
WP. 6

InFocus Programme on Strengthening Social Dialogue

Working Paper

**The Contribution of Social Dialogue to
Economic and Social Development in Zambia**

Tayo Fashoyin

**International Labour Office - Geneva
January 2002**

Copyright © International Labour Organization 2002
First published 2002

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to the Publications Bureau (Rights and Permissions), International Labour Office, CH-1211 Geneva 22, Switzerland. The International Labour Office welcomes such applications.

Libraries, institutions and other users registered in the United Kingdom with the Copyright Licensing Agency, 90 Tottenham Court Road, London W1T 4LP [Fax: (+44) (0)20 7631 5500; email: cla@cla.co.uk], in the United States with the Copyright Clearance Center, 222 Rosewood Drive, Danvers, MA 01923 [Fax: (+1) (978) 750 4470; email: info@copyright.com] or in other countries with associated Reproduction Rights Organizations, may make photocopies in accordance with the licences issued to them for this purpose.

Tayo Fashoyin
The Contribution of Social Dialogue to Economic and Social Development in Zambia
International Labour Office, Geneva, 2002
IFP/Dialogue Working Paper N° 6

ISBN 92-2-112936-5

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications are available free of charge from the above address, or by email: pubvente@ilo.org

Visit our website: www.ilo.org/publns

Printed in Switzerland

Table of Contents

	Page
Foreword	a
Acknowledgements	i
Introduction	ii
CHAPTER 1 - THE ECONOMY AND THE LABOUR MARKET	1
Overview of the economy and its performance	1
The labour market - Characteristics and structure	4
Employment and unemployment	5
The gender dimension	7
The challenge of poverty and employment	8
CHAPTER 2 - THE PARTIES TO SOCIAL DIALOGUE	9
Employers' organizations	9
Workers' organizations	10
Trade Union Federations	12
The decline in union membership	12
The Ministry of Labour and Social Security	13
CHAPTER 3 - OVERVIEW OF INDUSTRIAL RELATIONS IN ZAMBIA	15
The legal and institutional framework	15
Collective bargaining in the private sector	15
The public sector	16
Dispute settlement mechanisms - Mediation and conciliation	17
The Industrial Relations Court	18
CHAPTER 4 - SOCIAL DIALOGUE AND ECONOMIC AND SOCIAL POLICY: INSTITUTIONS AND PERFORMANCE	20
Labour market issues: The Tripartite Consultative Labour Council	20
Working Group on Occupational Safety and Health	21
Assessing the Tripartite Consultative Labour Council	21
Social and economic issues: The National Economic Advisory Council	22
CHAPTER 5 - SOCIAL DIALOGUE AND SECTORAL ISSUES	25
Social protection schemes	25
The National Pensions Scheme Authority	25
The Public Service Pensions Fund	27
Technical and vocational training	28
Promotion of small and micro enterprises	30
CHAPTER 6 - CONCLUDING OBSERVATIONS	32
Social dialogue and economic and social development	32
The role of the social partners	33
Strengthening the institutions of social dialogue	33

Foreword

Promoting and strengthening social dialogue in member States is one of the strategic objectives of the ILO. In accordance with this objective, the ILO's InFocus Programme on Strengthening Social Dialogue has taken important steps to study existing social dialogue institutions, machinery and processes, to advocate the value of social dialogue and to provide technical assistance to member States aimed at strengthening social dialogue in their respective countries.

This paper is one of a number of country studies on social dialogue to be undertaken by the InFocus Programme. The series seeks to elaborate on the concept of social dialogue as practised in member States, analyse different approaches to social dialogue and identify best practices. In this paper, the author analyses the major institutions for social dialogue on labour market and social and economic issues in Zambia. These institutions were established in the wake of the move towards democracy in the early 1990s. Therefore, they are relatively new institutions. Nevertheless, they have proved to be useful mechanisms for building consensus on major labour market issues and economic and social development. The institutions have been most valuable in reconciling the need for labour market regulation with the realities of the global market economy and competition. They have been equally useful in addressing the adverse consequences of globalization and liberalization.

Having regard to the very important role of tripartite consultation and social dialogue in the country, the author recommends that steps should be taken to strengthen these institutions through the legal framework, and through administrative and logistical support. Above all, the social partners should be strengthened to ensure an effective and meaningful social dialogue.

