

INTRODUCTION

1. This Background Paper gives an overview of poverty and the employment problem in Africa as well as a diagnosis of the root causes of poverty and unemployment. This is followed by an evaluation of past initiatives taken within the framework of the Organization of African Unity/African Union (OAU/AU) and the United Nations. The paper also sets out to identify and propose strategic interventions and policy approaches that are required to fight poverty and to create jobs. It also serves to inform the Declaration and the Plan of Action to be adopted by the Heads of State. The question, however, which should preoccupy the Summit is the effective implementation of the Declaration and Plan of Action. Hence, a proposal would be made for an implementation mechanism.

2. The vision of the African Union is a Peaceful, Stable and Prosperous Africa within the framework of the Constitutive Act and to reach that vision, Africa has to overcome many social and economic challenges. The Commission has as one of its flagship programme the Fight Against Poverty and Exclusion. The Extra-ordinary Summit on Employment and Poverty Alleviation is therefore timely as it will provide a forum to African Heads of State and Government to deliberate on pertinent issues and adopt strategies to fight poverty and unemployment with a view to enhance the living standard of the African people. This will also serve to enrich the envisaged programmes and help steer the strategic direction of the AU Commission. Poverty is endemic in Africa and is manifested in multiple ways and the trend of deepening poverty is growing. It is estimated that 7% real GDP growth per annum is needed to reverse this trend. However, economic growth alone is a necessary but not a sufficient condition to fight poverty. The quality and nature of the growth and the extent to which it is geared towards empowering the poor and the marginalized, are equally important.

3. It is generally accepted that poverty can be reduced and people's livelihoods enhanced through the reduction of inequality and unemployment. It is therefore imperative to encourage the adoption of human-centered approach to development, which promotes employment friendly growth including labour intensive policies and investment in human and social capital. This will require a demand for labour, which is based on productive and decent employment. However, a related issue is the question of investing in human and social capital i.e. health and education as social indicators determining the well-being of people including the labour force.

4. Technological development and enhancement of more open policies has linked the world more than ever before. This has resulted in a greater economic inter-dependence, as well as social and political interaction across the globe. The potential benefits are immense if globalization is properly managed. However, global imbalances are evident and as usual Africa is the continent at greatest disadvantage. The Extraordinary Summit will consider how to rectify this

shortcoming. Because governance of globalization has focused on market, economic and financial considerations and tended to neglect social ones, the ILO established a Commission on the Social Dimension of Globalization. Its Report “ A Fair Globalization: Creating Opportunities for All” is a strategy for change which calls for: a focus on peoples; a democratic and effective state; sustainable development; productive and equitable markets; fair rules; globalization with solidarity; greater accountability to people; deeper partnership; and an effective United Nations.

5. It is against the background of deepening poverty, deprivation, backwardness, marginalisation and social exclusion of the vast majority of African people, that in Lusaka in July 2001, the African Leaders launched the New Partnership for Africa’s Development (NEPAD), their pledge “*based on a common vision and a firm and shared conviction, that they have a pressing duty to eradicate poverty and to place their countries ... on a path of sustainable growth and development*”. Although the main objective of NEPAD is poverty alleviation, its original priority areas for action did not directly or explicitly take into account employment promotion and other social welfare issues. NEPAD is a comprehensive development plan that seeks to address key social, economic and political problems and priorities of the Continent. It is also a pledge by African leaders to place their respective countries on a path of sustainable growth and development through acceleration of the regional integration process and the integration of Africa into the global economy. A feature of NEPAD is its African Peer Review Mechanism (APRM), which introduces accountability and good governance in Member States.

6. Recognising the importance of employment and poverty reduction, the AU Labour and Social Affairs Commission initiated the convening of a Ministerial Conference on Employment and Poverty Alleviation which also considered a draft declaration and Plan of Action. Related thereto, is the convening of this Extraordinary Summit of the AU on Employment and Poverty Alleviation in Ouagadougou, Burkina Faso, 3-9 September 2004. A Social Partners Forum, organised jointly by the workers and employers, meeting of the Permanent Representative Committee (PRC) and the Special Session of the Executive Council, will precede the Summit.

7. The Extraordinary Summit, for which this Background Paper is prepared, is expected to review and adopt an AU Declaration and a Plan of Action on Poverty Alleviation and Employment Promotion (referred to in the previous section). Those drafts were circulated to Member States for input and have been reviewed and updated for submission to this Extraordinary Summit.

8. In preparing for the Extraordinary Summit, including the drafting of this paper, the AU Commission, has taken into account the *Vision, Mission and Strategic Plan of the African Union* in the period 2004 - 2007 and beyond, and

worked closely with the Government of Burkina Faso as the host and collaborating partners such as the ILO. The ILO has coordinated the production of an issues paper on Employment and Poverty Alleviation in Africa with other agencies, which gives further diagnostic details and modalities of addressing these awesome challenges Africa is facing presently.

9. Various consultative meetings have taken place at national, regional and continental levels to solicit inputs into the Summit and to coordinate Summit preparations. The Ordinary Summit also provided an opportunity to the African Union Commission to provide information on the preparations of the Extraordinary Summit. During the ILO Africa Regional Conference held in Addis Ababa during December 2003, a special session was held on the preparations of the Extraordinary Summit on Employment and Poverty Alleviation. A Special Session of eight Heads of State was also held along side the 2nd Session of the Labour and Social Affairs Commission to share their views on the major issues for discussion at the Summit.

10 The succession of declarations and plans of action against poverty and increasing unemployment and underemployment, as is shown in this Report, has not broken the cycles of poverty and underdevelopment in Africa. This Extraordinary Summit is expected to take stock of these past declarations and reaffirm its commitment to implement them. It is also expected to make a difference, because it attempts to take on board the civil society, workers and their employers, government, the development partners, and other stakeholders in the formulation and implementation of policies against poverty and unemployment. The Extraordinary Summit is also called in the wake of the AU Summit held in Addis Ababa, Ethiopia, 6-9 July 2004, which, *inter alia*, accepted the Vision, Mission and Strategic Plan of the African Union. The African Union Commission now has a clear direction or a roadmap, which provides the framework for the development and implementation of the Plan of Action for the alleviation of poverty and employment promotion in Africa. This particular initiative will also be provided with a monitoring and follow-up mechanism, which will enhance the implementation of the Plan of Action.

11. The Theme of the Summit is "*Strategies for Employment Creation/Promotion and Enhancing Sustainable Livelihoods*" as it is recognised that employment plays a central role in determining the level of inequality and poverty. The key focus of the Summit should undoubtedly be finding ways and means of addressing the root causes of poverty, unemployment and inequality. Various policy options would have to be considered on the macro and micro levels which in turn would lead to strategies and actions aimed at the creation of new jobs, enhancing present jobs and in the final analysis, improving the standard of living of people. The creation of jobs would have to be focused on those areas with high employment creation potential. The emphasis must be on targeting the most vulnerable and

marginalized, in order to empower them and thereby strengthen their employment and income potential.

1. POVERTY AND THE EMPLOYMENT PROBLEM IN AFRICA

1.1. Overview of Poverty and Unemployment in Africa

A. *The Poverty Situation*

12. Africa continues to face the serious challenges of employment promotion and poverty alleviation, which are projected to become worse unless more determined and sustained efforts are put in place to address them. Poverty is pervasive in sub-Saharan Africa. Growing poverty is intimately associated with lack of productive employment opportunities in both the urban and rural sectors of the economy, which are manifested by a rapid growth of underemployment and overt unemployment. With about seventy percent of the population living on less than US\$ 2 per day or 42 percent under US\$ 1 per day, and with about 200 million people hungry daily, Africa is, without comparison, the poorest continent. Money-metric measurements however, do only tell half the story. Other socio-economic, welfare, social and human development indicators corroborate the presence of pervasive poverty in Africa; and what is more disturbing is that no matter by what lens poverty is looked at, it has become a phenomenon which is menacingly growing and not decreasing.

