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SADCC: THE SECOND DECADE - ENTERPRISE, SKILLS AND PRODUCTIVITY

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## 1. INTRODUCTION

1.1 The main mission of the Southern African Development Coordination Conference (SADCC) is to coordinate the collective efforts of the countries of the region toward socio-economic development leading to the reduction of economic dependence particularly, but not only, on South Africa; and equitable economic integration. During the 1980s, the economic problems of member States have deepened. The main reasons for this situation have been:

- \* balance of payments problems;
- \* a sharp drop in both public and private investment;
- \* deterioration in the terms of trade, leading to severe foreign exchange shortages and the debt burden;
- \* inappropriate national economic policies; and;
- \* political strife, including South Africa's military aggression and destabilisation activities.

1.2 Right from the beginning, SADCC gave top priority to the rehabilitation and further development of the region's physical infrastructure and service sectors of transport, telecommunications, civil aviation and energy. However, SADCC also recognised that the viability of this infrastructure depended on increased production of, and trade in goods and services that use this infrastructure. Consequently over the last three years, SADCC has given priority to issues relating to the promotion of investment, production and trade in the region. The first concern, in this context, was to develop consensus and common approaches to the issues involved, and to generate concrete programmes and projects for implementation.

1.3 A policy consensus has been achieved on such issues as the establishment of a trade programme in SADCC, measures to support increased investment in production, and the role of the enterprise community in the regional development effort. Some concrete programmes have also emerged, including agreement on the establishment of Export Pre-Financing Revolving Funds (EPRFs), and studies done on a regional Export Credit Facility (ECF), Cross-Border Investment Facility (CBIF), the Harmonization of Investment Codes, and the establishment of SADCC Business Councils.

- 1.4 In addition, policies and strategies for regional industrial development have recently been approved. Areas identified for further work include the establishment of One Stop Investment Offices, cooperation in Monetary and Financial Matters and a regional Stock Exchange.
- 1.5 The very large programme of rehabilitation and development of infrastructure which has been underway for some time now, will require proper management and maintenance to ensure its optimal operation. A successful investment effort also requires skilled personnel at all levels, and institutions which are organised to support such efforts. In addition, the personnel in these institutions must be sufficiently conscious of the need for higher productivity and efficiency. A related issue is the coordinated utilization of facilities in a manner that would ensure both cost-effectiveness and their long-term viability. Currently the shortage of trained manpower remains one of the foremost constraints to the realization of SADCC's objectives. This problem needs to be addressed urgently and effectively.
- 1.6 So far, SADCC's approach to regional cooperation was based on the coordinated implementation of discrete projects. This was appropriate in the early stages, as it was necessary to build confidence and to get the Organisation functional. A project-based approach to regional cooperation for economic development will, however, not be enough to address the factors which inhibit growth and sustainable development, such as small and truncated markets, low purchasing power, technological dependence, shortages of skills, etc.; and in order to derive benefits from economies of scale. This would call for much closer coordination of policies at both sectoral and macro-economic levels, and a deeper involvement of all sections of the region's peoples in the development effort.
- 1.7 In addition, Namibia is expected to gain independence, and join SADCC as a tenth member, and steps are being taken in Angola and Mozambique to bring the wars there to an end. There is also a growing, albeit hesitant, acceptance by South Africa's white community of the imperative of negotiating with the genuine leaders of the black majority.
- 1.8 All the foregoing developments will raise both opportunities and challenges regarding the economic and political future of the region. The region, and the international community, see SADCC as a central factor to economic progress in Southern Africa, and a key player in the new relationships that will emerge. In its second decade, SADCC must take all these issues on board. SADCC will need to be institutionally geared to meet these new challenges, to have the technical capacity to articulate the issues of concern

to the region, and to initiate, design and implement programmes and projects that appropriately address the ambitions, concerns and expectations of the region.

- 1.9 The theme for the 10th Anniversary Conference, must encapsulate all these concerns, challenges and hopes. It has, therefore, been decided that the theme of the 1990 Annual Consultative Conference will be SADCC: THE SECOND DECADE - ENTERPRISE, SKILLS AND PRODUCTIVITY.

