ALTERNATIVES TO NEO-LIBERALISM IN SOUTHERN AFRICA (ANSA):

“Towards a people-driven development agenda”
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<th>Abbreviation</th>
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<tbody>
<tr>
<td>ACP</td>
<td>African, Caribbean and Pacific countries</td>
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<tr>
<td>ADB</td>
<td>African Development Bank</td>
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<tr>
<td>AGOA</td>
<td>Africa Growth and Opportunity Act</td>
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<tr>
<td>AIDS</td>
<td>Acquired Immune Deficiency Syndrome</td>
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<td>ANC</td>
<td>African National Congress</td>
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<td>ANSA</td>
<td>Alternatives to Neo-liberalism in Southern Africa</td>
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<td>ALRN</td>
<td>African Labour Research Network</td>
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<td>AoA</td>
<td>Agreement on Agriculture</td>
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<td>BEE</td>
<td>Black Economic Empowerment</td>
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<td>CASAS</td>
<td>Centre for Advanced Studies of African Society</td>
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<tr>
<td>DRC</td>
<td>Democratic Republic of Congo</td>
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<tr>
<td>EPAs</td>
<td>Economic Partnership Agreements</td>
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<tr>
<td>EPZ</td>
<td>Export Processing Zone</td>
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<td>EU</td>
<td>European Union</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>GATS</td>
<td>General Agreement on Trade in Services</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GEAR</td>
<td>Growth, Employment and Redistribution</td>
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<tr>
<td>GMO</td>
<td>Genetically Modified Organism</td>
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<tr>
<td>G8</td>
<td>Group of 8 highly industrialised countries</td>
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<tr>
<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
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<tr>
<td>HSGIC</td>
<td>Heads of State and Government Implementation Committee</td>
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<tr>
<td>ICFTU</td>
<td>International Confederation of Free Trade Unions</td>
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<td>ICT</td>
<td>Information and Communication Technology</td>
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<tr>
<td>IFI</td>
<td>International Financial Institution</td>
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<td>ILO</td>
<td>International Labour Organisation</td>
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<td>ILRIG</td>
<td>International Labour Research and Information Group</td>
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<td>Abbreviation</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<td>LaRRI</td>
<td>Labour Resource and Research Institute</td>
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<tr>
<td>LEDRIZ</td>
<td>Labour and Economic Development Research Institute of Zimbabwe</td>
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<tr>
<td>LRS</td>
<td>Labour Research Service</td>
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<tr>
<td>MDGs</td>
<td>Millennium Development Goals</td>
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<td>MDM</td>
<td>Mass Democratic Movement</td>
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<td>MW</td>
<td>Megawatt</td>
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<tr>
<td>NALEDI</td>
<td>National Labour and Economic Development Institute</td>
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<tr>
<td>NEPAD</td>
<td>New Partnership for Africa’s Development</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<td>RDP</td>
<td>Reconstruction and Development Programme</td>
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<td>REC</td>
<td>Regional Economic Community</td>
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<tr>
<td>RISDP</td>
<td>Regional Indicative Strategic Development Plan</td>
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<td>RTA</td>
<td>Regional Trade Agreement</td>
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<tr>
<td>SACU</td>
<td>Southern African Customs Union</td>
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<tr>
<td>SADC</td>
<td>Southern African Development Community</td>
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<td>SADCPPO</td>
<td>Southern African Development Community Productivity Organisation</td>
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<tr>
<td>SAPs</td>
<td>Structural Adjustment Programmes</td>
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<td>SATUCC</td>
<td>Southern African Trade Union Co-ordination Council</td>
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<tr>
<td>SMEs</td>
<td>Small and Medium Size Enterprises</td>
</tr>
<tr>
<td>TNC</td>
<td>Transnational Corporation</td>
</tr>
<tr>
<td>TRIPS</td>
<td>Trade-Related Intellectual Property Rights</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>US</td>
<td>United States</td>
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<tr>
<td>USA</td>
<td>United States of America</td>
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<tr>
<td>WTO</td>
<td>World Trade Organisation</td>
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<tr>
<td>ZaCTU</td>
<td>Zambia Congress of Trade Unions</td>
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<tr>
<td>ZICTU</td>
<td>Zimbabwe Congress of Trade Unions</td>
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**Glossary**

**Auto centric development** refers to a development strategy that is based on meeting a country’s own economic and social needs first. Production of goods and services is geared primarily towards the domestic and regional market with export playing a secondary, supplementary role.

**East Asian Tigers** refers to the economies of Hong Kong, Singapore, South Korea, and Taiwan. They are also known as “Asia’s Four Little Dragons”. These countries and territories were noted for maintaining high growth rates and rapid industrialisation from the early 1960s to the 1990s.

**Economic Partnership Agreements (EPAs)** are currently being negotiated between the European Union (EU) and the African, Caribbean and Pacific (ACP) countries. The idea behind EPAs is the establishment of free trade areas based on the principle of “reciprocity”. This means that in return for opening markets for exports from ACP countries, the EU expects ACP countries to open their markets for European goods.

**Endogenously evolved capitalism** refers to capitalism that evolved within a country, based on the continuous improvement of productive capacities. Production is largely geared towards meeting the country’s own needs by setting up local production chains. Imports and exports merely supplement this strategy.

The **Gini coefficient** measures the levels of inequality in the distribution of income. In a society where everyone is equal, the coefficient is 0, and if one person holds all resources, it will be one. Thus, its value is between 0 and 1. The higher the figure, the greater the level of inequality.

The **International Monetary Fund (IMF)** alongside the World Bank was formed by the United Nations Monetary and Finance Conference, held in Bretton Woods, USA, in 1944. Its role was to promote international co-operation in monetary matters; to facilitate the expansion and growth of international
trade; to encourage fixed values of different currencies and to provide temporary financing for countries with balance of payment deficits. The IMF today has almost 200 member countries that pay subscriptions. The voting power of the member countries is determined by the amount they contribute in subscriptions. Thus, the industrialised countries effectively control the IMF, which has pursued neo-liberal policies since the late 1970s.

**Neo-liberalism** is an ideology based on the belief that profits for businesses are the key driving force behind any economy. According to neo-liberals, the state should not in any way threaten the profits of businesses. Instead, the state should take all possible steps to assist business achieve higher levels of profits. This includes relaxing labour laws, relaxing environmental laws, reducing the tax rate on company profits, allowing companies to freely move money in and out of a country, and opening up the economy to foreign investors.

The “race to the bottom” refers to desperate attempts by countries (and sometimes even towns and regions within countries) to attract investment at (almost) all costs. In Southern Africa, for example, an increasing number of countries have introduced Export Processing Zones (EPZs) in an attempt to attract foreign investors. EPZs offer special incentives such as tax holidays, infrastructure paid for by the host country, exemption from import and export duties etc. Some countries went as far as granting exemptions from national labour laws and environmental regulations. Thus, the race for foreign investment becomes a race to the bottom regarding environmental and labour standards. Workers, their health, the environment and the well being of communities are sacrificed for the sake of attracting foreign investment.

**Trade liberalisation** or free trade is a model in which trade in goods and services between countries flows unhindered by government measures such as import taxes and other non-tariff barriers like legislation. All Southern African countries have adopted trade liberalisation policies.

Establishing **value chains** refers to the process of adding value to goods and services while minimising the costs. For example, a manufacturer might want its suppliers located nearby so that the production inputs can be obtained
quickly and to minimise the costs of transportation. Also, the manufacturer might prefer to be close to retailers who sell the goods after completion. A value chain, therefore, consists of activities that feed into the production process (such as the supply of raw materials) and activities that take place after the production process is completed (such as marketing of products). Activities that feed into the production process are sometimes called “downstream activities” while those activities that follow after the production process are called “upstream activities”.

Like the IMF, the World Bank was also formed at the Bretton Woods conference in 1944. Initially it was called the International Bank for Reconstruction and Development and its role was to provide long-term loans for development purposes. Today, the World Bank has almost 200 members whose voting rights are determined by the size of their contribution. Thus, industrialised countries dominate the institution which (like the IMF) has been a proponent of neo-liberal policies since the late 1970s.

The World Trade Organisation (WTO) was established on 1 January 1995 as an institution through which countries could negotiate permanent and legally binding trade laws. The WTO even has the right to monitor and enforce the compliance of member countries with WTO agreements. Currently the WTO has about 150 member countries and in theory, decisions are taken by consensus. In practice, however, the powerful industrialised countries dominate through several “informal” decision-making structures, for example the “green room” meetings. Smaller countries often lack the capacity to effectively influence WTO decisions.
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A word of appreciation also goes to the organisations and individuals who rendered material and intellectual support for the ANSA project. They include the African Labour Research Network (ALRN), the Labour and Economic Development Research Institute of Zimbabwe (LEDRIZ), the Southern African Trade Union Co-ordination Council (SATUCC), the Zimbabwe Congress of Trade Unions (ZiCTU), Professor Yash Tandon, the late Professor Guy C.Z. Mhone and Drs. John van’t Hoff, the past President of the ICFTU, Fackson Shamenda, the Executive Secretary of SATUC, Moses Kachima and its President, Lucia Matibenga and the researchers for the 15 chapters of the ANSA book. ICCO, EED, FOS-Belgium, Oxfam-NOVIB, and FNV funded the production of the first ANSA book.

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Introduction

After 30 years of neo-liberal free-market policies in Southern Africa, poverty has increased and the gap between the rich and poor has widened. There is little hope that the lives of the majority will improve, if we do not radically change our policies and approach to development.

More than a century after Europe’s colonisation of Africa, our continent is still characterised by poverty, unemployment, alienation and violence. For the former colonial powers, Africa is often merely an object of charity – and a supplier of raw materials. However, Africa resisted colonial occupation and finally liberated itself from colonial rule. Africans have a long and proud history of resistance and the working people were in the forefront of this struggle.

After the attainment of political independence, the masses were in most cases demobilised, resulting in gaps that were quickly filled by the forces of neo-colonialism. The interests of foreign capital and African elites began to shape Africa after independence, while the interests of the majority were sidelined. Repressive regimes crushed the beginnings of participatory democracy on the continent. Also, the newly independent African states were caught up in the “cold war” and its ideological (and military) battles. Some experimented with their own versions of African socialism (such as Julius Nyerere in Tanzania) while others followed the capitalist model (such as Jomo Kenyatta in Kenya and Seretse Khama in Botswana).

With the collapse of the Soviet Union in the late 1980s, global capitalism seemed like an unstoppable force, and globalisation was presented as something from which one cannot escape. Fortunately, there is nothing inevitable about globalisation and the current world order and there is nothing preventing Africans to struggle for their economic liberation.

The ANSA Project “Alternatives to Neo-Liberalism in Southern Africa” is an attempt to outline what needs to change and what can be done. It hopes to provide a basis for discussion amongst workers, farmers, women, intellectuals, youth, NGOs, faith-based organisations and government officials across
Southern Africa and elsewhere on the continent. After all, nobody has a monopoly for solutions to mass poverty, exclusion and exploitation. These challenges can only be addressed collectively through manifold struggles and we hope that this publication will provide some useful ideas.

This book is based on the original ANSA book “The search for sustainable human development in Southern Africa”, which was launched in January 2007. It brought together the ideas and insights of a wide range of social activists and academics across the region. The original ANSA book as well as copies of this “popular version” is available from: www.ansa-africa.org or the ANSA Secretariat, 78 East Road, Avondale, Harare, Zimbabwe.

The book can also be obtained from the secretariat of the Southern African Trade Union Co-ordination Council (SATUCC) in Gaborone, Botswana as well as from members of the African Labour Research Network (ALRN) such as:

- The Labour Resource and Research Institute (LaRRI) in Namibia
- The National Labour and Economic Development Institute (NALEDI) in Johannesburg, South Africa
- The research centre of the Zambia Congress of Trade Unions (ZaCTU)
- The Labour Research Service (LRS) in Cape Town, South Africa
- The Labour and Economic Development Research Institute of Zimbabwe (LEDRIZ)
Chapter 1

The Principles of ANSA

There are various forces that shape our societies and can bring about the fundamental changes that are needed to improve the lives of working people. The major players are firstly the people themselves and their organisations at grassroots level. They are the key agents of change and must drive the process. Secondly, there is the state, which is a very important site of struggle. States rule in the interest of those who control it and thus working people have to regain control over the state, not only at national level but also within the SADC region and Africa as a whole. Thirdly, there are the global actors including the World Bank, IMF, the World Trade Organisation (WTO), G8 and Transnational Corporations (TNCs) who have a strong influence over African states and whose interests are opposed to those of working people. These global actors can be described as “the Empire”

How then, can we build a better society?

The most fundamental step is to build a movement from below. This means political “conscientisation” and mobilisation among working people at grassroots level. Such mobilisation must be based on a good understanding of the current crisis. The task is to develop concrete strategies to create alternatives to the neo-liberal development strategy. Grassroots mobilisation will include a constant engagement with the state to transform it into an ethical, responsible and developmental state that acts in the interest of working people instead of those of the Empire.

This “bottom-up” process is illustrated in Figure 1 on the next page.
Individual states cannot resist the pressure by the Empire on their own and thus they need to build an effective regional block in Southern Africa that will benefit the people of the region. Such a regional block will allow the movement of people and goods across borders and will be a building bloc for African integration in the long term.
We have to look at the development process in a holistic manner. This means considering three basic factors:

a) The “social factor”, meaning how people’s basic human rights are safeguarded and how vulnerable people are protected against poverty and exploitation.

b) The “democratic factor”, meaning how the political system functions, how decisions are made and implemented, how resources and opportunities are distributed and how justice and fairness is achieved.

c) The “global factor”, meaning how the system works at global level, how decisions are taken and implemented, how global resources are controlled and distributed and how this global system affects Africa.

The ANSA ideas can only be achieved if our strategies deal with all three factors at the same time. We cannot succeed if we fail to ensure human rights for all or if we fail to secure free political participation and a fair distribution of resources. We can also not succeed if we fail to limit the influence of the Empire at the global level. Therefore, we need to promote the social and democratic factors by fulfilling working people’s material and social needs and by creating a system of governance that is democratic and accountable. At the same time, we need to eliminate (or at least minimise) imperial interventions by the global actors. The most dramatic imperial interventions over the last 30 years were the Structural Adjustment Programmes (SAPs) imposed by the IMF and World Bank which have now been renamed Poverty Reduction Strategy Papers (PRSPs).

A human rights approach to development
Development is not just about economics. It includes human rights, community rights and the right to national or regional self-determination. It also deals with issues of equity and fairness in the distribution of resources at local, national, regional and global levels. The provision of social services such as water, energy, health and education cannot be guaranteed for all if they are left to market forces. Social services are not matters to be privatised as they are part of basic human rights and states have the responsibility to secure them for all their people. The state must therefore be developmental as well as ethical, responsible and accountable to the people.
Development must lead to a better life for working people and eradicate poverty. This can only be achieved if development is based on the promotion and protection of human rights, which include:

- Political or civil rights (also known as “blue rights”)
- Economic rights (also known as “red rights”)
- Social and cultural rights (also known as “green rights”)

All these rights must be ensured and defended at all times and there can be no compromise, for example granting only political rights while economic rights are violated. Taking all human rights seriously means that we have to look at the distribution of wealth and income in our societies. We have to adopt a “livelihood approach” to human rights because they are not just individual rights but also include community and national rights. Important aspects are the right to national self-determination (as enshrined in the United Nations Charter) and the right of local communities to develop their own lifestyles and livelihoods. A people-centred development strategy needs to address the issues of direct concern to the people such as land reform, food security and sustaining livelihoods.

We cannot allow human rights to become an excuse for the Empire to control Africa in the name of “democracy”. We have seen many interventions by the Empire on the continent (such as the murders of Patrice Lumumba in Congo and Thomas Sankara in Burkina Faso). Similar interventions took place outside Africa, for example the attempt by the US administration to overthrow the Chavez government in Venezuela. Likewise, the war by the US and its allies in Iraq was officially justified as an attempt to “restore democracy”. These interventions are not motivated by the desire to protect human rights but by imperial interests of gaining control over resources such as oil.

We must not allow the imperial global forces to hijack human rights issues for their own ends. Human rights issues must be addressed and defended primarily by the people themselves and their grassroots organisations. Genuine support and solidarity from elsewhere should be welcome, but must not lead to a new form of imperial intervention.
People are the agents for change
The state is a creation of history and a product of struggles. Its role and orientation depends on the balance of forces in society and thus the task is for people at grassroots level to transform existing states into independent, truly developmental, accountable and ethical states. This can only happen through daily struggles, as people are the defenders of their own rights. Only they are the agents who can bring about fundamental change.

A holistic approach
The current crisis in Africa can only be understood by looking at the root causes in a holistic way. This means analysing the imperial strategy on the continent, including its co-option of local elites into the imperialist project. We must think beyond the “regime change” agenda that is promoted by imperial powers and analyse why Africa’s postcolonial elites came and went without being able to significantly improve the standards of living of the majority. We also need to critically look at civil society organisations and the role they play in transforming society. Once in power, civil society leaders like trade unionists all too often behave no differently (or even worse) than the politicians they replaced. This can be called the “Chiluba Syndrome” and may happen in any country if the “regime change” does not take place in a holistic and transformative manner.
Engaging with the state

There are 2 main reasons why African states have become agents of imperialism/globalisation so soon after independence:

a) The people were de-politicised and demobilised after independence, hoping that their “comrades in power” would rule in their interest. Thus, at critical moments they could not intervene when the Empire imposed its will on the new governments.

b) The agents of globalisation quickly filled this vacuum and determined policies (either through advisors, loan “conditionalities” etc).

At the time when Africa celebrated its independence, the door was already opened for the agents of the empire to walk in. Examples of imperialist interests gaining the upper hand can be found in almost all countries of the region. In most African countries it happened with the introduction of Structural Adjustment Programmes (SAPs) in the early 1980s. In other countries like South Africa and Namibia, the seeds of neo-liberalism were already planted during the negotiated settlements leading to independence. This was exemplified when South Africa’s “Reconstruction and Development Programme” (RDP) was replaced by the neo-liberal “Growth, Employment and Redistribution” (GEAR) Programme in 1996, only two years after gaining political independence.

The challenge now is to reverse this trend by igniting a revolutionary, transformative spirit amongst a people that has been demobilised and made despondent through impoverishment and loss of confidence in the political system.

Right to self-determination

The right of national self-determination was enshrined in the UN Charter. As the nation state found it more and more difficult to deal with global economic and political forces, there was a movement towards regionalism. This can be seen by the extension of the European Union (EU) to include an increasing number of states.

The nature of regional integration is central to its outcomes. In Africa, we observed what could be called “perverse integration” – integration that is not
driven by the interests of the people but by those of imperial economic forces. Europe and the USA, for example, created free trade areas with individual states or groups of African states to further their own agendas.

We have to realise that none of our states on its own (not even South Africa) is strong enough to withstand the pressures from a globalising world. The SADC region is currently fragmented and its integrity is increasingly under attack. The task is to create a regional unity and “national policy” should be understood in this broader sense of the larger community of nations. The defence of the region’s integrity must be part of today’s struggle.

Neo-liberalism is an ideology, which believes that profits for businesses are the key driving force behind any economy. According to neo-liberals, the state should not in any way threaten the profits of businesses. Instead, the state should take all the steps that it can to help businesses increase profits, including opening their economies to foreign investors.

A luta continua
The famous slogan of the Mozambican revolutionaries captures the crucial point that struggle is a daily business, a continuous process. The struggle for basic services is part of the everyday battles. When governments privatise services under pressure from the IMF, World Bank or donors, they affect people immediately – not at some future date. In Ghana and South Africa, for example, community-based organisations are taking up the battle against water privatisation. Similarly, several organisations have taken up the battle against the proposed Economic Partnership Agreements (EPAs) between the EU and ACP countries. These are battles that have to be fought today and through such struggles, and hence another Africa is already in the making.

Summary of the ANSA strategy
ANSA wants to translate these ideas into actions. Ideas are a powerful force once they are seized by a large number of people! Transforming a region of over 200 million people is a daunting task that cannot be achieved in a short
period by a few activists and intellectuals. It requires a mass movement that is dedicated to a sustained struggle, including education, consultations, debate, action and reflection.

The main elements of the proposed ANSA strategy can be summarised into 10 points:

i) It is a people-led (as opposed to an IMF-World Bank-WTO donor-led) strategy. It proposes:

ii) An alternative production system primarily based on domestic demand and human needs and the use of local resources and domestic savings. It also proposes the “horizontal” integration of agriculture and industry.

iii) A grassroots-led regional integration as opposed to the current fragmentation by the Empire.

iv) A strategic, selective de-linking from neo-liberal globalisation and the preparation for a negotiated re-linking to a fundamentally different global production and distribution system.

v) An alternative policy on science and technology based on harnessing the collective knowledge and wisdom of the people.

vi) Forging of strategic alliances and networks with progressive forces at national, regional and global levels.

vii) A politically governed redistribution of wealth and opportunities from the formal to the non-formal sectors of the economy.

viii) Women’s rights as the basis for a healthy and productive society.

ix) An education system that addresses the needs for sustainable human development by improving technical, managerial, research and development skills.

x) The creation of a dynamic, participatory and radical democracy, which regards peoples’ mobilisation, demonstrations, open hearings as part of the struggle for an ethical and developmental state.
Towards people-driven development

Following the first decade of independence during which most African countries achieved high economic growth, a crisis emerged from the mid-1970s onwards. Subsequently, SAPs were imposed on desperate African governments and almost all Southern African countries have failed to achieve sustained economic growth and development. Instead, the standard of living of the people seems to get worse.

Mainstream economists and most governments believed that neo-liberal policies based on “market forces” and international competitiveness would be the only way to solve this problem. However, such policies have failed as more and more people are sliding into poverty, unable to improve their livelihoods. There is thus an urgent need for an alternative development strategy, which can take various forms, ranging from auto-centric capitalist development to socialist development paths.

Sustainable human development is development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. While traditional approaches to development focus on achieving growth, believing that this would “trickle down” and benefit everyone, we believe that people must be at the centre of the development process. Economic growth is only a means to an end. In itself, it is not enough to achieve human development. What matters is the quality of growth – not just the quantity. We have seen many types of economic growth (jobless, ruthless, voiceless, rootless, futureless growth etc. – see box below) that did not improve people’s lives and promote development.

**Box 1: Different types of economic growth**

- **Jobless growth** is economic growth that does not create employment opportunities.
- **Ruthless growth** is economic growth that increases inequality and levels of poverty.
Voiceless growth is economic growth that takes place in the absence of democracy or empowerment. Rootless growth is economic growth that ignores and undermines cultural identities. Futureless growth is economic growth that squanders the resources needed for future generations.

A people-centred economic development strategy needs to include the following:

- Optimal use of resources, especially labour, land and natural resources.
- Increasing absorption of the labour force into productive employment and income-generating activities.
- Improving social welfare of the majority.
- Upgrading the competitiveness of the economy so that it can withstand “external shocks”.
- Diversifying the economy and creating value chains.
- Effecting institutional and legal changes to facilitate economic development.
- Promoting a programme of transformation by the state.
- Autonomy and international support to pursue such human-centred development.

Interventions are needed to restructure the economy internally and to make it increasingly inclusive and equitable. At the same time, there must be a restructuring of the global economic and governance order, which currently impedes sustainable people-driven development in Africa.

Unemployment

The majority of the Southern African labour force continues to be openly unemployed or under-employed. This is a result of structural economic problems, which were not resolved by either market-oriented or by socialist-type policies. African economies are characterised by “enclaves” of economic growth in the formal sector, surrounded by a survivalist informal economy that caters for the majority of the population. Thus, capitalist and pre-capitalist modes of production co-exist. However, capitalism regards pre-capitalist forms
of work (such as subsistence agriculture) as non-productive and thus aims to convert them to productive (wage) labour, which contributes towards capitalist accumulation. This has not been achieved in Africa and thus unemployment remains high. The majority of the population still lives on the periphery of capitalist production.

The historical explanation is that during colonialism a small capitalist sector of the economy was grafted onto pre-capitalist forms of production. This type of capitalism did not transform the economy as a whole, thus failing to produce dynamic growth and development. Colonial capitalism was totally dependant on external factors such as markets in, and capital from Europe. As a result, the majority of the labour force and the colonised countries themselves were marginalised in the global economy. Africa was shaped by a grafted capitalism rather than an endogenously (internally) evolved capitalism. Thus, market forces cannot resolve underdevelopment because they tend to reinforce the very distortions that perpetuate underdevelopment. This is the colonial legacy of African economies and post-independence governments are guilty of perpetuating this legacy.

Southern African economies consist of three broad sectors, namely:

**a)** The **formal economy**, which consists of capitalists and wage workers, caters for less than 20% of Africa’s labour force. This sector consists of enterprises of various sizes (either state-owned or privately owned) and is relatively productive compared to the other sectors. External forces such as Africa’s trading partners and foreign investors shape the output and the production methods.
b) The **urban informal economy** has become a permanent feature in many African countries. It is characterised by easy entry and exit, and driven by self-employment activities. Informal enterprises are run by small groups of people. Productivity and wages tend to be low and the sector absorbs surplus labour from the rural and formal sectors. Overall, about a third of Africa’s labour force is involved in informal sector activities and in several countries the informal economy has become the “mainstream” economy.

c) The **rural (or communal) economy** is the original or pre-capitalist sector, which exists in several variations. Pre-colonial African societies ranged from non-hierarchical communal societies to feudal societies that were class-based. Levels of technological development also differed significantly. The communal sector is highly differentiated with the majority of households involved in low productivity farm and other subsistence work. Surplus generation is low and primarily used for consumption (not accumulation).
In most African countries, the majority of households are found in the communal sector. The enclave and dual nature of the African economy is illustrated in Figures 2 and 3.

**Figure 2: The 3 sectors of the economy**

![Figure 2: The 3 sectors of the economy](image1)

- **Formal sector**
  - Geared towards continuous accumulation
  - Formal structures
  - Employs only 20% of the labour force

- **Informal economy**

- **Communal sector**
  - High degree of poverty
  - High unemployment
  - Not geared towards continuous accumulation

**Figure 3: An illustration of the dual & enclave structure of the economy**

![Figure 3: An illustration of the dual & enclave structure of the economy](image2)

- **Labour force**
  - Developmental policies
  - Monetary & Fiscal policies
  - Wage & Employment policies
  - External & Internal policies
  - Savings & Investment policies

- **Formal Sector**
  - Male dominated sector. It is the focus of all economic and development policies

- **Informal economy**
  - This is a woman-dominated sector. In addition, this sector is marginalised.

- **Communal Sector**
  - Women dominate this sector. In addition, this sector is marginalised.

**Source:** Kanyenze, 2007
The problem of underdevelopment lies in the fact that the majority of Africa’s labour force is involved in low productivity work that results in low incomes and consumption levels. The current relationship between the three sectors and the outside world reinforces the continued marginalisation of the majority and prevents development of the economy as a whole.

The formal economy is linked to the global economy through exports, imports, foreign direct investment (FDI), aid and technology. Its incomes are relatively high while the rural/communal sector provides surplus labour for both the formal and urban informal sectors. Underdevelopment is visible in the inability of the formal sector to generate jobs for the surplus labour in the rural and informal sectors. The latter sectors are unable to achieve high productivity that can generate surpluses. This can only change if the current distortions within the African economies and their link to the global economy are addressed. These economic distortions can be summarised as follows:

**Formal economy distortions:** This sector is driven by external interests as shown by its exports (mostly of primary products and lower level manufactured goods). The sector tends to be influenced by external/imported technology and techniques of production. It has benefited from government policies such as subsidies, infrastructure, foreign exchange allocation, research, education and training, land allocation, favourable legal frameworks, linkages to donor aid and FDI. The formal sector generates most income and taxes and benefits from most government expenditure. However, most workers in the formal sector are underpaid, although they are better off than those in the informal and communal sectors.

The formal sector is currently biased towards large-scale enterprises and against the evolution of small and medium-size enterprises. It is also biased in favour of relatively capital-intensive methods that cannot absorb the large number of unemployed. The sector is further biased towards externally driven demand and towards capital imports as opposed to internal savings. This is compounded by a biased macroeconomic policy regime that favours the formal sector.
These biases resulted in limited linkages with the informal and communal sectors, an advantaged position of formal sector enterprises compared to those in the informal economy and an inability of the formal sector to dynamically transform the economy as a whole.

**Urban informal economy distortions:** This sector has primary, secondary and tertiary activities that cater primarily for a low-income market. It is an absorber of labour “of the last resort” and most of its activities tend towards saturation. It lacks capital, technology and value chains. The sector specialises in traditional products and services but can hardly offer modern products and services. The sector cannot compete with the formal businesses and tends towards self-exploitation in the manner it uses its own labour through long working hours and low pay (including “free” family labour). Thus, the households, operators and workers in this sector tend to cover the hidden social costs of production.

The informal economy is distorted through the absence of developed value chains and the missing linkages to the formal sector and the external economy. It does not enjoy an adequate legal and regulatory environment, has inadequate access to infrastructure, and suffers from high costs of production as well as low demand for its products and services. As a result, the urban informal economy depresses returns, stunts growth and produces poverty. The pressure for self-exploitation, which keeps participants barely above the subsistence level, exacerbates this poverty.

**Communal sector distortions:** This sector does not show dynamic growth and accumulation due to the manner in which it was linked to the modern economy during colonialism and due to the neglect it experienced after independence. The communal sector essentially served as a pool of cheap labour for the formal economy and this link never served to transform the character of the communal sector. Instead, the sector continued to be based on subsistence and effectively subsidised wages in the formal economy. The communal sector was not integrated into modern forms of organisation but has to cope with population growth, depletion of resources and natural
disasters. It shares some of the problems experienced by the urban informal economy and uses household resources for survival.

**International economic linkage distortions:** The global environment perpetuates Africa’s enclave economies. It reinforces primary exports and import dependency and thus prevents the transformation of the domestic economy. Secondly, the terms of trade have been to the disadvantage of Africa’s formal sector as the price for exported raw materials declined relative to the price of imported manufactured and capital goods. Thirdly, monopolistic tendencies and protectionism among industrialised countries prevented African producers from competing on an equal footing. Fourthly, African countries only attracted small amounts of FDI that was not able (and not interested) to transform domestic economies. In general, the global environment was not interested in, and thus did not promote the development needs of African countries. The Structural Adjustment Programmes (SAPs) that were introduced by the IMF and World Bank since the 1980s merely reinforced Africa’s underdevelopment and dependency.

