



## HIGH-LEVEL CONFERENCE

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# EMPLOYMENT AND SUSTAINABLE ENTERPRISES: THE CONTRIBUTION OF THE AFRICAN PRIVATE SECTOR TO THE G20 DEBATES

Johannesburg, 8 – 10 April 2010

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## DECLARATION



AFRICAN EMPLOYERS'  
CONFERENCE

JOHANNESBURG - APRIL 2010

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## JOHANNESBURG DECLARATION ON EMPLOYMENT AND SUSTAINABLE ENTERPRISES IN AFRICA

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*The most representative national organisations of employers from Africa met in Johannesburg from 8 to 10 April 2010 under the auspices of the International Organisation of Employers (IOE), the Pan-African Employers' Confederation (PEC), the International Labour Office (ILO) and Business Unity South Africa (BUSA) to discuss innovative ways of promoting growth, decent and productive employment through sustainable enterprises in Africa.*

*Private enterprises produce goods and services that people need and want to consume. They provide jobs and income, supporting workers, families, communities and societies. Through the investments they make, they help the economy to grow and more jobs to be created.*

*These are messages from and for the African region. They bring forward African business voices to the G20 discussions seeking to drive international reform following the global financial and economic crisis. It is a call to the International Community to unite efforts with Africa in the areas of education and skills development, productivity improvement and targeted financial support for sustainable enterprises.*

### **In summary, African business reaffirms that:**

- ▶ Business and their representative organisations stand ready to play their part in an African recovery from the global financial and economic crisis and assume their proper role in wider global recovery and renewal.
- ▶ Sustainable enterprises, as defined by the ILO, are the foundation of future growth and development in Africa. This means delivering a better environment for doing business in Africa.
- ▶ Regulation affecting the doing of business should be reviewed to ensure it creates a conducive environment for doing business and has a pro-employment impact whilst also meeting its regulatory purpose.
- ▶ Improving education and vocational training is a critical foundation for future social and economic advancement in Africa. Improving school education is a particular focus for the African region.
- ▶ Small to medium sized enterprises provide the opportunities for jobs growth the region needs. Properly targeted reforms, including the formalisation of the economy, can unlock the growth potential of this sector as a critical tool of development.
- ▶ Rural business and, as a consequence, rural employment are expected to be major drivers of SME development in Africa. These enterprises require specific attention and assistance because of the particular challenges they face.

- ▶ Intra-Africa trade and increased regional integration can become an accelerator for development.
- ▶ African enterprises need support in improving productivity, innovation and competitiveness.
- ▶ The African business community is committed to respecting the fundamental principles and rights at work as recognised by the ILO. Social dialogue is an essential component for African development.
- ▶ Improving basic infrastructure is critical to enterprise and economic development, and job creation.
- ▶ Lack of access to finance is a major obstacle to growth and development. Governments need to take active measures to ensure more finance is made available for job creating investment in Africa.
- ▶ Governments must work together with African business, through their representative organisations of employers, as fundamental partners in addressing the development challenges and implementing the priority solutions required for economies to grow, enterprises to develop and job opportunities to be created.

## SUSTAINABLE ENTERPRISES AND PRODUCTIVITY: THE FOUNDATION FOR AFRICAN GROWTH

Improving the sustainability and productivity of African enterprises and their capacity to innovate, consolidate, grow, expand and employ will be at the heart of growth and resilience to future economic downturns. This means delivering a better and more reliable environment for doing business in Africa, which will build on:

- A stable macro-economic and regulatory environment, supported by better fiscal and economic policies.
- Promoting peace and security and eliminating conflicts that have had a destabilizing effect on economies and communities.
- Protecting property rights and the rule of law and ensuring efficient law enforcement systems.
- Investment promotion, including Foreign Direct Investment, sound economic management, and good governance.
- Investing in basic infrastructure (potentially financed through aid and public-private partnerships), including road and rail infrastructure; electricity generation and supply, including renewable energy; and information and communication technologies.
- Creating the right conditions to integrate vulnerable groups and the informal economy into the mainstream of economic activities.
- Increasing access to technology and fostering a culture of innovation.

- Promoting a culture of productivity and quality, as well as a shared vision among employers, workers and governments of the benefits such a culture brings to society.
- Promoting opportunities for shared experiences and mutual learning between business in the continent.

African competitiveness depends on productivity which can be enhanced by higher value-added products, processing of raw materials and diversification of economies.

The African business community is committed to respecting the fundamental principles and rights at work as recognised by the ILO. Social dialogue is an essential component for African development and sustainability.

## **EDUCATION AND SKILLS IN AFRICA**

Delivering real improvements in basic education as well as vocational and technical training are critical foundations for future social and economic advancement in Africa.

Basic education should provide core literacy, numeracy and employability skills to all. Education systems should also develop entrepreneurship and management skills as well as recognize the role of enterprises in the economy.

Improving business management education will better equip business leaders to lead African enterprises in increasingly globalised markets.

