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CONCEPT NOTE

“PRODUCTIVITY ISSUES IN AFRICA”

Towards building an effective Productivity Movement in Africa

1. INTRODUCTION

We all as Africans have the responsibility and obligation, to be interested in and to assist in the achievement of Africa's development objectives. One of the most intractable problems we face in Africa is poverty, leading to social exclusion. The first step out of poverty and social exclusion is some form of income-generating activity, described in general as employment. It is a well-known fact that it is the private sector that creates jobs, while the government articulates the correct development policies and creates an enabling environment for business to thrive. Furthermore it is in our interest, as PAPA, to support and enhance the coverage and effectiveness of social protection for all.

Productivity can be defined as converting resources (inputs) into products and services (outputs) efficiently, effectively and with optimum utilisation of human capital and physical resources for the benefit of society, the economy and the environment.

Productivity is NOT just a narrow technical concept. It is also a wide social concept. Productivity is above all, an attitude of mind. It seeks to continually improve what already exists. It is based on the belief that one can do better today than yesterday and even better tomorrow.

Productivity has always been recognised and accepted as the underlying factor for competitiveness and the driver of growth. Many factors contribute to this but ultimately it is people, knowledge and skills, and attitude that will make the difference. It is also common knowledge that good business thrives on higher productivity. That workers become more productive when they are highly motivated, and that high motivation derives from good working conditions and healthy, safe working environment. Improving productivity is the most important requirement for long-term business success. It is the art of doing more with less, of minimizing costs and maximizing value.

2. WHY AFRICA NEEDS TO EMBRACE THE PRODUCTIVITY MOVEMENT

The role of the Productivity Movement is to galvanise the continent towards achieving greater productivity strides, as well as envisioning a giant leap for Africa into a league of world competitive continents. The thrust of the productivity movement is in creating widespread awareness of productivity among people and society.

Some of the key outcomes of a successfully implemented productivity movement include, inter alia:

- Creating awareness of the role of productivity in driving economic growth and creating jobs;
- Cultivating a culture of productivity; and
- Empowering stakeholders and ordinary citizens with the skills to drive productivity.

Changing mind-sets is what the productivity movement is all about. As Africa, we need to dedicate ourselves to building among our people a culture of hard work, discipline, and a work ethic that would boost higher productivity.

The fact that Asia has achieved the highest economic growth rates in the world in the last half-century is not unrelated to the existence of many vibrant National Productivity Organizations (NPOs) in the Asia-Pacific region and the activities of the Asian Productivity Organisation (APO), the only intergovernmental regional organization that is actively promoting the cause of productivity.

Governments are crucial in the promotion of a lively productivity movement in Africa. They have a critical role to play in raising awareness about productivity among its people and industry and nurturing their positive attitude toward productivity improvement. The effectiveness and sustainability of a productivity movement is also depended on the extent to which governments commit themselves to the movement, in particular by availing funding on a regular and sustained basis, especially during early days of the productivity movement such as ours (Africa).

NPOs are expected to play an important role in leading the productivity movement in their respective countries. In reality, however, their capacity building is far from satisfactory in Africa. Strengthening and upgrading the staff capacity of NPOs is called for as an urgent agenda. It is desirable for African countries to be exposed to best practices and model projects available in the world e.g. Asia.

Social dialogue and consensus are key elements to stakeholder collaboration and the cornerstone upon which partnerships are to be built for the productivity movement. To reinforce tripartism create a sense of belonging and ownership of responsibilities among collaborating stakeholders, a tripartite approach to the management of the productivity movement should be pursued.

3. CHALLENGES FACING THE PRODUCTIVITY MOVEMENT

3.1 Low Influence in the formulation of Policies and Strategies

The ability of governments to develop effective policies depends on information pertaining to their economic, social, cultural and political environments. Government's around the world to a large extend depend on productivity organisations to provide them with the much needed information relating to policy formulation.

The ability of National Productivity Organisations to produce the much need information for decision making depends on their capacity and finances. From own experience, we can confirm that there are some key limitations in this areas. NPOs capacities and finances are restrictive and barely meet operating expenses, hence the lack of technical dialogue and research & development.