In summary then, Africa’s continued underdevelopment is perpetuated by a number of factors. These include:

- **External dependency** (shown in trade, technology, information, human resource and capital flows), which maintains the enclave economy.
- **Distributive inefficiencies** resulting in the non-formal sectors having unequal access to productive assets and markets.
- **Allocative inefficiencies** which make the formal sector unnecessarily capital and technology intensive (thus reducing its requirements for labour) while the non-formal sectors tend to be without capital and technology, thus making productivity increases almost impossible.
- **Technical inefficiencies** result in low technological capabilities, thus limiting the adaptations that can be made to production techniques and the nature of products and services produced. This in turn prevents the establishment of value chains. Thus, levels of productivity of labour, capital and land tend to be low compared to optimal methods of production.
- **The enclave economy** condemns a large part of the labour force to low productivity work and low incomes. As a result, the domestic demand is
low, which limits the extension of formal activities in the domestic market. Also, the majority of the labour force cannot save as they live close to subsistence levels. Thus, there is a lack of internal savings, which could be used for productive investments. The enclave economy therefore relies on foreign investment and foreign aid.

- The subordination, exploitation and exclusion of women have continued and are directly linked to the division of labour in production and reproduction. This is based on the interface between traditional and colonial legacies and how they were modified (or maintained) after independence.

Southern Africa’s economies today can be grouped into 4 basic categories:

i) **Settler based economies** such as Zimbabwe, South Africa and to some extent Namibia. Productive forces there are developed to some degree in the formal sector, due to import substitution strategies before independence.

ii) **South Africa’s periphery economies** such as Lesotho, Swaziland and to some degree Namibia and Botswana. They depend on South Africa for imports and some employment.

iii) **Mineral rentier economies** such as Angola, Zambia, Botswana, Namibia and the Democratic Republic of Congo. They depend on a single or small number of export commodities like minerals or oil.

iv) **Agrarian economies** like Malawi, Mozambique and Tanzania depend on a narrow range of export agricultural products. They are among the poorest countries in the region.

These categories overlap to some extent, as Namibia and Botswana are both mineral rentier economies and peripheries of South Africa. Likewise, Zimbabwe is a settler economy and part of the South African periphery.

**An alternative policy**

The solution to the problem of underdevelopment lies in bold measures of transformation – not in marginal programmes and projects. The state must take the lead to transform the legacy of underdevelopment towards inclusive and equitable development. This calls for developmental states to implement a development agenda.
Developmental states must be planning organisations that appreciate and encourage active stakeholder participation. Areas to be addressed are:

- A developmental vision.
- A comprehensive development strategy.
- Co-ordination of activities of various economic agents.
- Setting a legal and regulatory framework; and
- Promoting economic restructuring and upgrading as a public good.

The state must not be limited to the provision of the traditional public goods such as security, infrastructure and social services. Instead, it must identify the “commanding heights” of the economy over which it will take direct control. This will enable the state to take key developmental initiatives, which cannot be left to the market. The state must promote development by redistributing growth and upgrading and restructuring the economy.

Developmental states must have formal and informal structures for participation and consultations. They have to build consensus over the development agenda and maintain social cohesion, a common identity, a strong civil society and social stability. States must also have the capacity and instruments for mobilising resources that can be invested productively. Furthermore, they must have strong internal capacity for policy formulation and implementation without relying unnecessarily on external consultants. Also, the process of transformation must be rooted in the culture and language of the people. So far, debates on development were imposed from above or from external sources as a prerogative of the elite.

States can only play their developmental role if there are supportive institutional arrangements. These include:

- A key planning agency as the custodian of the development strategy. It must steer the economy toward particular outcomes and thus needs a fairly high degree of control over economic developments.
- A distributional agenda for the redistribution of assets, economic opportunities and income. This must be central to the development agenda. Currently, black economic empowerment (BEE) programmes are being pursued in the absence of an overall development plan and thus cannot be transformative.
• An efficient bureaucracy with a high degree of skills, integrity and commitment is essential for the promotion and implementation of a development agenda.
• Consultative and participatory structures that facilitate inclusiveness in the development process.
• Structures for obtaining up-to date information on economic, social, cultural and political developments.

The inefficiencies of the enclave economy and the lack of linkages between sectors and value chains require a complete paradigm shift if the problem of mass unemployment and under-employment is to be addressed. A shift toward a labour-absorbing growth path must be the starting point. An increasing part of the labour force that is currently in the non-formal sectors must be drawn into productive activities so that an increasing part of the population can contribute to the creation of internal demand, savings and re-investment. A component of this strategy is the deliberate creation of value chains as a component of auto-centric development.

**Auto centric development** refers to a development strategy that is based on meeting a country’s own economic and social needs first. Production of goods and services is geared primarily towards the domestic and regional market with export playing a secondary, supplementary role.

The development process needs to deal with various other aspects such as fiscal, trade, social and education policies, which will be discussed later in this book. We also need to bear in mind the need to change the external economic relations, which currently are a major stumbling block for a comprehensive development agenda. The liberalisation programmes of the IMF, World Bank and the World Trade Organisation (WTO) as well as the proposed Economic Partnership Agreements (EPAs) and unilateral actions such as the African Growth and Opportunity Act (AGOA) are all obstacles to a comprehensive African development agenda.
Given the limited resources available, developmental states will have to initially prioritise key activities to be promoted, which may have maximum spill-over effects for the economy in terms of employment creation and structural change. These selected activities will then become the main targets for the establishment of value chains and clusters. Also, not all the unemployed have the same needs and interventions should thus be targeted to meet the specific needs of various groups. Some might need to further their education, others might look for wage employment, some are cases for welfare interventions and some may want to be nurtured into entrepreneurship.

The agents of change driving the developmental states are specific class coalitions and interests including workers, peasants, the unemployed, casual workers and the progressive elites. Together, they will have to forge the vehicle for change and define the agenda for change in detail. They will have to agree on compromises and sacrifices that may be needed to implement the development agenda and to ensure its success.
A new macro-economic framework

Governments all over the world are consumed with the idea of getting the macroeconomic fundamentals “right” and strive towards “macroeconomic stability”. This is accompanied by the belief that economic growth would “trickle down” and benefit the whole society. Objectives like the achievement of full employment and eradicating poverty were shifted into the background.

The “right” macroeconomic fundamentals are also seen as a precondition for attracting foreign investment, which in turn is expected to create jobs and bring in technology, skills, access to markets etc. The World Bank, for example, believes that FDI is the engine for growth, job creation and poverty reduction. Developing countries have followed this neo-liberal line of thought for the last 20 years and were preoccupied with creating attractive investment conditions that benefit Transnational Corporations (TNCs).

**Neo-liberalism** is an ideology based on the belief that profits for businesses are the key driving force behind any economy. According to neo-liberals, the state should not in any way threaten the profits of businesses. Instead, the state should take all possible steps to assist business achieve higher levels of profits. This includes relaxing labour laws, relaxing environmental laws, reducing the tax rate on company profits, allowing companies to freely move money in and out of a country, and opening up the economy to foreign investors.

African countries have entered into competition with each other for FDI. Many established Export Processing Zones (EPZs) with extremely generous incentives for foreign investors. Even towns and provinces within countries have entered this cut-throat competition for FDI, while domestic investments were neglected.
What then are the “right fundamentals”? In line with the neo-liberal ideology, these fundamentals include measures to keep inflation low, to balance budgets and the balance of payments and abandoning state intervention in favour of markets. These measures formed the core of Structural Adjustment Programmes (SAPs) that the IMF and World Bank introduced since the 1980s. SAPs are shaped by 4 fundamental objectives, namely:

i) Liberalisation: promoting the free movement of capital; opening of national markets to international competition.

ii) Privatisation of public services and companies.

iii) De-regulation of labour laws and cutting social safety nets.

vi) Improving competitiveness

Based on these objectives, SAPs prescribe nearly always the same measures as a condition for new loans. These are:

- Reduction of government deficits through cuts in public spending (cost recovery programmes).
- Higher interest rates.
- Liberalisation of foreign exchange rules and trade (deregulation).
- Rationalisation and privatisation of public and parastatal companies.
- Deregulation of the economy, for example:
  - liberalisation of foreign investment regulations
  - deregulation of the labour market, e.g. wage and employment “flexibility”
  - abolishing price controls and food subsidies.
- Shift from import substitution to export production.

SAPs are the result of right wing economic policies that became predominant after the victory of conservative governments in the USA (Reagan) and the UK (Thatcher). The “Washington Consensus” of the USA Treasury, Western governments, right-wing universities, the IMF and World Bank and more recently the World Trade Organisation (WTO) systematically promoted neo-liberalism as the framework for international co-operation. SAPs promoted the principle of cost-recovery for social services and gradual withdrawal of the state from basic health and educational services. Following the
implementation of SAPs, Southern African countries experienced that:

- Domestic manufacturing often collapsed and imported consumer goods replaced domestic production.
- The elimination of subsidies and price controls under SAPs, coupled with devaluation led to price increases and reduced real earnings in the formal and informal sectors.
- Tax reforms under SAPs (like the introduction of VAT) placed a greater tax burden on middle and low-income groups, while foreign capital received generous tax holidays.
- Cost-recovery programmes in the health sector increased the inequality in health care delivery, reduced health coverage and increased the number of people without access to health care. Diseases that had been tamed like cholera, malaria and yellow fever are on the increase again.
- Cuts in public sector employment (for example 300 000 civil servants were retrenched in Zaire - now DRC - in 1995), coupled with bankruptcies of local companies have led to large increases in unemployment.
- Liberalisation of the labour market led to increased retrenchments and casualisation, and massive declines in real incomes.
- Export orientation in agriculture resulted in a shift from the production of food crops towards the production of export products (e.g. horticulture), thereby creating food insecurity.

Post-independence experiments like those of the Kaunda government in Zambia (humanism), the Ujama African Socialism of Nyerere’s Tanzania and the socialist policies in Angola and Mozambique, which initially improved social welfare could not be sustained and ultimately collapsed. They were replaced by SAPs. Likewise in South Africa, the African National Congress (ANC) dropped its more interventionist Reconstruction and Development Programme (RDP) in favour of the neo-liberal Growth, Employment and Redistribution (GEAR) strategy only two years after coming to power in 1994.

Thus, Southern Africa as a whole shifted from state-led development to market-driven policies. When the “new” Southern Africa Development Community (SADC) was formally launched in 1992, it envisaged a deeper form of regional
integration based on trade integration and sectoral co-operation to address infrastructure and capacity constraints. SADC aimed to achieve common approaches and policies through “protocols” which had to be signed by heads of states. Over the years, many protocols have been signed. However, implementation and compliance remain problematic. The SADC projects mostly had a strong national character, lacked a clear regional focus, were not based on the region’s own resources and thus relied on external funding. Political divisions, for example over issues of governance, peace and security, also hampered SADC.

From SADCC to SADC

In 1980, nine majority-ruled states in Southern Africa, known as the “frontline states”, formed a loose alliance known as the Southern African Development Co-ordination Conference (SADCC), with the main aim of co-ordinating development projects in order to lessen economic dependence on apartheid South Africa. These founding member states were Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe. SADCC was officially formed in Lusaka, Zambia on 1 April 1980, following the adoption of the Lusaka declaration.

The transformation of the organisation into the Southern African Development Community (SADC) took place on 17 August 1992 in Windhoek, Namibia when the Declaration and Treaty was signed at the Summit of Heads of State. Besides the SADCC founding members, the Democratic Republic of Congo, Madagascar, Mauritius, Namibia, and South Africa are also members of SADC today. The SADC headquarters are located in Gaborone, Botswana.

The Regional Indicative Strategic Development Plan (RISDP)

In August 2003, the SADC heads of state adopted the Regional Indicative Strategic Development Plan (RISDP) as the key policy framework for implementing the SADC Common Agenda and for achieving deeper levels of
economic integration and social development. RISDP is meant to provide a strategic direction for SADC programmes and activities over the next 15 years. It sets out targets and timeframes in the various areas of co-operation. RISDP is aligned to the ideals of the “New Partnership for Africa’s Development” (NEPAD) and the Millennium Development Goals (MDGs).

The RISDP identifies several areas of intervention such as poverty eradication; combating of HIV/AIDS; gender equality; private sector development; trade and economic liberalisation; sustainable food security etc. It relies on contributions from the SADC member states and the private sector as well as grants from international co-operating partners. The plan also mentions that an appropriate institutional framework and a participatory approach are required for its implementation. The secretariat is tasked to co-ordinate and monitor the implementation while a stakeholders’ forum will review the annual progress.

Overall, the RISDP endorses the neo-liberal approach to development and even believes that the controversial Economic Partnership Agreements (EPAs) between the European Union (EU) and the African, Caribbean and Pacific (ACP) countries will be beneficial for Southern Africa. The private sector is uncritically seen as the engine for economic growth and the RISDP intends to set up a Private Sector Unit in the Secretariat. The plan ignores the 25 years of African experiences with the failed SAPs and instead endorses their new version – the Poverty Reduction Strategy Papers (PRSPs). In the words of Malawi’s former Minister of commerce: “We have opened our economy. That’s why we are flat on our back.”

Trade agreements fragment the region

The original regional integration agenda has been destroyed by various free trade agreements that fragmented Southern Africa. The EU signed a free trade agreement with South Africa; AGOA picks selected African countries for trade arrangements with the USA; the ACP countries negotiate EPAs with the EU etc. The harmonisation of the region was hijacked by a neo-liberal agenda that requires the adoption of market-driven strategies. Figure 3 below shows how the region was reconfigured by trade arrangements. Under the
EPAs negotiation, Malawi, Zambia and Zimbabwe, for example, do not fall under SADC but under the East and Southern Africa region.

**Figure 4: African regional and sub-regional economic integration groupings**

In Southern Africa, South Africa is now playing a leading role in the promotion of a perverse capital-oriented regionalism. This results in regional disintegration, especially since the establishment of the new SADC in 1992 and its orientation towards a private sector driven free trade area. The SADC approach takes globalisation as a given, and thus merely wants to facilitate the process. The original idea of seeing regionalism as a collective defence
to protect local economies and industries from wider competition has been replaced by the idea of integrating the region into the global economy.

SADC has essentially adopted the model of market-driven integration where the interests of the private sector are dominant and social issues like equity and poverty eradication are pushed into the background. They are only mentioned as part of a rhetorical populist exercise. Meeting macroeconomic benchmarks (like price stability and low levels of debt) has become an end in itself and not a means to an end.

**The Poverty Reduction Strategy Papers (PRSPs)**

Towards the end of the 1990s, the IMF and World Bank reluctantly had to admit that SAPs had largely failed. They were then replaced by Poverty Reduction Strategy Papers (PRSPs), which became the new approach for debt relief and new loans. PRSPs placed more emphasis on the participation of “civil society”, on the delivery of social services and on outcome-related goals for poverty reduction within the context of the Millennium Development Goals. However, economic and trade liberalisation (including privatisation) as well as other structural reforms to speed up Africa’s integration into the global economy remained key pillars of PRSPs – just like they had been for SAPs. PRSPs thus do not offer an alternative to SAPs and are based on the same economic framework. In Zambia, for example, trade unions and civil society participated in the drafting of the PRSP and called for an end to the further privatisation of the last remaining public assets. Even the country’s president supported this demand but the IMF representative issued a warning that Zambia could lose its debt relief of US$ 1 billion if it stopped further privatisation.

**Southern Africa today**

After 20 years of market-related reforms, Southern Africa has not been able to set itself on a path of people-centred development. An analysis of key economic indicators reveals the following:

- SADC has been integrated substantially into the world economy as indicated by trade figures. SADC’s trade in goods, for example, as a percentage of the GDP, reflects the extent of global integration and stands
above the world average and even above the average of East Asia and the Pacific. Private capital flows and FDI also increased in several SADC countries over the past 15 years, although it remained far below those to East Asia and the Pacific.

- The **trade performance** of SADC countries is weak compared to other regions of the world. SADC accounted for 2.2% of the world’s exports in 1970 but this figure dropped to 0.7% by 2003.

- The level of trade within the SADC region rose significantly and accounted for 12% of total exports in 2000. South Africa accounts for the bulk of regional exports consisting mostly of consumer, intermediate and capital goods. The bulk of SADC’s trade is with the outside world, which indicates a high level of **integration into the global economy**.

- Almost all **SADC exports** (about 90%) are primary goods such as oil, copper, diamonds, fish and meat and other agricultural products. On the other hand, almost two-thirds of the region’s imports are intermediate and capital goods. The prices for most primary products deteriorated over time and Southern Africa thus experienced worsening terms of trade in international markets.

- **Economic growth rates** during the past 15 years were close to the population growth rate of 2.6% and substantially lower than those of East Asia. The MDGs projected that Africa needs growth of 7% to have a chance of reducing poverty by half by 2015.

- Most SADC countries have modest **budget deficits**, on average about 7% of GDP. The average inflation in the region stood at 47% between 2000 – 2003, significantly lower than during the 1990s. Without Angola, DRC and Zimbabwe, the average inflation rate was only 8%.

- The **levels of savings and investments** vary greatly between the different countries of the region. Angola, Botswana and Namibia have the highest levels of savings of over 25% of GDP. These savings are not always re-invested in productive ventures and instead are often invested offshore, for example in Namibia, which has been a capital exporter for many years (see table 1 below).

- High **levels of indebtedness** have undermined growth and human development in many countries of the region.
Experiences in the region over the past 20 years have shown that improved economic “fundamentals” did not translate into improved livelihoods and human development. Instead, poverty levels were worsened by the implementation of neo-liberal policies. This is clearly shown by the social indicators (measuring people’s quality of life and standards of living) in Southern Africa, which reveal that:

- Life expectancy decreased since the mid-1980s (in large parts due to HIV/AIDS) and is now the lowest in the world.
- About 14 million adults and children are infected with HIV and 10 million people already died of AIDS-related diseases. Four million children below 14 were orphaned due to AIDS.
- In most SADC countries health expenditure is below world average and only Namibia was the only country that achieved the goal of 15% of the budget as set out in NEPAD. There is a worrying trend away from universal public health towards a fragmented system where private health care caters for the needs of the rich while services in the public sector deteriorate.

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<tr>
<td>Total Capital Inflows (million N$)</td>
<td>686,1</td>
<td>823,3</td>
<td>1 842,0</td>
<td>2 400,0</td>
<td>1 900,0</td>
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<tr>
<td>Total Capital Outflows (million N$)</td>
<td>860,1</td>
<td>1 968,4</td>
<td>2 264,6</td>
<td>3 691,1</td>
<td>4 847,1</td>
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<tr>
<td>Net Capital Outflows (million N$)</td>
<td>174,1</td>
<td>1,144,5</td>
<td>422,6</td>
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<td>2 947,1</td>
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More than 60% of the population in SADC lacks access to an adequate supply of safe water.

Enrolment and completion rates in education vary greatly between the SADC countries. Overall enrolment rates increased in the 1990s but are still lower than the world average. Only 77% of students completed primary education compared to the world average of 84%. The better education results are those achieved in Zimbabwe, Botswana, Mauritius and South Africa while the worst performers are Mozambique and the DRC.

About a third of the SADC population lives in abject poverty and about 40% of the labour force is unemployed or underemployed. Poverty levels have not only increased, but have also become more pronounced in urban areas and amongst female-headed households.

Levels of income inequality in the region are amongst the highest in the world, with most countries having a Gini co-efficient of more than 0.5.

The distribution of resources and income is highly skewed and in some cases racially biased, for example in South Africa where whites constitute 5% of the population and own over 80% of the land.

When measured against the Human Development Index (HDI) which looks at life expectancy, education and standards of living, seven SADC countries fall in the medium category while six are in the low HDI group (see table 2 below).
The Gini coefficient measures the level of inequality in the distribution of income. In a society where everyone is equal, the coefficient is 0, and if one person holds all resources, it will be one. Thus, its value is between 0 and 1. The higher the figure, the greater the level of inequality.

Most industrialised countries have Gini coefficients of between 0.24 and 0.36 but the USA has a coefficient of 0.4. Countries with the highest coefficient (and thus the highest levels of inequality) include Brazil, Namibia, South Africa and Botswana.

When analysing the social and economic performance in Southern Africa, we need to keep in mind that national statistics hide the actual inequalities that exist within countries. The indicators for countries like South Africa, Namibia
and Botswana hide the poverty of the majority behind the enormous wealth of a small minority of the population.

Poverty levels in Southern Africa worsened during the implementation of neo-liberal policies. Botswana for example had average economic growth rates of 13% between 1970 and 1990 but could not eradicate the high levels of poverty. What really matters is not the quantity of growth but its quality. Only inclusive, broad-based growth promotes sustainable human development.

This was even recognised by the African heads of states when they adopted the “African Charter for Popular Participation in Development and Transformation” in Arusha, Tanzania in 1990. The Charter states that at the heart of Africa’s development objectives must lie the ultimate and overriding goal of human-centred development”. Resources should be redirected to satisfy the critical needs of people and to achieve economic and social justice. The African people should be empowered to determine the direction and content of development.

This has to be the starting point for a new economic framework, which must include the steps outlined in chapter 2. Southern African countries need the room to develop their own policies to achieve equitable and sustainable development instead of following imposed blueprints. Development programmes can only succeed if they are nationally and regionally owned as the people in Southern Africa must be able to determine their own priorities. Undoubtedly, the redistribution of assets and resources will have a prominent place in such a people-driven economic and development framework.
Infrastructure and Service Provision

Introduction

**Defining infrastructure**: Infrastructure in this context generally refers to both socio-economic infrastructure that is crucial to human and economic development. Social infrastructure (e.g. educational and health facilities) is central to promoting human development, whilst economic infrastructure is defined as capital infrastructure meant for economic development and the creation of future wealth, and generally includes, road, rail, water, sanitation, power, and telecommunications facilities.

Southern Africa inherited a highly dispersed and unevenly distributed infrastructure from its colonial past. During the colonial era, little was done to improve the region’s infrastructure. The limited infrastructure built during that era was driven by the objective of connecting natural resources to export markets. For example two-thirds of the African railways built in the colonial period connected mines to a coastal harbour.

After independence, most of the Southern African governments made important contributions to promote infrastructural development, especially the provision of social infrastructure. However, these state monopolies were characterised by heavy and slow-moving bureaucracies, tariffs well below cost-recovery levels, under-investment in management, maintenance and in the procurement of new infrastructure, especially in transportation networks and ICT development.

Despite some modest infrastructure procurement achievements within the region, Southern Africa’s infrastructural stocks remain far below par when compared to other emerging world regional blocks. Inequities still characterise infrastructural ownership and provision within the region and nationally. Table 3 below presents infrastructural stocks of selected Southern African countries.
### Table 3: Infrastructural stock for selected Southern African countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Electricity Consumption per Capita (KW-hours)</th>
<th>Aircraft Dep’s per 10,000 citizens</th>
<th>Density of Road Network (km of road/km² of territory)</th>
<th>Density of Rail Network (Km of rail/km² of territory)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>125</td>
<td>3.6</td>
<td>0.06</td>
<td>2.2</td>
</tr>
<tr>
<td>Botswana</td>
<td>1,001</td>
<td>40</td>
<td>0.18</td>
<td>1.5</td>
</tr>
<tr>
<td>DRC</td>
<td>93</td>
<td>1.5</td>
<td>0.07</td>
<td>1.6</td>
</tr>
<tr>
<td>Lesotho</td>
<td>21</td>
<td>--</td>
<td>--</td>
<td>0.1</td>
</tr>
<tr>
<td>Malawi</td>
<td>76</td>
<td>4.7</td>
<td>--</td>
<td>6.8</td>
</tr>
<tr>
<td>Mauritius</td>
<td>1,592</td>
<td>102.8</td>
<td>1.02</td>
<td>--</td>
</tr>
<tr>
<td>Mozambique</td>
<td>70</td>
<td>3.8</td>
<td>0.04</td>
<td>3.9</td>
</tr>
<tr>
<td>Namibia</td>
<td>308</td>
<td>27.5</td>
<td>0.08</td>
<td>2.9</td>
</tr>
<tr>
<td>South Africa</td>
<td>4,313</td>
<td>25.1</td>
<td>0.30</td>
<td>18.6</td>
</tr>
<tr>
<td>Swaziland</td>
<td>822</td>
<td>24.9</td>
<td>0.22</td>
<td>17.7</td>
</tr>
<tr>
<td>Zambia</td>
<td>598</td>
<td>6.2</td>
<td>--</td>
<td>1.7</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>950</td>
<td>10.9</td>
<td>0.05</td>
<td>7.9</td>
</tr>
</tbody>
</table>

### Table 3: Infrastructural stock for selected Southern African countries (continued)

<table>
<thead>
<tr>
<th>Country</th>
<th>% Population with Access to Improved Sanitation Facilities</th>
<th>% Population with Access to Improved Water</th>
<th>Telephone Density Mainlines per 1,000</th>
<th>Aid per Capita US$, 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>44</td>
<td>38</td>
<td>6</td>
<td>32</td>
</tr>
<tr>
<td>Botswana</td>
<td>66</td>
<td>95</td>
<td>87</td>
<td>22</td>
</tr>
<tr>
<td>DRC</td>
<td>21</td>
<td>45</td>
<td>0</td>
<td>16</td>
</tr>
<tr>
<td>Lesotho</td>
<td>49</td>
<td>78</td>
<td>13</td>
<td>43</td>
</tr>
<tr>
<td>Malawi</td>
<td>76</td>
<td>57</td>
<td>7</td>
<td>35</td>
</tr>
<tr>
<td>Mauritius</td>
<td>99</td>
<td>100</td>
<td>270</td>
<td>20</td>
</tr>
<tr>
<td>Mozambique</td>
<td>43</td>
<td>57</td>
<td>5</td>
<td>112</td>
</tr>
<tr>
<td>Namibia</td>
<td>41</td>
<td>77</td>
<td>65</td>
<td>68</td>
</tr>
<tr>
<td>South Africa</td>
<td>87</td>
<td>86</td>
<td>107</td>
<td>14</td>
</tr>
<tr>
<td>Swaziland</td>
<td>--</td>
<td>--</td>
<td>34</td>
<td>23</td>
</tr>
<tr>
<td>Zambia</td>
<td>78</td>
<td>64</td>
<td>8</td>
<td>63</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>62</td>
<td>83</td>
<td>25</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: Greg Mills: Bricks, Mortar, Policy and Development: Aid and Building African Infrastructure
Table 3 shows that South Africa predominantly owns a greater proportion of existing infrastructure, regional market shares in service provision and foreign direct investment in infrastructure.

In addition to regional inequities, in most of the Southern African economies, infrastructure provision has also been skewed in favour of the urban formal sector over the rural/communal sector. Table 4 below presents access to infrastructure sectors in urban and rural areas of four selected Southern African countries.

**Table 4: Access to Infrastructure Sectors in Urban and Rural Areas of selected Developing Countries (Percentage of Households with Access)**

<table>
<thead>
<tr>
<th>INFRASTRUCTURE CATEGORY:</th>
<th>ACCESS TO ELECTRICITY</th>
<th>ACCESS TO WATER</th>
</tr>
</thead>
<tbody>
<tr>
<td>COUNTRY</td>
<td>YEAR</td>
<td>PER CAPITAL GNI</td>
</tr>
<tr>
<td>Mozambique</td>
<td>1997</td>
<td>180</td>
</tr>
<tr>
<td>Tanzania</td>
<td>1999</td>
<td>260</td>
</tr>
<tr>
<td>Zambia</td>
<td>1996</td>
<td>360</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>1999</td>
<td>530</td>
</tr>
<tr>
<td>Africa</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INFRASTRUCTURE CATEGORY:</th>
<th>ACCESS TO TELEPHONE</th>
<th>ACCESS TO FLUSH TOILET</th>
</tr>
</thead>
<tbody>
<tr>
<td>COUNTRY</td>
<td>YEAR</td>
<td>URBAN</td>
</tr>
<tr>
<td>Mozambique</td>
<td>1997</td>
<td>5.4</td>
</tr>
<tr>
<td>Tanzania</td>
<td>1999</td>
<td>-</td>
</tr>
<tr>
<td>Zambia</td>
<td>1996</td>
<td>-</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>1999</td>
<td>16.7</td>
</tr>
<tr>
<td>Africa</td>
<td></td>
<td>5.7</td>
</tr>
</tbody>
</table>

Source: Clarke and Wallsten (2002)

Rural coverage remains generally lowest in many of the Southern African countries. For instance, about 87.5% of urban households in Zimbabwe had electricity, 91% had piped water, 94.1% had flush toilets and 16% had telephones. In comparison, only 8.3% of rural households had electricity, 6.2% had piped water, 2.2% had flush toilets and 1.3% had telephones.
Impact of infrastructural reforms
Infrastructural reforms mainly involved the privatisation of public infrastructural service provision utilities and the introduction of cost recovery schemes (the removal of cross subsidization on infrastructural service provision). These reforms have had varied consequences within the region:

Infrastructural Gaps
These reforms have not been able to generate the much-needed investment in all the infrastructural sectors as had been earlier predicted. Thus, market reforms have left an ever-increasing gap in the provision of infrastructure that has a strong bearing on social welfare, such as electricity, transport, water & sewerage, and natural gas transmission. Transnational Corporations (TNCs) tend to generally consider these infrastructural sectors to be less profitable than other sectors. Much of the private investment has been in telecommunications, with the other sectors receiving reduced investment between the period 1990 and 2001. Table 5 below helps to illustrate this observation.

Table 5: Annual Investment in Infrastructure Projects with Private Participation by Sector, Sub-Saharan Africa, 1990–2001

<table>
<thead>
<tr>
<th>Year</th>
<th>Electricity</th>
<th>Natural gas transmission &amp; distribution</th>
<th>Tele-communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>0.1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1991</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1992</td>
<td>-</td>
<td>-</td>
<td>0.0</td>
</tr>
<tr>
<td>1993</td>
<td>-</td>
<td>-</td>
<td>0.0</td>
</tr>
<tr>
<td>1994</td>
<td>0.1</td>
<td>-</td>
<td>0.7</td>
</tr>
<tr>
<td>1995</td>
<td>0.1</td>
<td>-</td>
<td>0.8</td>
</tr>
<tr>
<td>1996</td>
<td>0.5</td>
<td>-</td>
<td>1.1</td>
</tr>
<tr>
<td>1997</td>
<td>0.5</td>
<td>-</td>
<td>3.0</td>
</tr>
<tr>
<td>1998</td>
<td>0.8</td>
<td>-</td>
<td>1.5</td>
</tr>
<tr>
<td>1999</td>
<td>0.5</td>
<td>-</td>
<td>2.8</td>
</tr>
<tr>
<td>2000</td>
<td>0.0</td>
<td>0.0</td>
<td>2.6</td>
</tr>
<tr>
<td>2001</td>
<td>0.7</td>
<td>-</td>
<td>3.2</td>
</tr>
<tr>
<td>Total</td>
<td>3.1</td>
<td>0.1</td>
<td>15.7</td>
</tr>
</tbody>
</table>
Despite the clamouring for foreign investment in infrastructural development, there has been little attention paid to the sustainability of private/market based provision of infrastructure. About 8% of infrastructure projects with private participation implemented in Sub-Saharan Africa in 1990–2004 had been cancelled or classified as “distressed” by 2004, representing less than 2% of investment commitments in the period. Many of the foreign investors in the infrastructural sectors such as municipalities, water and sewage management companies later withdrew their funding either because of poor government-investor relationships or failure to agree on new negotiation terms and contracts. Examples include the withdrawal of water companies like Aquas De Mozambique in Mozambique; Beaufort in South Africa; Reasons and Biwater in Zimbabwe. The sudden withdrawal of investments tends to worsen the infrastructural gaps that exist, leaving dejected governments often without alternative funding sources.

