Services Sector Development and Impact on Poverty
Thematic Working Group

Fostering Talent Movement in the SADC and ESA Region

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POLICY PAPER ON FOSTERING
TALENT MOVEMENT IN THE
SADC AND ESA REGION

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Table of Contents

Introduction ............................................................................................................ 2
What are the advantages of migration? ................................................................. 4
The Caricom Region ................................................................................................. 7
  Structure of the Caricom Free movement of skills initiative ................................ 8
Lessons from the Philippines .................................................................................. 11
Movement of Talent in Africa .................................................................................. 13
  Zambia ............................................................................................................. 13
  Migration Overview & Legal Framework ............................................................. 13
  Demographics & Education ................................................................................ 13
  Sectors ......................................................................................................... 13
  Uganda ............................................................................................................. 13
  Migration Overview & Legal Framework ............................................................. 13
  Demographics & Education ................................................................................ 13
  Sectors ......................................................................................................... 13
  South Africa ...................................................................................................... 14
  Migration Overview & Legal Framework ............................................................. 14
  Demographics & Education ................................................................................ 14
  Sectors ......................................................................................................... 14
  Mauritius .......................................................................................................... 14
  Migration Overview & Legal Framework ............................................................. 14
  Demographics & Education ................................................................................ 14
  Sectors ......................................................................................................... 14
Fostering the Talent Movement in SADC/ESA region- Way Forward .................... 15
  Amendment to the SADC protocol on the facilitation of movement of persons .... 15
  Certificate Recognition and Equivalence ............................................................ 16
Centres of Excellence ............................................................................................... 17
Institutions to oversee the welfare of migrants ....................................................... 18
Infrastructure ......................................................................................................... 18
References ............................................................................................................. 19
Introduction

According to Dani Rodrik of the Harvard International Trade in his paper ‘feasible globalisations’, an easing of cross border labour mobility would create the ‘big bang’ for developing countries. Migration benefits both recipient countries and countries supplying migrants. Thus allowing for cross border skills movement within the Eastern and Southern African region is likely to create the enabling environment for economic growth to occur concurrently within the region. More often than not, successful countries have successful neighbours. The success of one country depends on the success of the other, the cluster of countries within the Eastern and Southern African region may be viewed as an ensemble of countries which if there is the right spark for development, the growth ‘contagion’ could allow the whole region to be successful.

This study focuses is on the movement of talent. There is already free movement of labour within the European Union and the CARICOM region, SADC aims to achieve this by 2015. We examine the Caribbean region where the Caricom regional initiative provided the enabling environment for intraregional migration to take place.

Each SADC and ESA country has its own specificities and often opportunities available in one country are not always available in other, whilst resources to man these opportunities are available in another country. There are currently wide disparities between the population of countries and the skills available. The development of the SADC and ESA region is highly dependent upon the free movement of labour both for skilled, semi-skilled and unskilled labour. However often allowing the movement of unskilled labour unfortunately is a very politically sensitive decision. There has been a traditional tendency for labour movement within the SADC/ESA region towards South Africa and Botswana. There are more and more talent, with skilled and semi skilled labour moving to these two countries.

Historically migration has been a very close determinant of economic growth. Countries that have received migrants to resolve labour market problems have shown evidence of faster economic growth. On the other hand, remittances brought about by those migrant workers are often a good source of currency for the countries.
For the purpose of our research we have examined papers and books on migration and economic growth; we have also examined the experience of several countries and regions. We have also interviewed country specialists within the Eastern and Southern African region. Given the sensitivity of the issue of migration at large, we have chosen to focus on an area which we believe to be most feasible. Hence our research focuses on the movement of the more skilled migrant.

Around the world, there is an increasing trend for skilled migration. Countries which have a more open migration policies tend to have a selection process based on skills. In the global migration market, there is strong selection that occurs with respect to skills combinations and income profiles, who should be admitted and for how long. Canada and Australia are examples of such a selection approach. Countries that have traditionally upheld a very open emigration policy, such as the Philippines are now also looking at the emigration of the more skilled labour.

