



# LABOUR MARKETS AND EMPLOYMENT IN SOUTHERN AFRICA

Report and Recommendations of the Expert Group Meeting  
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## ABBREVIATIONS AND ACRONYMS

ACBF	African Capacity Building Foundation
ADB	African Development Bank
AU	African Union
COMESA	Common Market for Eastern and Southern Africa
ECA	Economic Commission for Africa
ECOWAS	Economic Community for West African States
EPZ	Export Processing Zone
GDP	Gross Domestic Product
GNP	Gross National Product
HDI	Human Development Index
HIPC	Highly Indebted Poor Countries
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ICT	Information Communication Technology
ILO	International Labour Organization
ILO/SAMAT	International Labour Organization/Southern Africa Multidisciplinary Advisory Team
IOM	International Organization for Migration
IPRE	Investment for Poverty Reducing Employment
LDCs	Least Developed Countries
LMIS	Labour Market Information Systems
MTEF	Medium-Term Expenditure Framework
MIDA	Migration for Development in Africa
MIDSA	Migration Dialogue for Southern Africa
MDGs	Millennium Development Goals
NEPAD	New Partnership for Africa's Development
OAU	Organization of African Unity
ODA	Official Development Assistance
PRSPs	Poverty Reduction Strategies Papers
RISDP	Regional Indicative Strategic Plan
RQAN	Return and Reintegration of Qualified African Nationals Programme
SADC	Southern Africa Development Community
SMEs	Small and Medium Enterprises
SRDC-SA	Subregional Development Centre for Southern Africa

UN	United Nations
UNADIS	Joint United Nations Programme of HIV/AIDS
UNDP	United Nations Development Programme
UNHCR	United Nations High Commission for Refugees
UN-NADAF	United Nations New Agenda for the Development of Africa in the 1990s
WSSD	World Summit on Social Development



## **I. REPORT OF THE EXPERT GROUP MEETING**

### **A. BACKGROUND OF THE MEETING**

1. The work programme of the Economic Commission for Africa (ECA), for the period 2002/2003 included the organization of an Expert Group Meeting on Labour Markets and Employment in Southern Africa. Pursuant to this, the ECA Subregional Development Centre for Southern Africa (ECA/SRDC-SA) organized the Expert Group Meeting in Lusaka, Zambia from 3 to 6 February 2003. The objective of the Meeting was to review a draft report entitled “Labour Markets and Employment in Southern Africa – The Employment, Poverty and Development Nexus” and make proposals to ECA on labour markets and employment in Southern Africa.

2. The participants came mostly from the subregion as well as from out of the subregion. Participants were selected on basis of their involvement in labour, employment and related issues. These participants came from government, universities, research institutions, trade unions, employer organizations, Southern Africa Development Community (SADC) and United Nations Organizations including the International Labour Organization (ILO), International Organization for Migration (IOM) and the United Nations Development Programme. The list of participants is presented in Annex II.

### **B. OPENING STATEMENTS**

3. Opening statements were presented by the Director of the ECA/SRDC-SA, Dr. Robert M. Okello and the Honorable Mutale Nalumango, MP, Minister of Labour and Social Security of the Government of the Republic of Zambia.

4. Dr. Okello highlighted the substantial natural resources in Southern Africa. However, the resources were not being exploited satisfactorily to benefit the population. He then stated that employment and human development issues were at the center of the strategies to reduce the high poverty levels in the subregion. Dr. Okello observed that high unemployment levels, low productivity and a large proportion of the unemployed youth characterized the subregion.

5. Dr. Okello outlined the employment issues and challenges underlined at the 1995 World Summit on Social Development, the United Nations Millennium Assembly, the ILO Global Employment Forum in 2001 and the 2002 World Summit on Sustainable Development. He observed that the member States in the Subregion had been making efforts to address these issues and challenges, in particular through the Employment and Labour Sector Coordinating Unit of the Southern African Development Community (SADC). He was confident that such efforts would be continued under the Directorate of Social and Human Development and Special Programmes in the New SADC Structure.

6. Dr. Okello informed the participants that they had been invited to assist ECA to review the draft-working document and make proposals and recommendations to member States in Southern Africa on labour markets and employment issues. He then called on participants to:

- Make suggestions to improve the draft working document prepared for the meeting;
- Improve the guidelines in Appendix I on an Employment Strategy in Southern Africa; and
- Make specific recommendations on national actions that should be brought to the attention of member States and SADC for their consideration.

7. The Hon. Nalumango, MP and Minister of Labour and Social Security welcomed the participants to Zambia. She indicated that the Government of the Republic of Zambia was preoccupied with labour market and employment issues in its economic and development efforts in order to improve the living conditions of its people. She stated that the Government of Zambia was committed to the goal of reducing poverty through sustained economic growth and employment. In this regard, she stressed that the results of economic growth and employment should be equitably distributed in order to benefit the majority of the population.

8. The Minister expressed the concerns of Zambia and Southern Africa regarding: declining economic performance, increasing levels of poverty, increasing proportions of the labour force that cannot find productive and gainful employment, increasing numbers of the youth and school leavers not able to find employment, and migration of some qualified personnel. She then stated that the Government of Zambia had recently started to address some of the concerns, citing that Zambia had drafted a National Labour Market Policy which had been discussed at a national workshop at the end of 2002. That policy was expected to be approved soon.

9. Hon. Nalumango informed the meeting that Zambia was coordinator of Employment and Labour Sector of SADC till SADC was restructured whereby the sectoral issues were centralized at the SADC Secretariat. She appealed for continued efforts to address labour and employment issues as part of subregional as well as regional integration mechanisms in promoting economic and social development.

10. The Minister called on the meeting to critically address pertinent issues and factors affecting labour markets and employment and over all socio-economic development. Among these, she cited gender, labour migration, HIV/AIDS, globalization, human development and productivity, rights at work, social dialogue, social protection and security, the informal sector-small and medium enterprises (SMEs) and child labour. She appealed to the meeting to make concrete proposals and recommendations for consideration by member States and SADC.

11. Finally, she commended ECA for convening the meeting and wished participants successful deliberations.

## C. SUMMARY OF PRESENTATIONS AND DISCUSSION

### (i) *Introduction and Overview*

12. The introduction of the paper highlighted labour markets and employment issues in Southern Africa as part of the development problems which needed to be addressed through the sustainable human development approach. Labour was viewed as both a means and an end of economic activities. Thus labour is a factor of production and its demand is derived from the economic activities needed to produce goods and services to meet the needs of the people. In this context, reference was made to the approach to labour markets issues in the framework of ILO on decent work which promotes the following objectives:

- Concern for all workers in both formal and non-formal employment;
- Promotion of rights at work;
- Promotion of increased opportunities for productive employment;
- Ensuring decent work and protecting individuals against vulnerable forms of work;
- Promoting social dialogue among stakeholders including (government, employees, business) and in civil society, organizations.

13. The above objectives call for proactive approaches to reduce poverty. Labour markets and employment need to address continued high levels of poverty manifested in increasing unemployment and underemployment as well as low productivity in Southern Africa countries. The final goal of all efforts should be human sustainable development which rests on three pillars of environmental conservation, social protection and economic growth and development. The importance of meeting the Millennium Development Goals (MDGs) with regard to poverty and employment was thus highlighted.

