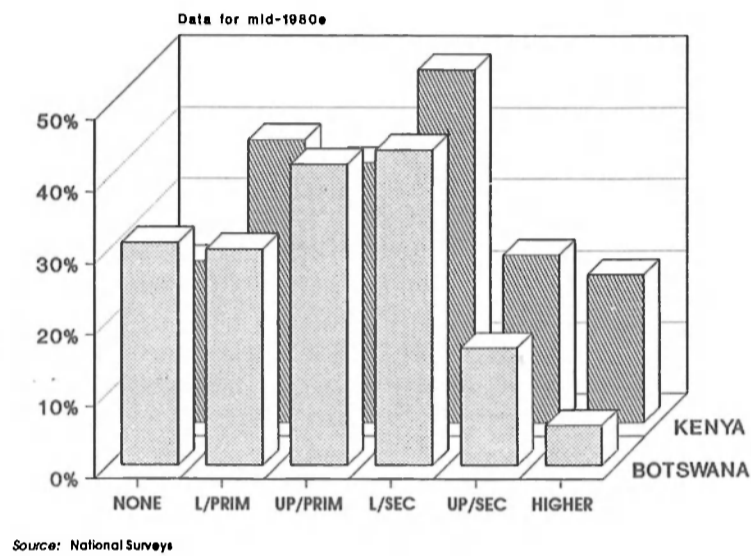
**Table 5** Unemployment rates by level of education in selected countries (%)

Level of education	Côte d'Ivoire, Total 1985	Ethiopia, Addis 1984	Ghana, Total 1987/88	Kenya, Urban 1986	Mauritius, Total 1983	Nigeria, Urban 1985	Zimbabwe, Total 1986/87
None	1.0	9.2	3.4	13.5	13.5	2.5	1.6
Primary	5.2	7.3	—	—	28.8	5.2	6.8
Lower level	—	—	5.2	14.5	—	—	—
Upper level	—	—	7.6	15.6	—	—	—
Secondary	—	—	13.5	—	36.8	30.5	11.6
Lower level	21.7	8.4	—	22.2	—	—	—
Upper level	11.7	20.8	—	8.2	—	—	—
Tertiary	13.7	4.4	14.7	5.4	13.2	5.2	—
Total	3.7	10.5	5.5	16.2	22.8	9.7	7.2

Source: National labour force surveys and population censuses.

Secondary-school leavers constitute the labour force category for which unemployment is increasing fastest. In urban Kenya, for example, 55 per cent of the unemployed had completed secondary education in 1986, compared to 30 per cent in 1977/78. In Zimbabwe, 54 per cent of the unemployed population had post-primary education in 1986/87. In Nigeria, the proportion of the unemployed with secondary education increased from 24 to 51 per cent between 1974 and 1985. On average, the share of the unemployed population with secondary education doubled between the mid-1970s and the mid-1980s. At present, they account for more than half of all unemployed people.

Furthermore, results from recent labour-force surveys contradict the thesis that educated people are unemployed not because they are educated but because they are young. The cross-classification of the unemployed by age and level of education shows that the relative vulnerability of youth to unemployment is not independent of the level of education. This classification is available from the Botswana and Kenya labour force surveys. Figure 6 reveals that the relative vulnerability of youth to unemployment is positively related to the level of education. Youth unemployment rates by level of education follow the same inverted U pattern noted earlier. Among Botswana and Kenyan youth, unemployment increases up to the level of lower secondary education, after which it declines.

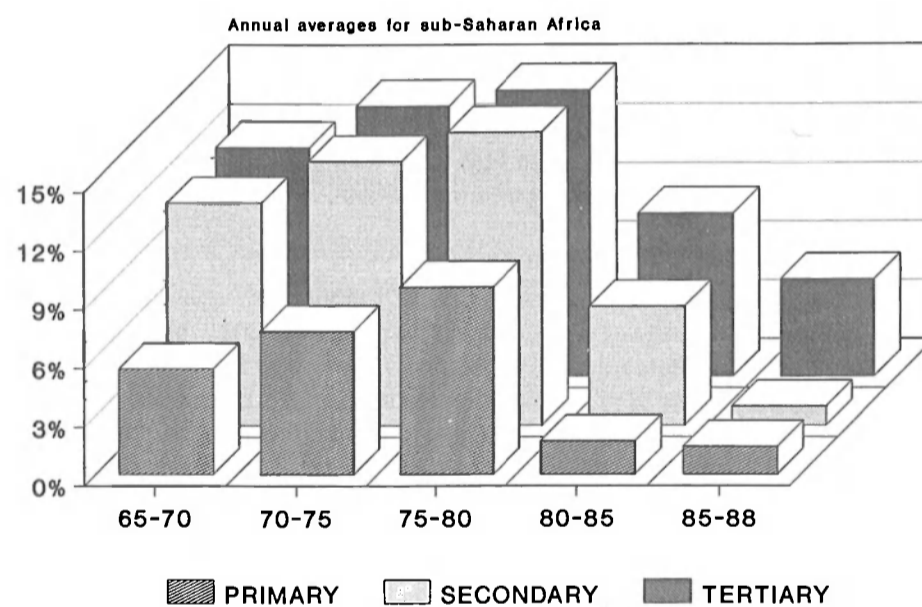
**Figure 6** Youth unemployment rates by level of education