3.2 Structural mechanisms to share and disseminate information

The world is rapidly moving towards knowledge-based economic structures and information societies which comprise networks of individuals, organisations, and countries linked electronically in an interdependent and interactive relationship. Information technology also has the potential to facilitate research and the exchange of ideas. National Productivity Organisations in Africa's inability to share knowledge and experiences impacts on their competitiveness and progress.

3.3 Capacity and funding constraints leading to short-term focus

Productivity statistics allows governments to prioritize between short-term and long-term economic challenges and opportunities. NPO's current capacity and funding constraints impacts on their ability to provide their respective Government's with relevant information pertaining to economic priorities and long-term strategies.

3.4 New Development Scenarios

Change is occurring in nearly every area of human existence. There is an emergence of a new global information economy that is underpinned by revolutionary changes in science and technology. Technological innovations in such diverse domains as ITC, material science and biotechnology are fundamentally re-wiring the global economy.

In this new global economic environment, information and the knowledge it provides has become a key factor in economic competitiveness.

3.5 Lack of new models to address the specific needs of developing countries

It is clear that there is no “one-size-fits-all” solution to the problems facing African countries. Given that the majority of people in African countries live in rural areas, any attempt to meet the challenges of Globalization and the information age must include rural development strategies. The promotion of science and technology is a cornerstone of the kind of economic progress that Africa needs if it is to compete.

4. FACTORS CONTRIBUTING TO DECLINING PRODUCTIVITY

Many factors contribute to the declining productivity in Africa, amongst are:

- Poor performance of the Public Sector as well as the Parasternal Sector
- Lack of a comprehensive productivity movement agenda
- Lack of competitiveness among local enterprises
- Low skilled workforce specially in the informal SMMEs and agriculture
- Weak tripartism and weak political commitment to productivity
- Quality of the education and training system,
- Ineffectiveness of the labour market information systems,
- The corporate human resource management systems,
- Quality of Social Dialogue and
- The state of infrastructure (electricity, transport, telecommunications etc.) and services (health, central and local bureaucracies etc.).

5. BENEFITS OF PRODUCTIVITY IN THE ECONOMY

5.1 Productivity and poverty alleviation:

High productivity packaged with sound distributional and development policies is the best available means for poverty alleviation.

5.2 Productivity and promotion of employment

The more productive an enterprise becomes, the more income it can generate and save for new investments and the creation of new jobs.

5.3 Productivity and labour standards

This has more potential in promoting decent working conditions and quality of life than legislative mechanisms alone.

5.4 Productivity and sustainable development

Sustainability means the utilisation of a unit of raw materials and energy in an economy in such a way that the consequent output with minimum waste materials.

6. THE PAN AFRICAN PRODUCTIVITY ASSOCIATION (PAPA)

6.1 History of PAPA

The Pan African Productivity Association (PAPA) was founded through a declaration made by delegations representing six African countries at the 7th World Productivity Congress in Malaysia in November 1990. These countries (Botswana, Ethiopia, Ghana, Ivory Coast, Nigeria and South Africa) constituted the first Interim Committee for PAPA. The declaration referred to above recognised the close relationship between productivity enhancement and sustained economic development. This initiative had the full support of the World Productivity Confederation of Productivity Science (WCPS).

After a slow start, the Association was revived at the first General Assembly in Pretoria in November 1992. A new Executive Council was elected, the Constitution was revised and a new executive secretary was elected.

In 1996 the proposal to grant observer status to PAPA was tabled by the South African Government at the 19th Ordinary session of the Labour and Social Affairs Commission of the OAU which was unanimously accepted by the Commission and the Council Ministers. This put the association on a par with organisation such as ILO, The Pan Africa Employers' Confederation (PEC) and the Organisation of Trade Union Unity (OATUU) which were recognised worldwide.

In August 1999 the Heads of State and Government of the Southern Africa Development Community (SADC), meeting in Mbabane, Swaziland adopted a Declaration calling for the establishment and development of national productivity organisations within member states. The Declaration further calls for the launching of productivity awareness campaigns within the economic block.