14. The MDGs and related targets are:

**Goal 1: Eradicate extreme poverty and hunger**

Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than a dollar a day

Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger

**Goal 2: Achieve universal primary education**

Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary school



- Goal 3: Promote gender equality and empower women**  
Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015
- Goal 4: Reduce child mortality**  
Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate
- Goal 5: Improve maternal health**  
Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio
- Goal 6: Combat HIV/AIDS, malaria and other diseases**  
Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS  
Target 8: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases
- Goal 7: Ensure environmental sustainability**  
Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources  
Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water  
Target 11: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers
- Goal 8: Develop a Global Partnership for Development**  
Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system  
Includes a commitment to good governance, development, and poverty reduction – both nationally and internationally
- Target 13: Address the Special Needs of the Least Developed Countries  
Includes: tariff and quota free access for LDC exports; enhanced programme of debt relief for HIPC and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction.
- Target 14: Address the Special Needs of landlocked countries and small island developing states (through Barbados Programme and 22<sup>nd</sup> General Assembly provisions)
- Target 15: Deal comprehensively with the debt problem of developing countries through national and international measures in order to make debt relief sustainable in the long term
- Target 16: In co-operation with developing countries, develop and implement strategies for decent and productive work for youth
- Target 17: In co-operation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries
- Target 18: In co-operation with the private sector, make available the benefits of new technologies, especially information and communications.

15. Mauritius was cited as an example where the country had used proactive measures to attain international competitiveness through broadened diversification of the economies and has reduced poverty levels. On the other hand, Botswana which had attained high economic growth rates over a number of years, was still faced with high levels of poverty.

16. In the discussion, the Expert Group raised several issues and highlighted the factors that affected overall economic and social development and labour markets and employment in particular. These included: demographic factors; HIV/AIDS; inadequate integration of employment issues in economic and social development programmes and policies (including the Poverty Reduction Strategy Papers); weak policies on training; political and social stability; democracy which was still fragile; corruption; work culture and ethics that was not conducive to development given abundant resources such as land in some countries; lack of vision and long-term perspective planning; weak role of the states; inequitable distribution of growth; lack of or inadequate participation of all stakeholders in the policy and implementation of economic and social development programmes; continued blame on colonial era for all social-economic failures; marginalization from globalization impact.

17. The Expert Group noted some factors which assisted Mauritius as well as Ireland and other countries to attain advanced levels of development. These included:

- Vision;
- Leadership and commitment of governments and stakeholders;
- Social Accords/Contracts;
- Long-term planning;
- Putting in place policy and structures to make things happen; and
- Adequate financial support from other countries and proper use of such support; and
- The unique circumstances under which each of these countries succeeded.

18. The Expert Group agreed that challenges needed to be addressed with regard to labour markets, employment, and overall socio-economic development on issues of globalization, historical effects of development (enclave development), fostering democracy and its consolidation, promotion of human development to attain Millennium Development Goals, fostering free movement of goods and people in the SADC, determination of desired economic growth patterns to attain broad based equitable distribution of its benefits, need to learn from the lessons of failures of the past 40 years in socio-economic development.

19. The Expert Group commended the consultant for preparing the discussion paper. It recommended that recent data should be included in the revised version of the paper.

(ii) *The Legacy of Constrained Labour Absorption in Southern Africa and Structural Underpinnings of Employment Problem*

20. The Expert Group noted the historical context of colonialism in Southern Africa and its legacy of constrained labour absorption. Colonization brought about economic and political relationship of subjugation and marginalization of the majority of the population – Africans and other non-white people by the colonial masters. Such relations were racially based. The colonial economic structures were designed to maximize the interest of colonial powers. Initially, this focused on economic function of producing primary commodities for the so-called ‘mother’ countries and later on, on the settlers interests themselves as in the case of South Africa and Zimbabwe.

21. Colonialism resulted in structurally embedded conditions of dominance and subordination especially with respect to access to, control over, and the distribution of economic assets; relations of dominance-dependency between the dominant and subordinate groups respectively; and unequal flows of benefits from participation in the economic system. Under such a system, Africans were initially used to provide cheap labour to produce primary products for export and had limited rights. The formal market based economies that developed included production of secondary products and tertiary services for colonial and settler needs, again Africans were used as a source for cheap labour. The majority of the marginalized Africans depended for their livelihoods on communal and rural economy that could be tapped on for cheap labour by the formal sector that emerged. As time went on, an informal economy evolved as an intermediary between the formal and communal sectors, which absorbed some of the African labour.

22. Colonialism led to a number of distortions in the economies including:

- proneness to growth without development if the economy is left to market forces without the intervention of a majority controlled state to change the structural legacy;
- major sectors in which the majority of African labour force is distributed continue to interact in a non-virtuous manner;
- the formal sector in which a minority of Africans labour force works in unable to grow laterally at a pace fast enough to absorb the residual labour force and net increases to the labour force;
- the informal sector continues to be saturated with underemployed labour force and grows laterally in a non-productive manner; and
- the communal sector continues to persist with very low levels of productivity.

23. It was observed that the non-virtuous nature of the linkages and interactions between the formal, informal and communal sectors is the result of a number of inefficiencies such as:

- Allocative inefficiencies which militate the virtuous interaction of the three sectors to the mutual benefit of all the participants in these sectors;
- Distributive inefficiencies with respect to the un unequal nature of the initial resource endowment in each of these sectors which incapacitate those that are lesser endowed;
- Microeconomic inefficiencies which compromise the nature of the value channels with respect to entrepreneurship and human capital formation and participation; and
- Dynamic inefficiencies which prevent virtuous cycles from emerging in various major markets of the economy.

The meeting called for proactive policies to address the above inefficiencies.

24. The Expert Group then stressed the need to pay attention to investment in rural development on which governments have talked much about but failed to do something concrete in their development policies. Given the strapped-in dependency and exogenous factors, it was essential to explain critically the development failures of the past 40 years. The Expert Group agreed that the informal sector in both rural and urban areas needed to be addressed. For policies to be effectively implemented required that they be owned by the countries concerned rather than accepted because there are financial attachments by those pushing for their implementation. The debt burden that has affected development in the subregion was a continued cause of concern that needed lasting solutions. Empowering the people to defend their interest – rights based development approach was a necessary goal to pursue. One of the lessons from the discussion was that application of intensive labour did not mean that it only applied to agriculture, it could be applied to other areas as well.

*(iii) Typology of Enclave Economies in Southern Africa*

25. The Expert Group observed that while there were differences among the countries of the subregion, there were also commonalties both of which were best appreciated by classifying the various countries according to their economic legacies. In this respect, the manner in which the enclavity had evolved historically and persisted over the years, had differed among the countries of the subregion. Consequently, the countries of the subregion were classified into the following: the *settler economies* (Namibia, South Africa and Zimbabwe); the *South Africa periphery economies* of Lesotho, Swaziland and to a lesser extent Botswana and Namibia, the mineral driven economies (Angola, Botswana, Namibia and Zambia); *the resource-based rentier monocultural economies* (Botswana, Mauritius, Namibia and Zambia); and the *agrarian based economies* of Malawi, Tanzania and Mozambique.

