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## Preface

The Heads of State and Government of the African Union (AU) agreed in July 2003, to convene a first-of-its-kind Extraordinary Summit on Employment and Poverty Alleviation, at the invitation of H.E. President Blaise Compaoré of Burkina Faso. This Summit will be held in Ouagadougou on 8 and 9 September 2004. It will be preceded by a Social Partners Forum (3-4 September 2004), as well as a Ministerial Meeting (6-7 September 2004).

In their Decision adopted in Maputo, the AU Heads of State and Government requested the AU Commission “to make the necessary arrangements, in collaboration with the Regional Economic Communities (RECS), the ILO and other partners and stakeholders to convene the Extraordinary Summit on Employment and Poverty Alleviation in Africa”.

The ILO was pleased to respond to this call by consulting widely with other UN organizations in the process.

The preparatory process of this Summit and its follow-up gives the multilateral system a valuable and compelling opportunity to come together to assist African countries on the vital issues of employment creation and poverty reduction and to make a determined effort to achieve greater convergence of their policies with a view to upgrading the quantity and quality of work and enterprise development.

To facilitate this process, the ILO in conjunction with UNIDO, drafted a preliminary version of this Issues Paper. It was then circulated to all relevant institutions, who were invited to contribute by identifying priority policy issues and practical initiatives based on their experience and expertise. Contributions have been received from the Joint United Nations Programme on HIV/AIDS (UNAIDS), the United Nations Economic Commission for Africa (UNECA), the Food and Agriculture Organization (FAO), the World Food Programme (WFP), the International Fund for Agricultural Development (IFAD), the United Nations Development Programme (UNDP), the United Nations Development Fund for Women (UNIFEM), the World Health Organization (WHO), the International Telecommunication Union (ITU), the International Monetary Fund (IMF), the United Nations Office of the Special Adviser on Africa (UN/OSAA), the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and the Small Island Developing States (UN/OHRLS) and the World Bank.

The Issues Paper is intended to be circulated widely to Governments, regional institutions, social partners, NGOs and other relevant stakeholders. We hope that this Issues Paper will be useful to all who will be involved in the preparation of this important Summit and its follow-up activities.



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## Introduction

Last July, the AU Heads of State and Government agreed to convene a first-of-its kind Extraordinary Summit on Employment and Poverty Alleviation at the invitation of H.E. President Blaise Compaoré. In so doing, they established the essential political linkage between jobs and their determination to eradicate poverty as highlighted by the New Partnership for Africa's Development (NEPAD).

The Extraordinary Summit is intended to provide a platform for reaching a regional consensus – through a Declaration, a Plan of Action and Follow-up mechanisms and activities - on a sound employment agenda for Africa to help alleviate poverty that would subsequently guide the formulation or adaptation of policies at the national and sub-regional levels.

The poor, in most cases, are not unemployed. Poverty is not due so much to open unemployment, but more to the inability of many jobs to ensure decent levels of income and living.

Experience has shown that sustained high growth is essential to reducing poverty – but it is not enough. The pattern and sources of growth are extremely important from the point of view of raising the incomes of the poor. In that context, productive and safe employment with social protection, plays a key role in linking growth with poverty. But, in addition to raising the productivity and earnings of the poor, a voice and rights at work, and dialogue are also crucial.

Why? Because work is more than subsistence - and workers are not commodities. Work is a source of dignity, self-worth, family stability and peace in the community. And economic growth, stability and human dignity will only be achieved when people are given the opportunity to live decent and healthy lives.

Working out of poverty means different things in different countries according to their particular situations. The greatest challenge for the Summit will therefore be to draw up an agenda at a continental level that is nevertheless sensitive to the diverse situations encountered at national and sub-regional levels. In keeping with the approach adopted by NEPAD, this requires a common vision and integrated macroeconomic, sectoral and social policies.

Job creation is therefore becoming an essential, explicit consideration in the decision-making process for macroeconomic and social policy, along with encouraging both public and private investment, developing a spirit of initiative and encouraging business –especially micro, small and medium-sized businesses and cooperatives. Within the population lies an enormous resource of creativity particularly as far as women and youth are concerned, which needs strategic support from State and local authorities in order to become a major source of productivity. This is one response to the informal economy.

As regards sectoral policies, we are aware that the majority of the economic activity of the population takes place in agriculture and the rural worlds. This is a situation that requires a series of structural measures to support the organization of this sector and its access to markets.

This goes hand in hand with capacity building and increasing competitiveness in industry in various ways, including by giving precedence to equipment that Africa needs as well as to highly labour-intensive infrastructure works, as such projects have proved their economic and social effectiveness. Policies should also be drawn to encourage more widespread availability and use of information and communication technologies at local and small-business level.

Experience shows that behind positive economic results lies sound social policy, incorporating equality between men and women and measures permitting those on the margins

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of society to achieve greater organization and to integrate themselves in the growth process. Particular importance can be attached to access to education, skills, health and financial resources, especially micro-finance and management support. At the same time, there is an important contribution to be made to the safety and health of workers and their families, as well as to economic productivity, by progressive reinforcement of social protection systems, the fundamental rights of workers and social dialogue.

But resources are severely limited, and difficult compromises must be made between different national priorities.

This paper identifies employment and poverty alleviation challenges in Africa and potential policy solutions. It builds upon the conclusions of the Tenth ILO African Regional Meeting (Addis Ababa, December 2003) where “delegates expressed their conviction that the ILO’s decent work approach would enable the Extraordinary Summit to focus on integrated policies to create and improve employment as the main route out of poverty” and of the Report of the World Commission on the Social Dimension of Globalization (February 2004). A sizeable number of institutions have contributed to this paper, namely, UNIDO, UNAIDS, UNECA, FAO, WFP, IFAD, UNDP, UNIFEM, WHO, ITU, IMF, UN/OSAA, UN/OHRLS and the World Bank.

The paper is divided into four sections:

- Section 1 identifies the social challenge and economic opportunity of decent work in Africa.
- Section 2 suggests priority sectors with growth and employment potential.
- Section 3 outlines an integrated policy framework containing economic, social and political elements.
- Section 4 highlights the need for concerted actions in support of national efforts to create jobs including through partnerships with international financial institutions, the UN system, and bilateral cooperation.

# 1. Promoting decent work in Africa: A social challenge and an economic opportunity

An employment-centred approach to poverty reduction is one which enables people to work out of poverty. Many African women and men know what it means to work long, strenuous days, but they do so in an environment which gives low returns to their efforts and makes little investment in their potential. Enabling them to work their way out of poverty hence requires taking stock of the current situation, recognizing employment and work opportunities as the key element in people's struggle to craft decent livelihoods for their families and communities, acknowledging the impact of international influences and building an employment agenda promoting decent work opportunities in Africa. In that connection, rights at work, social protection, voice and social dialogue play an essential role in the alleviation of poverty and securing people's work and livelihoods, and constitute a necessary component of policies and strategies for working out of poverty and to move forward towards a fairer, more inclusive and economically dynamic globalization.

## 1.1. Poverty, underemployment and unemployment: Facts and figures

The preponderance of Africa's poor reside in the populous sub-Saharan region, where 49 per cent of the population, some 323 million people, live below the poverty line. It is in this region primarily that poverty has worsened over time, rising by 2 per cent annually over the nineties, and in absolute numbers by 81 million.

The average unemployment rate of 10.9 per cent in 2003 is projected to decline slightly in 2004, mainly owing to the expected increase in GDP growth in the region but also to increased political stability in some of the former conflict economies. 35 million people will be without employment this year. Of those who are employed, 140 million live on less than one dollar a day, are the working poor and are unable to provide their families with decent living conditions.

The diversity that exists for employment between sub-regions should also be underscored. The picture is indeed bleak in many countries for the expansion of wage employment but not in all. There is potential for learning within Africa from countries like Mauritius, Uganda, Ghana for example that are showing signs of employment generation and real wage growth.

	Change in unemployment rate (percentage point)	Unemployment rate (%)			GDP growth rate (%)			Employment –to– population ration (%)		Annual labour force growth rate (%)		Annual GDP growth rate (%)	
		1998	2002	2203	2002	2003	2004	1993	2003	1993-2003	1998-2003	1993-2003	1998-2003
Region	0.4	11.0	10.8	10.9	3.2	3.6	4.7	65.6	66	2.8	2.7	2.9	2.9
North Africa	-1.5	12.4	10.3	10.4	2.8	4.0	4.0	44.1	44.4	2.6	2.3	3.8	3.9
Eastern Africa	0.3	10.3	10.9	11	2.2	2.6	6.0	71.5	73.3	3.0	2.9	3.5	2.9

Central Africa	-0.5	12.8	9.3	9.4	7.6	5.3	6.7	62.1	61.0	2.0	2.1	1.6	3.4
Souther Africa	6.2	27.1	30.1	31.6	3.0	2.9	3.3	45.7	42.8	2.1	1.5	2.8	2.6
Western Africa	0.0	7.1	6.8	6.7	2.4	4.8	4.7	66.2	66.0	2.9	2.9	3.3	3.2

Source: ILO Global Employment Trends 2004

In the long run, the labour force in sub-Saharan Africa is estimated to increase from 271 million in 2003 to 366 million by 2015 and almost 50 per cent of the total labour force will be in urban areas, exerting strong pressure on the urban labour markets. Sub-Saharan Africa needs to create 10 million jobs every year over the next 12 years to absorb the rapidly growing number of jobseekers. To halve unemployment and working poverty by 2015 would necessarily, but not sufficiently, require the rate of GDP growth to triple (“Global Employment Trends”, ILO, January 2004). A better distribution of resources towards the reduction of current inequity and inequality would ensure a higher elasticity of growth and increase in productive employment at the benefit of the poor. The North African Region needs to grow at a significantly faster rate than during the past ten years if it wants to absorb all the new entrants into the labour force, halve the unemployment rate and halve working poverty.

Unemployment and underemployment of young people is a compelling problem in most parts of Africa. Estimates show that unemployment rates for the 15 to 24 age group are twice as high as the overall labour force. In 2003, 18.6 million young people had no job, 7.2 million of whom were women

The other pressing concern is the impact of HIV/AIDS on the labour markets. By forcing people out of work, the epidemic is having long-lasting negative effects on labour markets and economic growth.

## 1.2. Employment at the core of Africa’s development challenge

While these statistics are daunting, the development challenge in Africa is not insurmountable. In recent years, despite droughts, crises and overwhelming debt burdens, African economies have made real progress according to the United Nations Economic Commission for Africa (ECA); indeed, real growth levels picked up from 3.2 per cent in 2002 to about 4.2 per cent in 2003, region-wide.

Employment is at the core of Africa’s development challenge – but it is not yet at the core of international and national policies. This is a result of seeing employment as a residual of economic growth, much as the trickle down orthodoxy treats it, rather than center-staging it at the heart of growth and sustainable development policies and programmes at the outset of their formulation.

Many people still seem to regard job creation as, at best, a supplementary outcome of pursuing the priorities of financial stability and market liberalization for goods and services, rather than a central objective for government policies, social dialogue and international cooperation.

Public policies and investment programmes constitute one of the main policy tools in the hands of governments to put in place procedures, regulations, criteria for selection, allocation

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and monitoring of public resources as well as institutional or other policy reforms, such as those related to decentralisation, that will facilitate economic and social development and ensure practices of good governance so important to attract private investment and achieve growth and employment policy objectives. It is crucial that technologies based on high labour- and local-resource-intensity be applied to public investment programmes, and that such publicly funded investment programmes be used as a means to promote local private sector capacities to carry out such programmes in a cost-effective and competitive manner. In addition, it is important to recognise the lead role the State can and should play with regard to infrastructure development, a prerequisite in many instances to stimulate economic activity and social services (access roads, land development, irrigation schemes, schools, health centers, ...).

However, the public sector cannot drive employment growth alone. African and international private investments are vital. This investment should be employment-intensive, local resources intensive as well as technically feasible and economically cost-effective. It calls for developing the role of the State as a partner with the private sector, where the former can address infrastructure issues affecting investments, such as communication, transportation and energy sectors. These are all important matters for the willingness of the private sector to invest and create jobs. Given this perspective, the Extraordinary Summit and its follow-up could assist in strengthening the role of the State in defining what it can do best for improving the investment climate for employment creation.

While improvements in domestic policies, institutions and governance hold the key to sustained growth, decent jobs and poverty reduction, equal attention must be given to the fact that the international economy is also contributing to increased poverty and unemployment in Africa.

As adequate productive and decent job creation is both a crucial instrument and ultimate objective of poverty eradication, its role in the realization of MDGs and the NEPAD vision is of critical importance. Ensuring coherence between efforts in the area of productive employment on one hand and those at attaining MDGs, implementing NEPAD's action plan as well as the initiatives coming out of the Extraordinary Summit on Employment and Poverty Alleviation in Africa are therefore essential.

### **1.3. Africa and the global economy**

A brief look at key international trade and development issues demonstrates the growing marginalization of African economies. Africa's share of world trade has declined in the last two decades. Whereas Africa's share of world exports was around 3 per cent in the period 1980-90, this declined to 1.95 per cent between 1991 and 2000.<sup>1</sup> Only six out of 53 African countries achieved a sustained expansion of exports between 1999 and 2002. In fact, Africa's trade has consistently lagged behind global trade expansion.<sup>2</sup>

Many countries in Africa depend heavily on primary commodity exports and have been significantly affected by declining terms of trade. Commodity prices for 18 major exports fell by 25 per cent in real terms between 1980 and 2000. While some improvement was recorded in 2002-03, petroleum and agricultural prices are expected to decline on rising supplies.<sup>3</sup>

<sup>1</sup> S. Ibi Ajayi: *The African region in the global economy: Views on the impact and challenges of globalization*, 2003, paper prepared for regional consultation with the World Commission on the Social Dimension of Globalization.

<sup>2</sup> WTO: *World Trade Report*, 2003.

<sup>3</sup> World Bank: *Global Economic Prospects 2004*.

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Africa is the most heavily indebted region in the world and capital flight from the region is fuelled by foreign debt.<sup>4</sup> While the continent has been the leading recipient of development aid, its share of other types of financial flows has been very limited. In 2002 it received only 1.7 per cent of global FDI inflows, down from 2.3 per cent in 2001. Until this downturn, FDI flows to the continent had been gaining in importance as a source of external development finance. However, these inflows were dominated by investments in the oil sector and therefore were concentrated in a few countries, with Algeria, Angola, Chad, Nigeria and Tunisia accounting for half of the total inflows for 2002.<sup>5</sup>

Despite the fast growing penetration of ICTs in Africa, there is still a long way to go in order to bridge the digital divide. The relatively low access to technology (telephone, internet, etc) hinders the full exploitation of trade and investment flows and prevents Africa from benefiting from the opportunities of globalization.

However, the ITU database shows that Africa is among the fastest growing market in mobile communication. The fast move in the mobile communication sector provides African countries with an additional niche for expansion of FDI, more job creation in the formal and the informal sector and more revenue earnings (through licensing and network-investment, regulation fees and income taxes). It also opens new avenues for an increase of Internet usage with the advent of wireless Internet, especially through Internet-enabled mobile handsets, thus enabling a better participation of Africa in the global economy. The ICT-related investments are key for increasing the attractiveness of Africa to investments and hence to the creation of jobs. This makes it essential to confront the barriers to investments in ICT. Highlighting these barriers would therefore be an important step within the post-Summit actions at the national level.

