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EMPLOYMENT AND LABOUR SECTOR (ELS)

**MEETING OF THE EMPLOYMENT AND LABOUR
SECTOR (ELS) COMMITTEE OF MINISTERS AND
SOCIAL PARTNERS (TRIPARTITE)**

**ARUSHA, TANZANIA
24TH – 28TH MARCH, 2003**

**ECONOMIC COMMISSION FOR AFRICA (ECA)
ACTIVITIES IN THE SADC**

**RECOMMENDATIONS OF THE EXPERT GROUP MEETING ON LABOUR
MARKETS AND EMPLOYMENT CONVENED BY ECA, LUSAKA, ZAMBIA,
3– 6 FEBRUARY 2003**

I. PREAMBLE

1. The 1995 World Summit for Social Development (WSSD) brought into focus global problems and prospects at the core of humanity's social development that include: reduction and elimination of widespread poverty; achieving the goal of full employment; enhancing social integration; and fostering stable and just societies. At the 1995 WSSD, world leaders gave attention to the challenges Africa faced in these areas and committed themselves to accelerating the economic, social and human-centered development of the least developed countries, the majority being in Africa.

2. One hundred and seventeen Heads of State and Government attended the 1995 WSSD in Copenhagen, of which 35 were Africans. An African Common position on human and social development in Africa, prepared by the Economic Commission for Africa (ECA), was adopted by the first Conference of African Ministers responsible for human development, and was transmitted to the Preparatory Committee of the WSSD. The African common position stressed the gravity of human and social situation in Africa and underscored the determination of Africa to take appropriate measures to reverse the unacceptable situation and mobilize the world community in support of Africa' socio-economic development efforts.

3. The ten commitments of the 1995 WSSD cover issues of poverty, employment, gender, health and education, governance and human rights, structural adjustment programmes and social development, mobilization of resources for social development and their efficient use. An evaluation of progress in the implementation in Africa of the WSSD, undertaken in 2000 by the ECA, showed that poverty continued to increase in most countries in Southern Africa. Many countries were concerned with the increasing demand for employment and were attempting to expand employment opportunities. Some countries reported that they were in the process of formulating or putting in place national employment policies with the assistance of the International Labour Organization (ILO) and the United Nations Development Programme (UNDP). Although some countries tried to adopt programmes to increase productivity of the small-holders in the agricultural sector and to increase employment, such programmes have not succeeded. The evaluation of the WSSD showed that employment creation rates did not keep up with labour force growth. The evaluation identified constraints to employment creation. The major challenge was the design of comprehensive, integrated and coherent employment policies and strategies to facilitate the attainment of employment generation objectives.

4. Recently, poverty and employment issues featured in the United Nations Millennium Declaration, the ILO Global Employment Forum 2001, and the World Summit on Sustainable Development 2002. In Africa, the New Partnership for Africa's

Development (NEPAD) 2001 has included a section on Human Resource Development Initiative. The section addresses poverty reduction, bridging the education gap, increasing access to better health and reversing the brain drain and health. On each of these, objectives are given as well as actions to be carried out.

5. Within SADC, labour and employment issues used to be addressed through the Employment and Labour Sector whose Coordinating Unit was hosted by Zambia till the new centralized structures were put in place at the SADC Secretariat. In the new structure, employment and labour issues will be handled through the Directorate of Social and Human Development and Special Programmes.

6. The Expert Group Meeting addressed labour market and employment issues in the context of employment, poverty and development nexus to continue the debate and contribute to the identification of solutions towards attainment of sustainable human development in Southern Africa. The Expert Group Meeting discussions covered a wide range of issues including: the historical context of colonialism and legacy that conditions the economic structure, performance and employment; gender and labour markets; labour migration; globalization, HIV/AIDS, conflicts and natural disasters; the role of statistics in labour markets; social policy and labour market policy. It also considered a proposal on employment policy.

7. Some of the major observations of the Expert Group Meeting were as follows:

- a) The nexus of problems comprising inadequate employment opportunities, increasing unemployment and under-employment, increasing forms of vulnerable work, increasing poverty and the mismatch of education and training with economic needs was a development problem that needed to be addressed comprehensively;
- b) Labour market and employment problems in Southern Africa were directly related to the relationships between the structure and performance of the economies and structure and performance of labour market. Both of these were related to the problem of colonial history and legacy. However, after 40 years of independence, conditions had not improved generally and there was need for African countries to refrain from continuing to put blame for their failures on the colonial era. Countries needed to take bold actions to reassess their situation and approach development problems differently. In this case, NEPAD offered a chance to African countries to make a difference from the past;
- c) Lessons from elsewhere have shown that the ingredients for moving away from poverty to advanced levels of development include: vision, leadership and commitment of government and stakeholders, good governance, sacrifice by all parties concerned, long-term planning; having policies and structures to implement policies and programme as well as linking the various structures, proper management of material, human and financial resources from within and those from outside;

- d) The pursuit of the agenda for promoting economic growth and development, employment and overall economic transformation should be seen as mutually necessary and supportive components. Thus, there is need to unlock the productive potential of the labour force by making it the basis for the generation of effective demand and mobilization of savings for investment;
- e) Gender issues in the context of the 1997 SADC Declaration on Gender were important and need to be mainstreamed into all aspects of economic and social activities, beyond mere representation in government and parliament;
- f) Africa cannot shy away from globalization. It should continue to make its case with a united voice to influence global issues of trade, in the fora where such issues are discussed. Attraction of investments depends and is directly related to governance, transparency, accountability available of reliable infrastructure as well as communication services and facilities. Without these, it would be difficult to take advantage of globalization;
- g) Labour migration in the subregion could show positive outcomes if complemented with relevant socio-economic development policies. Harmonization of migration policies in the subregion was essential as restrictive labour migration was not an option and would not be viable. In this context, it would be essential that the SADC Protocol on Facilitation of Movement of Persons be reconsidered and made consistent with the Organization of African Unity/African Union (OAU/AU) Protocol on Free Movement of People and Goods;
- h) Brain drain issues are currently being addressed by the AU. Brain drain does have some positive aspects as well as negative aspects. Minimizing the negative effects could be addressed through creation of conducive employment conditions. Implementation of NEPAD Governance component would go a long way towards this. Countries in the subregion would need to address the root causes of the problem if the brain drain is to be minimized. Social dialogue with all concerned parties should be one of the ways in dealing with issues pertaining to the brain drain;
- i) The impact of HIV/AIDS on employment and all other sectors can no longer be ignored and needed urgent attention. Southern Africa is at the epicenter of HIV/AIDS. The SADC HIV/AIDS Strategic Framework and Programme should be implemented fully and with urgency. Individual country programmes as well as the collective efforts within the subregion are required to combat the pandemic;
- j) Social policy and labour market policy are mutually reinforcing and need to be integrated. In this case, it is important to ensure that social policy and labour policy implementation are budgeted for. Social policy should reflect the unique problems of Africa. In this case social policies targeting community participation were relevant; and
- k) What is generally known as the “informal sector”, is in effect so diverse ad the appropriate term should be “informal economy”.