26. **The Settler Economies** were characterized by a number of features such as institutionalizing the exploitation and marginalization of the majority of the labour force

as a source of cheap labour. This was assured by dis-entitling the majority of their land entitlements, restricting their access to human capital development through education and training, restricting their access to skilled and professional jobs and occupations except the most menial, and generally ignoring the development of the non-formal sectors which increasingly became non-viable as a consequence of increasing population in the face of shrinking land resources. Thus formal mechanisms were put in place to depress the subsistence wage while simultaneously denying the non-formal labour adequate access to formal employment. In addition, these economies tended to follow the traditional path of colonized economies that depended on primary production with minimal import substitution and a high dependency on external export markets and imports of industrial and consumer goods.

27. Furthermore, the settler economies embarked on an economic nationalism that began to challenge the role assigned to their countries in the imperial division of labour. Eventually they systematically embarked on inward looking or import substitution strategies aimed at diversifying their formal sectors.

28. The Expert Group noted that the settler economies had the greatest potential for exploiting the benefits of outward orientation and globalization, but the problem of economic dualism and enclavity poses a major constraint for the realization of balanced and equitable growth. The Expert Group further pointed out that the settler dominated economies have unique forms of poverty and inequality which are primarily defined by the fact that the majority of the population does not have adequate access to land and by the fact that access to employment, education and social services had historically been conditioned by inequities based on race and gender.

29. **The economies of the South African Periphery** are those that have been historically dependent on the South African economy and are part of the Southern Africa Customs Union. Initially the dependency of these countries was in the form of employment opportunities offered by South Africa for citizens of these countries. This was undertaken through a migrant labour system that treated the imported labour as temporary migrants who were periodically transported back and forth between the mines of South Africa and the non-formal sectors of these countries.

30. The Expert Group noted that this migrant labour system essentially transformed these countries into peripheries of South Africa in which the main part of the formal sector was external to the economy. From the point of view of economic dualism the migrant labour system had the effect of obviating the need for rural development within these countries since migration was more profitable under the circumstances. Even governments have had difficulties trying to promote rural development in the face of predominantly female labour and a male labour force more intent on working outside these countries. By the same token, this same process obviated the need for the development of secondary industries since the Customs Union ensured that South African goods were dominant in all these countries.

31. The Expert Group further noted that the tenacity of the constraints posed by the legacies of enclave development and dependence on South Africa are easily seen in that even countries such as Botswana and Namibia which are well endowed with highly lucrative mineral sectors, and which have had high rates of growth for a number of years are still unable to resolve the persistent unemployment and poverty in their countries that afflict both men and women, and particularly the latter.

32. **The Resource-based Rentier Mono-cultural Economies** were dependent on a single major resource, which has been the driving engine of the formal economy. The enclavity and economic dualism of these economies are defined by the extreme dependency on a single sector and commodity. Many of the secondary and tertiary activities in these countries were also dependent on the viability of the major production which for all the countries are mining. For these economies the mining sectors evolved relying on cheap indigenous labour drawn from the non-formal sectors, but without requiring the transformation of these latter sectors. Since the growth of the mining industries was only dependent on markets external to these economies and only on cheap labour from within these countries, the demand imperative for internal transformation was again forestalled. These economies have generally been plagued by “Dutch Disease” in that periodic or sustained booms in export prices result in economic rents that distort resource allocation.

33. The Expert Group also noted that Mauritius provides a good example of mono-cultural economy that has been able to diversify away from dependence on sugar production. This country deliberately promoted outward orientation based on labour intensive manufacturing which absorbed female labour primarily. In due course it has been able to also develop a viable service sector based on tourism and is now currently attempting to move into high level niche services.

34. **The Agrarian Economies**, these countries were poorly endowed in terms of natural resources, and during the colonial periods were seen to be the backwaters of the British and Portuguese empires respectively. In the past these countries have shared the fate of Lesotho in being part of the periphery of South Africa, depending on that country for employment opportunities and industrial goods without being part of the Customs Union. They also have the smallest formal sectors in the region with the majority of the labour force engaged in subsistence farming. Now Mozambique has only recently seen peace and has thus not been able to experiment on economic transformation to any degree.

35. The Expert Group noted that the inability of the agrarian economies to fully develop their agricultural sectors and to diversify into manufacturing and services had been a major determinant of the gender based access to assets and income generating opportunities and of the nature of the incidence of poverty based on gender. Since the majority of the labour force resides in rural areas, gender implications of access to assets,

employment and income have been intimately connected to the nature of the differentiated roles of women and males in rural activities. The general underdevelopment of agriculture, the policy biases against agriculture and smallness of the formal sector have all tended to underpin high levels of poverty among both women and men. The resulting gender based inequities have been reinforced by social and cultural norms that unduly disadvantage women, particularly in rural areas.

36. The Expert Group observed that in many Southern African countries, employment promotion has been seen as an outcome of growth, rather than as a crucial policy component for reviving and redefining the growth path. It is to be accepted that labour absorption is dependent on the effective demand for final goods and services as realised in domestic and external markets. From this perspective, sustainable employment promotion can only occur when there are viable markets to sustain the goods and services produced by those employed. Thus, the Expert Group noted that the domestic market was limited by the high rates of unemployment and under-employment, the low per capita incomes and the low levels of productivity, hence the need to take full advantage of the external market through increases in exports. Further, it emphasized that there has to be an enabling environment to encourage domestic and foreign entrepreneurs to invest.

37. In the discussion that followed, the Expert Group indicated that the report should cover other SADC countries, which were not part of Southern Africa, since the paper is likely to be discussed in some SADC fora. Participants also sought clarification regarding the different labour policies and main characteristics of the enclave economies, as well as the main forces behind Mauritius and Botswana good economic performance. In addition, participants wanted to know the difference between the first economic diversification in Zambia and the current one.

38. The Expert Group noted that Mauritius has, for a number of reasons, including the adoption of a developmental planning approach, been able to undergo a transformation that has entailed some degree of both growth and development. By contrast Botswana has experienced enviable economic growth over the years due to exports of diamonds but had yet to adequately undergo a similar transformation. All the other countries have been experiencing elusive or modest economic growth while their non-formal sectors have been expanding in part due to population growth.

39. It was observed that the problem of enclavity is a consequence of a number of factors. Among these factors are, firstly, legacy of the manner in which many of the countries were colonised. Secondly, colonial economies evolved on the basis of the exploitation of primary forms of production (agriculture and mining) for export markets in a manner that did not require the total transformation of the communities or indeed their absorption into productive activities. Thirdly, economic policies were generally biased toward the growth and development of the primary sectors and minimal manufacturing and service sectors naturally grew in the process. And lastly, the settler-dominated countries of Zimbabwe and South Africa later also embarked on an import substitution strategy that

further developed their non-primary sectors, but again primarily to service the needs of a minority. In the process, formal economies which evolved had a narrow economic base.

