

ORAL ANSWER TO QUESTION**EMPOWERMENT PROGRAMME - ACTIVITIES**

The Leader of the Opposition (Mr N. Bodha) (*By Private Notice*) asked the Deputy Prime Minister, Minister of Finance & Minister of Economic Development whether, in regard to the seven critical activities to be financed from the Empowerment Programme announced in the Budget Speech with a provision of Rs750 m. for the financial year 2006-2007, he will state -

- (a) the new schemes that will be implemented during the next financial year, and
- (b) the priority measures relating to vulnerable groups which are being targeted.

The Deputy Prime Minister, Minister of Finance & Minister of Economic Development (Mr R. Sithanen): Mr Speaker, Sir, I thank the hon. Leader of the Opposition for this question. It is a well-known fact that, in a period of transition, the most vulnerable of our citizens may suffer the most. It is, therefore, the responsibility of Government to make sure that the vulnerable groups are well protected and are adequately empowered. Our philosophy behind the Empowerment Programme is that we should give all necessary support to the population to turn the challenges we are having to face into opportunities. By channelling Rs5 billion into that programme for the next five years, we are making sure that enough resources are mobilised to empower all persons and small and medium enterprises through the challenging times.

The Empowerment Programme is putting a special emphasis on employment generation and employability. The problem of unemployment is not only a very serious one, because we have today some 51,000 persons who cannot find a job, but it is also, Mr Speaker, Sir, a very complex one. The most important cause of unemployment is structural – there are fundamental changes taking place in our economy and that is leading to unemployment. All the reforms that we have announced in the Budget as regards doing business, opening up the economy and restructuring of the economy are meant to address these structural issues and to accelerate the transition to a system where jobs

and employment are created at a faster pace. It is not only preference erosion, Mr Speaker, Sir, that is leading to job losses.

We are also experiencing growth that uses relatively more capital and technology than labour. As I stated in the Budget Speech, our development model is biased towards capital and technology and against labour. This is a paradox that we are addressing. We are also addressing the rigidities on the labour market, which has always been focused on job protection and has impeded employment creation.

There is also a serious paradox on the labour market where firms are creating jobs but cannot find workers to fill the new jobs and very often have to resort to foreign workers. This paradox is caused by a severe lack and mismatch of skills required. Most of the jobs being created are looking for higher skills and for skills not available in our country. For example, Mr Speaker, Sir, 20% of our unemployed have not even passed the Certificate of Primary Education and 67 % have not succeeded the Cambridge School Certificate or equivalent. More than 60% of the unemployed are women. And the female unemployment rate is three times that of male. There are other characteristics of the unemployed that show clearly that the impact of the economic slowdown that we have been experiencing in the past years have affected mostly low skills and women. These are facts and figures that we cannot challenge, Mr Speaker, Sir. But, they also spell out severe hardship and frustrations for many families, the more so that a high percentage of the unemployed live in households with no employed persons.

The Empowerment Programme addresses these miseries. It focuses on the source of the problem – by making massive investment in training and re-skilling. If we want to root out unemployment, Mr Speaker, Sir, the greatest part of the solution must be on the supply side, including training and re-skilling.

The Empowerment Programme also puts a very special focus on the issue of female unemployment. The present situation shows very clearly that the present structure of the economy is widening the gender gap. Already, the estimated earned income of women amounts to less than 40 % of men's earnings. If the present situation persists, this will get worse. The Empowerment Programme will be a major and effective source of support for women, so that they are not left on the fringes of the labour market and on the periphery of economic development. The Empowerment Programme will be a key instrument for gender mainstreaming and for narrowing the gender gap. The philosophy of this Government is to develop a society without gender gaps. And, as I have

stated in my Budget Speech, we will watch this very closely through the Medium Term Expenditure Framework and through performance-based budgeting.

The other beneficiaries of the Empowerment Programme are families with modest income who do not have a decent dwelling, and small and medium enterprises. Mr Speaker Sir, we have been left with a backlog of some 25,000 families that are registered with the NHDC for a housing unit. And the demand keeps on growing. If these demands are not met, many families will live in overcrowded conditions and others will have to make do with unliveable housing units. The Empowerment Programme addresses the predicaments of these people.

The Empowerment Programme will address the issue of housing for families with modest income.

Some of the land acquired will be put at the disposal of small entrepreneurs on concessionary terms. This will allow them to grow and seize the opportunities offered by the other components of the Empowerment Programme. This scheme will be implemented with the other component of the Empowerment Programme.