### Table: Infrastructure PPI Projects

<table>
<thead>
<tr>
<th>Year</th>
<th>Transport</th>
<th>Water &amp; Sewerage</th>
<th>Electricity &amp; Water &amp; Sewerage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.1</td>
</tr>
<tr>
<td>1991</td>
<td>-</td>
<td>0.0</td>
<td>-</td>
<td>0.0</td>
</tr>
<tr>
<td>1992</td>
<td>-</td>
<td>0.0</td>
<td>-</td>
<td>0.1</td>
</tr>
<tr>
<td>1993</td>
<td>0.0</td>
<td>-</td>
<td>-</td>
<td>0.0</td>
</tr>
<tr>
<td>1994</td>
<td>0.0</td>
<td>-</td>
<td>0.0</td>
<td>0.8</td>
</tr>
<tr>
<td>1995</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.9</td>
</tr>
<tr>
<td>1996</td>
<td>0.0</td>
<td>-</td>
<td>0.0</td>
<td>1.5</td>
</tr>
<tr>
<td>1997</td>
<td>0.5</td>
<td>-</td>
<td>0.7</td>
<td>4.8</td>
</tr>
<tr>
<td>1998</td>
<td>0.3</td>
<td>0.0</td>
<td>-</td>
<td>2.7</td>
</tr>
<tr>
<td>1999</td>
<td>1.2</td>
<td>0.2</td>
<td>0.1</td>
<td>4.7</td>
</tr>
<tr>
<td>2000</td>
<td>0.1</td>
<td>-</td>
<td>0.7</td>
<td>3.4</td>
</tr>
<tr>
<td>2001</td>
<td>0.5</td>
<td>0.0</td>
<td>0.1</td>
<td>4.6</td>
</tr>
<tr>
<td>Total</td>
<td>2.7</td>
<td>0.2</td>
<td>1.6</td>
<td>23.4</td>
</tr>
</tbody>
</table>

Source: World Bank PPI Project Database

Despite the clamouring for foreign investment in infrastructural development, there has been little attention paid to the sustainability of private/market based provision of infrastructure. About 8% of infrastructure projects with private participation implemented in Sub-Saharan Africa in 1990–2004 had been cancelled or classified as “distressed” by 2004, representing less than 2% of investment commitments in the period. Many of the foreign investors in the infrastructural sectors such as municipalities, water and sewage management companies later withdrew their funding either because of poor government-investor relationships or failure to agree on new negotiation terms and contracts. Examples include the withdrawal of water companies like Aquas De Mozambique in Mozambique; Beaufort in South Africa; Reasons and Biwater in Zimbabwe. The sudden withdrawal of investments tends to worsen the infrastructural gaps that exist, leaving dejected governments often without alternative funding sources.

### Infrastructural reforms & employment

Another direct effect of infrastructure privatisation might be the reduction in employment, especially in the short-term. Traditionally, public sector providers of infrastructure services are characterised by substantial level of over staffing. Indeed, state enterprises have often been consciously used as employment schemes, or even as informal social security systems. One of the immediate
consequences of privatisation thus is the retrenchment of workers with a view to raise the efficiency and profitability of utility service providers.

Social welfare implications of privatisation
Notwithstanding the widespread adoption of infrastructure reform worldwide, access to basic infrastructure services by poor people remains a problem even as governments of many developing countries have privatised these services. Many poor people continue to lack access to safe water and sanitation, modern sources of energy, and electronic means of communication. Access remains poor as shown in tables 1 and 2 above. Chapter 10 of ANSA provides a very detailed outline of the social welfare ramifications of privatising public utilities and/or infrastructure.

REFERENCE BOX: MAINTENANCE OF TRANSPORT SECTOR INFRASTRUCTURE

**Roads** remain largely the transport link in Southern African countries, nationally and regionally, though it should be noted that there is no SADC regional road network. There exists an ad-hoc inter-country road network, which is highly uncoordinated. Road construction and maintenance remains poor within the region with; only 26% of the total 975,900 kilometres (km) of the SADC road network being paved, only 18.4% of the road network in good condition, comparing unfavourably with the world average of 36%. Access to roads by populations, especially the rural populations remains poor, with densities being very high. For instance, there are only 18 km of road for each 1000sq metres in DRC, 16km and 77km for Mozambique and Tanzania respectively.

**Rail, maritime transport and inland waterways**: despite the move for privatisation, the governments generally own rail in SADC countries. It is often characterised by mismanagement, severe financial constraints, and insufficient maintenance, with service delivery considerably poor. Many of the SADC member countries have potential inland waterways that remain severely under-utilised.
Infrastructural challenges in Southern Africa

Operational Inefficiencies
In spite of the large amount of scarce economic resources absorbed in the development of infrastructure within the region, there is clear evidence that the provision of infrastructure has been much below standard both in terms of quantity and quality in relative and absolute terms. Infrastructure bottlenecks within the Southern African region continue to exist, particularly in the management of current stock. While the performance of government-owned providers of infrastructure varies from one country to another, their overall performance is very poor. The sector is characterised by operational inefficiency, lack of technological dynamism and poor service to consumers.

Poor management and maintenance
Despite massive investments in infrastructure made by most SADC countries after independence, there were inadequate commitments to creating the necessary structures to manage and maintain existing infrastructure systems efficiently. Resources for recapitalisation, maintenance and rehabilitation remained considerably inadequate.
Inadequate public financing
The actual source of infrastructure financing within the region has remained largely external funding with the bulk of resources provided by international financial institutions (IFIs). These IFIs and private sponsors play an even more significant role in influencing which infrastructural projects receive funding, which may not always meet the national and/or regional priorities.

Southern Africa’s regional infrastructure initiatives

New Economic Partnership for Africa’s Development (NEPAD)

<table>
<thead>
<tr>
<th>The role of NEPAD in infrastructure development</th>
</tr>
</thead>
<tbody>
<tr>
<td>The role of NEPAD in infrastructure is essentially one of coordination, advocacy and facilitation focused on:</td>
</tr>
<tr>
<td>■ mobilising political will and actions to implement policy and institutional reforms in the sectors, including harmonising regulatory systems, and ratification of agreements;</td>
</tr>
<tr>
<td>■ facilitating resource mobilisation through policy coordination among external partners and by helping to create an enabling environment for stepping up the flow of the investments.</td>
</tr>
<tr>
<td>■ developing a strategic framework to monitor and update programmes for regional infrastructure</td>
</tr>
<tr>
<td>■ facilitating knowledge sharing, networking and dissemination of best practices among countries.</td>
</tr>
</tbody>
</table>

The infrastructural initiatives outlined in NEPAD for SADC cannot be defined as ‘new’ nor are they parallel to the existing initiatives outlined within the different SADC protocols. NEPAD merely brings a new vigour and aims to promote a sense of commitment to the implementation of Regional Economic Communities (RECs) to identify and agree on projects/programmes. NEPAD proposes a two-pronged approach for the development of infrastructure within Africa, consisting of the Short Term Action Plan (STAP), to kick-start the process and a medium-long-term strategic framework to complement the STAP and guide the systematic development of infrastructure on the continent.
Southern African Development Community (SADC) Infrastructural Development initiatives

SADC’s Regional Indicative Strategic Development Plan (RISDP) is designed to “connect the region”. The RISDP proposes “100% connectivity” to the regional power grid for all members by 2012; liberalised regional transport markets by 2008; and harmonised water-sector policies and legislation by 2006”. In spite of such planning, SADC has been unable to prioritise regional infrastructure projects. As a result, the 400 priority projects remain largely unfunded and well short of the US$ 6 billion targeted.

Critique of the regional initiatives

Many of the infrastructural projects that have been identified for the Southern African region and presented to NEPAD for resource mobilisation remain unfunded. There have been new considerations towards repositioning SADC’s infrastructural development agenda towards moving away from expectations of external funding and focusing on regional mobilisation of resources to meet SADC’s infrastructural priorities. Again, the ideological framework of NEPAD and RISDP is neo-liberal in nature and therefore is not an appropriate mechanism for accomplishing SADC’s infrastructural development agenda. There are a number of lessons that the SADC region needs to draw in order to achieve infrastructural development:

- There is need for coordinated regional integration in infrastructural provision and the overlapping of regional economic groups (see chapter 3) presents a challenge that SADC member states need to acknowledge and find a regional solution to in order to eliminate policy duplication and/or conflict of interest of members States versus the regional group.
- The region has to start setting sustainable and achievable infrastructural goals given limited resources and capacities.
- Private sector participation in the provision on infrastructural services, especially social infrastructure has to be strategically thought out and implemented in a manner that results in maximum welfare gains and minimum social losses.
An alternative infrastructural development approach for SADC

Government intervention
The mistake that many of the Southern African governments have made is the cut of public financing for infrastructure without sourcing concrete sustainable funding for infrastructural development. Infrastructural development cannot be solely left to the market. There is need for public intervention, especially in ensuring that the urban-rural infrastructural gap is closed. Where the government believes that services should be provided beyond what a well-functioning market will offer, subsidies should be provided to promote additional investment to achieve these social objectives. But the government should also seek to improve the functioning of the market so that subsidies can provide a maximum benefit when and where they are needed. Thus, for public-private partnership, modalities need to take both economic and welfare concerns into account in a manner that pursues poverty alleviation. There must be a regulatory authority to effectively regulate private investment in infrastructure. This will obviously require a supportive legal and institutional framework.

Domestic infrastructural demand
Southern Africa needs to redefine her own domestic infrastructural needs. As such, priority should be placed on addressing the inequities in the distribution and provision of infrastructure within the region. i.e. there must be a conscious stride to provide total access to basic social infrastructure such as, water, sanitation and energy for populations in the region. This should be based on concrete political commitment and the necessary stakeholder participation to accurately determine national and regional socio-economic infrastructural priorities. Furthermore, Southern Africa should also focus on providing infrastructure that supports a domestically driven industrial development strategy, and abolish the continued support of developing an inherited infrastructural system designed for resource extraction for former colonial empires.
Regional alliances
The infrastructural challenges within Southern Africa may vary in context and extent in each of the countries. For instance, infrastructural development priorities for South Africa may not be identical to those of Tanzania, but nonetheless, the overall challenges of accessibility and affordability are quite common. In this regard the countries within the region need to organise and coordinate themselves to effectively mobilise resources to attain common infrastructural requirements. For example, the development of transport networks to portal areas in Tanzania may have recurrent benefits for Malawi.

Sustainable infrastructural development
There is a need to ensure that adequate systems which promote effective and efficient provision such as infrastructural maintenance, regulatory instruments, new investment promotion- especially for national and regional investors and environmental regulations are put in place. There must also be environmental protection mechanisms that should be developed and enforced at the national and regional level.
Labour Markets in Southern Africa

Southern Africa has one of the highest levels of income inequality in the world. Official statistics on per capita incomes hide the poverty of the majority behind the wealth of a small elite. This applies particularly to countries like South Africa, Namibia and Botswana (see table 6). Low wages, poverty and inequality are the daily experiences of most workers in the region. Less than a fourth of the region’s labour force has a job in the formal economy and most struggle to sustain themselves and their families.

Table 6: Poverty and inequality in Southern Africa (2002)

<table>
<thead>
<tr>
<th>Country</th>
<th>Population living below $1 per day</th>
<th>Population living below $2 per day</th>
<th>(%)/Share of income/consumption of poorest 10%</th>
<th>(%)/Share of income/consumption of poorest 10%</th>
<th>Ratio of richest 10% to poorest 10%</th>
<th>Gini coefficient</th>
<th>Estimated ratio of female to male earned income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Botswana</td>
<td>23.5%</td>
<td>50.1%</td>
<td>0.7%</td>
<td>56.6%</td>
<td>77.8</td>
<td>0.63</td>
<td>0.62</td>
</tr>
<tr>
<td>Lesotho</td>
<td>36.4%</td>
<td>56.1%</td>
<td>0.5%</td>
<td>48.3%</td>
<td>105.6</td>
<td>0.63</td>
<td>0.38</td>
</tr>
<tr>
<td>Madagascar</td>
<td>49.1%</td>
<td>83.3%</td>
<td>1.9%</td>
<td>36.6%</td>
<td>19.2</td>
<td>0.47</td>
<td>0.59</td>
</tr>
<tr>
<td>Malawi</td>
<td>41.7%</td>
<td>76.1%</td>
<td>1.9%</td>
<td>42.2%</td>
<td>22.7</td>
<td>0.50</td>
<td>0.68</td>
</tr>
<tr>
<td>Mozambique</td>
<td>37.9%</td>
<td>78.4%</td>
<td>2.5%</td>
<td>31.7%</td>
<td>12.5</td>
<td>0.40</td>
<td>0.66</td>
</tr>
<tr>
<td>Namibia</td>
<td>34.9%</td>
<td>55.8%</td>
<td>0.5%</td>
<td>64.5%</td>
<td>128.8</td>
<td>0.71</td>
<td>0.51</td>
</tr>
<tr>
<td>South Africa</td>
<td>7.1%</td>
<td>23.8%</td>
<td>0.7%</td>
<td>46.9%</td>
<td>65.1</td>
<td>0.59</td>
<td>0.45</td>
</tr>
<tr>
<td>Swaziland</td>
<td>1%</td>
<td>1%</td>
<td>50.2%</td>
<td>49.7</td>
<td>10.8</td>
<td>0.61</td>
<td>0.31</td>
</tr>
<tr>
<td>Tanzania</td>
<td>19.9%</td>
<td>59.7%</td>
<td>2.8%</td>
<td>30.1%</td>
<td>10.8</td>
<td>0.38</td>
<td>0.71</td>
</tr>
<tr>
<td>Zambia</td>
<td>63.7%</td>
<td>87.4%</td>
<td>1.1%</td>
<td>41.1%</td>
<td>36.8</td>
<td>0.53</td>
<td>0.55</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>36%</td>
<td>64.2%</td>
<td>1.8%</td>
<td>40.3%</td>
<td>22.2</td>
<td>0.57</td>
<td>0.54</td>
</tr>
</tbody>
</table>

Source: United Nations Development Programme

As mentioned in chapter 2, Africa’s enclave economies are characterised by a small formal sector with the majority of the population confined to subsistence agriculture and informal activities. They currently have no chance to engage in productive economic activities and improve their living standards. Southern Africa thus needs to overcome the cycle of low wages, unemployment, low levels of skills and productivity and informal survival strategies.

Colonial capitalism left Southern Africa as an exporter of crops and raw materials. Botswana, Namibia, South Africa and Zambia, for example, are mainly mineral exporters, while Malawi, Swaziland, Tanzania and Zimbabwe...
are exporters of tobacco, sugar, fruits, cotton, sisal, skins, timber, beef and fish. After independence, the colonial enclave economy was reinforced by the belief of ruling elites that the formal sector was the engine of growth and development. Foreign investment and aid were regarded as the major source of capital for the independent African states. In other words, post-independence governments embraced the enclave economies and hoped that the “trickle-down effect” from the formal sector would resolve unemployment. All government policies had a deliberate formal sector bias and thus reinforced the economies’ low labour absorption capacity.

**Characteristics of the labour market**

The colonial legacies, coupled with the post-independence embrace of the enclave economies and the implementation of SAPs since the 1980s created a labour market that is characterised by exclusion. In Zambia, for example, 70% of those classified as employed are in the informal economy and only 11% are employed in the formal sector. Even in Southern Africa’s formal sector, most workers are regarded as having relatively low skill levels while highly paid skills are often imported. During the 1980s and 1990s, many workers experienced significant decreases in real incomes, for example by 17% in Tanzania during the 1980s and by 7.5% in Malawi during the same period.

Southern Africa is also characterised by high levels of wage inequality and by the absence of meaningful social security systems. The majority of the population thus has to rely on family systems rather than the state for survival. Overall, agriculture has remained the most important sector of employment, although the extent varies between the SADC countries. The manufacturing sector on the other hand has remained underdeveloped and provides only few jobs. In several countries it was even overtaken by the service sector in terms of employment creation. This is another indication of the missing link between the non-formal agricultural sector and the formal industrial sector. Enclave economies typically experience a disproportionate expansion of the service sector before the labour-absorbing manufacturing sector has been fully developed.
Southern Africa’s labour market is further characterised by labour migration, which initially started as a response to the labour needs of mining operations in South Africa. The migrant labour system was later extended to the agriculture and fishing sectors and had a strong influence on the structure of the labour market in the region. Today, migration occurs in several forms such as rural-urban migration; cross-border trading; migration to jobs in neighbouring countries; migration of highly skilled workers to countries with higher levels of income; and politically motivated migration.

Southern Africa has a very youthful population and an alarmingly high number of child labourers. They are usually from the most marginalized communities, which are hardest hit by poverty and HIV/AIDS. Children are casually hired and fired, receive “children’s wages” and are extremely vulnerable, particularly girls. Child labour is to a large extent linked to poverty, a lack of resources and educational possibilities, which have worsened during the introduction of the neo-liberal SAPs. The growth of child labour was also aided by poor institutional and regulatory settings in most SADC countries.

**Table 7: Regional unemployment rates (total, youths and adults), 2003**

<table>
<thead>
<tr>
<th>Region</th>
<th>Total</th>
<th>Youth</th>
<th>Adult</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrialised economies</td>
<td>6.8</td>
<td>13.4</td>
<td>5.7</td>
</tr>
<tr>
<td>Transition economies</td>
<td>9.2</td>
<td>18.6</td>
<td>7.7</td>
</tr>
<tr>
<td>East Asia</td>
<td>3.3</td>
<td>7</td>
<td>2.4</td>
</tr>
<tr>
<td>South-East Asia</td>
<td>6.3</td>
<td>16.4</td>
<td>3.4</td>
</tr>
<tr>
<td>South Asia</td>
<td>4.8</td>
<td>13.9</td>
<td>2.3</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>8</td>
<td>16.6</td>
<td>5.4</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>12.2</td>
<td>25.6</td>
<td>7.8</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>10.9</td>
<td>21</td>
<td>6</td>
</tr>
</tbody>
</table>

The regional labour market also displays a clear bias against women (see table 8 & figures 6 and 7). Women experience discrimination in the social, cultural and economic spheres (see chapter 14). Despite some progress made, women are still discriminated by law in several countries and have far less access to tertiary education and better-paid jobs in the formal sector than men. The education system has largely functioned to prepare girls for reproduction and boys for production. Women’s work is less recognised and valued and often underpaid. Although women make up about 40% of the labour force in SADC, their share in the formal sector is much lower.

### Table 8: Regional unemployment rates of youth and adults, by sex for 2003

<table>
<thead>
<tr>
<th>Region</th>
<th>Female youth</th>
<th>Male youth</th>
<th>Female adult</th>
<th>Male adult</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrialised economies</td>
<td>12.5</td>
<td>14.1</td>
<td>6.0</td>
<td>5.5</td>
</tr>
<tr>
<td>Transition economies</td>
<td>19.2</td>
<td>18.1</td>
<td>7.7</td>
<td>7.7</td>
</tr>
<tr>
<td>East Asia</td>
<td>5.8</td>
<td>8.1</td>
<td>1.9</td>
<td>7.0</td>
</tr>
<tr>
<td>South-East Asia</td>
<td>17.6</td>
<td>15.5</td>
<td>3.9</td>
<td>3.1</td>
</tr>
<tr>
<td>South Asia</td>
<td>15.9</td>
<td>13.0</td>
<td>3.5</td>
<td>1.8</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>20.8</td>
<td>14.0</td>
<td>6.8</td>
<td>4.5</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>31.7</td>
<td>22.7</td>
<td>10.1</td>
<td>7.0</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>18.4</td>
<td>23.1</td>
<td>5.3</td>
<td>6.5</td>
</tr>
</tbody>
</table>


### Figure 6: Regional unemployment rates of youth and adults, by sex, 2003

There is an ongoing debate on flexibility in Southern Africa’s labour markets. Business often views regulations as restrictive and claims that they hamper economic growth and job creation. However, in reality the region is characterised by high levels of flexibility due to the large numbers of unemployed workers who are desperate to accept any job at almost any condition. Casualisation, outsourcing and the use of labour brokers (also known as labour hire companies) has become so widespread that permanent jobs with benefits have become the exception rather than the rule - even among formal sector workers. Thus, there is a growing number of “working poor”, people in full-time employment unable to sustain themselves from the meagre salaries they earn.

Currently, there is a huge imbalance in the economic power of capital and labour in the region, which makes it very difficult for workers to counter the erosion of labour standards. Female workers are especially hard hit as gender discrimination in the labour market relegates women to the most vulnerable and insecure jobs that are the first to be affected by retrenchments.
Trade Unions

Workers are organised in trade unions across the region. Most have their origins in their country’s liberation struggle and played an important role in the attainment of independence. In some cases, labour movements formed the basis of new oppositions parties in the post-independence era. Southern African trade unions vary greatly in terms of organisational capacity, membership base and vision. On average they represent over 40% of the region’s formal sector labour force, although these figures range from 14 – 60% between the individual countries. Despite this achievement, unions do not represent the majority of the population as they hardly managed to organise casual workers and those in the informal economy.

Trade union power is not only determined by the labour movement’s numerical strength, but also by its ability to forge strategic alliances with other organisations representing marginalised constituencies. Such alliances can be very powerful voices of the oppressed as shown for example by South Africa’s Mass Democratic Movement (MDM) in the 1980s.

On the other hand, the labour movement faces a threat to its power by fragmentation into rival unions. This is the case in almost all SADC countries today, although most unions initially supported the slogan of “one industry – one union, one country – one federation”. At regional level, the Southern African Trade Union Co-ordination Council (SATUCC) is the most significant organisation. Established in 1983, it initially supported the liberation struggles in the region. Since the 1990s, SATUCC tries to influence policies at regional level in favour of workers. It proposed a social charter to guarantee workers rights and the upward harmonisation of working conditions across Southern Africa.

This task has been difficult as many governments in the region showed little sympathy for labour’s concerns and – in line with the neo-liberal ideology - believed that the creation of favourable investment conditions would be the solution to Africa’s development problems. Some governments thus regarded strong unions as an obstacle to their neo-liberal development strategies and showed little appreciation for labour’s concerns. As a result, labour markets
have increasingly shifted towards increasingly “flexible” forms of employment with little or no job security and benefits for workers.

**Alternative labour market policies**

The region’s labour market can only be transformed through strategic interventions at various levels. As indicated in chapter two, this requires the state to play a leading role. Market-driven reforms that the region experienced since the 1980s have clearly failed and thus an interventionist state is needed to transform the distortions of the enclave economy.

Within the neo-liberal framework, a passive approach to the labour market was pursued, believing growth will on its own “trickle down” into jobs and benefit the majority. The SADC states have largely fallen pray to the neo-liberal dogma of the IMF, World Bank and World Trade Organisation and thus the labour movement in alliance with other organisations of the excluded will have to play a leading role in changing the dominant mindset. Trade unions will have to represent workers not only at the workplace, but also articulate their interests on broader socio-economic issues. They need to broaden their own base beyond the formal sector by including casual workers and those in the informal economy as part of their own constituency.

Trade unions are at a crossroads today and face the choice of being further marginalised, representing only a small fraction of the region’s people or becoming the driving force behind a process of mobilisation for more fundamental socio-economic changes. Specific areas of intervention are the following:

- Placing the creation of decent jobs at the centre of economic policy instead of relegating them to a “trickle-down” effect.
- Upward harmonisation of labour laws towards best practice and implementation of the SADC Social Charter. This must lead to common labour standards and prevent the “race to the bottom” that is currently practised by SADC countries in their quest to sell themselves to foreign investors in direct competition with their neighbours.
- Introduction of basic social security systems (such as basic income grants) as a step towards redistribution of wealth and poverty reduction. Such
systems could be financed through progressive taxation (placing the burden on the rich) and employers’ contributions.

- Granting refugees the right to work so as to free them from the pressure to accept highly exploitative working conditions due to their status as “illegal” workers.

- Creating conducive conditions for the growth of the SME sector, which targets local markets, absorbs local labour and circulates its income into the local economy. Measures to be taken include access to credit, facilities, flexible forms of training, foreign exchange and imports, as well as creating backward and forward linkages with local agriculture and industries. This would constitute a reversal of the current bias towards large companies.

- Redistribute productive resources such as land and promote labour-intensive, small-scale but profit-making industries as well as small-scale, commercial agricultural activities. The transformation in East Asia, for example, started with an agrarian reform, which was linked to the development of the industrial sector.

- Reinvigorate public institutions and strengthen the weak structures of the state to turn the public sector into an effective vehicle for the delivery of basic social services and goods such as housing, education, health, and water. There is also a need to ensure effective controls over the abuse of state power. Currently, the public sector in many Southern African countries provides jobs for a few rather than quality services for the majority.

- Set out a regional development plan that provides for inter-regional equalisation as a step to stem the flow of migrant labour from the poor to rich countries and towns. This cannot happen through market forces and will require a deliberate plan of action, guiding economic activities to particular areas.

- Set out common rules for the recruitment of highly skilled migrants, for example requirements for the beneficiary country to pay for the cost of training.

- Systematise education and training requirements and qualifications across the region in line with the development goals and targets.

- Set up effective social dialogue structures with decision-making powers to ensure compliance. Currently Southern African countries tend to have tripartite consultative structures without decision-making power.
The “race to the bottom” refers to desperate attempts by countries (and sometimes even towns and regions within countries) to attract investment at (almost) all costs. In Southern Africa, for example, an increasing number of countries have introduced Export Processing Zones (EPZs) in an attempt to attract foreign investors. EPZs offer special incentives such as tax holidays, infrastructure paid for by the host country, exemption from import and export duties etc. Some countries went as far as granting exemptions from national labour laws and environmental regulations. Thus, the race for foreign investment becomes a race to the bottom regarding environmental and labour standards. Workers, their health, the environment and the well being of communities are sacrificed for the sake of attracting foreign investment.

“RACE TO THE BOTTOM”

NO HEALTH BENEFITS

NO LABOUR RIGHTS

POLLUTION

BOTTOM
Such interventions in the labour market must be accompanied by broader development policies that direct savings and investments into strategic activities and sectors. Furthermore, they must strategically link education and training to economic development, link exports to labour-absorbing activities, guide the “market” towards particular outcomes and promote broad-based economic empowerment. What is required is nothing less than a systematic structural transformation of agriculture and industry. Production must capture the non-formal sectors, absorbing surplus labour (the unemployed) in the process. This starts a process of accumulation and creates surplus in the formal and the transforming non-formal sector. It will also lead to a host of linkages as increasing employment creates demand for consumer goods and thus will lead to industrial expansion. The non-formal sector will require consumer and capital goods for its transformation and the savings and surpluses created will be used to further expand its productive base and its ability to create jobs. This process will also create an increasing revenue base for the state, which can then increase its investment in economic and social infrastructure to facilitate further growth and development.

This requires a strong, effective state that is committed to economic transformation and social justice. Trade unions have to promote an employment agenda that looks beyond the formal economy and is inclusive of workers in the non-formal sectors. Trade unions in alliance with other progressive forces (such as NGOs, informal economy associations, farmers’ unions and other organisations representing the poor) will have to play a decisive role in changing the region’s employment agenda and development strategy. Such alliances are also crucial to transform the nature of the state in Southern Africa from a provider of favourable investment conditions for capital to an interventionist, developmental state as outlined in chapters one and two.
Chapter 6

Agriculture and Rural Development

Introduction
The majority of Southern Africans reside in the rural areas (approximately 70%), with their livelihoods drawn mainly from the agricultural sector. Rural development that achieves poverty reduction depends, in part, on an adequate share of agricultural investment support through public spending and international aid. Agricultural development can lead to rural development, but only when linked to social changes that give the poor greater power over the social factors that shape, and far too often circumscribe, the horizons of their possibilities, including their agricultural options and assets.

Southern Africa is still characterised by an agricultural sector that portrays dualism and enclavity. Land distribution, access and ownership remain inequitable along race (i.e. South Africa, Namibia), gender, ethnicity and class. There are other forms of discrimination in the sector that include poor access to agricultural inputs, markets and other relevant socio-economic resources necessary for agricultural and rural development. Hence in order to attain sustainable agricultural and rural development, policies need not only focus on the redistribution of land, but also require a more comprehensive developmental paradigm as outlined in chapter 2.

The role of agriculture in Southern African countries
Agriculture has a multiplicity of roles within Southern African economies, at both the national and regional level:

Economic Growth
The agricultural sector contributes significantly to economic growth of many countries within the region. Table 1 below summarises agriculture’s contribution to selected Southern African countries:
Table 9: Contribution of agriculture to GDP & total employment in selected Southern African countries, 2004

<table>
<thead>
<tr>
<th>Country</th>
<th>% of GDP</th>
<th>% of total formal employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malawi</td>
<td>34</td>
<td>-</td>
</tr>
<tr>
<td>Mozambique</td>
<td>21</td>
<td>82</td>
</tr>
<tr>
<td>Lesotho</td>
<td>16</td>
<td>40</td>
</tr>
<tr>
<td>Zambia</td>
<td>19</td>
<td>54</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>14</td>
<td>24</td>
</tr>
</tbody>
</table>


The agricultural sector also remains one of the principal foreign exchange earners for the region. For example, tobacco exports accounted for more than 40% of Zimbabwe’s export earnings in 1997. Figure 8 below presents the value of agricultural export earnings as a percentage of GDP for selected Southern African countries.

Figure 8: Agricultural exports as % of GDP

Although figure 8 reveals a declining trend (reasons varying from one country to another) in the contribution of agriculture to total exports, its contribution is still significant.
Employment

Overall, the agricultural sector remains the largest employer in the formal economy of the Southern African region, employing over 60% of the total regional population. Although the contribution of the agricultural sector to GDP is relatively small in some countries, the sector still plays an important role as a source of employment. Despite these impressive employment figures, working conditions and wages within the sector trail behind other economic sectors.