40. The Expert Group agreed that the problems of structural unemployment and under-employment need to be posed in a developmental context in which the structural disarticulations that underpin the problem are appreciated and targeted for policy purposes. To a large degree, that had been done in a number of policy and research documents, but their policy implications had not been followed through systematically, especially for purposes of implementation.

41. The Expert Group stressed the fact that in the pursuit of the agenda of promoting economic growth, employment and overall economic transformation should be seen as mutually necessary and supportive components. Put simply, this requires the need to unlock the productive potential of the labour force by making it the basis for the generation of effective demand and the mobilisation of savings for investment.

42. The Expert Group agreed that an employment policy will have to be part of a broader range of policy instruments aimed at unlocking the growth and developmental potential of the economies by resolving the various structural inefficiencies.

*(iv) Structure and Performance of the Economies*

43. In reviewing the economic performance of Southern African countries, the Expert Group noted that countries of Southern Africa were confronted with the problems of both growth and development. The problems of economic growth primarily concerned the need to increase gross domestic product, while that of development was viewed as concerning the need to increase gross domestic product in such a manner that the per capita incomes of the poorest members of the society also increase over time. Thus, while the attainment of economic development necessarily implied the reduction in the depth and breadth of poverty, economic growth could occur without necessarily reducing poverty. The Expert Group also noted that in Southern Africa only Mauritius and to a degree Botswana could be said to have attained both growth and development over the past three decades or so in the sense defined above. Other countries had experienced cyclical trends in economic growth over the past three decades, and lengthy periods of secular decline, while levels of poverty had remained unchanged or increased over the years.

44. The Expert Group further noted that problems of poverty and the lack of adequate productive employment opportunities were directly linked to the problems of growth and development. However, in the African context, it would be erroneous to assume that these problems can be resolved through growth only. It was not enough to assume that growth was a necessary condition for their resolution, without adequately specifying what the other conditions were in a coherent manner.



45. The Expert Group observed that countries of the subregion had evolved what may be labelled as enclave economies in which growth had been predicated on a narrow economic base represented by the formal sector. This formal sector while accounting for the greater proportion of gross domestic product and economic growth only accounts for a very small proportion of employment.

46. The Expert Group noted with concern the fact that much poverty is associated with livelihoods in the non-formal economy. As a result, the nature of the relationships within the formal and non-formal economy has been such that market forces on their own have been unable to precipitate a sustainable path toward economic development which would entail the transformation of the non-formal economy and the absorption of its participants into productive activities.

47. In the discussions that followed the Expert Group indicated that the analysis in the report should use more recent data and that this may change substantially the picture of the economies in the subregion. The Expert Group suggested use of data from the ECA Economic Report and the World Bank's Development Indicators 2002, among others. The Experts sought clarifications about what could be considered as the best criteria to evaluate economic performance in a country: GDP, GNP or HDI. The Expert Group suggested that an analysis of other subregional development strategies such as growth triangles and development corridors, in addition to EPZ should be done.

48. The Expert Group noted that in order to address the issues of development, the growth path and the role of the State needed to be redefined. The problem so far has been that the structure of African economies has militated against the ability of modest economic growth to bringing about meaningful development.

49. The Expert Group agreed that economic policies pursued immediately after independence in many of the countries of the subregion failed to transform the inherited legacy and merely reinforced it for a number of reasons.

50. The Expert Group observed that Mauritius and Botswana had similar per capita incomes yet Mauritius has a higher contribution of agriculture and a smaller proportion of the labour force in agriculture than Botswana implying that the latter's economy is enclave in nature while that of Mauritius is more balanced.

51. The Expert Group noted that dependency on traditional external trade makes African countries vulnerable to trade cycles especially in that there has been a tendency for circular deterioration in terms of trade.

52. The Expert Group agreed that the differences in the per capita incomes were a result of the resource endowments in the countries, the specific colonial legacies and the manner of their insertion into the global economy, as well as the nature of the economic policies pursued following the attainment of independence. Overall, the approach to economic

management and governance in individual countries and the manner in which economic reforms were implemented since the 1980s and through the 1990s had some influence.

53. The Expert Group agreed that the fundamental problem the countries are confronted with is that, for almost all the countries except South Africa and Mauritius, the majority of the labour force still ekes out a living in the non-formal economy comprising small holder agriculture, rural non-farm activities and urban informal activities.

*(v) Employment and Under-employment in Southern Africa*

54. The Expert Group noted that the paper raised a number of key issues with regard to employment and under-employment in Southern Africa. First, apart from South Africa and Mauritius, most of the work force in the non-informal economy was poor and engaged in non-wage low productivity pursuits. The sector was at best a residual one and under-employment or disguised employment would aptly describe the work force engagement in what were essentially survivalist activities in non-formal agriculture and non-formal services. Second, it was clear that there had been a period of significant formal economy employment growth (1965-1973) propelled by, *inter alia*, public sector growth, import substitution industries and purposive development strategies. Third, the lack of timely and reliable labour statistics was a major concern with regard to work in this area. Fourth, concerning gender aspects, women were over represented in the informal economy and their status and roles vulnerable and disadvantaged with regard to working conditions, access to capital, land and other resources and services. Fifth, earnings in the sub region have been on the decline, in the public sector as well as from export earnings. Particularly notable was the fact that earnings tended to be higher for unionized sectors. Sixth, a typical feature of the informal sector was its low demand and low returns.

55. Issues discussed included: (i) examining the concepts and definitions of employment, unemployment and under employment, (ii) integration of employment as an objective of economic strategy, (iii) the kind of actions to be implemented in the short to medium term pending achievement of full employment and (iv) approaches for giving a voice to the labour force outside unionized structures and those in the informal economy.

56. Concerning definitional aspects and the need to generate employment, the Expert Group agreed that it was imperative to maintain labour standards even for developing countries. Lowering of conditions and standards of work to attract labour from the informal economy would not necessarily lead to full employment and in any case such an action would also lower the quality of the final product. With regard to the concept of decent work – and how a it could be adapted to African conditions and used as an instrument for promoting productivity, the Expert Group felt that it would be essential to agree on who would be responsible for determining what constituted decent work. Another dimension to the same issue was to consider labour absorption from a developmental perspective in particular as it related to accumulation and acceptable

levels of social sacrifice. The Expert Group emphasized, nevertheless, that social dialogue should be the basis for determining decent work and ILO principles and standards should never be compromised.

57 With regard to gender, the Expert Group noted that the issue of gender was a fundamental one especially as most policies and actions based on them were often gender blind although the impacts of those policies were not gender neutral. It noted further that SADC had, in terms of commitment to addressing the gender issues, signed in 1997, a Declaration on Gender and Development. Additionally, the proportion of children in the labour force was observed to be quite high for the poorer countries of the sub region.