It is worth mentioning that unemployment is gradually creeping up the educational ladder. In the 1970s, primary-school leavers constituted the bulk of the unemployed. More recent evidence indicates that secondary-school leavers came to represent the majority of the unemployed during the 1980s. In the 1990s, unemployment among graduates is likely to skyrocket. Indeed, recent studies show that graduates are already experiencing growing difficulties on the labour markets. So far, the large majority of university graduates have been recruited by the public sector. But many governments in the region are abandoning the policy of guaranteed employment for graduates, hence the number of unemployed graduates is bound to increase dramatically during this decade.

As an initial reaction, several countries have put the brake on the rate of expansion of tertiary enrolment. Some countries have even reduced their university population in absolute numbers. Nevertheless, it has proven extremely difficult to limit the social demand for secondary and tertiary education. Figure 7 illustrates this point. It shows the growth rates in enrolment by level of education for the period 1965–1988. The growth rates increased at all levels in the 1960s and 1970s, and peaked during the quinquennium 1975–1980. However, growth decelerated dramatically during the quinquennium 1980–1985 and fell further in the period 1985–1988. It also shows how post-primary education weathered the crisis of the

1980s better than primary education. Primary enrolment growth fell below the population growth rate, leading to a decline in the enrolment ratio. Post-primary enrolment growth decreased as well but remained above the population growth rate, except at the secondary level after 1985. These trends imply that the level of qualifications of the output of the education system in the 1990s will remain relatively high, despite decelerating enrolment growth. The higher the level of education of the school leavers, the higher their job aspirations, and the more likely that they will join the queue in the prolonged search for non-available jobs. In short, graduate unemployment looms as a major labour-market issue during the 1990s.

Figure 7 Growth in school enrolment by level of education



Source: UNESCO (1983 & 1990)

But high unemployment among the educated youth can partly be explained by the possession of a school certificate. It raises expectations that make youngsters withhold their labour while they queue for a white-collar job. Over time, however, they lower their job aspirations and reservation wage and are eventually absorbed in the labour market. Hence, educated



unemployment may result from a static urban labour market which is characterized by a relatively high wage differential on the combined primary and secondary job markets. This would make extended periods of job seeking an economically rational choice from the private point of view. It is noteworthy that private benefits stemming from education have diminished over the past decade through direct labour-market intervention (recruitment freeze, declining salaries, compression in the wage structure, cuts in fringe benefits, etc.). Nevertheless, demand for white-collar jobs remains extremely high. Is this because social preferences are hard to change, or because a job in the modern sector, however lowly paid, still represents a profitable choice because of the access it gives to the secondary job market?

## VII. Wages and salaries

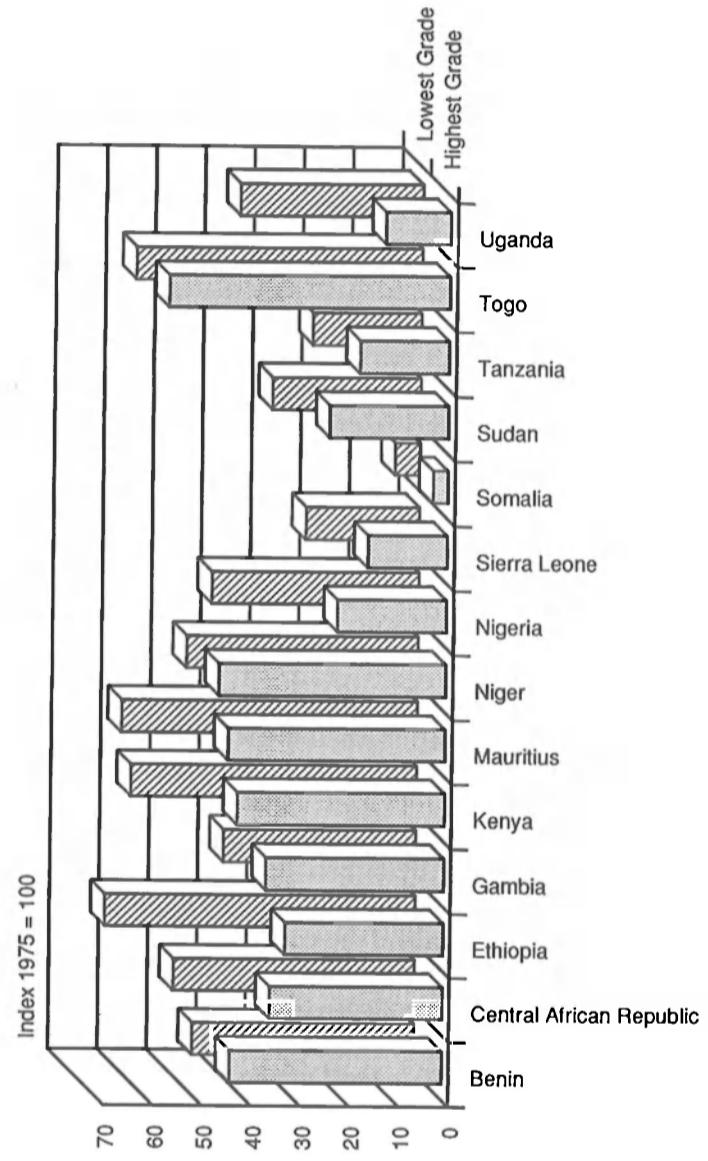
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Faltering wage employment growth has been accompanied by a sharp fall in real wages. Most commonly, wage cuts have been administered through inflationary erosion. Of the 28 Sub-Saharan African countries for which recent data are available, only one reported a modest increase in real wages. The other 27 countries all registered considerable losses. On the average, real wages declined by approximately 30 per cent between 1980 and 1986. Minimum wages also followed a downward trend during the 1980s. In a sample of 29 countries, 25 saw their real minimum wage eroded between 1980 and 1986. On average, the real minimum wage fell by 20 per cent over that period.