Forward and backward linkages

In some SADC countries, the agricultural sector has strong backward and forward linkages with industrial sectors relying on the agricultural sector for the provision of inputs. For example, the Zimbabwean manufacturing industry acquires 60% of its inputs from the agricultural sector. Thus, agriculture has the potential to play a key role in reducing poverty, and ultimately improving the livelihood of the Southern African citizenry.

LAND POLICIES; LAND TENURE & LAND REFORM

Southern Africa today presents a wide spectrum of land policies, embracing a variety of forms of redistribution and tenure reform initiatives, utilising methods that range from consensual, market based approaches to forcible confiscation. Recent events in Zimbabwe, in particular, have had strong resonance from political parties and landless people in those countries, most notably South Africa and Namibia, where severe racial inequalities in land holding persist. Struggles over land have become central to external perceptions of the region.

Land tenure and women’s land rights in Southern Africa

The two principal forms of land tenure systems found in Southern Africa are customary (unwritten traditional rules administered by traditional leaders) and statutory tenure (governed by modern law). Land tenure in Southern Africa is still largely characterised by insecurity. It manifests itself in a number of ways including:

- Insecurity over land tenure for minority groups in Botswana and Malawi.
- Unclear or overlapping land rights and insecurity of farm workers and farm labour tenants in South Africa.
- Overcrowding in the form of high population to land ratio in Lesotho, Malawi and South Africa.
Land alienation into leasehold in Malawi, Mozambique and Zambia.
Inappropriate and exploitative administrative practices and limited women’s land rights in most of the Southern African countries.

Women in the region are marginalised in the ownership of land through patriarchal customary and discriminatory statutory land tenure systems, yet more than 60% of the rural populations within the region are female. Even in countries such as Zambia and Tanzania where positive land law reforms in favour of land ownership by women have been enforced, women still do not own/ control land due to lack of capital, illiteracy and lack of knowledge of their land rights (see chapter 14 on gender issues in Southern Africa).

Until recently, customary land tenure was deemed anti-developmental, but during the past two decades, land reform programmes based on free market principles (private ownership) have undermined legitimate land rights of indigenous persons, further marginalizing the disadvantaged that proves to be more expensive.

Land reform
The reasons behind land tenure reforms vary from one country to another within the Southern Africa region. Nonetheless, there is an increasing notion that secure land tenure rights are closely related to increased investment and growth in the agricultural sector. This stems from the belief that landowners who feel secure in their right to owning land tend to invest more resources in the land compared to landholders that do not have legal or officially acknowledged and respected land rights. Countries that have made significant progress in land tenure include Botswana, Mozambique and Malawi.

Land reform in the Southern Africa region has been addressed as a political matter. Land reform is often undertaken through civil strife, and where it has been successful (such as in Asia), it has been undertaken in association with complementary socio-economic policy frameworks i.e. the provision of extensive agricultural extension services, provision of sustainable socio-economic infrastructure and heavy investment in rural development.
Land reform and its developmental role: the case of Zimbabwe

Land reform processes may be necessary but are not the sole panacea to agricultural & rural development, economic growth and poverty reduction. Before 2000, land tenure in Zimbabwe was chiefly determined by the “willing buyer, willing seller” principle with other land redistribution exercises to address social inequities from the colonial era progressing gradually. It was estimated that some 6000 largely white commercial farmers owned 18 million hectares of mainly high-quality agricultural land, while 700 000 poor black households were confined to low-quality communal areas covering 18 million hectares. It was only between 2000 and 2003 that the land reform question in Zimbabwe arose in a rather heated political landmark that led to land occupation by the disadvantaged groups and former liberators of the country- in what is known today as one of the most controversial land reform programmes in the Southern African region. Although land reform in Zimbabwe between the years 2000 and 2003 can be deemed to have progressed furthest within the region, it has been rather disorderedly. Thus, unfortunately, land reform in Zimbabwe has not redressed rural development, poverty reduction and agricultural growth as had been predicted. The main lesson conceivably learnt from the Zimbabwean case is that, delayed land reforms and redistribution may result in intense pressures nationally and may culminate in civil strife. Agrarian reforms have to be supported by progressive policies on rural development, industrialisation and improvement of labour standards within the agricultural sector.

The key to sustainable rural development is legally secure access to assets by the poor. When property rights are lacking or insecure, farmers cannot be sure they will benefit from their efforts and therefore lack the incentive to invest in sustainable practices of land management. It is not easy to correct asset inequalities. Asset redistribution can disrupt the economy, deterring saving, inducing capital flight and impeding growth, especially in increasingly open world markets. But while this might sometimes be a risk, the risk of neglecting the rural poor is even greater as it might lead to socio-economic conflict, hampering socio-economic backward and forward linkages of the agricultural sector and other economic sectors and lead to environmental deterioration.
Social Relations In the Agrarian and Land Sector

Generally, the challenges of dualism and enclave development continue to mar the development agenda in Southern African economies. There are still strong inequities between societal groupings within the agricultural sector in relation to land ownership, access to land, access to other productive resources and to non-productive socio-economic services.

Disadvantaged groups: women & the landless

The Landless within Southern Africa

The number of the landless within the region continues to increase as a result of growing congestion within the rural areas, intensifying demographic pressures, environmental degradation, retrenchments in both urban and rural formal employment sectors. The scale of landlessness is such that it emphasises not only that land is increasingly a finite resource in the region, but also that governments and societies should seek other means through which to absorb those without access to land-based livelihoods.

Owner-occupied farming is one source of livelihood for rural people, especially the poor and the marginalised, yet there are still strong inequities in land tenure within Southern Africa with women still marginalised in the ownership of, and control over land and farm assets. Many households, laws and customs discriminate against women, thus damaging efficiency, equity, child health and poverty reduction. In countries such as Malawi and Lesotho, patrilineal marriage customs and statutory laws respectively discriminate against women’s entitlement to land. In addition, the challenges of the HIV/AIDS pandemic are not to be understated. The pandemic has increased the burden on women, the poor and children in terms of loss of breadwinners, lower agricultural productivity, and the redirection of scarce household resources from productive and livelihoods investments to health care related costs. Thus, there are numerous challenges and gaps that alternative socio-economic policies ought to address and take into consideration, if the agricultural sector is anticipated to deliver not only increased productivity, but also contribute towards national development and poverty alleviation.
Farm workers & reform: the Zimbabwean case

Less than 5% of Zimbabwean farm workers acquired land during the land reform exercise between 2000 and 2003. During the aftermath of the reform programme, the labour movement (ZCTU) put forward to the Presidential Land Review Committee the land and welfare needs of farm workers, citing the gaps and absence of farm workers during the land reform programme. About 200 000 (two-thirds) of the original workforce lost their jobs as a result of the land occupation exercise. The Committee dismissed this request.

Farm workers

Farm workers are generally excluded from land reform programmes and where they have managed to retain employment, continue to work in deplorable working conditions in Southern Africa. With the introduction of minimum wages and increasing trade union participation in the agricultural sector, formal employment within the sector has been significantly reduced. This has also been exacerbated by the fact that many small-scale farmers have failed to compete in global markets and also face decreasing international commodity prices that “force” them to cut back input (labour) costs to maintain competitiveness.

Indigenous people

One of many disadvantaged groups that are often forgotten in land reform programmes is the indigenous people. However, Southern Africa can learn an important lesson from the case in Botswana in 2006: The San, the indigenous people of the Kalahari Desert in Botswana, won a major victory in December 2006, at the end of the longest and most expensive court proceeding in Botswana history. The San claimed that they had been illegally evicted from their “territorial land” four years earlier, and the High Court ruled in their favour. Civil society activists around the world hailed the ruling as a historic precedent for the rights of indigenous people everywhere, especially in Africa, where many governments have been reluctant to recognize the concept of indigenous rights in land reform programmes.
A comparison: small scale and large-scale commercial farmers

Small holder farming remains the stronghold of the agricultural sector in Southern Africa as compared to large-scale commercial farming. Despite the stereotyping of their name (i.e. the intimation that they are resource disadvantaged) small scale farmers within Southern Africa are not homogenous in their wealth accumulation and the scope of their reliance on subsistence agriculture for all their food requirements as well as income. Increasingly, peasant households now have one or more sources of non-agricultural incomes and in some circumstances, derive between 60-80% of their incomes from non-agricultural sources. Nonetheless, structural adjustment programmes have been harsher on small-scale local farmers as compared to large-scale commercial farmers who have greater economies of scale in agricultural production.

The role and contribution of large-scale commercial farmers to economic development receives more public acknowledgment and support as compared to their small-scale counterparts. Historically, commercial farmers within the Southern African region have been defined as white farmers, most of who were based in former settler states and have been predominant in the production of cash crops. But today, there is a new class of large-scale commercial farmers that is emerging within the region - the black agrarian bourgeoisie - especially in Zimbabwe, Namibia, South Africa and Angola, where de-racialisation processes are being promoted. Pro-developmental agricultural policies should take into consideration these different elements of land ownership and access to farming resources in a manner that ultimately promotes rural development, food security and food sovereignty. The strange mix of neo-liberal/patronage type of land reform presently taking place in Southern Africa is not in line with the objectives of a policy of auto centric, sustainable human development advocated by the ANSA initiative.

Agricultural Reforms in Southern Africa

The 1970s and early 1980s were characterised by strong state interventionism in the agriculture sector. Agricultural policies typically included significant public spending on agriculture inputs, technology and research (often provided to the farmer at subsidized rates), trade coordination and protection (pricing, marketing, tariffs and restrictions on quantities), and creation of agricultural
organisations (parastatals, state-sponsored enterprises) to administer the system of state intervention. But with the onset of structural adjustment programmes, these state interventions have been significantly phased out, with increasing conformity to neo-liberal policies and globalisation.

The pace and extent of agrarian reforms have varied widely across countries within Southern Africa with reforms generally implemented partially. Agricultural reform measures were designed to:

- Eliminate government control over the pricing of agricultural inputs and outputs.
- Eliminate regulatory controls over commodity marketing.
- Restructure public enterprises and reduce marketing board involvement in agricultural pricing and distribution.
- Reduce agricultural extension and research service provision by the public sector through the privatisation of agricultural research and development centres.

Agrarian reforms were expected to result in increased productivity and distributional efficiencies as the sector boosted its supply response to national, regional and international markets. The ultimate end result would be a better performing sector that would lead to economic growth, development and poverty reduction in the rural/farming populations. Almost two decades later, the general consensus is that the agrarian reform programmes in Southern Africa have not met these expectations. Average annual economic growth rates, per capita incomes and growth in the production of value-added agricultural commodities have been negative or lower throughout the periods of structural adjustment. Economic performance within the region has trailed that of other developing regions.

**Market competition**

Proponents argue that the reforms have improved market efficiency, reduced budget deficits, stimulated export production, and increased the share of the final price received by farmers. Opponents argue that the reforms have destabilised agricultural prices, widened the income distribution gap, and reduced access to low-cost inputs. Without reference to either, empirical statistics reveal that subsequent to the liberalisation of agricultural domestic markets, the private sector has responded with rapid increases in the number
of traders in food crop, export crop, and fertilizer markets. This has resulted in increased competition, and in many cases, reduced marketing margins. Despite the removal of regulatory marketing barriers, there are other constraints to newly liberalised marketing systems such as inadequate roads and vehicles; lack of trader credit; lack of availability of storage chemicals; lack of market information; and lack of supportive legal frameworks.

Export crop production has responded more positively than food crop production. Under structural adjustment programmes, large scale farming and commercial crop production are promoted, based on the assumption that productivity improvements are easier to obtain in the export as opposed to subsistence or locally-traded crop sector, and that the increase in income stemming from export production will ensure national food security. In this regard, reforms advocate for the production of export agricultural products (e.g. fruits, flowers, vegetables, wine products, coffee, beef and exotic meats such as ostrich) over traditional crops grown for domestic consumption. Consequently, governments cut subsidy programmes to small farmers growing domestic crops and offer incentives and subsidies to farmers growing export crops. In addition, resources (land, labour and inputs, including research) are shifted from subsistence production to the production of export crops. The implications of this shift are many, especially for disadvantaged and excluded groups who are concentrated in the subsistence sector and whose ability to move into export crops is limited by various constraints. Generally, this shift in production preferences has further marginalised these disadvantaged groups that cannot respond to the new market signals.

Another consequence of export crop promotion over domestic food crops is that it may reduce food security; cash crops tend to take the focus away from food production for domestic populations. As more land is used for export crops, food imports tend to rise. This creates a system through which poorer countries become dependant on cheap foreign imports while also being dependant on cheap exports. Zimbabwe, which prior to the implementation of structural adjustment in 1991 was food self-sufficient, and was referred to as the bread basket of the region, slumped into food deficiency thereafter and has since not recovered.
Reforms have increased the income of small export growers but have had mixed impact on poor farmers.

Devaluation and export market liberalisation have increased the income of small export growers by 20% on average in the Sub-Saharan region, although the magnitude has varied greatly by country and crop. The effect of the reforms on poor farmers, on the other hand, has been both negative and positive, depending on the net food situation of farmers, the remoteness of their location, and the extent and effectiveness of state intervention before the reforms. Farm households in remote areas are often worse off than they were before the reforms, because of the elimination of uniform nationwide prices that subsidised transport costs and the reduction of non-commercial procurement by parastatals.

Where state-sponsored credit systems have collapsed, farmers have found it harder to get access to credit. The private sector has not been able to provide credit to farmers because of its inability to enforce loan re-payment. Access to extension services has declined because governments have reduced public expenditure in the agricultural sector. In addition, the elimination of subsidies and the devaluation of local currencies have caused input prices for the agricultural sector to rise significantly. For example, farmers are facing higher fertiliser prices and as a result, fertiliser use has declined (especially on maize) or its use has stagnated. On average, in developing countries, 9 kilogrammes of nutrient are used per hectare of arable land, compared with 107 kilogrammes in industrialised countries.

Agriculture and Trade

The multilateral trade rules on agriculture are contained in the World Trade Organisation’s (WTO) Agreement on Agriculture (AoA). The AoA, calls for reductions in agricultural export subsidies, reduced domestic support to farmers and lower tariffs on imports of agriculture products. Some of the clauses in the agreement reflect anything but fair conditions for African farmers. The agreement has not led to expected increased agricultural market share for developing countries within the markets of developed countries. There are still grave concerns on how the AoA affects food security, food sovereignty and poverty in the least developing countries and in the net food importing countries. Recent commodity price declines, notably for coffee and sugar meant
that countries such as Swaziland that rely heavily on sugar export for revenue generation and employment creation had to bear the brunt of low commodity prices. This once again highlighted the ongoing concerns and vulnerabilities of developing countries in agricultural production and trade.

In parallel with multilateral liberalisation under the WTO, countries have entered into various types of bilateral and regional trade agreements (RTAs). For Southern Africa, the main free trade areas being created with industrialised countries are the Africa Growth and Opportunity Act (AGOA) with the United States and the Economic Partnership Agreements (EPAs) with the European Union (EU). Although many of these agreements have utilised various approaches to reducing barriers to agricultural trade, nearly all maintain some degree of protection, especially for sensitive products such as sugar, cotton and rice. One reason for the increase in the number and degree of coverage of agricultural products in more recent RTAs (those primarily negotiated after 1995) is that these agreements provided a way for countries with similar trade policy agendas to pursue more rapid agricultural trade liberalisation at a time when multilateral trade talks (Uruguay Round) were foundering during the late 1980s. However, RTAs generally do not address the issue of agricultural subsidies. Continued subsidisation of agricultural products in industrialised countries resulted in the prevailing trade injustices within the sector. Between 1999 and 2001, industrialised countries' agricultural support averaged US$ 330 billion per annum, approximately 9% higher than between 1986 and 1988. Developing countries do not have resources to match these huge investments and thus they cannot provide equal resource support to their small-scale farmers.

**Towards an alternative, sustainable, autocentric human development agenda in agriculture**

There are numerous challenges facing the agricultural sector, including those that are historical (i.e. the dual and enclave nature of the inherited economies) as well as those that have been the result of years of neo-liberal agrarian reform. The alternative framework proposed by ANSA suggests the following:
Land reform
Recalling the multiple roles of the agricultural sector in development and poverty alleviation, land reform remains one of many important processes that need to be undertaken to achieve human centred development goals. Land reforms should:
- Redress the dual and enclave nature of land tenure, access, ownership and control of farm assets, taking into account: the marginalised, disadvantaged groups, gender and racial concerns;
- Avoid patronage in the redistribution and allocation of land and farm resources. Governments within the Southern African region should ensure that land reform processes are conducted in a manner that is transparent and equitable;
- Size and quality of land should be considered in the allocation of land rights. In addition, there must be national and regional supportive policies enforced to ensure environmentally sustainable management of land and water resources and;
- It is critical that national legislation and regulatory mechanisms ensure the enforcement of minimum labour standards for the labour force in the agricultural sector and also create an environment that promotes higher productivity and pro-development investment in the sector;

Agricultural production methods/technologies
It is important to promote technological research and development to ensure the provision of technologies best suited to the production requirements of the region, i.e. agricultural technologies designed to suit the agro-ecological and socio-economic context of Southern Africa. The region should also begin to move away from its dependence on Europe and the USA in the provision of manufactured agro-inputs as this reduces productivity and competitiveness.

A more practical recommendation:
There is a need to stimulate the development and use of open-pollinated varieties of crops and non-hybrid animals, e.g. poultry. This will ensure that individual farmers remain independent from corporation and middlemen who market imported hybrid varieties and Genetically Modified Organisms (GMOs).
Forward and backward linkages

Given the significant role of the agriculture sector in Southern African economies, it is important that development strategies drafted within other sectors have strong backward and forward linkages with, and clearly strategise their links with the agricultural sector to ensure smooth linkage flows. As such, governments should ensure the provision of both public and private infrastructural services and the promotion of “responsible” investment that support the productive demands of the agricultural sector. Government should play a more pro-active role in the provision of credit facilities and regulation, including the provision of inputs and crops. There should be emphasis on the development of small-medium scale decentralised, rural based industries and services that assemble or provide inputs, support services, processing, transport and marketing.

Pivotal role of the State on transforming the small farmer and communal sector

The minimal role of the State advocated for under neo-liberal economic frameworks has to be discarded. The State has to play a more developmental role and not remain on the sidelines observing the functioning of the “free market”. There is a need for increased public provision and regulation of agricultural and non-agricultural infrastructural services required to support agricultural production. The State has to ensure equitable distribution and allocation of these resources among all stakeholders within the sector, especially the marginalised, the disadvantaged, small-medium scale agricultural producers. Southern African governments perhaps need to reconsider increasing annual resource allocations to the agricultural sector to attain developmental objectives.

Regionalism vs. neo-liberal globalisation

The agricultural sector needs to begin to focus on meeting regional agricultural commodity demands, before catering to the market demands of Western economies. Priority should thus be placed on intra-regional trade and exchange, as domestic markets are likely to provide sufficient demand and thus stimulate rapid industrial growth. Regarding multilateral trading options, the Southern African region should ensure that trade negotiations processes at the WTO address issues raised within the Doha Development agenda.
Bilateral trade arrangements must not become an avenue for industrialised countries to push issues rejected at the multilateral level.

**Alternatives for the disadvantaged: Women & the landless**
Southern African governments and relevant institutions should ensure the formulation of both customary and statutory laws that entitle women to land ownership and control. This should be supported with national institutions meant to monitor policy implementation and strengthen legal rights awareness for women to comprehend and effectively apply their legal rights in land tenure. A good regional example is that of Mozambique which embarked on huge awareness campaigns to disseminate new land laws. There must be incentives/penalties for efficient/inefficient land use. For instance in Brazil, if someone occupies land within a period of two years without the owner taking notice, they become legally entitled to the ownership of that land (the land should not be more than 250 square metres). This could be an example of land laws that will either encourage utilisation of already allocated land or the increased allocation of land to the landless.

**Indigenous people**
Southern Africa governments should put in place empowerment institutions and structures within land programmes to ensure representation of the indigenous persons in land reform and other related socio-economic rights. This could be enforced through national legislation or the national constitution. It must also be nationally and regionally recognised that indigenous people have been marginalised from socio-economic policy formulation and that their access to socio-economic service sand infrastructure should be ultimately improved and identified as national and regional priorities.

**Farm workers**
In addition to supporting national agricultural trade unions working in ensuring and enforcing the decent work agenda for agricultural farm workers, there must be national legislation that ensures farm workers and retrenched farm workers are awarded land tenure rights. This should be covered within the statutory land tenure systems at the national level in each of the Southern Africa countries.
Sustainable Mining

Historical roots

Since the discovery of gold and diamonds in South Africa, in the late 1800’s, mining has formed one of the backbones of the Southern African economy. Foreign money from the imperial powers of the day – Britain, Germany and the United States – flooded into the new mining industries in South Africa’s Northern Cape and the Witwatersrand area. Huge investments were needed to undertake mining on a large scale and giant mining companies (known as conglomerates) were created, for example Anglo-American and De Beers. New towns, such as Kimberly and Johannesburg, also sprung up around these new mines. The wealth created by the industry was concentrated in the hands of a white settler elite in these new towns, often at the expense of the rural areas.

Most of the infrastructure that was developed in Southern Africa was built to service the mines and the towns that sprung up around them. This meant that the vast rural areas in Southern Africa, where no mines were located, received few resources and remained poor. Thus, the region became marked by uneven development due to the focus on mining. Railways were built from coastal ports to the new mining towns to transport gold and diamonds to the ports for export, and to transport imported consumer goods and imported machinery for mining operations to the new towns. In most countries, the railway system was never expanded to serve the remote rural areas, which negatively affected rural development.

With the growth of the diamond and gold mines there was an increasing need for cheap labour. Thus, the colonial states in Southern Africa used force, through the introduction of land taxes, the creation of “reserves” and the implementation of pass laws to force workers into employment on the mines. A migrant labour system was created throughout Southern Africa, which saw African men from all over the region migrating to the new mines as unskilled labourers. These migrant labourers were drawn into the colonial cash economy.
Various other minerals, such as copper, had been discovered all over Southern Africa by the early 1900s. Mines sprung up in Southern Rhodesia (Zimbabwe), Northern Rhodesia (Zambia) and the Congo. This too led to the development of towns near these mines and the railway system was extended to these areas. These new mines were owned by foreigners or the settler elite in South Africa, and also utilised the migrant labour system.

It was during this time that Southern Africa became fully part of the global capitalist economy. Its role in the global economy was that of an exporter of raw minerals and an importer of finished manufactured goods. The Southern African region never became a large producer of finished manufactured goods. This became the defining feature of the Southern African economy and has remained largely unchanged to this day.

**Post-colonial period**

The countries in Southern Africa started gaining political independence from the 1960s onwards. Many of these newly independent governments - notably in Zambia, Tanzania, Angola and Mozambique - tried to take direct control of the mines in their countries through nationalisation. They also tried to use the mining revenue to diversify their economies. A number of attempts were made to develop a manufacturing sector in countries such as Zambia and Tanzania. The problem, however, was that in most states (with the exception of South Africa), this proved to be largely unsuccessful (see chapter 8).

Although some Southern African states invested mining profits into improving their people’s lives, governments of most Southern African states were unable to fully develop other sectors of their economies. They lacked the local resources to do so and usually had to borrow money internationally to try and develop a manufacturing sector. Often, the industries that were created were aimed at supporting mining. This meant that the regional economies never became fully diversified. Although some Southern African states developed light industries, they were never really able to develop a large-scale capacity to manufacture machinery. Expensive machinery for mining and manufacturing, therefore, had to be imported. The result was that most Southern African countries failed to transform the colonial economies that they had inherited at independence.
The countries of Southern Africa also faced, and continue to face, various barriers in the international arena. Developed countries, such as the United States, imposed various tariffs (taxes) on imported manufactured goods. This discouraged other countries, like those in Southern Africa, from diversifying into export manufacturing. The manufacturing plants that were created were mostly aimed at meeting local consumer needs. On the other hand, the industrialised countries had low tariffs on raw materials, which encouraged Southern Africa to export unprocessed raw materials. In addition, industrialised countries also imposed non-tariff barriers on manufactured goods from Southern Africa, which re-enforced the trend. During the 1960s and 1970s, the export of raw materials still made economic sense due to the high prices on the world market.

Southern African states need “hard” foreign currencies, such as US dollars, to pay for imports and the debt that they owe internationally. Indeed, both imports and foreign debt of Southern African states usually have to be paid in US dollars.

The result was that despite attempts to create an industrial base to meet local demands after independence, most Southern African countries continued to rely on mineral exports to earn foreign currency. Southern African countries have remained exporters of relatively cheap raw materials and not of value-added manufactured goods.

They faced - and continue to face - the problem that prices for minerals, metals and ores are set internationally. This meant that Southern African states have no control over the prices of their minerals. Prices of minerals, metals and ores fluctuate on a daily basis and are, therefore, unstable. During the period when mineral prices were high, such as the 1960s and early 1970s, most governments in Southern Africa were able to spend money on expanding healthcare, education and developing local manufacturing industries. This enabled the economies of the region to grow rapidly. However, from the mid-1970s onwards the prices of minerals, ores and metals dropped dramatically. This created instability within the economies in Southern Africa as the income from mineral and metal exports declined. Due to the limited
amount of domestic capital available, most of the states in the region were forced to borrow internationally to maintain the levels of investment that were needed to keep their economies growing. Thus, most of the states in Southern Africa fell into a debt trap, which gave lenders such as the World Bank and International Monetary Fund (IMF) greater power over them.

Social, environmental and economic impact of mining
Mining makes up 9% of the total Gross Domestic Product (GDP) of Southern Africa. In countries that rely heavily on mining, such as Botswana, this figure is as high as 35%. Historically, mining has also created large-scale employment in Southern Africa based on the migrant labour system. In recent years, however, employment declined significantly due to mine closures and capital-intensive restructuring.

Mining jobs are extremely dangerous as workers face dangers such as rock falls; explosions; dangerous gases; extreme heat; extreme noise; dust and vibrations. Mines in Southern Africa have the highest injury and death rates in the world. On average each year, 6 mineworkers out of every 1000 are seriously injured in Southern Africa due to their jobs. On average, 14 out of every 100 000 mine workers die each year due to accidents at work. Small-scale mining is even more dangerous and deaths are often not reported because the mining operations are illegal. Rock falls, a lack of ventilation, and cave-ins are common accidents in informal small-scale mines, which are not properly regulated. Workers in all mines, whether informal or formal, often suffer from various lung diseases such as silicosis and tuberculosis due to the dust that they encounter at work.

Mining also leads to environmental destruction. Sulphur minerals from copper ore can pollute surface and ground water. The smelting of copper also causes these sulphates to be released into the air while steel smelting leads to sulphur and dangerous oxides being pumped into the air. Mercury is used to refine gold and can pollute both the land and water surrounding the mines. The mining of asbestos has been found to cause lung cancer in both workers and the communities that surround the mines. Massive areas of forest and indigenous plants are also destroyed when mines are established. The costs
of this destruction were and are never calculated and used in the planning of mines. Therefore, it is the surrounding communities and the general population in Southern Africa that have had to bare the costs of the destructive nature of mining.

The migrant labour system, on which mining in Southern Africa relies, has contributed to the rapid spread of HIV/AIDS in the region. Workers were separated from their families and in many instances families were destroyed by the migrant labour system. This resulted in many workers forming sexual relationships with other people in the communities that surround the mines. Sometimes mine workers pay people from the surrounding communities for sex and the use of several sexual partners increased the risk of spreading HIV.

Impact of neo-liberal policies
The debt that most Southern African countries owed to the IMF and World Bank was used as a weapon against them in the late 1980s and 1990s. In most Southern African countries, the IMF and World Bank forced governments to introduce Structural Adjustment Programmes (SAPs) as discussed in
chapter 3. Some Southern African countries voluntarily implemented economic programmes that were similar to the SAPs.

The shift towards neo-liberalism in Southern Africa had a major impact on the region’s mining sector. In many countries, the mines that had been nationalised in the 1960s and 1970s were privatised. For example, as part of its SAP measures Zambia privatised 330 state-owned enterprises, including its most lucrative copper mines in the 1990s. Companies from countries such as Canada, the United States and the United Kingdom snapped up the mines that were being privatised in Southern Africa at very low prices. This meant that foreign interests controlled these mines. In many cases it was South African mining houses that benefited from this privatisation of mines in other Southern African countries. This was also facilitated by South Africa’s economic policy (GEAR), which relaxed capital control measures, allowing South African companies to invest elsewhere. For example, the South African company, Metorex, was allowed to buy copper mines that were privatised in Zambia. Similarly, Randgold was able to buy privatised mines in Tanzania while Gold Fields bought a number of gold mines that were privatised in Ghana.

A tax holiday is a temporary decrease or elimination of a tax. Governments sometimes give tax holidays as incentives for business investment. In developing countries, governments sometimes reduce or eliminate company taxes in order to attract foreign investors. Tax holidays are often given to foreign companies that buy former state owned assets or that invest in certain areas such as export processing zones (EPZs).

The introduction of SAPs also saw Southern African countries reducing the tax rate for mining corporations. In some countries mining corporations have even been given tax holidays to attract foreign investors into the mining sector. Following the introduction of SAP measures in Zambia, foreign mining companies received massive tax breaks. Added to this, foreign companies also received exemptions from paying Value Added Taxes (VAT) on any goods that they import.
In addition to North American and European companies, beneficiaries also included South African companies such as Randgold, JCI, African Rainbow, Impala Platinum and Mvelaphanda. They all received tax breaks for their operations in the region. This reduction of tax rates on mining companies resulted in governments having less to spend on social, education and health services. Thus, the people of Southern Africa indirectly paid the price of companies receiving tax breaks from the region’s governments.

With the introduction of SAPs and other neo-liberal policies, mining companies have been allowed to take most of their profits outside the region. Even in countries where some elements of exchange controls exist, mining companies have found ways to by-pass them. For example, mining companies in Southern Africa often use transfer pricing to move money out of the region, avoid all exchange controls and avoid paying taxes. Transfer pricing involves false invoicing between various subsidiaries of a company. Transfer pricing takes place in two ways: over-invoicing of imports and under-invoicing of exports. Over-invoicing takes place when a mining company in Southern Africa imports goods, such as machinery, from its parent company in another country. The imported machinery is then deliberately over-priced, which means the company in Southern Africa transfers more money than the goods are worth to their parent company. In this way, they move money out of the region. Under-invoicing of exports involves companies deliberately exporting more minerals and metals than are actually on an invoice to their international parent company. The international parent company then sells the extra exports and keeps the money overseas. By examining difference between trade flow figures from South Africa and its various trading partners, it was estimated that between 1970 and 2003, at the very least, 20 billion US dollars was illegally siphoned out of South Africa by corporations through fraudulent invoicing.