58 The economic reforms from the mid 1980s and the focus on restructuring and privatization, failed to generate increases in employment in most countries of the sub region. The only exceptions were Mauritius – now approaching full employment and Swaziland which experienced a growth rate of 6.5 per cent during the period 1993 to 1996. The Expert Group noted that there had been reticence on the part of the World Bank and other donors to assist countries in providing protection to those who had been retrenched. Governments which should provide social protection were often slow, unprepared, and lacked the will and appropriate strategies. Furthermore, the support was at most only symbolic and in some cases, such support has included strategies to support retrenched going into the informal economy. Because of governments inability to provide support, the family assumed its role as the social security provider. Interestingly, even those who were provided with government support to enter the informal economy were often unprepared and did not have the necessary training nor skills. The Expert Group therefore agreed that there was need to establish mechanisms to protect those who were retrenched and that social dialogue in that context should be taken seriously and indeed in good faith and addressed as a vital economic and political governance issue. Further, measures should be put in place so that the voices of all segments of the labour force, both male and female including the informal sector are taken into account.

59. The notion that privatization was well planned had to be reconsidered. In many cases power relationships were involved in the decision to privatize with the result that privatization was in effect non consensual and its implementation consequently haphazard. The Expert Group therefore recommended a comprehensive and strategic approach in a grand vision for transforming the economy, a vision that would have privatization and labour concerns as some of the components of an overall strategy.

60. Caution was however extended to the over romanticization of the concept of informal sector as it could not really be described as a sector for it was, in all its aspects, an “informal economy” with its own diversities, extreme in some cases, over the activities undertaken, entry requirements, income and other attributes.

61. In concluding the discussion on the topic, the Expert Group noted the extreme paucity of data on employment and the labour force. Considering the cost of population

censuses, the only conceivable and affordable source for reliable data would be regular household and budget surveys and recommended these surveys accordingly.

(vi) *Gender and Labour Markets*

62. The Expert Group observed that the paper raised a number of issues with regard to gender and labour markets in the sub-region. In view of this, the Expert Group noted that women do play multiple roles in society (such as reproduction, housework, and market-related work) and have a subordinate position to men in terms of division of labour across the formal, informal and agrarian sectors.

63. It also observed that in Southern Africa, women are absorbers of the negative externalities that happen in the market economy i.e. Structural Adjustment Programmes. Furthermore, it emphasized that with the onset of HIV/AIDS, the labour burden of women had increased and the number of female-headed households was increasing across the sub-region. In addition to that, the Expert Group noted that poverty in female-headed households was increasing because of the impact of HIV/AIDS on labour markets and that there was need to strengthen social policy to address the market externalities and impacts of HIV/AIDS which women are forced to absorb.

64. It was further observed that although most female-headed households in the sub-region are dependent on agriculture, women do not have land ownership rights. This is one of the key contributing factors in limiting women's ownership to land. In this regard, the Expert Group proposed that land ownership laws should be reviewed, in order to allow women to have land ownership rights.

65. The Expert Group also noted that in the formal sector women are at a disadvantage in that they get low paying jobs, are the last to be hired and the first to be retrenched on the labour markets. The Expert Group suggested that there was need to address the structural problems of women and include this in the grand employment strategy. Such a strategy involves addressing issues related to women's access to land and capital, the demand side issues related to why employers offer lower wages to women and the supply side issues on why women accept lower wages

66. In the discussion that followed, the Expert Group made the following suggestions:

- Data, where possible, in the report needs to be disaggregated by country in the SADC region, to allow comparative analysis between countries on gender and labour markets.
- Analysis of communal/agrarian sector and informal sector in as far as gender is concerned needed to be included in the revised report.
- Overall, the recommended employment strategy should specifically target women and youths, if economic growth is to be achieved in the sub-region. For example, Mauritius in its export processing zone programme, specifically targeted women

and youths and the programme was a great success. In countries where land redistribution is being done (i.e. Zimbabwe, South Africa, Namibia and Mozambique), there is need to specifically target some of the land to women.

*(vii) Labour Migration in Southern Africa*

67. The Expert Group took cognizance of the fact that the Organization of African Unity (OAU) (currently AU) as well as subregional organizations such as COMESA, ECOWAS and SADC have generally subscribed to the goal of free movement of people and goods. This is essential towards the realization of the long-term goal of forming an African Economic Union. However, issues of labour migration are sensitive and difficult in terms of implementation in a situation of unequal development among the countries, especially in Southern Africa.

68. Labour migration in Southern Africa has taken many forms including: legal and illegal migrants in secondary and primary labour segments; contract workers employed through bilateral agreements between countries; and refugees who have left their camps and began to seek economic opportunities in their host countries. It was observed that the SADC Protocol on the Facilitation of Free Movement Persons was being advocated prior to the attainment of the various progressive stages of integration of free trade areas, customs unions, common markets and economic unions. This was resulting in deliberate and slow approach, by many of the more developed economies in Southern Africa, to freeing up labour markets in order to minimize the possible negative effects in these more developed countries. It may be in this context that the original intention of the SADC Protocol on Free Movement of People was modified to that of Facilitation of Free Movement of Persons.

69. The Expert Group observed that the economic legacies in the subregion explain the “push” and “pull” factors influencing labour migration. The same factors explain the direction of labour migration in the countries of the subregion. South Africa and Botswana, being more developed and having higher per capita income, tend to be receiving countries of labour migrants, while others, such as Malawi, Zambia and Mozambique with the least per capita incomes and experiencing greater economic problems, tend to be senders of labour migrants.

70. South Africa, Botswana and Namibia being net receivers of labour tend to be more protectionist and more resistant to the liberalization of labour markets. Associated with this has been the issue of xenophobia that lie behind the opposition of free migration. This has created negative feelings and attitudes towards immigrants of African origin than towards those of European decent. This has led to contradiction and violation of the international standards and conventions of human rights with regard to migration.

71. Labour migration, whether regulated or not, has been symptomatic of the enclave development and has not been able to contribute to any meaningful economic transformation that would benefit the majority of the marginalized labour force of the countries of destination and origin. In Lesotho, Botswana and Swaziland for instance, labour migration has exacerbated the under development of the rural areas, the benefits accruing to individual migrants notwithstanding.

72. The Meeting noted that:

- It was important to recognize that the labour markets in Southern Africa had been an integrated one since the colonial era and had continued with or without legal recognition and has taken both legal and illegal forms of migration;
- In principal, labour migration if complimented with compensatory policies should result in positive outcome for all concerned in both sending and receiving countries;
- The increased integration in trade and capital and investment markets called for increased integration of labour markets, and harmonization of labour market policies; and
- A liberalized labour market cannot be a panacea for problems of unemployment and under-employment in many of the poor countries.

73. In view of the above, it was considered that the option of restricting labour migration in the subregion was not a viable one and that what needed to be done was to find a manner in which it can be liberalized and managed to facilitate eventual liberalization.

74. In the discussion, the meeting raised several issues which included:

- Concerns on smuggling of migrants from some countries in the subregion;
- Need to recognize the contribution of refugees in the host countries;
- Contradictory laws, policies or practices between Ministry of Labour and of Home Affairs in countries regarding handling issues related to migration;
- Exploitation of migrants, especially illegal migrants;
- Problems of countries that are members of both SADC and COMESA in implementation of certain policies that may not be common to both organization; and
- Brain drain and brain gain issues.