It was envisaged that funding would come from member subscriptions, donations, legacies, grants from Governments, individuals and other organisations, proceeds from sale of publications, etc. No firm decisions were made regarding operationalisation of the above sources of PAPA funding. In the beginning most activities were funded by the sponsorship from ILO during 1995, while administrative costs were paid by Productivity South Africa (then called National Productivity Institute -NPI) of South Africa. In 1996 The Norwegian Agency for Development Cooperation (NORAD) pledged financial support to enable African countries to attend the World Productivity Assembly held in Johannesburg, South Africa. The Assembly was a joint effort of the Productivity SA, WCPS and PAPA. The World Bank granted US\$15 000 to sponsor delegates to the Pan African Productivity Assembly in Ghana during July 1997.

6.2 The Objectives of PAPA

- To provide a forum for promoting and sharing ideas and experiences on strategies, techniques and practices for productivity enhancement, accelerated economic growth and social development in Africa.
- To encourage the development of a productivity culture in African economies in order to ensure better living standards on the African continent.

- To foster co-operation and collaboration between national productivity organisations and other related bodies in Africa as well as those outside Africa with a view to promoting sustainable growth in productivity in the economies of Africa.
- To facilitate the establishment and development of national productivity organisations, centres or institutions in all African countries.

6.3 Governance Structure of PAPA

In terms of its Constitution, the PAPA management structure is made up of the General Assembly (Governing Body), the Board which implements decisions of the General Assembly, and the Secretariat which is headed by the Secretary General and responsible for the administration and coordination of the Association's activities and programmes. The Secretariat has been located in South Africa under Productivity SA since inception to date.

Funding for the Association comes from members' subscriptions, donations, grants from Governments and other organizations.

6.4 Role of National Productivity Organisations

The main responsibilities of NPOs can be categorised as follows:

- To set productivity improvement agenda for the country
- To promote productivity improvement and productivity culture
- To assist enterprises in productivity improvement through building their own capacities
- To acquire and disseminate productivity related information

Some of the member states of the AU have been engaged in various efforts at promoting productivity at the national level with some countries establishing National Productivity Organizations (NPOs) as apex bodies for spearheading and coordinating productivity activities in their respective countries. At the continental level, however the institutional African infrastructure to promote productivity movement is still at the emerging stage.

It is in recognition of the important role productivity can play in accelerating economic growth and social development in Africa that some existing NPOs in African countries came together to establish the Pan-African Productivity Association (PAPA) with the main objective of strengthening the productivity movement regionally as well as continent-wide.

Currently PAPA has membership in only 10 countries:

- SADC - Botswana, Namibia, Mauritius, South Africa, Zambia and Zimbabwe
- EAC - Kenya
- ECOWAS - Burkina Faso, Ghana and Nigeria

PAPA provides an opportunity for Africa to highlight the critical challenges that the continent faces and the role that productivity can play in addressing these challenges.

6.5 Common needs for PAPA member countries

- All participating countries emphasized the need to strengthen capacity building of NPOs through the training of trainers and consultants in the broad area of productivity and quality management.

- There are felt-needs among less advanced NPOs to intensify the efforts toward productivity awareness and promotion and that productivity awareness should be undertaken with “passion”, and translated into action at the workplace and in the SMEs through participatory and productivity improvement oriented programs.
- Support by respective governments by providing necessary funds from the stage of awareness creation to the stage of action programs for productivity promotion on a sustained basis.
- Relevancy of NPO programs to the national development policies and directions, strengthening of the network of information exchange and sharing both locally and internationally, selection of and concentration on a few thrust areas to establish NPO’s core competencies, and hence leadership in those areas.
- Learning from the best practices and model projects in Asia, as well as productivity promotions efforts of successful APO member countries.

6.6 PAPA Strategic Partnerships

Despite it being in existence since 1992 and its recognition by the African Union as one of its specialized agencies, PAPA is still weak with just only 10 active members as mentioned above. However, PAPA has made strident efforts in promoting productivity in Africa by engaging in strategic partnership with international organizations such as the International Labour Organisation (ILO), Asian Productivity Organization (APO) and the Japan Productivity Center (JPC) among others.