The third scheme is a workfare programme emphasizing training and re-skilling. We will invest massively in training and re-skilling. The Empowerment Programme will finance an on-the-job training in the private sector for some 20,000 unemployed and recycled workers over the next five years. The annual intake in this workfare project will be 4,000 for up to a full year of training offering a monthly stipend of Rs3,000 that will be equally shared between Government and the private sector.

Identification of training needs and potential employers to absorb trainees is being carried out by the two Government/Private sector Committees focusing on tourism and the ICT sector, respectively. These Committees are expected to report by July 15 with concrete proposals. The training scheme is thus expected to be launched shortly.

To address the issue of high unemployment among women, the Empowerment Programme will offer training and re-skilling activities geared to women while taking account of their need for more flexible working conditions and to have facilities for taking care of their children while they are acquiring new skills.

In addition to its training and re-skilling component, the Programme will encourage entrepreneurship among women including a handicraft programme for women with the participation of experienced trainers from countries that have achieved excellence in that particular field.

Another scheme we are implementing Mr Speaker, Sir, under the Empowerment Programme is the provision of support for the setting up of five *Villages Touristiques* around the island. The project will be implemented as a joint public private sector initiative and the active participation of SMEs both in the implementation and operationalisation phases. The sites will be chosen so as to optimise the opportunities for small operators. These villages will offer shopping outlets, restaurants and leisure facilities that will cater to tourists. Most of the spaces will be reserved to Small and Medium Entrepreneurs, and the promotion of Mauritian arts and crafts. These villages will thus be a powerful instrument to democratise the tourism industry.

Furthermore, a scheme will be implemented to give professional help to SMEs to improve the quality of their products so that they can be reliable suppliers to hotels and other sectors. This is in line with our objective to broaden the circle of opportunities through outsourcing and to democratise our economy.

Additionally the Empowerment Programme will come along with new schemes for providing financial assistance and technical support for development of new entrepreneurs and SMEs

We will provide financing that does not bring a debt repayment burden until success of the SME. We will offer equity participation through an Empowerment Fund that will be operational soon. The Empowerment Fund will provide equity ranging between Rs 300,000 to Rs 3 m.

The injection of equity will enable an SME to grow but it will still require working capital and other financing from commercial banks. Commercial banks may not always be ready to provide such financing without collateral. This is why DBM will operate a special window until the SME has enough credibility to get commercial bank financing.

The window will intervene on behalf of the Empowerment Programme to offer below market financing and quasi-equity namely micro-credit financing for loans of Rs50,000 or less, quasi-equity to starting entrepreneurs for sums up to Rs300,000.

Apart from financial assistance SMEs will benefit from support services provided by Small Enterprises and Handicraft Development Authority (SEHDA). This will include preparation of a business plan to secure financing from DBM; assistance in filing statutory returns and complying with regulations for health, fire and environment; following up the implementation of the business plan; and offering advice to address problems.

Enterprise Mauritius will also adopt a similar model to support the expansion and restructuring of existing SMEs to enable them to mobilize equity from the Empowerment Fund. It will also work with larger firms on the same basis to prepare restructuring plans that can be financed through Equity Funds. Enterprise Mauritius will pay particular attention to the SMEs in furniture, footwear and clothing sectors that need restructuring in the wake of trade liberalisation.

In addition, under the Empowerment Programme, Government will facilitate the setting up of Mauritius Trading Houses in the COMESA and SADC region. These Houses would provide a shop front, warehousing facilities, marketing services, selling bulk and breaking bulk and taking orders for Mauritian products.

To cater for infrastructural needs of SMEs, nine industrial estates will be set up. Three new estates, each with 20 units, will be built in Terre Rouge, La Tour Koenig and Highlands. In addition, BPML is converting six existing sites at Bel Air, Forest Side, Pamplemousses, Tyack, L'Escalier and Surinam to provide space for some 10 units in each.

As regards part (b), Mr Speaker, Sir, most of the schemes I have just announced are aimed at helping vulnerable groups with a view to empowering them to integrate the mainstream of economic development. In particular, the priority schemes I have announced for social housing, workfare programme, special programmes for unemployed women and the micro-credit financing.

Mr Bodha: Mr Speaker, Sir, I note that the Deputy Prime Minister is more polite than in his press conference ...

(Interruptions)

Mr Speaker: There is no need for you to make that remark.

(Interruptions)

Mr Speaker: Order! Order, please!