75. The Expert Group suggested several proposals to address some of the labour migration issues in the subregion. These included:

- The need for member States to comply with UN, ILO standards regarding labour rights of migrant workers with emphasis on human dignity;
- Helping member States through awareness programmes to ratify and implement the relevant ILO conventions;
- Political constituent building as supported by the ILO Tripartite mechanisms on social dialogue;
- Bilateral approach to labour migration as an interim measure while long term measures are being put in place; and
- Public sector employees should be given freedom to form associations for collective bargaining.
- Need for policies on matching skills to absorb surplus labour;
- Protocol on free movement of persons need to be critically reviewed;
- Full implementation of NEPAD on Governance issues is a key to addressing labour migration issues;
- Brain drain and brain gain should not always be viewed in negative terms as, within the subregion, this contributes to the subregion's development. Even migration to outside the subregion could bring positive gains. Those professionals who have migrated out of their countries could still make contributions, especially with the existence of Information Technology.

76. The Expert Group noted that at the recent AU Meeting in Addis Ababa, Heads of State and Government have acknowledged the need to involve those in the diaspora. This reinforces the point that brain drain and brain gain could have positive contribution to both developing and developed countries.

77. The Expert Group also noted that the ILO Annual Conference in 2004 will discuss migration as one of the key issues. In the same year, ECA will be organizing the African Development Forum (ADF) on Globalization and Employment.

*(viii) Globalisation, HIV/AIDS, Conflicts and Natural Disasters*

78. The Expert Group noted that globalisation is not a new process or a natural phenomenon. Rather, globalization is a policy-driven process aimed at progressively integrating national commodity, capital, finance and currency markets into a single global market operating according to universal rules. The policy emphasis of globalisation is not emerging out of a political and power vacuum, and reflects mainly the interests of powerful multinational corporations and governments of advanced countries. The Expert Group noted that in many respects "globalisation is happening to Africa". This in particular relates to the declining terms of trade, where African economies are facing barriers to increasing their value-added exports, and the under-regulated circulation of capital which is undermining the potential for longer-term investment in productive activities.

79. The Expert Group noted that:

- Due to the policy-driven nature of globalization, the role of State remains of crucial importance;
- States in the North are influential in shaping the agenda and activities of international financial institutions and in defining the overall terms of trade with poor countries;
- States in Africa, too, are expected to play an important role in ensuring the implementation of policies and regulations promoting policies such as privatization and the opening of markets;
- African States are also being pressured, including from civil society organizations, to create additional political space and social dialogue institutions to promote more participatory and democratic governance; and
- African States need to balance, on one hand, the pressures of globalization and economic liberalization with, on the other hand, the pressure of expanding both the quantity and quality of democratic space.

80. The Expert Group noted further that, African countries needed to do more to map out a long-term vision and feasible strategy to engage the effects of globalization as well as its drivers. In view of this, the Expert Group suggested that countries in the sub-region, need to create a collected and coherent vision and then operationalise that vision. The Expert Group discussed some cases (such as Mauritius, India and South Korea) where countries took long-sighted and proactive steps to maximize the opportunities available in the global environment. The Expert Group noted that this requires that African countries seek ways to “lead the market” rather than only follow the market.

81. The Expert Group made the observation that, alongside the many serious risks, globalization also offered many potentially positive benefits for countries in the sub-region. Such benefits included the positive spin-offs that could arise from increased export access to foreign markets, an increased transfer of skills and technology, higher rates of foreign direct investment, increased employment opportunities, and international support for regional and national initiatives.

82. The Expert Group urged that more investment in education, skills training and the information communications technology (ICT) are among the most important means of improving the sub-region’s competitiveness on the global market. It then observed that the sub-region had centers of excellence in education and skills training but the region was not making sufficient use of them. With regards to this, the Expert Group suggested that countries in the sub region should review their training programmes and introduce training programmes that are relevant and can improve the competitiveness of the countries.

83. The Expert Group made the following additional suggestions on globalisation:



- The paper should include more detailed discussion on terms of trade specifically those issues related to the barriers to Africa increasing its value-added exports, and the impact of developed countries subsidizing their own industries/exports; and
- Reference should be made to ILO's information on the World Commission on globalisation which can be found on their website.

The Expert Group then took note of the ILO Declaration on Principles of Fundamental Rights at work which commits all ILO member States to honour and implement the eight core Conventions.

84. Concerning HIV/AIDS, the Expert Group noted that the SADC region was the epicenter of the HIV/AIDS epidemic and its impacts had seriously affected productivity in the formal and non-formal sectors. Households absorbed much of the impacts the epidemic.

85. In the discussion the following issues on HIV/AIDS were raised:

- The inter-linkages between gender, youths and HIV/AIDS should be highlighted and addressed in the recommendations.
- The conflict between SADC's migration initiative aimed at promoting mobility between countries, yet migration is one of the major factors contributing to the spread of HIV/AIDS. There is need for SADC to come up with innovative ways of promoting mobility and intensify HIV prevention.
- There is need to obtain and present more recent HIV/AIDS data from UNAIDS website.
- The need to develop a regional strategy for utilising donor funds in HIV/AIDS prevention and mitigation. Such a strategy will ensure that all countries are included in a specific programme (The case of Zimbabwe being left out in HIV/AIDS assistance to the region by the United States Government was given as an example.)

86. With regard to conflicts, the Expert Group highlighted that peace, stability and good governance were needed for foreign investments to flow in. The Expert Group also noted that there was need to present data on refugees in the sub-region. Such data can be obtained from UNHCR. The Expert Group also noted that factors causing internal conflicts are not always political ones, but may include impacts of economic reform programmes.

87. On natural disasters, the Expert Group noted that governments in Southern Africa have done very little to prevent the impact of the most recurring natural disaster in the region: drought. This adversely affects both the formal and non-formal sectors, with communal agriculture experiencing the most severe impact. The Expert Group suggested that governments in the SADC region need to implement lasting drought

prevention/mitigation interventions. The rivers and water bodies available in the region need to be fully utilized to alleviate drought in the agrarian sector.

*(ix) The Role of Statistics in Labour Markets and Employment*

88. The Expert Group was concerned that countries in the subregion did not seem to give priority to statistics on labour markets and employment. There was weak institutional and human capacity to collect, analyse, utilize and disseminate data at national and subregional levels. Consequently, labour market and information was very poor. This has affected research activities including those of academic institutions. It appeared there was not sufficient appreciation of statistics which was the basis for informed policy and vision formulation, planning as well as monitoring of programmes.

89. The importance of periodic labour force surveys was underlined by the Expert Group. In the past, labour force surveys were conducted and were driven by donor funding. That support was discontinued and most countries have not had such surveys conducted for many years. South Africa seems to be one of the exceptions in this regard.

90. The Expert Group noted the difficulties experienced by SADC to obtain data from member States. Individual researchers faced similar problems to access national data. There were cases where data provided by member States were disputed by the same countries that provided them. This raises questions of credibility as well as doubts on reliability of data.