With the introduction of SAPs and other neo-liberal policies in Southern Africa, employment in the mining sector has dropped steadily. In 1994, 751 115 people were employed in the formal mining sector. By 2000, employment levels had dropped, and only 594 637 people were still employed in the formal mining sector. SAP measures have also led to a decrease in workers rights; workers in mines in Africa now work longer hours than they did in the 1960s and
1970s. This means that mining companies can employ less people, but still maintain the same output. Added to this, mining companies have increasingly shifted towards capital-intensive production which contributed to the declining number of jobs in the industry.

With the introduction of SAPs, however, employment in the informal small-scale mining sector rose dramatically. It is estimated that almost 1.5 million people are employed in this sector. Poverty and high rates of unemployment have driven people into working in the informal small-scale mining sector, which is often dangerous and highly exploitative. Women and children usually make up the bulk of the workforce in the small-scale mines.

**Search for sustainability: alternatives to neo-liberalism**

In order for mining to serve the interests of Southern Africa and its people, fundamental changes are needed. These include reversing the policies of privatisation, tax breaks, lax labour laws and financial liberalisation. In order to do this, however, Southern African countries would have to break the stranglehold that the IMF and World Bank have over them. One way in which this could be done is through joining alternative projects, such as the **Bank of the South** that has been started by Venezuela and other progressive countries.

The **Bank of the South** is a lending organisation started by Venezuela and other Latin American countries, such as Argentina, Bolivia, Ecuador, Paraguay and Brazil. The aim of the Bank is to lend money to countries of the South for the construction of social programmes and infrastructure. These loans do not carry neo-liberal conditions; rather the loans are intended to improve the lives of people. This makes the Bank an alternative borrowing source to the IMF and the World Bank. Already, Venezuela has withdrawn from the IMF and World Bank. Indeed, the Bank of the South is a major threat to the power of the IMF and World Bank.

If Southern African countries could break the stranglehold that neo-liberal institutions such as the IMF and World Bank, have over them, they would be in a position to develop alternative economic and industrial plans. Industries could
be created in Southern Africa that process the raw materials that are mined in the region. For example, instead of merely mining diamonds and exporting them raw or just polished to countries like Belgium (where they are turned into jewellery), Southern Africa could establish value chains in the region. Establishing processing industries and transforming raw materials into manufactured or finished products (beneficiation) would not only lead to greater employment in the region but would also generate greater revenue from exports.

Creating beneficiation industries would also stimulate demand for other manufactured goods and services. For example, a diamond-cutting firm would need tools and machines to carry out its work. Such a need could be met by establishing local industries to provide these goods and services. This would require the governments of the region to develop comprehensive industrial policies that promote the development of key industries to meet the demands that arise out of beneficiation. Additional industries would have to be created to meet the basic demands of all people in the region with a view to become self-sufficient and reduce the amount of goods that are currently imported. Through such a strategy, the economies of Southern Africa could be diversified and employment on a large-scale could be created. Countries in the region would also have to put tariffs on various goods from outside Southern Africa so that local industries would be protected until they are fully developed.

In the mining industry itself, as part of the move away from neo-liberalism, governments could ensure that any company wishing to operate in the mining sector would have to adhere to progressive legislation. Such legislation could ensure that companies pay high taxes, create good working conditions, ensure that working conditions are truly safe, and develop surrounding communities. Governments have the scope to do this because companies have to go where the minerals are: they cannot simply move elsewhere. Governments could take ownership of certain key mines or ensure that the ownership of and benefits from key mines are socialised.

Governments could also assist communities to take ownership of small-scale mines. This could be done through granting mining licenses and providing financial assistance to communities. The governments of the region would
also have to create a policy and programme to ensure that small-scale mining adds to the development of the rural areas and gradually becomes part of the formal economy. Such a policy or programme would have to be based on addressing rural poverty and ensuring sustainability. Governments would then have to regulate the industry properly to ensure that the industry is safe and free from labour exploitation.

On the mines themselves, governments need to ensure that environmentally friendly and sustainable mining processes and technologies are applied. Environmental legislation and monitoring would also have to be improved and properly implemented. Any costs to the environment and the surrounding communities due to mining should also be the responsibility of the mining companies involved. In this way, a more environmentally friendly form of mining could come into existence.

There is also a need for the region to gain some control over the prices at which minerals and metals are sold. The countries of Southern Africa could also explore the possibility of setting up a partnership organisation with other countries that produce the same raw materials. This would allow them to take control and set the prices at which they sell their raw materials in the international market. Such an organisation already exists around oil (OPEC) and similar organisations could be established for gold, diamonds etc.

Finally, mining and mineral resources are finite. The governments of Southern Africa need to take this into account and thus have to create alternative livelihoods for mining communities. Well thought out employment and skills training programmes would have to be implemented during the lifespan of the mine. Governments could provide the necessary finance by setting aside a certain percentage of the revenue made from mining for such programmes to ensure the survival of the mining communities beyond the lifespan of the mine.
Chapter 8

Manufacturing in Southern Africa

Background

The Southern African economy is marked by under-development and a small manufacturing sector. Primary industries (especially mining and agriculture) and services thus tend to dominate the region’s formal economy. Furthermore, the manufacturing sector does not have strong links to the primary and service sectors.

South Africa is the region’s dominant producer, but regional manufacturing as a whole is dependent on external inputs, such as machinery and technology. The value of the sector’s imports is even higher than the value of its exports! In general, intra-SADC trade is mainly in primary commodities going to South Africa while manufactured goods as well as semi-processed intermediate goods are exported from South Africa to the rest of the region.

The structural distortions of Africa’s enclave economies (see chapter 2) have prevented the expansion of the formal economy and the transformation of the non-formal sectors. Manufacturing industries could not expand as they lacked linkages with the rest of the economy and therefore could not absorb the “surplus labour”, i.e. the unemployed from the non-formal sectors.

Economic liberalisation was meant to stimulate domestic producers to improve efficiency and international competitiveness. In practice, however, this did not happen and the region’s small manufacturing sector could not expand linkages through exports either regionally or internationally. The sector lacks linkages both with the domestic economy and with the economies of the other countries in the region.

Instead of addressing the structural challenges faced by the manufacturing sector, neo-liberal economic policies have further eroded the region’s manufacturing capacity. Figure 9 below exemplifies this process in Zimbabwe. Southern Africa has also become sidelined in terms of trade as the share of
exports from the region to the rest of the world declined since the 1980s. The region’s exports are usually raw materials and not manufactured goods: mineral exports make up over two thirds of the exports from the SADC region.

**Figure 9: The decline of manufacturing in Zimbabwe**

![Graph showing the decline of manufacturing as a percentage of GDP](image)

Southern African countries mainly import the value added manufactured goods that they need and this often leads to balance of payments problems. The income earned from the export of raw materials is less that what the region needs to pay for the imported manufactured goods it receives. Trade between Southern African countries themselves is also small and the largest trading partners of the region currently are the United States, Germany and Britain.

**Trade liberalisation and the manufacturing sector**

During the 1960s and 1970s, the newly independent Southern African countries tried to develop their manufacturing sectors, hoping that this would allow them to reduce their dependency on Europe and the USA. Zambia, for example, followed a state-driven development strategy during its first two decades of independence and made huge investments in social services and infrastructure development. The state was involved in the management and running of the national economy and the government took 51% shareholding
in a number of privately run commercial, financial, industrial and mining companies. State involvement was then extended to almost all sectors of the economy in an attempt to free the Zambian economy from foreign domination and transfer economic power to Zambians. The government used the income from the dominant mining sector to finance critical sectors like agriculture, manufacturing, tourism and infrastructure development.

Several countries of the region tried to promote the development of local firms to produce goods for the domestic market that had previously been imported. This was known as a policy of “import substitution”. Many Southern African states borrowed money internationally to develop their manufacturing sectors and their countries’ infrastructure. At the time, interest rates on these loans were very low, but by the late 1970s interest rates were rising fast. This resulted in many Southern African states having a problem paying back their loans in the 1980s.

From the 1980s onwards, the International Monetary Fund (IMF) and World Bank offered new loans to Southern African countries so that they could service their previous debts. However, these new loans had strict conditions, which included adopting neo-liberal economic policies and trade liberalisation as part of structural adjustment programmes (see chapter 3). The IMF and World Bank also promoted production for export and “advised” countries to drop import tariffs, which they claimed would force Southern Africa’s manufacturing sector to become more competitive. The reality, however, was different.

Trade liberalisation has, on the whole, negatively impacted on Southern Africa’s manufacturing sector. As Southern African countries cut their import tariffs, they were flooded with cheap imported manufactured goods. This caused many of the local industries to collapse. In many cases, Southern African companies that targeted export markets in Europe and the USA lost their market share because they were unable to successfully compete with producers in China and other Asian countries. In several instances, producers there relied on highly exploitative labour practices to undercut the costs of producers elsewhere. The result was a massive de-industrialisation in Southern Africa due to companies closing down in many industrial sectors.
In recent years, Africa’s manufactured exports (especially garments and textiles) have lost significant markets in the North, a trend that was exacerbated by the emergence of Chinese and other highly competitive Asian producers (see box below). Southern Africa continues to focus on the “low road” manufacturing activities (“low skill-low price products”) which plunges the region into competition with other low labour cost producers like those in China and South-East Asia.

The effects of liberalisation on Africa’s textile and clothing industry

Several countries in Southern Africa pinned their hopes of increasing their manufacturing capacity on investments in the clothing and textiles sector. Preferential access to markets in Europe and the US was provided for in the Agreement on Textiles and Clothing (ATC), which came to an end in January 2005. Up until that time, textile and clothing companies accounted for tens of thousands of jobs in countries such as Swaziland, Namibia, Lesotho and Madagascar.

The end of the ATC resulted in the end of export quotas for markets in industrialised countries such as the USA. Global textile and clothing producers were free to shift their production facilities to locations which offered them the highest levels of profitability. Within just one year after the expiry of the ATC, Chinese textile and clothing exports to the US increased by 60% while Africa’s share declined by 25%. As a result, thousand of textile and clothing workers lost their jobs in 2005 – a clear example of how vulnerable jobs are in an industry that is dependent on external factors, exposed to global cut-throat competition.

Limits to growth under neo-liberalism

As discussed in chapter 2, Southern Africa’s formal sector was “grafted” onto a non-formal economy without organic linkages between the two. The small formal sector was - and still is - connected to the global economy and geared towards servicing the needs of the industrialised countries. Africa’s formal sector continues to have contact with the developed countries of the world through imports, exports, foreign direct investment, aid and debt. However, the relationship between the formal sector in Southern Africa and industrial-
ised countries is not equal. Industrialised countries and their corporations are essentially interested in Africa’s raw materials and not manufactured goods. Industrialised countries continue to use trade barriers to protect their manufacturing and agricultural industries. This means that goods produced in the formal sector of the Southern African economy (besides raw materials) cannot easily enter the markets of Europe and the USA. As a result, the manufacturing sectors in Southern Africa cannot grow under the present unfair global economic and trade system, even if they try to become export orientated.

Southern Africa’s manufacturing sector has few links with the rest of the economy, such as the agricultural, mining and services sectors. This limits possibilities for growth for manufacturing companies. It also means that under neo-liberalism, they do not have a secure base, in terms of a large domestic or regional market, to use as a platform to launch into the international export market. As a result, the manufacturing sector is unable to grow and use the “surplus labour” that exists in the non-formal economy. Thus, unemployment in Southern Africa remains a massive problem.

When the debt crisis struck Southern Africa in the 1980s and the IMF and World Bank forced most of the countries in the region to adopt neo-liberal economic policies, the region’s governments had to cut their spending. The result was that many Southern African states stopped building new infrastructure and were often unable to properly maintain existing infrastructure. This led to the partial collapse of infrastructure such as the road system, railway system, electricity and water supply. In turn, this caused major problems for manufacturing companies, which needed a steady supply of electricity and water to manufacture goods as well as access to reliable transport.

Under neo-liberal policies, small manufacturers in Southern Africa found it difficult to access credit and capital. The banks of the region favour lending to large transnational companies instead of small local manufacturing firms because banks believe that lending to the transnational companies is safer than lending to local manufacturing companies. This is another aspect that prevents the growth of the manufacturing sector in Southern Africa.
Most Southern African states lack comprehensive industrial policies and thus have no strategy to expand the manufacturing sector in the region. The neo-liberal dictates of the IMF, World Bank and World Trade Organisation (WTO) make it almost impossible for Southern African states to develop sound industrial policies and increase manufacturing. The IMF, World Bank and WTO rules state that Southern African countries cannot use high import tariffs as protection against imports. They also cannot give subsidies to their local companies although the history of all industrialised countries has shown that tariffs and subsidies played a key role in their own industrialisation strategy. Thus, the neo-liberal prescriptions contradict the experiences of industrialised countries. Without the introduction of various protective and supportive measures, it will be almost impossible to revive the manufacturing sector in the region.

Southern Africa also suffers from a shortage of skilled labour and several countries have invested substantial resources to improve skills levels. However, working conditions and pay in most countries of the region tend to be poor. As a result, many of the skilled people leave their country for “greener pastures” elsewhere, either in better paying neighbouring countries (like South Africa) or overseas. This “brain drain” means that valuable skills are lost which negatively affects all the sectors of the economy in Southern Africa, including the manufacturing sector.

The expansion of manufacturing is also hampered by inequalities within the region. South Africa’s economy tends to dominate and accounts for most of the region’s Gross Domestic Product (GDP). Trade within Southern Africa revolves around South Africa, which exports manufactured goods to the other countries of the region. This has created unequal trade relations between South Africa and the region as South Africa exports nine times more products to other SADC countries than it imports from them. The existing integration agreements, such as the South African Customs Union (SACU) and SADC, are also very unequal. These agreements favour the stronger partners, such as South Africa.
Alternative strategy for the manufacturing sector

In order to build a viable manufacturing sector, Southern African countries will have to fundamentally change the neo-liberal economic policies that they are currently following. This includes breaking the stranglehold of international institutions such as the IMF, World Bank and WTO and creating the policy space for increased manufacturing in the region. This cannot be achieved by any individual country alone and thus the states of the region would have to try to integrate politically and economically into a single block based on fairness and the drive for equality based on achieving common goals and meeting common needs. The stronger economies of the region, such as South Africa, would have to move away from their individualistic interests and pave the way for an integrated or inclusive regionalism that creates backward and forward linkages between the manufacturing and other sectors within and between the countries of the region.

The experiences in Africa (and elsewhere) have shown that only a strategic state-led intervention can break the cycle of underdevelopment. One area of intervention is infrastructure, including road infrastructure, communication systems, water and electricity supply etc (see chapter 4). Such infrastructure forms the basis for any kind of development in urban and rural areas alike. Initiatives have to be taken at national level first and then combined to implement regional projects. At the same time, Southern Africa needs to address the shortage of skilled labour if it wants to escape the “low skill-low income” trap. Measures to be taken must include an improvement of working conditions and deteriorating real wages to stop skilled people from leaving the country.

A sustainable increase in manufacturing in Southern Africa can only be achieved if the division between the formal and non-formal sectors is overcome. Production by small and medium size enterprises must be promoted systematically and a portion of the income must be taken from the formal sector and invested in the transformation of the non-formal sectors. Agro-based industries such as sugar processing plants, cotton ginneries, forestry and pulp plants could be the first areas of investment to benefit rural areas. Likewise, resources must be made available to the informal economy to improve production and incomes there and to create links with the formal economy. Informal economy operators would then be able to start providing
goods and services to the formal sector and in turn would become a market for goods that are produced in the formal sector. Such linkages would ultimately transform the informal economy into a formal one.

This is the only option for reversing the current de-industrialisation of the regional economy. Such an approach would trigger linkages at the national and regional level, including links between the manufacturing, agricultural, mining and services sectors across the region.

African governments will need to drop their “business as usual” approach to regional integration where states continue to pursue their individualistic interests without any overriding common goals for the region. The desire for regionalism has often stopped at the doorsteps of some narrowly defined “national interests” which were often far from “peoples interests” and thus undermined any kind of integrative regionalism. Such regionalism is built on states with compatible interests, which serve a common objective and common good. Under integrative regionalism, links can be created between the manufacturing sectors of Southern Africa and the non-formal sectors can be gradually formalised. The productive capacity of Southern Africa will be systematically improved through such a bottom-up transformative approach that will overcome the restrictions of the enclave economy.
Chapter 9

Trade and Regional Integration

Introduction
Alternatives provided in the other chapters are complementary to the alternatives for trade and regional integration in several ways. For instance, alternatives for the agricultural, manufacturing and mining sectors capture the essence of trade, as all these three sectors are the primary sources of Southern Africa's tradable commodities. This chapter focuses primarily on trade specific issues that may not have been captured adequately in the other chapters.

Trade Policy in Southern Africa
Since the 1950s, there has been immense liberalisation of world trade, first under the auspices of the General Agreement on Tariffs and Trade (GATT), established in 1947, and now under the auspices of the World Trade Organization (WTO) - the successor of GATT formed in 1995. During the colonial period, trade policy in Southern Africa was targeted to serve colonial interests: exports were meant to provide raw materials for European industries while imports consisted mainly of machinery for resource extraction and of manufactured consumer goods. After independence, most of the Southern African economies adopted import substitution industrialisation strategies with the aim of locally producing the consumer goods that were previously imported from industrialised countries. Import substitution was seen as a means for revitalising economic development and reducing dependence on former colonial powers.

Under SAPs, most of the Southern African economies began to substantially liberalise their trade through the ratification of bilateral and multilateral trade arrangements. Countries such as South Africa, Mauritius, Malawi and Zimbabwe are regional examples of countries, which have substantially liberalised their trade. On average, by the mid 1990s, imports and exports accounted for a sizeable part of many Southern African economies' gross domestic product.
**Regional integration in Southern Africa**

Regional Trade Agreements (RTAs) in the form of Free Trade Areas (FTA) and Customs Unions seem to have become very fashionable not only in the industrialised economic regions, but also within Southern Africa. For instance, the Southern African Customs Union (SACU) is internationally acknowledged as the most advanced customs union on the African continent. SADC aims to become a FTA by 2008 while COMESA is also now working towards the creation of an FTA. However, intra-regional trade remains poor, with South Africa dominating the regional market. The reasons for poor intra-regional trade include poor and inadequate infrastructure (see chapter four), which limits the potential for cross-border movement of goods and persons. There are also structural constraints associated with the fact that most countries in the region produce similar goods and thus pay more attention to trade with countries outside the region.

Southern African countries have promised to further open their domestic markets through bilateral trade and economic arrangements such as AGOA, the SA-EU trade agreement, and soon through Economic Partnership
Agreements (EPAs). Despite having signed onto these various arrangements in the pursuit of economic growth and development, the Southern African region generally remains a poor trade performer within the global context. There have been heavy costs of adjustments borne in the name of liberalisation. In addition, there is little or no reference to achieving human centred development benchmarks within trade policy, as they are largely based on the assumed trickle down effects.

Impact of trade liberalisation in Southern Africa

Trade performance
Most of the Southern African economies have not benefited from trade liberalisation. This has been largely due to; the lack of appropriate domestic policies to reduce transaction costs, inadequate capacities to lift supply constraints and the consistent protective agricultural policies and trading practices of industrialised member countries in the multilateral trading agreements (WTO). Primary commodities constitute a significant proportion of Southern African economies’ exports: 69% for Malawi, 46% for Tanzania, 39% for Zimbabwe, and 18% for Mozambique. Unfortunately, world prices for primary commodities tend to fluctuate and are relatively low as compared to manufactured export commodities (see table 10).

Table 10: Change in price indices of selected primary commodities of importance to Southern Africa, 1997-2001 (1997 = 100)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL FOODS</td>
<td>100</td>
<td>87</td>
<td>71</td>
<td>69</td>
<td>69</td>
</tr>
<tr>
<td>Coffee</td>
<td>100</td>
<td>82</td>
<td>64</td>
<td>48</td>
<td>34</td>
</tr>
<tr>
<td>Fish meal</td>
<td>100</td>
<td>109</td>
<td>65</td>
<td>68</td>
<td>80</td>
</tr>
<tr>
<td>Rice</td>
<td>100</td>
<td>101</td>
<td>82</td>
<td>67</td>
<td>57</td>
</tr>
<tr>
<td>Sugar</td>
<td>100</td>
<td>79</td>
<td>55</td>
<td>72</td>
<td>76</td>
</tr>
<tr>
<td>Tea</td>
<td>100</td>
<td>104</td>
<td>97</td>
<td>104</td>
<td>83</td>
</tr>
<tr>
<td>Wheat</td>
<td>100</td>
<td>79</td>
<td>74</td>
<td>76</td>
<td>80</td>
</tr>
<tr>
<td>ALL AGRICULTURAL RAW MATERIAL</td>
<td>100</td>
<td>89</td>
<td>80</td>
<td>82</td>
<td>80</td>
</tr>
<tr>
<td>Cotton</td>
<td>100</td>
<td>82</td>
<td>66</td>
<td>74</td>
<td>61</td>
</tr>
<tr>
<td>Tobacco</td>
<td>100</td>
<td>94</td>
<td>88</td>
<td>85</td>
<td>85</td>
</tr>
</tbody>
</table>


1 The Cotonou Agreement, signed in June 2000, provides for the conclusion of WTO “compatible” trading arrangements and progressively removing trade barriers through the negotiation of EPAs. The ACP countries acknowledge the potential adverse impacts of EPAs that will presumably override the positive aspects and erode any gains that ACP countries had realised under the ACP-EU partnership since the first Lome Convention of 1975. It is feared that further trade liberalisation will result in a flood of cheap imports and unjust competition, thereby destroying 'infant' local industries and create mass unemployment in the process (Makwavarara & Deve; 2006).
Case study: Trade policy & domestic policy in Mozambique

In the early 1990s, Mozambique removed a ban on raw cashew exports, which was originally imposed to guarantee a source of raw nuts to its local processing industry and to prevent a drop in exports of processed nuts. As a result, a million cashew farmers received higher prices for the nuts in the domestic market. But, at least half the higher prices received for exports of these nuts went to traders, and not to farmers. Thus there was no increase in production in response to the higher prices. At the same time, Mozambique’s nut processing industry lost their guaranteed supply of raw nuts, and was forced to shut plants and lay off 7000 workers. A gradual removal of the ban would have allowed local producers to better compete in the international market, claim higher margins on their raw cashews and thereby encourage more production.


Between 1997 and 2001, cotton prices fell by 39%, coffee prices by 66%; food prices declined 31% and agricultural raw material prices by 20%. Domestic support programmes (such as agricultural subsidies) in industrialised countries resulted in cheaper imports entering the regional market and thus weakened Southern Africa’s capacity to supply these products regionally and internationally. These declining prices have intensified the incidence of poverty through knock-on effects on employment opportunities and incomes for commodity producers. Southern African countries have failed to manage these shocks, because of the lack of instruments and technical expertise owing to low levels of development. For instance, agricultural productivity still remains low, and thus the countries in the region cannot compensate for the lower commodity prices by increasing yields. The situation has been further exacerbated by the neo-liberal macro-economic policies, which undermine the capacities of governments to mediate these shocks (see the Mozambican case study on trade and domestic policy).

Table 11 presents South Africa’s trade performance from 1960 to 2004. Although the situation may differ from some of the other SADC countries, the table reveals some common trends.
Table 11: Trade performance for South Africa, 1970-2004

<table>
<thead>
<tr>
<th>Year</th>
<th>Export volume (% of GDP)</th>
<th>Import volume (% of GDP)</th>
<th>GDP (growth rate)</th>
<th>Terms of Trade</th>
<th>Real exchange rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960-1970</td>
<td>4.5</td>
<td>7.8</td>
<td>5.7</td>
<td>-0.7</td>
<td></td>
</tr>
<tr>
<td>1971-1980</td>
<td>0.9</td>
<td>1.9</td>
<td>3.4</td>
<td>4.9</td>
<td>1.4</td>
</tr>
<tr>
<td>1981-1990</td>
<td>1.4</td>
<td>0.3</td>
<td>1.5</td>
<td>-1.7</td>
<td>-1.2</td>
</tr>
<tr>
<td>1991-2000</td>
<td>5.3</td>
<td>6.0</td>
<td>1.9</td>
<td>-0.9</td>
<td>-1.5</td>
</tr>
<tr>
<td>2001-2004</td>
<td>1.1</td>
<td>6.6</td>
<td>3.2</td>
<td>2</td>
<td>3.4</td>
</tr>
</tbody>
</table>

Source: Various South Africa economic & trade statistics

Table 11 shows that South Africa’s export volume (as a percentage of GDP) has declined significantly between the periods 1960-1970 and 2001-2004, i.e. it declined from 4.5% of GDP to a mere 1.1%, while import volumes have significantly increased from 0.3% of GDP in the period 1981-1990 to 6.6% between 2001 and 2004. The trade balance (indicated by the terms of trade) is generally poor, with the past decades marked by trade deficits. The trade balance for 2001-2004 is significantly lower than that of 1971-1980.

The real exchange rate can be used to measure the foreign competitiveness of a country, i.e. the rate of the international demand for its commodities. As for South Africa, the exchange rate for its currency has generally firmed up in the last period, as the country’s trade share within the region has grown. This analysis of trade performance indicators provides a typical picture of the impact of trade liberalisation in Southern Africa: exports have not improved significantly (as had been predicted) while import volumes continue to rise (import dependence) resulting in trade deficits which are increasingly becoming unsustainable. The competitiveness of Southern African economies remains generally lower compared to other world regions.

Trade liberalisation & the textile industry- the case of Zambia

The textile sector is very critical to the Zambian economy not only in terms of its capacity to contribute to the country’s export earnings, but also in terms of employment creation that the government desires to achieve in order to reduce poverty. Historically, the textile sector has had an outstanding record of export earnings in Zambia. For instance, the textile sector was the largest exporting industry in 1996 among Non-
Traditional Export (NTE) sectors, and has been second to Primary Agricultural Commodities in the ensuing years despite the declining trend after 1997. It has been among the top two NTE earners since 1994 following expanded investment, especially in cotton spinning. Up until the onset of trade liberalisation, Zambia had a well-established textile and clothing sector. But the sector, which consisted of over 140 companies in the 1980s and employed over 25 000 Zambians saw mass closures of garment factories and scaling down of operations, especially of the textile sub-sector with the resultant employment levels dropping to below 2 500. The Zambian textile sector comprised of highly mechanised parastatal and private companies in all the spheres of textile operations, including cotton growing, spinning, weaving, knitting and garment manufacture.


De-industrialisation & diversification

The dependence of Southern African economies on external markets has increased substantially during the last two decades, as indicated by the ratio of total exports of goods and services to GDP. Yet, such dependence has not been accompanied by diversification of output towards manufactured goods. The few Southern African countries that have experienced marginal increases in manufactured items such as Mauritius (increased the value of its manufactured exports from $115 million to $1.2 billion between 1980 and 2000) and Botswana, (which exported manufactured goods worth $4.6 billion in 2000), did so merely as a result of growth in labour-intensive and resource-based manufacturing (i.e. garments and diamond polishing respectively). Other countries, for instance Zambia (see Zambia’s textile case study), lost a substantial proportion of their light-manufacturing industry to foreign suppliers. Overall, the industrial sector has been more vulnerable to trade liberalisation than other economic sectors, especially in countries at lower levels of development and low industrial bases.
**Employment and welfare implications**

Trade liberalisation has not resulted in employment creation as assumed by the trade liberalisation paradigm. As many domestic (infant) industries failed to thrive under the pressure of cheap imports, many had to close down, which resulted in widespread unemployment - especially in the textile, agro-processing and manufacturing industries. The closing down of marketing boards across Southern Africa and the failure of the local producers to access both domestic and international markets also contributed to this trend.

On the other hand, trade liberalisation and the establishment of export processing zones (EPZs) led to the creation of jobs for female workers in some countries of the region. These jobs, however, tended to be highly exploitative and not in line with ILO’s aim of creating decent work. Thus, EPZ jobs tend to lock the mainly female workers into a poverty trap: Despite having full-time jobs, they are unable to secure a decent standard of living for themselves and their families.

**Aid for trade**

Trade liberalisation efforts have been based on the premise that adjusting countries would “receive balance of payments assistance equivalent to 20–50% of exports earnings” during their liberalisation process. However, aid disbursement through bilateral and multilateral trade arrangements has not been sufficient to meet costs of adjustment, is often not done timeously and is marred by bureaucratic hurdles. For example, aid disbursements by Southern Africa’s major trading partner (the EU) to ACP countries has generally been ill delivered (see table 12)

**Table 12: Funds allocated and spent during each five-year financing cycle (million euros)**

<table>
<thead>
<tr>
<th>EDF assistance package</th>
<th>Funds allocated during the five-year envelope (nominal value)</th>
<th>Real value of envelope (1975 base year)</th>
<th>Disbursements in the five years to which the envelope was allocated (nominal value)</th>
<th>Percentage of total allocation disbursed in the five years to which it was allocated (nearest per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4th EDF (1975–80)</td>
<td>3,390</td>
<td>2,696</td>
<td>1,454.5</td>
<td>43</td>
</tr>
<tr>
<td>5th EDF (1980–85)</td>
<td>5,227</td>
<td>2,586</td>
<td>2,041.0</td>
<td>39</td>
</tr>
<tr>
<td>6th EDF (1985–90)</td>
<td>8,400</td>
<td>3,264</td>
<td>3,341.6</td>
<td>40</td>
</tr>
<tr>
<td>7th EDF (1990–95)</td>
<td>12,000</td>
<td>3,514</td>
<td>4,417.9</td>
<td>37</td>
</tr>
<tr>
<td>8th EDF (1995–2000)</td>
<td>14,625</td>
<td>3,463</td>
<td>2,921.6</td>
<td>20</td>
</tr>
<tr>
<td>9th EDF (2000–07)</td>
<td>15,200</td>
<td>3,131</td>
<td>4,239.0</td>
<td>28</td>
</tr>
</tbody>
</table>


*Notes:* EDF stands for European Development Fund.
By the end of the cycle (9th EDF), only 28 per cent of promised aid was disbursed. The record for the previous cycle was even worse. For 1995–2000, a promise of Euro 14.6 million was made. Funds only started to be disbursed in the third year, and by the end of the five years, only 20% had been paid out. ACP governments are wary of additional trade related-financial instruments. To date, this has not been agreed and the promise of assistance remains a mirage.