#### **1.4. African migrant workers**

Labour migration is becoming an increasingly important factor of economic performance, development, and regional integration across Africa. It is estimated that Africa accounts for 20 million migrant workers and family members, within and outside the continent. Some 7.1 million migrants are economically active in African countries outside their own by most recent ILO calculations. Many millions more migrate seasonally or permanently within their own countries.

Labour migration offers significant actual and potential gains for Africa. Foreign workers comprise significant portion of work forces in several African countries –up to 25%<sup>6</sup>—filling both low cost and skilled labour needs. Remittances to Africa or among African countries have become the single most important source of foreign exchange for a number of countries, ahead of official development assistance (ODA) and not far behind –or ahead of-- foreign direct investment (FDI). These transfers of individual earnings are usually expended on improved housing, nutrition, education and health for recipient families and communities and thus contribute significantly to enhancing human capital. Return of qualified migrants brings back skills and training to home countries, while business connections and export opportunities generated by expatriates expand economic activity in Africa. Most regional integration initiatives across Africa –including CEMAC, EAC, ECOWAS, and SADC-- are premised on freer circulation of labour as well as of capital, trade, services and technology to stimulate

<sup>4</sup> ECA: *Report on Africa, 2003*.

<sup>5</sup> UNCTAD: *World Investment Report, 2003*.

<sup>6</sup> Cote d'Ivoire (at least until 2003).

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economic development. However, progress in integration is slowed by resistance to lifting restrictive national immigration practices.

Migration in Africa presents serious challenges for development. Conditions for many migrant workers include undue hardships and abuse in the form of low wages, poor working conditions, virtual absence of social protection, denial of freedom of association and workers' rights, discrimination and xenophobia, as well as social exclusion. Few African countries have adequate legal, institutional and administrative measures in place to regulate migration and to ensure labour and social protections. In recent months, several countries have conducted mass, arbitrary expulsions of large numbers of migrant workers and their families, involving loss of personal property and earnings as well as devastating disruption of lives and livelihoods.<sup>7</sup>

Some countries in Africa lose 10 to 30% of skilled workers and professionals through 'brain drain;' least developed countries are the most affected. For example, emigration of health care professionals is a cause of particular concern in Africa, with developed countries deliberately recruiting health personnel from the Region partly to offset domestic shortages. This has accelerated outflows of skilled professionals, severely affecting Africa's health system.

Migrant populations are particularly vulnerable to health risks, notably HIV infection, due to lack of access to preventative as well as curative health services and to social protection and education as well as due to isolation and loss of social networks. They often face discriminatory health screening on entry into countries and have limited rights in host countries, especially when they are in irregular situations.

Contributions of migration to development, integration and human welfare in Africa could be significantly enhanced by improving national legislation and administration of labour migration across the region based on application of relevant international conventions; by implementing existing commitments to freer circulation of labour in regional integration initiatives; by facilitating organization of migrants in trade unions, by encouraging investment of migrant savings in productive projects in countries of origin; by facilitating mutually beneficial partnerships between migrants abroad and peer networks in countries of origin; and by mobilizing African expatriate technology innovators and business leaders to create economic opportunities in Africa, among other measures.

In addition to improving working conditions in Africa that could contribute to retain the flight of knowledgeable Africans, ICTs can also help transform the brain drain to brain gain. The use of emigrants associations existing in the receiving countries may also be used as a starting point to set up well documented data bases and to forge mutually profitable partnerships. It should be taken into account other previous related initiatives such as the "Digital Diaspora Initiative in Africa". Another related institution worth considering is the Digital Diaspora Network for Africa (DDNA) ([www.ddn-africa.org](http://www.ddn-africa.org)) launched by the UNICT-Task Force which is aimed at mobilizing African expatriate Technology innovators and business leaders to create economic opportunities in Africa.

<sup>7</sup> Angola, Cote d'Ivoire and Equatorial Guinea in 2004.

<sup>1</sup> **References:**

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## 1.5. Africa's crisis situations

Natural disasters, such as droughts, floods, windstorms and earthquakes, destroy household assets and jobs, undermine investments in agriculture and may push otherwise food-secure families into acute hunger. The impact of disasters may accumulate over time. When hit by negative income shocks, households with a thin asset base are particularly vulnerable to welfare losses and to the danger of slipping into a poverty spiral. Shocks may be absorbed through reductions in household expenditures, including forgoing planned investments, or selling productive assets. Such actions seriously and irreversibly, compromise future livelihood and income generation prospects.

The numerous conflicts in Africa, with their attendant consequences for peace, stability and livelihoods and humanitarian conditions, pose a serious threat to Africa's development.

Conflict is also a major cause of economic dislocation and regression or poor performance. Conflict resolution through civil strife has little hope of creating a favourable climate for private investment and generating employment opportunities. In human livelihood terms, conflict is a major cause of structural food insecurity. Armed conflict may prevent farmers from producing food and may cut off access to food by disrupting transport, trade and markets. According to FAO, conflict in sub-Saharan Africa resulted in losses of almost US\$52 billion in agricultural output between 1970 and 1997, a figure equivalent to 75 percent of all official development assistance received by the conflict-affected countries. Estimated losses in agricultural output due to conflicts for all developing countries average US\$4.3 billion per year.

Governments have an important role to play in rendering societies more resilient to shocks. Measures for disaster prevention, mitigation and preparedness may include rehabilitating agricultural production systems, putting food and non-food based safety nets in place, ensuring that adequate credit is available to finance recovery, as well as decentralizing decision-making for disaster risk management.

### **Making Societies Resilient to Shocks**

The World Food Programme's analysis of its past experiences in providing humanitarian assistance has shown that traditional rapid responses to humanitarian disasters tend to largely provide short-term rather than long-term solutions to the problem. To improve the approach, African governments need to develop strategies that integrate development oriented safety net programmes permanently into national social protection policies. This will necessitate establishing a financing mechanism that guarantees continuity of such safety net activities over a considerable period of time to ameliorate disaster repercussions and enable affected populations protect and improve their livelihoods. This approach is increasingly gaining acceptance as a more practical alternative to the traditional recurring appeals for emergency interventions as it does not necessarily require an increased resource envelope but rather evenly spreads out the resources over a longer period.

Advocacy and strategic partnerships are also key for developing a culture of crisis prevention and response built on employment and decent work and for striking alliances to achieve the complementarities, synergies and multiplier effects indispensable to tackle effectively the number and complexity of crises in Africa with partners such as UNDP, UNOPS, OCHA, UNHCR, WHO, UNICEF, FAO, WFP, the World Bank and ILO.

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## 1.6. Towards an African employment agenda

In seeking to develop and implement poverty eradication strategies through employment promotion, close attention should be paid to the link between economic growth and poverty reduction. It is indeed now widely accepted that a high rate of economic growth is a necessary but not a sufficient condition for achieving a sustainable reduction of poverty. Decent and productive employment is one of the best routes out of poverty. Empirical evidence suggests that countries which attained high rates of employment growth alongside high rates of economic growth are also the ones who succeeded in reducing poverty significantly.

However, a set of preconditions for output growth to translate into employment growth and poverty reduction as noted in East and South Asian countries need to be considered:

- Incentive structure in the labour market and other productive institutions did not have many distortions and therefore encouraged the use of appropriate technologies in production, encourage investments in sectors which are employment intensive, which also led to pro-employment behaviour on the part of the employers;
- These countries adopted policies to endow the labour force with human capital, which enabled the poor to acquire skills needed in rapidly-changing labour markets;
- Increased labour productivity led to increased demand for wage-labour, which in turn led to increased employment and/or higher wages;

The ILO's Global Employment Agenda (GEA) offers an agreed tripartite reference framework for making full, productive and freely chosen employment central to economic and social policies in line with the Employment Policy Convention, 1964 (No. 122). The GEA responds to the United Nations' request to the ILO, made at the 24th Special Session of its General Assembly in 2000, to draft a comprehensive employment framework, and thus to support the Millennium Development Goal of halving the number of people living in extreme poverty by 2015.

As agreed by the 286th Session of the ILO Governing Body (March 2003), the GEA's main aim is to place employment at the heart of economic and social policies. The ten core elements of the GEA are to promote:

- (i) trade and investment for productive employment and market access for developing countries;
- (ii) technological change for higher productivity and job creation and improved standards of living;
- (iii) sustainable development for sustainable livelihoods;
- (iv) macroeconomic policy for growth and employment: a call for policy integration;
- (v) decent employment through entrepreneurship;
- (vi) employability by improving knowledge and skills;
- (vii) active labour market policies for employment, security in change, equity and poverty reduction;
- (viii) social protection as a productive factor;
- (ix) occupational safety and health: synergies between security and productivity;

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(x) productive employment for poverty reduction and development.

- The GEA seeks, through the creation of decent and productive employment, to better the lives of the hundreds of millions of people who are either unemployed or whose remuneration from work is inadequate to allow them and their families to escape poverty.

The GEA provides a key opportunity to structure and sustain the development of an African decent work strategy based on the identification of priority sectors able to foster employment creation in Africa.

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## **2. Identifying priority sectors for unleashing the potential of job creation in Africa**

It is important to adequately and effectively mainstream employment objectives into Africa's development strategies and programmes, including Poverty Reduction Strategy Papers (PRSPs). This in turn requires a careful analysis of sources and opportunities of growth in African countries and linking or orienting these to sectors and activities where the poor are most active or are favoured by.

Given that the public sector can not drive employment growth alone, a stable environment for private savings and investment, and empowering people to take advantage of opportunities for employment through private investment, are primordial. Building agricultural productivity, promoting savings and investment, ensuring security of citizens, promoting property rights and the rule of law as part of good governance, developing capital markets, meeting critical infrastructure needs, etc. are examples of actions that might be taken. In that context, creating a vision of public and private sector responsibilities to promote employment and decent work would be a key outcome of the Extraordinary Summit.

However, understanding the nexus of economic growth, employment creation, enterprise development and poverty reduction calls first and foremost for recognition of Africa's large agricultural sector and informal economy, as this is where the vast majority of micro-and small-scale enterprises – and too often poor workers and poor entrepreneurs – exist. Other priority sectors are infrastructure development, transport, industries and services such as ICT, tourism, culture sector (through marketing of local music, arts media and other products in both domestic and external markets). The housing sector could also serve as a key sector however its growth in many countries can be held back due to lack of finance, administrative procedures, insecurity of property rights and excessive construction codes.

### **2.1. Supporting agricultural growth**

Poverty in Africa is predominantly rural. The roots of Africa's poverty then lie in the agricultural sector, which has not benefited from investment and technological developments over the last quarter of a century, but has instead experienced decreasing returns in the face of growing populations. Per capita consumption and revenue declined sharply for about two-thirds of the population caught in a poverty trap, with not only insufficient food, but also inadequate skills, poor health, low productivity and low capacity.

Women and girls play a significant role in this sector, both in market related agricultural production and non-market provision of social goods and services. Traditionally, women have dominated food production and are key to any poverty eradication and development strategy due to their triple role in production, reproduction and community management. On average, women comprise 51% of the population, 60% of the informal sector operators, and provide 70% of total agricultural labour.

In addition to addressing women's specific needs in agricultural production, a stronger performing agricultural sector is fundamental for Africa's overall economic growth. A healthy agriculture sector means more jobs, more income and more food for the poor. Increasing employment opportunities exist in processing for agricultural products, which accounts for two-thirds of manufacturing value-added in most African countries. Economic growth originating in agriculture, coupled with growth in rural non-farm activities has strong poverty reducing impacts. Improving agricultural performance reduces poverty in both rural and urban areas. A

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crucial factor is the ripple effects which agricultural growth has on the rural economy. Namely, enhanced agricultural incomes will increase demand for non-agricultural goods, boosting non-farm rural incomes and broadening income growth in rural areas.

The potential of the sector to make a difference to income and employment cannot be overstated: overall, some 70% of the poor in African countries live in rural areas where poverty is concentrated. In 1996-98, the percentage of employment in agriculture was as high as 67% of the total labour force. Thus, although it is often asserted that overall economic growth will overcome poverty and also ensure food security but for this to be ensured, such economic growth has to occur in sectors like agriculture where large numbers of the poor derive income and employment, and in ways that benefit them. In recognition of this, the African Union Assembly adopted a Declaration at its 2003 Maputo Summit giving priority to immediate implementation of the NEPAD Comprehensive Africa Agriculture Development Programme (CAADP), exhorting its member countries to raise budgetary allocations to agriculture to 10% within five years, and committing itself to many other important measures for food security.

#### **Creating employment and income opportunities through forestry**

The forestry sector, which includes the production, processing and trade of wood and non-wood forest products, as well as forest-derived services, offers substantial scope for increasing income and employment in Africa. In a number of countries, forestry is the most important income-generating non-farm sector with a significant share of the employment and income arising during non-agricultural seasons, when alternative sources of sustenance are not available. Most activities are informal, part-time and seasonal and thus are excluded from national income and employment statistics or from conventional records of employment. A few countries have natural or plantation forests that can or already are supporting significant processing industries for timber or pulp and paper. Other ways for forests to contribute directly or indirectly to employment and income include:

- **Environmental rehabilitation:** forests can help to rebuild the productivity of land including through labour intensive technologies for land rehabilitation (watershed protection, combating desertification etc);
- **Sustainable management of forests and woodlands:** apart from sustainable management for timber products, livelihood opportunities come from collection and processing of non-wood forest products;
- **Investment in processing:** One of the most neglected areas of forestry in Africa is the processing of wood and non-wood forest products. Notwithstanding the richness of resources in some countries, Africa's share in the export of forest products is less than two percent of the global value of exports and much of this is export of unprocessed logs. Since forest-based industries are generally highly labour-intensive at least part of their production chain, the sector has great potential to increase employment. Harvesting, processing, transportation and trade in fuelwood and charcoal (the main fuels in Africa) provide a great number of jobs and income;
- **Ecotourism:** Wildlife is one of the unique resources of Africa and is the back-bone of tourism in several countries but remains relatively underexploited. With the enormous diversity of flora and fauna, Africa could offer far more employment and income in a sustainable manner.

Past experience points to poor macroeconomic policies as the largest source of disincentives to growth in the agricultural sector. The macroeconomic framework has improved in many countries, yet the agenda is incomplete in many others. Price transmission from both domestic and world markets to the farm gate need improvement, mainly through the removal of institutional blockages along the policy and commodity chain in order to enable increased agricultural productivity. It is essential that the incentives facing producers improve also through non-price interventions, such as infrastructure and research investment that improve productivity and reduce costs. In many cases, the decline in international prices of some traditional crops such as cereals requires enhanced incentives for alternative high-value crops and activities.

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Developing clear strategies for raising agricultural productivity can create the surplus that developed countries have experienced as the launching pad for growth and off-farm employment. This calls for a series of supportive policies in order for agriculture to be an effective engine of growth and employment creation, including: the elimination of price distortions and discriminatory practices; support for niche markets; substantial public investment in education and health; and recognition of the key role of women in agricultural production, and therefore poverty reduction. For higher productivity, agriculture needs sustained heavy investment in transport, market, electricity and water infrastructure, information and communication technologies as well as in agricultural research, extension services and financial services. Many countries in Africa need better seeds, less harmful agronomic practices, and access to appropriate knowledge and techniques (both traditional and new). Success also requires that development policies, strategies and practical interventions be adapted to the specific and differentiated needs and capacities of men and women.