II. RECOMMENDATIONS

A. Overview

8. The foregoing point to the need for a common shared development paradigm and long-term vision at national, sub-regional and regional levels premised upon sustainable human development. Deliberate policy efforts must be taken in order to nurture and consolidate democratic governance for development in line with the 1992 SADC Treaty and NEPAD. Commitments undertaken, agreements, recommendations as well as action plans¹ should all form a basis for comprehensively addressing employment, poverty and development problems in Southern Africa.

B. *Addressing legacies (Colonial/Post Colonial)*

9. The Expert Group Meeting recommends that Governments:

- a) Promote inclusive growth and development;
- b) Resolve allocative, distributive, microeconomic and dynamic inefficiencies;
- c) Address the reduction of the debt burden and global constraints and seek to address terms of trade, investment and labour force issues regarding employment;
- d) Formulate policies specific to each country;
- e) Analyze post colonial situations and errors of omission and commission that have led to perpetuation of inherited legacies;
- f) Unlock productive potential of majority of workers particularly in non formal economy to precipitate virtuous cycles of intersectoral growth and development;
- g) Put employment issues at the center of poverty reduction programmes;
- h) Ensure that macroeconomic frameworks integrate the structural issue of labour markets and employment;
- i) Ensure that an employment policy has to be part of a broader range of development policy instruments to unlock production potential of an economy by resolving structural inefficiency and broadening and diversifying the economic base and;

¹ The Copenhagen Declaration and Plan of Action at the 1995 World Summit for Social Development, the 1997 SADC Declaration on Gender, the African Consensus and Plan of Action: Leadership to overcome HIV/AIDS (2000), the United Nations Declaration of Commitment on HIV/AIDS, the SADC HIV/AIDS Strategic Framework, the Millennium Declaration and Development Goals, NEPAD, World Summit on Sustainable Development in 2002, the ILO Conventions, the OAU/AU Declaration on Employment and Poverty and Plan of Action, etc.

- j) Have a proactive stance within the framework of democratic governance to:
 - (i) Define a long-term vision
 - (ii) Formulate a development strategy within which an employment strategy should be located
 - (iii) Create an enabling environment for inclusive growth
 - (iv) Facilitate growth and development toward sustainable human development
 - (v) Economic restructuring outward orientation, privatization etc need to be located in a grand strategy

10. Expert Group recommends that Governments regional and international organizations should:

- a) Re-examine, and take into account African realities, the definitions and methodologies related to:
 - Employment and full employment
 - Unemployment and under employment
 - Labour force participation
- b) Integrate employment and other development policies (in short, medium and long term);
- c) Strengthen social dialogue and include broader participation among all stakeholders;
- d) Promote and adhere to ILO's Decent Work Agenda and ILO Core Labour Standards;
- e) Progressively harmonize and realize Decent Work Objectives and extension to typical forms of employment and informal economy;
- f) Promote convergence of employment and labour market policies (for regional equity and growth over time;
- g) Support and promote the implementation of the 1997 SADC Declaration on Gender;
- h) Support the elimination of child labour; and
- i) Accommodate the needs of retrenched and other vulnerable groups.

C. Gender

11. The Expert Group recommends that Governments and their partners should:

- Show greater commitment in the implementation of the SADC Gender Declaration;

- Recognize and address urgently the increased burden being borne by women and the structural underpinning of their vulnerability. (Assets, social services, income generating); and
- Mainstream and target women's issues in employment strategy and development, and social policy.

D. Globalization

12. The Expert Group urges Governments to:

- Recognize globalization as a policy-driven process aimed at progressively integrating national commodities, capital, finance, and currency markets into a global market;
- Support initiatives to redefine architecture of global governance;
- Advocate and negotiate for revision of trade rules and practices militating against developing economies;
- Advocate for debt relief as outlined in NEPAD;
- Advocate for increased aid and investment to support development initiatives;
- Exploit opportunities provided by global environment especially (i) upgrading of economies and (ii) inclusive growth as complementary objectives;
- Redefine the role and status of countries in global division of labour; and
- Follow up on recommendations of:
 - ILO Commission on Social Dimensions of Globalization
 - Forum on Social Dimensions of Globalization

E. Labour Migration

13. The Expert Group recommends that Governments:

- Support the principle of free movement of persons in the subregion within the context of the Draft SADC Protocol on the facilitation of movement of persons;
- Support the initiative of Migration Dialogue for Southern Africa (MIDSA) as an instrument to discuss issues related to migration in general and labour migration in particular;
- Recognize the potential importance of flexible movements of labour for regional and social integration and note that the provisions of certain regional management instruments have not been fully implemented;
- Create an enabling environment for free movement of persons with respect to:
 - (i) Visa requirement;

- (ii) Balancing gains and losses arising from free movement (compensatory policies);
- (iii) Foreign exchange requirements;
- (iv) Business/investor requirements;
- (v) Progressive harmonization of working conditions and labour markets policies and proactive employment promotion at national level;
- Address brain drain (including students) issues as detailed in NEPAD and paying specific attention to actions contained therein on **Reversing the Brain Drain**, as also envisioned in the context of the IOM “ Migration for Development in Africa” (MIDA) and recommendations of ILO and other relevant agencies
- Harness positive aspects of ‘Brain Drain’ e.g.:
 - Repatriation of income;
 - Investment of income;
 - Short term professional services in home country;
 - Capacity building; and
 - Dual nationality of people in the diaspora.
- Work with sub-regional organizations and African Union to harmonize approaches to labour migration;
- Encourage and strengthen inter-ministerial collaboration and exchange of information among relevant ministries (e.g. Ministry of Labour and Ministry of Home Affairs);
- Ensure protection of migrant workers through the ratification and implementation of international labour standards on migrant workers; including both relevant ILO Conventions and the 1990 International Convention on Rights of Migrant Workers;
- Initiate dialogue with social partners on migration; and
- Promote good governance to retain labour. NEPAD objectives should be promoted in this respect.

F. HIV/AIDS

14. The Expert Group recommends that Governments:

- Recognize the nexus problems related to the interaction of HIV/AIDS, employment, poverty and development;
- Address migration (internal and cross border) as a vehicle for spread of diseases;
- Address linkages between gender, youthful and HIV/AIDS;
- Strengthen their efforts, individually and collectively, in the fight against HIV/AIDS in line with the SADC HIV/AIDS Strategic Framework and other similar frameworks; and

- Ensure resource mobilization (domestic and external) and proper use of such resources in combating HIV/AIDS.

G. *Natural Disasters*

15. The Expert Group recommends that Governments should:

- Accelerate overall development which acts as a shock absorber to natural disasters;
- Strengthen their efforts and activities for an effective national and overall SADC disaster preparedness and management mechanism to minimize the effects of natural disasters; and
- Exploit irrigation potential to ensure food security and thereby providing employment opportunities.

H. *Civil Conflicts*

16. The Expert Group recommends that Governments should:

- Ensure the implementation of the NEPAD Peace and Security Initiative;
- Promote democratic governance in accordance with the NEPAD objectives;
- Promote and protect the rights of refugees;
- Address the plight of internally displaced persons.