Irrespective of the migration model to be adopted in the SADC/ESA region, there is a strong case to allow for intra regional migration.
What are the advantages of migration?

The most important case for migration is because it is a tool in the quest of economic development. Migrants send home remittances which is an important source of income in many countries. A circular flow of skills migrants also bring back a vital flow of expertise and learning from other countries experience. The migrant worker not only brings with him the means, but also the way of doing things that has been successful in other countries. These expertises and ideas help to develop new sectors with the new ideas and help improvement within existing sectors. In fact the Diaspora of migrants offers the chance to deliver brain gain for the society.

Nigeria, is an example within the Sub Saharan African region of a country has had experience with both immigration and emigration. Almost one in seven African is a Nigerian and a large proportion of the skills movement within Africa are Nigerians. A recent trend shows that Nigerians have increasingly emigrated to Ghana, Botswana and South Africa. South Africa in particular is the destination for the more skilled migrant. Nigerian professionals and entrepreneurs find the booming economy of South Africa a more convenient and close to home alternative for job seek than Europe, US or the Gulf States. The Nigerians skilled workers movement within the continent is in a way a test case that proves that an SADC/ESA wide movement for skills can exist.

South Africa within the Southern African region has been the largest recipient of migrant workers both skilled and unskilled. Thus there is a predisposition in South Africa to attract candidates of circular migration. Unskilled inflow often illegally within the South African borders has however created increasing pressure upon the socio economic fabric of South Africa. South Africa has accepted highly skilled professionals from other parts of Africa into skill scarce high level governmental and private jobs.

There is now an effort all over Africa to bring back migrants who have lived overseas to share their knowledge and expertise with people in their native country or to invest in the development of their country. This may be done via the setting up of regional centres of excellence. This meets with the SADC objective of collective self-reliance and it will require a high degree of harmonisation and rationalisation between member states.
In his book, ‘let them in’, Lant Pritchett makes the case for open borders around the world. There are several ingredients that allows for successful migration. These include: wage differentials, existing migratory pressures and differences in demographic structure of economies.

If we apply these preconditions in the ESA/SADC region we find that the region already has the right ingredients to allow the people within the SADC ESA region to come in. Firstly there are high differences in wages adjusted at all skills levels within the region. In fact there are wide wage gaps for both skilled and unskilled labour. Moreover, migration pressure in the region is already quite high, with a large number of workers flowing in countries such as South Africa. All these differences create opportunities for labour exchange within the region. If we were to further consider the population demographics ratio or retiree v/s the working population, some countries in the region have a much younger population than others and that rises the potential for increased labour mobility.

The signature of the ‘Facilitation of Free movement of persons within SADC’ is one step in the direction towards a larger freedom of movement and employment in the region. Under this protocol a three months entry visa is given. However the Facilitation of Free movement of persons within SADC agreement is a long way from the CARICOM Chaguaramas treaty. The Caribbean region for one is very advanced in the area, once a person is eligible for migration, it can be a permanent migration. A number of other countries are promoting circular migration where workers are allowed a temporary visa that allows them to work abroad for a number of years. More than before, in the countries that are allowing migrants to seek employment in another country are nowadays receiving more and more remittances from abroad.

Economic gains from migration for both receiving and developing sending countries are significant even for relatively small increases in the workforces. The relative gains to the developing countries households are very high. According to the World Bank in spite of the economic crisis, the 200 million people living outside of their country would send remittances forecasted at $290 billion in 2009 and this is larger than development aid.

One of the impacts of globalisation has been an increasingly borderless approach to labour and talent. The growth of the service industry, in particular, has been the major catalyst for sustainable growth around the world and this growth has relied heavily of a
flow of talents beyond national borders. In fact the pool of talents available in the SADC region has been one of the attractive factors that has brought a number of transnational companies to expand in the region. The service industry is amongst the most protected around the world and that prevents the proper flow of its trade, yet the development of services is a key component for both developed and developing countries and the flow of talent is even more protected.