Alternatives to free trade

The fair trade alternative
For ANSA, fair trade refers to Southern African economies having the political right to determine their own developmental trade processes. Southern African economies cannot be subjected to a form of trade liberalisation based on the same marketing rules and trade liberalisation timeframes- for instance such as those advocated under EPAs. Southern African economies should oppose the current free trade concept and implement asymmetrical trade openness based on human centred development benchmarks. Such an approach would take levels of development into account. Southern African economies should learn to unite and defend regional interests when negotiating bilateral and multilateral trade arrangements (i.e. in the WTO\(^2\) and in the EPA negotiation process).

Policy reversal- restrictive trade policy
Southern Africa should not hesitate to resort to protective tariffs or import controls in order to support its infant industries. This strategy has historically worked for countries like France, Germany (which used various instruments of trade policy, such as customs duties and export subsidies, to promote the growth of industrial development and close the gap between itself and Britain), the United States (which charged approximately 48% import tariffs to protect its industrial products during the early 1900s) and Britain (which protected its wool industry) and will undoubtedly benefit Southern Africa as well. Recent development experiences in South-East Asia have shown that such policies have helped

\(^2\)There are many problems within the WTO that Southern African economies should unite and form a position on, e.g. the non-compliance of industrialised countries to agreements made in the Uruguay round, introduction of new issues that developing countries are not ready to negotiate on, the still pending CAP reform, extension of development boxes, the problematic dispute settlement mechanism of the WTO, reduction & elimination of preferences, non-tariff barriers imposed by industrialised countries, poor market access, poor technical & financial capacities of developing countries etc.
countries in that region to protect their new industrial sectors such as electronics, shipbuilding and semiconductors. Southern Africa must politically reclaim its right to setting nationally-driven trade policies, which are pro-development, such as the right to protect infant and new industries. The region can also use some clauses contained in the WTO agreements, such as enforcing protectionism of infant and new industries within the auspices of special differential treatment and extended utilization of transitional periods.

Protectionism should be practiced until technological, institutional and knowledge gaps between developing countries and industrialized countries have been closed.

**Import substitution – a regional approach**

Southern African economies must strategically aim to produce for the domestic regional market *first*. The selection of commodities that each country would produce would be based on their varying comparative advantages. The aim of this strategy should be to improve intra-regional trade and substitute import commodities with those that can be produced regionally. This import substitution strategy should also be targeted towards the promotion of industrial production and the agro-industry, as this does not require the region to immediately invent new productive processes or products totally alien to the region. Thus, Southern Africa should protect the *regional* infant industry and the regional market from external competition until the industry has matured and is able to compete with imports and foreign suppliers both outside the region and internationally. This strategy should also be complemented by national and regional export promotion strategies.

**Regional economic cooperation and integration**

The full potential of intra-regional trade has yet to be fully exploited through greater coordination of efforts aimed at harmonising customs procedures and reducing tariffs and non-tariff barriers, and at improving transport and communications links through greater investment in developing regional infrastructure. Opportunities also exist for intra-regional trade in labour, water, infrastructure, electricity and services. The countries within the region that
currently dominate the regional economy should lead by example, i.e. countries like South Africa and Mauritius should reinvest within the region and such investments should be subject to strict regional investment rules, i.e. rules that observe technology transfer, decent employment, reinvestment of resources into the host country etc.

**Export commodity diversification**

The region must design and undertake a horizontal diversification programme which incorporates the production of more dynamic, higher-value-added products that are unrelated to existing or traditional exports, especially in labour-intensive manufactured products. It would even be more strategic to have commodity diversification borne from agriculture as this would ease transition without cutting back on primary commodity production which is still the main source of export products, i.e. taking agriculture beyond exporting raw materials to export processed raw materials, food and food ingredients. This strategy would entail Southern African economies to strategically select different commodities in which they each have a comparative advantage, nationally and regionally so as to avoid the risk of further depressing commodity prices if all countries produce the same commodities. The strategy’s success will depend on enhanced farmer access to agricultural inputs, including improved seeds and credit, efficient extension services and better cultivating techniques, good rural infrastructure and improved access to land with secure titles.

**Government intervention in trade**

Governments have a critical role in macroeconomic management and in encouraging and promoting horizontal and vertical diversification towards higher-value-added products through an integrated programme of “supply-side responses” such as the provision of fiscal and other incentives, extension services, trade facilitation, market research and quality control. Governments, in partnership with the private sector, also need to promote regional economic cooperation with the objective of overcoming the constraints of small domestic markets and altering the traditional export structure, as well as adapting to the challenges of increasing global integration and the associated challenges of increased competition.
International watchdog

It would be strategic for Southern Africa to effectively advocate for an independent international institution that has the sole responsibility of monitoring the impact of trade agreements on the economies of the region in relation to industrialised countries. The review processes conducted by such an institution would then feed directly into negotiation processes at the bilateral and multilateral levels. In addition, this institution would then be responsible for conducting impact assessments of trade provisions (bilateral and multilateral) on trade creation and diversion in Southern Africa and other developing countries and thus provide a potential guide on the best options regarding trade policy.
Quality Public Services

The beginning of public services

Before World War Two and the Great Depression, very few states anywhere in the world (whether in industrialised or developing counties) provided public services to their people. If people wanted services, such as access to clean water, transport, education, and healthcare, they had to secure these services themselves from private companies.

Keynesian economic policies revolve around the idea that it is unhealthy for private companies to play a central role in all aspects of the economy. Indeed, Keynesians believe that if companies were allowed to do exactly what they wanted, the whole capitalist system would eventually collapse. Therefore, while Keynesians believe that private companies are important in the economy, they feel that the state must take certain steps to limit profits and promote the welfare of the population. The main features of Keynesian policies include: state ownership of certain key services; high income taxes on companies and the rich in order to raise money for public services; state delivery of public services such as healthcare and education; and a legal system to protect all citizens.

Following the Great Depression and the two World Wars, a “free for all” liberal capitalism had failed and the whole world system was in crisis. There was a real prospect for an end to capitalism and a worldwide working class revolution. This situation led governments in the imperial centres of Europe and North America to adopt Keynesian economic policies and roll-out public services to their populations.

As part of this move towards Keynesian polices, states provided public services such as water, sanitation, transport, telecommunications, electricity, education, healthcare and even housing to their citizens. This did not mean, however, that these services were provided for free. National taxes and municipal rates
were the ways in which people paid for these services. Nonetheless, states worked on a basis of a progressive taxation, where businesses and the rich paid far more than the poor. Added to this, poor people’s services were subsidised by the state. Indeed, states under Keynesian policies guaranteed that public services were not driven by a profit motive.

After independence, Keynesian economics and even “African socialism” became the dominant forms of economics that African states followed. The newly independent Southern African states expanded the public services that they offered to their populations in the 1960s and 1970s. They also tried to extend services to rural areas and some even provided new public services such as housing and subsidised basic foods. For example, in Tanzania, where African socialism was implemented after independence, the state promoted collective ownership and rolled out free education, healthcare and even housing to most Tanzanians. It also nationalised the telecommunications sector and expanded state-run water services and sanitation in the large cities and towns. Likewise, during its first 10 years of independence, the Zimbabwean state spent massive amounts of money rolling out public services, such as education, sanitation and housing. Up until the 1980s, the Zambian government also made huge investments in public services. Even Southern African countries that had conservative dictators, such as Zaire (now DRC), adopted Keynesian economic policies and tried to expand the public services that they offered. All of this saw the quality of people’s lives and their health improving in Southern Africa during the 1960s and 1970s.

During that period, the newly independent Southern African states also tried to lessen their economic dependence on the imperial powers. Many Southern African states - such as Zambia, Angola and Mozambique - spent massive amounts of money setting up manufacturing plants to try and diversify their economies. The problem was that these states often had limited domestic resources and thus often had to borrow money internationally and then ended up in the “debt crisis” as discussed in previous chapters.

**Public services and globalisation**
Massive changes took place within the global capitalist system in the 1970s. Businesses started to suffer declining profits on a global scale due to
overproduction, i.e. the rate of production was higher than what the market could absorb. Businesses, therefore, stopped investing in manufacturing and this led to a problem of an over-accumulation of capital. In a desperate bid to restore profits, imperial governments began to change from Keynesian policies towards market-driven policies. Imperial countries also used the debt that was owed to them to force developing countries (including Southern Africa) to move towards such policies under structural adjustment programmes (SAPs). This process became known as globalisation and was linked with governments (either willingly or under pressure) adopting neo-liberal economic policies.

The main aim of neo-liberal globalisation was to open up new geographical and industrial areas for large companies. Specifically, public services were identified as one of the areas where private companies could find new opportunities for profitable investments. Thus, public services were opened up to private investment, mostly in the form of privatisation.

**Privatisation of public services**

Privatisation of public services can take a number of forms, such as full privatisation, outsourcing, commercialisation, public-private partnerships and cost-recovery programmes. **Full privatisation** involves states selling entire public service entities, such as water or electricity corporations, to private companies. Private companies are then responsible for providing these services with the aim of making profits. The result is that if users cannot afford to pay the rates that private companies charge, they have their services cut off. Full privatisation of public services first occurred in Britain and United States in the late 1970s and early 1980s. In Britain, the conservative government privatised water, the railways, and telecommunications. Many Southern African countries have also fully privatised some of their public services. For example, the Tanzanian state sold off the water and sanitation authority in Dar es Salaam to private companies.

**Effects of the Privatisation of the British Railways**

Privatisation policies have even proved to be disastrous when implemented in industrialised countries, such as the United Kingdom.
From the mid-1990s onwards, the railway system in the United Kingdom was privatised, resulting in thousands of people losing their jobs. Because fewer workers were employed, and profits were prioritised, the level of service declined. After privatisation, trains were often late, and lines that were not profitable were simply closed. Safety levels also declined. For example, since the full privatisation of the railways in Britain in the mid-1990s, there have been 6 major accidents. Over 60 people died as a result of these accidents, and a further 820 were injured.

**Outsourcing** takes place when a state hands over the responsibility of providing a public service to a private company. The state continues to own the infrastructure that is used to provide the service, but a private company would actually use the infrastructure to provide the service. The private company then charges users for the service on a profit basis. Outsourcing has happened in many Southern African countries. The basic principle is that services will only be delivered to those who can afford to pay.

Another form of privatisation is **public-private partnerships** (PPPs), which involve states and businesses jointly providing a service as partners. This form of privatisation was very popular in the 1990s and is widespread in South Africa and Zimbabwe. Indeed, the City of Harare in Zimbabwe is involved in a partnership with a private company that undertakes refuse removal in the city.

Under privatisation, the state sometimes continues to provide certain services itself. These are usually public services, which are vital to business’ interests and capitalism in general. In some cases this includes providing electricity and maintaining key transport facilities and infrastructure. However, the state then runs these public services as if they were businesses. The aim is to recover the costs or even make a profit. This means that the state no longer subsidises the cost of the services to the poor. When this takes place it is known as the **corporatisation** of public services. In this scenario, citizens become “customers” and they are forced to pay the full costs of the service. If they cannot afford to pay, they lose access to the service. In South Africa, Namibia and Zimbabwe, the state has corporatised the provision of electricity.
As a result, millions of people in those countries have had their electricity permanently cut.

Another form of privatisation is the process of commercialisation. This entails the introduction of market-driven logic into the state-owned enterprise, and the introduction of commercial goals, values and private sector management orientation. In other words, the state-owned enterprise starts operating on pure business principles, just like a private company.

**Privatisation of public services in Southern Africa**

Privatisation of public services was forced upon most Southern African governments from the late 1980s onwards through SAPs. They became the vehicle through which the IMF and World Bank forced most African countries to privatise education, healthcare, sewerage services, water services, telecommunications and electricity services. Throughout Africa, these services have become big business for large transnational companies from Europe and increasingly South Africa. For example, the French water company Suez operates water services in many African countries. Likewise, South African companies such as Rand Water and Umgeni Water operate privatised water services in Nigeria and Ghana.

This move towards privatisation has had a devastating impact on the people of the region. Many studies have shown that the end of state provided public services in Southern Africa has led to communities breaking down. People no longer share resources such as water because these have become expensive commodities. For example, water prices in Namibia have increased by 20% a year for 5 years following the “commercialisation” of the country’s water provider Namwater.

Violence has increased in several communities as a “dog eat dog” world has been created through neo-liberalism. Poverty levels and health levels in Southern Africa have worsened and only small areas, where the wealthy live, receive quality services from private companies. The majority receives only few public services, often of poor quality.
Most people simply have no contact with government or civic authorities any longer. As a result, if people want water, sanitation, childcare, education and healthcare they have to try and provide it for themselves. The burden of providing these services, under the neo-liberal patriarchal society that exists, has fallen on women. For example, with the collapse and growing commercialisation of public healthcare in Southern Africa, it is mainly women who take care of sick relatives under for example the home-based care schemes. This has further cemented the gender inequality that exists in Southern Africa, because quite often women are forced or opt to leave employment (or school) to care for the sick and the elderly.

**Patriarchy** is a form of organisation of society where men have social, political and economical power and rule. In such a society, women are oppressed by men and are treated as second class citizens.

Privatisation of public services in Southern Africa has also led to greater unemployment in the region. As soon as private companies buy up state-owned enterprises, they tend to reduce the size of the workforce to increase profitability. For example, over 61 000 people lost their jobs under the privatisation programme in Zambia and as a result a large number of people were driven into poverty.

In recent years, Southern African countries have come under increasing pressure from the World Trade Organisation (WTO) to further privatise the few remaining public services that still exist in the region. All members of the WTO are participants in the General Agreement on Trade in Services (GATS), which is a comprehensive international agreement that is currently still under negotiation. It covers 160 service sectors including education, transport, electricity, water supply, sanitation etc. Its aim is to allow private companies to invest freely in any of these 160 service sectors anywhere in the world. Governments that agree to include any service sector under GATS negotiations are prohibited from taking any steps to stop or limit transnational companies from taking over these services. GATS also considers cross-subsidisation from the rich to the poor and progressive legislation as barriers to companies wanting to invest. This means that governments will not be able to offer people free or subsidised services in those sectors that fall under GATS because this would be seen as
unfair competition for the private companies investing in those service sectors.

In theory, countries can decide which of the 160 service sectors they want to completely open to private investors under GATS. All of the Southern African countries have included most of their 160 service sectors under the GATS negotiations such as water supply, sanitation, telecommunications and electricity supply. Once GATS comes into full effect, governments will have to open these sectors to foreign investors and cannot stop them in anyway from making profits from these services. If a country does try and stop any foreign company from buying its privatised services (such as education), which have been included under GATS, that country would face economic sanctions. Thus, if the governments of Southern Africa continue to provide these services, they will not be allowed to subsidise them in anyway as this would be considered unfair competition for private companies. The result of GATS will be that millions of people will lose the public services that were once provided in Southern Africa.

**Public services and changes to the state under globalisation**

The privatisation and corporatisation of public services has been accompanied by major changes within the state itself. States, under neo-liberalism, have changed their focus. For example, most states have increased the size of their security forces to uphold “law and order”, even though they may no longer provide many other public services. States thus continue to allocate resources to protect private property and act against any threats to the economic system.

On the other hand, states in Southern Africa have also become “hollowed out”. **Hollowing out** refers to a situation where certain functions of a central state have been either transferred “upwards” to international institutions or “downwards” to local authorities. The following examples will show what this means in practice:

Many states in Southern Africa no longer have the freedom to set their own national budgets because they are essentially determined by the IMF and World Bank. Through their very powerful “advisors” they set spending priorities because of the debt owed by Southern African states to the IMF and World Bank. As
mentioned before, privatisation is one of the key policies that indebted states have to implement. This is one example how states in Southern African have been “hollowed out” upwards.

Neo-liberalism claims that countries spent too much of their national budgets on welfare for poor people. Its proponents advocate for the reduction of welfarist interventions and a shift towards local governments in terms of service delivery. This usually coincides with a reduction in resources being made available to local governments. As a result, they have to look at ways to increase revenue such as raising taxes and prices for services. This is an example of how national governments are “hollowed out” downwards.

Another important reason why local governments are given greater “independence” is for central governments to reduce their national budgets. Under globalisation, **speculators** look to invest in the currencies and government bonds of countries that have low budget deficits. Countries with high budget deficits, where the central government spends far more than it receives in income, are seen as a risk by speculators. This means that all states want to achieve low budget deficits. One way of achieving this aim is to shift the responsibility of providing public services, to local governments. These costs then do not appear on the books of the national government, thus budget deficits are reduced and the country becomes attractive to speculators.

**Speculators** are investors that do not produce anything; they make money out of money. Speculators make profits from buying shares on stock markets, trading in currencies (like the dollar, rand, pound etc.), and buying government bonds. They buy and sell these paper entities depending on whether they believe that the value of these entities will go up or down.

**Alternatives to neo-liberalism: changing state priorities and focus**

As a precondition for progressive change, the prevailing view that social services are merely commodities to be bought and sold would have to change. Public services, such as housing, water, sanitation and electricity, would once again have to become viewed as human rights rather than commodities. Any
move away from neo-liberalism would need Southern African states to break the power that the IMF, World Bank and WTO have over them. Only then can Southern African states begin to fundamentally change their economic policies and provide public services to their people again.

The goal of any sustainable alternative to neo-liberalism should, therefore, be to ensure that all people have a good quality of life. An adequate supply of all public services by the state is essential to meet this objective. Indeed, services such as water, transport, healthcare, education, electricity and housing should be viewed as public goods. This would completely counter the way in which these services have become commodities under neo-liberalism.

If Southern African states are to implement an alternative to neo-liberalism, and roll-out quality public services to all, they are going to need resources. These resources could be obtained through debt cancellation, increasing company taxes, and nationalising lucrative industries so that the revenue obtained from them could be used for social services (as Venezuela has done with sections of its oil industry). Added to this, Southern African states would have to change their current spending patterns away from merely “law and order” and infrastructure development for the private sector, so that they can begin to deliver social services.

Greater funding would also have to be provided by the central government to local governments so that services delivery can happen there. Indeed, the state as a whole would have to be strengthened so that it can deliver services properly. A public works programme in Southern Africa could also be created to serve two purposes. Firstly, it would create employment. Secondly, it could be used to ensure that the infrastructure for rolling out public services was built. Thus, workers from the public works programme could be involved in laying pipes for water and sanitations supply, erecting pylons for electricity, building roads and railway lines for public transport, and building houses.

The danger with strengthening the states in Southern Africa, however, is that democracy could suffer. Therefore, it is important that any human development state, as opposed to neo-liberal state, promotes true democracy. Public
authorities should not just answer to parliament and other state institutions; they should answer to the people. This could be achieved through setting up structures that directly represent people. At a local level, structures such as street and ward communities could be established. People could directly participate in these structures, and in partnership with the municipal officials, decide on what services are needed and how these services should be implemented. Through these structures, people could also be directly involved in deciding how municipal budgets should be spent.

Such local direct democratic structures could be based on those that already exist in Porto Alegre in Brazil. From these local structures, people could be elected to represent communities at a regional and even national level to ensure that regional and national spending always meets the needs of the people. It would be important that the lower levels of this structure constantly keep pressure on the regional and national levels to ensure that the people’s interests remain a priority. Indeed, all measures should be taken to ensure that regional and national structures remain accountable to the communities that they represent. This could be achieved through providing people with the right to recall their representatives on these structures should they be unhappy with them. This would avoid the current situation whereby the current parliaments and the executive arms of Southern African states are not accountable to the people.

The Participatory Budget Process in Porto Alegre in Brazil

Although Brazil was ruled by a neo-liberal government in the 1990s, the progressive Workers’ Party won a local election in the city of Porto Alegre. During this time, the Workers’ Party started what became known as the participatory budget process in Porto Alegre. As part of this, the city was divided into 16 regions. In each region, representatives were elected by mass meetings to represent their regions. The representatives of the regions would then come together in mass assemblies with municipal officials. At these mass assemblies, it would be jointly decided how the city’s budget would be spent. Major benefits for the poor came out of this project. People became more politically active and were able to steer the manner in which the city was governed. City councillors and officials were also forced to become more accountable to the people.
Along with these more formal structures, people should be encouraged to put direct pressure on government to perform through popular mass action.

**Social and economic benefits**

The massive roll-out of public services would bring social benefits. For example, the provision of water services for hygiene and drinking is essential for people’s health and thus there would be less of a load on the healthcare system. For the poor, the roll-out of electricity to all would bring many benefits. Tasks such as cooking and heating become easier and the provision of public electricity would increase the quality of the lives of millions of women, who usually carry the burden of collecting firewood for cooking in the absence of electricity. It would also make it easier for all younger people to study. In addition, tree-cutting for fire-wood would be reduced, thus preserving the environment. Decent public housing would improve workers lives and their health, meaning that they would become more productive. It would also promote peace and a sense of community. The roll-out of such services on a large-scale by the state would also create work and open the space for the local development of new industries.

The roll-out of public services as public goods to all would create new domestic markets and lead to economic growth. By providing public services on a mass scale, Southern African states would have a chance to create domestic markets that they can shape. Southern African states could use this opportunity to develop local industries on a mass scale. This would be possible because there would be domestic demand. For example, public housing for all who need it, would lead to an increased demand for bricks, steel, and cement. Providing quality public schooling would increase demands in the building industry, computer industry, the publishing industry and the textile industry. People who received housing would want carpets, fridges and stoves. Local industries could be created and supported by Southern African states to meet these demands. This would also allow Southern African states to break their economic dependence on imperial countries.
Prioritising Public Interests in Health

Historical background

Poverty is closely linked with ill-health. People who do not have access to housing, clean water, education, and work are more likely to get sick than people who do. In Southern Africa, most people live in poverty and, as a result, many suffer from ill-health.

In the 1960s and 1970s most of the governments in Southern Africa recognised this. Ending poverty and ensuring that people had access to healthcare were central aims for most of the liberation movements. When these movements came to power, they started providing healthcare, housing, education and clean water to their people. The newly independent Southern African governments spent large amounts of money improving people’s lives by setting up clinics, schools, universities and even housing projects in the 1960s and 1970s. As part of the roll-out of healthcare, governments focused on setting up local clinics to provide healthcare in areas that never had access before. This was part of a move to improve the quality of primary healthcare in rural and poor urban areas. The goal was to try to prevent illnesses and diseases from spreading. Indeed, community-based healthcare was an important element of government policy and the number of people employed in the healthcare sector increased significantly.

Southern African governments provided many healthcare services, such as primary healthcare, for free and most people, therefore, had access to healthcare in the 1960s and 1970s. In the same period, the life expectancy of people in Southern Africa was rising and health standards were improving.

During this period (1960s and 1970s), the Southern African states had strong international support to improve healthcare. The United Nations passed the Alma Ata declaration in 1978, which stated that people throughout the world should get primary healthcare for free. This Declaration also indicated that
primary healthcare should include the following:

- Free health education.
- Ensuring that people could get food and that a proper diet was promoted.
- Free access to clean water and sanitation.
- Free immunisation against infectious diseases.
- The prevention and control of diseases.
- Free treatment for common diseases. and,
- The free provision of essential medicines.

**Neo-liberal globalisation, the World Bank and health**

From the 1980s onwards, Southern African states began to experience a debt crisis. It was in this context that the International Monetary Fund (IMF) and World Bank began forcing Southern African countries to adopt neo-liberal Structural Adjustment Programmes (SAPs). Under SAPs, the IMF and World Bank forced Southern African countries to make their debt repayments the most important part of their national budgets. This meant that Southern African countries had to cut their healthcare, education and housing budgets so that they could repay their debts. Most Southern African states spent, and continue to spend, more on debt repayment than on healthcare. As part of the SAPs, Southern African governments were also pressured into privatising their public services.

These measures were truly disastrous, especially for the general health of the people of Southern Africa. Due to privatisation, people who could not afford to pay for services, such as water and electricity, were cut off. Massive unemployment resulted due to tariff liberalisation and because of retrenchments in the public service. This meant that unemployment and poverty levels rose and that people became more prone to ill health. Diseases such as tuberculosis became more common again and today it is a major health problem. Widespread poverty in Southern Africa - as a result of colonialism, the migrant labour system and SAPs - also meant that HIV was able to spread rapidly. Poverty forced some people into commercial sex work or into relationships based on economic considerations. The average life expectancy declined to around 40 years in Southern Africa.

The cuts in healthcare budgets saw Southern African states closing clinics and reducing health services, leading to a drop in the quality of public health
care. Most countries in the region started to charge for healthcare, trying to recover the costs of the healthcare that they provide. They also no longer provided essential medicines for free. This meant that people who could not afford to pay for these services did not receive them.

The IMF and World Bank also forced Southern African states to open their healthcare sectors to private companies. These private companies sometimes provided excellent healthcare, but at a high cost. This resulted in growing inequalities: Poor people who could not afford to pay for private healthcare had to use the poorly resourced public hospitals. The rich, however, could afford private hospitals and they got the best care. Indeed, due to the neoliberal ideology behind SAPs, healthcare stopped being viewed as a human right to be provided by the state. Instead, it became another commodity that could be sold to those who could afford it. Thus, healthcare in Southern Africa has become increasingly subjected to business principles. Accompanying this trend has been the growth of private medical aid schemes, which are only affordable to better paid workers and the rich.

During the implementation of SAPs, Southern African states retrenched a significant number of nurses and doctors at public clinics and hospitals. This compounded the problems in the public health sector as many health professionals had already left the public sector due to poor working conditions (including heavy workloads and poor pay) and instead joined the private sector. Some nurses and doctors left Southern Africa altogether and went to work in hospitals and clinics in the industrialised world where pay and working conditions are better. This “brain drain” has led to the current shortage of doctors and nurses in Southern Africa. For example, there is only 1 doctor for every 30,000 people in countries such as Zambia, Lesotho, Angola and the Congo; while in the industrialised countries there is 1 doctor for every 1,300 people. The “brain drain” also meant that the resources that Southern African states invested in training nurses and doctors have been lost to the region.

Internationally, the World Bank has launched an attack on the concept of free healthcare. The World Bank promoted the idea that healthcare should be “commodified” and that companies should be allowed to compete in the healthcare sector. The World Bank also furthered the notion that governments
should recover the costs of any healthcare services that they provided to their people. Indeed, it promoted the idea that patients should be seen as customers. The World Bank ensured that Finance Ministers set the health policies of their countries according to the resources that were available in their national budgets, rather than on the basis of people’s needs. Thus, healthcare was “commodified” and commercialised and became simply another product to be sold, rather than a human right.

The World Trade Organisation, health and healthcare

The World Trade Organisation (WTO) formally came into being in 1995 and most countries around the world are members. The WTO aims to promote free trade and the liberalisation of all sectors of the economy, including healthcare. Indeed, it has already deepened the commercialisation of healthcare in Southern Africa.

The WTO has put all member countries under pressure to open up their service sectors, including healthcare, to foreign companies through the General Agreement on Trade in Services (GATS). GATS has major consequences for people’s health because it will lead to the further privatisation and commodification of many services, including clean water supplies that contribute towards ensuring that people remain healthy. Governments that agree to include any service sector under GATS negotiations cannot stop foreign companies from providing the service on a commercial basis. Southern African countries have included most of their key public services, such as water supply, sanitation, and electricity supply under GATS. Once GATS comes into full effect, governments will have to open these sectors to foreign companies and will not be allowed to stop them from providing these services on a profit basis. If Southern African governments continue to provide the services they opened up under GATS, they will not be allowed to subsidise them in anyway. Government subsidies on these services would be viewed as unfair competition for private companies. Thus, these services will become completely profit driven without taking poverty and people’s needs into account.

GATS also states that governments who sell public services - such as health – to local private companies, but do not allow multinationals to buy or invest in these services, are guilty of putting up barriers to free trade. Such governments can then be punished by international sanctions.
Some Southern African countries, such as South Africa, have kept their healthcare sectors out of the GATS negotiations. Governments that have done this can still play a major role in the health sector and can prevent multinational companies from dominating their healthcare sectors. However, such countries have come under increasing pressure from industrialised countries to include their healthcare sectors under GATS. Industrialised countries want to use GATS to eliminate any government measures that may limit foreign investors’ involvement in the healthcare sector. Some Southern African states, such as Malawi and Zambia, have already opened up their healthcare sectors under GATS negotiations. This means that multinationals can buy up Zambia and Malawi’s government clinics and hospitals and run them as a profitable business. It also means that Zambia and Malawi will no longer be able to provide any subsidised or free healthcare to the poor when GATS comes into full effect. Such subsidies would be seen as unfair competition for multinational companies investing in the healthcare sectors of those countries.

The WTO also promotes the interests of the big pharmaceutical multinational firms through the Trade-Related Intellectual Property Rights Agreement (TRIPS). TRIPS forces all the countries that belong to the WTO to pass laws that strictly protect companies’ intellectual property, such as copyrights, trademarks, patents and confidential information. This has allowed companies to maintain their monopolies on any products that they invent or own the rights to. TRIPS specifically protects newly patented medicines against any generic competition for a period of 20 years. For example, if Glaxo SmithKlein, a large multinational company, patents a flu medicine, nobody else can legally produce that medicine even though others may know the chemical make-up of the medicine and could manufacture it. If Glaxo SmithKlein allows other people to manufacture the medicine, those people have to pay royalties to Glaxo SmithKlein and the company sets the rates for the royalty payments. This allows such companies to make massive profits while medicines remain expensive. TRIPS also prevents countries from reducing the costs of medicines by producing generic medicines locally and this has major implications for the health of people in developing countries.
Such WTO measures, alongside the support of the IMF and World Bank for privatisation of healthcare, have led to a few multinational companies dominating the global pharmaceutical industry. A handful of companies now have almost complete control over the global food chain. Six companies control over 85% of the world trade in grain while three companies are responsible for 70% of total food sales. This is a direct result of the WTO, IMF and World Bank’s push for the liberalisation of food markets, an export orientated agricultural industry and a reduction in countries’ food reserves in the developing world. Indeed, “free trade” has severely damaged the agricultural sector in Southern Africa because highly subsidised agricultural products from Europe and North America have flooded into the region. These products are currently cheaper than goods produced in Southern Africa because European and American producers receive massive subsidies from their governments. This situation has destroyed many African farmers and thus had a negative impact on food security and nutrition on the continent. Malnutrition has been rising in Southern Africa since the 1980s and as a result, people’s health has also declined.

**The struggle for alternatives to neo-liberalism**

If there is to be a move away from neo-liberalism, the iron grip that the IMF, World Bank and WTO have over Southern Africa would have to be broken. If the lives of people are to be improved, countries in the region must abandon their IMF and World Bank inspired economic policies. The people of the region would have to demand that the debt that their states are burdened with, be cancelled. People would also have to demand that northern banks and the World Bank refund the repaid debt that was run up by illegitimate regimes, such as apartheid South Africa, Mobuto Sese Seko’s Zaire and Kamuzu Banda’s Malawi. This would open up the space for future governments to set their own spending priorities.