Wage erosion has been more pronounced in the public sector than in private enterprises. Very often, reductions in the public wage bill have been one of the major targets of structural adjustment programmes. The easiest way of achieving this target was through the implementation of wage freezes rather than recruitment freezes or retrenchment. These trends are confirmed by the results of a recent ILO survey of civil service pay in Africa<sup>33</sup> which are depicted in Figure 8. Real starting salaries declined in all 14 countries surveyed.<sup>34</sup> Among the countries where the purchasing power of the average civil servant underwent the least erosion were Togo, Mauritania and Kenya. The ones that experienced a virtual collapse of real wages included Somalia, Sierra Leone and Tanzania. The graph also exhibits a striking difference in wage trends between the lowest and highest grades. The starting salary in the highest grade decreased much faster in real terms than that in the lowest grade. Hence, the wage differential between the lowest and the highest grade narrowed considerably over the period of ten years, as is indicated in Table 6. Of the 17 countries surveyed, 11 experienced a narrowing in their wage differential. On average, the wage differential between the highest and lowest grade declined by approximately a fifth, falling from 17.2 to 13.5 between 1975 and 1985.

The trend in real basic salaries does not, however, tell the full story. The incidence of normal increments, regular promotion and allowances should be incorporated in the analysis of real wage and salary trends. Robinson shows that increments did cushion the dramatic fall in basic salaries.

Figure 8 Real starting salary in the civil service by grade in 1985



Source: Rodrikson (1990) & Chew (1990)

**Table 6** The ratio of highest to lowest starting salary in selected civil services

Country	1975	1985	Change (%)
Benin	17.3	17.3	0.0
C.A.R.	13.0	9.4	-27.7
Chad	17.5	17.5	0.0
Gambia	10.7	9.8	-8.4
Guinea	15.0	12.6	-16.0
Kenya	28.0	32.4	15.7
Mauritania	6.9	5.0	-27.5
Niger	18.2	18.2	0.0
Nigeria	19.4	10.1	47.9
Sierra Leone	10.5	7.0	-33.3
Somalia	8.2	6.9	-15.9
Sudan	14.4	11.7	-18.8
Tanzania	10.9	8.9	-18.3
Togo	10.4	10.4	0.0
Uganda	34.2	12.0	-64.9
Zaire	16.7	25.0	49.7
Zimbabwe	41.7	16.1	-61.4
Average	17.2	13.5	-21.4

Source: Robinson (1990), and Chew (1990).

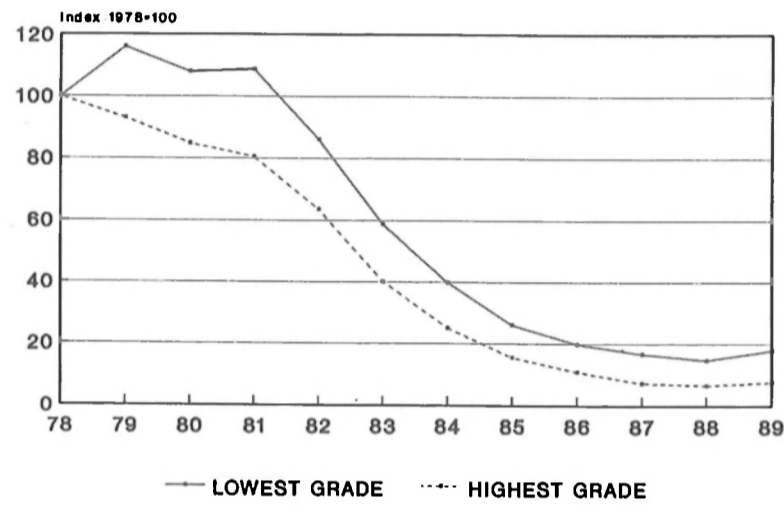
Based on a sample of 12 countries, the inclusion of normal increments reduced the fall in real salary by approximately a fifth. However, increments were far from compensating the decline in real starting wages. Promotions represent another way of compensation for real wage cuts. Evidence suggests that the number of promotions did indeed increase during the 1980s, especially for senior staff—the very people who suffered the deepest cuts in basic salaries. Nevertheless, regrading did not become a universally applied substitute for periodic salary revisions. The incidence of allowances is more difficult to assess. Cash allowances have normally declined over time, although they may have been allocated more frequently with real wages plummeting. Non-cash allowances, on the other hand, have kept up with inflation. Government accommodation, in particular, can represent a large proportion of the basic salary. For senior officials, such housing is often an important reason for remaining in the civil service, despite the dismally low wages.