Yet a number of critical services and factors such as a greater access to finance, efficient communication, better transport and logistics, and the movement of labour have had boosting effects on the export of goods manufactured around the world. Hence there is a very close interconnection between the growth of the services trade and the development of the different goods and non-goods sectors in an economy. Jeffrey Frankel makes the case that a full elimination of all post Uruguay round trade barriers (goods and non-goods related) would result in static gains of one percent in world income, half of that gain would come from elimination of barriers on trade in services. A half percent rise of income in the SADC/ESA region would be a good move towards the elimination of poverty. It is a SADC and the ESA as sub region of Sub Sahara falling in one of the poorest regions of the world. In fact, the services sector has been key in absorbing labour from a wide base of skills range. Intra regional trade in services would foster a larger amount of investment in the region and thus help tackle some of the problems engendered by the global economic crisis, hence helping the SADC and ESA region weather the storm of the global crisis and at the same time set the base for new pillars of growth for the region.

In 2006 alone, world services export was to the tune of 2.8 trillion dollars, and this is considered to be an underestimation of the real extent of trade in services. Over the past decades, trade in services has had impressive growth levels judging by the level of investment that has been going into the services sector. Many successful economies have adopted essentially services oriented economic policies, a multiplying effect on traditional good sectors and positive socio economic impacts leading to poverty alleviation.
The CARICOM REGION

There is a wide disparity as to how migration occurs and is viewed across the world. In the Caribbean region, intra regional migration is considered to be aiding economic growth as one of the most valuable resources for the countries in the region is indeed the labour force.

For several years after independence, the Caricom countries were caught in the cycle of exporting raw materials to the former colonisers and then importing from them finished manufactured goods. Like in many of the Sub Saharan countries, there were limited or no backward and forward linkages that fed in the development process.

Historically, in the Caribbean region, Bermuda had the first offshore operation in 1936, with expansion to the British Virgin Island, Cayman island, Anguilla and Panama. The growth example set by these countries promoted the expansion of offshore financial sector in several other countries in the Caribbean basin. Antigua and Barbuda for instance started their offshore sector in 1982 while St Kitts and Nevis in 1996. Over the years until the mid 1990’s raw materials export to the former coloniser country was still the largest export for the region. It is in the 1990’s that there was a concerted move to expand the economies away from agriculture, this period saw a surge in the services sector, at the same time the revised Chaguaramas treaty signed in 2001 provided the enabling environment for the movement of labour within the region. The Chaguaramas treaty in effect allowed the counteraction of one of the main structural constraint of the Caribbean economies i.e. their small size, by adopting a common market and freedom of labour movement the Caribbean became a single economy.

How is it done in the Caricom region?

The Caribbean region has successfully developed a migratory framework for the movement of talents. The financial services sector is flourishing in the region and a large part is due to the intra regional migratory policies as well as a regional training policy. A benchmarking exercise has been undertaken with respect to the Caribbean region to firstly compare the regional and national policies of the two regions under study and thereby identify policy measures that could be initiated in the SADC/ESA region.
Structure of the Caricom Free movement of skills initiative

The Caricom region allows for free movement of skills to seek employment in any Member State. This free movement of skills initiative eliminates the need for work permits and permits of stay and the free movement within the Caricom region has been very important in the creation of a single market and economy.

In Article 45 of the revised Treaty of Chaguaramas 2001, Member States have committed themselves to the goal of the free movement of their nationals within the Community. A phased approach for the free movement of skills within the region was adopted. The objective remains of a full regional labour integration. In this phased approach, labour has been categorised into various segments which includes, graduates, media persons, artists, musicians. Each category was then further defined and agreed upon at the regional level, then to operationalise this mandate Member States had to complete a number of legal steps, such as enacting and proclaiming legislation. A model legislation was proposed by the CARICOM secretariat, this model served as the basis of domestic legislations on the movement of skills. Member States adjusted the model legislation to their specific domestic needs and enact and proclaim it. Domestically, Member States set up the administrative and procedural framework to process applications under their free movement of skills act.