13. The crisis of poverty in Africa manifests itself in many forms. There is a large and growing population in Africa that suffers from hunger and lacks the material and social amenities for survival. Poverty is also manifested by chronic sickness, morbidity, vulnerability, disability, and voicelessness resulting in despair and loss of capacity to work. The condition of poverty can also become trans-generational, in that the next generation can inherit and become a victim of the debilitating condition of the present generation. The scope of coverage of poverty is also a source of policy concern. The state of poverty affliction is such that the community outside cannot provide assistance to the directly poverty afflicted victims. Many African governments lack the resources to combat poverty. Thus, poverty in Africa has become not only a national but an international problem.

14. Poverty in Africa is also embroiled in a paradox. On the one hand, there is the extreme and increasing poverty of its people who face various forms of deprivation, characterized by ill-health, illiteracy, food shortages, famine, malnutrition, unemployment and underemployment, inadequate housing and lack of other social services and amenities. This is contrasted with, on the other hand, a continent so richly endowed with human and natural resources. Africa is among the regions with large reserves of mineral and water resources. It also has biodiversity, climatic variation and rich cultural assets, which have yet to be mobilized and harnessed to break off from the vicious circle of poverty and

underdevelopment. While the availability of such potentials for growth give hope, the inability to transform them into potent means of overcoming Africa's predicaments has become a perplexing issue and a matter of grave concern both for African policy makers and their development partners.

15. Poverty is a multidimensional and cross-sectoral phenomenon which requires a holistic and integrated approach as these phenomena do not take place in isolation but in interactive manner with other socio-economic phenomena involving multiple actors. For example, social indicators such as health and education play a pivotal role in poverty reduction and development. Access to education, health, water and sanitation, nutrition, etc. have intrinsic value for people's well-being and are closely linked to issues of poverty and employment. Education and training contribute to economic growth and development by raising people's employability, productivity and poor people's incomes. Reducing the burden of disease will directly release the African countries' potential to increase production and productivity and thus achieve high growth rates as well as human and social development. It is also important to highlight the fact that there is a strong link between drug production, trafficking and consumption on one hand and the deepening poverty and high levels of deprivation, on the other.

16. Poverty aspects are also related to lack of access to power, which translates into disempowerment. This disempowerment results from people's inability to: address their own problems, challenge exploitation, voice their concerns or claim their rights. Decades and generations of poverty among numerous families have also resulted in apathy. These factors, combined with low levels of education, lack of information and opportunities have locked poor women and men into a vicious circle of poverty and dependency. It is therefore necessary that social mobilisation for collective action, self-reliance and advancement becomes a key intervention for poverty alleviation. It is a process that stimulates both the desire and capacity of the poor to participate in local development processes. Their coordinated action through community organizations, joint business ventures (to spread risk and maximize economies of scale) and cooperatives can then be harnessed to stimulate local economic development and influence local and national policy processes in favour of the poor and marginalized groups.

17. The African governments must put in place clear social development policies and a conducive environment for effective partnership with civil society to promote equitable and gender sensitive rural social development. This will empower poor women and men for self-reliance and advancement and will equip the nation with the capacity to contribute effectively to the development process.

18. Whilst the Summit undoubtedly would reflect on income poverty alleviation, it is important to bear in mind that this is interlinked with the issue of human capital poverty alleviation and asset capital poverty alleviation. Income poverty relates to income derived from wages or from social grants, human capital relates

to social services which are critical to improving the capacity and productivity of people and asset poverty which relates to issues of housing and land ownership and access.

19. It has been noted in the 2003 AU Report to the Office of the High Representative for the Least Developed Countries, Land-Locked Developing Countries and Small Island Developing States (OHRLLS) that very few countries (4 countries only) registered an annual real GDP growth rate of 7 percent (which is an MDG target) or above, while most of African LDCs (about 90 percent of them) had growth rates far less than that. These growth rates fluctuate and high growth rates have not been sustained over a long period of time. None of the African LDCs (except, perhaps, Angola and Sao Tome and Principe, in recent years) have succeeded in attracting significant FDI flows over the years, and the attainment of a yearly investment to GDP ratio of 25 percent (another commitment of the LDCs) has been illusory. As a result production growth in most cases is curtailed and exports greatly constrained. However, economic growth alone will not reduce poverty. It must be equitable, reflected in economic policies that favour low income and poor groups, maximize employment and income generating opportunities and invest adequately in human capital.

B. The Unemployment Situation

20. High and increasing unemployment and underemployment rates, both in the urban and rural sectors, can be looked at as manifestations of growing poverty in Africa. They are interconnected. Arable land is losing its carrying capacity with increasing number of humans and animals attempting to extract outputs from it, without a sufficient compensatory investment in land improvement and development. Environmental degradation (removal of the soil cover and depletion of the ground water resources) have occurred in tandem with frequent and prolonged recurrence of drought and have greatly contributed to population pressure on the land and a steep decline in land and labour productivities and resulted in overt unemployment in the countryside. The working age population in the informal economy of urban areas is also growing rapidly without a commensurate expansion in employment opportunities, resulting in increased unemployment and underemployment, and hence increased poverty.

21. With the exception of North Africa, in the rest of Africa the rate of unemployment is high and continuously increasing, with the share of youth unemployment, representing nearly 80 percent of the unemployed in some countries. In all countries the female share of general unemployment is consistently higher than the share of males, and in countries where data are available, it is estimated that only 5 to 10 percent of new entrants into the labour market can be absorbed by the formal economy, while the bulk of new jobs is generated by the informal economy.

22. The Unemployed also include university graduates, school leavers and dropouts, and highly skilled and experienced persons, and the Region has experienced serious net brain drain. The percentage of women in informal employment is particularly high and in many cases women dominate the lower echelons in the sector. Thus, given the small size of the formal sector, unemployment figures mask many of the related features of poverty such as underemployment and under-utilization of skills, low labour productivity, the large size and the constrained capacity of the informal economy as well as millions of women and girls in hidden, often unaccounted and unproductive work in households, family enterprises and in farms.

23. Labour productivity has been falling in the African economy generally, and in particular in the public and informal sectors as well as in the rural economy. While unemployment and underemployment are serious problems, low productivity and inadequate income have continued to worsen the employment situation. Thus, poverty in most African countries is less the outcome of unemployment than it is of the inability of workers to secure decent work and decent wages. This is particularly the case in the public sector, informal economy, and the agricultural or rural sectors. It should be underlined that higher productivity is not only a source of sustained real wage improvement which increases demand and economic growth, but also paves the way for growth-oriented policies and improves competitiveness and the quality of product.

24. It is also important to highlight the fact that the pillars and motors of productivity are education, training and skills enhancement. A strong and well-developed skills base promotes productivity and employment through heightened adaptability to change and the capacity to innovate; thus enabling the workers to become more enterprising and competitive; while the improvement of health, hygiene and safety at the workplace enhances worker productivity. Improvement of productivity itself promotes the setting up of enterprises, which in turn leads to the creation of new jobs. The low level and decline in the provision of these social services, inadequacy of educational facilities and the lack of apprenticeship training and employment opportunities have accentuated the decline in labour productivity.

25. In the rural sector, it appears that in many African economies, even marginal lands have been utilized and that exploitation of the land resources, under current institutional arrangements and given technology, have reached a saturation point. Internal displacement of humans has become common with many of these internal migrants unable to eke a living from the land drifting to nearby towns.

26. In the urban sector too, the informal economy appears to have stopped functioning as an effective labour sponge. Capacities are over-stretched and even low productivity employment is no longer available, resulting in overt unemployment.

27. Although 1996 was declared the year of Poverty Eradication, as a follow-up to and in implementation of the commitments of the 1995 World Summit for Social Development (WSSD), the twin problems of unemployment/underemployment and poverty in Africa still remain critically intractable. It is widely observable that the growth in employment has been much lower than the growth of labour force or the economically active population. This situation has been exacerbated by a substantial decline in the growth of the public and modern sector employment. It is for this reason that the majority of the working people work in the rural/agricultural and informal sectors where productivity, incomes and conditions of life and work are not only inferior and precarious, but are not regulated or controlled by legislation.