91. Some of the key issues raised by the Expert Group focused on (a) consensus on what is to be measured and determination of what information need to be collected, (b) common standards, definitions and consistent methodologies in the countries in the subregion for comparative purposes, (c) sub-regional cooperation (South Africa has started action on this), (d) MDGs should be the basis for determining what data should be collected in the subregion, (e) adequate consultations with stakeholders in determination of data needs, (f) there should be an inventory of available data, (g) compiling and utilizing available data including administrative data, (h) data users need to influence data to be collected, (i) need to collect, process, analyze and disseminate data in a timely manner.

92. The Expert Group noted that SADC had recently elevated the location of its Statistical Unit in the Directorate involved in Planning. It also noted efforts by the ILO-Southern African Multidisciplinary Advisory Team (SAMAT) in supporting SADC and its member States to establish databases and improve their labour market information systems. The ILO/SAMAT has developed labour market information Database which can be accessed on the Internet. The Expert Group was briefed on the South African framework regarding labour market information. However, the various components had not yet been put together. In Zambia, activities were underway on the development of a labour market information system.

93. The Expert Group then proposed that:

- Member States which have not done so should consider conducting a labour force survey;
- Member States and SADC should give priority to statistics and improve capacity for statistical development;
- There should be institutional linkages;
- At sub regional level, there should be common standards, definitions and consistent methodologies;
- Policies should be based on concrete statistical data, wherever possible; and
- Institutions such as ILO, IOM, ECA and SADC should share available data.

**(x) *Social Policy and Labour Market Policy***

94. The Expert Group observed that Social Security policies should be considered within the prevailing social and economic context of individual countries or groups of countries. In developed countries, for example, most social security policies were concerned with loss of income. In the African context, however, social security policies also need to address the prevailing lack of income.

95. The Expert Group noted the need for social and economic policies to reinforce each other. In this regard, it was observed that many northern countries were increasingly abolishing the provision of safety nets on account of their economies' inability to create sufficient decent work. Thus the much discussed "social security crisis" was often a reflection of the underlying economic crisis, and the inability of social security systems to bear the increased burdens.

96. The Expert Group observed that social security policies in most African countries were fragmented among different government institutions, notably between the ministries of home affairs and labour. It indicated that the different categories of social policies (such as social assistance, social insurance, social services-education, health, sanitation-and public work programs) were all interrelated and should be geared to reinforce social and economic policies to achieve sustainable human development. The Expert Group stressed that the aim of social policies should be to reduce and alleviate poverty and inequality, and support the objective of a growing economy with a larger tax base for government revenues.

97. The Expert Group was of the view that traditional approaches to social security have focused mostly on "safety nets". These approaches assume that most people have attained a socially acceptable level of income or are not in poverty, and therefore that a

net needs to be created to help those few who fall through the cracks. However, the African reality of large proportions of the population, or even the majority, being poor and in need undermines the efficacy of “safety net” approaches. Attempts to target the needy in such conditions of pervasive and persistent poverty have not had a good record.

98. The Expert Group felt that the conceptualization of social security should be a “springboard” for improving the life of the poor. This would entail integrating social security measures into a wider socio-economic package if interventions aimed at bringing the poor and socially excluded more fully into social and economic life. This could take two forms. First, conceptualizing a “Social Budget”, which includes all public and private social expenditure such as education, health, water and sanitation, public works, social assistance, social insurance, private sector provision of basic services, and out-of-pocket expenditure by individuals on basic services. Attention needs to be given to how this quantum of national expenditure could be aligned to contribute collectively and coherently towards the most optimal social outcomes. Second, seeking ways to move social security towards more broad-based and universal approaches rather than only narrow, targeted programmes – which are in any event generally inaccurate and administratively expensive.

99. The Expert Group noted the South African experience with the Medium-Term Expenditure Framework (MTEF), which allows the government to adjust spending on a rolling three-year basis. The MTEF allows a greater potential for forward planning and policy certainty. It offers an opportunity for medium-term government budgets to be based on medium-term strategic plans. This could allow many governments to get out of the trap of setting important budgets through arbitrary and, often contradictory, processes of “competitive budgeting” where annual allocations depend on the prevailing negotiating power of respective government department and decision-makers. The Expert Group noted that a medium-term budgeting process, incorporating an integrated set of social and economic priorities, could offer an important route to addressing the multi-dimensional aspects of poverty.

100. During the discussions, the Expert Group noted with concern the fact that while most African countries tended to learn from and use the experiences of northern countries, the African context was quite different. In this regard the Expert Group stressed the need for more innovative approaches in adopting and implementing social security policies in order to accommodate the peculiarities of the African societies.

101. The Expert Group was also concerned about the lack of capacity and the fragmentation of resources for social security programs among different government departments. It suggested that with the problem of competing resources, government departments should ensure that all the social security resources are pooled together for efficient and effective use, noting in that context that the role of social security was to enhance income redistribution mechanisms. It observed that in most African countries

formal social security arrangements did not cover people in the informal economy, which happened to have the majority of the population.

102. Noting the different mechanisms being put in place in some African countries to address the issues of social security such as the reduction of retirement age and the impact of HIV/AIDS on the structure of labour force, the Expert Group observed that the payment of benefits in the case of reducing the retirement age needed long term planning and sufficient financial resources. Social budgeting, as described above, was proposed as one of the best approaches to addressing the issues of social protection in Africa.

103. The Expert Group noted the two draft SADC protocols on Free Movement of Persons (1996), Facilitation of Movement of People (1998) as well as the Draft Social Charter. It observed that these documents were sound in terms of addressing the major concerns on free movement of people and social issues and that member States should show greater commitment in their implementation. The Expert Group then noted the work being carried out by the African Union Secretariat on Social Policy Framework, which will be incorporated in the African Declaration on Employment and Poverty.

104. The issue of partnership between the private sector and the public sector in the provision and delivery of social services was stressed. It was observed that in the case of South Africa, the cost of health care has increased enormously in real terms following the privatization of health care in the last years of the Apartheid era. The Expert Group stressed the need to explore community based and traditional/local arrangements on social protection, which could be emulated in other countries. It further stressed the need for strong government commitment in aligning social policies with economic policies in order to achieve sustainable human development. One best approach to articulate those would be within the context of the implementation of the Millennium Development Goals (MDGs). Further the implementation of NEPAD in terms of good governance should be key to the formulation of social policy.

105. In the case of Zambia, for example, one of the major challenges was how to adjust the pension fund with fluctuations of inflation and how to integrate the informal economy. This situation was very important and should be considered in planning social security and pension schemes.

106. The Expert Group noted with concern the issue of governance relating to management of social security funds specifically the payment of benefits. It was recommended that management of the funds should be entrusted to competent staff on a tripartite basis involving government, employers and employees.

107. The Expert Group agreed that better social policies would lead to employment creation and hence economic development. However, good social policies had both micro and macro-implications. While in most cases the tendency was to care about the cost of

social security policies, the Expert Group stressed that it was equally important to assess the cost of “doing nothing.”

*(xi) Lessons from some Initiatives on Labour Markets and Employment*

108. The Expert Group was briefed on the initiatives by (a) the International Organization for Migration (IOM) regarding brain drain and (b) the ILO with regard to employment.