I. *Social Policy (Social Security, Social Insurances and Social Services)*

17. The Expert Group recommends that Governments:

- Recognize that Social Policy has both a welfare and development role for a developing country;
- Integrate Social Policy with Employment Policy and Development Policy;
- Ensure that they include Social Developmental Budgeting in short, medium and long term;
- Enact or strengthen legislation to bring about changes to accommodate needs of vulnerable groups;
- Consider targeting and broad based measures in implementing social policies;
- Consolidate existing fragmented social policy;
- Incorporate non-formal social protection and integrate it into broader social policy strategy;
- Partner with private sector/NGOs/CBOS;
- Incorporate the demographic impact of HIV/AIDS in social policies;

- Facilitate the adoption of the Draft Social Charter and Social Security Accord and its implementation thereafter;
- Ensure minimum safety net and progressive convergence of social policy in the sub-region; and
- Ensure the attainment of MDG Goals.

J. *Labour Markets Information and Statistics (LMIS)*

18. The Expert Group recommends that Governments:

- Give priority to the development of Labour Markets and Information Statistics (LMIS) at national and sub-regional levels;
- Strengthen Labour Market Information Systems and conduct periodic labour markets and information surveys which need to be integrated with Poverty Assessment Surveys;
- Promote consensus building on Labour Markets and Information Statistics through consultation with key stakeholders;
- Ensure harmonization of definitions and methodologies;
- Develop national and subregional data bases and build on the International Labour Organization/Southern Africa Multidisciplinary Advisory Team (ILO/SAMAT) experience;
- Strengthen compilation, analysis and dissemination capacity needs; and
- Share information with subregional, regional and international bodies.

K. *FOLLOW-UP ACTIONS*

19. The Expert Group recommends that, ECA, AU, ILO, IOM, ADB, ACBF, Universities, Research institutions, tripartite organizations, etc, should embark on an awareness raising and capacity building at various level including:

- Ministers
- Permanent Secretaries
- Senior Policy makers
- Social Partners

20. The Executive Summary, Recommendations and the Employment Strategy should be brought to the attention of Member States through relevant ECA organs and the SADC Meetings including the 2003 SADC Employment and Labour Sector Committee of Ministers and Social Partners, as well as the meeting to discuss the SADC Regional Indicative Strategic Development Plan (RISDP)

ANNEX 1: Toward an Employment Strategy

Sustainable development should be understood to mean executing a growth and development strategy that manages natural, physical, human and financial assets such that long-term wealth and well being is enhanced without compromising the needs of future generations. To achieve this requires promoting in an integrated manner, and striking a delicate balance, between environmental, social and economic objectives. There is thus a consensus that sustainable development has at least three pillars namely environmental conservation, social protection and economic growth and development.

Implicit in the notion of sustainable development and the three pillars comprising it is the need for equitable development, implying an outcome that improves and protects the well being of the poorest members of the society, who, in many developing countries tend to constitute the majority. It is becoming quite obvious, however, that since the Rio Summit, the advent of globalization has been such that this poor majority is increasingly becoming more impoverished and marginalised both within individual developing countries and among nations globally, such that all the three pillars of sustainable development are being compromised. It is in recognition of this eventuality that the UN has, subsequent to the Rio Summit, proceeded to promulgate the Millennium Development Goals as a reminder of the sustainable development agenda that has yet to be realized.

The fundamental contradiction of this age of globalization is that some countries and societies are being marginalised at a time when humanity is attaining immense and unparalleled capabilities for eradicating poverty and marginalisation. Unfortunately, this capability is concentrated among a few developed countries globally and within restricted enclaves in individual developing countries, while large numbers of people wallow in poverty and destitution worldwide.

The emerging, well-meaning and well-intentioned consensus on sustainable development and its three pillars while welcome, masks some fundamental contradictions which are clearly evident in the contentious and unresolved issues of the World Summit on Sustainable Development. The fundamental problem is whether sustainable development can be achieved through primary reliance on market driven national and global imperatives that are underpinned by an extremely skewed distribution of economic, technological, human and financial resources and income at both national and global levels. The question arises as to whether an environment in which economic, social and political power is highly skewed in favour of a small privileged group of major powers and their multinational corporations and beneficiary elites is conducive to the attainment of the objectives of sustainable development.

The Expert Group discussion of labour market and employment problems in Southern Africa demonstrated that unimpeded market forces tend to reinforce and perpetuate these very same problems unless bold steps are taken to address them. The promotion of sustainable human development, if followed to its logical conclusion and policy

implications, should entail and refer to the totality of all economic, social and environmental outcomes in their holistic integration and consequences for uplifting and protecting the well-being of current and future generations especially among the poorest of the world. It cannot be seen as an appendage to 'other' policies. The reality however is that it is treated as an appendage of other more preferable policies driven by market imperatives and serving narrow interests. Thus if sustainable development is to truly reflect the interests of the majority of the poor and excluded, then the current paradigms, values and standards informing on its pursuit need to be reversed fundamentally such that they reflect the needs and interests of the poorest and excluded majority in developing countries. Interestingly, this would also result in a positive sum outcome for all concerned and would precipitate a virtuous circle of growth and development at both national and global levels that would indeed be sustainable in all respects.

For a fundamental shift to be realized, a number of eventualities need to occur: (a) first, the formulation and implementation of holistic and integrated development strategies which place the interests of the majority at the forefront by jointly promoting the objectives of inclusive development through employment promotion and income generation, social security for all and environmental sustainability; (b) second, the mobilization and conscientizing the marginalised and socially excluded so that they can begin to challenge and neutralize the power of narrow interest groups within individual countries and at the global level. This of course also calls for global networks of like minded groups and individuals with a commitment to subordinate the economic and its associated political order to the interests of the majority and the poor; (c) third, increasing the participation of grassroots organizations such as community-based organizations, civil bodies, unions and non-governmental organizations in policy discourse and policy making at local, national and global levels; (d) fourth, the emergence of visionary leadership at local, national and global levels which is able to articulate the needs of the majority and assist in formulating and propagating alternative development paradigms which will inform on innovative values, standards and policies and programmes and projects that can begin to shift the utilization and distribution of resources towards the addressing the needs of the majority.

Given the nature of the problems of unemployment and under-employment and the structural context within which these problems are manifested at the national level, it is necessary to consider both the general policies which can ensure that an employment generating and labour absorbing growth path is initiated, and specific employment policies aimed at absorbing the unemployed and under-employed.

The approach being proposed below is compatible with the ILO's Framework on promoting Decent Work and the pursuit of the Global Employment Agenda, and it tallies with the concept of Sustainable Human Development promoted by UNDP and the promotion of the Millennium Development Goals as identified by the UN. For Africa, such an approach, while being fused into NEPAD, would be a way of taking forward the mandate given to ILO in the OAU's Declaration on Employment and Poverty Reduction and its complementary Plan of Action.

