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TOPIC: THE IMPACT OF THE GLOBAL ECONOMIC
CRISIS ON EMPLOYMENT AND LABOUR MARKETS IN
AFRICAN COUNTRIES A PLELIMINARY SURVEY

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IMPACT OF THE WORLD ECONOMIC CRISIS ON EMPLOYMENT AND LABOUR MARKETS IN AFRICA: A PRELIMINARY SURVEY

Key Words: Global Economic Crisis, Labour Markets, Africa

Abstract

The contagion effect of the global financial crisis on Africa has been a subject of debate in many circles from the time when the USD 8 trillion US housing market burble collapsed to date. The paper argues that the current global economic crisis will have negative effects on Africa's economy, that is, it will slow down Africa's economic growth. The paper discusses how slow down in economic growth will have negative consequences on the current worrisome employment and labour conditions. The paper concludes by making some policy recommendations on how the negative effects of the crisis on employment and labour markets can be mitigated.

1.0 INTRODUCTION

'Even though the [global economic] crisis has been slow in reaching Africa's shores, we all know it is coming and its impact will be severe' (International Monetary Fund Managing Director, Dominique Strauss-Kahn, March 2009).

The current global financial crisis currently poses danger to Africa's recent economic history, since it threatens to reverse, even wipe out, hard won gains' (H.E Kikwete, March 2009).

The current financial crisis is more global than any other period of financial turmoil in the past 60 years (International Monetary Fund, 2009). The International Labour Organisation (ILO) has described it as 'direst financial and economic crisis the world has experienced since the 1930s' (ILO, Employment Trends Report, January 2009). All projections made by various sources give an indication that the global economic meltdown, which started in 2008, is likely to continue and further deepen in 2009. The International Monetary Fund announced in April 2009 that the global recession would be long and deep and with a low recovery. The related discourse with regard to the crisis has now shifted from 'where did it all originate' and 'who were the main culprits' to 'what are the possible consequences' and 'how the adverse impacts should be best addressed' (Rahman, 2009). This paper will take this discourse with particular reference to employment and labour markets in Africa.

The contagion effect of the global financial crisis on Africa has been a subject of debate in many circles from the time when the USD 8 trillion US housing market bubble collapsed to date. Since then, some 'prophesies'-both positive and negative-have been made in regard to the consequences of the crisis on the Continent. The International Monetary Fund Managing Director, Dominique Strauss-Kahn, in March 2009, 'prophesied' thus, *'Even though the [global financial] crisis has been slow in reaching Africa's shores, we all*

know it is coming and its impact will be severe. The simplest interpretation of the 'prophecy' is that the knock-on effect of the crisis on the continent shall be substantial. Dissenting 'prophets' have insisted that Africa will weather the global downturn. It is not fair to outrightly dismiss any of these schools of thought as they are based on some key assumptions.

One can, therefore, infer that there are two perspectives on the impact of the crisis on the continent, each with its theoretical foundation (Ikome, 2008).

The first perspective opines Africa's marginal and/or peripheral position in the global economy will shield the continent from the disruptive effects of the crisis, that is, the continent stands a reasonable chance of sailing through the global financial crisis less bruised than other regions of the world. Proponents of this perspective further assert that some of the economic weaknesses that have impeded the continent's development in the past now appear to serve as a useful shield against the full brunt of the crisis (Ikome, 2008). These economic weaknesses include excessive regulation and conservatism of a majority of Africa's banking systems, including rigid controls on foreign exchange and limited foreign ownership of banks. To proponents of this perspective, what appeared as a form of counterproductive financial de-linkage from the world's financial banking system, now paradoxically stands out as a useful shield of the continent's banking sector from the ongoing global financial turmoil (Economist, 2008: 34).

The second perspective argues that, as has been the case in previous global economic downturns, Africa is most likely to receive the most serious knock-on from the current crisis. This perspective rejects the totality of Africa's marginality thesis.