Through the special grant from the government of Japan, the APO and JPC have implemented technical cooperation projects for PAPA member countries since 2006 in an effort to strengthen their capacity and promote productivity in Africa through sharing of Asian productivity experiences. Efforts to boost productivity require the availability of a critical mass of trained productivity practitioners and the APO has trained over 200 productivity practitioners in Africa thus far.

This pool of competent productivity practitioners is an important initiative in the development of a productivity culture, but still not sufficient to produce the critical mass of activists required to lead the productivity movement throughout the African continent. Therefore, continuous efforts and exposure to productivity skills and knowledge are imperative. PAPA is still dependent on such strategic partnerships to continue productivity training for larger groups of practitioners across the continent in order to move it to the next stage of economic development by relying on its own human resources and institutions.

The technical cooperation with the JPC has seen more than 90 African participants undertaking study visits to Japan to learn about the historical development of the Japanese productivity movement as well as methods and tools to improve productivity in Japanese companies. The JPC also sent productivity experts to African countries to implement productivity-improvement methods such as 5S and Kaizen at enterprise/factory level in the individual PAPA member countries.

The recent TICAD VI conference (Tokyo International Conference on African Development) in Kenya, August 2016 looked into key policies and institutional arrangements required for industrialization in Africa, focusing also on the potential contribution of the KAIZEN approach. KAIZEN a Japanese term meaning ‘Improvement’ refers to a process of innovation in firms involving the entire workforce, and can be applied to areas of customer service and product

provision, quality control, new product development, automation and cooperative employer-employee relationships among others.

The Government of Japan and the African Union have entered into an agreement whereby the Japanese Government will provide technical support, in particular on issues of productivity and competitiveness (KAIZEN) to Africa through the Japan International Cooperative Agency (JICA) under the auspices of The New Partnership for Africa's Development (NEPAD).

In view of the unfolding TICAD VI and the AU agreement, PAPA sees a great opportunity of climbing the productivity ladder by supporting and establishing effective NPOs in the continent, which will be able to provide well-designed training programs like KAIZEN in all AU member states. With its good track record of productivity development activities, it is incumbent upon PAPA to urge member economies to drive the productivity movement in their respective economies.

6.7 Challenges facing PAPA

- Building PAPA's institutional infrastructure and strengthening of the Secretariat.
- The membership drive is still a major challenge and we need a collective effort to ensure that we increase our members significantly in all AU member states.
- Lobbying key stakeholders (government, employers and labour leaders) for support and partnership through the African Union platforms.
- Actively lead local and regional productivity movement to grow the economy and improve the quality of lives of Africans.
- Outstanding membership fees.

7. THE AU “PRODUCTIVITY AGENDA FOR AFRICA (PAFA) 2010-2016”

7.1 Background

The 7th Session of the Labour and Social Affairs Commission adopted a “Productivity Agenda for Africa (PAFA) 2010-2016”, in pursuit of the goal of improving the quality of life of the African people through productivity improvement. PAPA was given the responsibility of being the implementing organ of this Agenda.

The PAFA is based on three objectives:

- (i) Increase value added, productivity and competitiveness of the African Economies;
- (ii) Facilitate the improvement of productivity culture of people in Africa; and
- (iii) Mobilize all relevant stakeholders at national, regional and continental levels for socio-economic development.

To ensure the attainment of the intended objectives, Strategies were devised such as:

- a) Promote Labour management relations within the enterprises/organizations;
- b) Promote productivity in key sectors of the economy, in particular the informal economy, SMEs, public/parastatal sector, industry and communities;

- c) Promote the use of productivity approaches, techniques, tools, and processes by all stakeholders;
- d) Encourage and support the setting up of NPOs and strengthening of existing ones in member states;
- e) Establish continental and regional infrastructures to drive and coordinate the productivity movement in Africa; and
- f) Establish and maintain strategic partnership with international and regional institutions.

7.2 PAPA/AU Success Stories/Projects

The AUC and PAPA started the implementation of the “Productivity Agenda for Africa” in 2011, through the First Training of Trainers’ Session which sensitized on productivity improvement techniques that are relevant for the MSMEs.