1.0 General Considerations

1.1 An aggregate vision: The aggregate vision needs to be informed by the need to attain the following broad objectives to which all the countries in SADC subscribe to:

- Promote economic growth;
- Promote a diversified and balanced national economy with respect to the balance between primary, secondary and tertiary production and the relative contribution of micro, small, medium and large scale enterprises to the national economy;
- Promote a broad based and inclusive economy which guarantees economic participation of the majority in the labour force;
- Establish a sustainable basis for economic growth in a manner that the economy is able to absorb and rebound to external shocks;
- Promote equity, social protection and reduce poverty;
- Promote productive employment with reasonable remuneration under conditions of freedom, security and human dignity; and
- Promote social dialogue.

In light of the above objectives the economy needs to be viewed in its aggregate especially with respect to the relationship between the key markets on the real side of the economy comprising (a) goods and services (for both the domestic and external markets), (b) financial resources (savings and investment from both domestic and external sources), and (c) the labour market. The relationship of the real side of the economy to the monetary indicators (prices, exchange rates and interest rates, external and internal balances), to the provision of economic and social infrastructure, and to the regulatory regime particularly as it relates to labour markets, industrial organisation, tax and trade policies needs to be made explicit as well. The objective is to put the employment issue within the growth and development context such that the broader policy requirement, as well as the employment policy needs are specified with the aim of resolving inefficiencies. In this respect, it should be obvious that the task requires a proactive role on the part of the state and a critical minimum thrust of effort and resources targeted at the key structural bottlenecks.

1.2 The role of the state:

The nature of the structural inefficiencies discussed above is such that merely getting market indicators and macroeconomic fundamentals right will not be enough to resolve them. It needs to be recognised, on the one hand, that measures such as (a) ensuring that macroeconomic fundamentals are in place, (b) trade liberalisation, (c) privatisation, and (d) deregulating the labour market tend to be **passive and** leave the outcomes to the dictates of global markets. Such passive measures have generally tended to reinforce inherited structural outcomes of enclavity and dualism.

Therefore, **proactive measures** that consciously steer the economy toward particular outcomes bearing in mind the imperatives of the global economic situation and the need

for increased regional co-operation is needed. Measures to (a) actively promote export-led growth that directly impacts on the unemployed and under-employed; (b) promote small medium and micro enterprises; (c) promote diversification of the economy away from inherited mono-cultural activities would constitute proactive measures aimed at employment promotion. These latter measures, of necessity, require government intervention and imply 'interference' with market indicators, even if only for a particular time and duration. Such proactive measures have to be formulated carefully and managed judiciously in order for them not to backfire or result in unintended consequences.

An effective employment strategy should comprise a set of measures that the state undertakes to proactively promote employment creation and the broadening of the economy in recognition of the failure of the market to do so on its own. The state should then lead and partnership with social partners in the private sector, labour organisations, non-governmental organisations, and community based organisations and external agencies to:

- (a) Complement and reinforce emerging structural trends that the market autonomously gravitates toward in the context of a liberalised and outward-oriented economic environment;
- (b) Influence or steer, through various incentive structures, the private sector to enter sectors or economic activities that they would otherwise not consider on the basis of existing market indicators, but which would have greater long term benefits to the country in terms of structural change and employment creation;
- (c) Provide key services in terms of economic and social infrastructure and an appropriate regulatory regime for the various aspects of the market to broaden their bases and increase the absorption of marginalised groups and for such groups to function efficiently within a market context (e.g. land reform to the benefit of small household agriculture and promotion of rural and urban micro-enterprises); and
- (d) Ensure that efforts are not diffused or unduly dispersed and that a critical minimum thrust is mobilised and properly targeted to maximise outcomes.

To achieve such a role for the state requires a level of commitment and institutional co-ordination that may need to be cultivated. Essentially, such an approach requires that governments should be preoccupied with the need to promote broad-based development and employment as a national priority. Macroeconomic fundamentals such as the rate of inflation, the rate of interest, the exchange rate and the trade regime need to be managed within the context of an overall stipulated development strategy aimed at promoting sustainable human development.

1.3 Prioritisation and targeting:

The following considerations need to be taken into account in this respect.

Labour absorption objectives: If one were to narrowly focus on the labour market and the problem of labour absorption, assuming that considerations of issues related to other markets were being addressed elsewhere, it would be prudent not to be unnecessarily dogmatic about capital and labour intensities or the role of small versus large enterprises, or even the choice between modern and appropriate forms of technology and so on. Such dichotomies unnecessarily simplify the issues at stake when seen in their aggregate. If the objective is to broaden the economic base and its sustainable dynamism in the context of both domestic and global imperatives, it will be necessary to exploit the potential for employment absorption arising from a number of possible options which may be complementary in the aggregate and in the long run whereas they may seem contradictory, or as trade-offs, when viewed narrowly or partially. Possible labour absorption approaches include:

- (a) First, focussing on **labour intensity** by encouraging labour intensive forms of production, the **employment multipliers** and various **linkages** between different types of enterprise sizes arising from capital-intensive or technology-intensive forms of production should not be neglected, since these might be important for international competitiveness and in providing support for ancillary labour or domestic resource intensive forms of production. Thus, there is a need to exploit both forms of production in an efficient and balanced manner.
- (b) Second, some less labour-intensive forms of production that may be very amenable to the replication and multiplication of enterprises (such as small scale and micro-enterprises which may not necessarily be labour intensive) such that they can absorb more labour in absolute terms than a few large and relatively 'labour intensive' types of enterprises (based solely on considerations of capital labour ratios) of an enclave nature. It may be noted in this respect that the foregoing two options in employment promotion may often entail differentiated products so that competitive advantage may still be possible for the smaller but relatively more capital intensive enterprises which may be skill intensive, and not necessarily labour intensive. Indeed, such horizontally (or laterally) reproducible activities may also have high growth elasticities (assisting in reducing the extent and depth of poverty).
- (c) Third, in order to precipitate and kick start the desired cycles of dynamic growth at the industrial, sectoral and aggregate levels and to ensure that a critical minimum promotional effort is achieved, it is important to exploit the benefits of an integrated approach to the formulation and implementation of policy packages which should be appropriately targeted with respect to beneficiaries and locales.
- (d) Fourth, key aspects of economic and social expenditures should be directed at promoting and complementing the development and consolidation of clusters,

value chains and **value channels** as the vehicles for the realisation of particular market outcomes. Clusters, value chains and value channels facilitate the realisation of spill-over benefits and positive externalities while also closing gaps in the market.