A Critical Appraisal of the two Perspectives

The thesis of Africa's peripheral position in the global economy providing a buffer zone against the devastating effects of the crisis is valid as far as the banking sector is concerned; it does not apply to the real economy and to all countries on the continent. Admittedly all indicators of Africa integration into the global financial system are significantly low. According to the African Development Bank (2009), compared to emerging countries, Africa's external financing (bond issue, stocks and private borrowing) is low representing only 4 percent in 2007 of overall issue for emerging economies. In 2007, bond issue stood at only USD 6 billion compared to USD 33 billion for Asia and USD 19 billion for Latin America. In terms of access to private resources, Africa received only 3 billion in 2007, compared to 42 billion for Asia. Africa's stock market capitalization is very low representing only 2.09 percent of world capitalization. Further more, Africa banking assets represent only 0.87 percent of global banking assets, compared to 58.15 percent for the 15 countries of the Euro zone and 15.09 percent for the United States. Africa's financial globalization ratio is comparable to Latin America's, at 181.3 percent and 176.4 percent, respectively far behind that of Asia at 369.8 percent and Japan at 495.7 percent (African Development Bank, February 2009).

Thus, the limited depth and low integration of the financial systems of African countries with the United States and European capital markets appeared to be sheltering them from a direct transmission of the worst effects of the crisis. Africa's low level of financial integration meant that African economies were relatively isolated from the direct impact of the financial crisis. In view of the current level of integration, Africa found itself shielded from the impact of the 2007 sub-prime and the summer

2008 banking crises, thereby avoiding the effects of a financial crisis that affected the very foundations of the international financial markets. This further partly explains why Africa escaped both the sub-prime and banking crises since no Africa country announced a bank rescue plan compared at a scale observed in many developed countries (African Development Bank, 2009).

While the thesis of Africa's peripheral position in the global economy is true to the majority of African economies, South Africa is an exception to this rule (Ikome, 2008). South Africa's financial markets are more closely linked to those of the industrialized economies of the North and emerging economies than those of other African countries. Foreign investors are the major shareholders in some of the country's key banks, for example, UK's Barclays Bank Holdings in ABSA and China's ICBC recent acquisitions in Standard Bank South Africa (Ikome, 2008).

The crisis will not spare the real economy. There is hardly any continent that is immune from the shock of such a wide and deep scale. Africa is heavily integrated in the global economy in the areas of export markets, import of inputs, development assistance, direct foreign aid and remittances, which together, are the conduits (or transmission belts) through which the global crisis would impact on the continent's economic and social life. However, it is worthy noting that the impact of the crisis on individual countries will be uneven depending on their specialization and level of integration in the global economy. But what is now irrefutable, stemming from the above discussion, is that a few African countries will be directly affected by the crisis while the majority will be indirectly affected. But being affected is beyond discussion. What still remains a subject of discussion is the magnitude of the consequences.

2.0 IMPACT OF THE CRISIS ON EMPLOYMENT AND LABOUR MARKET IN AFRICA

Economic recessions have negative consequences on both employment and the labour markets.

Before discussing the impact of the crisis on employment and the labour markets, it is pertinent to highlight the pre-crisis labour market situation in Africa.

Economic growth in Sub-Saharan Africa slowed down from 6.6 percent in 2007 to 5.3 percent in 2008. The projected growth for 2009 is 3.5 percent. According to ILO (2009) the slow down in economic growth is worrisome in view of the harsh labour market conditions in the region, and more so in view of the fact that recent good economic performance has only been partially reflected in the region's labour markets. It takes time until economic growth translates into employment growth, and positive economic trends need to be sustained for some time to see significant changes in the structure of employment and growth in decent work. Likewise economic growth needs to be sufficient to absorb increase in the labour force due to population growth. The population of Sub-Saharan Africa is among the world's fast growing. Youth made as much as 36 percent of the total working age population (aged 15 years and above) in 2008, making it the most youthful population in the world.

According to ILO (January 2009), unemployment rate decreased in the past six years by 0.6 percent point in Sub-Saharan Africa and stood at an estimated 7.9 percent in 2008. A large share of the workforce is however subject to harsh conditions reflected in working poverty and vulnerable employment. Almost 60 percent of the employed are classified as extreme working poor (i.e. living on less than USD 1.25 a day) and vulnerable

employment accounted for more than 75 percent of the employed in 2007. Between 2002 and 2007, vulnerable employment registered a decline by approximately 1.9 percent points, and by 3.5 percent points between 1997 and 2007.