One of the critical items in the movement of skills in the region was the Recognition Qualification. In that respect, Member States agreed upon establishing the Certificate of Recognition of CARICOM Skills Qualification. Designated ministries were mandated to issue such a certificate, these falling mostly under the purview of ministries responsible for labour, migration or caricom community affairs.

The Certificate of Recognition of CARICOM Skills Qualification issued from one member state (domestic country or a member state other than the receiving country) helps to facilitate entry into another Member State. With the certificate, a definite entry of six months is granted by the receiving country. During this time period qualifications are reviewed by the receiving country and once satisfied that the migrant worker has met the qualifications, an indefinite entry is then granted and the documents required is a valid passport, certified copies of relevant qualifications and a police certificate of character.

In the case of artists, media workers, musicians and sportspersons the following
documents will be required in addition to the once mentioned above:

- letters from previous employers, and/or
- letters from national arts, media or sports foundations; and/or
- letters from the Ministry responsible for arts, sports or information

Free movement of the other Chapter III, previously Protocol II categories: Chapter III of the Revised Treaty of Chaguaramas provides for the free movement of non-wage earners, either as service providers and/or to establish businesses, including managerial, supervisory and technical staff, and their spouses and immediate family members.

The free movement of these categories will be dealt with as part of the Programme for the Removal of Restrictions, which came into effect on March 1, 2002.

This programme must be completed by December 31, 2005 by all Member States, but by December 31, 2003 and December 31, 2004 some restrictions must have been removed by Member States.

Work permit requirements are the main labour / immigration-related restrictions in this Programme.
The Free Movement of Skills in not being handled by the same Ministry in each Member State participating in the CARICOM Single Market and Economy, so persons who are planning to move must contact the following designated Ministries for information:

<table>
<thead>
<tr>
<th>Country</th>
<th>Ministry Responsibility</th>
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<tbody>
<tr>
<td>Antigua and Barbuda</td>
<td>Ministry responsible for Labour</td>
</tr>
<tr>
<td>Barbados</td>
<td>Ministry responsible for Immigration/</td>
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<td></td>
<td>Immigration Department</td>
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<td>Belize</td>
<td>Ministry responsible for Immigration</td>
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<td>Immigration Department</td>
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<tr>
<td>Dominica</td>
<td>Ministry responsible for Immigration</td>
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<tr>
<td>Grenada</td>
<td>Ministry responsible for Caribbean Community Affairs</td>
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<tr>
<td>Guyana</td>
<td>Ministry responsible for Caribbean Community Affairs</td>
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<tr>
<td>Jamaica</td>
<td>Ministry responsible for Labour</td>
</tr>
<tr>
<td>St. Kitts and Nevis</td>
<td>Ministry responsible for National Security and Immigration</td>
</tr>
<tr>
<td>Saint Lucia</td>
<td>Ministry responsible for Caribbean Community Affairs</td>
</tr>
<tr>
<td>St. Vincent and the Grenadines</td>
<td>Ministry responsible for Immigration</td>
</tr>
<tr>
<td>Suriname</td>
<td>Ministry responsible for Labour</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>Ministry responsible for Caribbean Community Affairs</td>
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Lessons from the Philippines

In the Philippines, there exists an unparalleled legal system that allows for the movement of temporary workers. In 2007, about a million people were granted temporary worker status with each person’s work contract certified by government agencies. In the Philippines, labour movement have been institutionalised by the labour code act of 1974, and this legislation has marked the start of the country’s overseas employment strategy.

In fact in 1974 when emigration was institutionalised, for President Ferdinand Marcos, overseas employment addressed both the problem of unemployment in the Philippines and the Balance of Payments deficit. By allowing for overseas employment, the country expected an increase in the national savings, investment and a contribution to the industrial base. Thirty five years on, the Filipino Diaspora is estimated at 8.7 million spread around the world and is considered to be one of the most widespread migrant diaspora. In 2007, remittances from abroad stood at around 14 Billion USD represented about 10 percent of the GDP and that remittance was crucial to other economic sectors. It contributed to 7.3 percent of consumption and supported sectors such as retail, transportation, real estate and communication.