## 2. OVERVIEW

- 2.1 The SADCC region, like the rest of Sub-Saharan Africa, has been experiencing a deepening economic crisis for most of this decade. Low agricultural production and productivity, against high population growth rates; declining levels and low efficiency of investment, with industrial capacity utilization as low as 25% in many cases; poor export performance; the debt burden; serious institutional and policy weaknesses and failures, including poor management of national affairs, and low levels of public accountability in some cases; deteriorating social services and quality of life, and serious environmental degradation have characterised the crisis. The hostile international economic environment, South African destabilisation and military aggression and natural calamities, such as drought, have compounded the situation.
- 2.2 As a result, most SADCC economies have experienced negative growth in Gross Domestic Product (GDP) per capita for most of this decade. Worse, new investment, both local and foreign, has virtually dried up, and official development assistance (ODA), in real terms, is the lowest in two decades. This poor performance has led to very serious socio-economic problems. There is an alarming and growing unemployment problem, particularly among the young, and sometimes even the relatively well-educated. The population of the urban areas is continuing to swell, as the young are drifting from the rural areas seeking non-existent employment opportunities in the cities and towns. All these developments spell serious dangers for the social and political stability of member States. Concerted measures, not only to reverse the economic decline, but to create a basis for meaningful, sustainable and people-based economic development are, therefore, of utmost urgency.
- 2.3 In 1987 SADCC exports and imports were estimated at US\$7.2 and US\$6.6 billion respectively, which represents a slight improvement in the trade balance of US\$0.6 billion. This situation reflects both the strong improvement in commodity prices and massive import repression. However, despite

these improvements in the balance of trade, SADCC countries incurred an aggregate current account balance of payments deficit of some US\$13.6 billion. This large deficit was attributable to outflows on the invisible account primarily debt repayments.

- 2.4 SADCC member States have responded to the crisis by instituting policy reforms which have resulted in an improvement in their economic performance, as represented by an average regional GDP growth of 4.5% in 1989. Unfortunately, these reforms have mainly focussed on public finance and monetary policy. They are yet to address the fundamental structural problems, without which sustained economic growth and development are impossible. Such structural problems are epitomised by the heavy dependence on the export of raw materials, the importation of virtually all capital and intermediate goods, the bulk of consumer goods, and low levels of indigenous expertise and skills, etc. The fundamental issues relate to:
- \* increased investment;
  - \* the development of personal and institutional capacities, particularly as they relate to the management of both private and public institutions;
  - \* science and technology;
  - \* the democratisation of the development process, to ensure that people have a meaningful involvement in decisions and actions that affect their lives;
  - \* population; and,
  - \* the environment.
- 2.5 After SADCC was established, it moved quickly to address the region's infrastructural needs, and the development of an appropriate institutional machinery for regional cooperation. The second major concern was agricultural development, particularly food security, agricultural research and the control of livestock diseases. This was carried out in the face of a savage destabilisation campaign by the apartheid regime in South Africa. The SADCC Programme of Action currently comprises programmes in Energy, Food, Agriculture and Natural Resources, Industry and Trade, Manpower Development, Mining, Tourism, and Transport and Communications, and has 490 projects costed at about US\$6.3 billion.

- 2.6 As progress was achieved in the infrastructure and services sectors, and also in order to address the fundamental economic structural problems, SADCC shifted emphasis to the issues of Investment in Production. In this effort, SADCC enlisted the assistance of the local and foreign business communities to identify the constraints to investment in the region. Hence the last three SADCC Annual Consultative Conferences, two conferences of businessmen and numerous smaller meetings with the representatives of the region's business community, have been devoted to this subject. The message which came out of these consultations was that the region had to improve its overall investment climate in such a way that the investor would feel both welcome and confident. In addition, a number of other constraints had to be abated. These include foreign exchange shortages; regulatory and legislative regimes imposing different kinds of controls; the small size of national markets, in terms of either population or purchasing power; and often serious shortcomings of policy.
- 2.7 SADCC responded to the situation, first by facilitating a dialogue among the regional business communities themselves, and between the region's business community and the member governments; and creating the necessary institutional machinery for these consultations to take place. Hence, today, the SADCC Business Councils have been established, with a regional Secretariat based in Gaborone, Botswana.
- 2.8 Secondly, the Organisation addressed the other constraints directly. Studies were conducted on ways to overcome the foreign exchange constraint to production. The result was the adoption by most member States of the Export Pre-Financing Revolving Funds, aimed at making foreign exchange available for the importation of production inputs. A related development is the Nordic/SADCC (NORSAD) Fund, which is aimed at making foreign exchange available for Nordic/SADCC joint ventures. Recommendations of studies on an Export Credit Facility and on the facilitation of Cross-Border Investment are before the member States. Other studies and investigations planned or underway involve the formulation of guidelines for One-Stop-Investment Offices, the Harmonisation of Investment Codes and ways of facilitating travel, including business travel, in the region. Above all, a Regional Industrial Development Policies and Strategy document has been adopted, and efforts are underway to bring it into operation.
- 2.9 In addition to these more concrete and measurable products of regional cooperation, SADCC has managed to inculcate a sense of identity and solidarity among the peoples of the region. Throughout the region, people in different walks of life, mostly on their own initiative, and independently of