In this connection, the UN Economic and Social Council called for a wide-ranging integrated approach to rural development which develops many of these points (ECOSOC: Draft Ministerial Declaration, E/2003/L.9). National action can draw on programmes of policy advice, capacity building and technical assistance undertaken by FAO to support the development of sustainable livelihoods and food security, and by IFAD to enable the rural poor increase their capacity through better organization, knowledge and influence public policy (see [www.fao.org](http://www.fao.org) and [www.ifad.org](http://www.ifad.org)). These and other approaches fully recognise that agriculture cannot be revitalised in isolation: roads and communications, education, health services and sanitation infrastructure, rural development finance for example – being equally indispensable for rural development. Efforts to mainstream gender in rural development initiatives are also being piloted by UNIFEM in collaboration with IFAD under the West Africa Rural Development Hub, a multi-stakeholder effort striving for greater synergy and better harmonization of rural development strategies at national and regional level.

African governments of especially low income food deficit countries (LIFDCs) need to adopt agricultural modernisation policies into their national development programmes to enable change from the predominantly rural subsistence production towards a market oriented production. This approach will however necessitate advance measures that enable rural farmers to access markets to sell their products and improve their household incomes.

Promoting alternative crop farming

Special attention should be given to promoting and improving alternative farming activities for those earning their living from growing harmful crops such as tobacco, and to related economic research. Tobacco is grown in some African countries. However, most of the tobacco farmers live in poverty. Tobacco is very labour-intensive, and requires expensive inputs which are often loaned by the tobacco industry to whom farmers have to pay back at the end of the season. This situation creates a cycle of indebtedness towards the industry. Tobacco becomes the only source of living for them, even though it does not lift them out of poverty and imposes many occupational hazards on their health. Global tobacco demand is expected to increase in the next two decades. Thus, producers would not face economic threats in the short to medium term, while alternatives are being fully developed. However, tobacco farmers who want to change from growing tobacco should be supported for crop substitution.

## 2.2. Promoting Rural Enterprise Policy

The reduction of poverty in the rural areas is increasingly linked to the ability of poor people, especially rural women and unemployed / underemployed youth to diversify and complement their sources of income through off-farm micro and small enterprises (MSEs) processing, trading, manufacturing and services, etc.). Nonetheless, any effort to develop sustainable MSEs in rural areas

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calls for a proactive strategy to reduce constraints on the entrepreneurial poor and provide them with, among other things, suitable business-related services.

#### **Small-scale Enterprises in Developing Countries**

Three types of enterprise models can be distinguished:

**Pre-entrepreneurial activities** are traditionally designated as IGAs (small crafting, petty trading, etc), depend on people that have limited knowledge of the basic principles that guide any business activity and lack basic assets – essentially working capital – to develop their own small business ventures. Pre-entrepreneurial activities are mostly self-employed initiatives. Benefits may be partially reinvested in the activities by they are mainly used as incremental income. Typically, these activities are mainly undertaken by women, who have limited time and assets to engage in full-time entrepreneurial activities.

**Micro-enterprises** are defined as semi-structured activities, including limited fixed assets (first or second-hand equipment), possibly a physical location (for instance, a small milling workshop); and as observing some basic management principles.

**Small enterprises** are structured businesses that usually have a well-defined market niche and physical location, an acceptable turnover, some business skills, regular access to market-based (fee based) business advisory services and a number of part- or full time employees. Small enterprises may also have a legal status and a bank account. Accounting principles and financial rules (write-offs) may also be applied with regard to fixed assets such as machines, vehicles, etc.

The implementation of recent rural micro-enterprise finance projects confirm that the promotion of small, sustainable entrepreneurial activities is a multifaceted problem with a significant institutional dimension, which may call for the establishment of ad hoc MSE support to create institutions or support existing ones in the areas requested.

Providing access to appropriate financial services is a key element in establishing small-scale enterprise clusters in rural areas. It may also be possible to increase the access of poor entrepreneurs, especially women, to financial services by developing financial innovations targeted at MSEs.

Acceding financial services is only one dimension of developing micro, small and medium-scale enterprises. The other dimension is the non-financial services/activities whose aim is to increase the impact of the financial services. These non-financial services include the following: Entrepreneurship training; Business management; Market services; Access to cost-effective technologies and vocational / technology training; Business planning, Product and process quality assessment, etc. The aim of this holistic approach is to contribute to securing increased investment.

Despite their limited purchasing power, rural people are potential consumers of products available in the rural areas – but often at prices they cannot afford. Therefore, strategic market niches should exist for alternative products of an acceptable quality manufactured by rural micro enterprises. Compounding these difficulties are structural ones which include:

- The absence of market related infrastructure (not least rural roads) increases delivery costs and makes rural entrepreneurs more difficult to reach thus reducing their bargaining power
- Lack of suitable skills, information and market-related services does not enable poor entrepreneurs to compete in the market place

Women run most successful small business ventures in developing countries. Efforts should then concentrate on enhancing women's access to markets and rendering their activities more effective. Conducive policy frameworks should concentrate on removing market barriers that women encounter. Secondly, support services should include giving adequate training to women, while taking into consideration illiteracy and the time constraints they face.

Policy dialogues should also cover important sub-issues linked to the promotion of micro and small businesses in developing countries: bringing an end to the use of child labour in these enterprises and promoting environment-friendly products and manufacturing processes.

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Given the overwhelmingly rural nature of poverty in Africa and the centrality of agriculture to rural livelihoods, a renewed effort will be required on the part of governments, donors and civil society to invest in rural people and the institutions that can be responsive to their needs. IFAD can and will play an important role in this effort, both directly through project investments, but also as a catalyst, bringing lessons from its field experience to the attention of its partners.

### ***Improving access to and management of land and water***

Land and water are at the heart of the economies of the rural people living in poverty. Land degradation resulting from extensive agriculture, deforestation and overgrazing has reached alarming levels. Forest area is declining as a result of the unchecked growth of timber exports, agricultural expansion and fuel wood demand for a growing population. Most of this disappearance is concentrated in the rain forests of the Congo Basin and in the southern parts of the West African coastal countries that were once heavily forested. This degradation has implications for the biodiversity of flora and fauna, where the losses are irreplaceable. About 50% of farmland suffers to some extent from soil erosion, and as much as 80% of pasture and rangelands exhibit some form of degradation, with use exceeding carrying capacity. One consequence in some areas is that land conflicts are becoming more frequent between livestock herders and sedentary farmers.

IFAD is supporting an IITA-led research network of 23 sub-Saharan African (SSA) countries that has developed and is promoting alley farming as a production alternative to slash-and-burn shifting cultivation. By reducing the amount of land needed to be cleared for farming, alley farming saves tropical rainforests.

Evidence from studies shows that earlier scepticism regarding the adoption potential of the technology appears to be unjustified since farmers are adopting the technology in villages characterized by high land-use pressure, soil-fertility decline, erosion problems, and fuel wood and fodder scarcity. However, IFAD-financed research has shown that it is a niche technology and not a panacea for the whole of SSA. Although widespread adoption has not occurred, alley farming remains the most promising technology yet developed for stabilizing agriculture in the humid lowland tropics and possibly in other zones.

Resolving the remaining constraints on alley-farming technology requires that researchers focus on technology modifications that will make the technology more flexible and adaptable to farmers' preferences. This is the bottom line. As researchers recognize and integrate these farmer modifications into designs, adoption is increasing. Modified alley-farming systems would need to be targeted at areas where incentives for land-use changes exist or are likely to occur in the near future, i.e., land-use pressure, soil-fertility decline, erosion and fuel wood scarcity.

## **2.3. Strengthening the services and tourism sectors**

In Africa, tourist attractions lie mainly in the countryside. Hospitality, tour guiding, the organization of activities such as hunting, fishing, or trekking can therefore be combined with agricultural activities and with the rural way of life. Rural poverty will be reduced whilst Africa's assets in the tourism industry can be put in the forefront. Investments in tourism can be labour intensive particularly in rural areas. At the same time, minimum requirements for skills and training are rather low except for supervisory and strategic positions.

Many activities within or linked to the tourism industry are carried out in the form of small or micro-enterprises, such as bed-and-breakfast establishments, with an important multiplier effect due to interrelations with activities in other sectors such as food and crafts. In

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many cultures in Africa, hospitality is provided by women. Women are therefore a priority target group for the development of a labour force and small entrepreneurship to receive and accommodate travellers.

Africa's participation in the international tourism market has been growing steadily, albeit on a modest basis. According to statistics from the World Tourism Organization, the number of arrivals of tourist arrivals from abroad to African countries has doubled between 1990 and 2002 from 15 to 29 million, of which two-thirds were arrivals to Sub-Saharan countries. International tourism to African countries generated an estimated income of USD 11.8 billion in 2002.

Tourism expenditure in Africa is low, however, if compared to the other areas in the world: Africa's share in the world's international tourist arrivals was 4.1 per cent in 2002, whereas it participated in international tourism income with only 2.5 per cent. Much can be done to increase the expenditure of tourists in Africa. By developing the local production of goods and services which are in demand by tourists, internal markets will benefit in general and grow.

## **2.4. Breaking out of the trap of informality and poverty**

Many businesses operating in the informal economy display extraordinary creativity, dynamism and innovation and contribute to meeting the needs of poor consumers for accessible and low-priced goods and services. However, they rarely have the means to cross the threshold into formal recognition and obtain the security needed for further investment and the creation of more and better jobs.

Discrimination by gender, age, ethnicity or disability also mean that the most vulnerable and marginalized groups tend to end up in the informal economy. In particular, most women work in the informal economy, in part because they are systematically deprived of rights to property and access to education and formal employment, but also because of their capacity to take up the opportunities it offers.

Breaking out of the trap of informality and poverty in Africa requires a policy environment that promotes an integrated approach based on five main themes: governance, macro policies, representation and voice, productivity and market access and addressing vulnerabilities. These vulnerabilities include the dependence on labour – usually only one or two workers – and the lack of personal or social safety nets. For this reason, the informal economy has been particularly affected by the HIV/AIDS epidemic, with a direct effect on households and communities. Because infections are increasing most rapidly among women, HIV/AIDS and the lack of employment opportunities combine to intensify the feminization of poverty.

Furthermore, effective policies to deal with the problems of informality require the participation of organizations able to represent the concerns and ambitions of informal workers and businesses in national policy-making. Employers' and workers' organizations can play a critical role in this respect by extending membership and services to employers and workers in the informal economy. In many countries, it is essential to reform legal and administrative frameworks that do not guarantee and protect freedom of association and make it difficult for workers and employers in the informal economy to organize.

One of the most promising strategies to fight poverty on a large scale and with fairly rapid results is micro-finance, which is also an ideal strategy to lead informal sector operators slowly out of informality.

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This will also entail a major investment in training and education and other policies to overcome exclusion from productive and remunerative employment. Local authorities have a key role to play in encouraging community mobilization around local development plans.

The role of stronger enterprises, such as large national companies or foreign investors, in joining with communities to tackle underemployment and poverty, should also be addressed as well as the promotion of technological development geared to poverty reduction.

## **2.5. Favouring infrastructure development at community, national, sub-regional and regional levels**

Within a general policy framework aimed at achieving employment-intensive growth, more attention needs to be paid to investments, both public and private, and to the distributive effects of such investments. A reorientation of policies towards judicious infrastructure investment can speed the reduction of poverty by generating productive and decent employment.

Too often, infrastructure (including transport and power line routes) are constructed independently from considerations of whether their location would facilitate development of resources, including agricultural resources. Many cases exist of routes going long distances through unpopulated and undeveloped/low-potential areas. As a result, both the infrastructure investments and the resource development ventures operate sub-optimally and face high costs with low returns.

In Africa, a good percentage of public investment is concentrated on projects which require capital-intensive technology, such as major bridges, highways and dams. While these investments undoubtedly promote national development, they have little immediate impact on employment and incomes at the poorest levels of society. Yet there are areas of infrastructure, and particularly feeder roads, drainage, forestry and small-scale irrigation and building, in which the use of locally available material with a higher input of local labour is not merely viable, but offers a number of clear advantages.

For example, conclusions drawn from ILO pilot and large-scale programmes carried out in countries as varied as Ghana, Lesotho, Madagascar, Mozambique, Rwanda and Zimbabwe show that labour-based approaches:

- are between 10 and 30 per cent less costly in financial terms than more equipment-intensive techniques;
- reduce foreign exchange requirements by between 50 and 60 per cent; and
- create between three and five times as much employment for the same investment.

Comparisons between equipment-intensive and labour-based technologies used in the road sector show that the cost of equipment in capital-intensive projects represents around 80 per cent of the total investment, with only around 10 per cent for labour. Where the labour-intensive option is selected, equipment tends to represent between 30 and 40 per cent of the cost, with labour accounting for between 50 and 60 per cent. Although less well-documented than the road sector, viable labour-based alternatives to conventional technologies also exist in other sectors, such as irrigation (canal construction, minor dams, etc.), drainage and sewerage systems, erosion control, soil and water conservation, land development and water supply schemes.

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In particular, the role and impact of labour-intensive activities are important in the agricultural sector through food-for-work activities which help alleviate poverty and create assets owned by stakeholders in rural and sub-urban areas.

### ***Transport and infrastructure development at regional level***

An efficient transport network is the most important pre-requisite for regional integration and trade facilitation. Indeed trade and transport are inextricably linked therefore, many African countries could not benefit properly from regional integration and trade because of the shortage of a transport network as they have the highest freight to export ratio. The establishment of efficient transit systems should bring benefits to both landlocked and transit developing countries. The establishment of efficient transport network would lead to greater economic interaction, which in its turn could generate much needed economies of scale which are pivotal for the private sector.

The International Ministerial Conference of Landlocked and transit Developing Countries (LLDCs) organized by OHRLLS in August 2003, in Kazakhstan adopted a global programme of action for LLDCs, and appropriate policy measures, namely the Almaty Programme of Action to improve transport efficiency, which will promote complementarities between landlocked and transit countries for their respective development. It proposed five priorities: fundamental transit policy issues, infrastructure development and maintenance, international trade and trade facilitation, international support measures, and implementation and review.

The objectives of the Almaty Programme are very broad, covering infrastructure development; the creation of an enabling environment, particularly regulatory frameworks that maximize efficiency of the existing transit transport facilities. They are geared to attracting foreign direct investments (FDIs) as well as investments in managerial expertise; and human capacity building, thus boosting employment. The Almaty Programme actions which have been supported by development partners require coordinated actions by stakeholders at the national, subregional and global levels.

The impact of the implementation of the Almaty Programme of Action may include a wider market for local entrepreneurs, increased level of trade among African countries, better opportunities for inter-African joint-ventures and improved conditions to attract FDI as well as retaining savings within African countries.

#### **2.6. Developing capacity in industry**

It is assumed that countries should target at least an average of 7 per cent of economic growth until 2015 in order to reduce extreme poverty by half. The correlation between the inability of large segments of the African population to maintain the minimum standards of living (including health and well-being) and lack of income and jobs seems obvious. There is a direct causal relationship between the level of poverty and the level of employment. It is not possible to de-link industry and poverty alleviation. Income generation, in addition to being a direct outcome of employment creation in the productive sector, is part of the redistribution system promoted by small and medium-sized enterprises, informal sector productive activities and self-employment.

Even the expansion of the productive sectors, if not properly prepared in a comprehensive strategy, could produce unexpected results. It is suggested to rely on an up-to-date value-chain approach taking into consideration the importance of the actors, the power relation and the advantage of working in a network or cluster. This value-chain approach should be considered from a systemic analysis taking into consideration the global production networks system. How Africa and its people could benefit from this new architecture of a production network is a challenge that should be addressed during the Extraordinary Summit.