28. In order for African countries to benefit from provisions of market access for their exports, and in general to remain a part of the rapidly globalizing world, they are expected to adhere to international labour standards. The ground conditions, however, do not favour such developments. In particular, the implementation of the 8 core labour standards, such as those related to Freedom of Association and Collective Bargaining, have been rather difficult. It has been difficult to provide job security in a situation where labour legislation and the industrial relations system are not adequately developed; and where the means to pay for such security systems are unavailable. Institutional and operational capacities in labour administrations and inspectorates are also constrained by the limitations of human, material and financial resources. Social partners are also confronted with new realities in the world of work such as the withdrawal of States from their crucial function of employment creation, the increased "informalization" and casualisation of the economies, the transition towards democratic institutions and multipartite mode of operation, the emergence of the civil society and the multiplication of social interactions beyond the workplace. All these new developments have led to a greater fragility of consensus among social partners. As a result, not only are labour related cases and trade disputes on the rise, they also take longer to be settled.

29. Many of the employed, especially those in the public sector in some countries, subsistence agriculture and the informal economy have precarious existence and languish in underemployment and low productivity jobs. They are also a part of the poor who cannot earn enough to support a decent living.

30. It is important to highlight the fact that the extraordinary entrepreneurial spirit of African women and the tremendous creativity of Africa's youth do constitute an enormous, untapped development potential that, if properly utilised, could go a long way towards reducing poverty through employment. Although many African countries had enacted laws and adopted ILO Conventions on discrimination and equality and adopted policies as well as national action plans for women in the area of employment, yet much remains to be done. This involves addressing issues

of discrimination, equality and equity in employment and poverty reduction strategies. It should be underlined that women and youth share similar concerns with respect to macro-policy and representation; and on HIV/AIDS prevention and treatment. It should be stressed also that the issues of youth unemployment and underemployment, if not addressed are invariably the root causes of political instability, civil unrest and crime.

31. The Employment-Poverty Nexus. Normally, employment expansion would result in reduced poverty. But the way the poverty crisis manifests itself in Africa today suggests a revisit of the relationship between employment and poverty. Employment in the public sector, informal economy, and rural/agriculture disguise many facts, namely: that employment is associated with low and declining productivity; that earnings or incomes are below poverty levels; that families are caught in a vicious poverty trap with their economic and social conditions deteriorating; and that even low productivity employment is increasingly difficult to get, so that overt unemployment has become pervasive with large numbers queuing for food aid; and with refugees, internally displaced persons and other drifters to the slums or informal urban centres swelling the size of delinquents. In this situation, poverty can be alleviated, not just by the numerical increase in employment levels and growth rates (whether in wage-employment, or in self-employment and family-employment), but by the increase of employment with increased labour productivity and real incomes.

1.2 The Major Causes of Poverty, Unemployment and Underemployment

32 There are a number of factors causing poverty and excessive unemployment and underemployment levels and rates of increase in Africa. These include the following.

A. Economic Decline

33. Economic growth is generally perceived as a necessary condition for poverty alleviation. However, the economies of most African countries had over the years either stagnated or shrank, or experienced low growth rates. During the last two to three decades it is estimated that the output per capita for the Sub-Saharan region fell by about 0.7 per cent per year – a far off cry from the Millennium Development Goals (MDGs) of real GDP growth rate of 7 percent per annum, an annual investment to GDP ratio of 25 percent and halving the proportion of people living in poverty and suffering from hunger by 2015, set for the Least Developed Countries (LDCs) of which 34 out of 50 are African. According to the UNDP, 35 out of the 43 Sub-Saharan African economies are reported to have shrank, and 20 countries are still below their per capita income of 20 years ago. The economic stagnation and/or decline is not sector specific and appears to characterise developments in industry as well as agriculture. It is important to note that economic growth alone

will not reduce poverty. In order for economic growth to contribute towards poverty alleviation it should maximize employment and income generating opportunities, be equitable, get reflected in economic policies that favour low income and poor groups, and accompanied by adequate investment in human capital.

34. Particularly significant is the collapse of agriculture, the mainstay of the vast majority of the African population. This collapse is manifested in declining production levels, environmental degradation, recurring drought, increasing food insecurity and persistent fall in labour productivity. Protein-energy malnutrition (PEM), iron deficiency anaemia, vitamin A deficiency and iodine deficiency disorders are all manifestations of persistent micro-nutrient deficiencies. The impact of this on adults includes low productivity and susceptibility to common diseases. It often results in retardation of the growth and development of children. Children have been the most affected and Africa has the largest share of the world's malnourished children. Thus, the failure of agriculture is both cause and consequence of poverty in Africa.

35. Economic recovery and growth is rendered difficult by the excruciating debt burden, inadequacy of foreign direct investment (FDI) and the deceleration in the flow of Official Development Assistance (ODA) to Africa. Many African countries are so deeply afflicted by poverty and underdevelopment that they are being increasingly marginalized in the globalization process and failing to take advantage of the benefits of preferential treatment granted to them under the WTO multilateral trade negotiations, the European Union's "everything but arms" (EBA) initiative, and the United States' African Growth and Opportunity Act (AGOA) which, among other things, granted eligible African States quota and duty-free market access for their exports.

B. Problems of Governance

36. Governments in Africa have always been regarded as the major employer at times employing people who cannot ensure effective service delivery. Poor quality of services relate also to the question of mismanagement, unethical behaviour and corruption. As a result, there is inadequate provision of public goods such as provision of law and order, peace and security, property right legislation, good governance, democratisation, freedoms (of association, of the press, etc.) social infrastructure, etc. Governments in Africa have to effectively exercise their allocative, distributive and regulatory functions.

37. Many governments have introduced public sector reforms including New Public Management paradigms and civil service charters, which require a more responsive, effective and efficient public administration. However, civil servants will have to operate within the principles of good administration (transparency, accountability, ethics) and adhere to high standards of performance and public service delivery by giving value for money. Good governance is in essence the targeting of maximum available resources for the benefit of the people.

C. Conflicts and Wars

38. During the course of the past decade many African countries have experienced armed conflict accounting at times for more than half of all war related deaths worldwide. This has resulted in the largest share of the world's refugees and internally displaced persons, currently estimated at 6 million and 20million, respectively. These conflicts, which cover vast portions of the continent, destroy lives and property as well as economic, social and administrative infrastructure; and thus directly contribute to cessation of economic activities and the deepening of the crises of poverty and underdevelopment in Africa. Tragically, vast amounts of financial resources, which otherwise should have been invested in social and economic development, are being diverted for the purchase of arms and used to destroy human lives and property. Instead of working to reduce poverty through expanding productive employment opportunities, the condition of conflicts favours the engagement of the child soldier in a process of self-destruction, thus dimming the prospects of social and economic betterment of the present as well as future generations.

D. The Demographic Factors

39. The state of poverty in Africa is accentuated by high rate of population growth (the highest of any region in the world) and characterised by high dependency ratios, high rate of urbanization, and rural-to-urban migrations. The proportion of the population of the age cohort of less than 14 years is about 50 percent. The implication of economic disability (see 1.2 (A) above) and this demographic profile of Africa is that population numbers are being increased while the capacity to provide the necessary social services and amenities (health and education services as well as food, shelter and productive employment) are being eroded. The result has been reflected in the swelling slums in towns and villages where conditions of living have long ago passed far below "acceptable" levels, and where mass starvation and squalor are observed daily, juvenile delinquency, drug abuse and addiction, prostitution, crime and lawlessness are rife, and where underemployment is giving way to overt unemployment. This in essence means that in dealing with poverty and employment issues, one cannot ignore who the poor or unemployed are, where they live and what their sources of income are, i.e how they earn their livelihood.

40. The crisis of increasing poverty is accentuated by internal and external migration and refugees. In addition to a large number of refugees, as indicated earlier, Africa has the largest share of the World's internally displaced persons. These exert excessive pressure on the meagre supplies, further deteriorate the delicately balanced ecosystem and overtax government services. Furthermore, migrants, refugees and displaced persons are among the groups at highest risk of poverty and social exclusion. However, note should be taken that external

migration can also be beneficial in employment creation and poverty alleviation through remittances received which augment incomes of many poor households

41. Regarding emigration, what is observed is that Africa is faced with a crisis of net brain-drain, i.e. without, on the one hand, a sufficient compensatory immigration of skilled persons from outside. On the other hand, Africa's unskilled labour emigrants often leave their countries illegally, lack security and government protection in both the countries of origin and host countries and are not often provided with proper arrangements for repatriating their earnings. Most of the industrialised countries have virtually clamped the doors of entry for job seekers from Africa. The WTO negotiation in the General Agreement of Trade in Services (GATS) concerning "free mobility of persons", in its current form, is mostly focused in preserving the rights and freedoms of nationals of industrialised countries working in Africa and do not address the problems of (a) brain drain, and (b) the productive employment in the industrialised countries of African unskilled workers -two issues of concern for African governments in their attempt to combat generalised poverty and lack of productive employment.