Mr Bodha: What I am saying, Mr Speaker, Sir, is that the Empowerment Fund is too less for too few people...

(Interruptions)

Mr Speaker, Sir, we spent Rs8.8 billion to empower the vulnerable if we see all that we have done in five years. My question is: how is the Deputy Prime Minister going to allocate the Rs750 m. for the seven priority areas? I would like to know what is the Budget allocated to each area?

Mr Sithanen: Mr Speaker, Sir, I stated very clearly in my speech that, one of the problems that we have faced with helping vulnerable people is the fragmented approach that has been taking place up to now. This is true, not only for empowerment programme but also for the social assistance that we give to poor and vulnerable people. What we have tried to achieve under this empowerment programme is to bring all under one umbrella, but the key word here, Mr Speaker, Sir, would be flexibility. We have announced what would be the key areas of intervention. Some of them will take some time, some of them will take place immediately. One of the most important priorities of this programme, Mr Speaker, Sir, is to train and re-skill people. Many of our compatriots are losing their jobs. 25,000 people have lost their job in the EPZ sector and they need to be re-skilled and retrained so that they can get their chance. So, there would be immediate priorities. For instance, we are going to start soon, with the construction of the five tourist villages. It is not difficult to convert the building that belong to BPML into small industrial parts so that the small man or woman who has his or her job, be it in the EPZ or in the sugar sector or those who have been structurally unemployed for a long time, can get a second chance.

Mr Bodha: Mr Speaker, Sir, what we need to know is exactly what is going to be done, *il y a une déclaration d'intention*. Let me take now the issue of land for social housing. The intention is to create 2,000 to 3,000 arpents to buy that amount of land and to allocate part of it for social housing to people who earn Rs8,500 per month. What we want to know is what is the Budget which is going to be allocated during this year

for the purchase of the land and how many families are going to be concerned?

Mr Sithanen: Mr Speaker, Sir, let me remind the hon. Member that there are two things. One is promise and the other is delivery. Mr Speaker, Sir, the previous Government promised to make a one-off payment Rs6,000 to workers losing their job in the EPZ. Do you know how many people have lost their job in the EPZ, Mr Speaker, Sir? 30,000 people have lost their job in the EPZ. And do you know how many of them have received this one off payment of Rs6,000. Not a single one!

(Interruptions)

Not a single one, Mr Speaker, Sir! Let me give a second example just to show - promises are not enough, delivery is what matters. The MSM/MMM Government, as my hon. friend, Mr Mohamed, who is not here, is fond of saying “with pomp and pageantry”, announced that 200 acres of land will be distributed to the poor, to the vulnerable, to those who have sweated for years and years. Five years, Mr Speaker, Sir, not a single plot of land has been distributed to these people, not a single...

Mr Bodha: On a point of order! The question is very precise.

Mr Speaker: What is the point of order?

Mr Bodha: The hon. Deputy Prime Minister is not answering the question.

Mr Speaker: I again repeat, I don't know for how many times that I have no control on the answers of Ministers. But there is provision in Erskine May that the answer must be pertinent to the question which has been put.

Mr Sithanen: What I have said, Mr Speaker, Sir, these 200 acres of land were promised but never given to one single planter in this country. Within 10 months of this Government coming into power, we announced that we are going to increase these 200 to 500 acres, Mr Speaker, Sir and under the able leadership of my colleague, the Minister of Agriculture, all the formalities have been completed...

(Interruptions)

And very soon, Mr Speaker, Sir, 500 small planters - each will get one acre of land for growing and for other purposes.

Mr Bodha: He has not answered my question. The hon. Deputy Prime Minister has said that there are 25,000 people on the list of the NHDC requesting for the possibility to have a plot of land or to have a serviced site. My question is: how many are going to have that possibility this year?

Mr Sithanen: Mr Speaker, Sir, it is a multi-pronged approach. I am ready – I hope they are going to ask questions to show that we have not transferred from one Fund to another, I'll explain that and I hope they ask the questions. What we are saying is that it is a multi-pronged approach and we need flexibility. We have announced seven schemes, maybe there will be some difficulties in one specific scheme. We've set up two joint high level committees, private sector/public sector in order to start some of these activities and the name of the game, Mr Speaker, Sir, is flexibility. It is possible that in this particular year, we'll invest more in training than in other activities. It is possible that in year two, we'll invest more in supporting the SMEs than probably in housing, but we are committed to basically implementing this programme over a five-year period and in five years. They promised, but did not deliver. Let me give an example. For training, Mr Speaker, Sir, let me give another example. They promised that they were going to train 3,000 unemployed persons over a period of five years. Do you know how many people they have trained, Mr Speaker, Sir? I checked this morning with the IVTB, 415 only. This is what I am saying, making announcement with pomp, pageantry and display is not enough, Mr Speaker, Sir, we need to deliver on training, on re-skilling, on enterprise and on social housing.