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The role of State interventionism and regulation, therefore, needs to be revisited. Support measures could include the provision of land to the landless and the establishment of land tenure policies and programmes to ensure satisfaction of minimum needs of the rural poor, to assist socially disadvantaged groups, to promote proper use of natural resources, to develop drought prone and desert areas, to improve infrastructure and communication technologies as part of the reduction of transaction costs, to provide incentives for nascent endogenous productive entities including enterprises, to develop and promote adoption of good agricultural practices, to enhance food safety and quality of food chains etc. All such interventions should fully integrate and invest in women, minorities, and the poor. They are some of the numerous measures which will contribute to the success of a productive capacity initiative.

The role of industry thus clearly emerges:

- The healthy development of the productive sectors, in particular industry, will generate economic growth, and directly create incomes and jobs.
- A prosperous industrial network of productive capacity entities will generate resources. As a consequence, it should contribute to create additional resources for saving and investment. Measures of affirmative action for weak influential groups should also be identified as part of the overall architecture to help poor people/enterprises.
- The trend towards the acceptance by private sector industry of its corporate social responsibilities will enable industrial firms to finance and undertake many of the measures aimed at reducing poverty.

In addition to job creation, industries are increasingly moving towards establishing better working conditions such as: developing education and human resource development programmes; providing health care to workers and their families; providing schooling facilities to workers' children; recognizing the needs of both men and women and establishing economic and social welfare schemes required for their full participation.

These contributions toward social development are only possible if industries are prosperous and profitable and the redistribution system fairly implemented. Promoting productive capacity, as part of the industrial component of the Millennium Development Goals, can help to achieve social development as well as to contribute substantially towards the generation of employment, the alleviation of poverty and the achievement of social integration. As complementary measure, investments should be oriented both to fill technological gaps and to integrate poor people/small entrepreneurs into industrial and socio-economic growth.

Industrialization is therefore becoming the missing link. The term "industrialization", however, tends to have a broader connotation and embraces a wider spectrum of productive activities linked to and indeed sparked off by the manufacturing sector. These backward and forward interlinkages are of crucial importance in understanding the direct impact of industrialization on social and structural changes. Of special interest in the process of industrial transformation is the dynamic relationship between agriculture, industry, trade and investment. Interdependencies need to be reintroduced in order to get full benefit from operational implementation of activities on the ground. As an example, agriculture and industry have a two-way relationship. While the outputs of the former sector become inputs of the second sector, there is a reverse stream with the outputs of industry serving as inputs to other main sector (commerce or agriculture).

The process of industrialization gives birth to the concept of an "industrial and entrepreneurial culture". Introducing performance, efficiency can only succeed if all concerned actors are requested to participate in the design as well as the implementation of the entire process which is less and less linear and more network-oriented. Ownership and commitment to

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deploy resources to the best optimum possible level are fundamental in reaching productivity and fostering the process of innovation, essential for upgrading technological innovations. The overall participatory approach should be considered as a “highway” to sustain value added and generate resources.

In the light of the above, it is not surprising that the African Ministers of Industry collectively decided to launch an African Productive Capacity Initiative (APCI) as the industrial component of the NEPAD.

The African Ministers of Industry also decided collectively to:

- concentrate on the improvement of industrial performance at the subregional level and on diversification of their productive capacities using Africa’s own natural resource base as input for the industrial transformation and upgrading process;
- expand integration efforts and take advantage of existing support measures to access regional and global markets;
- request UNIDO and United Nations sister organizations to cooperate with them to prepare a comprehensive framework of programmes to support Africa’s sustainable industrial development process as a means to reduce poverty and create jobs in a clean environment; and
- ensure that the suggested comprehensive proposal, namely the African Productive Capacity Initiative (structured into five subregional initiatives), takes into consideration the objectives of the United Nations Millennium Development Goals, the NEPAD as well as the action plans or road maps of both the private sector communities and African civil society.

UNIDO responded positively by providing seed money to support subregional technical reports, experts and ministerial meetings in cooperation with African regional institutions as well as technical expertise. The overall approach adopted was based on a bottom-up approach. Subregional meetings provided the opportunity to experts, high officials and ministers in charge of industry to discuss and reach a consensus on a common approach. It is expected now to get the support of other United Nations institutions as well as development partners and the private sector community in order to start implementing the APCI in a coherent manner.

It is estimated that Africa imports 95% of the material and equipment necessary to build its ICTs infrastructure. The ITU in partnership with African Union, UNIDO, ECA and AfDB has since 1998 led the INDAFTEL project which is aimed at creating favourable conditions for the manufacture of local materials and telecom /ICT equipment in Africa, suitable to the needs/conditions of the African market. This project was identified amongst the projects that aimed to achieve the short-term objective of the NEPAD and was endorsed by Decision CM/DEC.657 (LXXVI) of the Council of Ministers of the OAU in Durban (2002).

## **2.7 Tapping into the potential of Information and Communication Technologies**

The increasing role of ICT in setting the pace of globalization is demonstrated by its pervasiveness in all economic sectors. ICT-enabled tools can lead to more empowerment and revenue generation at all levels of social groups that in turn can lead to the improvement of livelihoods at the community level, thus ultimately to poverty alleviation.

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Most African countries have used frameworks developed with support from Development aid and UN agencies to design and/or to review, where relevant, their national ICT policies aimed at creating ICT-enabled tools to help achieve the development priorities outlined in their PRSPs and other development frameworks. This move towards streamlining ICTs with PRSPs stands for recognition by an increasing number of African policy makers of the potential of ICTs as a key enabler for social and economic growth as well as competitiveness.

Some countries have defined a very comprehensive ICT policy with a clear and strong link to their national development policy (e.g. Rwanda, Mozambique, Benin), while others make reference to ICTs as an imbedded component of their PRSPs (Cameroon, Madagascar). Unfortunately, the majority of these ICT-policies are not being fully implemented, mainly due to the non-allocation of necessary resources and to the fact that some ICT-policies lack relevant imbedded implementation strategies.

The development of access facilities is by far the most compelling issue in Africa and the situation has worsened with the telecom sector reform that has considerably weakened the incumbent telecom operators in the expansion of infrastructure to deserving rural areas. The new private operators' focus primarily on the more profitable urban markets to speed up the return on investment.

To help African countries overcome these increasing difficulties, ITU through the Istanbul Action plan is supporting them in formulating regulatory policy and addressing issues pertaining to capacity building and the definition of rural telecom development policies taking into consideration the evolution of technology.

#### The Digital Diaspora Initiative

UNIFEM has launched an initiative aimed at creating an enabling environment for African women to influence all aspects of ICT use and policy at national, regional and international levels through harnessing the expertise of African ICT entrepreneurs in the Diaspora. The Digital Diaspora Initiative was launched in Kampala in May 2003, during a regional meeting hosted by the Government of Uganda and organized by UNIFEM, UNDP, UN ICT Task Force, UN OSAA and UNFIP. The meeting brought together ICT entrepreneurs in the Diaspora with Ministers and Parliamentarians from eight African countries, representatives of the NEPAD Secretariat, the private sector, NGOs and the UN System, with the explicit purpose of aligning the initiative with the development priorities established by NEPAD. The Kampala Declaration and Plan of Action adopted at the Kampala Meeting stress the need for an inclusive, gender-sensitive approach for ICT-related training, employment, entrepreneurship and market access, with the support of African ICT entrepreneurs in the Diaspora. In the spirit of the declaration, a pilot project of the Digital Diaspora Initiative was started in Rwanda in 2003, in collaboration with UNDP, which will link Rwandese women entrepreneurs with ICT trainers and ICT entrepreneurs from the Diaspora.

Though ICTs constitute an important economic sector of its own, its contribution to poverty eradication should be envisaged through its catalytic angle. Unfortunately, most strategic approaches tend to favor the technological aspect at the expense of the enabling factors.

It is obvious and most observers concur that the availability of ICT-tools does not automatically solve the development problems as recalled above. Thus, access should not be considered as the first concern, unless the term of access is understood not only through the lens of provision of tool, affordability and distance, but also, if not mostly, under the provision of relevant local content whose access is eased by the technology. In this perspective, the use of ICT to alleviate poverty should take into consideration at least four critical elements:

- a) A clear understanding of the poverty structure and its determinants (factors of origin and cause of persistence);

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- b) Local culture of the so-called poor is very important and any ICT-induced destruction of that culture will fail to enhance the targeted poor's welfare;
  - c) ICTs are not intended to re-invent the wheel in the way the local economy is functioning, but are expected to improve operations for faster and better positives outcomes or returns;
  - d) In particular, and this is the key element, governments are already implementing national development policies aimed at alleviating poverty and targeting MDGs. These national development policies (PRSPs and MDGs) should stand for the entry points and the guidelines of any ICT for development policy and strategies, thus avoiding the risk of focusing on the technology per se, but mainstreaming the ICT-policy into the development policy.

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### **3. Securing productive employment and adequate protection**

Based on a prior and clear identification of the sectors where increased job creation can occur, a decent work approach to poverty reduction offers a set of powerful tools for poverty eradication in four main areas: employment, rights, protection and dialogue.

As mentioned above, the policy options offered by the Global Employment Agenda provide a useful framework for a process of addressing the challenges to decent work and poverty alleviation in Africa, at both regional and national levels. While each of the elements addresses a distinct area, all are consistent with the objective of increasing the productivity and protection of the current and future labour force.

#### **3.1. Designing employment and poverty reduction focused macroeconomic policies**

Nowadays, it is widely accepted that a stable macroeconomic policy is a necessary condition for achieving and sustaining high levels of development and employment. At present, in the African context, macroeconomic policies are being reoriented on the poverty reduction targets. There is, however, less agreement on the focus, intensity and sequencing of the stability-oriented policies: for example, while most experts put the target of low inflation first, others accept a degree of flexibility in public finances in order to cope with the poverty reduction targets. The design and advocacy of employment-focused macroeconomic policies have emerged in recent years whose rationale lies behind an integration of “employment goals” (full employment) in the PRSP process, and the necessary macroeconomic policies required in order to achieve the goal of employment and decent work. The debate on this issue concentrated on questions such as the room for manoeuvre in national macroeconomic policy in developing countries; the avoidance of the “stabilization trap”; the contribution that an appropriate macroeconomic policy can make to poverty reduction and employment creation; and more generally, the possibilities and limits of expansionary macroeconomic policies.

At the national level, it would be important for the post-Summit follow-up to focus on analysis of the barriers to employment creation and actions that could be taken by the State in partnership with other actors to create a positive climate for investment and growth with equity. It would also be crucial to identify, analyse and scale-up programmes and approaches that have proven successful.

The NEPAD, drawing from the MDGs, has spelled out an indicative scenario to halve poverty by the year 2015. The objective was to highlight the growth rates and broad orders of magnitude of resource needs and policy challenges implied by poverty reduction. It recommended African countries to raise substantially their real GDP growth rates by an average of at least 7 per cent per annum (from the present rates of 4.5 per cent) in order to achieve poverty targets by 2015. The improvement in Africa’s economic performance for the last four years (2000-03) averaging 4.5 per cent per year for Africa as a whole is attributable mainly to the positive effects of the macroeconomic adjustment measures undertaken in many countries, and better weather conditions, which have led to strong growth in export earnings. But this performance is fragile and research has shown that key sustainability conditions are missing in most African countries – a fact partly shown by the inability to sustain the 2000-01 growth rates in 2003-04 in the majority of countries (see ERA 2003, 2004).

In the past, labour market issues fall within the micro and social fields. The social dimension of macroeconomic adjustment programmes or policies is concerned mostly with a poverty-efficient allocation of public expenditure and external aid in order to boost investment

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in education, and health, social security, housing and community amenities. With regards to employment, in most LDCs in Africa or elsewhere, it was treated as a by-product of production (microanalysis); it was often a secondary, not a primary, objective of planning. That is, it was generally added as an afterthought to the growth target of GDP but very poorly integrated in the framework of macroeconomic planning.

The analytical and policy discussion regarding poverty brought onto the scene the issues of poverty-employment relationships, in particular, the interactions between macroeconomic policy and labour market policies. Further work has contributed to related debates on development, especially in showing the relationship between growth, employment and poverty (Meier and Stiglitz, 2001; Ocampo, 2002). Over the last half century, labour force participation in Africa increased by an average of 2.5 per cent per year, despite the losses incurred by the HIV/AIDS pandemic. Changing social, political, economic, cultural and demographic trends all contributed to this increase. First of all, more women entered the workforce, with better skills, and stayed in the workforce for a longer period of time, postponing childbearing decisions until much later. Those who did decide to have children took only statutory maternity leave, returning quickly to their jobs.

The persistently high levels of un/underemployment and poverty, coupled with the lack of sustained economic growth, provided a necessary rationale to rethink the objective of macroeconomic policy. African countries confronted with vast surplus labour, low productivity and low income have decided to focus on poverty targeting of macroeconomic strategies. But the PRSPs thus far have made little reference to employment exclusively, presumably because employment generation has long been perceived as an outcome of broad-based growth, and not as a central goal and a primary macroeconomic objective.

The relationships between the macro regime, employment and poverty reduction remain complex and are not simply guided by demand or supply constraints because there is no unique technology of macroeconomic designs. The design and formulation of macroeconomic policies cannot be removed from the overall economic, social and political context of a country's development process. However, these issues tend to be highly debatable and confined to academic and ideological warfare. In the real world, the issues of the link between long-term macro objectives (viz. employment, growth and poverty reduction) and short-term macro instruments need to be understood and factored in (Brown, 2001). All depends on the consensus and commitment of the stakeholders in the design and implementation of a macroeconomic reform package. The present gathering of the AU Summit can make the task easier.

For example, the nuances of macroeconomic policy-making by the stakeholders would lie in balancing the market's allocative efficiency and the incentives to growth and employment. A moderate rate of inflation could be tolerated if the exchange rate could be used flexibly or concessional loans were made available, or expenditure switching was acceptable (ECA paradigm). Similarly, public investment in many African countries has been shown to encourage private investment (infrastructure, energy, etc.) – but if, in the process, public sector borrowing is extensive, it will also tend to “crowd out” private investment.

Likewise, in developing Africa, macroeconomic policies and instruments need to be critically related to financing development. In those countries facing a “stabilization trap”, surplus labour and poverty, and room for manoeuvre will have to come through a prudent use of the monetary and fiscal levers, and a degree of focused government intervention to boost investment and employment generation. Linking the master plan to the broader objective of financing development could do this. For instance, ECA concentrated on easy modes of cutting down public expenditures by rationalizing public expenditure to specific useful sectors (infrastructure, skills, housing, etc.); supporting the private sector investment; targeting poverty reduction and social goals; and aggressive resource mobilization. There may be need for external support to create a fiscal space (through concessional loans, FDI, debt reduction programmes, etc.).

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Given that government expenditure and revenue collection choices play a role in reducing gender inequality and poverty within societies, examining budgets from a gender perspective can identify gaps in access to and distribution of public resources. Thus, gender-responsive budgeting can promote greater equality and efficiency, leading to more equitable growth patterns. UNIFEM is supporting a cross-regional project on gender-responsive budgeting, with activities in 20 countries, including Kenya, Mozambique, Nigeria, Tanzania, Senegal and Uganda. Project activities focus on strengthening the capacity of governments to incorporate gender analysis in planning and evaluating the impact of expenditure and revenue raising, as well as on supporting women's participation in economic decision-making through their engagement in budgetary processes.

African countries facing a large labour surplus need to design and implement macro policies within a full-employment and decent work framework. Such a policy stance could provide building blocks to the international campaign on reaching the Millennium Development Goals, given the close linkages between employment, poverty and other social goals<sup>1</sup>.

### **3.2. Increasing trade and investment for productive employment**

#### ***Trade***

World trade has expanded rapidly over the past two decades. According to the World Bank, it has consistently grown significantly faster than the world gross domestic product (World Development Indicators 2003 – online version – World Bank).