North Africa has the lowest employment to population ratio in the world. In 2007, employment population ratio was 45.7 percent and these rates only increased by 2 percent points in the last ten years. The low employment to population ratio is associated with low participation of women and the youth (ILO, Global Employment Trends, January 2009). There is also a high level of unemployment much as strides have been made in reducing the unemployment rate in recent years, from a peak of 14.2 percent in 2000 to 10.3 percent in 2008. The reduction in unemployment in the region is attributable to the economic growth rate in the ranges of 4.5 –6.5 percent. Nevertheless, the unemployment rate in North Africa is among the highest in the world. Vulnerable employment decreased by 5.8 percentage points between 1997 and 2007 and working poverty is below 10 percent of the employed. Working poverty at USD 2 a day decreased by almost 12 percentage points between 1997 and 2007 (ILO, Global Employment Trends, January 2009).

The seemingly bleak labour market picture on the continent is likely to be worsened by the global economic recession. Prior to the crisis, unemployment, vulnerable employment and working poverty were major challenges.

2.1 Impact of the Global Economic Crisis on Employment

In 2009 and 2010, economic growth around the world is expected to fall sharply, which is bound to severely affect labour markets in developing countries. The sharp contraction in economic growth and activity is

translating into redundancies, that is, a dismissals due, wholly or mainly, to the complete closure of a business; the closure of the employee's workplace; the diminishing need for employees to do work of a particular kind in the business as a whole, or at the employee's particular workplace. Redundancy is a process that begins when jobs or work disappears as a result of change within the organization's environment (economic downturn in this case) rather than for performance related issues. Employees become surplus to requirements (redundant), which may lead to the termination of employment contract (retrenchment), unless they are relocated to a suitable position within the organization. Globally, companies are closing down and/or reducing staff due to contraction in economic activity.

The last quarter of 2008 and the first quarter of 2009 have seen rapid and synchronized falls in investment, consumption, output and trade world wide, leading to massive employment losses in many countries. Loss of employment has become a feature of the global financial crisis in many countries.

In the Updated Global Employment Trends (May, 2009), the ILO estimates that global unemployment could increase by between 29 millions (lowest scenario) and 59 millions (highest scenario) unemployed people in 2009, with a middle scenario of 39 million. The likelihood of the lowest scenario for global unemployment in 2009 is rather minimal. If effective policy measures (now commonly referred to as stimulus packages) are formulated and implemented, ILO believes that the highest scenario could be avoided. All the three scenarios reflect a reduction in the number of available employment opportunities and the attendant unemployment coupled with a steep deterioration of other labour market indicators. Millions of formal sector jobs will be lost leaving massive numbers of

workers unemployed, and the contraction in labour demand will reduce labour demand across the wage distribution.

As far as the African continent is concerned, ILO projects economic growth of 3.2 percent in North Africa in 2009 down from 5.8 percent in 2008. This rate of economic growth is projected to result into an upper-band estimate of an additional 900,000 unemployed people in the region representing an increase of approximately 13 percent (ILO Global Employment Trends-Update, May 2009) Unemployment is expected to plummet in Sub-Saharan Africa owing to economic contraction (decline in commodity prices).

In Africa, jobs are being lost in the formal sector from Cape to Cairo. Job losses in the formal sector are expected to decrease Africa over the next years, especially in export-oriented industries and countries that are heavily dependant on international trade owing to reduced demand for commodities in countries at the epicentre of the crisis and reduced prices of commodities. The job losses will tend to further inflate the ranks of informal workers, thereby raising competition among low-income occupations.