Prioritisation of activities to be supported: Conventional neo-classical wisdom suggests that once an enabling environment is provided, the appropriate market activities will emerge to efficiently take advantage of the opportunities provided by the domestic and global environment. In an environment characterised by major market gaps and failures in infrastructure provision and the nature of value chains and value channels pertaining to many potentially productive activities, it is necessary to formulate measures which will assist in resolving such market related problems. However, given limited resources and given the need to ensure that promotional efforts are not too diffuse in their impact and in order to ensure a critical minimum effort, it is advisable to select and prioritise key activities to be promoted which may have maximum spill-over effects for the economy in terms of employment absorption and structural change. The selected activities may then be the main targets for the consolidation of clusters, value chains and value channels and for the provision of economic infrastructure and other supportive activities. Such an approach could be pursued through the empowerment of a substantial number of rural and urban unemployed and under-employed through an aggressive agricultural strategy based on land reform and redistribution coupled with an industrialisation strategy based on the development of small, medium and micro-enterprises and appropriate large-scale enterprises. Within this context, enterprises would be encouraged, through appropriate incentives and supportive measures, to specialise in a limited number of agricultural and industrial products for which value (channels and chains), synergies (linkages, positive externalities and spill-overs) and the provision of supportive measures could be optimised. One way would be to ensure that the activities being promoted are directly linked to export markets, while the resulting incomes would largely be spent on domestic wage goods and, presumably, intermediate inputs (assuming a low import propensity among low income groups) which would thus provide effective demand for the expansion of domestic manufacturing as well.

1.4 Targeting of beneficiaries

Policy stipulations are often left at a high level of generality. Thus, for instance, the unemployed and under-employed are not adequately disaggregated as to their special circumstances and needs based on sex, age, location, education, economic circumstances, household characteristics and length of unemployment. Not all unemployed and under-employed can become self-employed, nor should they all be encouraged to go into wage employment. Some need to be retained in school and training, others may be good candidates for social welfare interventions and many others may be suited for wage employment and co-operatives, while a few may need to be nurtured into entrepreneurship. In addition, for some, extra market social safety nets may be needed to facilitate their being productively

engaged in economic activities. The aim of the targeting should be to recognise the unique constraints pertaining to each specific group and to devise appropriate measures for their involvement in productive economic activities in the context of long term holistic strategies of their integration into the economy.

Thus programme components of an employment policy or strategy might consist of especially targeted activities comprising the following:

- Promotion of select economic activities through large scale, small scale and micro-enterprises with accompanying support for the development of supportive value chains and channels as well as infrastructure;
- Transitional programmes to retain youth in school, to retrain unemployed and so on;
- Active labour market interventions to re-train and re-deploy frictionally unemployed and cater for the social needs of the indigent;
- Programmes to resuscitate declining localities; community based, public works and special employment programmes integrated with directly productive activities; and
- Development of clusters through spatial development initiatives and industrial development zones. It is also within this context that a human resource development strategy should be located, as an essential instrument for effecting the development and viability of clusters of activities and of value chains and channels.

1.5 Policy instruments

Within a market driven economy the state essentially has three sets of policy instruments, namely those pertaining to macroeconomic management, those related to regulation and the provision of incentives and disincentives, and those concerning the provision of public goods. But it is necessary to admit that while such fundamentals may be necessary given current domestic and global imperatives, they may not be sufficient to precipitate a labour absorbing growth path as needed. Further, while accepting the need for neutral macroeconomic indicators for the economy, it may be necessary, through narrowly targeted incentive structures, infrastructure provision and regulatory regimes to influence the manner in which targeted beneficiaries may be impacted upon by general macroeconomic indicators in order to achieve specific goals such as employment absorption and dynamic structural change.

It is important not to be oblivious to the legacy of the manner in which state intervention has been misguided or deficient in the past, and the manner in which such interventions have been abused elsewhere, necessitating the current preoccupation with economic reforms. In particular, there is a need to avoid dead-weight negative effects whereby public expenditures are used to support activities which entrepreneurs would otherwise undertake in any case; rent

seeking behaviour and corruption arising from distortions in price mechanisms and unsustainable use of public moneys. It is for this reason that analysts recommend narrowly targeted and transparent incentive and supportive measures which have sunset riders and quid pro quos tied to them. Generally, the narrower and more direct the target, the less would be the distortionary consequences of the interventions, and the easier, from an efficiency point of view, would it be to contain the negative side effects. It is important that the static and dynamic efficiency consequences of such interventions are assessed correctly. Often, static considerations belie the dynamic net benefits of such interventions.

1.6 Budgeting

Most policy measures are rarely implemented because funds have not been provided for in the budget. It is important that funds are provided for in the annual and medium term budgets both of which can be rolling in nature. The linking of policy initiatives to the budgeting process is one way of ensuring some mandatoriness in the execution of the policies.

1.7 Co-ordination

It is important that major policy packages are accompanied by appropriate mechanisms for the further formulation, implementation, co-ordination, monitoring and review of policies, especially if they have to be undertaken in an integrated and holistic manner as is being proposed here. The synergy between top-down and bottom-up approaches needs to be developed in the context of participatory and consultative mechanisms while ensuring that there is a collective project to be pursued over the long term.

1.8 Mode of governance and accords

While there is an ambiguous link between modes of governance (degree of democracy or authoritarianism etc.) and the ability for a country to embark upon and to successfully accomplish a development project over time, it is clear that modes of governance that generate instability militate against the successful execution of the development project. In addition, neo-patrimonialism (personal rule based on clientism, corruption and a lack of accountability), which characterises a majority of sub-Saharan state regimes tends not only to alienate its populace thereby making them to disengage politically and economically, but it also results in policy paralysis and squandering of resources. Therefore, it is important that governments are seen to be in support of and to be implementing modes of good governance in order to ensure stability, legitimacy, domestic and international support for the development project as discussed above. Within this context, it may be necessary to arrive at social contracts by striking agreements and quid pro quos on such issues as labour market policies, social safety nets, tax and trade regimes and so on between social partners particularly between government, business, labour and representatives of civil society regarding the

compromises and sacrifices that may be needed to facilitate the execution of the development and employment promotion project and ensure its success. It is necessary to build institutions which will facilitate coordination and integration of policies as well as promotion of social dialogue.

Possible areas for striking accords might relate to incomes (wages and profits), productivity and investment promotion; job retention; tax structures and general promotional incentives; education and training; active labour market policies and social safety nets; poverty reduction; resource mobilization, etc.

1.9 Towards an Employment Strategy at the National Level

Many SADC countries have formulated, or are in the process of formulating Employment Strategies, the major elements of which have been summarised in this Annex. However, many such strategies are not located in an enabling environment consisting of measures such as those suggested above so that they often remain effectively inoperative, or are such that only certain elements are implemented. Often the implementation is piecemeal, diffuse or so minimal that the strategy's impact is limited. The recommendation that emanates from the discussion in the preceding sections is that a proactive enabling environment is needed within which to locate an effective Employment Strategy. Such enabling policies and strategic considerations have been outlined in the previous section. An Employment Strategy needs to be located in such an enabling context in order to maximise the probability of its being implemented and the assurance of its effectiveness, and the certainty of its outcomes.

The discussion in the preceding sections suggests that an Employment Promotion policy framework should address the following aspects. First, it should be able to pose the employment problem holistically in the context of the overall socio-economic policy and strategies in order to realize growth and development of a given country. In this respect, the manner in which the promotion of employment as a labour market objective relates to other key markets should be made explicit, and the appropriate policy requirements deduced accordingly.

Second, the policy framework, while concentrating on employment, should stipulate the policy requirements that should complement employment promotion in other policy areas. Third, it is necessary that the approach be such that it locates employment promotion within a larger development project aimed at making the economy broader and more inclusive. Fourth, it is necessary that the policy framework should provide guidelines as to how the various structural inefficiencies, namely, distributive, allocative, microeconomic and dynamic, may be dealt with individually and holistically such that a virtuous cycle of interactions in all key markets is kick-started to underpin a newly defined growth and development path.