official government or SADCC instigation, are getting together to seek solutions to common problems. Thus, there are now organisations of SADCC Accountants, SADCC Architects, SADCC Museums, SADCC Trade Unions, SADCC Universities, SADCC Youth, SADCC Women, etc. This is consistent with the call of the Lusaka Declaration to "... our own peoples to participate in this high endeavour aimed at economic liberation and integrated development of our national economies."

- 2.10 In as much as member States must do more to ensure sustained and self-generating economic development, SADCC must be geared to enhance these efforts. Regional cooperation must provide access to a wider market, on the basis of mutual benefit, and promote greater efficiency of resource use, through cross-border investment, production and trade linkages; to provide the launching pad for greater access to the more competitive international markets. Much of the socio-economic and physical infrastructure required for economic development, such as universities and training institutes, research and development institutions, large scale production facilities, etc. are too expensive for one country to develop fully. This level of regional cooperation would call for greater policy and planning coordination than has been achieved so far in SADCC. As President Kaunda put it:

"cooperation in production will, of necessity demand from us closer coordination of macro-economic issues such as taxation, exchange rates, licensing, prices and exchange control. It is, therefore, clear that cooperation in production is a field of cooperation that will blur the hitherto clear distinction between national and regional policies." (SADCC Summit, Harare, August 1989)

- 2.11 It will be necessary, therefore, to review SADCC's role, with a view to intensifying regional cooperation efforts. This process has already started. Closer consultations and collaboration on economic issues are called for, in order to achieve the coordination of macro-economic policies. Efforts are now underway to introduce sectoral policy and planning coordination. Related to this, the 1989 Summit meeting instructed the Council of Ministers to formalise the Organisation, and give it a legal status. The aim is to enable SADCC to structurally, institutionally and operationally respond adequately and effectively to the challenges of the 1990s and beyond.

2.12 While it is important for the Organisation to maintain the momentum and to move forward, it is equally important that what has been achieved so far is consolidated, and made to work in the most efficient and productive manner, in order to yield maximum benefit to the region. This means that SADCC should pay increasing attention to the management and maintenance of the installed capacity in the railways, ports, power utilities, etc. The theme of Enterprise, Skills and Productivity, therefore, applies as much in this sense as in investment in production. Unless our infrastructural facilities are managed in an efficient and competitive manner, they will fail to attract business, and will become a drain on the rest of the economy.

### 3. THE ROAD AHEAD

- 3.1 As SADCC enters its second decade, the Organisation finds itself in a world that is rapidly undergoing profound change. The unification of the EEC into a single market in 1992, and the USA/Canada Free Trade Agreement will create investment and trade opportunities which will heighten competition outside these regions. The political and economic changes initiated in Eastern Europe, the USSR and China should also present new opportunities on the world economic scene. As a result of the radical changes currently taking place in Eastern Europe, these countries are also likely to attract the increased attention of both investors and the donor community.
- 3.2 These developments also mean that, far from the world becoming one economic and trading area in the near future, regional groupings are going to dominate. For countries that fail to accommodate these developments in their national and regional strategies, and to keep pace with them, the 1990s are likely to be years in which they will see themselves losing more economic ground than during the 1980s. SADCC member States can take a leaf from the experience of the countries of the Pacific Rim, most of whom have few natural resources, but have ingeniously used good policies and their abundant labour to create their own industrial revolutions in less than a generation.
- 3.3 Although aid flows to the SADCC member States are not expected to fall dramatically in nominal terms, the real value of aid resources in the decade ahead is likely, to at best, remain stagnant. Nineteen Ninety will see Namibia attain independence, and become the 10th SADCC member State; and during the decade, meaningful progress will be made towards the eradication of apartheid and achievement of democracy in South Africa. These countries will rightly claim a share of available aid resources, and donors are

likely to respond favourably. This will compel SADCC as a region, and SADCC member States, to review and re-order priorities, in order to equitably accommodate the justifiable needs of these countries.