Mr Bodha: *Il n'y a pas eu seulement des effets d'annonce, M. le président,* we have spent Rs8.8 billion and this programme is being financed by Rs300 m from the non-payment of subsidy on rice and flour. Today is a bad day because hundreds of children are not getting their bread in the schools. As he raised this issue of unemployment and training, may I say we spent Rs378 m last year on training, he is contemplating the possibility of training 4,000 people this year. What is the Budget to be allocated? What is going to be the participation of the private sector in the training programme?

Mr Sithanen: This is what is unfair with the Leader of the Opposition. He never listens to the answer we give. I have already stated, Mr Speaker, Sir, that we are going to train 20,000 people over five

years. We will start with 4,000 and then we are going to give a stipend of 3,000, 50% will be paid by the public sector and 50% by the private sector. Mr Speaker, Sir, he keeps doing that, he prepares his question, he does not listen to what we say and then he asks the same question again. This is not fair.

(Interruptions)

Mrs Dookun-Luchoomun: Mr Speaker, Sir...

Mr Speaker: I give the Leader of the Opposition some latitude. He has not yet finished. Let me give him priority first and then I'll allow you to put your question

(Interruptions)

Mr Bodha: Mr Speaker, Sir, let me come to the special programme on the tourist villages. There was a project of Rs110 m of the SIC and the SIT at the Pamplemousses Garden. For political reasons, they cancelled that project. May I ask him why it did not go forward? They have lost a year.

Mr Sithanen: Mr Speaker, Sir, what we've done in this programme, there is novelty and there is also existing programme where nothing was delivered and we are trying to improve them. What we have said, Mr Speaker, Sir, very clearly and unambiguously, our strategy is to democratise the tourism sector, because there are not enough people benefiting from the tourism sector. We are going to set up five tourism villages across the island so that the small entrepreneurs can also benefit from the tourism sector. They were in Government for five years and they have not achieved it and we are trying to do it in order to democratise the economy. We are going to do the same thing with the nine industrial estates across the country in order to empower people; and we are going to do more than that. One of the problems that we face in the tourism sector is very often they cannot become outsource because the quality of the services is not good and what we are suggesting is that the empowerment programme will train people so that the quality of the services and the quality of the product that they offer is good and the tourists who come and visit these places will buy these products and these small men will become economically empowered.

Mrs Dookun-Luchoomun: Mr Speaker, Sir, the Minister has mentioned that the empowerment programme will offer training and re-

skilling activities geared to women. May I ask the Minister what are the fields in which he is expecting to get these women trained and re-skilled?

Mr Sithanen: Mr Speaker, Sir, first there are those who have been unfortunate enough to be laid off from the EPZ sector. I hope the hon. lady knows that 85% of the people who have lost their job, when they were in power, were women. Out of the 30,000 people who have lost jobs in the EPZ sector were supposed to be given training. They were supposed to be given a stipend of Rs6,000. Not a single of these poor and vulnerable women who have sweated for 20 years in the EPZ sector were given their fund. So we want to re-skill and to train these women.

Second, I have said, Mr Speaker, Sir, that the unemployment rate among women is three times the rate among men. This is unacceptable in a country where we want to have gender fairness and gender equity. So, when we are going to have apprenticeship programme, out of the 20,000 people, Mr Speaker, Sir, there would be a special focus on women who have been unemployed for a very long time and they would be given the possibilities to be trained.

Then third is enterprise. We want to encourage women to become small entrepreneurs. Let me give the hon. lady an example where I intervened personally. There were many women who lost their job in the south west of the country, I think it is in the constituency of hon. Ganoo, hon. Mrs Hanoomanjee and hon. Babajee. They came to see me, Mr Speaker, Sir, they said that they lost their job, but they wanted some money. I intervened personally with my colleague, the Minister of Women Affairs, to give them Rs370,000 so that they could restart their business and they came and thanked me for it. This is the type of action that we need to do at each level. I have explained, Mr Speaker, Sir, we are going to mainstream the gender issues at three levels –

- (i) training and re-skilling of those who are unfortunate enough to have lost their job;
- (ii) training and re-skilling for those who have been structurally unemployed for a long time, and
- (iii) enterprise building so that these women can start their own business in order to be economically empowered.