Finally, the dangers of an over-enthusiastic state that becomes a burden to itself and the people it seeks to benefit through mismanagement of the economy are avoided by the

manner in which the policy measures are formulated and implemented and by taking into account the considerations discussed above and others which may not have been covered. In addition, it is important that lessons are learnt from past and present efforts aimed at promoting growth, development and employment.

1.9.1 Employment Objectives at the National Level

A review of the employment strategy documents of member States yields the following employment-related objectives being pursued:

- Expanding wage employment
- Promoting productive self-employment in urban and rural areas by making the non-formal sectors more productive and dynamic;
- Removing bottlenecks which impede the expansion of wage employment and self-employment activities;
- Promoting the economic participation of vulnerable segments of the labour force such as youth, women, retrenched, the disabled and racial or ethnic groups who may have been historically disadvantaged;
- Promoting the development of value chains and value channels so as to broaden and deepen the economy through improved entrepreneurship capacities and human resource development, and through backward, forward and lateral linkages between economic activities especially those that impact on employment and self employment;
- Promoting the use of appropriate technology and skills to enhance the productivity of the people currently involved in marginal economic activities;
- Reducing poverty;
- Promoting human resource development through education and training; and
- Ensuring integrated and co-ordinated approaches to employment promotion, economic management and economic development.

The primary objective of the Employment Strategy in the labour market, however, should be to stimulate the demand for labour or increase the rate of labour absorption in the economy. This objective requires that an employment strategy target:

- Specific labour force segments most vulnerable to unemployment and under-employment;
- Forms of employment and economic activities most likely to absorb vulnerable segments of the labour force;
- Specific sectors of the economy most likely to expand and develop in the context of national imperatives and in the face of regional and global competition; and,
- Environmental and enabling (meso) factors such as social, economic, and institutional infrastructure and services which can facilitate the realisation of labour absorbing activities.

These objectives may be accomplished by focussing policy on the following:

1.9.2 Stimulating the demand for Labour

1.9.2.1 Increasing labour intensity of production

The Problem

The combined consequences of structural distortions and disarticulations of previous policies have meant that most economies are caught in a self-reinforcing low growth and a low employment trap. Biases that favoured large-scale, capital-intensive forms of production in the formal sector have meant that growth in output and investment has had only marginal effects on employment, leaving large segments of the labour force in unemployment or under-employment. The situation has been worsened by liberalization and rationalization of production in private and public sectors, which has resulted in retrenchments. In addition, labour force growth, largely as result of increasing population, has meant an increase in jobseekers.

Policy measures

- The withdrawal of explicit or implicit subsidies for capital-intensive and/or large-scale enterprises.
- Identification of targeted, time-structured and conditional incentives to promote labour-intensive production.
- Agricultural interventions to directly promote changes in cropping patterns and increases in the areas cultivated with labour intensive crops.
- Promote alternative ownership and production arrangements such as co-operatives and equity arrangements that utilize labour-intensive methods of production.

1.9.2.2 Enhancing the labour absorptive capacity of the economy

The Problem

Economic reforms, while necessary are primarily of a short to medium term nature and are not explicit enough about the direct measures needed in the medium to long term to further boost growth in output and employment. This is particularly necessary given that the maximum projected and realised rates of growth in output are not enough to absorb net increases in the labour force, and that as such, they are not having a significant impact on structural unemployment and under-employment.

Policy measures

- Reallocation and re-prioritization of government expenditures to targeted projects and programs.
- Audit of the “employment-friendliness” of major policy areas to assist in assessing the financial viability of the job creation process. An audit of this type could affect departmental budgets or indicate means to reorient existing programs without necessarily affecting the national budget.
- Creation of an Employment Promotion Fund for inclusion in the annual budget.
- Facilitation of access to credit for disadvantaged individuals and communities through reform of financial institutions, lowering of the interest rate, and/or selectively promoting prescribed asset and/or investment policies.
- Promotion of industrial clusters and zones without necessarily compromising labour standards.
- Co-ordination of inter-departmental initiatives to maximize their impact on sustainable employment promotion.
- Promotion of alternative production arrangements such as co-operatives and equity arrangements that engender labour-intensive production.
- Land reform through restitution, tenure reform and redistribution. Projects targeting the poor, labour tenants, farm-workers, women and emerging farmers with access to land for residential and productive use. Targeted provision of subsidized credit and extension services for labour absorbing large, medium and small-scale activities (with specific conditionalities and sun set closes) that enhance employment creation.

Sector strategies that directly aim to promote labour absorption are essential and should not be seen to be separate from the employment strategy, but should be seen as the vehicles for the realization of the employment promotion objective. Sectoral strategies need not only be coherent within themselves but also in terms of how they link together nationally and regionally. Policy recommendations generally encompass the following: enabling policies; pricing; inputs, innovation and technology; information; infrastructure; development of regulatory regimes and institutions; incentive structures; identification of specific activities or groups to be targeted; and resource mobilisation.

In many of the SADC documents the following sectors have been emphasised in this respect:

- Industry: promotion of labour-absorbing activities through use of incentive structures; promotion of research and development; enhancing development of technology diffusion, training, and productivity; promoting regional development zones both with individual countries and between neighbouring countries within SADC; promoting the growth and participation of SMMEs in industry.
- Agriculture and livestock: this is an area which continues to be neglected in many SADC member countries yet it is a sector in which large segments of the population reside. Individual countries have targeted large, small, and medium scale farming as well as estate workers, tenant farmers women and youth as

individual circumstances warrant. Policies have included measures to increase productivity; provision of inputs and technology; provision of credit and promotion of formal investment in agriculture; land reform accompanied by extensive support programmes for enhancing productive use of newly acquired land on the part of rural entrepreneurs; promotion of rural non-farm activities; promotion of environmentally sustainable use of land; promotion of high value crops that are linked to export markets; promotion of irrigation, promotion of food security; and ensuring price stabilisation and viable or improving terms of trade for rural smallholder farmers. Agriculture strategies need to be linked to other sector strategies in non-primary sector (industry and services for instance) strategies since as productivity in agriculture increases labour will be released into the other sectors of the economy, which should be able to absorb such surplus labour.

- Fisheries: In terms of livelihoods and potential for income generation and productive employment this is an important sector for many SADC countries, but it is one that has been relatively ignored. However, some member States have started to give it attention by developing the necessary value channels and value chains that would resuscitate fishing as a major income-generating activity.
- Mining: This is another sector that has been dominated by large-scale multinational firms while indigenous entrepreneurs have tended to be concentrated in marginal activities that have been unregulated and that have received little support from government. Recommended policies focus on rationalizing the effective participation in mining by small scale entrepreneurs through: proper licensing procedures; access to technology, finance, and equipment; education and training in mining; provision of support service more or less similar to those traditionally provided in agriculture; and promoting value-adding ancillary downstream and upstream activities.
- Services: Given the ease of entry into some segments of this sector, there is a tendency for it to degenerate into informality, especially in the face of increasing unemployment and migration from rural to urban areas. The formal sector part of the service sector is also expanding prematurely due to the skewed income distribution and the uneven sources of economic growth. In some countries the need to exploit export linked service sectors such as tourism have been emphasised in employment strategies. In addition, in many countries this sector requires improved regulation and licensing, better credit provision, and an enhancement of its capability to service SMMEs in a more efficient and effective manner. The main problem with this sector is that the non-formal part of it is prone to lateral expansion and thus to evolutionary growth.