- 3.4 However, the region will be challenged even more to increasingly rely on the generation of its own resources for development purposes. This, in turn underscores, the need for the measures necessary to enable the region's economies to create wealth, which is only possible under conditions of increased investment in productive activities.
- 3.5 As observed above, in its first decade, SADCC has performed a valuable function in identifying a viable regional cooperation programme; implementing an initial set of high priority infrastructure projects; identifying the issues of common concern regarding investment, production and trade; and enlisting the participation of the enterprise sector, both regional and foreign; and instilling a regional identity among the region's peoples. Assisted by the international community, new capacity has been added to the total infrastructural base, particularly in the form of transport, power and telecommunication services.
- 3.6 However, the region is going to face additional challenges that will make social and economic policy choices during the decade all the more critical. Events now unfolding in Namibia, Angola and Mozambique will certainly bring about significant positive changes to the overall political and economic climate, and open up new vistas of opportunities in the region. The imminent independence of Namibia, as well as the eradication of apartheid and the democratisation of South Africa also bode well for the peaceful development of the whole region. This should lead to the redirection of resources away from defence against destabilisation to more economically productive uses.
- 3.7 These developments will, however, not change the current economic disparities in the region, whose redress remains a priority objective of SADCC. The comparatively more developed productive sectors and infrastructure of South Africa will obviously give it a competitive edge over the other states of the region. Foreign investment may again begin to flow into South Africa, once such relations have become politically legitimate, and social stability has been restored. SADCC will have to intensify measures to re-align economic relations in the region, in collaboration with a democratic South Africa, to ensure greater equity and mutual benefit in terms of investment, jobs and economic growth generally.

- 3.8 For more than 30 years, developments in Southern Africa have had political liberation and race as the twin points of departure. An independent Namibia, and a post-apartheid and democratic South Africa should close this unfortunate chapter in the history of the region. The sole focus will, therefore, be the social and economic betterment of the region. Today, in most SADCC member States, the large majority of citizens are young people to whom the liberation struggle was not a direct personal experience. These people are concerned more about jobs, housing and improved quality of life generally, rather than the fervour of the liberation struggle and independence.
- 3.9 Against this background, there is an acute realisation that the challenges facing SADCC in the 1990s will be radically different from those of the 1980s. For individual countries, and for the region as a whole, the choices of political and economic policies appropriate to this difficult, but potentially stimulating period, will be crucial to the chances of success. A deliberate and conscious effort will be required to ensure that countries of the region develop in a harmonious and mutually supportive manner.
- 3.10 After ten years of existence, SADCC is coming of age as an organisation. In the second decade, the adequacy of the institutional framework will need to be reassessed in view of the new challenges facing the region. Whatever institutions were adequate for dealing essentially with loose coordination of efforts, may not be adequate for handling the more intricate problems of the 1990s. The challenges of coordinating regional productive activities and intra-regional, as well as extra-regional trade may require new institutions with appropriate expertise and a minimum of authority to initiate, direct and implement action in the various fields of activity. The capacities of existing and new institutions should be reviewed and monitored in order not to lose momentum in realising the objectives of the Lusaka Declaration.
- 3.11 SADCC has so far enjoyed the strong support of the international community. It is hoped that the Organisation can continue to count on this support as it confronts the challenges of the 1990s. In as much as SADCC, and the individual member States are called upon to take the necessary measures to promote enterprise, skills and productivity, so can the cooperating partners. The aim should be to help create in the region, the capacity and the expertise to do things ourselves. This means that the region's firms and experts should be given preference in the execution of contracts. This would entail important changes

to existing procedures and practices. It is only through this approach that international assistance will have a lasting and real developmental impact on the region.