These national level studies are designed to build up a body of knowledge on the practice of social dialogue in member States with a view to identifying its contribution to social and economic development. They also provide a sound basis for ILO technical assistance to its members States to assist with the development and strengthening of their institutions and processes of social dialogue.

I would like to record my appreciation to the tripartite constituents in Zambia who generously shared their experience and expertise with us and to Tayo Fashoyin, Senior Social Dialogue Specialist in the InFocus Programme, who was responsible for undertaking this country study.

January, 2002

Patricia O'Donovan
Director
InFocus Programme on Strengthening
Social Dialogue

Acknowledgements

In carrying out this study, I received great assistance from the tripartite constituencies in Zambia. Without their readiness to provide the required information and the enthusiasm they showed, it would have been impossible to complete this paper. Therefore, I wish to express my appreciation to the many people who generously gave me their time. In the Ministry of Labour and Social Security, I received assistance from Mr. Alec Chirwa, Mr. Evans Nyirenda, Mr. Ngosa Chisupa, Mr. Noar Siasimuna, Mr. Christopher Pasomba and Mr. John Sichinsambwe. In other government departments, I received assistance from Dr. Joshua Kanganja and Mr. Rueben Nyambose of Public Service Management Division; Dr. Sichelwe Kasanda, Ministry of Education, Justice Neboth Mwanya, Chairperson of the Industrial Relations Court and Mr. Simon Mkasanga, a member of the Court.

I am grateful to Dr. Jonathan Chileshe, National Economic Advisory Council, Mr. Dann Musenge, National Pension Scheme Authority, Dr. Peter Nkanya, Technical Education, Vocational and Entrepreneurship Training Authority, Ms. Elisabeth Jere, Zambia Privatization Agency; Mr. Chanda Mingo and Mr. Fabian Kamfwa, Small Enterprise Development Board. I also received assistance from Ms. Joan Nonde and Mr. Dennis Zulu of Zambia Federation of Employers. In the trade union movement, I was greatly assisted by Mr. Sylvester Tembo and Mr. Peter Mulenga, Zambia Congress of Trade Unions, as well as by Ms. Joyce Nonde and Mr. Jonathan Mazyopa, Federation of Free Trade Unions of Zambia. To all I am most grateful. In preparing some parts of the report, I was much helped by the background information provided by Ms. Cecilia Mulindet.

INTRODUCTION

The last decade of the 20th century was a particularly challenging one for labour market and industrial relations institutions in Zambia. During this period, there was fundamental economic and political restructuring designed to promote growth and development by reforming a non-competitive state-managed economy, and integrating it into the competitive global economy. As a result, unprecedented market-oriented reforms were put in place during the period, including the Enhanced Structural Adjustment Programme introduced in 1999. The effects of this policy, particularly on the labour market, its institutions and processes, have been enormous. On the other hand, the period witnessed global changes in business, trade and information and communications technologies. Globalization led to intensified trade reforms that were designed to integrate the Zambian economy into global markets. Again, these policies have had fundamental effects on employment and labour relations policies and practices.

Both of these coincided with the advent of pluralistic democracy in Zambia in 1991 after nearly 30 years of one-party socialist rule, and the creation of a democratic system of government in Zambia offering better opportunities for the free expression of individual and collective creative capabilities.

Globalization and liberalization of trade are intended to stimulate economic growth through increased exports, inflows of foreign direct investment and domestic savings. Experience shows, however, that globalization is accompanied, at least in the short-term, by widening greater inequality, deepening poverty and increasing labour market problems. Social dialogue is a useful and practical approach to addressing its social consequences. It provides the social partners and other relevant stakeholders with a forum to engage in regular consultation with public authorities, it allows economic reform policies to be explained, the negative effects of such policies can be discussed and joint conclusions can be found through consensus.

In other words, sound industrial relations and consensus building mechanisms at all levels, be it at the level of the enterprise, industry or national level, are indispensable in building a strong and sustainable economic and social development, generating growth and ensuring a fair and equitable distribution of the benefits and burdens of globalization. In the case of Zambia, social dialogue can help to consolidate its fragile democracy by helping to promote good governance.