In south Africa, total unemployment increased only marginally in the fourth quarter of 2008(0.3 per cent), but 39,000 paid jobs were lost in mining, manufacturing and financial services. Unemployment stood at 21.3 percent in the fourth quarter, but the number of discouraged job seekers, at over one million persons, increased by 9.1 percent against the third quarter (ILO, Tracking Job Crisis, 2009). In Zambia, the economic downturn has hit the country's copper mine industry, affecting those directly employed in the sector, as well as those depending on the mining companies for their business. An estimated 6,000 workers were retrenched since November 2008 and the Mine Workers Union of Zambia

estimated that 10,000 (43.5 percent) out of the 23,000 miners would be retrenched by March 2009 (overseas Development Institute, 2009). In the Democratic Republic of the Congo (DRC), as many as 70 mining companies operating in the Katanga Region closed as a result of slump in the prices of cobalt on the world market. Forrest International terminated the services of 650 employees and indicated that the exploitation cobalt is not profitable at USD 9 per Pound. According to the Ministry of Mining in DRC, these closures are estimated to have caused a loss of 200,000 jobs. Several textile factories were closed in Lesotho and Madagascar as a result of a steep decline in external textile demand from its major trading partners: South Africa and the United States. Employment pressures have emerged in Madagascar, attributable to the vulnerability of the labour intensive sectors (tourism and textile) to the crisis. A local textile company in the west of the country closed rendering 4000 workers jobless (African Development Bank, 2009). In Uganda, 15 factories closed in 2008 rendering a significant number of workers unemployed. According to the Overseas Development Institute (2009), the labour intensive horticultural industry in Kenya, which employs an estimated three million people, had to cut around 1200 jobs this year and suffered 35 percent drop in export of flowers while in Ghana, FDI-generated employment dropped from 15,526 in the fourth quarter of 2007 to 10,022 in the fourth quarter of 2008. According to Kasekende (2008), job creation in Egypt slowed down from 200,000 jobs in the third quarter of 2007 to 180,000 jobs in the same period in 2008.

In most African countries, remittances from migrant workers have played a central role in boosting the construction sector. With the evident decline in remittances, jobs in the construction sector are likely to contract.

The loss of employment and income has important poverty and human development implications. ILO, in the Tracking Job Crisis Report (2009), opines that there is now a shift from job crisis to social recession. Every job lost is a personal drama, a family hardship and a social crisis. Insecurity breeds in on uncertainty and declining incomes. Unemployment increases illness, stress and loss of self- esteem, leading to personal distress.

3.0 LABOUR MARKET INFORMALISATION

The impact of the crisis on labour markets will go beyond job losses. Lay off of formal workers will increase the ranks of informality and put further downward pressure on wages. Employment in the informal sector is projected to increase as displaced workers from the manufacturing sector may be forced to work in the informal sector because they cannot afford to remain unemployed for long. According to the ILO, the informal sector may be broadly characterized as consisting of units engaged in the production of goods and services with the primary objective of generating employment and income to the persons concerned. These units typically operate at a low level in the organization, with little or no division between labour and capital as factors of production and on a small scale. Labour relations-where they exist-are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees. The informalisation is to be exacerbated by returnee migrants and reversal of migration from urban to rural areas. Incomes of workers in the informal economy will also be affected. Slow growth associated with reduced profit margins is likely to generate substantial downward pressure on informal economy wages (ILO, Global Package response, 2008). Financial crises are often associated with substantial decelerations or even declines in real wages.

4.0 IMPACT ON REAL WAGES IN FORMAL AND INFORMAL SECTORS

Real wages will plunge in the formal and in the informal sector, affecting harshly those who are to remain on their jobs. Real wages will fall in the formal sector due to contracting labour demand. Displaced workers from the formal sector become unemployed or search for a job in the informal sector. This transition from the formal to informal sector will increase labour supply, creating a downward pressure in this sector.

Earnings of workers in both formal and informal sectors are likely to fall. More companies may consider salary reductions as a way of cutting costs amidst the ongoing recession. For workers a salary reduction is a hard pill to swallow, even in a recession. Employees will now be happy if their salary does not go down in the coming year. Reduced wages will result into reduced savings, de-investment that sets in a spiral of secondary unemployment.

5.0 REVERSAL IN MIGRATION

Owing to the impressive economic growth in most African countries over the past ten years, the fashionable trend has been for people to migrate from rural to urban areas. Owing to the crisis, there are sign of reversal in this trend. The reverberation of the crisis could also affect internal migration, as higher urban unemployment prompts jobless workers to return to rural communities. When hit by a negative shock, internal migrants may have little choice but to return to their homes and engage in low earning sectors.