Although increments, promotions and allowances constitute an important part of the pay system, especially in the public sector of most Africa countries, evidence does not indicate that they were sufficient to compensate for the fall in basic salaries.<sup>36</sup> Hence, basic salary trends can be considered as a good proxy for assessing the evolution in total earnings.

In most countries, the dramatic fall in real wages occurred during the first half of the 1980s. Figures 9 and 10 show that this was the case for Sierra Leone, Kenya, Tanzania and Togo. Those countries experienced quite

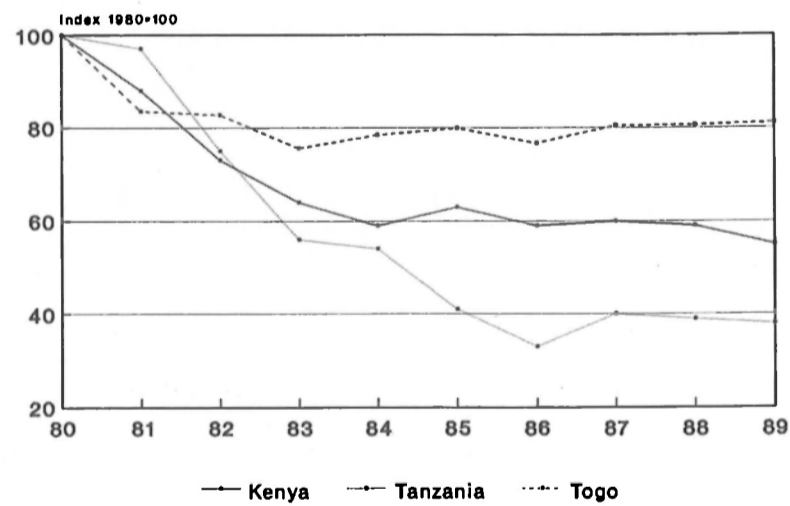
different wage trends. The purchasing power of the minimum wage fell by 20 per cent in Togo, by 40 per cent in Kenya, by 60 per cent in Tanzania, and by 80 per cent in Sierra Leone. Despite these marked differences, they all depict the same dramatic fall in the first half of the decade, followed by a period of relative stability in the second half of the 1980s.

**Figure 9** Real starting salary in the civil service of Sierra Leone



Source: JASPA (1990)

**Figure 10** Real minimum trends in selected countries



Source: Government Publications

The reason for the relative stability of wages in recent years is that they reached a subsistence minimum below which they could hardly be compressed any further. In Tanzania, for instance, the monthly minimum wage prevailing in 1989 could buy only 10kg of *sembe* (maize flour), 10kg of beans and 5kg of rice. This was hardly sufficient to sustain the worker's own health, let alone cover the basic needs of his family. Obviously, the minimum wage had fallen below the food-poverty line. Evidence from Sierra Leone shows a similar drop in the purchasing power of wages. In 1976/77 the average household in Freetown needed the equivalent of two government minimum wages to satisfy its food requirements. By early 1990, the same household required not less than 17 government minimum wages to maintain the nutritional standards of 1976/77.<sup>37</sup>

The observed wage declines were often steeper than the decline in per-capita income in the region, suggesting that wage earners have shouldered the brunt of the crisis. Data from 11 countries confirm that their income position has worsened relative to that of other socio-economic groups. In the mid-1980s, an average-wage employee in the non-agricultural modern sector earned about three times the per-capita income, down from a ratio of more than 4 in 1975. The ratio dropped by 20 per cent in the first half of the 1980s, against a decline of 10 per cent in the quinquennium 1975–1980.