E. *Poor and Deteriorating Health Conditions: HIV/AIDS, Tuberculosis, and Malaria*

42. With an estimated 200 million Africans carrying the tuberculosis bacillus, Sub-Saharan Africa has the highest tuberculosis incidence in the world. Of the estimated 42 million people afflicted by HIV/AIDS worldwide, 30 million are Africans of whom 18 million are working people. About 90 percent of the 300 million malaria cases worldwide each year are Africans, mostly young children. These create debilitating conditions with a large segment of the African workforce failing to engage in productive employment, and those in employment losing their labour productivity. The cost of medication against HIV/AIDS ranges between half and two-thirds of the annual income of the affected average worker. These medication and related costs are also shared by employers, governments and NGOs. Thus two consequences of the poor health conditions of Africans follow. On the one hand, many die due to inability to provide for medication and care; and, on the other hand, large resources are diverted from the provision of productive employment opportunities to Medicare. There is also the danger that because of high rate of affliction of the young, the health crisis becoming trans-generational. The overall effect of this health hazard is accentuating the state of poverty and causing a denial of productive employment opportunities.

F. *Deteriorating Social Conditions*

43. Investing in human capital with a view to enhancing the productivity of people requires high investment in social services for the poor. However, public provision of social services, such as health and educational services, housing,

water and sanitation has become increasingly difficult, as public expenditures for such services could not be increased in line with the growth of social demand. As a result, government plans for compulsory and free education for all, basic health services for all, etc. could not be implemented. For example, many governments could not meet their commitments in line with the Abuja Declaration to allocate 15% of their budgets to health. In many countries, the public sector reform programmes, have resulted in extensive retrenchment of workers and loss of livelihoods for the workers and their families. In addition, traditional social security systems such as mutual help societies, traditional lending modes, community labour, etc. have become dysfunctional due to growth of poverty; and there is greater dependence on food aid from the international community today than ever before. The result of these processes is to deepen poverty and make recovery relatively more difficult in many African countries.

44. Living conditions in Africa reflect the wide income difference amongst segments of the populations and communities. Thus the quality and quantity of available social services also relates to the sharp difference in income and access. It is this limited access to public goods and services, which also blocks opportunities to improve real income for many, especially in rural areas, such as access to agricultural extension, training, infrastructure, and clinics.

45. It is argued that fiscal policy is one of the main tools in addressing inequalities and access to social services by redirecting public expenditure to improve health, educational and other social services.

G. *Environmental degradation*

46. The Agricultural crisis in Africa, which is manifested by declining agricultural outputs, increasing food insecurity, declining labour productivity and loss in global market shares, is a product, in part, of environmental degradation. This environmental degradation is characterized by global warming, recurring drought, increased desertification, deforestation, over-cultivation and overstocking, resulting in soil erosion and loss of water and other soil nutrients. The cumulative impact of these processes, which are not accompanied by adequate compensatory investment in land improvement, conservation and development, is to accentuate and deepen poverty in rural areas. In order to reverse the trend of environmental degradation, it is necessary to reform and carry out developmental programmes and activities: afforestation programmes, soil and water conservation and development programmes, increased application of modern animal husbandry and farm management techniques and expanding the coverage of irrigated agriculture. These, together with complementing reforms in other areas (for example, labour legislation, property right legislation, empowerment of the poor through association, voice and participation, etc.) are expected to enhance livelihoods and yield significant growth in outputs and employment.

2. PAST INITIATIVES FOR POVERTY ALLEVIATION AND EMPLOYMENT PROMOTION

47. In the past, many initiatives for poverty alleviation and employment promotion were adopted, both within the framework of the Organization of African Unity/African Union (OAU/AU) and the United Nations system.

2.1 Pan African Initiatives

48. The *OAU Charter* (May 1963, Addis Ababa, Ethiopia) in its preamble calls for freedom, equality, justice and dignity as essential objectives for the achievement of the legitimate aspirations of the African people and harnessing of the natural and human resources of the continent. Emanating from the Charter, the *Labour and Social Affairs Commission* was established for the purposes of studying labour and social issues, coordinating and developing cooperation among the Member States and taking common positions in the international fora in matters relating to labour and social affairs.

49. The Eighteenth Assembly of African Heads of State and Government adopted in 1981 (Nairobi, Kenya) the *African Charter on Human and Peoples Rights*. This Charter provides for human rights, freedom of association, elimination of exploitation and discrimination at the workplace, and equal pay for equal work.

50. *The Lagos Plan of Action for the Economic Development of Africa, (1980-2000)* noted the lack of economic growth in Africa over the previous 20 years and the impacting of that on the poverty of the population and the lack of productive employment opportunities for the bulk of the African labour force. It recommended actions to be undertaken at national, regional, continental and international levels, to bring about poverty reduction and a more effective utilization of the continent's human and natural resources.

51. *The Treaty Establishing the African Economic Community*, which came into force in 1994 (Addis Ababa, Ethiopia), reinforced the policy direction of the Lagos Plan of Action and adopted policy guidelines in the area of social affairs, health, population and gender issues, which had the objective of poverty reduction and employment promotion.

52. *The Constitutive Act of the African Union* was adopted by the African Summit in Lome, Togo (July 2000). The Act Establishes the African Union and in its preamble, objectives and principles reaffirms the African Leaders' common stand in waging heroic struggles for human dignity, economic emancipation, human and peoples' rights, consolidating democratic institutions and culture and ensuring good governance and the rule of law.

53. The 5th Conference of African Ministers of Social Affairs adopted in 1989 (Arusha, Tanzania), the *African Charter for Social Action*, which advocated for equity, social security, human rights and freedom of association in order to foster effective utilization of Africa's human resources and to bring about sustainable development.
54. The 2nd Ordinary Session of the AU Conference of Ministers of Trade, Customs and Immigration adopted in 2004 (Kigali, Rwanda) adopted a decision on Conditions for Economic Empowerment of Women in Africa which recognises the importance of trade in creating opportunities amongst others for increasing incomes, fighting against poverty which can contribute to the involvement of women in economic development for their own empowerment and betterment.
55. The Twenty-Seventh Ordinary Session of the Assembly of African Heads of State and Government adopted the *Declaration on Employment Crisis in Africa* (AHG/DECL.1(XXVII), 1991, Abuja, Nigeria), which noted the rapid increase in unemployment and underemployment and the incidence of poverty in the continent, and recommended to Member States the establishment of appropriate policies to address the crisis.
56. To combat poverty and nutritional deficiency and to bring about food security, improved agricultural productivity and sustainable development, the Fifty Eighth Ordinary Session of the Council of Ministers of the OAU adopted, in June 1993, (Cairo, Egypt) the *African Regional Nutrition Strategy (1993-2003)*.
57. As a part of its contribution to the World Summit for Social Development, the OAU adopted the *African Common Position on Human and Social Development in Africa* (Tunis, Tunisia, 1994). This African position called for the enhancement of social integration, particularly of the more disadvantaged and marginalized groups; alleviation and reduction of poverty; and expansion of productive employment.
58. Cognisant of the close association between poverty and ill health, the African Leaders have adopted a number of Decisions and Declarations concerning family health, HIV/AIDS, Tuberculosis, Malaria and other infectious diseases: *Declaration on Health as a Foundation for Development*, AHG/Decl.1 (XXIII) (1987, Addis Ababa, Ethiopia); *Poliomyelitis Eradication in Africa* (Yaounde, Cameroon, July 1996); *African Plan of Action Concerning the Situation of Women in Africa in the Context of Family Health*, AHG/Decl.XXXI (June 1995, Addis Ababa, Ethiopia); *Declaration on Roll Back Malaria (RBM) in Africa* (April 2000, Abuja, Nigeria); *Declaration on the AIDS Epidemic in Africa*, AHG/Decl.1 (xxviii) (July 1992, Dakar, Senegal); *Declaration on AIDS and the Children in Africa*, AHG/Decl.(xxx) (June 1994, Tunis, Tunisia); *Declaration on HIV/AIDS, Tuberculosis and other Related Infectious Diseases* (April 2001, Abuja, Nigeria); and the *Declaration on Malaria, HIV/AIDS, Tuberculosis and other Related Infectious Diseases*, Assembly/AU/Decl.6(II) (July 2003, Maputo, Mozambique).