However it is only recently that the Filipino officials have started targeting the mid to high skilled, Memorandum of understanding are being signed with partner countries and agencies targeting the employment of talents. This new trend highlights the new tendency that is building up in the world. Skills migration is the first feasible movement within the ESA/SADC region and it can take place in a very controlled manner.

Unskilled migrants often fall prey to human traffickers and exploitation and it is very difficult to offer adequate protection to the unskilled migrant. In the Philippines, there are four government agencies which cater for the welfare of the migrant worker. The Philippine Overseas Employment Administration (POEA) monitors national labour standards in recipient countries and acts as guard against illegal recruitment of labour. The Overseas workers welfare administration, OWWA provides pre-departure advice and assists the families left behind, they also help in the reintegration of the migrant worker when he or she comes back to the Philippines. The commission for Filipinos Overseas (CFO) assists in the formulation of immigration policies based on the feedback received in the counselling of migrant workers and finally the Office for the undersecretary of migrant
affairs provides legal assistance to migrant workers.

The Philippines now stands at 35 years of experience in the field of sending people out for migration purposes. The Philippines model has its own specificities. The ESA/SADC region should learn from their experience but not necessarily emulate or reproduce the Filipino model. The most important lessons in the model are adequate checks and balances. Immigration is institutionalised, and various agencies have been put in place to ensure the welfare of the migrant.
Movement of Talent in Africa

Zambia

- Net emigration
- Zambia- Net immigration
- Demographic Set up and Education
- Education experience and skills migration in the Southern African region
- Zambia Financial services
- Financial sector 8% GDP

Uganda

- Uganda- Net immigration
- Demographic Set up and Education
- Uganda Financial services
- Strategic position between East and Central Africa & sound macro economic records has made the country’s financial services sector very attractive.
- range of financial services such as insurance, leasing and banking. Moreover, its financial exchange
- In the monetary sector, the government liberalised the management of the exchange rate and left its determination to market forces.
- The size of the economy has more than doubled in real terms; real output per capita increased by more than 50 per cent between 1986/87 and 1999/2000. GDP has been growing at an average rate of about 6 per cent per annum
- The financial institutions currently operating in Uganda can be categorized into 6 groups: -the Central Bank, Commercial Banks, Credit institutions, Insurance companies, Development Banks and Foreign Exchange Bureaus. As of February 2003, there were 15 commercial banks, 7 credit institutions, 2 development banks, 16 insurance companies, 28 insurance brokers, 96 micro finance institutions and 70 operational foreign exchange bureaus
South Africa

- South Africa Demographic Set up and Education
- Migration
- Migrants constitute about 2.3% of the population of South Africa. South African policy welcomes immigrants who can contribute to the broadening of South Africa's economic base.
- Applications by skilled workers in occupations for which there is a shortage in the country are encouraged - particularly applications by industrialists and other entrepreneurs who wish to relocate their existing businesses or establish new concerns in South Africa.
- Laws of South Africa allowing immigration: Immigration Act 2002
- South Africa – Financial Services

Mauritius

- Mauritius- Net immigration
- Demographic Set up and Education
- Laws & regulations
- In Mauritius an investor, a professional or a self-employed may work in Mauritius under certain conditions can obtain a work and residence permit. Applications for this permit are processed through the Board of Investment to the Passport and Immigration Office.
- Move to attract foreign talent and investment
- Mauritius – Financial Services
Fostering the talent movement in the SADC/ESA region

Way Forward

Amendment to the SADC protocol on the facilitation of movement of persons

As in the case of the CARICOM region, to enable the movement of talent in the SADC/ESA region, it will be imperative that amendments be made to the SADC protocol on facilitation of movements of persons particularly to include migratory or longer term work within the region.