Pursuant to the Seventh Joint Annual Meetings of the Economic Commission for Africa Conference of African Ministers of Finance, Planning and Economic Development and African Union Conference of Ministers of Economy and Finance, the AU leaders committed to “**UNDERTAKES** to join efforts with the ministries of labour, industry, economic development and finance and with other relevant bodies in the public and private sector in promoting social dialogue and productivity in support of the implementation of industrial policies at all levels, with particular focus on the SMMEs and agribusiness” . Assembly/AU/Dec. (XXIII)¹

The second project was implemented in Tanzania in 2015 with the objective to improve the situation of African economies in global competitiveness which was described as “AU-PAPA-ILO MSMEs Productivity Capacity Building Initiative”.

The Initiative had the following components:

At micro level (enterprises):

- a. Productivity pre assessment in pilot enterprises selected to be Model Companies using agreed tool.
- b. Training of the selected Model Enterprises the AU-PAPA-ILO Productivity Package constituted of selected productivity techniques/tools.
- c. In-Plant implementation of the productivity techniques/tools by the Model Companies’ experts and the national productivity organization/or MSMEs promoting Agency

At meso level:

- a. Building capacity of national productivity organization and/or national MSMEs promoting Agencies with two activities: assessment and institutional development plan drafting
- b. Training of leaders of associations of MSMEs in productivity awareness, advocacy, communication and lobbying.

7.3 PAPA/AU Program of Action

- a) **To support the activities of NPOs of PAPA member countries /Redefine the roles of PAPA**

¹ **DECISION ON PRODUCTIVITY, COMPETITIVENESS AND INDUSTRIALIZATION, AU Assembly, Malabo, June 2014**

There will be a sub-regional perspective in at least three Regional Economic Communities: ECOWAS, SADC and EAC. These three RECs are the most advanced among the eight RECs in the field of productivity improvement, including with regional productivity policies supported by the commitment for the creation of regional productivity organization.

b) To increase the member countries of PAPA/ PAPA membership based on Member States as opposed to NPOs

The project should be linked to the request for establishment of a continental productivity body by the Heads of States and Government. PAPA should be strengthened towards this objective of establishing a continental organization.

c) Development of Productivity and Competitiveness measurement tool

PAPA and AU are part of the Technical Working Group that is in the process of developing a sound statistics system, the challenges and make recommendations to the next meeting of the Committee of Directors General of National Statistical Offices. One of the expected outcomes is to adopt the Methodology on Productivity and Competitiveness Index.

d) Accelerate the implementation of PAFA (implementation, monitoring and Evaluation)

e) Formalise the setting up an African Productivity Council (APCO) as the Continental Productivity Organisation to spearhead the productivity movement in Africa

8. FIRST FIVE YEAR PRIORITY PROGRAMME ON EMPLOYMENT, POVERTY ERADICATION AND INCLUSIVE DEVELOPMENT (5YPP) (2015-2019)

The AU Plan of Action on Employment, Poverty Eradication and Inclusive Development (2015-2019) dedicates one of its six Key Priority Areas to address the need to improve and promote productivity in Africa.

This Programme is a strategic framework which feeds into the aspirations, goals and priority areas of the African Union’s first ten-year implementation plan of the Agenda 2063 as well as the Agenda 2030: UN Sustainable Development Goals.

KPA outcome 2: Productivity increased and competitiveness improved in African economies	
Output 2.1: Strengthening and development of inclusive platforms and processes at multi-levels (continental, RECS, MS) and with Pan-African Productivity Association, UN and international organisations (e.g. UNIDO, Asian Productivity Organisation) for promoting competitiveness and productivity, and plans for African Productivity Council underway and communications strategy developed	Indicator 2.1.1: (Virtual) platform and knowledge sharing processes in place among AU and RECs actively promoting competitiveness and productivity

Output 2.2: Productivity capacity building programmes for MSMEs, agricultural and public sectors (including through value chain development) developed and implemented at level of RECs, with targeted outreach to Women and Youth	Indicator 2.2.1: Programmes on productivity capacity building for MSMEs operational in AU and minimum of 3 RECs, inclusive of strategies to support and empower women and youth
Output 2.3: Productivity and Competitiveness Index for Africa developed and in place	Indicator 2.3.1: Commitments made by AU and RECs for Productivity and Competitiveness Index, and Index developed, tested and operational

The above projects aim at fulfilling specific objectives of the AU Productivity Agenda for Africa (2010), the Agenda 2063, the AU Assembly Decision on Productivity and Competitiveness for Accelerated Industrialization, the First Five Year Priority Programme on Employment, Poverty Eradication and Inclusive Development (2015-2019), the MSMEs Productivity Capacity Building Programme, the AU Charter on Public Service .