In short, a great deal of evidence points to the existence of wage flexibility in Sub-Saharan Africa. However, the level of aggregation of the data is normally too high to allow for a detailed analysis of the degree of flexibility. Simple comparison of average wages can be very misleading indeed, because worker's characteristics do not remain constant over time. If one does not take into account the changes in wage-determining attributes of the workforce (such as skills, experience, age, gender and sectoral distribution), average wage trends may give a very distorted picture. The danger of the fallacy of the mean is documented in a detailed study on Côte d'Ivoire.<sup>38</sup> Between 1979 and 1984, a period of intense recession in the country, the average real wage increased by 17.5 per cent. Hence, aggregate data would seem to confirm the existence of wage rigidities in the system, allegedly explaining the important employment losses in the modern sector mentioned earlier. But the increase in the average real wage stemmed entirely from an upward trend in the skill composition of the workforce. As lay-offs affected mostly the lower skill categories, the average skill profile of the employed population increased during the years of crisis. Although most individual wages decreased in real terms, the aggregate wage increased. After controlling for the changing skill composition, the average real wage fell by 8 per cent over the period. The results of the ILO study on civil service pay in Africa confirm that wages have often been more flexible than the average figures suggest at first glance.

Real earnings have fallen below their "efficiency level" in several countries. They often need to be supplemented by other income sources. Modern-sector employees are forced to seek other income sources—including urban farming and informal activities—to compensate for the calamitous drop in real earning. Moonlighting<sup>39</sup> and job multiplicity among

modern sector wage earners became the rule in many countries. The extent of labour-market fusion remains a point of discussion, primarily because of the lack of reliable quantitative information. Although the phenomenon is certainly growing, its importance should not be exaggerated because certain pre-conditions have to be fulfilled before one can gain access to a remunerative second job. Indeed, it requires land, capital and skills before a modern-sector wage employee can set up a micro-business. Therefore, the higher the income and/or skill level of the wage employee, the more likely he or she will obtain secondary income from formal and/or informal sector activities.<sup>40</sup>

Evidence from Côte d'Ivoire supports this *à priori* thinking.<sup>41</sup> "Sunlighting" in that country was found to be more prevalent among civil servants than among private-sector wage earners. This is probably related to the fact that the former can easily reduce their labour input into the primary job.<sup>42</sup> Double jobbing was more prevalent among male employees. Females represented 14 per cent of all moonlighters, against 27 per cent for non-moonlighters. The number of years of schooling was also found to be considerably higher for moonlighters. The most important characteristic of moonlighting civil servants was that they earned on the average 47 per cent more in their primary job than non-moonlighters. Hence, the argument that widespread moonlighting will automatically cushion the social impact of wage cuts is doubtful. Access to supplementary sources of income very often depends on the position one occupies in the modern sector. This does not mean that adaptive responses to falling real wages do not occur at the lower end of the income scale. They undoubtedly do, but to a much lesser extent because of the relative lack of professional skills, financial resources and social contacts.

Wage erosion and compression had a deleterious effect upon the efficiency, morale and motivation of the civil service.<sup>43</sup> The civil service has virtually collapsed in several countries. Governments are becoming increasingly unable to fulfil essential development tasks because they lack a normally operating civil service. As long as civil servants—especially those at the senior level—remain preoccupied with their individual survival mechanisms, it would be illusory to expect the civil service to improve its capacity for policy analysis; and the design, formulation and implementation of reform packages. Nevertheless, the success of future recovery and adjustment programmes will critically depend on the internalization of those very capabilities.

## VIII. Employment projections for the 1990s

The economic outlook for Africa is gloomy. The latest *World Development Report* forecasts an economic growth rate that will hardly exceed the population growth rate during the period 1989–2000. This means that per-capita income will, at best, stagnate at the current depressed level. Throughout the 1980s, economic growth has remained below the demographic rate of growth.

Our employment projections for the 1990s are based on the *World Development Report 1990* which projects a Sub-Saharan economic growth rate of 3.7 per cent a year. We estimate the annual rate of growth at 3.0 per cent for the modern sector, 4.0 per cent for the rural (farm and non-farm) sector, and 4.5 per cent for the informal sector. Assuming an annual increase of 1 per cent in labour productivity for the urban sector and a 1.5 per cent increase for the rural sector—to allow for a modest increase in labour incomes and a narrowing in the urban-rural productivity gap<sup>44</sup>—it is possible to project sectoral employment growth for the next decade. The indicative figures are given in Table 7.<sup>45</sup>

**Table 7** Employment projections for Sub-Saharan Africa (millions)

Sector	1990	Projected growth rates			2000
		Output (%)	Productivity (%)	Employment (%)	
Rural	143.6	4.0	1.5	2.5	183.8
Informal	30.5	4.5	1.0	3.5	43.2
Modern	15.9	3.0	1.0	2.0	19.4
Unemployed	9.0	–	–	–	27.9
Labour force	199.1	3.7	1.3	2.4	274.3

Source: Table 1, World Bank (1990) and own estimations.