Mr Dowarkasing: Mr Speaker, Sir, I am coming to the component of land for social housing. Does the Minister believe that a person earning less than Rs8,500.- can buy a plot of land at affordable rate, secure a loan for housing construction and later pay tax on this land?

Mr Sithanen: Mr Speaker, Sir, again, let me try to explain to the hon. Member. He knows very well that we have a backlog of 20,000 houses and he also knows that we have a flow of basically 4,000 that come every year. The NHDC on its own, by constructing houses, will not be able to meet all these demands, Mr Speaker, Sir. The MHC, notwithstanding all the support we are giving will not be able to do so. What we are trying to do is to broaden the scope of opportunities. We are going to negotiate with the sugar sector so that these lands are bought at a low rate. If these lands are going to be bought – there are many ways of doing it – at a low rate, obviously we can transfer that low cost to those people who are going to benefit from it. So, obviously this does not mean that we are not going to do more at the MHC, more at the NHDC, but the backlog is such, Mr Speaker, Sir, that we have to stretch our imagination to broaden the scope of opportunities that we offer to each and every citizen the opportunity to become an owner of a dwelling.

Mr Soodun: Mr Speaker, Sir, can the hon. Minister confirm that, when I was Minister of Labour and Employment, we introduced a programme of training for 500 workers? The training was for a period of three months and we gave a stipend of Rs3,000 to every worker.

Secondly, can the hon. Deputy Prime Minister and Minister of Finance enlighten the House as to where the training, that he is proposing, will be held?

Mr Sithanen: Mr Speaker, Sir, this is a fair question. I did mention in my answer that, maybe, the intention of the ex-Minister was a good one, I never dispute the good faith of people. I think he acted in good faith. The only point I am making is, the hon. Member started by saying – ‘too little too late’. After 25,000 people lost their job in the EPZ, they announced a scheme of Rs6,000 as a one-off payment. Not a single person has benefited from that. They announced, Mr Speaker, Sir, that 3,000 people would be trained and I gave the answer. Only 415 persons have been trained and, if my understanding is correct, they were given a stipend – not a stipend for, but a transport allowance of about Rs1,500. So, this is basically what has happened. Some money were earmarked last year, but because the scheme was concocted at the last minute in such a way that we could not make use of it, Mr Speaker, Sir.

Mrs Hanoomanjee: Mr Speaker, Sir, I wish once again to come back on the question of unemployment of women because the Minister has dwelled lengthily on this issue in his reply and he has mentioned

training in handicraft for women. Besides handicraft, can the Minister specify which other areas of training and re-skilling have been identified by him?

Mr Sithanen: Mr Speaker, Sir, I have stated very clearly that nobody knows exactly where the job of the future will be. That is why we need multi-skilling in order to address the problem of unemployment. One of the drawbacks of our labour market system is that we tend to get people so specialised that we prevent mobility and there is too much rigidity in the system. I have given the example of handicraft, but there is also a lot of possibilities in outsourcing. Let me give one example to the hon. Lady. Thank God, Mr Speaker, Sir, with the measures that have been taken, in the EPZ people from Hong Kong are coming back. There is going to be a lot of possibilities for these women that some activities can be outsourced. In many countries in the world, many of the large enterprises outsource some of their activities. Maybe these women can do it just like these women in the Constituency of the hon. Member have had the determination, the courage and the will to do it. So, what we are suggesting is that there would be handicraft, outsourcing of activities in the EPZ sector. There may be outsourcing of activities in the tourism sector, supplying some of the services, providing some of the goods that are purchased by the tourists. There is a whole scope of opportunities and I think we should not narrow down the opportunities to one specific sector. This has been the mistake of Mauritius, trying to pin people to one particular sector when, in fact, the name of the game is flexibility, Mr Speaker, Sir.

Mr Bodha: Mr Speaker, Sir, I think that the hon. Deputy Prime Minister does not listen to the question as well because his answers are vague. Let me put it to him that for housing, he does not know how many houses are going to be built; as far as training, he said massive, we don't know the number....

Mr Speaker: He has said it is going to be flexible.

Mr Bodha: Is the Rs700 m enough? Is it not, in fact, fooling the vulnerable people?

Mr Speaker: There is no need for you to make a statement. Time is over.