59. There are many other commitments made by African Leaders to promote social development and the welfare of children and youth as well as to combat underdevelopment, poverty, gender inequality, and unemployment. Among these the following can be mentioned: the *African Charter for Popular Participation in Development and Transformation* (1989, Arusha, Tanzania), *Pan-African Forum on the Future of Children*, which includes a Declaration and Plan of Action (May 2001, Cairo, Egypt); the *Declaration and Framework for Action on Youth Employment* (September 2002, Alexandria, Egypt); the *Programme of Action of the Decade of Education in Africa, 1997-2006* (endorsed by the AU Summit in 1999, Algiers, Algeria), the *Protocol to the African Charter on Human and People's Rights*, the *Protocol on the Rights of Women in Africa*, which was adopted by Summit in July 2003 in Maputo Mozambique; The *Dakar Action Platform* adopted in 1994 and the *New Partnership for Africa's Development* (NEPAD), which was adopted in October 2001 (Abuja, Nigeria), and which has as its major objective, among others, poverty eradication and human resource development.

60. Although the OAU/AU made many Declarations and Decisions on the issue of poverty eradication, social emancipation and employment promotion, the record on implementation has not been very encouraging. This is explained, firstly, by lack of commitment on the part of governments and stakeholders to implement these policy decisions. Secondly, this state of affairs is explained by the inadequacy of material, financial and human resources and lack of integrated approaches, coordination, and effective follow-up and implementation mechanisms.

2.2 Global or International Initiatives

61. There are a number of recent initiatives by the UN System including the ILO, FAO, WHO, UNIDO, WTO, and UN/OHRLS aimed at combating poverty, inadequate employment opportunities, discrimination, and poor working conditions. These have a bearing on developments in Africa, since African governments are members of these international organizations and a party to their decision making process.

62. *The Declaration and Programme of Action of the World Summit for Social Development (WSSD)*, Copenhagen, Denmark, March 1995, marks a turning point in the development of global social policy. The WSSD acknowledged the urgent need expressed worldwide, addressing the profound social problems, especially poverty, unemployment and social exclusion and adopted ten (10) commitments: two of which are the following. (i) Eradicating poverty in the world through decisive national actions and international co-operation, as an ethical, social, political and economic imperative of humankind; and (ii) Promoting the goal of full employment as a basic priority of our economic and social policies, and to enabling all men and women to attain secure and sustainable livelihoods through freely chosen productive employment and work.

63. The Copenhagen WSSD put the people's agenda back into the forefront of international policy. By stressing the interlinked challenges of poverty, unemployment and social exclusion as central to a global social justice and distributive strategy, the Summit marked a turning point for the multilateral system. For the first time, the international community at the highest political level committed itself to the eradication of poverty as a global objective and called on each country to propose its own national poverty reduction target. The Copenhagen Summit also made a crucial link between poverty eradication, full employment and gender equality.

64. The *Brussels Declaration and the Programme of Action for the Least Developed Countries for the Decade 2001-2010* and the *Millennium Development Goals (MDGs)*, with their targets and indicated timeframe, mark the culmination of a series of international initiatives which began with the first United Nations Conference on the Least Developed Countries in 1981, Paris, France. These set targets aimed at eradicating poverty, attaining pre-determined levels of improvement in health, education and economic development.

65. However, in view of the complex problems and obstacles to development, which African LDCs are faced with, and as elaborated in the 2003 AU Commission Report to the Office of the High Representative for the Least Developed Countries, Land-Locked Developing Countries and Small Island Developing States (OHRLLS), it would be difficult if not impossible for most or all of Africa's Least Developed Countries to meet the Millennium Development Goals.

66. *The World Summit on Sustainable Development (WSSD)*, Johannesburg, South Africa, September 2002, considered a wide range of issues of concern to Africa including: poverty eradication; changing unsustainable patterns of consumption and production; protecting and managing the natural resource base; maintaining sustainable development in a globalising world; enhancing the development of small island states and African LDCs; establishing institutional framework and means of implementation for development plans and programmes; and strengthening international collaboration. The Summit adopted a Plan of Implementation that would further build on the achievements made since Rio's UNCED's Agenda 21. The Summit acknowledged the importance of ethics, peace, security, stability and respect for human rights and fundamental freedoms, including the right to development, as well as respect for cultural diversity, as essential for achieving sustainable development and ensuring that sustainable development benefits all.

67. Within the negotiations of the WTO General Agreement on Trade in Services (GATS), the question of the "free movement of Persons" is being addressed in relation to two propositions: the *Free Movement of Natural Persons, such as self employed professionals, artists, musicians, etc.*, *Supplying Services Under the Agreement* (referred to as Mode 4 in WTO's jargon) and the *free movement of*

persons associated with Commercial Presence (relating to the setting up of foreign company subsidiaries or branches to provide services in another country, or Mode 3). The free movement of self-employed professionals is a part of the net “brain-drain” problem in Africa, since reverse inflow of such persons to Africa is often less than the outflow from Africa. Regarding Mode 3, African “commercial presence” in the industrialised economies is insignificant, and the relevance of this protocol will be mainly for the protection of the rights and free mobility of nationals of the industrialized countries working in Africa. Thus, the current GATS negotiations on movement of persons are not addressing priority labour issues of Africa.

68. Similarly, and as earlier mentioned, the succession of international initiatives to alleviate poverty and provide adequate productive employment opportunities have failed to attain their objectives. These initiatives have failed partly because they are poorly funded, and partly because funds are mismanaged and the beneficiary poor countries have failed to make appropriate reforms.

3. THE EXTRAORDINARY SUMMIT

3.1 Background

69. In July 2001 in Lusaka, Zambia, Decision (AHG/Dec.166 (XXXVII)) was taken by the 37th Ordinary Session of the Assembly of Heads of State and Government to convene a Ministerial Meeting on Employment Promotion and Poverty Reduction in Africa. That Ministerial Meeting was held and discussed the unemployment and poverty crisis in Africa. Following that, in March 2003, in N’djamena, Chad, the 2nd Session of the Executive Council of the AU considered the proposal by Burkina Faso to convene an Extraordinary Summit on Employment and Poverty Alleviation. A final decision was then deferred till the next Ordinary Session of the Assembly of Heads of State and Government held in Maputo in July 2003.

70. At this Second Summit in July 2003, in Maputo, Mozambique, the Assembly of African Heads of State and Government decided (Decision: Assembly/AU/Dec.20 (II)) to convene an Extra-ordinary Summit on Employment and Poverty Alleviation in 2004. By that Decision, The Assembly welcomed the offer of HE President Compaore of Burkina Faso to host an Extra-ordinary Summit on Employment and Poverty Alleviation in Africa, in the course of 2004. All the AU Member States were invited to participate in the Summit and the AU Commission was requested to make the necessary arrangements, in collaboration with the Regional Economic Communities (RECs), the ILO and other Partners and Stakeholders to convene the Extra-ordinary Summit on Employment and Poverty Alleviation in Africa.

71. After consultations between the President Blaise Compaore of Burkina Faso and the Chairperson of the African Union Commission (AUC), it was proposed that the Extraordinary Summit be held from 3 to 9 September 2004, in three phases, namely, the Social Partners Forum, the Ministerial Meeting and the Summit itself.

3.2 Theme

72. The theme chosen for the Summit is “Strategies for Employment Creation and Enhancing Sustainable Livelihoods” because the main focus of the Summit will be on creating job opportunities for people to live better lives and there is a recognition that the sure way of tackling poverty is to fight unemployment.

73. The Extraordinary Summit may also have to reflect on the objectives, expected outcomes and Strategic Policy Issues or the Priority Areas for Action set out below.