Tripartism, a concept that is basic and fundamental to the International Labour Organization, is the cornerstone for achieving the goal of sustainable social and economic development. The contribution of the social partners to labour market and social and economic policies is the key to the evolution of a socially responsive public policy that is fair, equitable and sustainable.

Bipartite relations through collective bargaining, dispute settlement and worker participation have long been a feature of industrial relations in Zambia. Institutions for promoting these processes at the enterprise and sectoral level exist and are functioning reasonably well. Tripartite processes have been less commonly used. However, global pressures and the political changes described above have strengthened the resolve of the Government and the social partners to use tripartism and social dialogue to address key labour market and social and economic issues. This paper examines the institutions, machinery and processes of social dialogue in the country.

CHAPTER 1 - THE ECONOMY AND THE LABOUR MARKET

Overview of the economy and its performance

For most of the post-independence period from 1964 to 1992, Zambia's economic policies swung between centrally regulated and deregulated regimes, mostly, however, centrally controlled under a one-party system of government.

The development policy and strategy of the period was built around a mono-product economy relying on copper exports accompanied by an industrial development policy involving import substitution. In the management and implementation of this development strategy, the State played the leading role, not just in policy formulation but also in the ownership and management of industrial enterprises. In this regard, the Government was responsible for setting up joint-venture enterprises in which the State had direct policy and management roles. This development strategy culminated in the 1970s in the nationalization of enterprises and the acquisition of controlling interests in key industries, including the copper mining industry. In an economy dominated by state-controlled enterprises and aggravated by the abuses of one-party rule, these enterprises and, indeed, the economy as a whole, performed very poorly. Other factors contributed to the economic underdevelopment of the country, not least the collapse of the highly critical copper prices in the international markets. There was the added problem of inconsistency and instability in economic policy initiatives throughout the whole of the 1980s.

The collapse of copper prices in the 1970s contributed considerably to the intractable economic crisis of the Kaunda years. Various accounts suggest that copper, the main source of Zambia's foreign exchange earnings, contributed about 90 per cent to the country's external earnings during that period. For example, the international price for copper fell from US\$93.23 per pound in 1974 to US\$56.10 in 1975. GDP growth reversed from 6.7 per cent to a negative 2.4 per cent during the same period.¹ Not surprisingly, the decline in copper prices adversely affected the balance of payments, as well as the domestic sector through shortfalls in government revenue. In addition, excessive State control and poor management of the economy made it difficult for the productive sector to generate adequate employment. Furthermore, in periods of both centralized controls and deregulation, it created an environment in which economic policies were powerless to arrest the decline of the economy until the fundamental political reforms of the early 1990s.²

The combination of problems such as these led to a long spell of economic recession in the country. Under pressure from the international financial institutions, notably the World Bank and the International Monetary Fund, the Kaunda Government introduced a series of stop-go structural adjustment policies throughout the 1980s and the early 1990s. However, the lack of direction in economic policy, coupled with management problems and the oil price shocks of the 1970s and 1980s and the lack of political will to pursue consistent economic reforms prior to the political and economic liberalization of the early 1990s meant that efforts to restructure the economy and reverse the decline proved generally fruitless. Economic reform began in 1992 with the support of the IMF soon after the election of a democratic Government led by the Movement for Multiparty Democracy (MMD), headed by Mr. Fredrick Chiluba.³ Table 1.1 sets out the key elements and objectives of the economic reform

¹ The World Bank, *World Table 1992*, and IMF *International Statistics Yearbook*, 1972.

² For a good account of the vacillation of the era, see Venkatesh Seshamani and Ephraim Kaunga, "Employment and labour markets during adjustment. Zambia" in Willem van der Geest and Rolph van der Hoeven eds, *Adjustment Employment and Missing Institutions in Africa. The Experience in Eastern & Southern Africa*. Geneva, ILO, 1999, pp.155-206

³ Before the election, Chiluba was the President of the country's then sole central trade union, the Zambia Congress of Trade Unions, ZCTU.

and liberalization policies of the 1990s. As the table shows, the main thrust of the reform was unquestionably the liberalization of the economy, which involved the removal of the deep-rooted distortions created by earlier policies. The package of reforms included removal of the protection of the domestic market, as well as abolition of subsidies and all forms of controls – prices, exchange rates, interest rates, together with a formidable monetary policy. It included also extensive privatization of state-owned enterprises and elaborate reform of the civil service.⁴