However, this trade expansion did not occur uniformly across all countries, with the industrialized countries and a group of 12 developing countries accounting for the lion's share. In contrast, the majority of developing countries did not experience significant trade expansion. Indeed, most of the least-developed countries (LDCs), a group that includes most of the countries in sub-Saharan Africa, experienced a proportional decline in their share of world markets – despite the fact that many of these countries had implemented trade liberalization measures.

Creating a general conducive internal environment for releasing the creative energies of African peoples, such as good governance, leads to increased economic activities and growth, which could contribute to poverty reduction. Also diversification and upgrading of quality of products, increasing productivity, developing the capital markets and infrastructure, are all major challenges to trade in Africa.

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#### Thirty-seventh session of the Economic Commission for Africa Conference

The African Ministers of Finance, Planning and Economic Development gathered in Kampala, Uganda on 21-22 May 2004, under the auspices of the ECA reaffirmed their commitment to achieving sustained economic growth and eradicating poverty and to promoting sustainable development in the context of an inclusive and equitable global economic system.

- They acknowledged that trade is an important source of finance and rising prosperity but were concerned that the continent has not reaped the gains of global integration to the extent of other developing regions. For Africa, the adoption of market-distorting subsidies by OECD countries is a core issue. However, market access for African products remains constrained by high tariffs and tariff peaks. In particular, the resolution of issues relating to cotton is critical. The Ministers stated that the willingness of the international community to address these issues is a litmus test of the commitment to Africa's development. They expressed concern about continued insufficiency

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of financing for development in Africa despite the fact that given current trends, the MDGs will not be met by most countries in Africa.

- They also invited more progress on Special and Differential Treatment (SDT) in order to give Africa more flexibility and discretion in the use of public policies to enhance their prospects for industrialisation, diversification of production and exports, and overall development.

- They also stressed the need for strengthening trade capacities for African countries to be fully engaged in the WTO process.

- They emphasized regional integration as central to fostering intra-African trade and unifying regional markets.

- They highlighted the importance of better trade facilitation processes pointing out that delays at customs as one major obstacle to trade in Africa.

- Finally, they reached a consensus that trade issues need to be mainstreamed into broader national development strategies, through cross-ministry policy coherence in the area of trade, employment, education, agriculture and transport. The centrality of Ministries of Planning and Economic Development in that that respect was underscored.

In the field of agriculture, Africa accounts for only some 3% of world trade and its offer is dominated by raw materials of declining prices. To general prosperity from trade, Africa will need to make major improvements. In doing so, the following become relevant:

In its desire to achieve viable and dynamic trade, Africa has explored many avenues, among them the possible establishment of common markets. The 4<sup>th</sup> Ordinary Session of the OAU/AEC Ministers of Trade held in Abuja, Nigeria on 22-23 September, 2001 *inter alia*, called for the establishment of an African Common Market for staple foods; this was endorsed in July 2002 by the 37<sup>th</sup> Ordinary Session of the Assembly of Heads of State and Government of the erstwhile OAU held in Lusaka, Zambia. The belief was that the frequent simultaneous occurrence of surpluses in some areas and deficits in others could offer justification for such developments. If trade opportunities are to be exploited, the infrastructural, policy and other bottlenecks will need to be addressed by the Regional Economic Communities (RECs) as well as at all-Africa level. Only in this way can trade unleash its potential to drive wealth-creation and consequent employment generation;

Given the relative insignificance of Africa in world trade, the question might be asked: why an emphasis on trade? Despite its small global significance, the magnitude of this trade is important at the scale of the African economy. Increasing trade and market opportunities locally, regionally and internationally contributes to agriculture's ability to grow, expand employment and incomes and reduce poverty and food insecurity. Trade often introduces new, more productive and more sustainable production technologies, processing systems and related services. Trade provides opportunities to produce higher value products. For many producers, expanding agricultural trade opportunities locally and within the region is as important first step for taking advantage of potential new access international markets;

At present, a characteristic of too many African countries is a relatively undiversified economy with little industry and manufacturing and exports dominated by one or two commodities. Often a single, primary agricultural commodity is the major source of export earnings, creating a source of uncertainty because of their low income elasticity of demand and their declining and volatile terms of trade. Also, low agricultural productivity in many African countries make them unable to benefit from the opportunities created by a more open trade system.

### ***Globalization begins at home***

Globalization leads to economic adjustment in all countries – industrialized and developing. New economic opportunities emerge, but they may demand new skills and appear in new locations. Governments need to manage these changes, in coordination with key social actors – supporting adjustment and new opportunities, empowering people through participation and skills and protecting citizens from insecurity. The challenges are especially

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daunting for many African countries where institutions, capabilities and infrastructure need to be built while simultaneously facing an increasingly competitive economic environment. To this effect, the Third AU Ordinary Summit adopted a decision stressing the importance of the Report of the World Commission on Social Dimension of Globalization and tabled it as a reference document for the Extraordinary Summit of Heads of State and Government on Employment and Poverty Alleviation in Africa.

### ***Regional integration as a stepping stone***

Despite laudable efforts by the African Union and the RECs, Africa still suffers regional fragmentation and a lack of (sub-)regional cooperation and harmonization in areas such as labour conditions, skills, power production, customs clearances, etc.

Regional integration and cooperation can promote a more equitable pattern of globalization in at least three ways:

- first, it can empower people and countries to better manage global economic forces;
- second, it can help build a critical mass of the capacities needed to take advantage of global opportunities (investment in skills, infrastructure, research, technology);
- third, it can improve the conditions under which people connect to the global economy (see the Report of the World Commission on Social Dimension of Globalization)

### ***Foreign direct investment***

During the early 1980s, FDI accelerated, both absolutely and as a percentage of GDP. Since 1980, the policy environment worldwide has been far more conducive to the growth of FDI. During the 1990s, the number of countries adopting significant liberalization measures towards FDI increased steadily. Indeed, there are only a few countries that do not actively seek to attract FDI. However, despite the rapid growth of FDI flows to developing countries, investment remains highly concentrated in about ten countries.

## **3.3 Encouraging technological change for higher productivity, job creation and improved standards of living**

In analysing and contending the risk of digital divide, due attention should be paid to the in-country digital divide. In Africa, more so than in most other regions, women play a critical role in economic activities hence poverty reduction activities, while being the hardest hit with poverty. Therefore, taking into consideration gender equity in closing the digital gap should be on top of the government's agenda.

The evolution of technology is facilitating access as shown by the current penetration of mobile communication and the Internet. The biggest threat facing Africa may come from another type of divide that is related to lack of preparedness of African countries for success-winning competition in the global economy at a time when the African economies are more exposed and opened to global competition. Therefore, turning the digital divide into international digital opportunity will require Africa to address the e-commerce policy issues with national, regional and international considerations.

Major policy challenges include:

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- Promoting access and use of ICTs begins by ensuring a competitive and low cost telecommunications sector.
  - Securing an initial niche. Intangible product markets are possible with basic skills. Moving up higher value-added production and broadening the use of ICTs in the domestic economy, will require an investment in the knowledge of software skills.

Governments are recommended to design and implement public-private partnerships to ensure a mutual trustee environment that allows for the development of sustainable and competitive SMEs, be it SMEs with ICT-related activities or SMEs with ICT-assisted activities.

Developing countries that can acquire a higher level of ICT skills can therefore aim at a strategy of “walking on two legs” by tapping both ends of the skills spectrum-thus increasing the total value added in ICT products as well as employing more workers in the sector.

Lessons learned from other developing regions such as India, indicate that investment in education is key. For example, though low labour cost being an asset, for Africa to benefit from the current development of outsourcing in the ICT-industry, including the growing call center-market, governments will have to focus more on the development of skills through streamlining ICT in all components of the education system.

ICTs would be a useful sector for productive employment and poverty reduction if innovative locally-developed software and hardware tailored to local needs could be supported and encouraged, and fiscal issues (tariffs, taxes, etc) of imported equipments could be resolved.

As part of their corporate social responsibilities, a growing number of African ICT-companies are now establishing foundations to support development activities (education, health, capacity building or even reduction of cost of access to ICTs) targeting low-income communities. Governments are recommended to support this move and to encourage emulation from others.

The availability of constant energy sources and telecommunications infrastructure would continue to be a challenge in the sector, which could affect its impact on job creation. In particular, governments are urged to ensure that their rural electrification plan and their national information and communication infrastructure plans are closely coordinated for cross fertilization purpose.

Addressing successfully these ICT-issues is a huge undertaking and costly for the developing countries and in particular for African countries that face chronic shortages of financial resources and relevant skills. Recognizing that true globalization which benefits all societies will require total participation of developing countries in the information economy, international development partners have pledged significant resources to fund ICT-related development programs targeting Africa. These partners include multilateral and bilateral aid agencies including the international private sector and NGOs.

In its effort to assist African countries mitigate some of these difficulties, the ITU has a strategic program framework aimed at supporting the ICT sector in developing countries, particularly African-LDCs.

Thus and following in the footsteps of the two previous World Telecommunication Development Conference Action plans, the Buenos Aires Action Plan (Argentina, 1994) and the Valetta Action Plan (Malta, 1998), the Istanbul Action Plan (Turkey, 2002) has established work

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programmes goals and objectives to bridge the digital divide over a four-year period, 2003-2007<sup>2</sup>, defining actions for ITU members including both governments and the private sector.

In order to focus more on development of ICTs that will support Africa's economic and social development, the ITU Plenipotentiary Conference held in Marrakech in 2002, also adopted a specific Resolution to support the ICTs cluster of the NEPAD.

Africa needs technological progress in all fields of endeavour and especially in basic productive sectors, including agriculture and agro-industry. In keeping with the need for progressive upgrading of technologies, some improvements to be promoted should initially be accessible to the large informal sector while also ensuring uptake of the latest technologies. An obvious need is to move much of Africa beyond reliance on unproductive and centuries-old hand tool technologies.

In Africa's most dominant productive sector of agriculture, research and technology development, dissemination and adoption are among the necessary ingredients for the transformation of agriculture and food production for the entire chain from natural resource conservation and farm production to value added processing and marketing, thus enabling raised agricultural productivity. For this reason, research, technology dissemination and adoption forms one of the pillars for priority investment under the NEPAD Comprehensive Africa Agriculture Development Programme (CAADP). The FAO Regional Conference for Africa held in Johannesburg, South Africa, 1-5 March 2004, recognized the critical role of agricultural research in the transformation of agriculture and stressed the need for an African research agenda to cover all sub-sectors. The particular challenge for Africa is to make transformation occur among the majority of smallholders.

One avenue for expanding livelihood opportunities is the development of new cultivars as well as the promotion of underutilized crops coupled with new agricultural enterprises. These are already offering farmers the opportunity to diversify their farming systems and to reduce their reliance on a few established crops or businesses. It also enables farmers to select those which give the best economic and/or household security and health prospects. Examples of success include the discovery of cold-tolerant oil palm that can now be planted at high altitudes. Opportunities also occur in the area of value-added processing.

Africa has unique opportunities to harness the latest new technologies, namely biotechnologies and information and communication technologies (ICTs). Both are relevant to all countries irrespective of their level of economic development. All governments need to adopt policies towards the technology revolution. ICTs can be used in strategies to eradicate poverty, not only, through their effect on economic growth but, by improving the efficiency of public institutions, they can also facilitate access to health care, education, dissemination of appropriate technologies and other social services to support the poor, including small farmers. Public and/or private assistance to community-based organizations through the provision of access tailored to the needs of the poor is one place to begin.

To avoid further widening the gap with the mainstream economy, special attention should be given to avoid the exclusion of the illiterate and poor rural communities in general and women, in particular from accessing the benefits of ICTs. ICTs would be a useful sector for productive employment and poverty reduction if fiscal issues (tariffs, taxes, etc) of imported equipment could be resolved. The availability of constant energy sources and telecommunications infrastructure would continue to be a challenge in the sector, which could affect its impact on job creation. It is to be noted that sustainable mechanisms for clean and reusable energy (i.e. solar power) have potentially also positive implications for job, business creation and income generator.

<sup>2</sup> <http://www.itu.int/ITU-D/isap/IstanbulActionPlan.html>

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**UNIFEM's initiatives to support women's employment and livelihood through information and communication technologies.**

UNIFEM has pioneered various initiatives to support women's employment and livelihood through information and communication technologies. Through the WINNER project which was piloted in various countries including Zimbabwe, UNIFEM has trained grassroots women producers and entrepreneurs in the use of ICT for economic empowerment, resulting in opportunities for women to showcase their products and expand their marketing reach, gaining access to global markets. Recently, UNIFEM has initiated a partnership between African women's organizations and African ICT entrepreneurs in the Diaspora, to promote training, employment and entrepreneurship opportunities for women through the use of ICT.

### **3.4. Sustainable development for sustainable livelihoods**

Economic growth, social development, environmental protection, poverty eradication and changing unsustainable patterns of production and consumption are objectives of sustainable development. While each country has primary responsibility for poverty reduction and sustainable development, concrete and concerted measures are required to achieve the internationally agreed poverty related targets, including the Millennium Development Goals. Actions at the international, regional and national levels are required to accomplish these targets.

Sustainability of rural livelihoods depends to a major extent on secure and equitable rights of access to land for agricultural smallholders and rural vulnerable groups, including rural youth, women, and more particularly women heads of households. Land tenure arrangements must be accompanied by accessible incentives (and other enabling conditions such as access to credit, markets and information) to invest in profitable use of the land thus supporting sustained rural employment and incomes. New opportunities to use the land profitably may emerge from the prospect of increasing market liberalisation for horticultural commodities - particularly for tropical and off-season products such as citrus, tropical fruits, speciality vegetables, etc, for which many African countries could exploit their natural comparative advantage, thereby opening up avenues for trade and foreign currency earnings. Diversification of cropping systems towards higher value crops can also help reduce the vulnerability of many agricultural producers, particularly for resource-poor and small-scale farmers.

It is important to establish a World Solidarity and Poverty Reduction Fund to enable the development of national programmes with a view to increasing access to productive resources, public services and institutions, water, employment opportunities, credit, education and health (resolution 57/265 of the UN General Assembly and AU Decision on the operationalization of the World Solidarity on Poverty Reduction Fund, Maputo, July 2003).

In addition, the often stated but rarely fully implemented promotion of private-sector initiatives is necessary for success. Collaboration between the public and private sector is a prerequisite for economic growth and sustainable livelihoods development. The private sector plays a crucial role in generating income, employment and investment and Africa will need to achieve the comparative levels with Asia and Latin America in this respect. Sectors such as agriculture, which remain largely outside the market economy, will need to be progressively commercialized for the private sector to be interested and to flourish. The starting point is for the farmers in the rural area to become more market/commercially oriented with diversified farm enterprises increasing rural income.

**Food supply in urbanizing Africa**

Africa remains rural but is rapidly urbanising but in doing so exhibits the harsh reality of urban poverty which requires improved food supply and distribution systems if the increasing levels of urban food

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insecurity are to be conquered. Within this reality, *urban and peri-urban agriculture (UPA)* has become a key activity for ensuring the survival of the less endowed section of the population while providing a significant contribution to the fresh urban food supply chain. UPA is a source of employment and income and improves the nutrition of the resource-poor and often less educated bracket of the urban population. While rural agriculture will continue to be the primary food source for urban dwellers, UPA also plays a role in that it often concentrates on supplying fresh and perishable products of high value – not only fruit and vegetable but also products of dairying and poultry raising - with the comparative advantage of being produced close to the consumer’s market. This will require not mere adaptation of rural policy, strategies and technical support mechanisms for agriculture but innovative approaches to suit this new environment

The implementation of the outcomes for sustainable development in Africa should benefit all, particularly women, youth and vulnerable groups, and involve all relevant partnerships that are instrumental to pursuing sustainable development in a globalizing world. Promoting women’s participation in decision-making at all level, mainstreaming gender perspectives in all policies and strategies and eliminating discrimination by improving, in particular, the State’s economic welfare education, should be part of such an implementation strategy.