2.0 Promotion of micro-enterprises in rural and urban settings that are directly linked to dynamic aspects of the domestic and global economies. Direct support measures for various aspects of the relevant value chains and value channels are needed.

The non-formal economy in urban and rural areas of SADC member states has been dominated by low productivity, low value, low income and hence primarily

survivalist economic activities [Mhone, 1996]. Self-employment has been less of a rational choice than a forced outcome of the absence of better employment or income-generating alternatives. The non-formal economy has evolved in a residual sense providing employment of last resort. Consequently, it has been plagued by inadequate infrastructure and financial resources from formal or household sources, market gaps and failures with respect to the distribution of inputs and outputs, failure for location clusters and synergies to materialize, an inhospitable regulatory regime, increasing numbers of participants leading to evolutionary growth, and the general absence of government attention in terms of provision of extension services, infrastructure, subsidies or promotional activities such as research and development.

3.0 Facilitating entry of special groups into productive employment

The Problem

Entry for special groups who tend to be marginalised by formal labour market processes must be facilitated in order to enhance their absorption into productive activities and to prevent them from becoming the hard-core (structural) unemployed and under-employed that also become more difficult to employ in the long run. Among the special groups are youth, the disabled, women, rentenchees, and historically disadvantaged groups on the basis of race or ethnicity. Early intervention and assistance will provide the prospective participants with invaluable training and a work culture that will stand them in good stead in the labour market. Such groups should be streamlined through the various promotional programmes constituting the employment strategy and should not be left as an afterthought or as an appendage to the overall programme.

Policy measures

For youth:

- Pre-labour market interventions.
- Appropriate reforms in primary, secondary and tertiary education to complement employment needs.
- Measures to smooth the transition from school to work for youth.
- Programs to encourage enterprise training for youth.
- Training for self-employment tied to promotional measures for micro-enterprise development in rural and urban settings.
- Direct employment creation initiatives to absorb hard-core unemployed.

For women:

- Removal of discriminatory laws and legislation;
- Provision of support in form of education and training, credit and extension services;

- Provision of social and economic infrastructure that can release women from the cultural burden of housework, child rearing and general caring for members of households including those afflicted with HIV/AIDS;
- Promotion of labour saving techniques for the same reason as above. Equal treatment in all area of social and economic life.

For the disabled:

- Promotion of equal treatment of disabled and amending laws accordingly;
- Provision of appropriate training, facilities and equipment;
- Enhancing their access to support in the various promotional programmes contained in an employment strategy.

For retrenchees:

- Retraining and proactive programmes for re-entry into the employment or self employment;
- Counselling;
- Provision of loans.

For historically disadvantaged groups:

- Ensuring equal opportunity and banning of discrimination on the basis of race gender, and ethnicity;
- Proactive promotion of employment of disadvantaged individuals through affirmative action and employment equity.

4.0 Increasing effective demand in the economy

Problem

The fact that a large segment of the labour force is under-employed is a waste of human resources reflected in demand deficiency, which in turn constrains the expansion of production and employment. It is necessary to kick-start a cycle of growth by empowering the unemployed and under-employed through their absorption into productive income-generating activities. In doing so, not only will they stimulate demand for goods and services which will in turn lead to more employment, but they will also provide much-needed savings which can be mobilised into further investment resources. Such income-generating activities can be directly linked to export promotion. It is in this way that the growth path can be effectively re-defined so as to make it broader and more inclusive of the structurally unemployed and under-employed majority.

Policy measures

- Asset (land, finance and human resource development) redistribution and entitlement coupled with appropriate supportive measures to promote productive utilisation of the assets.
- Integration of previously unemployed and under-employed into sectoral programs with strong forward and backward linkages into domestic and global markets.
- promotion of direct trade with local markets and discouraging monopolistic practices.
- Promotion of development of clusters of economic activities particularly in lesser-developed areas of the country.
- Promotion of strategic alliances across all value chains between micro-enterprises, small scale, medium scale and large-scale firms.
- Improvement on information about changing domestic and foreign demand

5.0 Active labour market policy to directly increase employment opportunities

There is lack of an effective and functioning labour market policy that increases employment for the majority of the economically active population. Member States, therefore, as part of their poverty reduction programmes, should include labour market and employment policy at the center of their overall socio-economic development policies and programmes. Pro-active measures complement economic re-structuring toward a more inclusive dynamic growth path, while they also providing safety nets for those that cannot be absorbed into productive employment.

Policy measures

- Measures to match supply and demand for labour.
- Re-training of retrenches.
- A comprehensive social safety net that discourages dependency and encourages job search and self-employment. This needs to be accompanied by the creation of a social fund.
- Special employment and public works programs for those that cannot be immediately absorbed into productive employment.

6.0 Promotion of sectoral programs with high employment multipliers

Problem

Employment activities that need to be promoted need to be such that they broaden and deepen the structure of the economy to maximise virtuous cycles and its ability to absorb external shocks. The economy may be deepened through promotion and consolidation of value chains or linkages as new economic activities are promoted.

Policy measures

- Support in the development of activities that fill gaps in the value chain (distribution, marketing, financial intermediation, input provision, research and development technological capabilities etc.) for select activities in agriculture, manufacturing and services.
- Effective co-ordination of public investment projects to maximise their impact on mutually reinforcing activities in the private sector.
- Development of clusters of economic activities especially in depressed areas of the economy.

7.0 The Supply of Labour

7.1 Reducing the rate of population growth

Problem

Many SADC countries are saddled with high rates of population growth. If current growth rates in population at above 2.3% per year were to be reduced, modest rates of economic growth would be needed to begin to reduce the backlog of unemployment and under-employment. This is an area which has not been given the priority that it deserves primarily for cultural reasons which need to be overcome.

Policy measures

SADC countries need to begin to devise innovative measures that address the cultural and social legacies of the region. The vicious cycle between poverty, high infant mortality rates and high birth rates needs to be broken partly through education and partly through increasing social services, incomes and access to reproductive health and family planning. The promotion of literacy and gender equality would also contribute to the objective of moderating population variables, including those in the Millennium Development Goals.

7.2 Reducing the cost of living

Problem

The cost of labour is affected by a relatively high cost of living. The cost of wage goods, housing, health care, transport, and childcare all contribute to the high cost of living, and thus impart a high cost to labour. Policies must maintain a particular focus on food prices, the location of housing, and social security. Any measures in these areas would have to be sustainable in both fiscal and economic terms.