Thanks to these reform measures, as some authors have argued, Zambia is one of the few African countries with a highly liberalized economy.⁵ As regards prices, for example, there are no government subsidies. Tariffs were reviewed in 1996 and taxes such as the Import Declaration Fee were eliminated. Today, customs duties are the main trade policy instrument, and these have been gradually reduced to the present level of 25 per cent on finished products.⁶ Policies such as this have stimulated the country's external competitiveness, by reducing duty on imported inputs to the country's productive sectors. The accompanying public service reforms were designed to reduce the size of the public service and pave the way for efficient, high-quality and cost-effective services. This led to the reduction of the public service from about 139,000 in 1997 to approximately 101,000 in April 2000, a decrease of more than 27 per cent.⁷ This was achieved through strategies such as selective compulsory and voluntary redundancy, as well as hiving off non-core activities to other agencies. Finally, 280 State enterprises were identified for privatization. By 2001, 252 enterprises, including several in the highly important copper mining sector, had been completely privatized and sold to local and new foreign investors.⁸

⁴For details see Felix C. Kani, *Structural adjustment and economic reform programmes, labour market institutions, employment and the role of social partners: The Zambian experience*. Harare, ILO/SAMAT SAP & Social Dialogue Discussion Paper No. 5, Southern Africa Multidisciplinary Advisory Team, International Labour Organization, 2000.

⁵ See for example, Venkatesh Seshamani and Ephraim Kaunga, "Employment and labour markets during adjustment. Zambia" in Willem van der Geest and Rolph van der Hoeven eds, *Adjustment Employment and Missing Institutions in Africa. The Experience in Eastern & Southern Africa*. Geneva, ILO, 1999, pp.155-206.

⁶ Cecilia Mulindeti, *The contribution of industrial relations to socio-economic development in Zambia*. Background paper to the InFocus Programme on Strengthening Social Dialogue, ILO, Geneva January 2001.

⁷ Mulindeti, op. cit.

⁸ There is a lively debate that the manner of sale and acquisition of the enterprises had been flawed, favouring ruling party stalwarts. For analysis of the contrasting views, see John Craig, "Evaluating privatization in Zambia: A tale of two processes" *Review of African Political Economy*. No 85, 2000, pp. 357-366.

Table 1.1: Taxonomy of Zambia's economic reform programme

Broad policy	Policy action taken	Date	Main objective
	\$ Elimination of food subsidies	December 1991	\$ Eliminate chronic budget deficits;
	\$ Adoption of a cash budget	January 1993	\$ Reduce inflation;
	\$ Establishment of Zambia Revenue Authority	April 1994	\$ Broaden tax base;
	\$ Introduction of Value Added Tax	July 1995	\$ Improve revenue collection
Monetary and financial reforms	\$ Decontrol interest rates	January 1992	\$ Encourage positive interest rates
	\$ Treasury bill auction introduced		
	\$ Exchange Control Act suspended		
	\$ Banking and Financial Services Act enacted	January 1994	\$ Encourage market determination of interest rates
		March 1994	\$ Liberalize foreign exchange market
			\$ Facilitate close monitoring of the banking sector
Agricultural market liberalization	\$ Removal of marketing subsidies	1992/93	\$ Establish seasonal and regional prices
	\$ Abolition of pan-territorial prices		
	\$ Private sector participation in agri-marketing	Marketing season	
	\$ Re-introduction of government involvement in fertilizer marketing	1998	\$ To enable small-scale farmers access fertilizer
Privatization of public enterprises	Enactment of the Zambia Privatization Agency Act	June 1992	\$ Reduce state control of the economy and allow the private sector to run businesses
			\$ Attract foreign direct investment
Reform of labour laws	Amendment of the Employment Act and Industrial & Labour Relations Act	1997	Liberalize the labour market so as to conform to SAERPs.
Civil service reforms	Public service reform programme launched	November 1993	Reduce the civil service to improve remuneration and efficiency.
Social sector reforms	Health sector reforms Education sector reforms Poverty reduction strategy and social safety nets		Decentralize the delivery of social services, Reduce poverty by the year 2000.