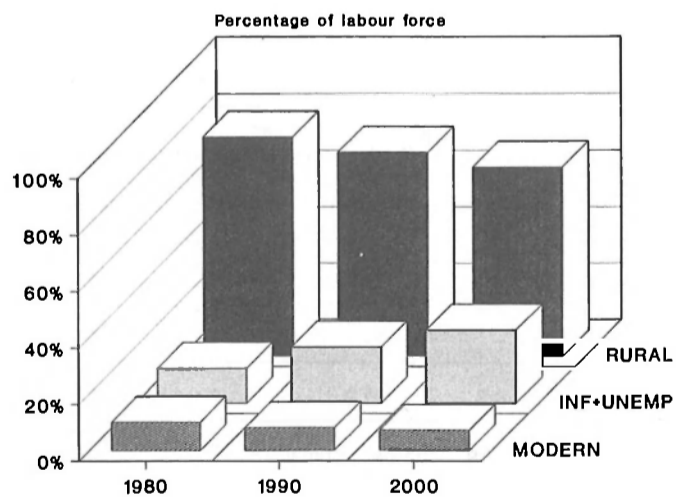
Productive employment is projected to increase at 2.4 per cent per annum, while the regional labour force is projected to expand by 3.3 per cent. Hence, the employment situation is likely to deteriorate further during the 1990s. Employment will expand fastest in the informal sector (3.5% p.a.), followed by the rural sector (2.5% p.a.), and the modern sector (2.0% p.a.). By the end of the century, modern wage employment is unlikely to account for more than 7 per cent of the Sub-Saharan labour force. The two most important labour sponges during the 1990s will continue to be the rural and informal sectors, generating 71 and 23 per cent respectively, of all productive new jobs. The modern sector is unlikely to generate more than 6 per cent of new jobs.

The projected employment growth for the rural sector exceeds the projected labour force growth of 2.2 per cent per annum.<sup>46</sup> Hence, the full realization of the growth potential of the rural sector will require a reduction in the rural exodus. The rural world will indeed need to retain more of its young and educated workforce if agricultural productivity and production are to increase simultaneously.<sup>47</sup>

The urban unemployed population is expected to triple over the next decade, rising from 9 to 28 million people. *Ceteris paribus*, the urban unemployment rate will increase from 18 to 31 per cent. Of course, most of the unemployment will be converted into under-employment through continued work-sharing, especially in the informal sector.<sup>48</sup> This will inevitably preclude productivity gains and lead to an aggravation of the poverty situation.

Figure 11 depicts the estimated employment structure for the years 1980 and 1990 as well as the projected structure for the year 2000.

**Figure 11** Sectoral employment structure (estimated and projected)



Source: As in table 7

The salient feature is that the category of informal sector employment and unemployment<sup>49</sup> is becoming increasingly important, rising from 12 per cent in 1980 to 20 and 26 per cent in 1990 and 2000, respectively. Over the period, the proportion of the labour-force employed in the rural sector will decline from three-quarters to two-thirds, while the share employed in the modern sector will decrease from 10 to 7 per cent.

## XI. Conclusions

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The dramatic economic setbacks that beset Sub-Saharan Africa during the 1980s had a devastating impact on the labour market situation. The major symptoms of the crisis included increased urban female labour force participation, stagnating employment in the modern sector, wage erosion, compressions in the wage structure, widespread "sunlighting", mounting youth unemployment, and the saturation of the informal and agricultural labour sponges. Informalization was perhaps the most marked feature of the sub-Saharan labour market during the past decade.

Falling real wages, compression in wage differentials, and the reallocation of labour to the rural and informal sectors could indicate that labour markets are functioning relatively well in the region. Indeed, there exists a large body of evidence suggesting that labour markets are flexible and do respond to incentives. In Kenya, for instance, the adoption in earnest of structural adjustment in 1982 arrested the decline in large-scale agricultural wage employment and turned it into a robust and sustained growth. Moreover, agricultural wages increased much faster than construction wages, a typical non-tradeable sector. Evidence from Ghana indicates that the economic reform programme brought about a turnaround in the flows of rural-to-urban migration.<sup>50</sup>

However, evidence that points to poorly operating labour markets is also available. The implementation of structural adjustment programmes in Côte d'Ivoire, for example, led to an employment shift in favour of the non-tradeable sector. Moreover, wage employment fell considerably despite a drop in real wages and the depreciation in the currency.<sup>51</sup> In Togo, the tradeable sector suffered greater employment losses than the non-tradeable sector during the period 1980–1988. In Mauritius, the successful implementation of structural adjustment did not bring about noticeable labour migration among sectors.

On balance, the evidence remains inconclusive. In some cases, labour markets did respond to incentives and market forces. In other cases, they did not, or only did so to a lesser extent. This underscores the many complexities that are involved in determining flexibility and mobility on the labour market, and hence the need for intensifying country-specific research on the structure and behaviour of the labour market.