It also significantly contributes to the effective implementation of the objectives of the TICAD V supporting Africa’s effort on productivity improvement. More specifically, TICAD V pursues among other productivity relevant goals, the following objectives:

- i. Support capacity building of 30,000 people for business and industry through KAIZEN;
- ii. Networking of the institutions for promotion of productivity in African countries;
- iii. Facilitate Green Economy Development

9. WAY FORWARD

As per the PAPA Three Year Business Plan (2017/18 – 2019/20) PAPA will put concerted efforts on promoting the aspirations of Agenda 2063, and has adopted the following strategic intent: **“To develop and expand an Africa-wide productivity movement to grow the economy and contribute to an improved quality of lives of Africans”**. This it aims to achieve through the objectives and outcomes that are aligned within the context of TICAD IV Declaration and Agenda 2063.

During a Planning meeting held in Mauritius on the 08 February 2017, the 10 PAPA members countries represented agreed to focus on the following Key Performance Areas for the next three years in an effort to build a viable Productivity Movement for Africa:

KPA	Objectives
1. Institutional Strengthening Of PAPA Secretariat	Establish a permanent PAPA secretariat
	Develop Excellence Productivity Awards Framework for Africa
2. Membership Campaign	Increase membership and participation of African countries in PAPA activities
	Develop stronger advocacy drive and introduce incentives strategies to paid up members
	Establish and consolidate effective partnership with continental and international economic and social development organizations.

3.	Strategic Partnership	Ensure a developed and sustained African Productivity Movement by AUC in partnership with PAPA. Promote the mainstreaming of productivity in all economic sectors and developmental agenda of member states of the AU.
4.	Capacity Building Of National Productivity Organizations	Strengthening and developing/upgrading the staff capacity of NPOs. Capacity building of young people and women in the continent of Africa - Accredited development program for Africa and develop a certification system for productivity practitioners/assessors. Provide technical assistance and share information on productivity promotion and interventions to existing national productivity organizations and those that want to start the productivity organizations in Africa. Develop a 5S Audit of the 5s / Quality Environmental Systems for Africa.
5.	Information Dissemination and Sharing	Promote the sharing of ideas, experience and best practices on productivity enhancement in Africa.
6.	Funding	Sustainable funding for the organisation.

10. OBSERVATIONS

PAPA is of the believe that if Africa is to enhance its competitiveness in the future and inculcate a mind-set for productivity and innovation in all its member states, by way of benefitting from coordinated productivity driven initiatives, it is incumbent on the African Union to consider the following propositions:

- 1) The AU should place Productivity Issues at the centre of work done in pursuit of the African Agenda 2063. The Business Plan has been developed by the PAPA Member Countries in this regard, to address key issues in promoting Productivity as a National Movement.
- 2) The above will also include promoting productivity as a means to supporting and enabling Regional and Inter-regional Economic Integration, and sourcing funding from the TICAD VI (AU/JAPAN) projects to support the productivity initiatives in the Africa Continent.
- 3) Although PAPA has been designated as the official structure to implement the “Productivity Agenda for Africa”, the AU should take a leading role and to devote some time on the ways and means to support the operations of PAPA, in particular the strengthening of the Secretariat both financially and in the coordination of its activities. Currently the responsibility for coordinating PAPA activities is solely left to Productivity SA, which is putting strain on its limited resources.

As PAPA we hope this conference will help us realise the above goals and lead Africa to take the necessary steps to a new era of progress and prosperity by recognizing the importance of Productivity Enhancement for Higher Economic Development.

11. CONTACT DETAILS

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