### **3.5. Respecting rights at work**

It is well accepted that work created in the context of a national employment policy cannot be considered decent work unless at least basic rights at work are respected. Proper protection of the workers and the employers can result in healthy and more stable situations in which job creation would be sustainable and both the quantity and quality of jobs would be enhanced.

These rights include the fundamental human rights at work reflected in the ILO Declaration on Fundamental Principles and Rights at Work, which are embodied in the main Conventions on these four subjects:

- (a) freedom of association and the effective recognition of the right to collective bargaining;
- (b) the elimination of all forms of forced or compulsory labour;
- (c) the effective abolition of child labour; and
- (d) the elimination of discrimination in respect of employment and occupation.

All African States that are Members of the ILO are committed to respecting the fundamental principles and rights at work set out in the ILO Declaration. Respect for fundamental principles and rights at work forms a universally recognized floor for the global economy, and serves to create an enabling environment within each country for comprehensive development. A large number of African countries have also ratified the Conventions concerned with these fundamental rights and have thereby made more specific commitments in those areas.

A decent work approach must also include a certain number of other rights at work, which are to be implemented in more or less detail depending on the ILO Conventions each country has ratified and its capacity. At a minimum, these concern the following:

- a safe and healthy working environment;
- decent working hours;
- compensation for one’s work;

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- a decent labour administration, including labour inspection;
  - social security; and
  - the protection of one's rights under the law.

### **3.6. Addressing the impact of HIV/AIDS on goals of employment, labour market efficiency and wealth creation.**

Poverty is a driving force in the spread of HIV, while the effects of the epidemic further impoverish households, communities and national economies: most of the countries with the highest HIV prevalence are also among the world's poorest.

Of the 40 million people living with HIV/AIDS at the end of 2003, 70 per cent were in Africa. Nine in every ten were women and men in their prime working years, between the ages of 15 and 49. The fact that the epidemic's primary impact is on the working-age population is key to addressing the most important effects of HIV/AIDS on sustainable economic and social development.

Disabling illnesses and death of working adults due to AIDS (especially for those who still have no access to treatment) influence the overall levels of both production and consumption. HIV/AIDS, therefore, has a direct impact on goals of employment, labour market efficiency and wealth creation. Attrition of skilled workers, including absenteeism of care providers, is already leading to reduced productivity, increased labour costs and loss of earnings.

There are immense pressures on many households, and on children, to seek ways of sustaining incomes for reasons that are understandable, but which have effects in the long term on the quality of the labour force – and thus the conditions determining economic growth and employment. Child labour is one of the greatest costs of the HIV epidemic, linked to the growing numbers of orphans and children taken out of school to help cope with the impact of AIDS. These developments have clear implications in terms of policies for social protection and poverty reduction, and require specific attention in all policies and programmes.

Loss of labour represents a reduction in rates of return to both private and social investment for all countries, rich and poor, although the impact is greatest where lack of human capital is already a significant constraint on sustainable development. The effects of the epidemic are compounded in countries where HIV infection rates rise with social and occupational status, e.g. among physicians, teachers, engineers, and so on. The ILO estimates that the projected labour force in the hardest hit countries will be between 20 and 40 per cent less by 2015 than it would have been in the absence of AIDS. But it is also worth noting that the remaining workforce will contain a greater proportion of younger workers who are less experienced and less well educated.

The costs involved for employers are not only those that are directly identifiable such as medical and other related costs (including funeral costs, pensions and other financial payments), but also those caused by the disruption of production, recruitment of new staff and training costs, etc. In both the medium and long term, the key issue is how to sustain human resource capacity given the key role that this plays in enterprise profitability and growth. The effective functioning of the public sector is also threatened by the HIV epidemic, as it undermines the capacity and revenues available to plan and finance development while generating more demand for public services, especially in the health sector. In the rural/agricultural sector, the HIV/AIDS epidemic is progressively undermining food security by cutting the supply of the most productive labour and high-value skills needed for increasing food production and replacing it with increasing reliance on orphans and the aged.

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Slowing down HIV transmission is, therefore, a critical element in employment creation and economic growth in the continent. HIV/AIDS treatment programmes have the potential to significantly minimize the adverse impact of HIV/AIDS by prolonging the productive lives of people infected with HIV. Although initial investment in anti-retroviral (ARV) treatment programmes might appear to be high, the long-term benefits of a healthier and more productive workforce, as well as other accruing social benefits (such as delayed orphanhood), are worth the investment.

Though first and foremost a healthy family, community and quality of life issue, HIV/AIDS is also a workplace issue and the workplace is also part of the solution through the development of rights-based policies and programmes. As the workplace is a community of adults and often a social base, it is the ideal setting for a range of prevention efforts, including information on HIV transmission, education for behaviour change, and practical measures such as condom distribution. Furthermore, the workplace is an ideal entry point for voluntary testing and counselling, care and access to treatment. Within the WHO's initiative to treat three million persons with AIDS by 2005, the workplace can play a key role as a setting for the delivery and monitoring of treatment.

Among other sectors, agriculture is of particular importance for HIV/AIDS interventions, given the large numbers of people involved in the sector. HIV/AIDS, combined with other diseases, depletes human capital and undermines agricultural production and productivity; it also forces people to divert financial resources from economic activities in favour of health and funeral expenditures; it impedes investments by households for intensification of production; it reduces the ability of poor households to generate their income from casual labour; it restricts the access by households to economic services such as credit; it may disrupt customary exchange of labour for farming activities; and it reduces food security of households which adopt orphans. Increased morbidity and mortality have also reduced resilience to shocks communities were once able to cope with. In the long run, the destruction of human capacities and knowledge - in particular through the impact on children (no education, the emergence of families headed by children) - may hamper future agricultural growth and food security.

Studies commissioned by FAO on commercial farming revealed severe impacts on all levels of the workforce, affecting labour production, increasing operational costs, and significantly reducing firm profitability. The disease has also ravaged highly skilled workforces in ministries of agriculture or natural resources and in research and training institutions.

IFAD's response is two-fold: to extend its theme of knowledge empowerment at the community level into the realm of HIV/AIDS to support prevention; and to work towards establishing livelihood options for the poor outside high-risk activities.

Achieving the overarching goals of poverty reduction, universal primary education, gender parity in education and effective abolition of child labour represents an extraordinary challenge in the countries of Africa that are the worst affected by the HIV/AIDS epidemic.

It should also be stressed that other communicable diseases constitute a huge burden of morbidity, reduce productivity and GDP growth significantly. Malaria, tuberculosis, as well as maternal and perinatal conditions are causing heavy losses in Africa. In 2000 in Abuja, African Heads of State and Government also recognized the impact of malaria and decided to increase allocations to public health in order to better fight diseases in the continent.

### **3.7. Aiming at the progressive elimination of child labour**

The elimination of child labour and its replacement with universal education, are critical for poverty alleviation in Africa. Giving children better opportunities in education enables them

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to develop their personal abilities to compete in the labour market. It also enhances the capacity of national economies to generate productive jobs, improve income security and consolidate equality of opportunity and treatment. Estimates show that, with 48 million working children, Africa holds the highest proportion of child labourers relative to its total child population. In addition, the problem is compounded by the extreme poverty, low levels of education, crises, political unrest and the HIV/AIDS pandemic. Despite existing knowledge gaps on the magnitude of the problem, research has shown that the worst forms of child labour exist on the continent, particularly child trafficking and the use of children in armed conflicts, in commercial sexual work, for hazardous works and in the informal economy.

Over the past decade, many African countries have focused their action on the worst forms of child labour through awareness-raising campaigns, as well as political and financial measures. High rates of ratification of ILO Conventions Nos. 138 and 182 translate this commitment. Simultaneously, programmes gained in scale and scope and were implemented with a time-bound perspective while placing emphasis on regional synergies. However, sustainable efforts need to be pursued, primarily in the area of education and in a broader framework that places the issue at the centre of national and regional development agendas.

### 3.8. Improving education, knowledge and skills

A striking feature of most poverty reduction strategies is the absence of substantial provisions for raising educational and skills levels – even though the vast majority of working people living in poverty cannot afford and have no access to training opportunities. But basic health, education, literacy and skills development provide individuals with the minimum requirements for employability, and communities with basis for institutional capacity-building. Many countries in Africa, however, face challenges in providing these opportunities, and therefore a *great* number of women and men lack fundamental skills that are essential to improve productivity, incomes and access to employment opportunities.

Most countries include raising education and skills levels in PRSPs (See Johanson and Adams (2004), *Skills Development in Sub-Saharan Africa*). This is an essential area where private and public partnerships are essential to achieve the goal of a well-qualified workforce.

Two UN Agencies – FAO and UNESCO - launched an international **Flagship on Education for rural people (ERP)** in September 2002 during the World Summit on Sustainable Development in Johannesburg. The flagship aims at building awareness on the importance of Education for All (EFA) and ERP, reflects the sustainable development policies promoted by the 1996 World Food Summit and contributes to the MDG of reducing hunger and poverty by half, ensuring universal primary education by 2015 achieving gender equity and environmental sustainability by focusing specifically on increasing access to quality education for rural people.

It is important to:

- develop, implement and monitor education actions plans and programmes which reflect the Dakar Framework of Action Goals on Education for All and are relevant to local conditions and needs, and make education for sustainable development a part of these plans ([www.unesco.org](http://www.unesco.org)) ensuring that access and quality of education for rural populations are addressed at the national level (see [www.fao.org/sd/erp/](http://www.fao.org/sd/erp/));
- provide a wide range of formal and informal continuing educational opportunities in order to end illiteracy and emphasize the importance of lifelong learning, especially regarding opportunities for sustainable development and the eradication of poverty;

- 
- eliminate gender disparity in primary and secondary education with equal access to all levels and form of education training by creating a gender-sensitive educational system, including the training and recruitment of women staff in the teaching, administrative and technical fields.

### **3.9. Stimulating entrepreneurship and enterprise development at all levels**

The public sector is a major source of employment and will continue to have a role to play in job creation and poverty reduction programmes. All evidence, however, points to the fact that the most significant source of new employment in Africa will come from entrepreneurship and micro, small and medium-sized enterprises in the private sector, including from cooperatives. For agriculture, as for many other sectors, most capital for development comes from the private sector, however, targeted and adequate levels of public investment is essential to stimulate private investment, agricultural production and resource conservation. National investments in irrigation, research, rural infrastructure, technology generation and dissemination, education and capacity building, natural resource conservation and standard setting and monitoring are necessary to increase productivity, reduce transactions costs and improve the competitiveness in developing countries. Furthermore, micro and small enterprises can be supported to become part of the solution and can create substantial numbers of additional jobs through providing basic services and infrastructure.

In the rural areas, the potential for enterprise development will largely depend on the resource base and the availability of markets. The resource base should provide opportunities for post production, value adding opportunities. Agricultural surpluses must become sufficiently high to allow enterprise development in rural areas and market opportunities for the processed products must also be developed through adequate attention to information, reduced fragmentation of markets, proper regulatory regimes etc. Micro and small enterprises can also play an important role in contributing to value addition and employment creation by transforming local agricultural produce into consumer products for local and domestic markets, through adoption of manufacturing technologies and marketing techniques to upgrade production processes and outputs.

Africa will need to address critical constraints to business development, such as the lack of effective markets and the possible inability of the enterprises to meet market expectations for product quality or quantities. Capacity to deliver required quantities and quality may also be issues: it may be necessary to encourage the emergence of medium scale enterprises mixed with the small operators to generate the requisite volumes for profitable business: success stories of complementary relationships between large and small-scale producers exist in the farming sector.

#### **Income-generating activities for women**

UNIFEM has worked on many initiatives designed to combat feminized poverty and empower African women economically through innovative approaches to income-generating activities and entrepreneurship, linking women producers and entrepreneurs to markets in both agriculture-based and artisan industries, and promoting women's access to and control over resources. Shea butter producers in Burkina Faso and Benin, basket weavers in Rwanda and fruit producers in Uganda are just a few examples.

### ***Micro, small and medium-sized enterprises***

To improve the productivity, income and well-being of a large segment of the population engaged in the activities of micro and small enterprises, a favourable policy and regulatory environments to enterprise creation, growth and development are necessary. Usually, the small-scale enterprise sector typically lacks access to product markets, capital, training, skilled

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workers and information. Improving the policy environment could remove some of these distortions. Lowering the cost of establishing and operating a small business through a business regulatory framework could increase and encourage potential small businesses to make a start and grow and to progressively move from the informal to the formal sector, which is crucial to the promotion of decent work. Governments and social partners can contribute to the creation of an entrepreneurial culture where individual and group-based economic initiatives are encouraged, supported and rewarded. Education and training are also critical tools for fostering entrepreneurship from primary to secondary schools, combining vocational training with business awareness and management training. Special attention is required for enhancing the entrepreneurial and managerial skills of women and men engaged in small-scale enterprises as this will contribute to increasing the returns of income generating activities. In this context, the active promotion of women's economic rights and access to training, credit and other productive resources for entrepreneurship is of paramount importance to ensure that African people reap benefits from this sector. Furthermore, these micro and small enterprises would benefit from a system of support services for improving their business management and product development. The provision of business management advisory services will increasingly be essential not just in food processing, farm management and support services and can be delivered through public-private/NGO partnerships.

### ***Women's entrepreneurship***

Faced with poverty and little prospect of waged employment, many women establish small business units in order to help contribute to family income. In other quite different situations, women employed in large-scale formal enterprises take career decisions to escape the "glass ceiling" effect and create and grow their own enterprises. However, in both situations many of these women experience difficulties in accessing the economic resources required to finance and equip their enterprises, problems in breaking into male-dominated business networks, and encounter gender-based discrimination in moving freely in the business world. Much needs to be done to remove legal, procedural and cultural obstacles and barriers to women's entrepreneurship, and to ensure that women have equality of opportunity in accessing finance, equipment, premises, technology and markets to grow their businesses in a supportive and unencumbered manner.

ILO's systematic approach developed in Ethiopia, Tanzania and Zambia is based upon developing an understanding of the issues that hinder women's participation in enterprise development; advocating for a fairer deal for women entrepreneurs through promotional and media campaigns; enhancing their membership into associations thereby improving their representation and voice, and providing services to improve the operations and growth of their enterprises. A new strategic partnership is being piloted with the African Development Bank to provide an integrated package of support for women entrepreneurs in Kenya – the AfDB will be the provider of credit lines; the ILO will assist with business development services. The ILO is also working with UNHCR in Angola and Mozambique to promote entrepreneurship and enterprise initiative among refugee women and is engaged with the OECD in exploring effective ways for accelerating women's entrepreneurship on a global basis.

### ***Pro-poor financial services***

Financial services can play a critical role in reducing poverty. Permanent access to financial services enables poor people to increase incomes, build assets, and reduce their vulnerability to external shocks. Financial services put power into the hands of poor households to progress from a state of hand-to-mouth survival to planning for the future, acquiring physical and financial assets, and investing in better nutrition, improved living conditions, and children's health and education.