Policy measures

- Ensuring an adequate social safety net that is fiscally and economically sustainable.
- Ensuring that wage goods are relatively cheap and accessible primarily through enhancing their production and supply in the economy, with minimum resort to price controls.
- Lowering the transaction costs of labour force participation through proper planning of transport requirements for prospective workers, spatial planning of housing and industry, regional and local development initiatives and so on.
- Vigorously addressing the scourge of HIV/AIDS especially with respect to its impact on current and future human resources.

7.3 Education, training and human resource development

Problem

Many SADC countries have made major strides in the provision of education. Two major problems are still of concern. First, there is a need to align education to economic needs; and second, there is a need to proactively promote economic activities that can efficiently utilise the educated human resources that already exist.

Policy measures

The first problem requires that the need be addressed to provide incentives and disincentives to steer pupils and students into particular specializations and away from others as demanded by the strategy of employment promotion. This is particularly relevant in supporting re-structuring needs in the formal sector. The second problem requires acknowledging the need to educate and train human resources with the direct intention of supporting them to engage in particular productive economic activities being promoted in the employment strategy. This is particularly relevant for the promotion of micro-enterprises aimed at broadening the economic base and cannot be left to the market alone. Thus for this second aspect, for instance, the state could embark on a training program of agricultural experts who are then supported in spearheading the agrarian reform program through various additional supportive measures.

8.0 Institutional and organisational requirements

The measures being recommended above require a specific policy environment for their adequate formulation, implementation and periodic monitoring. In particular a top down and bottom up institutional structure of policy co-ordination implementation is needed that links national and central level activities to local and sectoral level initiatives. The implications of such institutional requirements need to be addressed and appropriate recommendations made accordingly. In addition, it is necessary that whatever package of measures is arrived at should be directly incorporated into annual budgetary provisions so that the measures are mandatory and assured of implementation. Among the

recommendations that recur in many member state policy documents on employment strategies are the following:

- Establishment of an employment council that is representative of all the social partners including those in non-formal economy and report to the President's Office. Membership to include representatives from the following: the President's Office; economic ministries; economic partners in the private sector; special groups; social partners donors; social sectors such as education, health and welfare; investment boards; and the planning commission.
- Establishment of systems to formulate, co-ordinate monitor and evaluate employment policies being implemented;
- Establishment of an Employment Fund;
- Establishment of a Labour Market Information and Statistics System;
- Promotion of capacity building in employment and development policy making and implementation for Ministers of Labour and other sectoral ministries and departments, as well as for top officials in government. The importance of the Ministries of Labour in spearheading employment promotion should be stressed.

9.0 Harmonising Regional Employment Promotion Policies

Given the asymmetric nature of the gains/losses arising from regional integration due to different levels of development of member countries, different economic structures, varying degrees of economic management capabilities, different labour market regimes, different incentive regimes and different growth rates, it is imperative that a proactive approach to employment promotion at the national level be accompanied by some consensus on what such proactiveness entails and how it is to be co-ordinated and harmonised at the regional level. This is needed in order to avoid situations when one country utilises a proactive approach to capture gains at the expense of another country; or alternatively, where attempts at a proactive approach by an individual country are inadvertently or deliberately penalised by other member states or by other countries from across the globe.

9.0.1 Guiding Principles

It is necessary to begin with some fundamental assumptions that need to be articulated and accepted or rejected at the outset.

- i. It is necessary to accept that under current circumstances the market is the primary basis for resource allocation so that a proactive stance on the part of government in promoting employment as suggested earlier should be directed not so much at substituting for the market but at augmenting and facilitating the market playing its role more efficiently and equitably in both static and dynamic terms under current circumstances.

- ii. A proactive and bold employment strategy is needed in order to resolve or override structural constraints that the market is unable to overcome (or is likely to reinforce) on its own.
- iii. While some global imperatives may not necessarily be compatible with national and regional imperatives, it is necessary to take them into account in devising and implementing a proactive employment strategy, since such strategies are not likely to receive much support from external prospective donors, trade partners, or investors especially if they entail a proactive role of the state and the use of various incentive regimes. In addition, it will be necessary to lobby international bodies, and bilateral donor agencies to accept or condone proactive strategies aimed at making SADC economies broader and more inclusive of the majority through direct measures rather than through trickle down effects.
- iv. The degree to which a national government may resort to proactive measures should be inversely related to the degree of the country's underdevelopment. Member countries with the lowest per capita incomes and that are the least diversified tend to also have the largest proportion of their labour force that are under-employed in non-formal sectors of their economies. For such economies the role required of the state is larger partly due to the tenacity of the structural bottlenecks that have to be resolved; partly due to the extensiveness of problem of unemployment and under-employment; and partly due to the nature of the underdevelopment of market forces. These countries need to devise both enabling measures and strategies, as well as direct promotional measures that increase the absorption of labour into productive activities in a manner that is compatible with regional integration objectives. Such proactive intervention should be reflected in the breadth and depth of use of incentive measures needed to qualitatively begin to address and erode the high levels of unemployment and under-employment.
- v. In light of the above principle, member countries that have relatively more diversified economies, higher per capital incomes, better resource endowments, and higher growth rates (Such as South Africa, Mauritius, Botswana, Namibia and to a lesser degree Zimbabwe) should be able to intervene proactively to promote employment in sectors and for sections of their economies which are lesser developed, but in a manner that does not pre-empt or unduly compromise the ability of the lesser developed economies to participate in regional trade; and indeed in a manner that strengthens the capacity of the lesser developed economies to specialise and compete in regional markets.
- vi. Essentially, there may be a need for member States to agree on a regional division of labour or of specialisation with respect to tradables, whereby activities are divided in terms of (a) those for which all countries should compete on an equal footing; (b) those which should gradually be shed by the more developed economies in favour of the lesser developed economies which should proactively adopt them as their areas of specialisation in regional markets in the medium term; and (c) those for which the more developed economies should seek to specialise in regionally. Generally the more developed economies would be encouraged to utilise proactive measures (within the constraints of the stipulations of the WTO and other bilateral North-South Agreements) to move up the competitive value chain while shedding lower value activities to the lesser

developed economies. By the same token special provisions or exemptions in the context of regional trade may be agreed upon for goods originating in rural areas, or from small scale and micro-enterprises, or from special disadvantaged groups. Such an approach would not exclude or prevent any country from competing in any other activity on equal and neutral terms.

9.0.2 Regional co-ordination and monitoring

There would be a need for a regional co-ordinating and monitoring mechanism, that would be a replica of the national Employment Councils, which should, among other things, have the functions to:

- Formulate guidelines for proactive employment promotion strategies informed by the principles outlined above and accordingly assist member countries to formulate their own employment strategies to ensure that such strategies comply with the need to align national and regional objectives.
- Manage a Regional Employment Fund.
- Align employment policies with other sector policies at the regional level such as the Social Charter, the Trade Protocol, the Finance and Investment Protocol, the Protocol on the Free Movement of Persons, agreements on Gender, AIDS/ HIV, and Environmental Sustainability and so on.
- Resolve unequal incidences of gains and losses arising from unintended consequences of implementing particular promotional strategies.