

An in-depth ex-ante assessment of the employment and macroeconomic impacts of the Malawi M1 Road Rehabilitation project

Topic: Assessing Employment Impacts Using Simulation Models: Some Sub-Saharan African Experiences

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Using the ILO's Structural Model for Sustainable Development (SMSD) we conduct an ex-ante employment and macroeconomic impact of the M1 Road Rehabilitation project in Malawi. The model builds on data from the IFPRI Social Accounting Matrix (SAM) for Malawi which contains detailed information on production, income generation and distribution. The model is calibrated based on the IFPRI SAM and is characterized by sector-level adjustment mechanisms that reflect features of a low-income commodity-dependent economy. The simulation is conducted to assess the temporary employment impact of the implementation of the project as well as the permanent employment impacts generated by the expansion of transport sector capacity as the result of the M1 Road Rehabilitation project. Since sectors of the IFPRI SAM can be matched to GTAP sectors, we can obtain employment effects by gender, occupations, age group and informality.