6.0 IMPACT ON SECTORAL DISTRIBUTION OF EMPLOYMENT

The economic slowdown is likely to affect the distribution of employment in different sectors (agriculture, industry and services). The reduction in

growth of GDP and changes in growth –employment elasticity, the changes of employment in some sectors will occur. In 2008 job creation in the services sector-the main generator of jobs in developing economies, including Africa-plummeted drastically. Job creation is further expected to sharply drop in the industrial sector (mining and quarrying; and manufacturing).

In the service sector, tourism has been hit hardest as a result of declining incomes in developed and emerging countries, where most tourist flows originate. By December 2008, tourism booking indicators for winter season in Egypt were down by 40 percent compared to the same period of 2007 (Kasekende, 2008). By March 2009, Tanzania reported an 18 percent drop in tourist arrivals and expressed worry over loss of its tourism glory. In Kenya, tourist arrivals had declined substantially to 25-30 percent and Kenya Airlines posted a 62.7 percent drop in profit for the half-year at the end of September 2008 (African Development Bank, 2009). This implies that the number of people employed in the service sector (especially trade, hotels, and transport) will substantially decline through retrenchment and/or reduction in the number of new jobs created.

The global economic crisis has not spared the mining sector. It is projected the number of people employed in this sector will reduce and signs of this are already observable. Several projects in the extractive industries, which would have increase employment in this sector, were cancelled or postponed in DRC, Zambia, South Africa, CAR and Cameroon (African Development Bank, 2009).

In the construction sector, a decline in remittances, which had boosted construction, will lead to a contraction of jobs. In Uganda, remittances from Ugandans working abroad declined by 47 percent between July and

December 2008 leading to a loss of USD 236.72 million. Prior to the slump, Ugandans in diaspora had remitted USD 504.04 million (Daily Monitor 19 June, 2009).

7.0 IMPACT ON QUALITY OF EMPLOYMENT: VULNERABLE EMPLOYMENT

In Global Employment Trends Report (May 2009), the ILO, based on projected GDP growth, has predicted a decline in the employment quality. The crisis will have attendant effects on vulnerable employment. Vulnerable employment implies working under inadequate conditions or lack of a descent employment. To ILO, vulnerable employment is computed as the sum of own-account workers (self-employed workers without employees) and contributing family workers (unpaid family workers) as a share of total employment. Many workers in these types of employment status are in developing countries and do not benefit from social safety nets if they lose their livelihoods or face challenges such personal or family member illnesses. Vulnerable workers are less likely than more formal wage and salary earners to receive an adequate income and have their fundamental labour rights respected.

The crisis is likely to have an impact on vulnerable employment in Sub-Saharan Africa. Many of the workers in Africa are in this type of employment. In the Updated Global Employment Trends Report (May 2009), ILO estimates that 73 percent of the workers in Sub-Saharan Africa are in vulnerable employment and this could rise to more than 77 percent in 2009. A high proportion of vulnerable workers is a reflection of an informal economy. Thus, the informalisation of the labour force will translate into an increase of the proportion of vulnerable workers. A high proportion of vulnerable workers is also a reflection of wide spread poverty. The poverty connection arises because workers in the vulnerable

status lack the social protection and safety nets to guard against times of low economic demand and often are incapable of generating sufficient savings for themselves and their families to offset these times (ILO, Global Employment Trends, January 2009). This is bound to increase the percentage of the population living below the poverty line and to undermine poverty alleviation programmes in many countries.