There has to be an end to the commodification of healthcare and to the policy of privatisation. The state must play a central role in providing quality healthcare for all, regardless of whether people cannot afford to pay. Furthermore, Southern African governments will have to fight for the exemption of essential medicines from TRIPS and for the exclusion of health related sectors from GATS. Indeed, the region has to reject the entire neo-liberal free trade ideology of the WTO.
Any alternative healthcare system in Southern Africa would have to focus on re-distributing resources towards the people who need them the most. This means that it would have to be based on the notions of solidarity, universality and equality. Governments would have to play a central role in ensuring that all people have access to healthcare. This can only be achieved if governments increase their spending on healthcare. At the bare minimum, governments would have to meet their Abuja commitment of spending 15% of their national budgets on healthcare. Governments could also implement a progressive tax system to finance healthcare. In such a way, the rich would be taxed to subsidise healthcare for the poor. Such a system could be used to make sure that even if people cannot afford to pay, they would still have access to quality healthcare. Southern African governments would also have to refocus their efforts on providing quality primary healthcare, which would directly benefit the greatest part of the population.

In order to meet people’s healthcare needs, Southern African governments would have to expand treatment access. This could be done through co-operation between states in the region. Regional manufacturing projects could be set up to produce essential medicines such as ARVs on a non-profit basis. Projects to develop new medicines and vaccines could also be set up. These projects would have to be based on mutual co-operation and information sharing. They should not be driven by a profit-motive. Southern African countries could also look at pooling resources on a regional basis to undertake research on new medicines. They could also set up regional structures to ensure that the prices of medicine are kept low.

To improve the quality of healthcare, Southern African governments would have to invest in training new doctors, dentists and nurses. More staff is desperately needed in the public health sector. In order to retain nurses and doctors, working conditions - including working hours and pay - in the public health sector would have to be improved. Along with this, measures would have to be taken to limit the impact of healthcare workers leaving to work in industrialised countries. Such measures could possibly include the following:

- Industrialised countries would have to pay reparations to Southern Africa if they hire nurses and doctors from the region.
- Financial penalties could be placed on healthcare workers that are looking to leave Southern Africa so that the costs of their training could be recouped.
An understanding could be reached with industrialised countries whereby they agree to stop recruitment practices that damage the healthcare systems of Southern Africa.

Most people in Southern Africa visit traditional healers. This would have to be recognised in any alternative healthcare system. Indeed, sometimes the herbal medicines given to people by traditional healers can assist in boosting their health. In other instances, however, the traditional medicines that some healers give to people, who have certain diseases, can be ineffective or even damaging. For example, garlic and the African potato, which is sometimes used in traditional medicines, contains a chemical called hypoxis. Hypoxis, and any traditional medicines containing it, is exceptionally dangerous for people living with HIV who are on ARVs. This is because hypoxis interacts with the other chemicals in the ARVs making the ARV treatment totally ineffective.

Governments in Southern Africa should, therefore, implement a programme to test traditional medicines to establish their chemical composition, and to determine whether or not they are safe to give to people with certain illnesses. Linked to this, governments in the region should properly regulate traditional healers and integrate them into the healthcare system. Training for traditional healers and health practitioners around how traditional medicines react with other medicines would be essential. This is especially important in Southern Africa because HIV is so prevalent. One has to avoid a situation (as currently exists in South Africa) where the state has promoted the use of the African potato and garlic, which contain hypoxis that negatively interacts with ARVs and stops their effectiveness, as “immune boosters” for people living with HIV. Rather, a situation should be created where certain traditional medicines, which are scientifically proven safe and that can help people with certain diseases, should be available to people who wish to safely complement other conventional medicines. Thus, traditional medicines that do not contain hypoxis and that may assist ARVs in countering HIV could be given as a complementary supplement. However, traditional medicines should not be promoted as an alternative to medicines, such as ARVs. The aim should rather be to create a high quality and responsible healthcare system, which incorporates and formalises the operations of traditional healers, so that the specific needs of all the people in Southern Africa can be catered for in a safe manner.
In any post neo-liberal system, Southern African states would have to go beyond merely providing healthcare to ensure that people are healthy. Other measures, besides healthcare, would have to be implemented to ensure that diseases and ill-health were prevented from taking hold in communities. Such measures would need to include Southern African states making sure that people have access to essential services, such as clean drinking water, electricity, sanitation and housing. In order to do this, the states in Southern Africa would have to reverse privatisation, and massively increase the amount of money that they spend on social services. Indeed, Southern African states would have to ensure that all people live in a healthy and clean environment so that ill health is prevented.

Another aspect of prevention is to ensure that all people have access to enough food, and in particular, emphasis must be placed on the nutritious traditional foodstuffs which have been supplanted by imported food products (and especially fast foods) of less nutritious content. This can only be achieved if governments place import tariffs on subsidised agricultural goods flooding in from Europe and North America. Southern African governments have to stop the current dumping of cheap agricultural goods in the region. Added to this, land, water and fishing resources would have to be redistributed. Corporate ownership of vast tracks of land would have to end. Through such redistribution, along with training programmes, thousands of small-scale communal farms could be created in suitable rural and urban areas of the region. These farms could also be encouraged to grow organic produce rather than genetically modified crops and they could meet the entire region’s food needs. Such a farming system has already been introduced in Cuba, which currently produces more food than it can consume through small-scale urban and rural community farming projects. If such a farming system were created in Southern Africa, it would mean an end to malnutrition and it would also result in better health for all the people of the region.
A Relevant Education System

The pre and postcolonial education system of Southern Africa

The colonial period saw the introduction of European type education systems in Southern Africa. Indigenous forms of education did exist before (and after) colonialism but they were undervalued and looked at with contempt by the colonial regimes. The educational system was usually based on foreign models, the curriculum was practically devoid of any African content and tertiary education was practically non-existent. During colonialism, there were many inequities in the educational sector in terms of access to and attendance at schools: along racial lines, between urban and rural people, between boys and girls and between members of different ethnic or religious groups. According to UNESCO, at independence there were only 29 African graduates from the University in Malawi.

At the end of colonialism and apartheid, leaders of the newly independent Southern African states sought to redress the racial inequities created by the segregatory colonial educational system. Many of the Southern African postcolonial reform documents (such as the declarations of the 1961 Conference of African States on the Development of Education in Africa) proclaimed commitment to the democratisation of education from the primary to higher levels, emphasising equal opportunity for the hitherto disadvantaged majority of the population, including redressing gender imbalances in the enrolment by educational institutions. For example in Zimbabwe, government embarked on heavy investment in the education sector resulting in primary and secondary school enrolments expanding by 79% and 84% respectively in the period 1980 to 1989. University enrolment increased by about 300% during the same period. Public technical colleges increased from two in 1980 to eight by 1989. Unfortunately, despite the massive initial investments into education and despite increasing enrolment, many education curricula in the region have not undergone profound structural changes. Thus, education has functioned in the greater part of the continent in isolation from the realities of the African environment.
The impact of neo-liberalism on education

Educational reforms under SAPs were implemented essentially in two basic packages:

- The “first package” required governments to increase the private costs of higher education; reduce public financing of vocational education; finance loans for low-income students; and transfer public resources from higher education to basic education.
- The “second package” required governments to improve resource utilisation. The borrowing government was expected to decentralise by establishing school-based management; offer families a choice of schools; involve the private sector in financing and service delivery; increase class size; provide incentives for teacher achievement; and monitor educational outcomes and achievement.

Zimbabwe and Zambia are often cited as dramatic cases of the markedly detrimental effect of SAPs on the postcolonial successes of education access and quality in Southern Africa. Zimbabwe overcame significant barriers after gaining independence in 1980 but these achievements were significantly reversed under the auspices of SAPs. Since the implementation of SAPs in Zimbabwe and Zambia, the World Bank and the IMF, governments of industrial countries within bilateral or multilateral frameworks, and foundations have played a central role in defining priorities and designing policies of education. Focus shifted from the prioritisation of primary school enrolment and there was an overall reduction of government fiscal support to the education sector- as a budget deficit reduction measure. The experiences of these two countries seem to have been replicated in other countries within the region. Southern Africa generally introduced an educational system based on cost recovery mechanisms (i.e. through the introduction of user fees) – albeit with disastrous consequences.
Access to education

Table 13: Selected education indicators for selected Southern African countries, 2001

<table>
<thead>
<tr>
<th>Country</th>
<th>Compulsory education age-group</th>
<th>Adult literacy rate (%)</th>
<th>Primary education</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>GPI</td>
</tr>
<tr>
<td>Angola</td>
<td>6-14</td>
<td>-</td>
<td>0.47</td>
</tr>
<tr>
<td>Botswana</td>
<td>6-15</td>
<td>78.9</td>
<td>1.07</td>
</tr>
<tr>
<td>Lesotho</td>
<td>6-12</td>
<td>81.4</td>
<td>1.23</td>
</tr>
<tr>
<td>Malawi</td>
<td>-</td>
<td>61.8</td>
<td>0.64</td>
</tr>
<tr>
<td>Mauritius</td>
<td>6-11</td>
<td>84.3</td>
<td>0.91</td>
</tr>
<tr>
<td>Mozambique</td>
<td>6-12</td>
<td>46.5</td>
<td>0.50</td>
</tr>
<tr>
<td>Namibia</td>
<td>6-15</td>
<td>83.3</td>
<td>0.99</td>
</tr>
<tr>
<td>South Africa</td>
<td>7-15</td>
<td>96.0</td>
<td>0.98</td>
</tr>
<tr>
<td>Swaziland</td>
<td>6-12</td>
<td>80.9</td>
<td>0.98</td>
</tr>
<tr>
<td>Tanzania</td>
<td>7-13</td>
<td>77.1</td>
<td>0.81</td>
</tr>
<tr>
<td>Zambia</td>
<td>7-13</td>
<td>79.9</td>
<td>0.85</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>6-12</td>
<td>90.0</td>
<td>0.92</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Secondary education</th>
<th>Tertiary education</th>
<th>Total public exp on educ. as % of GNP</th>
<th>Edu. for all Dev. Index EDI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GER (%)</td>
<td>PGI</td>
<td>GER (%)</td>
<td>GPI</td>
</tr>
<tr>
<td>Angola</td>
<td>19.1</td>
<td>0.78</td>
<td>0.7</td>
<td>0.56</td>
</tr>
<tr>
<td>Botswana</td>
<td>72.7</td>
<td>1.06</td>
<td>4.4</td>
<td>0.81</td>
</tr>
<tr>
<td>Lesotho</td>
<td>33.7</td>
<td>1.26</td>
<td>2.5</td>
<td>1.27</td>
</tr>
<tr>
<td>Malawi</td>
<td>34.0</td>
<td>0.76</td>
<td>-</td>
<td>-</td>
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<td>Mauritius</td>
<td>79.5</td>
<td>0.96</td>
<td>11.3</td>
<td>1.28</td>
</tr>
<tr>
<td>Mozambique</td>
<td>13.3</td>
<td>0.66</td>
<td>0.6</td>
<td>0.71</td>
</tr>
<tr>
<td>Namibia</td>
<td>61.4</td>
<td>1.14</td>
<td>7.5</td>
<td>0.83</td>
</tr>
<tr>
<td>South Africa</td>
<td>96.4</td>
<td>1.09</td>
<td>15.0</td>
<td>1.14</td>
</tr>
<tr>
<td>Swaziland</td>
<td>45.2</td>
<td>1.00</td>
<td>4.7</td>
<td>1.16</td>
</tr>
<tr>
<td>Tanzania</td>
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<td>0.81</td>
<td>0.7</td>
<td>0.17</td>
</tr>
<tr>
<td>Zambia</td>
<td>24.1</td>
<td>0.90</td>
<td>2.4</td>
<td>0.45</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>42.9</td>
<td>0.89</td>
<td>4.4</td>
<td>0.57</td>
</tr>
</tbody>
</table>

Notes:
GER- Gross enrolment ratio: measures total enrolment of a specific level of education as a%age of the total population of that age group.
GPI- Gender parity index: measures ratio of male to female enrolment
NER- Net enrolment ratio: measures enrolment of the official age group for each level of education as a%age of the total population of that age group
EDI.-The Education for All Development Index provides a summary quantitative measure of the extent to which countries are meeting four of the six Education for All (EFA) goals: Universal Primary Education (UPE), adult literacy, gender parity and quality- excellent achievement is equal to 1.
Table 13 clearly shows the educational challenges that may have once been curtailed immediately after independence, re-emerged within the region, despite the prediction that liberalising education would achieve higher enrolment, higher employment levels and better efficiencies within the educational sector. For instance, between 1985 and 1997, the primary gross enrollment rate actually declined in Angola, the DRC, Lesotho, Mozambique, Tanzania, and Zambia. The “survival rate” of primary education enrolment may be as high as 99% for Mauritius in the year 2001, but is as low as 52% for Mozambique.

In 2001, all Southern African countries (except for Zimbabwe) had total public expenditures of less than 10% of GDP set for education, with six out of the twelve countries having public expenditures of less than 5% of GDP. The cut in resources has created yet another problem of undermining an environment conducive for effective learning. Children are taught in overcrowded classrooms by under-qualified and frequently unmotivated teachers who are often poorly and irregularly paid and receive little managerial support. The percentages of trained teachers for Southern Africa remain disappointing; with countries like Namibia, Malawi and Mozambique having the lowest rates (37%, 51% and 60% respectively). Shortages of learning materials and teaching staff further constrain learning.

The pupil to teacher ratio is quite high for countries like Mozambique, Malawi, Lesotho and Tanzania (see table 13). There has been a whole new debate on the reintroduction of free primary education, especially with developing countries aiming to attain the millennium development goals on education. The case studies below represent two Southern African experiences (Malawi and Tanzania) on the reintroduction of free primary education.

**Case studies: The question access: Universal primary education**

During the past decade, some Southern African countries abolished primary school tuition fees typically as part of renewed attempts to resurrect their education systems which have been in decline under the auspices of market based socio-economic policies, with some suffering
reduced enrolments after the initial growth following independence. The following are two country case studies with one having implemented a weaker education strategy (Malawi) than the other (Tanzania).

Malawi
Free primary education (FPE) was reintroduced in October 1994. Prior to this initiative by a new government, the earlier government under Kamuzu Banda had brought in tuition waivers, in phases, from Standard 1, but parents still had been expected to pay book fees and to contribute to school funds. From 1994, however, Government was supposed to be responsible for all costs, though in practice it continued to expect communities to contribute to school construction. Given the lack of an overall policy framework and an analysis of the resource implications of embarking on this route, critics today allege that the expansion of primary education has been at the expense of quality. In the first year of FPE, enrolments increased by over 50% from 1.9m in 1993/4 to about 3.2m in 1994/5. Net enrolments prior to FPE had been 58% for girls, increasing to 73% by 1996; and 58% also for boys, but only increasing to 68% by 1996. Gross enrolments increased from 67.9% in 1990/1 to 158.1% in 1999/2000. Such rapid enrolment increases challenged an already weak system that even before expansion had a pupil-teacher ratio of 70:1 with 13% of teachers being unqualified and an average of 100 pupils crowding existing classrooms. The biggest challenges were, not surprisingly, pressure on classroom facilities, insufficient teachers and an inadequate supply of instructional materials, all areas to which the development community responded, attempting to cater for shortfalls of the order of 38,000 new classrooms and at least 25,000 additional teachers. Thus, by 1997, more than half the teachers were untrained, compared with 13% before the introduction of FPE. The number of pupils per classroom went from 102 in 1992/3 to 422 in 1994/5. Even more worrying is the fact that repetition rates rose to over 20%.

Tanzania
“Free” primary education was announced in 2001, largely as part of the PRSP process, having been incorporated into the Education Sector
Development Programme, which provided the framework for partnerships with the international development community since its appraisal in early 1999. The education plan abolished tuition fees and other mandatory cash contributions to schools. The government had set aside 25% of its recurrent budget for education, of which 62% was for primary education. Instead of tackling all out-of-school children at once, in the first year children between the ages of 7-10 were targeted, with a goal of 1.5 million. This was exceeded in practice, with the GER rising to 100.4% and the net enrolment ratio to 80.7%. In subsequent years, the age range targeted was extended. In 2001/2 nearly 14,000 new classrooms were planned, and about two-thirds were completed by the end of 2002, as well as the construction of teachers’ houses, toilets and the supply of classroom furniture, using development grants made to school committees. Other measures that were introduced included the recruitment of between approximately 10,000 teachers per year and their upgrading, an improved curriculum and increased numbers of textbooks. A $10 capitation grant was also introduced, like the development grants, controlled by school committees. This was intended to cover some of the additional school-based costs. The Tanzania experience reveals that free primary education is insufficient by itself, and that for it to fulfil its macro, poverty-alleviating purpose, it is important that it be relevant, have adequate resource allocation, be planned and implemented well.

Source: A re-edited extract from country reports on the educational sector in Malawi & Tanzania

Gender disparities in education

Many of the Southern African countries made some progress in meeting the goal of gender equity in primary school enrolment as reflected by the GPI indices. Perhaps Mozambique and Angola and to a lesser extent Zambia remain with the gross and net enrolment of girls significantly lower than those of boys. In the unusual case of Lesotho, where many boys are employed as herders from a young age, girls have significantly higher primary school enrolment than boys. Despite these achievements, as costs of education rise, complemented by income poverty, the drop out rates for girls in Southern
Africa not only remains high but also has significantly increased. In short, gender disparities still remain in adult literacy (especially in Angola), and in the enrolment by higher education institution (see table 13). Although current debates have highlighted the significance of higher education in economic growth and development, earlier educational policies under SAPs had already undermined investment in higher education, and consequently reduced the region’s capacity for independent knowledge production. This reinforced dependence on industrialised countries’ educational systems and policy frameworks.

The privatisation of education
The inability of states to provide public education has led some of them to turn to private sources for funding, especially in the provision of higher education. For example, in Zambia almost 90% of the students taking technical and vocational examinations in the past 5-10 years were trained outside public institutions. International lending agencies and donors often encourage this. The establishment of private schools provides the challenge to the state of ensuring that it is able to regulate and oversee the quality of schooling offered and that at such schools there is no exploitation of students and their parents. There is clear evidence that many countries do not have the capacity to regulate private schooling, nor do they have any regulatory framework in education. This leads to the exploitation of parents and students by private providers who are turning education into a profit-making business. While some private training institutions have been successful, many others are of poor quality raising important issues of accreditation or other means of quality control. In addition, the market-based approach to educational services has deepened the class and racial division in the access to (private) education. Private educational institutions tend to draw wealthier students as compared to public institutions; their education tends to be of a higher quality; and their students thus have an advantage when entering the labour market.

Decentralisation
One of the reform strategies promoted by the World Bank is decentralisation of education by shifting power away from the central state. This is said to make education more responsive to community needs, increase efficiency and effectiveness and be more democratic as decisions are taken “closer to
the people”. However, in reality this approach provides states, which have serious economic difficulties, with an opportunity to shift both the decision-making and financial responsibility onto the shoulders of impoverished communities.

**The tenuous place of indigenous knowledge**

The liberalisation of education has failed to solve the systemic problems related to educational development on the continent. Furthermore, there has been a proliferation of Northern systems and preferential treatment of technological and technocratic knowledge fostered by the increasing interrelationships between Southern African economies and the rest of the world. Thus, indigenous knowledge has been quickly pushed out of education systems and, unfortunately, out of Southern African cultures. There seems to be higher demand for foreign qualifications by Southern Africans. Whilst there may be private benefits accruing from such foreign qualifications in terms of future employment, this practice will lead to an increasing “brain drain”, thus depriving the region of much needed skills.

**Alternatives for the educational system in Southern Africa**

**Regional & international initiatives on education**

There are several proactive national, regional and international initiatives on education pertaining to Southern Africa. However, there has been a lack of political will to follow through on these commitments. There seems to be a substantial gap between what needs to be done and the resources that are allocated for these necessary undertakings in the education sector. This gap has to be closed if we want to successfully implement the proposed initiatives.

**The call for a relevant educational system**

So far, there has been no logical explanation for the general lack of reform to curricula and examinations within the majority of Southern African countries. There is need for the region to develop an emancipatory regional curriculum and education system that is relevant, gender balanced and based on African philosophies. Political utterances on Africa needing to liberate itself and developing

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4See for example the declaration and commitments from the Jomtien Conference (1990) on Early Childhood Education and Care (ECEC); the SADC Protocol on Education and Training, the Millennium Development Goal on education; the Dakar framework: education for all.
home grown educational systems best suited for its own human resource demand need to be supported by practical policy drafts and implementation.

There is a need to move away from the purely academic focus of education, to promote multi-pathways based on individuals’ talents and interests.

**Own resources vs. outside assistance**

Southern African countries need to allocate more of their own resources to education and ensure that these resources are used effectively. In those cases where additional external funding might be required, this must not undermine countries’ ability to design their own educational policy frameworks. Outside funding should be used very selectively and only be accepted if it is given without strings of neo-liberalism (such as introduction of cost recovery mechanisms; reduced budget allocations; higher teacher-pupil ratios etc.) attached. External assistance is only acceptable if it supports good, homegrown educational policies and processes that will improve educational outcomes.

There is a need to reduce the dependence on foreign donors and to take control of our own policy and planning processes. Foreign funding and expertise should only be used if it plays a supportive and not a decision-making role. The concept of donors and local officials jointly deciding on budget priorities is unacceptable because the donor is usually in a stronger position and the resultant policy decisions are not necessarily in the best interests of the country concerned.

What is required is a strong, interventionist state that is willing to direct the educational process towards the desired outcomes. The people of Southern Africa must be made aware that education is a right and not a privilege. They are entitled to accessible good quality education.

**Popular forums**

Educational matters need to be decided by institutionalised forms of consultation (popular forums), which could be established by governments and/or organs of
civil society. Where such forums are established independently of government, they should receive due recognition by government and legal status which would compel organs of state to consult with them.

Education forums, should be established at various levels, i.e. at schools, local districts, regions or provinces and nationally, and should include teachers, parents, students, and representatives from the broader society.

Increased research is needed to determine the most cost-effective and appropriate way of overcoming problems in education rather than being directed by the World Bank or donor country models. This must be conducted in collaboration with departments of education and progressive research organisations (opposed to neo-liberalism) in each country and in the region.

Such research must be informed by local conditions, both rural and urban, and their knowledge systems, desires and ambitions. In addition, it must not be conducted in a way that privileges the work of western scholars at the expense of their African counterparts.

As education affects everyone, there is a need to mobilise the various interest groups and communities to ensure that education is democratised, relevant, emancipatory and of good quality across the region.
Chapter 13

A Science and Technology Strategy

Introduction
An analysis of the early debates on development reveals that science and technology was not given a prominent role in the achievement of growth and development objectives. There was no specific mention of science and technology strategies in an independent manner. Despite this initial oversight, recent development literature now focuses on the need to have clear objectives and strategies for science and technology in order for it to aid the attainment of development goals. There is increasing recognition of the importance of science and technology in achieving human centred development and reducing poverty, especially in developing economies.

The alternative framework for science and development is derived from reviewing the different approaches that have been taken by SADC member States in mobilising science and technology resources for development purposes and their effectiveness. An alternative strategy therefore must address the gaps and/or weakness of the current approaches.

Science and technology development in Africa
There is definitely increasing acknowledgment within the African continent about the important role of science and technology in achieving human centred development objectives. Over the past few years, there have been continental, regional and national efforts to construct networks (e.g. the African Technology Policy Studies, the Network of African Development Initiatives) and initiatives that are expected to coordinate efforts for mobilizing science and technology resources.

Regional integration cooperation on science and technology aims at developing, adapting and exploiting scientific and technological solutions appropriate for achieving developmental and poverty reduction objectives. Cooperation in S&T can take various forms, including joint projects, sharing of information, conferences, building and sharing joint laboratories, setting
common standards for Research and Development (R&D), and exchanges of expertise. Despite these continental initiatives, many African governments have not formulated comprehensive national science and technology policies that are integrated into national economic frameworks.

Unfortunately, national and regional science and technology frameworks are disarticulated and fragmented, with weak support for research and development. This could be because research agendas do not often coincide with national priorities. Thus, research and development may not effectively influence policy decisions on science and technology within Africa. Current capacities to ensure effective science and technology policies as formulated, implemented, monitored and evaluated against economic objectives are weak, with relatively few Africans educated to highest levels in the fields of science and technology. There is also an absence of appropriate regional institutions to advance a developmental science and technology agenda.

This does not mean that Africans do not have the potential and intellect to address science and technology issues, as countries like South Africa and Zimbabwe have done quite well. Existing capacities are just not being harnessed, as science and technology experts tend to concentrate in science-
related areas, and pay less attention to policy issues. Figure 10 shows the relative strengths of relationships and linkages among different institutions’ activities in science and technology nationally and internationally. The strongest links are between the empire (as defined in chapters 1 and 2) and the rest of the regional and national institutions, while the relations between the internal institutions (outside the empire) are much weaker. For example, the linkages between science and technology policy research institutions and government policy formulation are weak. Yet these are the very same linkages that should be strengthened in order for science and technology to be more effective in supporting national and regional socio-economic development processes.

Science and development in SADC
The role of science and technology in the development agenda for the SADC region is contained in the various SADC protocols, with strongest reference contained in the protocol on education and training (article 8). SADC’s Regional Indicative Strategic Development Plan (RISDP) of 2003 acknowledges the importance of science and technology in enhancing economic regional integration. It also seeks to complement other relevant and complimentary initiatives within the region and the continent such as those stated within the New Partnership for Africa’s Development (NEPAD). The region has made a concerted effort to not only acknowledge the important role of science and technology in economic growth and development, but also the need to pool resources together as a region in order to improve the economies of scale for science and technology issues. Regional cooperation thus has to overcome three major barriers to development:

- the small size of individual economies
- their dependence on imports of high-value or finished goods
- their dependence on exports of a narrow range of low-value addition primary products, mainly agricultural and natural resources.

Table 14 on the next page shows the targets that were drawn up by SADC.
Table 14: SADC science and technology targets

<table>
<thead>
<tr>
<th>Science &amp; technology targets</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Policies and strategies for regional cooperation in science and technology including technology transfer and diffusion (distribution)</td>
<td>By 2005</td>
</tr>
<tr>
<td>2 Institutional and legal framework for cooperation in science and technology</td>
<td>By 2006</td>
</tr>
<tr>
<td>3 Harmonisation of intellectual property rights legislation in all member countries</td>
<td>By 2010</td>
</tr>
<tr>
<td>4 SADC programmes on regional research and technology development</td>
<td>By 2006</td>
</tr>
<tr>
<td>5 To establish operational network centres of excellence in science and technology</td>
<td>By 2006</td>
</tr>
<tr>
<td>6 SADC programmes to promote public understanding of science and technology</td>
<td>By 2008</td>
</tr>
<tr>
<td>7 National expenditures on research and technology development to reach at least 1% of GDP</td>
<td>By 2015</td>
</tr>
</tbody>
</table>

One of the principle issues raised under science and technology development within the Southern African region is low productivity of its economic sectors (primarily the formal sector). In addition, the commodity range from the region remains largely undiversified. Given these challenges, the SADC Heads of State made proposals on how to improve productivity. These proposals are reflected in figure 11 below.

Figure 11: SADC Head of State commitments in S & T

ENTERPRISE LEVEL
- Enhance capacities for enterprises to develop & enhance their own productivity
- Promote linkages among various enterprises to enhance productivity & distribution efficiencies
- Facilitate the establishment of business and labour productivity centres at the national level
- Monitor & evaluate national productivity

INSTITUTIONAL LEVEL
- Establish & strengthen national frameworks for dispute settlement and productivity bargaining
- Promote better working standards and regulatory frameworks which are participatory
- Put in place mechanisms for sharing gains from productivity

MACRO-LEVEL
- Enhance human resource development & technological capabilities
- Strengthen linkages among SME and large enterprises at the national, regional & international levels
In terms of these commitments, Botswana, Mauritius, South Africa and Zimbabwe have already established national productivity centres to enhance productivity at the national level. A draft proposal to develop the SADC Productivity Organization (SADCPO) was completed in 2004 and is still going through protocol consultations.

Despite all these efforts, the regional commitments and arrangements do not sufficiently outline the importance of formulating supportive science and technology policies. This requires the direct intervention of the State and cannot be left to the market. If Southern Africa is going to use science and technology in more effective ways, then science and technology must be embedded within the national and regional context, with practical actions drawn and implemented.

**Practice and performance of science and technology in SADC**

There are significant differences between the various Southern African states regarding their science and technology resources. Economic performance within the Southern African region is varied, with countries like South Africa, Botswana and Mauritius showing relatively high GDP growth rates, while countries such as Zimbabwe and Zambia have much lower growth rates. A widespread feature of the region is the skewed distribution of income, which leads to high levels of income inequality (as measured by the gini coefficient). The highest levels of inequality are found in Namibia, Botswana, Lesotho and South Africa while Tanzania currently has the lowest levels of inequality.

Regional disparities within Southern Africa are also apparent in the destination of foreign direct investment, which is one of the primary sources of science and technology transfer.

**Science & technology indicators**

Data on national public expenditures on science and technology is very sketchy for the region. Table 15 below summarises the available data on expenditures allocated directly to science and technology expenditures:
Table 15: SADC science and technology indicators, 2002; 2003

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Botswana</td>
<td>-</td>
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<td>DRC</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lesotho</td>
<td>42</td>
<td>26</td>
<td>1</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Malawi</td>
<td>-</td>
<td>-</td>
<td>36</td>
<td>-</td>
<td>1</td>
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<tr>
<td>Mauritius</td>
<td>-</td>
<td>-</td>
<td>16</td>
<td>0.3</td>
<td>5</td>
</tr>
<tr>
<td>Mozambique</td>
<td>-</td>
<td>-</td>
<td>14</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Namibia</td>
<td>-</td>
<td>-</td>
<td>13</td>
<td>-</td>
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<tr>
<td>South Africa</td>
<td>192</td>
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<td>5</td>
</tr>
<tr>
<td>Swaziland</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Tanzania</td>
<td>-</td>
<td>-</td>
<td>87</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Zambia</td>
<td>47</td>
<td>16</td>
<td>26</td>
<td>0.0</td>
<td>2</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>-</td>
<td>-</td>
<td>113</td>
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Notes:
- **High-technology exports**: Products with high R&D intensity e.g. aerospace, computers, pharmaceutical & scientific instruments
- **Royalty & license fees**: Payments & receipts between residents and non-residents for authorized use of intangibles, non-produced, non-financial assets and propriety rights (i.e. patents, copyrights, trade marks)
- **Patent applications filed**: Filed with a national patent office for exclusive rights to an intervention i.e. product or process that provides a new way of doing something. Its generally for 20years
- **Trademark application filed**: To register a trademark with national or regional trademark office. They are for identifying goods & services as produced or provided by a specific person or enterprise. They protect owners of the mark by ensuring exclusive rights to use it to identify goods & services or to authorise its use in return for payment
In the Southern African region, South Africa is emerging as not just the economic giant, but also leading in establishing a more solid base for science and technology development. It was ranked 27th in the world between 1992 and 1996 for citation of science and technology papers. By 1997, it had produced 4,739 international science indicators publications. Despite these impressive science and technology developments, South Africa remains a net importer of technology.