#### 4. THE CHALLENGES

- 4.1 All SADCC member States face, to varying degrees, very serious unemployment and under-employment problems. For instance, in some SADCC countries there is already a need to create jobs for more than 1000 school leavers every day; infant mortality rates are still unacceptably high, at over 140 per 1000 live births, and life expectancy at birth is still as low as 45 years, in some member States.
- 4.2 The region as a whole has a Gross Domestic Product (GDP) of about US\$25 billion. For purposes of comparison, US\$25 billion is about half the size of that of Portugal, and a quarter of the size of that of Denmark. On the other hand, the SADCC region has about 76 million people, which is 15 times the population of Denmark, and more than seven times that of Portugal.
- 4.3 Figures on gross domestic product per head of population, derived from these statistics, show up the stark contrast between SADCC and these two European examples. SADCC's GDP per head is about US\$330 a year. Denmark, one of Europe's better off countries, has a GDP per head of about US\$21 000. In Portugal, which is perhaps Europe's smallest economy, the GDP per head is about US\$3 800 a year, more than 10 times the SADCC average.
- 4.4 It is necessary to examine such figures to gain an accurate perspective of SADCC's situation. To restate the main point, a ten-fold improvement in the GDP per head of our population would be required to make us as "rich" as Portugal.
- 4.5 As the developed world moves into new technologies that are based much more on intellectual capabilities than on physical resources, the importance of Southern Africa's economies based on physical resources will begin to decrease, and there will be an even greater premium on enterprise, skills and productivity.
- 4.6 In the world of tomorrow, the value of knowledge will overshadow that of natural resources. Technologies that will reduce the importance of natural resources, will further diminish the relative power of nations rich in natural resources. Since the carrier of knowledge is the individual, particularly the entrepreneur, it is critically important to the future of the region that conditions are

created that will allow people to realise their full potential.

- 4.7 A number of problems account for the above situation in the region. These include shortcomings in economic policies; limited entrepreneurial capabilities and skills; an acute shortage of capital resources, and low capital back-up per worker; high population growth rates; high unemployment and generally very low productivity; excessive dependence on commodity exports; under-developed infrastructures; and unduly central economic controls, particularly as they relate to operational decisions and the relative prices of factors of production.
- 4.8 To the above, common to most SADCC countries, must be added others which apply only to some of the SADCC member States in varying degrees of seriousness. These relate to high government spending; large fiscal deficits and heavy debt burdens; high taxes; strict foreign exchange control; and large public bureaucracies which are not always maximally productive.
- 4.9 The above is a formidable list. Although most of these problems are endogenous, a significant share of them is exogenous, arising from the already known inequities of the world economic order, and the special geo-political situation of Southern Africa. On the plus side, however, the region is well endowed with natural resources and with huge reserves of labour which, unfortunately is, largely unskilled.
- 4.10 For the further development of the SADCC region, there is broad agreement on the most urgent needs. The region requires entrepreneurs; skilled people; the creation of an enabling environment to promote investment and development; the work ethic, and the efficiency required to compete successfully in the modern world. The creation of such an enabling environment implies the implementation of comprehensive political and economic adjustments, the need for which is imperative. Such adjustments include provision for greater popular participation in decision-making and actions that affect their lives, greater public accountability by those in offices of trust.
- 4.11 SADCC member States have no way of dealing with this situation except by developing a culture of technology, and the necessary skills, and mobilising their own resources and reducing dependence on shrinking aid. This is the only realistic option, if there is to be any hope of increased prosperity for the rapidly growing population.

- 4.12 The region's, indeed any nation's, greatest asset and potential source of wealth is the people. However, the investment that SADCC member States put into the people, in training and skills, will not be realised until conditions that are favourable to the full application of those skills are created. Among the conditions required to actively promote development, is the free flow of ideas, technical know-how and capital.
- 4.13 The past decade's concerted action by SADCC states to secure international and aid cooperation must become, in the next decade, concerted action by the region to become an obvious and outstanding choice for investors. It must be underlined that foreign investment needs a flourishing local business community, and both the local and foreign investors should enjoy similar conditions.
- 4.14 Population and the environment must receive pointed attention in the 1990s. It is impossible to improve standards of living, create jobs or ensure adequate socio-economic facilities such as schools and hospitals, etc. at current rates of population growth. The danger of over exploitation of the environment, often as a result of population pressure, should also be a matter of great concern to the region.
- 4.15 The task for each SADCC member State is to initiate policies and actions that will address the problems listed above. In doing so, it is important to review policies that have not worked in the past in favour of new initiatives with a higher probability of success. The aim should be to pursue more imaginative policy options that support enterprise and productivity, both at the personal and institutional levels. SADCC can, and will promote the awareness and a better understanding of the gravity of the situation, and suggest measures, and support individual and collective efforts of member States to address these challenges.