8.0 IMPACT ON WOMEN AND YOUTH

The crisis is bound to affect some groups of workers more than others. The ILO Global Employment Trend for Women (March 2009) highlights the multifaceted ways in which men and women are to be impacted upon by the crisis. The report reconfirms that gender inequality remains an issue within labour markets globally. Women are overrepresented in the agricultural sector and half of the female employment in developing countries can be found in this sector alone. In sub-Saharan Africa, agriculture makes up more than 60 percent of all female employment (Global Employment Trend for Women, 2009). A sizeable number of women on the continent are also employed in the service sector. In developed economies, unlike in Africa, there are signs that the crisis may be at least detrimental to men as for women, and possibly more so. Massive job losses in the agricultural and service sectors are going to increase female unemployment since most of the female employment is in these sectors. In North Africa and Sub-Saharan Africa, female unemployment rates are expected to increase more than male unemployment rates, a reflection of women's disproportionate representation in temporary employment and that women tend to comprise a substantial share of employment in export-oriented manufacturing industries in Developing countries (ILO Global Employment

Trends-Updated, May 2009). As already alluded to, these are sectors where substantial job losses are expected.

The impact of the crisis is bound to be severe for the youth. Youth unemployment is projected to increase in many regions of the world. As new entrants in the labour market and less skilled due to their short labour market experience, they are likely to be most hit by the contraction in labour demand (especially in the formal sector). Moreover, job closings are also likely to disproportionately affect the young workers because young workers tend to work under temporary terms. Young people will be disproportionately affected by reduced job creation and increased dismissals.

It is therefore evident that labour participation for more vulnerable groups such as women and young worker will reduce.

9.0 IMPACT ON LABOUR PRODUCTIVITY

The crisis is expected to have an impact on average output per worker, which is a useful indicator of labour productivity. Globally, output per worker is expected to decline by between 1.3 percent and 2.3 percent in 2009 as a result of the negative growth. In Sub-Saharan Africa, labour productivity is expected to decline by between 0.7 percent and 1(one) percent (Global Employment Trends-Updated, May 2009).

Labour productivity is a key determinant of living standards, as higher output per worker can lead to increased wages and/or shorter working hours for equal or greater remuneration. Cautionary remarks ought to be made here: a positive relationship between labour productivity and wages and working conditions cannot be guaranteed. In many developing countries in recent years, real wages have grown at a much slower rate

than labour productivity. Nevertheless increased productivity provides a key mechanism for poverty reduction, as the poor do not suffer from an absence of work, but rather from low productivity and the resulting low remuneration (Global Employment Trends-Updated, May 2009). As growth begins to recover, labour productivity is expected to increase. The projected decline in labour productivity will lead into a deceleration of wages and reduced potential for employment quality. It is also likely to increase the number of the working poor given the strong link between labour productivity and working poverty.

10.0 POLICY RESPONSES

Based on previous economic recessions- Asian crisis of 1997-1998; Commonwealth of Independent States crisis of 1997-1998; Finish recession of 1990-1991- the ILO has projected that labour markets across the world are likely to recover (return of employment to pre-crisis levels) four to five years after economic recovery. The International Monetary Fund announced in April 2009 that the global recession would be long and deep and with a low recovery rate. This gives rise to fears of a prolonged labour recession. According to ILO, massive rises in long-term unemployment and labour market 'informalisation'-exacerbated by return immigrants and large-scale reversal of migration from urban to rural areas –are very difficult to reverse. If these trends take root, the negative effects of the crisis will be long-lasting, thus yielding significant social hardships and depriving the economy of valuable resources.

In view of the above, how should labour market policies by public administration systems on the continent respond? It must be emphasized that labour market responses should complement financial and macroeconomic measures (World Bank, 2008).

In order to overcome the devastating consequences of the crisis on employment and the labour markets, the ILO has proposed a Global Jobs Pact. The pact aims at placing employment and social protection at the centre of recovery policies in order to accelerate employment recovery, ensure inclusive access to employment through specific measures for the disadvantaged groups, broaden the coverage of social protection and enhance security (ILO, Tackling Job Crisis: Recovery Through Decent Work Practices, 2009). The ILO hastens to caution that application of the Global Jobs Pact requires adaptability to the diversity of national situations, needs and resources; it is not a 'one-size-fits-all' solution. The objective of the pact is to ensure better employment and social protection outcomes in dealing with the crisis. The key components of the Pact, which may be applicable to developing countries given their resource envelop and obtaining conditions, include:

10.1 Safeguarding viable job losses through support for shorter hours combined with skilled development, to limit wasteful lay-offs