Source: Felix C. Kani, Structural Adjustment and Economic Reform Programme, Labour Market Institutions, Employment and the Role of Social Partners: the Zambian Experience. Harare, ILO/SAMAT Social Dialogue Discussion Paper N°5. ILO, 2000.

Despite the achievements of the liberalization policies, the other side of the equation, as shown in Table 1.2 below, appears to suggest a less than tangible impact on the economy as a whole during the post-reform period of the 1990s. Thus, apart from the positive growth recorded intermittently during a four-year period, the economy remained depressed for much of the last decade of the 20th century.

Although an assessment of the impact of liberalization and other economic reform policies is beyond the scope of the present paper, the effects on the labour market and alleviating poverty generally demands some commentary.

Table 1.2: GDP Growth in Zambia, 1991-99 (at 1994 prices)

Economic Activity	1991	1992	1993	1994	1995	1996	1997	1998	1999
Agriculture, Food and Fisheries	5.2	-33.1	68.1	-18.9	33.4	-0.6	-5.1	-1.8	13.7
Mining and Quarrying	-9.1	12.7	-8.6	-16.6	-27.6	2.8	2.2	-25.1	-24.8
Manufacturing	0.7	10.9	-6.1	-8.6	-0.4	5.5	5.1	1.8	2.8
Electricity, Gas and Water	8.5	-5.1	3.4	3.4	-1.6	-5.6	4.2	-2.8	3.1
Construction	-1.3	-5.3	-18.8	-20.8	-3.4	-11.0	29.0	-10.1	11.2
Wholesale and Retail Trade	-1.8	-6.6	10.7	-14.4	-10.6	33.1	4.5	3.8	9.8
Restaurants, Bars and Hotels	-9.8	60.7	-3.7	-11.7	5.2	8.4	7.2	3.8	-1.7
Transport, Storage and Communication	-4.2	2.2	2.5	-4.1	-6.6	7.6	-0.2	8.5	2.8
Financial Intermediaries and Insurance	1.7	-4.6	2.8	3.3	18.3	-8.3	0.3	0.4	10.0
Real Estate and Business Services	-2.5	4.3	3.1	3.1	8.2	15.5	12.6	12.7	2.5
Community, Social and Personal Services	1.6	-1.1	2.3	3.1	-1.2	3.3	0.4	-2.3	-1.7
Total GDP	-1.3	-5.9	6.2	-8.0	-2.5	6.6	3.3	-1.9	2.4

Source: MOVED: Economic Reports; Various Issues

The labour market

Characteristics and structure

In 1969, Zambia's labour force of 1.2 million represented 29 per cent of the adult population. However, 25 years later, in 1994, it had grown to 3.7 million, representing 32 per cent of the adult population, a steady increase over the years, as Table 1.3 shows. Thus, according to the Zambia Human Development Report, the average annual growth of the labour force for the period 1992-98 was 6.4 per cent, more than twice the growth of the population, which suggests that approximately 300,000 people, mostly young people, entered the labour force annually.⁹ The labour force participation rate increased steadily over the years to a peak of 71 per cent in 1986, before falling to about 47 per cent in the late 1990s.¹⁰ The demographic composition of the labour force provides additional insight into the labour market environment in Zambia. According to available evidence, the proportion of the population in the age group 15-24 years rose from 22 per cent in 1996 to 25 per cent in 1998.

⁹ Mulindeti, *op. cit.*

¹⁰ The labour force participation rate is the percentage of the economically active population in the age group of 12 years and above.