## 5. ENTERPRISE, SKILLS AND PRODUCTIVITY

The problems referred to above seem overwhelming. They are in the main a direct consequence of the absence of enterprise, skills and productivity in the region. While it is possible to address each of them individually, such an essentially piecemeal approach would fail to tackle their root causes. What is required is a comprehensive and bold strategy which addresses the fundamental elements, i.e. greater enterprise, the development of relevant skills and increased productivity, without which self-sustaining economic development will continue to elude the region.

## 5.1 Enterprise and Investment

- 5.1.1 Entrepreneurial talent must be the starting point. Currently, it is limited and scarce in the region. As with a rare plant that needs very special conditions to grow, entrepreneurship also requires very special conditions to flourish.
- 5.1.2 The potential for entrepreneurial talent certainly exists in the SADCC countries, among a greater number of people than actually emerge. This is because the conditions needed for them to flourish are not fully present. One of SADCC's major challenges must be to promote the changes in the region which are conducive to the development of entrepreneurship.
- 5.1.3 These policies must include the guarantee of the rights and freedoms which facilitate the full realisation of individual and societal potential. These freedoms are absolutely central to the process of development, because it is only in conditions of freedom that the talented human beings can realise their full potential. In particular, such freedoms must encompass an environment of autonomous decision-making, guided by factors of maximum efficiency and impact of actions, in the most competitive context. Experience has shown that undue interference with the operation of the market invariably results in distortions which lead to waste and gross inefficiency in the utilisation of resources. Intervention by government or any other actors should be to strengthen and enhance the impact of decisions and actions of the operators on the ground.
- 5.1.4 In addition to entrepreneurial expertise, the region also requires capital, and technological expertise. The problems of unemployment, outdated production methods, deteriorating infrastructures and falling standards of living cannot be solved without increasing investment. And investment, on a long term basis, cannot be increased without the mobilisation of domestic savings.
- 5.1.5 Private investment has already played a significant role in promoting development and spreading technical know-how. Private investment, both local and foreign, needs to be fully and unambiguously recognised as an important agent of economic development in the region.
- 5.1.6 However, because of the small size of the indigenous private sector, and the reluctance of the foreign private investor, for reasons known and understood, the

public sector in the region has had to be a major investor. But, other than in basic infrastructure and social services, relatively little of the public investment has gone into directly productive enterprises. Besides, that little public investment which has gone into productive ventures, has not yielded the full benefits because of the well-known constraints imposed on the operations of the public enterprises.

5.1.7 In answer to the under-development of entrepreneurship in the region, and to facilitate investment in high risk but strategic sectors, all SADC member States have created parastatal organisations. These state business corporations have become an important part of economic life in the region. Unfortunately, too many of these parastatals have not performed well, and survive mainly through subventions from governments, thus contributing to large budgetary deficits.

5.1.8 At a time of the re-appraisal of economic management and policy approaches, it is important to take a close look at this sector in the light of experience and prevailing circumstances. SADC has already recognised the strategic role parastatals can play both in the mobilisation and application of investment resources; and as catalysts to encourage the private sector; to activate and re-assure it on both the viability and security of its investments. The parastatal sector will continue to be an active player in the field of investment. It is important, therefore, that this player, like his private competitor, be freed of undue limitations to his horizons of operations and jurisdiction.

## 5.2 Skills

5.2.1 One of the critical and yet very scarce factors of development is the adequate stock of skills. The creation of these skills at various levels, in an effective and rational manner is one of the necessary conditions for successful development. To achieve this, it will be necessary to collect information on the availability of skilled manpower, and to produce comprehensive manpower development programmes under the auspices of the Manpower Development Sector. Such programmes should aim to relate the skills needs of the region with the output of training institutions.

5.2.2 Although school enrolments have more than doubled since independence, the quality of education has not kept pace with the demands of the labour market,

particularly for workers who have proficiency in mathematical and scientific areas. This calls for radical changes in the school curricula, to prepare the labour force for the technological era, which is so crucial to the region's future economic prospects. In order to ensure the relevance of training to the work place, the enterprise sector should also participate in the design of programmes of skills development.

5.2.3 The shortage of management skills in both the public and private sectors in the region has reached crisis proportions. This has led to declining productivity, which has, in turn, contributed to the current economic crisis. Programmes must be put in place, again in collaboration with the business community, to train management cadres at all levels.