**(a) IOM Activities on Brain Drain**

109. It was stressed that there were no simple solutions to problems of brain drain. IOM set up the Return and Reintegration of Qualified African Nationals Programme (RQAN) to facilitate the transfer of qualified human resources to African countries between 1983 and 1999. After its completion, it was reviewed and reformulated into a new programme called “Migration for Development in Africa” (MIDA). It is an institutional capacity building programme based on a synergy between the profiles of migrants and the demand from countries. Its objective is the transfer of vital skills and resources of the African Diaspora to support the development of their countries of origin.

110. IOM works and cooperates with the governments of the countries of origin to ensure that they create the appropriate administrative and financial structures and procedures for the implementation of the programme. The programme tries to bring back people to their original countries, even on temporary basis, for example to assist in capacity building. The programme targets government as well as the private sector. Currently, the project is being implemented in the Great Lakes region and will soon be implemented in Kenya while arrangements are underway to have similar programmes in Southern Africa.

111. In the discussion, the Expert Group felt that it was necessary to share information on the impact the programmes have had, especially the RQAN. It was then observed that in some countries, those who had been assisted to return had remained in their countries for over four years. As reflected earlier, the Expert Group appreciated the fact that the AU is addressing the brain drain and diaspora issue. It was considered that there should be a clear focus on policy interventions.

112. Although the Expert Group viewed the MIDA Programme as good, there were problems in its implementation. In some cases, it was not easy to release professionals by the host country. In this context, the Expert Group felt that issues of the diaspora should not be viewed from the conventional way without analyzing the root causes. Consequently, it was important for IOM to be in dialogue with governments to examine real needed changes. In this regard, the dismissal of large numbers of skilled professional in one country was a case in point.

113. The Expert Group reiterated that the brain drain was not necessarily a bad thing. Indeed, it has positive as well as negative impacts. People in diaspora would only come back if they considered there is a future in their country of origin. Political stability and good governance would attract investment from the diaspora as well as encourage many to return.

114. The Expert Group observed with concern the predatory and aggressive recruitment campaign by developed countries for qualified professionals from developing countries. Selective incentives were used to induce migration of these professionals to developed countries. It appeared there were no international agreements on this. Another issue discussed related to dual nationality. It was important that the African Union looks at lessons from the North on this.

#### **(b) ILO Experience on Employment and Poverty Challenge**

115. The experience of ILO from an historical perspective showed the various efforts undertaken on addressing employment and poverty challenges. Lessons from the ILO World Employment Programme showed that the main issue was poverty and development and that there was need to increase income in activities where the poor were engaged. In relation to this, change in development paradigm basic needs approaches were introduced. There was a clear need to address employment and employment issues in a comprehensive manner on the lines of comprehensive employment advisory missions.

116. Other programmes, action plans agenda and summits that have addressed development and employment issues have included: the Lagos Plan of Action for the Economic Development of Africa (1980-2000), United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF), the 1995 World Summit for Social Development (WSSD), the Millennium Summit in 2000 and the OAU Declaration on Employment and Poverty.

117. Reference was made to the following Commitments of the 1995 WSSD that are relevant here:

- **Commitment 2:** Eradicating poverty in the World, through decisive national actions and international cooperation, as an ethical social, political and economic imperative of human kind;
- **Commitment 3:** Promoting the goal of full employment as a basic priority of economic and social policies, and enabling all men and women to attain secure and sustainable livelihoods through freely chosen productive employment and work, and
- **Commitment 7:** Accelerating the economic, social and human resources development of Africa and the least developed countries.

118. The Jobs for Africa Programme was implemented in 17 African countries to promote employment. Policy shifts towards investment in favour of employment intensive sectors was one of the principal ways to reduce poverty. The Investment for Poverty Reducing Employment (IPRE) studies were to underpin advocacy efforts for enhanced employment promotion, a central concern of the programme. Some of the reports from the studies have been published and have assisted in the preparations of PRSPs. The Expert Group noted that the Jobs for Africa Programmes will continue in modified form and called for dissemination and sharing of experiences from the Programme.

119. Despite all the efforts being made, poverty and employment problems remained a major challenge in all African countries. Currently, efforts were being made by some countries to integrate employment in the PRSPs. The Expert Group reiterated the need for comprehensive approaches to address employment and poverty reduction in overall socio-economic development.

*(xii) Towards an Employment Strategy*

120. The Experts Group reviewed the conclusion and policy recommendations. 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 and needed to be addressed comprehensively in the context of the national development agenda. The labour market and employment problems in Southern Africa were directly related to non-virtuous intimate relationships between the structure and performance of the economies and structure and performance of labour market. Both of these were linked to colonial history and legacy of the subregion.

121. It was evident that there was need for a clear long-term vision regarding the desirable and feasible structural transformations in the formal and non-formal economies. The vision could inform the proactive measures to be taken by the state and stakeholders.

122. Proactive measures by the state and stakeholders to restructure the productive base of the economy should ensure more inclusiveness of the majority of the labour force and a broadening of their asset and income entitlements by formulating policies that have a bias towards activities that would absorb more people. The Expert Group was agreed on the conclusion of the paper and the policy consideration.

123. The Experts Group then considered Appendix 1 to the paper – **“Towards an Employment Strategy”**. The proposed strategy for consideration took an approach similar to what had been tabled in the SADC through the then Employment and Labour Sector. The Expert Group then made some suggestions to improve it. The changes would be incorporated in the revised text.



124. Some of the changes included:

- Paragraph 1 to embrace sustainable human development;
- Role of the state in paragraph 3 should also include partners in the social dialogue approach;
- The role of the state should not be limited to that of facilitator, but also of being a leader depending on the situation under consideration;
- On page 99 of the draft, the section on governance should include reference to tripartism. The main objective should be capacity building as well as bringing in social dialogue institutions for governance;
- The paragraph on monitoring should include evaluation;
- On page 107, para 38, there should be inclusion for capacity building for Ministers and comprehensive institutional framework linking ministry of labour with all other ministries including those of Finance and Planning;
- Again on page 107, under paragraph 38, sub item 17 needed attention.

## **II RECOMMENDATIONS OF THE EXPERT GROUP MEETING**

### **(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, quite diverse. 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 plans<sup>1</sup> 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

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<sup>1</sup> Such as 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.

economy by resolving structural inefficiency and broadening and diversifying the economic base and;

- 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; and
  - (v) Economic restructuring outward orientation, privatization etc need to be located in a grand strategy.

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

- a. Re-examine, and take into account African realities, the definitions and methodologies related to:
  - i. Employment and full employment;
  - ii. Unemployment and under employment; and
  - iii. 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 recommends that Governments should:

- 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 should:

- 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, youth 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 should :

- 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 should :

- 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 <sup>1</sup>

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

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<sup>1</sup> Revised based on the work of the Expert Group Meeting on Labour Markets and Employment in Southern Africa, 3 – 6 February 2003.

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 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. 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 polices 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 enclivity 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.

## 1.2 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**

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 stimulating the demand for labour and increasing labour intensity of production.

## **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**

**The 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**

### **The 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**

#### **The 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**

#### **The 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 under-development 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.

**ANNEX II**  
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