Under this approach, the ILO calls for safeguarding existing jobs through greater emphasis on measures to allow workers to combine employment with partial unemployment benefits, work sharing and temporary and targeted reductions in social security contributions; and upgrading the skills of at-risk workers. Such measures, according to ILO, help to avoid mass lay-offs and minimize firing and (re) hiring costs for businesses. The ILO defends such measures on account of simultaneously mitigating the labour market and social impact of the crisis on individual workers, facilitating adjustment at the firm level, and preventing loss of firm-specific skills in the medium term, while investing in human capital for the longer term. Work sharing should serve as an alternative to lay-off. It aims at enabling employers to retain skilled workers and workers to avoid

lay offs associated with temporary economic downturns. Under such arrangements workers agree to reduce their working time and to accept a cut or proportional reduction in earning. Work sharing which is often intended as a temporary measure is typically undertaken through voluntary agreements by workers and firms.

10.2 Reinforce active labour market programmes to avoid the risk of long-term unemployment

According to ILO, such programmes play an important role in helping individuals adjust to changing labour market conditions. Such programmes can take many forms, including job-search assistance and monitoring personalized action plans for job seekers, skills development training and targeted programmes for disadvantaged groups. If properly designed, they can enhance employability and employment prospects.

10.3 Increase investment in employment-intensive infrastructure

This is a highly desirable response for low-income countries since such countries do not have sufficient resources to provide income support for the most vulnerable groups. Such countries should set aside resources on upgrading and expanding infrastructure as part of the fiscal stimulus packages. These programmes include investments in roads, water supply and sanitation, housing and facilities for education and health-public goods. Such projects have a strong employment component. The multiplier effect of investment in employment-intensive areas will be higher than the case with alternative such as temporary tax cuts that may just lead to higher savings (ILO, Tracking Job Losses 2008). Such programmes will not only create short-term jobs but also pave way for higher long-term growth. The ILO advises that for such programmes to be effective, there is need to take into account the existing pool of domestic

labour and skills as well as government and private sector capacity to design and implement them. India and China have used such programmes in rural areas extensively over the past two decades. Korea and Sri Lanka have used public workers to address specific crises; the Asian financial crisis and the 2004 tsunami respectively (World Bank, 2008/4). In Uganda, proposed roads works in fiscal year 2009/10 will employ 10,000 people. Public work programmes have been instrumental in creating employment in South Africa.

10.4 Invest in food security and rural economy

In the Global Jobs Pact, the ILO advocates for investment in agriculture and rural development since it is labour intensive and generates employment including, reduces poverty and sustains long-term growth.

10.5 Protect the youth and women from long-term unemployment

As observed earlier, a sizeable number of young people enter the labour market every year in search of their first job. The crisis will make their efforts more frustrating. In view of this, the ILO recommends measure to help the youth and women overcome the difficulties they are likely to face during their job hunt/search. Such measures include, but not limited to, job search skills and career counselling, additional training and skills development, support for enterprise creation and self-employment initiatives, micro credit, partial subsidies, and facilities for work-experience and apprenticeship schemes.

10.6 Train low skilled unemployed and dislocated workers

The World Bank (2008/4) advocates for training those who lose their jobs and are forced into either unemployment or underemployment to help them acquire the skills they will need to find new and/or better

employment opportunities. For dislocated workers involved in massive lay off, retraining provides them with new skills to replace their current skills.

10.7 Support of micro firms and promotion of self-employment

As the crisis unfolds, access to microfinance will become difficult while self-employment could provide an alternative to formal and /or paid employment. As a result, programmes that typically provide financial and advisory support for firms start up are needed (World Bank, 2008/4).

11.0 Conclusion

Based on the foregoing, there is no doubt that the current global economic crisis will impact on economic growth and labour markets on the African Continent. The labour market picture that has been presented is worrisome. The popular adage that 'a pessimist sees the difficulty in every opportunity, an optimist sees the opportunity in every difficulty and a realist sees both and plans and acts accordingly' has never been relevant to Africa than at this time. Public administration systems on the continent should look at this crisis as a difficulty and opportunity and act accordingly.

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