3.3 Objectives

74. It is proposed that the main objectives of the Summit include the following:

- a) Attain a level of poverty alleviation and improvement in the health status and economic conditions of the African poor that is in consonance with the UN Millennium Development Goals
- b) Significantly raise the level and increase the growth rate of productive employment in all sectors of the economy
- c) Significantly reduce the level and decrease the rate of underemployment in all sectors of the economy and especially in rural and informal economies and in the public sector
- d) Raise the level of labour productivity in all sectors of the economy through the improved provision of health and hygiene (fighting HIV/AIDS, malaria, etc.) and educational services (vocational training and skills development, apprenticeship training, technological diffusion, etc)
- e) Promote increased and decent employment opportunities throughout the economy with adequate social protection and respect for core labour standards
- f) Mainstream gender issues
- g) Strengthen participation and voice; and focus on vulnerable groups including children as labourers, youth, migrants, refugees and people with disabilities

3.4 Expected Outcome

75. The following are expected outcomes from the objectives of the Summit:

- a) Enhanced political commitment for effective implementation of plans of action;
- b) Better institutional arrangements and capacity for delivering employment programmes and poverty alleviation interventions;
- c) (c)Attainment of a level of poverty alleviation in consonance with improved productivity and increased employment;
- d) Generation of more jobs and income for vulnerable groups and mainstreamed gender policies;
- e) Utilizing sectors employing majority of people for fast-tracking mass employment and income opportunities;
- f) Improved conditions for self-employment and an enabling environment for a vibrant private sector;
- g) Availability of Community-based safety nets for the poor/unemployed/vulnerable groups;
- h) Partnerships and greater participation by all stakeholders and integrated approach in designing and implementing programmes to combat poverty and unemployment;
- i) Enabling environment for jobs creation through big infra-structural, labour intensive projects;
- j) Establishment and effective functioning of Cooperatives and increased employment opportunities;
- k) Increased advocacy for integrated sectoral policies;
- l) Adoption of policies and interventions that promote participatory and integrated development processes at the grassroots, local and national levels. Such interventions should be driven by the aim to empower the poor and their communities for collective action towards poverty reduction, self-reliance and advancement.

4. POLICY OPTIONS, KEY FOCUS AREAS, RECOMMENDED STRATEGIES/ ACTIONS

4.1 Policy Options

A. Macro economic policies for growth and employment

76. Macroeconomic and microeconomic policies can target productive employment creation and promotion as a first vehicle of poverty reduction within a framework of a growing economy. Fiscal and monetary policies, price policies, incomes policies, trade policies, etc. can be developed, structured and properly sequenced to impact effectively on economic stability and growth and hence to alleviate poverty and promote employment. It will be the task of African governments to create the right policy environment through legislation, capacity building, resource mobilization and institutional reform for the effective application of market reforms with a view to attaining sustainable development and reversing the trend of downward spiraling poverty trap and growing unemployment.

B. Employment friendly growth policies

77. Judicious selection should be made of those sectors and activities, which have large labour absorptive capacities and are labour intensive. In this regard, public works, transport, infrastructure, construction, cultural industries, tourism, etc. can be used in the implementation of poverty alleviation and employment promotion programmes. In addition, labour legislation, labour market information systems, freedoms of association and other policy interventions should be effectively developed to enhance employment friendly growth.

C. Gender mainstreaming

78. Given women's precarious situation, consideration should be given to gender equity and the feminization of poverty and ensure that gender is mainstreamed in all development processes including employment and poverty strategies.

D. Capacity and Institutional Building

79. Low productivity has been cited as part of the employment problem and therefore people must be equipped with the necessary skills to become more productive. Emphasis should be on Human Resources Development, Vocational and technical training/skills development.

E. Decent work

80. Decent work implies better lives and livelihoods for families. It means increased and more stable incomes, productive employment, healthier and safer

workplace and homes, and greater opportunities for creativity and entrepreneurship.

81. Decent work also implies the implementation at the national level of the four pillars of the ILO's programmes and activities for Africa, which include: (i) promotion and realization of fundamental principles and rights at work; (ii) creation of greater opportunities for women and men to secure decent employment and income; (iii) enhancing the coverage and effectiveness of social protection for all; and (iv) strengthening tripartism and social dialogue. The objective is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security, and human dignity.

F. High Investment in human and social capital

(i) Social expenditure

82. Government will have to adopt a deliberate programme aimed at improving poor people's access to health and educational services which should increase their productive capacities and living conditions and establish a system of social safety nets for those not able to benefit from job creation strategies.

(ii) Improved safety nets including social security

83. The objectives of social protection for all is based on the fact that working conditions, social protection, the health, hygiene and safety situation of workers are precarious in most African countries, particularly in the rural and informal sectors. The widespread use of new technologies, chemicals and pesticides, and the rising levels of pollution and environmental degradation are resulting in risks which are all the more serious because the workers concerned have inadequate information and minimal protection against the ill-effects. It is important that African countries establish mechanisms, which improve the occupational health, hygiene and safety situation and working conditions, as well as result in a more effective, financially balanced and better-managed social security systems for these countries. It is important to promote better systems of social safety nets as a major instrument in the fight against poverty especially for those who cannot benefit from other measures.

G. Public and Private Sector reforms

84. Public sector reform, under the Structural Adjustment Programme (SAP), was focused on reforming: the public service by downsizing and rendering it more efficient; enabling government to create a conducive policy environment for private sector development, privatizing public enterprises and managing government services on market principles. However, the results of this reform had led to large retrenchments, and loss of livelihoods. Thus, critiques of SAPs concluded that

unemployment, poverty, and social inequality have been on the increase and that many African countries are de-industrializing. The private sector has also not developed as expected. Many reforms, including market and institutional reforms undertaken notwithstanding, the sector has not performed significantly by way of alleviating poverty and promoting productive employment. Therefore, the way forward would be to enhance public-private sector partnerships, build capacity, carry out appropriate reforms on a continuous basis, network and collaborate with stakeholders and partners in development in order to increase significantly the rate of private and public savings and investment and attain sustainable development.

H. Sectoral coordination and integrated policies

85. This will help to increase the impact of policies, which are needed to spur labour intensive growth and improve the welfare of the poor and raise their productivity. A social policy framework which would guide Member State should be developed to achieve this objective

I. Trade and Industry

86. Policy interventions might include: promoting intra-African trade, increasing Africa's world trade shares, the development of local industries, micro and small businesses, etc. through micro-credit schemes (especially for women), entrepreneurship development, investment promotion, industrial parks and micro-financing.

J. Target Groups.

87. While poverty in many African countries is generalized, in that it affects the whole society, the rate of affliction varies among various groups. Hence policies and programmes must target the most vulnerable and marginalized groups which include the following: people in conflict situation, refugees, internally displaced persons, people living with HIV/AIDS, youth, women, domestic servants, persons with disabilities and the aged. These often lack legal protection, social security, access to public services and productive employment. They suffer from social exclusion, deprivation and lack of access to power, which translate into disempowerment. This disempowerment has resulted from people's inability to: address their own problems, challenge exploitation, voice their concerns or claim their rights. Decades and generations of poverty among numerous families have also resulted in apathy. These factors, combined with low levels of education, lack of information and opportunities have locked poor women and men into a vicious circle of poverty and dependency. It is important that these facts about the poor are taken into account while devising interventions to alleviate poverty and promote employment in Africa.

4.2 Key Focus Areas

88. The following sectors are identified as those with high employment potential and also having a multiplier effect in ancillary job creation activities.

A. *Agriculture and Rural Employment*

89. Most of Africa's population and the poor are in the informal economy and in subsistence agriculture. The collapse of African agriculture has been explained by increasing drought, desertification, deforestation, soil and water erosion, as well as growth of animal and human population pressure, misuse of the natural resources, and declining labour productivity. In many African countries, there are great potentials for significant growth in outputs and labour productivities. However, to reverse the trend, overcome food insecurity, alleviate poverty, increase productive employment and regain market shares in agricultural exports, wide-ranging policy interventions are necessary. These include: expanding coverage of irrigated agriculture; providing infrastructure (access roads, storage facilities, etc.); using modern management, inputs, research and techniques; and establishment of centres of excellence. It will also be necessary to empower the farmers and peasants through the promotion of cooperatives and other social institutions, labour and property rights legislations, social security and safety nets, education and training, voice, association and participation. The foregoing are expected to create the necessary conducive environment for increased investment, micro-finance, credits, material and human resource flows to the sector.