5.2.4 Terms and conditions of service which offer little incentives, combined with circumscribed freedoms, and the deteriorating economic and social situation of the individual, have all led to some loss of the already few skilled personnel we had. These have often been replaced by expatriates at very high cost. The causes of this situation need to be closely examined, and measures taken to halt this brain drain.

5.2.5 But the creation of a sufficient stock of skills is a long-term process. Therefore, we cannot bring our own skills into being quickly enough to meet our current and short-term extra-ordinary needs. In order to maintain institutions and systems functional, it will be necessary to complement our own skills with the skills that are available on the world market. There will, therefore, be need for conditions and arrangements sufficient both to attract the desired inflows of appropriate skills from outside, and retain them. Contract conditions for these expatriates need to strike the right balance between minimising costs, in terms of foreign exchange, and maintaining continuity of production and operation of systems. However, imported skills must be managed in such a way as not only to assure continued operations, but more importantly as inputs into the production of indigenous skills.

5.2.6 Skills development is an expensive pursuit. Capital development of institutions of training, equipping and staffing them, are normally beyond the means of most of our countries. This, therefore, is an area where effective cooperation, at beneficial economies of scale, can be achieved. The SADCC Manpower Development Sector should provide strategic services to member

States in this regard, assisting them in devising training programmes that will create skills that will match with the needs of the development process. As President Masire observed:

It is to the Manpower Development Sector that we must turn to give real expression and meaning to our efforts to develop an indigenous cadre of experts and professionals. SADCC must establish a culture of science and technology, and management abilities which are necessary for economic liberation. (SADCC Summit, Lusaka, August 1987)

5.2.7 Much as the region needs an inflow of capital put to productive use, the development of technological capabilities and skills should be emphasised as an integral part of such productive investment, in order to build an indigenous and autonomous technological base. Joint ventures should not be seen solely as a mechanism for securing investment capital, but equally much as a vehicle to promote the transfer of technology and know-how to the region.

5.2.8 A more important issue is the need for the region to foster a scientific and technological culture. Few will disagree with Prof. Abdus Salam who pointedly observes that:

the creation, mastery and utilization of modern science and technology is basically what distinguishes the South from the North. On science and technology depend the standards of living of a nation. (South Commission, 1989)

However, the "mastery of science and technology", and technological culture will not come about of their own, they have to be planned for, and the necessary policies and institutions put in place. It is necessary to create the necessary facilities for the profound understanding of science as a basis for its technological applications in the region. This should be coupled with first class extension services linking research with the users in agriculture, industry, etc. Governments will need to show a commitment to science and technology through appropriate expenditures. Finally, we must have faith in our own scientist and experts.

5.2.9 It is, therefore, important to emphasise that policies that restrict our access to effective, committed skills, are policies that will restrict economic development and growth. SADCC will need to place this

issue at the centre of its activities, during its second decade.

### 5.3 Productivity

- 5.3.1 Both as deliberate national strategies, and also in response to the deepening crisis of the 1980s, most SADCC countries have adopted policies to control and regulate the operation of national economies, and the application of resources. Thus we have seen the emergence of controls on prices, wages, rents, imports, foreign exchange, investment and disinvestment, local borrowing, interest rates, immigration and emigration, etc. The overall effect of these controls has been stifling for existing businesses, and severely discouraging for new entrepreneurs.
- 5.3.2 The major casualty in these circumstances has been productivity. In a heavily controlled and bureaucratic environment, the productivity of every worker suffers. Besides, such controls are not only wasteful of scarce manpower resources, but create conditions for improper, and even immoral conduct on the part of the "controllers".
- 5.3.3 The unfortunate victims of this situation have been the individual citizens. They suffer rising unemployment; shortages of a wide range of commodities; deteriorating and inadequate services, e.g. housing, transport, amenities, rising inflation, and high taxes. Collectively and individually, their potential productivity is slashed to a fraction of what it should be.
- 5.3.4 The development of first class management skills, and the inculcation of a strong work ethic should be recognised as key to improved productivity. Programmes for the training of managers must be established as a matter of utmost urgency. Further, there must be a clear linkage between remuneration and productivity. It is also important to discourage the attitude that governments will provide the means of livelihood to everybody, and stress that the primary responsibility for improving the quality of life lies with the individual, and this, in turn, demands of every individual, maximum application and conscientiousness.