This paper has reviewed the salient features of the behaviour and structure of the Sub-Saharan labour market. Its basic conclusion is that labour-market issues need to be better integrated in the new generation of structural adjustment programmes. The first generation focused attention on the provision of incentives in the product and capital markets. They largely ignored the labour market. The basic assumption was that lower labour costs would automatically lead to higher employment levels because of the downward-sloping demand curve for labour. But the evidence of the 1980s does not support this. Despite downward wage flexibility, there are no signs of renewed employment growth. Instead, we learnt that the neglect of the employment and labour income aspects had a negative impact on the sustainability of the adjustment process. The challenge that lies ahead is to better integrate labour-market dimensions into comprehensive programmes of policy reforms.

Therefore, the research agenda of the African Economic Research Consortium needs to reflect the multi-dimensional nature of tomorrow's adjustment programmes without, however, diluting its focus. Although we do not wish to recommend the introduction of a new research topic, we strongly believe that the labour-market dimension constitutes an issue of growing policy relevance. For that reason, labour-market issues should become an integral part of the Consortium's research agenda. This could best be realized by exploring linkages with ongoing research areas. For instance, the emphasis on tradeables in general and export crops in particular has far-reaching implications for labour reallocation in the economy,<sup>52</sup> raising important questions about excess labour supply in rural areas, availability of appropriate skills, adequate incentives, back-to-the-land migration, etc. Another important issue relates to the fusion of labour markets. Fusion reduces the degree of labour mobility in the system, while falling real wages partly result from relative labour immobility. Hence, there seems to be a vicious circle at work between low labour incomes, labour-market fusion, and lack of geographical and sectoral labour mobility. In the modern sector, we need to study more closely the impact of wage fixation. It would seem that the extremely low level of minimum wages critically undermines the argument that minimum wage setting introduces major distortions on the labour market.<sup>53</sup> But why did wage employment stagnate despite falling wages and salaries? Wage erosion does not necessarily imply wage flexibility. In the midst of falling wages, the labour cost per unit of production can remain largely unchanged. Although most analysts agree that lower wages and salaries will not solve Africa's employment problem, we need to look more carefully at the real structure of labour costs (wage and non-wage costs).

These are matters that need to be addressed more explicitly by the AERC-researchers on a case-by-case basis. During the past few years, the discussion about the impact of stabilization-cum-adjustment programmes has all too often resulted in mutual recriminations among and between domestic and external forces. Of late, however, converging views are emerging. The

earlier controversies are gradually being replaced by a search for pragmatic solutions. There is a consensus that the 1990s should be the decade of human-centred development.<sup>54</sup> However, this commendable objective will lose its credibility if adjustment programmes continue to ignore their bearing on the labour market.

## Notes

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1. See World Bank, 1989, p.42.
2. For the other developing countries, the average demographic growth rate is only half as high. See United Nations, 1989.
3. The activity rates pertain to the population aged 15 years or more, except for Kenya where it refers to the 15–64 age cohort—hence her slightly higher participation rates.
4. The working-age population is defined as all persons aged 15 years and over. Although it is recognized that children do participate in the labour force, they normally do so after school or on weekends and holidays. For the majority, the primary activity is schooling. They must, therefore, be excluded from the labour force. Because of the extremely limited coverage of the formal social security system in the region, it is appropriate to leave the age bracket for the working population open-ended.
5. Despite the increase in female labour force participation rates, they remain underestimated because labour-force surveys and national accounts take a rather restrictive definition of economic activity. Activities that are not monetized or do not involve market transactions are usually considered as non-economic personal activities. The exceptions are own-consumed agricultural production, water fetching and firewood collection. Since those activities are essentially rural, the narrow interpretation of the production boundary leads to a serious under-estimation of urban activity rates, particularly for women. Although statisticians are increasingly aware of those shortcomings, no adequate solution has yet been proposed to the problem of measuring non-market production activities of urban households. For a fuller discussion of the topic see Goldschmidt-Clermont, 1990.
6. See Government of Zimbabwe, 1989.
7. See Government of Kenya, 1986 and 1988.
8. See ILO/JASPA, forthcoming.
9. Compelling evidence that education has a positive effect on women's labour force participation is summarized by Psacharopoulos and Tzannatos, 1989.
10. The term "survival strategy" is considered less appropriate because it implies that the urban poor have a choice in adjusting their income sources. Most urban poor, however, do not have any degrees of freedom in coping with the crisis. The overwhelming majority of women are forced to eke out a living in low-productivity activities in order to contribute to the survival of the household.
11. Between 1975 and 1990, the female gross enrolment ratio in the region is estimated to have increased from 53.9 to 72.6 at the primary level, from 7.7 to 18.6 at the secondary level, and from 0.4 to 1.1 at the tertiary level (UNESCO, 1990). Sub-Saharan Africa is approximated by "Africa excluding Arab States" as defined in the UNESCO statistical yearbook.