It may be more practical in the short term to work on a visa scheme with a mixture of the Caribbean features of setting categories. This would work as a first step towards a greater integration. In that respect, we wish to propose a SADC/ESA visa, issued by the ministry or authority that looks into labour or migration issues. This visa would be based on pre agreed and pre set categories, these categories would be based talent focused. Skill sets would have elaborated and these skills would pertaining to certain particular skill deficient areas and different countries may elect to admit skills in which there is a lack of capacity. The visa would be for a limited period, but enough at least for the person offering his services to be employed meaningfully in another country and gain enough experience.

The visa scheme allows expanded mobility of skilled and unskilled labour. According to Dani Rodrik, such a visa scheme would create very large income gains even if it results in a relatively small increase in cross-border labor flows.
Certificate Recognition and Equivalence

There should be as a requirement a SADC/ESA Equivalence that would assess the different qualifications and also recognise corresponding degrees issued by each country or by parties outside the SADC/ESA region. According to the research carried out by Coetzee of the South Africa Qualification Authority, the establishment of a SADC qualification would require firstly the collection and update of data on SADC-wide qualifications. The data obtained would then have to be reviewed to determine comparability, equivalence and recognition across the region. These can be the basis for the establishment of a SADC regional qualifications framework that would set common standards and a regional nomenclature for qualifications. There should then also be quality assurances and certifications built into the system. The SADC Qualification Framework should also find common grounds for the recognition of non-SADC qualification. At a second level, each country would have its own departments which in the issuance of the visas would ensure equivalence and recognition of the degrees of the skilled worker.
Centres of excellence

We hold the same view as many thinkers of the region including Gwebu, SADC countries should establish regional centres of excellence for research and development purposes to both train upcoming professionals and to retain professionals in proper academic environment. Following from Professor Calestous Juma idea, these centres when situated within the purview of line ministries or built around a sector, would be better adapted to serving the industries they represent. Mauritius has an example of such a successful venture. In 1971, the Ecole Hôtelière was established to provide training for personnel of the then infant Tourism sector. Over the years, the school has expanded its offerings to train for a wide variety of skills required for the tourism and hospitality industry and the school even provides customised courses by request of different organisations. It now also has regional branches across the country. The school maintains strict norms and its curricula is regularly reviewed and upgraded. Its certificates are Quality of training delivered at the Hotel School is constantly being monitored, course curricula is regularly reviewed, competencies of our trainers upgraded and ISO procedures are strictly adhered to so as to ensure a better learning environment.

The initiative to set up the Victoria Institute of Science and Technology (VIST) in Kisumu, Kenya by Professor Juma comes in the wake of broadband access reaching the shores of East Africa in the earlier this year. Broadband communication has the potential to stimulate the emergence of new industries; however skills are very important to be created at the same time. Engineers trained in regular university settings often have to be retrained to meet the needs of such emerging sectors, while centres of excellence geared to a specific sector build up competences for young innovators and foster creation in the technology sector. In fact currently across Africa there are few countries that are training young people to take up the challenges in digital industries.

Such centres in various speciality fields should be promoted at the SADC/ESA level as there is often a lack of capacity and skills to take on the challenges of development and emerging industries across the region.
Institutions to oversee the welfare of migrants

In as far as skills migration is made possible within the region, institutional facilities should also be put in place to facilitate integration of the migrant within the recipient society. There is also a very important social security implication that needs to be addressed at a regional level. As we have seen in the case of the Philippines, the welfare of the migrants is important. SADC should look into the creation of a region-wide social security network system that would ensure the portability of pension contribution and benefits, health coverage for the migrants as well as a body that facilitate both the integration of the migrants and the returnee. Moreover to prevent abuses of the system, institutions that address the rights and welfare of the migrants will have to be set up. These institutions can be both at a SADC level and country level.

Infrastructure

Finally the movement of global talents within the region call for a common public policy in terms of education systems and world class infrastructure required. Unless these critical factors are not addressed, the region cannot be transformed into an attractive investment hub for the international business community. This approach will allow new type thinking in terms of regional integration where competitiveness will rely on the emergence of mega cities characterised by a pool of extensive and diversified talents.
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