African countries require enhanced investment in Vocational Education and Training (VET), apprenticeships and technical and skills development for an integrated education system.

There should be greater recognition of on-the-job skills towards formal qualifications. Education, VET and technical systems should harness the latest technology.

African business should be a committed partner in the formulation of country relevant, long term, consistent, education and training policy strategy and service delivery.

- African governments must more actively work with business to understand the educational and training outcomes that employers need for job creation. Governments should establish clear measurement systems and consultation structures to engage with employers on policy formulation and the training needs of each industry.
- Business, through its employers' organisations, should provide governments with up-to-date relevant information on labour market and skills needs to support effective decision making.
- Governments should promote public/private partnerships, integration and information sharing across training and education systems.

Career advice, information and guidance should support school leavers entering into relevant, rewarding, sustainable careers which contribute to their communities and the development of their nations. Training and employment services should enhance the employability of job seekers and their capacity to re-enter the labour market.

Post-conflict situations, losing skills to other economies, social factors, including HIV/AIDS, tuberculosis and malaria present particular challenges for education, training and productivity. Targeted programmes and policies must address these particular challenges.

Government approaches to economic, regulatory, and education and training policies impact on scope for African employers and workers to enhance productivity. Governments should work with employers to deliver positive measures to enhance productivity and better support cooperation between employers and workers in this respect.

## **FINANCE AND PRIVATE SECTOR INVESTMENT TO DELIVER GROWTH**

Africa faces a critical shortage of investment capital to grow businesses and generate jobs. This challenge has been exacerbated by the crisis, and will become more pressing should access to capital further tighten globally.

This should not be allowed to impact on African growth. African business must work closely with governments and financial institutions, through mechanisms including public-private partnerships, to secure the finance and investment essential to expand businesses, create jobs and contribute to the growth of their economies. Essential finance for growth must be made available on a more accessible and cost effective basis.

A range of measures can support delivery of essential finance and investment to Africa, including:

- The development of the African financial sector and its institutions, building their capacity and enhancing their lending resources to finance investment, growth, and provide venture capital.
- Appropriate mechanisms, including National Guarantee Funds to increase the investment resources available for enterprises, especially SMEs, and which can assume a level of commercial risk to encourage lending.
- Enhancing the role of development banks and establishing specific development banks specializing in lending to SMEs and rural economy operators. Harnessing the technical assistance of development banks, the African Development Bank will be particularly important.
- Greater transparency, innovation and flexibility on lending criteria and an increased range of financing options.

- Introducing investment and tax incentives as well as expanding investment promotion to attract FDI.
- Keeping interest rates as low as possible consistent with a stable macro-economic environment.
- Finance ministers should continuously review their efforts and exchange good practices on investment and economic growth at the regional level.

## **SMALL AND MEDIUM SIZED ENTERPRISES**

Micro, small and medium sized enterprises provide the opportunities for jobs growth the region needs.

Rural business and, as a consequence, rural employment are expected to be major drivers of SME development in Africa. These enterprises require specific attention and assistance because of the particular challenges they face in terms of lack of access to education, infrastructure and government services.

Intra-Africa trade and increased regional integration can become an accelerator for development.

African countries are plagued by persistently high levels of informal employment. Greater formalisation will make an important contribution to economic and social development, and will better protect African communities against the impact of future economic crises.

A range of interlinked measures can help tackle this problem, focused on:

- Economic development and sustained economic growth.
- Improving education and training to deliver employable school leavers.
- Regulatory reform to redress legal, regulatory and administrative barriers to formalisation.
- Better facilitating and supporting the registration and early stage growth of new businesses (including access to credit, financial support, often at the micro level).
- Sound, open transparent government, free from corruption and inefficiency, which strives to make investment and partnership opportunities accessible to new, smaller businesses.
- Boosting youth and women's entrepreneurship opportunities, vulnerable groups, including through partnerships between the ILO, the African Development Bank and employers' organizations in Africa as a follow-up to the Cairo Platform for Action for the Development of Women's Entrepreneurship in Africa.
- Building the capacity of Employers Organisations to provide business development services to SMEs.

## MILLENNIUM DEVELOPMENT GOALS

The African business communities reiterate the importance of the Millennium Development Goals. The fulfilment of the Johannesburg Declaration presented here is essential to their achievement.

Developed countries should, in addition to counteracting and redressing the crisis, reiterate their commitments to supporting African countries deliver on the MDGs.

Partnerships between the ILO, the African Development Bank and the United Nations should be reinforced in order to implement the ILO Roadmap for the Implementation of the Global Jobs Pact in Africa with specific attention being given to SME development and building sustainable enterprises.

Resources should be mobilized towards the implementation of the Ouagadougou African Heads of State Declaration on Employment and Poverty Alleviation.

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*Johannesburg, 10 April 2010*

*The IOE is the largest network of the private sector in the world. It is the only recognized organisation representing the interests of employers in social and labour matters at the international level. Today, the IOE represents 148 national business organisations in 141 countries.*