12. This rate is slightly higher than the population growth rate because of the increased female labour force participation rate.
13. See Vandemoortele, forthcoming, table 7.
14. See Robinson, 1990, p.10.
15. See Starr, 1988.
16. Data for Sub-Saharan Africa indicate that the central government wage bill increased in real terms by only 5 per cent between 1980 and 1987, while total government expenditure rose by 23 per cent. Hence, the share of wages and salaries in total government expenditure declined considerably during the 1980s. See UNDP/World Bank, 1989, table 4-24.
17. For a fuller discussion on this topic, see Nunberg, 1989.
18. See van Ginneken, 1990.
19. Ibid.
20. Severance payments can be quite generous. In Guinea, for example, they were equivalent to 60 monthly salaries. In Gabon they reached, in some cases, the level of 9 million CFA (about US\$36,000). Severance payments are normally determined by two variables, namely the salary level and seniority.
21. The child population aged 5-14 in Sub-Saharan Africa is projected to grow at 3.3 per cent a year during the 1990s. See United Nations, 1989.
22. See Lubell and Zarour, 1990.
23. See ILO/JASPA, 1989, table III.5.
24. See Kozel, 1990.
25. The chief employment status in the rural areas, on the other hand, is self-employment.
26. The other half stemmed essentially from the tertiary sector, while the process of de-industrialization continued with the industrial sector contracting by 0.2 per cent per annum. See World Bank, 1990.
27. Ibid.
28. See Jamal and Weeks, 1988.
29. See Cornia and Strickland, 1990.
30. Unemployment rates are markedly higher in urban centres compared to rural areas. The recent rural labour force survey in Kenya, for instance, reports very low unemployment rates. In 1988/89, the rural unemployment rate stood at the negligible level of 0.3 per cent. In Nigeria, urban and rural unemployment were estimated at 9.7 and 3.0 per cent, respectively, in 1985. In Zimbabwe, they were reported at 18.3 and 2.9 per cent, respectively, for 1986/87. In 1984, 22 per cent of the residents in urban Dar es Salaam were out of work, compared to 6 per cent in rural Dar es Salaam.
31. Recent evidence challenges the earlier view that "... for what the available data are worth they show constancy in [unemployment] rates rather than any general tendency for rates to increase" (Turnham, 1971).
32. See Berry and Sabot, 1984.
33. See Robinson, 1990, p. 133.
34. The only country where an increase in the starting salary was observed was Zimbabwe (not shown in the graph). The real starting salary in the lowest grade increased by 50.6 per cent between 1975 and 1985, but fell by 41.9 per cent in the highest grade.
35. The ratio remained constant in four Francophone countries, namely Benin, Chad, Niger and Togo. The ratio increased in only two countries, Kenya and Zaire. In the former, new grades at the top end of the pay scale were introduced, bringing about an increase in the ratio.

36. "In many countries government workers have borne a larger than average share of the adjustment to deteriorating macro-economic conditions" (Lindauer *et al.*, 1988).
37. See ILO/JASPA, 1990.
38. See Levy and Newman, 1989.
39. "Sunlighting" is probably a more appropriate term to describe the phenomenon in the region as most moonlighting is done during normal working hours.
40. The differential access to secondary jobs may explain why the compression in the wage structure has met with so little resistance.
41. See van der Gaag *et al.*, 1989.
42. In Uganda, for instance, many civil servants reported working less than half a normal working day. See Chew, 1990.
43. See Klitgaard, 1989.
44. The productivity growth rates are to some extent arbitrary. But it is unanimously accepted that without marked improvements in productivity, development will not return to the region.
45. The employment structure for 1990 is arrived at in the following manner. We know that modern-sector wage employment accounts for approximately 8 per cent of the labour-force. The urban informal sector employs about 61 per cent of the urban labour-force. Unemployment is considered a purely urban phenomenon and is estimated at 18 per cent. Employment in the rural sector is calculated as the residual.
46. See Table 1.
47. The UN population projections by rural and urban location implicitly assume a rate of internal migration of approximately 1.3 per cent. This means that a startling 5 million people in Sub-Saharan Africa are expected to migrate every year from rural to urban areas during the 1990s.
48. During the 1980s, work-sharing made it possible for the majority of newcomers to the labour market to find employment despite the crisis, albeit at strongly reduced levels of income.
49. The rationale for joining these two categories is the observed phenomenon of work-sharing whereby urban unemployment is transformed into informal sector under-employment.
50. Accra now appears one of the major areas of supply of labour to the western region, the new area of cocoa production.
51. See Levy and Newman, 1989.
52. The production of export crops is usually more labour intensive than food crop production.
53. The role of minimum wage setting differs considerably between industrial and developing countries. In the former, they provide a socially acceptable standard of living for marginal workers, and minimum wages usually fall below 50 per cent of the average wage level. In developing countries, on the other hand, the minimum wage sets the trend for a broad category of workers. The minimum wage in those countries is often as high as three-quarters of the average wage. In other words, minimum wage fixation in industrial countries falls outside the realm of the wage policy, whereas it constitutes a pillar of the wage policy in developing countries. But the situation changed dramatically during the 1980s, particularly in Sub-Saharan Africa. Minimum wages are no longer a major instrument of the wage policy. Nowadays, they follow rather than precede average wage trends.
54. See UNDP, and World Bank, 1990.



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