B. *Women and work*

90. As noted in the documents submitted to the 3rd ordinary Session of the AU Assembly of Heads of State and Government held in July 2004 in Addis Ababa (which also adopted a Solemn Declaration on Gender equality in Africa), African women's labour force participation has increased during the last two decades. However, this has not translated into real socio-economic empowerment of women because of various constraining factors such as unequal access to education and training, gender stereotyping, discrimination. In most African regions, women occupy a predominant place in the agricultural sector as well as the service sector. Policy interventions should include an integrated development approach which mainstreams gender into development strategies, targeted job creation for women, access to productive resources which include land, natural resources, capital, credit, infra-structure, technology and skills.

C. *Informal economy activities*

91. The urban informal economy, which houses the majority of the urban population, the poor and the unemployed, includes a wide range of activities which although small scale and not formally recognised, plays an important part in the

economy. Such activities usually carried out by the majority of women, supports the formal sector activities and a clear connection need to be made between the two. This is also the sector with large potentials for productive employment and real income growth. There is a wide range of productive activities carried out in the informal sector including manufacturing, cultural industries, maintenance, repair work, construction, retail trade, catering, and a plethora of service activities.

92. Policy interventions would include the development of a comprehensive informal sector database; creating a clear connection between the informal sector and the formal sector; the need to improve the employability, productivity; as well as incomes of the poor in the informal economy through access to education and training, health, nutrition, water and sanitation. It is also necessary to support the informal economy by removing administrative, legal, fiscal and other obstacles to its growth and facilitate its productive employment creation functions by providing access to micro-finance, credits, industrial parks, advisory services, appropriate legislation, productive inputs, social protection and improved technology. Government Policy and other interventions should be directed at building the capacity of the poor, providing them with a conducive environment for the building of their communities and institutions and empowering them for self-reliance and advancement. In this regard, African governments, employers' and workers' organizations, chambers of commerce, the private sector, civil societies, NGOs, and cooperating partners should collaborate in providing the requisite financial, material and technical support for the development of the sector.

93. There is also subcontracting work, networking and diverse economic and social relations between the formal and informal economies. These are the sources of economic growth and employment creation and expansion, which must be targeted by public policy.

D. Infrastructure/ICT/ Public Works programmes

94. Other sectors with high poverty alleviation and employment promotion potentials are construction, information and communication technologies (ICTs), infrastructure (dams, road construction, urban drainage), micro-enterprises, tourism, services, etc. Policy measures, mobilization of financial, material and human resources and collaboration of stakeholders and development partners are necessary in order to realize the employment and income generating potentials of the sectors. Some of these sectors provide direct employment creation especially in public works programmes.

4.3 Recommended Strategies/Actions

95. Emanating from the objectives and the expected outcome of the Summit are the proposed strategies/actions to be taken at national, regional, continental and international/global levels.

A. At the National Level

96. Policy measures should be taken to create an enabling environment for employment growth, poverty eradication and sustainable development. Government is expected to provide commitment, political leadership and advocacy as well as exercise authority, including regulatory authority, in laying the ground rules of fair play, labour legislation and law enforcement in consonance with ILO conventions.

97. To build state effectiveness through progressive reform of public institutions, i.e. the civil service, the parastatals, the police and the judiciary

98. To enhance capacity and create an enabling environment at the local level, decentralize administration and promote devolution of power and empowerment of local governments

99. Build institutional capacity (including programmes and activities) in the Ministries relevant for employment creation and poverty eradication (including the Ministries of Labour and Social Affairs, Health, Agriculture, Education, etc.)

100. Prioritise, elaborate programmes and promote key sectors and activities with high productive employment potential in line with the NEPAD strategies such as agriculture, micro-enterprises, settlement schemes, industry, construction, transportation and communication, informal economy, cultural industries, etc.

101. Enhance employment (especially of vulnerable groups including women) through legislation (e.g. reforming the investment codes and regulations), the promotion of labour-intensive projects, SMEs and micro-enterprises so as to create an enabling environment to promote entrepreneurship.

102. Develop country level programmes and activities on the basis of the Sirte Declaration (adopted by the 2nd Extraordinary Summit of AU in February 2004, Sirte, Libya) on the *Challenges of implementing Integrated and Sustainable Development on Agriculture and Water in Africa*.

103. Through legislation, institutional capacity building and other modes of intervention, government should enhance tripartism and social dialogue in labour relations and free mobility of labour, ensure respect of human rights, eliminate unfair discrimination, and guarantee equity and fair play at the work place.

104. As a part of the mechanisms for inter-sectoral coordination of integrated national policies for the promotion of employment and poverty reduction, establish and promote supporting National Economic and Social Commissions or analogous institutions in which Ministries of Labour, Employment and/or Social Affairs, other sectoral Ministries, the Social Partners (Employers' and Workers' Organizations),

the private and informal sectors and relevant NGOs, civil society organizations (CSOs) e.g. Women, Youth and people with disabilities (PWDs) would be closely involved.

105. Develop policy and implement programmes that target vulnerable groups such as the people with disabilities (e.g. people living with HIV/AIDS), migrants, refugees, internally displaced persons, aged persons, women, children and youth.

106. Develop partnerships with the private sector, national chambers of commerce, the civil society, trade unions, employers' associations, the Diaspora and other stakeholders in the development and implementation of programmes to combat poverty and unemployment.

107. Forge partnerships with development partners, CSOs, the Diaspora to mobilize material, financial and human resources for employment promotion and poverty alleviation programmes

108. Through legislation and promotional programmes enhance the development of cooperatives, self-employment schemes, etc.

109. Provide monitoring, evaluation and follow-up mechanisms to ensure harmonious labour relations, social security, protection of human rights and freedoms, and maintenance of decent labour standards.

110. Enhance labour mobility and employment through establishment and development of labour market information systems, labour counselling, vocational and skills training programmes, apprenticeship schemes, etc.

111. Empower vulnerable groups (poor women, youth and persons with disabilities, domestic servants, etc.) by improved protective legislation, provision of credits, capacity building and provision of social security and social safety nets.

112. Develop performance indicators and database as well as evaluation, monitoring and follow-up mechanisms for the implementation of country-level poverty alleviation and employment promotion programmes and activities and for commitments made in relation to similar regional, continental and international level initiatives.

B. At the Regional Level

113. Reform and restructure the Regional Economic Communities so as to avoid multiple memberships and eliminate duplication of work.

114. Coordinate and harmonize policies for the accelerated implementation of the trade liberalization and regional integration programmes of the RECs.

115. Coordinate and harmonize policies for an accelerated implementation of the protocols on the free movement of persons.

116. Establish regional integration and development programmes and activities which enhance integration, economies of scale, poverty alleviation, employment and regional development

117. Coordinate and monitor, through the Regional Follow-up Mechanism, the implementation of regional programmes and activities by member states.

C. At the Continental Level

118. Promote the implementation of the AU regional integration plan and the New Partnership for Africa's Development (NEPAD) Programme for poverty alleviation and sustainable development in Africa. The *AU Vision, Mission and Strategic Plan*, which is adopted in principle by the AU Summit in July 2004, Addis Ababa, Ethiopia, takes integration as a vital tool for accelerating the economic, social, cultural and political development of African countries, through the elimination of interstate conflicts, enlargement of national markets, expansion of intra-African trade, and a conducive environment for investments and output diversification and growth.

119. Develop and promote the establishment of a social policy framework with a view to realizing an integrated sectoral approach to social development issues.

120. In collaboration with the ILO, promote the implementation of its "Decent Work and Protection for All in Africa" programme (adopted in December 1999 by the 9th ILO African Regional Meeting in Abidjan, Cote d'Ivoire), which was aimed at promoting employment and reducing poverty by developing and using existing regional coordinating machinery and through the creation of employment opportunities for women and other vulnerable groups and through the provision of social protection for all, the promotion of fundamental principles and workers' rights, international labour standards, and tripartism and social dialogue.

121. Using existing and developing regional coordination mechanisms, advocate for the implementation of the programmes on the "New Vision of Jobs for Africa", The New Vision aims to achieve its goals through placing the employment creation agenda highest in its priority listing and through adoption of participatory mechanisms and by empowering the state to implement policy decisions.