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Micro-finance policies can help stimulate supply where it has previously not existed. They can provide incentives for financial institutions to innovate and develop new products, more adjusted to the needs of the poor (microleasing, school savings, books, life and health insurance, remittances and housing loans). Policy-makers can also stimulate the market by lifting constraining measures, like interest rate ceilings or excessively high capital requirements for new banks. And they can be proactive in building an institutional infrastructure that helps share and reduce risk, a factor often invoked by banks and other suppliers as a critical obstacle. Government can encourage the emergence of financial self-help organizations, such as credit unions and savings and credit cooperatives, mutual guarantee associations, etc. And in some cases of market failure, public authorities may wish to set up their own financial service suppliers and social funds. However these should be operationally independent to avoid collusion and conflict of interest.

### ***Local development and cooperatives***

Rural cooperatives have proved to be a key organizational form in building new models to combat social exclusion and poverty; for example, through local economic development initiatives. Close to 40 per cent of all African households in both rural and urban areas are members of at least one cooperative. Cooperatives have a dual nature. They are both enterprises and associations. They can, if operated as genuine small producer-run and financed businesses, help the poor in three ways: empowering and enabling small and marginalized rural producers to take collective action in order to improve their economic conditions by facilitating their access to productive inputs and to markets; creating job opportunities for those who have skills but no capital; and providing protection by organizing mutual help in communities.

The core tools that cooperatives need in order to promote more productive employment are appropriate cooperative development policies and laws, advice on capacity building, and provision of training targeted at improving their enterprise management capacity, entrepreneurship development, leadership training, market research, accessing loan finance and grant aid, inter-cooperative networking, federation building and access to new technologies, especially information and communication technologies.

Co-operatives are, however, not an organisational panacea for delivery of financial services; nor are rural people necessarily willing to borrow money. Given the risk prone environments in much of rural Africa, farmers show considerable reluctance to seek credit owing to its high cost collateral implications. Financial services such as savings facilities are often in greater demand than formal credit. To promote rural lending may require greater attention to improving commercial viability of enterprises and the packaging of investment rather than focusing on the shortage of available funds.

## **3.10. Promoting policies for employment, equity and poverty reduction**

### ***Securing active labour market policies and institutions***

The increasing trade liberalization and economic restructuring, as a result of technological progress, have created demand for policy intervention to ensure security in the labour markets and jobs. Countries that have appropriate policy environments for addressing the economic and social dimension of globalization are the ones that have not seen a rise in unemployment, low-quality jobs, inequality and poverty. Active labour market policies are at the core of such institutional arrangements.

Lessons from past experiences(See Betcherman and Dar, 2003), show that there is a need for strong and permanent labour market institutions to manage change in the African countries.

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There is also a need for institutions that could develop instruments for labour market intermediation (i.e. between supply and demand for labour) and inclusion within the context of the effects of globalization. A sound and cost-effective labour market information system capable of collecting, analysing and forecasting change is crucial for a stable labour market environment.

### ***Mainstreaming gender concerns in employment policies***

In the 13 national consultations on “Working out of poverty” which took place throughout Africa in October 2003,<sup>3</sup> many participants agreed that much remained to be done to mainstream gender concerns in employment creation policies, to promote equality of opportunity and treatment between women and men to ensure their equal access to economic resources and opportunities, particularly for starting and growing small enterprises, and to assist particularly vulnerable groups of women workers. There was recognition of the feminization of poverty in Africa and the informalization of the livelihoods of African women. While there are generally high rates of female labour force participation and women’s work is critical to the survival and security of poor households, women tend to be concentrated in subsistence food crop production and as unpaid labour in contract farming in rural areas and in low-profit retail trading in the informal economy in urban areas. They lack access to and control over resources, including land, credit, information and modern technology. They also lack viable markets for their products.

There was also some recognition that it is women who are most adversely hit in the context of HIV/AIDS. In Sub-Saharan African countries, out of the 29.4 million people aged 15 to 49 living with HIV/AIDS, 58% are women. Of the 8.6 million in the age group 15 to 24 years old, 67% are young women and girls. On the one hand, women, especially young women, are at greater risk of infection than men. Women are also much more heavily affected than men – both in terms of being unpaid caregivers for those who are infected and also in terms of having to assume growing responsibilities for income support for the family. Statistics show that as working-age people are increasingly becoming sick or die from AIDS-related illness, it is older women, very young women and adolescent girls who have to take over both paid and unpaid care responsibilities in the household and community, many times to the detriment of their education, productive activities and formal/informal employment. This reversal and shift of inter-generational care has important implications because these older women, very young women and adolescent girls tend to be the most disadvantaged and discriminated against. Another form of increasing vulnerability that has perhaps not received adequate attention is the trafficking of women and girls into forced labour, the root cause of which can be traced to growing poverty. UNIFEM in Zimbabwe is currently piloting the concept of a Gender Empowerment Zone, a community-based, holistic approach for the prevention, care and mitigation of HIV/AIDS, promoting measures and capacity building that facilitate gender equality and women’s empowerment in the context of the epidemic. This approach is driven by the principle that women and poor communities are not only concerned about the social consequences of HIV and AIDS, but they are the front line of response to its impact and related problems.

Most of the African countries have already ratified ILO and UN Conventions on the elimination of discrimination and promotion of equality and have also introduced various programmes targeting women. While these gender-specific, targeted programmes have yielded success stories in terms of employment creation and poverty reduction for the intended women beneficiaries, they have generally been limited in terms of scope, coverage and sustainability.

<sup>3</sup> *Working out of poverty: Views from Africa* (Addis Ababa, December 2003, see [www.ilo.org](http://www.ilo.org)).

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## **Addressing youth employment**

The national consultations on “Working out of poverty” (October 2003) and a resolution on “Decent work for youth in Africa and the ILO’s response” adopted at the Tenth African Regional Conference (Addis Ababa, December 2003) highlighted the critical importance of youth employment. In 2003, 18.6 million Africans aged 15-24 years had no jobs, a youth unemployment rate of 21 per cent – twice as high as the overall African unemployment rate of 10.9 per cent and among the highest youth unemployment rates in the world. The unemployment rate is, however, the tip of the iceberg, since most young people cannot afford the luxury of being openly unemployed. Young men, and especially young women, account for the bulk of the working poor, concentrated in the informal economy in both rural and urban areas. Open unemployment rates also do not capture three other related and important phenomena. Firstly, the youth employment problem cannot be disassociated from child labour. Secondly, the “brain drain” of highly educated and skilled young Africans is depriving Africa of its most precious human capital. Thirdly, half of all new HIV/AIDS infections are occurring among young people, with women of 15 or 16 years of age up to six times more likely to be infected than men of the same age.

Youth unemployment and underemployment pose high costs to economic and social development, perpetuate the inter-generational cycle of poverty, and are arguably the root causes of political instability, civil unrest, crime and substance abuse. The creation of decent employment for young people should therefore rank highest on the agenda of national decision-makers. African nations, led by Senegal, were among the main co-sponsors of the UN General Assembly resolution on promoting youth employment in December 2002, which calls upon member States to prepare national reviews and action plans on youth employment. Such reviews and action plans should be carefully done in an integrated manner, taking into consideration cultural realities and strategically balanced against the overall interests and welfare of the African (extended) family. Youth employment must be balanced against adult employment in the tight labour markets existing in Africa.

Youth employment should be addressed as part and parcel of the national employment policy. Unless the overall quantity and quality of employment are increasing in a country, it is not possible to design and implement successful programmes to integrate young women and men into the labour market. The emphasis, therefore, should first and foremost be on national employment policy. Countries must have an explicit national employment policy, and, within that, have measures to address the age-specific barriers and problems young people face in the labour market. The experience of a number of countries has shown that, despite their relative success, micro approaches to youth programmes, interventions driven by government alone, supply-side interventions alone, or sectoral interventions are not enough in themselves. Youth policy must be formulated in an integrated manner – employment must be at the heart of economic and social policies (which is the central message of the ILO’s Global Employment Agenda). There must be a macroeconomic growth strategy that is employment-intensive as well as macroeconomic policies that are coherent and integrated with education, health and labour market policies. Gender equality concerns must be mainstreamed into all youth employment policies and programmes.

### **3.11. Targeting social protection as a productive factor**

Effective protection of the working and living conditions of all men and women constitutes a tangible asset in the fight against poverty and underdevelopment. This is why social protection is not an optional but a necessary component of any developmental strategy.

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## **A dynamic life-cycle approach**

Appropriate means of social protection, implemented through a realistic and dynamic strategy, are crucial to working out of poverty in Africa. Otherwise the hard and unprotected work of African men and women will continue to perpetuate chronic poverty and underdevelopment.

Through its direct as well as indirect links to people's concerns, risks, and vulnerabilities, as well as to the economic and financial systems; social protection plays a key role in assuring this coherence, in particular when it is accompanied by efforts in the reduction of decent work deficits in the areas of employment, social dialogue, international labour standards and gender mainstreaming.

A balanced approach to have a local, national, regional and global impact of the distribution of the benefits of economic growth and globalization requires the systematic extension of social protection. A minimum level of social protection for all men and women, during their whole life and different life-cycles, constitutes a crucial element of the socio-economic 'floor' for any developmental strategy

For social protection to achieve its objective of protecting employment and breaking the cycle of poverty, it must be approached in a number of phases: before working years, during working years and after working years. However, the specific policy needs for social protection in economies that are predominantly informal, and especially in the rural sector, should be kept in mind in the search for innovative institutions for service delivery and social policy implementation.

*First phase before working age.* Lack of social protection in the earlier stages of life increases chances of unemployment and underemployment later in life, and pushes many to activities detrimental to individuals and society, such as crime and violence. During this first phase of life, social protection plays a key role in ensuring that there is sufficient political will, strategic planning and sufficient resources to promote individual and social potentials necessary to provide people with the tools and capacities to lead a decent life.

Examples of investments in social measures during this early stage of life include family income security, maternity protection, health, child care, education, the elimination of child labour, HIV/AIDS prevention, youth work training, reconciling work and family, prevention and support for cessation, of substance abuse, such as tobacco, alcohol, etc.

*Second phase during the working-age years.* The focus of social protection in this phase of the life cycle is to maintain and enhance sustainable personal and social potentials, chances and opportunities, including active disability when possible, and compensation for one's work, including regular payment of salaries. Poor or unsafe working conditions in the formal or informal economies, as well as in the rural or urban sectors, will inevitably diminish productivity and increase costs and vulnerability.

Specific measures to be considered in such a dynamic strategy include: safe and healthy work, conditions of work, orderly labour migration, and elimination of discrimination and trafficking, labour integration and inclusion, income security, HIV/AIDS prevention, etc.

*Third phase after the working years.* The aim of social protection in this phase of life is to contribute to income security, active ageing, maintaining of independence, maintaining and increasing social participation in society and disability prevention. The focus is to guarantee access to essential goods and services, including food, shelter, health and care, and regular payment of pension entitlements, which become crucial in later life, particularly for women who live longer than men. At the same time, to minimize the significant impact that death often

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has on survivors and dependants, it is very important that the risk of dying at any age is covered by social protection.

### ***Occupational safety and health (OSH): Synergies between security and productivity***

The poorest workers are generally the least protected. When the total costs of injury, illness and disability are taken into account in calculating the true costs of production, it is evident that related economic losses substantially affect productivity, reduce the quality of life of workers in both formal and informal sectors, and contribute to the working poor's inability to escape the poverty trap.

Despite all the national and international efforts currently undertaken for the promotion of OSH policies and measures, the prevention of occupational accidents and diseases and exposure to hazardous substances is still not adequately developed.

Among the main reasons for this situation is the inadequacy of labour inspectorates in Africa, due to the modest number of inspectors and insufficient investments both at national and enterprise levels. The workplace safety culture still does not attract the necessary attention of key policy-makers. As a direct consequence of uncoordinated actions, there are a large number of occupational accidents, diseases and work stoppages, with the result that productivity remains at very low levels. The weakness of the compensation bodies (Caisses Nationales de Sécurité Sociale) does not allow them to provide the necessary financial support to injured and sick workers and to maintain minimal life standards for their families.

This phenomenon is even more serious in agriculture and the informal economy. Agricultural workers face many dangers, with the range of hazards at work encompassing machinery, livestock transmitted diseases, and exposure to toxic pesticides. Moreover, lack of clear distinction between working and living space in the agricultural sector worsens exposure of workers and their dependents to hazards. Informal and/or casual employment is also associated with poorer OSH and poor capacity to enforce standards. It is well known from household studies that the level of occupational accidents and diseases in the informal sector is much higher than in the formal sector. This is mainly due to the:

- total absence of labour inspections at workplaces;
- ignorance of existing occupational risks;
- absence of preventive policies and measures;
- absence of features of social security, including health insurance at work,.

These elements substantially decrease productivity and, hence, increase poverty.

### ***The value of investments in health (including nutrition) for employment and poverty alleviation.***

Effective investments in improving health can also directly create health sector jobs and employment. The findings of the Commission on Macroeconomics and Health (CMH) – established by WHO in 2000 to assess the place of health in global economic development reported conclusively that a healthy population is an engine for economic growth, and that health is a productive asset for employment and poverty alleviation. The report outlined a number of individual- and societal-level linkages between health (including nutrition and disease in both children and adults) and worker productivity, GDP growth, and the societal economic returns on investment (e.g. tourism and trade). Experience from WHO shows how ill-health and out-of-pocket health costs for women can push families into poverty, with long-

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term individual and societal repercussions. The returns (economic, social, health wise) which investments in health promotion and disease prevention could bring are generally undervalued. Given the importance of health for increased productivity, a health promotion approach should be pursued in the workplace that takes into account physical, organizational, and social factors to provide a healthy and supportive environment. Adequate provisions need to be made in the workplace and a particular attention to be paid to workers in the informal economy.

A smoke-free environment is part of a healthy workplace. The risks associated with smoking and environmental tobacco smoke (ETS) are well documented. Passive smokers run serious health risks: environmental tobacco smoke (ETS) can cause various types of cancer, heart problems, lung diseases and strokes. In many workplaces, tobacco smoke may aggravate already hazardous working situations. In other words, already carcinogenic chemicals become more hazardous to health when they interact with tobacco smoke.

Well-designed tax policies are important in encouraging investments that serve the common good, instead of investments with harmful public health effects. In the case of tobacco products, tax increases are the most effective way to reduce the prevalence of tobacco consumption, and, thus, morbidity and death due to tobacco use, without reducing government revenues from tobacco taxes. WHO and the World Bank advise governments to impose a tax rate of at least 70% of the retail price of tobacco products. In most developing countries, the tax incidence is well below this suggested rate. Also, economic research and information sharing are required to assess the net impact of stronger tobacco control policies, particularly in the case of governments who have state-owned monopolies in tobacco production.

### ***Extending social security and labour protection***

The importance of universal access to basic health and primary and secondary education is well recognized by many developing countries in their poverty reduction strategies. For a poor family, securing a basic income and basic health care are a prerequisite to be able to participate productively in society and the economy. However, in Africa, generally not more than 10 per cent of the population is covered by statutory social security. Women are particularly disadvantaged, because they provide most unpaid care work, and are usually unable to build up social security entitlements for themselves.

With the help of international financial institutions, many African States are extending health-care facilities across their territories. But this policy is having only a limited effect, because social security systems do not guarantee financial accessibility to these facilities at the same time. As a result, the programmes that fight infant and maternal mortality, tuberculosis, malaria and various epidemics, have great difficulty in reaching the poor who represent a large majority of the African population.