Making strides in science and technology development: the case of South Korea

The Republic of Korea is perhaps the most advanced country in the South Asian region in terms of science and technology capability. It also has the strongest interventionist approach to its industrialisation strategy. It promoted the simulation of imported technology, with the government providing prolonged protection to domestic enterprises in selected sectors, while forcing those that became domestically competitive to resort to exporting their commodities. In addition, the country established large conglomerates that had the capacity to absorb the exorbitant costs associated with science and technology development/assimilation i.e. the Chaebols. Private firms were also encouraged to set up their own research and development units through the provision of incentives. The government also simultaneously set out to increase technical capacities of individuals through intense human development programmes, i.e. skills training and development.

Lessons from South East Asia

Lessons drawn from South East Asia are very useful in the construction of an alternative for the Southern African region’s science and technology development approach. The lessons are drawn from the experiences of the four “Asian Tigers”. Several Asian countries decided not to leave development to the market and instead retained government intervention in pursuit of socio-economic development goals.

East Asian Tigers refers to the economies of Hong Kong, Singapore, South Korea, and Taiwan. They are also known as “Asia’s Four Little Dragons”. These countries and territories were noted for maintaining high growth rates and rapid industrialisation from the early 1960s to the 1990s.
Government intervention in science and technology was in the form of forced national savings, channelled towards supportive infrastructure for science and technological development; public provision of extension services; setting up of productivity centres; training many SMEs, offering public incentives to the private sector players that promoted transfers of science and technology across the various economic sectors and to other enterprises. Hong-Kong was the first country within the region to set up a productivity council in 1967. The council was set up to offer support for enhancing productivity; between 1991 and 1992 it implemented 1 255 consultancy projects, trained 14 000 people and provided resource support to 2 112 firms.

Another interesting dimension for promoting science and technology development is the example of Japan. Originally, Japan had a very vibrant informal economy—something that the Southern African region can relate to. The informal economy of Japan was characterised by many small-medium enterprises that were extremely technologically backward. Japan resorted to borrowing technologies and utilising long decades worth of investment in its human resources. It began establishing research and development centres that were meant to facilitate its structural transformation. This transformation process was well monitored by both the private and the public sector. For example, the private firms would import, adapt and disseminate technology whilst the public sector would provide and disseminate information to small firms.

Despite the science and technology development “miracle” experienced by several South East Asian countries, there were also challenges that should be mentioned and taken into consideration when drafting an alternative approach for Southern Africa. These include:

- Labour standards remained very repressive during this time, with trade union activities kept at a bare minimum. Labour market flexibility was encouraged and retained as a prerogative for management (e.g. in Taiwan and Singapore);
- Technology assimilation was perhaps not closely monitored and patented as it is today. Today, there are more stringent international laws on patents, intellectual property rights and trademarks;
With the end of the cold war, the geo-political factors that existed before do not exist now, i.e. industrialised western countries have no longer a vested interest in supporting their cold war “allies” in South East Asia.

Because these three very determinant factors do not exist anymore and cannot be replicated, the main lesson that needs to be learnt is the determination of the leaders in South East Asia to strive for their own home-driven development initiatives, making best use of the resources and opportunities available.

AN ALTERNATIVE SCIENCE AND TECHNOLOGY STRATEGY FOR SOUTHERN AFRICA

An alternative development strategy has to deal with several “cross-cutting issues”. These include the formulation of science and technology policies at national and regional level; redefining the role of the State (i.e. that the State should play an more interventionist role in the implementation of the alternative strategy); regional integration as a strategy to maximize economies of scale; development processes that are participatory and all inclusive as stated in chapters 1 and 2; the strengthening of linkages between the different stakeholders in the field of science and technology (refer to figure 1).

Figure 12 below presents a diagrammatic reflection of an alternative science and development strategy for Southern Africa:
**Information externalities**
There must be a public-private partnership that defines the market, preferably the regional market, and then undertakes a series of “product range choices” to determine each country’s comparative advantage, i.e. minimum costs and maximum economic benefits as compared to other producers -nationally, regionally and internationally. This can be described as a process of “self discovery” which does not require new products or processes, but rather “discovering” those that are already tradable and can be produced advantageously by local producers (nationally and regionally). Governments must ensure the protection of “infant industries”, but this protectionism should be subject to achieving performance goals. This may require the adaptation of foreign technology to meet domestic conditions.

**Coordination externalities**
There must be some form of coordination in the mobilisation of science and technology resources nationally and regionally. This will help to create larger economies of scale that are necessary for undertaking structural changes in economic productive activities. This will require the State to provide incentives such as subsidies to firms procuring, adapting, transferring technology and investing in science and technology resources across all linkages i.e. sectoral, national and regional. Supportive science and technology policies on training, regulation and investment should be formulated in order to overcome both information and coordination failures.

**S & T investment policy regulation**
Southern African countries need to become more aggressive when it comes to investment regulation on the transfer of science and technology. The import of foreign technology needs to be accompanied by local policies that promote learning, human capital and technological transfers. Public policies should therefore induce foreign firms to move from exporting their products to producing locally, and transferring a technological component. Furthermore, it would be advantageous for Southern African countries at the national level to set up inter-firm strategic technological agreements rather than simply hosting production facilities of foreign firms.
Identify and promote local knowledge and innovation in science and technology

Southern African countries should promote local knowledge systems and innovation and therefore invest in promoting emerging good practices at the local/national/regional levels.

For example, Africa is famous for its traditional medicines which are now being abandoned, neglected or ignored due to negative propaganda and discouragement by the former colonial system and pharmaceutical companies, which want to capture the market and flood it with their less effective and expensive medical drugs, most of which are made from the very African herbs that they discourage and despise.
Chapter 14

Gender Issues in Southern Africa

Patriarchy in Southern Africa
Patriarchy has always been a feature of Southern African societies way before the onset of neo-liberal policies. Gender inequities have always existed in the region. As indicated in chapter 2, most Southern African economies are characterised by enclave structures, with women mainly located in the underprivileged and marginalised non-formal sector, while men are predominant in the formal sector. Macro-economic and other policies target the formal sector at the exclusion of the non-formal economy, thereby reinforcing sectoral, and hence gender inequalities. This dualism is reflected in most Southern African economies, for instance in Malawi, where only 15% of the total available labour force is engaged in the male dominated formal sector.

The impact of neo-liberalism on gender in Southern Africa
Neo-liberalism promised increased growth and development, with a trickle down effect for correcting social problems, such as gender inequities in terms of access to and ownership of resources. These promises have not been realised in Southern Africa as the liberalisation of markets has had severe class, community and gender specific impacts. Instead of producing growth, equity and improved livelihoods, it has accentuated pre-existing inequities.

Despite the ratification of many regional and international conventions on gender equality\(^5\), many development strategies are still characterised by gender-neutral language, especially trade policies. Where countries have ratified international conventions and made progressive gender declarations nationally and regionally, these efforts are undermined by neo-liberal policies. Opportunities for women in Southern Africa to diversify their roles within the economy have remained limited and consequently women continue to be marginalised in key economic sectors.

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\(^5\) Many of the SADC member States are signatories to some international conventions on civil & political rights and on economic, social and cultural rights such as the; United Nations Convention on the Elimination of All Forms of Discrimination (CEDAW); the SADC Gender Declaration of 1997. In addition, Southern African countries have participated in many world conferences/summits held in pursuance of equality, equity and the empowerment of disadvantaged groups such as the; Beijing Conference in 1995, the series of World Summits and the World Social Forum.
An engendered perspective of labour market liberalisation: 

**Formal sector employment**

The liberalisation of the labour market has led to increasing retrenchments in the public sector and at private firms that failed to match increasing competition. Retrenchments mainly affected workers in lower grades and unskilled workers. Women are concentrated there because the majority lack adequate education and training and consequently find themselves in lower paying jobs. While job losses may affect men and women, women find it harder to regain employment or to become self-employed due to the relative lack of education and skills, due to gender-based discrimination and due to the lack of independent access to capital and family responsibilities.

**EPZs: new jobs for women**

The creation of Export Processing Zones (EPZs) in Southern Africa has resulted in the employment of more women in export-oriented industries. For example, Mauritius’ EPZs increased women’s labour participation rate from 18% in 1962, to over 42% by the end of 1988. Between 1984 and 1992, Mauritian EPZs were employing over 90,000 workers of whom 63,400 were women. The export-oriented economic activities have resulted in the “feminisation of labour”, as female workers were deemed to be cheaper, obedient, flexible and unorganised. Although women found significant employment in some of the EPZs, their jobs tended to be low-skill jobs with poor salaries and benefits. These jobs did not allow women to work themselves out of poverty. Instead, they became part of the “working poor” - people in full-time employment but unable to meet their basic needs.

Overall, Southern African women are mostly employed in the “new forms” of labour such as:

- Temporary workers (temps).
- Just-in-time and part-time workers.
- Piece-rate and home-based workers.
- Self-employed workers in the informal sector.
- Small scale entrepreneurs assisted by micro-credit or family savings.
The deregulation of labour markets has resulted in a move away from permanent jobs towards “flexible jobs”, which mostly do not yield enough income to secure a living. For example in Zimbabwe, 90% of the women employed in EPZs are casual or temporary workers. These employees are usually unprotected by labour laws and are not covered by social insurance. Unfortunately, female employees who are the worst affected are not adequately represented by trade unions. Insecure forms of employment make women vulnerable to exploitation and often exclude them from the provisions of national labour laws.

However there are also other causes for the lower participation rates of women in trade unions such as:

- **Time:** trade union activities held after hours or away from home impede women’s participation as their heavy social responsibilities restrict them in terms of time available for union activities.

- **Language and style of meetings:** male dominated meetings can be hostile, threatening, with sexist language used at times.

- **Issues on the agenda:** sometimes matters that are important for women such as maternity protection, childcare or gender equality are featuring low on trade union agendas.

**Gender relations and participation in the informal economy**

Despite the growing dominance of the informal economy in most Southern African countries, it has received very little support from the state and remains largely marginalised. The informal economy is increasingly emerging as a significant employer in the region as the formal sector fails to absorb the ever-increasing number of job seekers annually. An ILO/SATEP study of 1985 already revealed that more than 60% of those working in the informal economy in Zimbabwe had joined because they could not find employment in the formal sector. 67% of the proprietors in the informal economy were women and 32% men, reflecting an inability of especially women to find work in the formal sector.

The informal economy often fails to provide decent employment and thus seems to further marginalise its workers from any economic benefits. There
is evidence that the link between poverty, informality, and gender is reinforced by the globalisation of the economy. Global competition encourages formal firms to shift wageworkers into informal employment arrangements without minimum wages, job security or benefits. Globalisation also often leads to shifts from secure employment to more precarious employment, as producers and traders lose their market niche. This results in more men entering the informal economy resulting in women being pushed to the lowest income end of the informal economy. The fact that most trade unions within the region do not mobilise and organise informal economy workers, leaves them with little protection.

**The communal economy**

As indicated in chapter 2, the majority of women in Southern Africa reside and participate in the communal economy, which offers the lowest returns. Women constitute a significant proportion of farm labourers, food producers and processors. Working conditions there are often poor and economic activity to a large extent consists of subsistence farming.

**The feminisation of poverty under market liberalisation**

Gender is a key determinant of vulnerability and in periods of economic transition, women are likely to be vulnerable to increased poverty or insecurity. Poverty statistics for Southern Africa reveal that women constitute the majority of the poor within the region. About 60–70% of the poor in the SADC region are women. Empirical evidence reveals that in Southern Africa, female-headed households are much poorer and greater in number as compared to male-headed households. A surveillance undertaken in Zambia revealed that 50% of female-headed households were classified as “very poor”, compared to only 27% of male-headed households. A study completed by the government of Botswana in 1996, revealed that the poorest female headed households in the urban areas earned an average income of only 46% of those poorest households headed by men. Female-headed households in Zimbabwe had a higher poverty incidence at 68% than male-headed households at 60% in 2003. In 1995, poverty prevalence in that country among female-headed households was 48% compared to 39% for male-headed households.
Women’s access to and control of resources

At independence, most Southern African countries attempted to address the restricted access of the populace to education, modern housing and health services through social policies. However, with the advent of neo-liberal policies, including the withdrawal of subsidies and the imposition of cost-recovery measures in the fields of social services, access to these services has been negatively affected:

Land distribution exercise in Zimbabwe: the engendered scenario

Zimbabwe’s land redistribution exercise (which began in 2000) was aimed at addressing colonial racial inequalities in terms of access and ownership to land. A total of 4,324 farms had been distributed and 134,452 households had been resettled by the end of 2004, but only 8% of the total population that benefited from the distribution exercise was female. The land redistribution exercise incorrectly assumed that a household was representative of both male and female beneficiaries. The 2004 land audit acknowledges the “…pivotal role of women in all aspects of agriculture in the communal lands and the need to strike a gender balance in this crucial sector of the economy…” yet, there has been severe imbalances in the allocation of land along gender lines.

Access to land

Women in Southern Africa, who may have access to land, often do not control or own this resource. Whilst the political dimension of the access to land focused on redressing colonial legacies, women often have access to the use of land and property only by virtue of their relationship with a man in the household (see chapter six on agriculture).

Access to credit under financial liberalisation

Women derived little benefit from earlier government intervention in the financial sector. This happened because women were:

- Rarely targeted with subsidised credit.
- Not well served by formal sector financial institutions.
- Sometimes paid higher rates of interest than men in the informal economy, when they did have access to financial services.
By becoming more profit-seeking, micro-lending institutions have also contributed to the marginalisation of women as they resorted to charging high interest rates and demanding collateral security for informal financing.

**Access to education**
Colonial rule in many Southern African countries was characterised by very few women gaining access to education, resulting in a lower literacy rate for women compared to men (see chapter 12 on education). Besides the neo-liberal practices such as cost recovery and user fees, the gender ideologies that perceive women as being less intelligent, subservient, dependent on their spouses, and emotional and therefore cannot be entrusted with positions of responsibility, have all constrained women’s access to education and training. Educational opportunities open to the girl child in Southern Africa are sometimes informed by the dictates of culture and tradition. The boy child is always preferred to the girl child as he is considered to have better potential to succeed in school and potentially increase the household income in the future, whilst the girl child’s value is determined by the wealth she may bring in through the dowry/lobola.

**HIV/AIDS and access to healthcare**
Southern Africa remains one of the regions with the highest levels of HIV/AIDS infection and prevalence, with women having higher infection rates than men. With the reduction in public health care spending, women have been hardest hit. In the African household, women shoulder the burden of basic healthcare and with HIV/AIDS, this burden has been made significantly heavier. Unfortunately, because women’s work in the “care economy” is not acknowledged in macro-economic policies, there is very little supportive legislation and resources to support their work.
**Trade liberalisation**

Trade agreements and trade liberalisation have different implications for men and women. Globalisation and trade liberalisation deepen existing inequalities in access to resources, power and decision-making between men and women in society. Women perform both productive and reproductive roles and therefore trade will have different impacts on men and women (see chapter 9 on trade).

Trade negotiations and outcomes are often very gender biased and trade agreements under the multilateral trading system (the World Trade Organisation) have had varied implications for men and women. Although trade and FDI have been said to promote wage employment for women more than for men (in EPZs for instance), trade has generally failed to redress gender imbalances in the allocation of any accruing trade benefits. For example, profits/income from tradables within the household are not distributed equitably between the sexes. This is because distribution is often based on biased gender power balances and the ability of women to negotiate for resources within the domain of the household. In addition, trade policy makes no direct reference to women, yet they constitute more than 50% of the labour force within the agricultural sector and are the rightful beneficiaries or losers within the agreements on agriculture.

**Women's Participation in Politics and Leadership**

Despite the numerous frameworks adopted at international, continental and regional levels on gender equality, women’s participation in politics and leadership remains very low (see Figure 13 below). Only 3 countries in the region, namely Mozambique (35%), South Africa (33%) and Tanzania (30%) achieved the set target of a 30% quota by 2005. Overall, the percentage of women parliamentarians in SADC increased slightly from 17% in 2000 to 20% by 2005. Considering that SADC has shifted the target to 50% in line with the AU recommendation by 2010, this implies that a lot remains to be done.
An engendered alternative to neo-liberalism

Economic policy

Neo-liberalism needs to be replaced by an engendered alternative economic policy, as suggested by Figure 2. The imperfections and failures of the market must be acknowledged. SAPs have failed and will not eradicate poverty and globalisation must be replaced by a holistic approach to socio-economic growth and human development.

Any poverty eradication and economic growth policy must include a gender analysis as a basic and integral part of their design since women remain the true custodians of social service provision in the household. Such gender analysis must specify:

- The imbalances in the gender division of labour.
- The diversity and asymmetry of households and intra-household relationships.
- Gender-based differentials in incentive capacity resulting from differential access to, and control over, economically productive resources.
- The implications of the invisibility of women’s work in designing economic choices and strategies, and in the evaluation of outcomes.
Access to resources

This entails the reduction or removal of constraints that impact on women’s economic opportunities and include:

- Reducing the time burden on women, for example, through improvements in the provision of social infrastructure – water supply, childcare facilities etc.
- Securing women’s property rights through legal reforms to ensure women improve the direct returns for their labour.
- Reformed social sector policies that adopt adequate social analysis of the risks faced especially by women in the programmes.
- Development of non-bank institutions which reduce lending costs to women.
- Emphasising savings as well as credit, to mobilise women's resources.
- Removal of discriminatory practices in banking institutions.

**Economic empowerment of women**

Governments in Southern Africa need to reinforce political commitment to support and empower women. This must happen by giving effect to the Dakar and Beijing declarations, including:

- The review and adoption of macro-economic policies and development strategies that address the needs of women.
- The review of national legislation to promote women's rights to the access and control of resources.
- The conducting of national research on women's work.
- The development of alternatives that address the issues of women and poverty eradication.

**Participation in decision-making processes**

Women represent the majority of the total population in Southern Africa but continue to be under-represented in decision-making. The increase in women's participation in national and regional political spheres must be promoted and implemented by governments, political parties and civil society organisations. Equal opportunities for both men and women to access technical and financial resources, including training, research and policy discussions must be created to ensure women's effective participation in political processes.
Chapter 15

Culture and Language

Introduction
Cultures and traditions form the core of our human nature in terms of production, allocation and distribution patterns and how we manage the shortcomings of our economic choices. In this regard, the cultural fabric is not only crucial for determining economic policy frameworks, but also for how the region develops its own independence from imperial powers and preserves an African culture that ensures more consideration for humanity when dealing with economic issues. In this context, alternatives for a more progressive African culture should focus on national sovereignty that is inclusive of the region reclaiming its own policy space whilst simultaneously aiming to achieve improved access to basic socio-economic, political and cultural rights for its people.

Settler-colonialism and culture in Southern Africa
The colonial state and the defining borders, which have been largely maintained in the post-colonial arrangement, defied age-long identities that ordered the lives of Africans. Whilst the emergence of the colonial state over-rode and downgraded the pre-colonial identities of Africans, it did not obliterate them. Whilst Southern Africa shares important features with the rest of Africa as a result of colonialism, it is “settlerism” that created its own distortions of social engineering drawn from the confluence of race and class. Unlike other colonialists, settlers stayed and appropriated land for themselves, turning Africans into settler-serving labour. The settlers created a replica of Europe adopting exaggerated cultural practices of their European home country, such as Guy Fawkes and Halloween. Names of principal rivers, mountains, places, flora and fauna lost their African roots and instead reflect European cultural, geographical or historical significance. “Christian” names were given to, or adopted by, Africans as a way of asserting their cultural and social acculturation into the newly created colonial system. Pre-colonial identities remained submerged, but continued to exert powerful influence on the thinking and practice of colonised Africans, especially those who maintained a close tie
with their traditional habits and practices. Those Africans, whose lives were anchored more firmly in traditional and rural society, were less affected by the economic, social and political nexus with colonial society compared to those in urban areas.

The last phases of the decolonisation process in Southern Africa, the unravelling of settler colonialism, took place during the period 1975 to 1994. The post-colonial phase has seen the states in Southern Africa pursue developmental goals. But the achievement of such development goals was disappointing and led to the notion of “Afro-pessimism” that Africa is doomed to fail and that these goals are impossible to achieve. This is happening against the background of economic, social, political relations becoming inert-penetrative and increasingly lopsided in the era of globalisation. With the advent of neo-liberalism and globalisation, once again the relevance of popular local cultures has been undermined. International capitalist culture, through its economic, political and hegemonic advantages, smothers local varieties, contributing directly to “globalisation of culture”.

Thus, we find that African elites seek integration into European culture, particularly through the education system. African culture gets absorbed into the colonial or neo-colonial culture - but it is the reverse that should happen. African children of the elites are thrust into former white racist schools that remain, in educational content, largely unreformed from the colonial era. Many members of the African elite in the region speak English, French or Portuguese at home to their children thus undermining the African cultural base of their own children, alienating them from their cultural and historical heritage and accelerating “de-nationalisation”. The entrenchment of neo-colonialism in the region is assured also through the technological and scientific advancements, which are based in European and American languages and cultures.

The devaluation of African culture, which has resulted in feelings of inferiority and a degradation of cultural confidence amongst the people, has been caused by:

- The dislocation of African languages from the heart of social and economic life.
- The “heathenisation” of religious life.
- The penetration of the cash nexus.
• The general de-nationalisation of cultural life of the masses of African society.
• The presence of the elite whose acquisition of emblems of success bear testimony to the superiority of the culture of the imperial powers and the ineptitude of their own.

**Neo-liberalism, globalisation and culture**

As globalisation continues to weave its web over cultures, some proponents of this phenomena view the emerging cultural diversity as exciting, even empowering, while its opponents tend to find it rather disquieting and disempowering. Many developing countries and regional blocks are finding themselves becoming increasingly fragmented (for instance the regional fragmentation of Africa under the negotiations of EPAs) and cultural values are lost as growing numbers of immigrants bring new customs. International trade and modern communications media invade every corner of the region, displacing local culture. There is a prediction that globalisation may eventually lead to cultural homogenisation—with diverse national cultures giving way to a world dominated by English language and the global consumer culture of foreign products, accompanied by a widening gap between the rich and the poor and promiscuous lifestyles embodied in the goods sold in modern shopping malls and portrayed in Hollywood movies. This has created a “MacDonaldisation” of non-western cultures and a universal “Coca Cola culture”. Neo-liberalism in the cultural sphere promotes a Western cultural hegemony, especially American cultural constructs.

Neo-liberalism has economically disabled Africa and much of the Third World; it has often supported a political formula to democratic governance, which can be described as “one size fits all”. Over the past three decades, the recurrent crises of capitalist slumps have led to the revival of the ideology of economic liberalism, led by the Bretton Woods institutions. This economic liberalism has been underpinned by:
• Unregulated and deregulated economic activities.
• Minimisation of public expenditure for social services.
• Wholesale privatisation.
• Glorification of the individual initiative.
In Southern Africa, the “de-nationalisation pressures” we face are based on American influences but also on the legacies of colonialism. While the expansion of shared cultural attributes for the whole of humanity has been one of the consequences of globalisation, this should not mean the obliteration of local cultures. In fact, in the recognition of the global, there must also be the celebration of the local. The development of policies to address the challenges facing Southern Africa must be informed by the cultural realities of the society they intend to serve. Solutions need to be constructed on African cultural characteristics.

Knowledge production
There is a gap between the knowledge base generated and the demand for a more dynamic human resource base required for meeting Africa’s own growth strategy. For example, teaching at African universities bears little relevance directly on Africa and Africans. Knowledge production does not satisfy the visible needs of the broader African society because such knowledge is not based on social structures, which are meant to address these needs. African universities are crude imitations of metropolitan Western institutions that represent particular colonial traditions (see the chapter on alternatives to education). As a result, modernity in Africa is misrepresented in language, form and address; for example in the case of language, less than 10% of African newspapers publish in African languages.

Economic ambitions
The “one-size-fits-all” political/social/economic model does not fit everyone. The majority of Southern African economies and societies are not yet even modern countries, but are being requested by imperial powers to move instantaneously from tribal structures to global states. Globalisation need not mean global homogenisation. Africa needs to independently design its own development path and have the political will and commitment to see through the realisation of these alternative strategies.
Our own cultural shortcomings: the case of gender

There are many cultural and traditional practices that are increasingly being identified as retrogressive in current Southern Africa, especially those cited in emerging debates on gender relations (i.e., patriarchy) and the spread of HIV/AIDS (see chapter 14 on gender). Despite these emerging debates, there is much to cherish in African culture, practices and values such as the notion of “ubuntu” - the uplifting of social responsibilities amongst citizens. For example, in African traditions there was very little acceptance of old age homes, orphanages and healthcare centres for the bedridden as these were considered to be part of society’s responsibilities and absorbed within the family framework. It should be noted that the ever-increasing notion of individualism, especially under the auspices of neo-liberalism contributes significantly to eroding these cultural practices and traditions. However, there are also cultural practices within the region that are increasingly losing their legitimacy such as unfair inheritance laws that disadvantage women, female circumcision, etc. African culture is not static and perhaps it is time for Africans to reflect on some of these retrogressive practices. This transformation of our culture has to be done within the African context, by us and not through the imposition of what is deemed to be right by imperial states.

Alternatives: redefining our cultural heritage

The alternatives proposed here do not seek to hold culture and tradition within Southern Africa static. ANSA fully acknowledges that culture is dynamic. Nonetheless, Africans should be given the policy space to define their own political, social and economic choices best suited to promoting growth and human centred development. In addition, Africans must be given their own leverage to make their own cultural choices most relevant to their daily living. This will require the Southern African region to place emphasis on cultural values and identities such as collectivism, ubuntu and social solidarity that enhances human centred-development.

Africanisation, Africanism and elites

Since colonialism and apartheid, which were designed to marginalise the majority, they had to be replaced with systems that allowed Southern Africans their rightful place in the social, political and economic spheres. Neo-liberalism
has failed to lead to development and has eroded Africa’s culture and language best suited to promoting our own developmental paradigm. Thus, as the first alternative for culture and language, ANSA calls for more than just “Africanisation” - it calls for Africanism, for the development of a society with African culture at the heart of the development process. Africanisation in itself without cultural reinforcement cannot produce sustained development, which enlists the creativity of the broader sections of the population.

Thus, in societies, which are historically and culturally overwhelmingly African, the usage of Africa’s “cultural belongings” as bases for development, become a democratic requirement for the emancipation of the masses. Such cultures provide bases for a growth and development process, which would avoid the pitfalls of borrowed linguistic and cultural vehicles.

**Africanisation**

Africanisation is the systematic deployment of Africans into positions that enable Africans to gain control over the running of all affairs in the social system. However, Africanisation has mainly benefited the elites, without having much bearing on the impoverished majority. Thus, it has only allowed the ascendency of the emergent and new elites who inherited the settler colonial state.

**Preserving our indigenous knowledge and reversing extraction**

There is a need for the region to proactively redress socio-economic and cultural exclusion and the dislocation of indigenous people that often accompanies foreign investment. In addition, asymmetries in flows of ideas and goods need to be addressed, so that some cultures do not dominate others because of their economic power. These unequal economic and political powers of countries, industries and corporations cause some cultures to spread and others to vanish. For example, powerful corporations can outbid indigenous people in using land rich in resources; powerful countries can out-negotiate weak countries in recognition of traditional knowledge in World Trade Organisation (WTO) agreements; powerful and exploitative employers can victimise defenceless migrants. In this regard, the impact of globalisation on cultural liberty deserves special attention. This would require new approaches based on multicultural
policies that will manage trade, immigration and investments in ways that recognise cultural differences and identities.

Southern Africa has to become more forceful in fighting for global recognition of traditional knowledge, for example, the region can move motions for the re-contextualisation of intellectual property rights within the WTO in a manner that pays homage to African traditions and knowledge systems that have seemingly been ‘reinvented’ or unfairly contracted by transnational corporations. There is a need to protect traditional knowledge for the benefit of indigenous communities whilst promoting its appropriate use by wider societies.

Multiculturalism within Southern Africa should thus aim to:
- Observe and respect cultural differences and diversity.
- Redress imbalances in economic and political power between the industrialised countries and the developing countries.
- Place priority on sound African knowledge and production bases relevant to the region and not to metropolitan cities.
- Avoid forced and unfair displacements of indigenous persons in exchange for securing foreign investment.
- Encourage the organisation of indigenous persons to promote and preserve their own cultural choices.
- Monitor and regulate the movement of cultural commodities.

Language and African advancement
Any reconstruction of an African cultural base for development must have African languages at its core. However, in the post-colonial era, the African elites seem to pay lip service to the rehabilitation and promotion of African languages. In fact, it is the promotion of the languages of the colonisers, which at a cultural level, entrenches neo-colonialism. It can even be argued that under colonialism in some parts of Africa, African languages were better protected.

The belief that for Africa to move forward to equality and modernity in a globalising world, it is necessary to embrace the colonial languages that are foreign to the vast majority of people in Africa is a fallacy. This fallacy assumes that technological and scientific advancement are tied to the usage of the received colonial languages. If African languages were developed to carry
modern science and technology, they could become the medium of transformation. This would reverse the negative impact of neo-liberalism and neo-colonialism at the cultural level.

**Reinstating social safety nets**
The negative impact of individualism on cultural practices has shaped the region's social and economic fabric. If we expect the society to still uphold its responsibilities in terms of preserving community values and structures, these communities will need both policy and financial support from national stakeholders. In this regard, we need to rebuild social safety nets such as community healthcare centres, social welfare benefits to deserving beneficiaries (with minimum bureaucracies for award), educational bursaries, labour-related safety nets (i.e. pensions, medical aid support etc.), food security and sovereignty, development projects and so on. These will help replace the burden placed on the poor by neo-liberal policies.

**Documentation of our cultural heritage**
The documentation of our culture, indigenous knowledge and traditions is a very effective way in which Southern Africa can protect its cultural heritage. The Chinese and the Indians have done so quite successfully. This process of documentation should be used to procure intellectual property rights where applicable. It is also essential that much of this African knowledge be disseminated in educational institutions and be part of our knowledge base. Instead of prioritising western history and cultural heritage in our educational curriculum, Africa must take centre stage - both at the national and regional level.
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