122. Using existing and developing new regional coordination mechanisms, sensitise Member States and advocate for the implementation of the World Health Organization strategy: *Poverty and Health Strategy for the African Region* (2003, Brazzaville, Congo Republic), and the *NEPAD Health Strategy* adopted by the AU

Summit in July 2003, Maputo, Mozambique, which have the objective of targeting vulnerable groups, maintaining advocacy platform in partnership with collaborating partners and implementing health improvement programmes. The operationalization of this Regional Programme is expected to make a contribution to the success of the overall strategy to combat poverty and underdevelopment, and significantly reduce underemployment levels through a positive impacting on labour productivity.

123. In collaboration with the UNFPA and other stakeholders, create appropriate structures and regional coordination mechanisms for addressing family concerns in the context of survival, development, protection and respect for the rights of family members; promote gender equality within families and implement the *AU Plan of Action on the Family*.

124. Establish appropriate regional coordination structures and advocate for the implementation of the *African Regional Nutrition Strategy (1993-2003)*, which was adopted by the AU Council of Ministers (June 1993, Cairo, Egypt), and which is aimed at poverty reduction through reduction of food insecurity, improving nutritional status of the people, and increasing awareness and commitment of stakeholders. It also has strategies and a Plan of Action, approaches, mechanisms and programmes to bring about a significant improvement in the nutritional status of the African people. There is a need to review and operationalize this Strategy in coordination with other similar sectoral initiatives for the African Region.

125. The *AU Labour and Social Affairs Commission*, established by Summit Decision in 1964, is also expected to make significant contribution to a regional programme of poverty eradication and productive employment promotion in Africa, through coordination of efforts, collaboration with all partners in development, setting labour standards, and developing policies and programmes in the fields of labour and social affairs.

126. Advocate for the implementation of the *African Productive Capacity Initiative (APCI)*, initiated by the AU (NEPAD)/UNIDO as an instrument to reduce marginalization, create jobs, and alleviate poverty by providing impetus to structural change in Africa: encouraging economic growth and sustainable development and promoting intra-trade and regional production processes based on principles of comparative advantage and value chain as well as removing constraints and reducing transaction costs

127. Effectively advocate for the strengthening of and the use of the regional coordination mechanism of the Conference of African Ministers of Public Service, which is established in 2001 by the *Charter for the Public Service in Africa (2001)* and appeal to Member States to implement the Conference's *Governance and Public Administration Programme for Africa*. The Conference is a platform for the coordination and standardization of the civil service reform programmes in Africa

and a means for the exchange of best practices and experiences in the fight against nepotism, mismanagement, corruption and other forms of misrule; and plays an important role in the promotion of sustainable development, and hence the eradication of poverty in Africa.

128. To ensure the ratification of and effective implementation the AU *Convention on Preventing and Combating Corruption*, in July 2003 (Maputo, Mozambique). By adopting this Convention the AU Member States made a commitment to fight against corruption by, *inter alia*, requiring them to establish a code of conduct for public officials, and monitor the implementation of such code; adopt laws to make illicit enrichment illegal; give right of access to information in the fight against corruption; and adopt measures, to ensure transparency in the funding of political parties, and fair elections.

129. The African Union has adopted the *Conference on Security, Stability, Development and Cooperation (CSSDCA)*, which is the monitoring and evaluation mechanism and through which, for the first time, African Member States are to be held accountable for implementing the decisions they have adopted. The CSSDCA process includes the adoption by AU Member States of a Memorandum of Understanding, which lists fifty key performance indicators by which Member States will be monitored with regard to their compliance with continental decisions they had taken. These key performance indicators deal with various issues of probity and good governance in the public sector; sound management of public finances, decentralization of administration and devolution of power, transparent control of public expenditures, firm constitutional limitations on tenure for political office bearers; fair elections; the enactment of key elements of a Bill of Rights, including the protection of citizens from arbitrary arrest, the promotion of equality of women in all spheres of life and the establishment of an independent commission to determine the measures necessary for improving the criminal justice system in all Member States.

130. Evaluate the implementation and map out the way forward for the Harare Programme of Action of the Decade of Education in Africa (endorsed by Heads of State and Government in July 1999, Algiers, Algeria).

D. At the Global/International Level

131. Accelerate Africa's integration into the global economy through effective participation in the multilateral negotiations on trade and economic cooperation. Using the AU coordination mechanism of the Conference of African Trade Ministers, attempt to solve Africa's market access problems in the WTO trade negotiations by seeking removal of agricultural subsidies and other non-tariff trade barriers against African agricultural exports.

132. Address African problems of brain-drain and the lack of free mobility for African unskilled labour (see paragraphs 41 and 67), using the AU coordination mechanism and developing common positions in the trade negotiations on General Agreement on Trade in Services (GATS).

133. Taking into account Africa's production and supply constraints, lack of competitiveness in the global market, and inability to benefit from preferential trade arrangements (ACP-EU Partnership Agreement with EU, AGOA with the USA, etc.), and using the appropriate AU coordination machinery, develop and strengthen cooperation with Africa's partners in development to cancel Africa's debts, and, on a sustainable basis, to increase to significant levels their economic and technical assistance and the level of their lending to Africa.

134. Develop and strengthen collaboration with Africa's development partners to significantly increase the rate of FDI flows to Africa and significantly reduce capital flight from Africa.

135. Initiate and strengthen collaboration with Africa's development partners to formulate and implement programmes (e.g. the UN Millennium Development Goals, ILO's New Vision for Jobs in Africa, the Highly Indebted Poor Countries Initiative (HIPC), etc.), which are aimed at eradicating poverty, bringing about sustainable development, fighting against terrorism, etc.

136. Strengthen the formulation and implementation of the Poverty Reduction Strategic Papers (PRSPs) through partnerships with the civil society, social sector ministries, the private sector, women, youth, employers and workers organizations and other stakeholders so as to ensure that employment, like poverty alleviation is also given top priority.

137. Forge close working relationship and collaborate with the World Commission on the Social Dimension of Globalization, which has the objective of, inter alia, mobilizing international action for change, bringing greater coherence, a fair sharing of benefits, and greater international solidarity and cohesiveness of globalization, and advocate for the integration of the poor countries into the global economy.

5. DECLARATION AND PLAN OF ACTION

138. The Extraordinary Summit is expected to adopt a Declaration and Plan of Action. The Declaration is a commitment on the part of AU Member States to work together to solve the perennial twin problems of poverty and unemployment in Africa.

139. The Plan of Action articulates the commitments made in the Declaration and outlines the strategies and activities to be undertaken by Member States and other stakeholders.

6. IMPLEMENTATION, MONITORING AND FOLLOW-UP MECHANISM

140. The Extraordinary Summit is also expected to adopt an Implementation, Monitoring and Follow-up Mechanism, which outlines the mandate, composition, membership, functions, reporting and investigation procedure, and assigns the role of coordination to the AU Commission. The Mechanism for Implementation, Monitoring and Follow-up will ensure that the Plan of Action is implemented in a sustainable manner and in collaboration with all stakeholders and partners; that the activities and actions are well coordinated; and that monitoring, evaluation and feed-back are continuous and reported periodically.

CONCLUSION

141. The Background Paper has attempted to outline the key issues in the process of employment creation, promotion and poverty alleviation, with the sole objective of providing a guiding framework for national consultations. The document, therefore, provides policy framework for the implementation of national strategies aimed at employment creation and poverty alleviation. It is unlikely that all proposals contained in the outcome documents of the Extraordinary Summit will be viable for implementation in a given country. Policy makers at the national level are therefore encouraged to consider the various strategies best fitted for their individual country condition. The African Union Commission, as the premier continental body, monitors and utilizes its central role to share best practices and provide advisory assistance where appropriate to combat poverty, hunger and unemployment.

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**ASSEMBLY OF THE AFRICAN UNION
THIRD EXTRAORDINARY SESSION
ON EMPLOYMENT AND POVERTY ALLEVIATION
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THEME

**“STRATEGIES FOR EMPLOYMENT CREATION/PROMOTION
AND ENHANCING SUSTAINABLE LIVELIHOODS”**

BACKGROUND PAPER

Prepared by the African Union Commission

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