Other needs are:

- financial access to health care; and
- income security systems (pension systems for example: pensions lift many pensioners and their families out of poverty, as is shown by the tax-financed pension system in Namibia<sup>4</sup>) and unemployment benefits.

<sup>4</sup> E. Schleberger: *The universal pension scheme in Namibia* (Geneva, ILO, 2002; Extension of Social Security, ESS Paper No. 6).

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Social benefits for parents and children contribute to gender equality, and are a powerful support for families to cope with the cost of having children. Maternity benefits provide working women with income security. Child benefits would take away an important financial obstacle for children to go to school, particularly in families affected by HIV/AIDS.

The African launch of the Global Campaign on Social Security and Coverage for All took place at the Tenth African Regional Meeting in Addis Ababa (December 2003). The campaign is developing new mechanisms to reach the workers in the informal economy and also helping countries to extend social security as well as labour protection through a process of social dialogue.

### **3.12. Partnering through social dialogue for poverty alleviation through decent work**

#### ***Commitment: Social dialogue and tripartism***

Social dialogue and tripartism are invaluable participatory mechanisms for addressing a wide range of economic and social issues. They are dynamic processes that have great potential to contribute to progress in many difficult and challenging situations, including those related to national economic policy, regional integration and local development. The main goal of social dialogue is to promote consensus building and democratic involvement among the main stakeholders in the world of work. It also contributes to good governance principles of participation and accountability, and creates a forum for practising the skills that are vital for governance. Successful social dialogue structures and processes have the potential to advance social and industrial peace, social stability and boost economic progress.

Social dialogue is, therefore, a strategic issue, a means and an end. It is an essential component of participatory processes inherent to the drafting of inclusive PRSPs and the bedrock on which the foundations for an open, transparent and democratic society are laid.

Yet many African countries face difficulties in using social dialogue to its full potential. Overcoming these difficulties involves the following:

- promotion of tripartite mechanisms to strengthen the decent work dimensions of national economic and social development policies aimed at poverty reduction;
- promotion of dialogue between the social partners, particularly with regard to local economic development and enterprise-level productivity; and
- reinforcement of social dialogue on specific policy issues such as labour law reform, social security, occupational health and safety and training and in key sectors such as health, education, energy, transport and communications.

There is a need to assist tripartite constituents in the creation or strengthening of social dialogue institutions and mechanisms at all levels: enterprise, sectoral, national and subregional.

#### ***Ownership and participation***

Given that the causes of poverty are many and interconnected, targeted policies have most effect when they act in combination to break cycles of poverty. One of the most encouraging aspects of the new approach to poverty reduction is therefore the emphasis on policy integration, based on social dialogue and participation.

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During the national consultations held in October 2003, Poverty Reduction Strategy Papers (PRSPs) were considered by many participants to be the single most important framework for analysing poverty in the region, and for designing and implementing strategies to address it. The discussions reflected the general consensus that the poor needed to be better represented in decision-making that affected them. The participants recommended concrete ways to improve the participation of social partners – and the organizations of the poor – in the design, monitoring and review of PRSPs or other poverty reduction programmes, in particular:

- deepening the participatory policy-making process through capacity building, so that the social partners and other development actors could understand better the macroeconomic fundamentals underlying the PRSPs; this process should include the development of tools for policy advocacy at the local and national levels;
- promoting and strengthening the organizations of the poor, including cooperatives, in particular those in the informal economy and in rural areas, so as to provide the poor with an instrument to participate in the design and implementation of poverty reduction strategies; and
- assisting tripartite constituents in rebuilding capacity in post-conflict or crisis situations.

### ***Capacity building, empowerment and institutional framework***

Disseminating and replicating successful policy tools and pilot projects on the scale needed to reduce poverty substantially is only feasible where the capacity is in place in communities across the countries. Furthermore, dynamic and effective social institutions, including trade unions, employers' organizations, community groups and governmental agencies, need an enabling environment based on respect for fundamental principles and rights at work and social dialogue.

Capacity building of tripartite constituents becomes, in this perspective, a key priority of an overall strategy to eradicate poverty through the promotion of decent work. It implies, among other things, providing support for relevant organizations to strengthen their representativeness, increase their capacity to effectively advocate for policy reforms and gradually improve the delivery of valuable services to members and stakeholders. Building strong and independent partners increases the potential of tripartism and social dialogue in the realm of poverty reduction and economic prosperity.

Both the public administrations and civil society institutions need strengthened capacities to implement poverty reduction and employment creation strategies, irrespective of sector. Indeed, countries with the weakest institutional capacities, particularly in public administration, often lag most in achieving development goals. Weaknesses are most pronounced in rural areas and for this reason, the World Food Summit Plan of Action stresses the importance of the role of improved institutions to ensure food security, combat poverty and promote the development of human and natural resources. AS a follow-up to the Summit agreements, individual governments and international partners, including the UN system, are seeking to develop and reform of the capacities of rural public institutions, private sector and civil society organizations to enhance the socio-economic well-being and food security of small farmers and other disadvantaged groups of the rural population including women.

### ***Jobs for Africa: Lessons learnt***

The JFA Policy Framework (UNDP/ILO) was premised on the need for concerted, integrated and well- coordinated efforts to promote investment-led economic growth in Africa

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by mobilizing all stakeholders through participatory and consultative processes of policy-making and implementation.

In the 17 countries where the JFA was piloted (1997-2002), the JFA programme strategy and approach for adopting pro-poor and pro-employment growth policies and its advocacy for comprehensive (rather than fragmented and project-focused) policies and capacity building have shown that:

- (i) there cannot be a “one-size-fits-all” approach to employment creation in African countries;
- (ii) the assessment of the country’s policy environment, institutional structures and participatory processes is a necessary prerequisite for success. In this regard, countries with pro-poor policies and strong institutional structures and processes for participatory consultation are most likely to create opportunities for employment creation.
- (iii) Although the conceptual and practical relevance of this alternative development strategy is appreciated and accepted by constituents, effecting policy change takes a long-time.
- (iv) Developing the technical and analytical capacities of stakeholders and actors to influence policy shift in favour of pro-poor and pro-employment policies and mobilizing resources to finance direct interventions at the country level to create employment constitute key constraints and challenges.
- (v) Repositioning JFA as a programme approach for all Africa calls for building partnerships and networks with other UN Agencies, Bretton Woods institutions, bilateral institutions, governments and social partners.

In February 2003, the ILO’s African constituents decided to name the programme “Jobs in Africa” (JIA) (Stakeholders Meeting, Addis Ababa). They agreed that JIA will provide a platform for social dialogue, research, advisory services, training and development activities to support national employment creation strategies in the context of decent work and the Global Employment Agenda.

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## **4. Connecting international policies with people's needs and mobilizing partnerships**

### **4.1. Securing political will and commitment**

To succeed in eradicating poverty through decent work, it is key to

(i) develop broad national consensus on employment as the highest political priority issue;

(ii) identify opportunities for external partnerships, for example on rural development, infrastructure investment, lifelong learning, urban improvement, environmental protection, microfinance and micro-assurance, child welfare, health care (especially HIV/AIDS, tuberculosis and malaria control), and the social dimensions of industrial and technological change and;

(iii) scale-up successful programmes and approaches.

This requires greater policy integration at the level of different institutions and the development community – by building on their respective experiences and mandates to support national efforts towards a coherent policy approach to poverty eradication through employment creation.

While improvements in domestic policies, institutions and governance hold the key to sustained growth, employment and poverty reduction, progress on many of these fronts will depend on international action on a number of issues. These priorities may differ depending on the set of challenges facing a particular subregion. Most low-income countries are in sub-Saharan Africa where priorities are debt relief, mobilizing development aid and serious and sincere international efforts to remove trade barriers and grant access to markets for African exports.

### **4.2. *Increasing resources for development***

Many low-income countries in sub-Saharan Africa, remain heavily dependent on aid for development. ODA flows to Africa have declined significantly in recent years. A concerted effort is needed to meet the target of 0.7 per cent of GDP and to direct this additional aid toward Africa. The effectiveness and quality of aid also needs to be improved.

Despite the HIPC initiative many countries have backtracked into further unsustainable debt. There is simply little hope that countries will be able to service their debt and have resources for development finance. Action is needed on debt relief that goes beyond debt rescheduling.

To attract private investment, efforts need to be stepped up to improve the investment climate and ensure that the necessary policies and institutions are in place to maximize the impact of private investment on growth, employment and poverty reduction. Initiatives such as NEPAD provide much hope. The international community can also play an important role in supporting domestic efforts.

### **4.3. Improving access to markets**

Commodity price stabilization and agricultural subsidies

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The problem of falling or fluctuating prices for non-oil commodities is a central concern for Africa. Many countries in the sub-Saharan region, where most of the poor live, remain highly dependent on primary commodity exports and thus particularly vulnerable to external volatility. Though there is no simple solution, a number of initiatives and discussions are under way to attempt to find some answers to this vexing problem. The aggravating effect of agricultural protection in industrialized countries should be removed. Agricultural subsidies in industrialized countries amount to almost US\$1 billion a day, roughly six times the level of aid to developing countries. While it must be recognised that some of the support extended to agriculture is public investment essential to maintaining food safety and other beneficial public goods, nevertheless, a large proportion (the Producer Support Estimate stands at about US\$260 billion annually) does have harmful effects. Not only does it drive down the prices of exports from developing countries but it also allows exports of cheap food that exposes African producers to unfair competition that can have a devastating effect on smallholder agriculture.

To adequately address the food security situations, it is also important to set-up institutional mechanisms and tools, including national food systems in order to boost national and regional food trade.

### ***Greater market access and fairer rules***

As underscored in the report of the World Commission on Social Dimensions of Globalization, a glaring inequity in the global economy is the persistence of barriers in industrialized countries against the exports of African producers. The potential of trade to reduce poverty cannot be realized unless producers in Africa are able to gain access to markets in other countries. Significant trade barriers, in terms of both tariff and quota restrictions, still exist for labour-intensive sectors such as textiles and agricultural goods. In addition, the ability of countries to diversify out of primary commodities into more dynamic export sectors is hampered by tariff escalation with the degree of processing. This ongoing protection needs to be reduced. For the Middle East, North Africa and one or two countries in southern Africa, the phasing out of the Multi-Fiber Agreement (MFA) could significantly boost the employment prospects for women.

Apart from tariffs and quota, non-tariff barriers such as product standards present a significant obstacle to exports from Africa, particularly in the light of underdeveloped institutions and the costs of compliance. This needs to be addressed and more technical assistance provided.

The World Commission report on Social Dimensions of Globalization calls for fairer rules so that countries at very different levels of development are not disadvantaged by the multilateral trading system. Multilateral rules for trade need to allow greater space for countries in Africa to adopt measures to accelerate their development. This means among other things strengthening the provisions on special and differential treatment. As recent experience in the area of public health has shown, the TRIPS agreement needs to be balanced in the interests of development.

Apart from the multilateral trading system, other measures to improve market access for Africa such as the African Growth and Opportunity Act (AGOA) and the everything-but-arms initiative of the European Union should be extended. There is still some scope to deepen regional trade and strengthen regional institutions for integration. In addition, local and regional food suppliers' capacities should be built through appropriate training systems.

## **4.4. Better international policies**

If the MDGs are to be met by 2015, much more focus will need to be given to reducing poverty, improving education, addressing food security and reversing the spread of HIV/AIDS

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in Africa, and addressing other major health challenges, including emerging burden of chronic diseases (“double burden of disease”), sharpening increase in resources (internally and externally); and paying more attention to decent work as an essential part of the strategy for reaching the MDGs.

Furthermore, there is a need to ensure that international economic and financial policies are applied in ways which are consistent with social goals, and in particular employment creation as also proposed in the Report of the World Commission on Social Dimensions of Globalization.

Greater policy coherence is needed between all international organizations if employment is to be seen as a key policy goal and placed at the heart of poverty reduction strategies. This will require a coordinated effort between international organizations, bilateral donors and governments.

In this context, the Extraordinary Summit offers an opportunity for all international institutions to respond to the question: “How do your policies help to upgrade the quantity and quality of work in Africa?”

#### **4.5. Mobilizing regional and international partnerships**

Beyond the cooperation with the ILO, this entails:

- building the goals of employment and decent work into country and local-level poverty reduction strategies and promoting infrastructure investment (with the Bretton Woods institutions, the RECS, the African Development Bank, the subregional banks and UN/ECA);
- making employment part of a common strategy for developing countries (with UNDP);
- promoting youth employment and the Youth Employment Network (with the United Nations and the World Bank);
- developing rural employment (with FAO and IFAD);
- enhancing food security (WFP and FAO);
- promoting industries (with UNIDO);
- developing skills (with UNESCO and UNIFEM);
- combating child labour (with UNICEF);
- promoting market access (with WTO, UNCTAD);
- addressing health, occupational safety and poverty issues (with WHO);
- fighting HIV/AIDS (with UNAIDS, WHO, GFATM and UNIFEM);
- promoting access to ICTs (with ITU and UNIFEM).

Key partners also include:

- private sector;

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- International Cooperative Alliance;
  - bilateral donors;
  - civil society organizations;
  - regional, subregional and national research institutions;
  - academics.

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## Conclusion

The preparatory process, convening, outcomes and follow-up of the Extraordinary Summit present an unprecedented opportunity to mobilize collective efforts to make decent work a central objective in addressing poverty in Africa. There are four key challenges:

- First, to position the link between growth, gender, investment, employment and poverty reduction at the heart of Africa's integrated development strategies taking into account the impact of globalization. Action at this level will address means for enhancing the know-how and capacity of relevant actors to promote and implement concerted and integrated macro-policies. In addition, institutional support to national policy-makers is needed to facilitate the integration of employment and poverty reduction concerns – including those on conditions of labour, as well as gender sensitiveness – into all local and national development policies and international cooperation programmes (advice, advocacy, awareness raising, information gathering and dissemination on good practices, research and training). Policy formulation and monitoring should make full use of gender-sensitive and gender-specific indicators, in order to fully monitor and capture the evolution of men and women's employment patterns and the relationship between gender, poverty and employment.
  - Second, to identify the priority sector entry points for productive and decent-work creation at the national level. Country-specific analysis is needed to promote relevant sectors with high employment potential for the majority of the working poor, and to advocate on priority areas for investment to support job creation and decent work. It is important to agree on the structuring and monitoring of sectoral and regional groups of representatives of the public, private and civil society organizations.
  - Third, to invest in people and provide concrete tools to empower individuals and families so that they might work out of poverty in the communities where they live. Toward this goal, it is important to identify African success stories that demonstrate successful approaches to improving the quantity and quality of employment, and to provide “show-how” of ways in which successful programmes, enterprises or initiatives can be duplicated and upscaled. Although empowerment can be directed at an individual level, it is also a collective process, and the two levels interact and develop concurrently. Consideration should be given here to a concurrent process (which is very significant for many social groups in Africa) of communities working collectively to break out of poverty. A related point is that the envisaged empowerment should also occur concurrently with efforts to assure an enabling policy and legal environment.
  - Fourth, to develop effective mechanisms for the implementation, monitoring and evaluation of the Extraordinary Summit outcomes through:
    - identifying and strengthening institutions able to improve – through social dialogue – the formulation of national employment agendas and policy coordination on the basis of the Extraordinary Summit outcomes; and
    - ensuring that employment policy issues are mainstreamed in National Planning Commissions and Economic Ministries, or through introducing labour-based methodology criteria in the Ministry of Finance's public expenditure planning or in the expenditure frameworks of other relevant ministries.
  - ensuring that gender issues related to employment and poverty reduction at the analytical and operational level are mainstreamed in national employment policies and poverty reduction strategies.