## 6. REGIONAL COOPERATION

6.1 The SADCC Programme of Action has so far emphasised the promotion of infrastructural projects such as railways, ports, power lines and others. If SADCC's new commitment to the promotion of enterprise, skills and productivity over the next decade is to yield maximum results, it will be necessary to extend its mandate to the coordination, and where possible harmonisation of macro-economic policies, in order to create a regional framework within which the reform and other development initiatives of the individual countries can be effected. In this respect, there are many issues of a macro-economic nature which can be addressed including the harmonisation of investment policies, monetary and pricing policies, facilitation of trade and cross-border investment, to mention only a few.

6.2 The aim would be to minimise distortions and failures caused by lack of economic policy coordination across national boundaries, and to maximise the efficiency of investment, through increased trade and the relatively free flow of the factors of production, such as capital and labour across national boundaries. As the Chairman of SADCC, President Q. K. J. Masire put it:

If SADCC is to yield the results which we all seek, regional cooperation must become an integral part of our national policy making and planning process. SADCC should not only be a channel for seeking project funding. Member States should actively seek the opportunities offered by regional cooperation to enhance national economic management and performance." (SADCC Summit, July 1988, Maputo)

6.3 Time has, therefore, come to advance SADCC's mandate beyond the facilitation of investment projects by each country, to the promotion of regionally coordinated and rationalised macro-economic policies and programmes. The institutional framework already exists. What is required is to ensure that the various organs have the expertise and the authority to advance the cause of regional cooperation.

## 7. THE ROLE OF COOPERATING PARTNERS

7.1 The process of economic reform and restructuring has already started in the region. SADCC's cooperating partners can support these efforts and help maintain the momentum by making the necessary resources available, particularly to blunt the negative side effects of the structural adjustment programmes. Reducing the current debt burden, to relieve national economies is critical to these efforts. Resources

are also required to break the bottlenecks to increased investment and production, such as the current chronic shortages of foreign exchange. Institutional support to strengthen both public management and business organisations in the region is also necessary. SADCC has a number of proposals in this area for which assistance will be needed.

- 7.2 It is important that SADCC's cooperating partners ensure that their bilateral and regional assistance programmes are mutually supportive. In this regard, both should support the development of institutional and productive capacity in the region, without which self-sustaining development is not possible. Priority should, therefore, be given to the use of regional experts, companies and firms in the implementation of aid-funded projects. However, for this support of cooperating partners to be appropriately targeted, and effective, SADCC and member States will need to give a clear lead, especially in articulating priorities and strategies with potential for maximum regional impact. Continued candid dialogue and consultations between SADCC and cooperating partners will be necessary.
- 7.3 The expected outbreak of peace in the region and the independence of Namibia will need to be followed by the restoration of the socio-economic infrastructure to make the people of Angola, Mozambique and Namibia productive again.
- 7.4 Above all, the region needs continued pressure on South Africa to display a more civil behaviour towards her neighbours, and to adopt genuine and effective measures to eradicate apartheid and establish democracy. At the same time appropriate assistance should be offered to the authentic democratic forces striving for change in South Africa.

## 8. CONCLUSION

- 8.1 It is admitted that some of the policies that many SADCC member States followed over the last two decades have not brought about the full benefits expected at independence. The region is still economically and technologically dependent, skills are in short supply, productivity rates are very low, and local and foreign investment has seriously declined.
- 8.2 The Agenda for the 1990s is, therefore, clear - economic and political reforms that will create the environment necessary to spur efficient investment and production, to allow individual citizens the freedom to use their intellect and creativity to improve their own lives and consequently of their societies and countries. A priority area is the

removal of excessive' controls; the streamlining of bureaucratic procedures; changes in legislation to reinforce individual rights; fiscal and monetary reforms leading to the reduction of budgetary deficits and the relaxation of foreign exchange controls.

- 8.3 In the Southern African situation of relatively small countries either in population or purchasing power, regional cooperation is critical to economic progress. Measures are, therefore, necessary to link the countries together in the areas of investment and trade. This will require greater coordination of economic policy than hitherto. SADCC will put more emphasis on creating the necessary conditions and mechanisms for this to come about.
- 8.4 Effective policies are required to bring population growth rates to levels commensurate with the capacity of the economies to provide the necessary social services, and to protect the environment against unsustainable exploitation.
- 8.5 Finally, the decolonisation of Namibia, and the emergence of a democratic South Africa will change the relationships in the region from conflict and confrontation to cooperation. This will bring in both challenges and opportunities for which the region generally, and SADCC must be adequately endowed to manage and direct.