Table 1.3: Labour force, employment and unemployment, 1996-99

	1996	1997	1998	1999
Employment by Type	3,468,000	3,739,823	4,033,417	4,156,169
▪ Formal Sector Employment	479,400	475,161	467,193	477,508
▪ Informal Sector Employment	2,988,600	3,264,662	3,566,224	3,678,661
Informal Agricultural Employment	2,988,600	3,264,662	3,566,226	3,678,661
▪ Informal Non-agricultural.	670,000	685,255	759,050	726,990
Formal Employment by Industry	479,400	475,161	467,193	477,508
▪ Agriculture, Food and Fisheries	68,300	58,898	58,898	60,000
▪ Mining and Quarrying	47,700	44,498	39,160	38,521
▪ Manufacturing	47,400	47,118	46,685	46,000
▪ Electricity Gas and Water	4,400	5,009	5,237	5,300
▪ Construction	13,100	17,106	13,459	12,895
▪ Trade and Distribution	46,800	48,893	48,964	51,097
▪ Transport and Communication	38,300	45,963	45,840	45,000
▪ Finance, Real Estate and Bus Ser	37,600	37,862	35,276	34,682
▪ Community, Social and Personal Ser.	175,800	169,814	173,674	184,013
Formal Employment by Agency	476,300	475,100	467,193	477,508
▪ Central Government	132,000	129,200	117,250	112,345
▪ Local Authorities	17,300	15,100	13,048	12,900
▪ Parastatal Companies	115,200	73,900	68,046	05,300
▪ Private Sector Companies	214,800	256,900	268,849	266,963
Size of Labour Force	3,982,000	4,411,263	4,579,000	4,635,000
Total Unemployment Rate	12.9	15.2	11.9	10.3

Source: MOVED 2000, Economic Report 1999.

Employment and unemployment

Data from the Central Statistics Office shows that of the 4.1 million in employment in 1999, over 88 per cent were in the informal economy. Although the labour force grew at an average of 6.4 per cent annually during much of the 1990s, the rate of increase in employment was much lower. Even then, as shown in Table 1.3, much of the increase in employment was in the informal economy.

As regards the formal sector, the annual rate of decline in formal employment was estimated at 1.4 per cent between 1991 and 1999. The records of the Ministry of Labour and Social Security provide additional evidence of the contraction in formal employment. Thus, the number of job-seekers at the Ministry's employment offices increased from 19,244 in 1990 to 34,104 in 1995, or by some 77 per cent. On the other hand, the number of notified vacancies fell from 24,291 to 11,947, or by 51 per cent during the same period. Table 1.4 on notified redundancies points to the decline in wage employment opportunities and the corresponding increase in the level of unemployment.

The labour market has thus borne the brunt of the deregulation and liberalization programme. The large-scale privatization of state-owned enterprises resulted in enormous retrenchment and layoffs of workers through restructuring or closure of inefficient enterprises unable to face foreign competition. The case of the mining sector is a good illustration. In 1991, the sector employed a total of 54,000 workers. However, by 2001, that number had plummeted to 20,700.¹¹ As Table 1.4 shows, retrenchment has affected all key sectors, including central government, which hesitated for a while

¹¹ Information from ZCTU.

before implementing the civil service reforms.¹² Although the Ministry of Labour and Social Security estimated annual job losses at 12,500 during the first 2 years of the privatization process,¹³ the average number of job losses during 1994-95 was actually 17,589.¹⁴ The evidence suggests that the number of job losses fell during the following years except for 1997 which was the highest. However, as the record of job losses is compiled through a system of reporting to the Ministry of Labour, the statistics are likely to understate the severity of the phenomenon.

Another point to bear in mind is that the data in Table 1.3 represent job losses in the formal wage sector. In the agricultural sector, however, liberalization led to the liquidation of State-owned or State-supported agricultural lending institutions and resulted in failures of agricultural marketing and finance institutions. That in turn adversely affected non-wage agricultural smallholders who depended on them. The impact of the reform on this segment in agriculture is difficult to assess. However, as the sector still provides the greatest share of employment, and bearing in mind the dedication with which liberalization policies are implemented, it can be assumed that the number of farmers affected by this policy is very large.¹⁵

Given the decline in formal employment, the informal economy naturally became the main source of employment. Apart from young people entering the labour market for the first time, a large number of workers were pushed out of the formal economy and forced to seek employment in the informal economy. Thus, in contrast to the decline in formal employment, employment in informal agriculture rose by an annual average of around 6 per cent during 1996-99 (Table 1.3). To a much lesser extent, non-agricultural informal employment increased by an annual average of 2 per cent during the same period. It is a matter of intense debate in Zambia whether or not jobs in the informal economy offer sustainable livelihoods or are simply a survival phenomenon. Moreover, employment in the informal economy, whether wage or non-wage, is usually not covered by the social security system. Nor is it covered by employment protection legislation. When it is, such laws are rarely enforced.¹⁶

¹² As shown in the table, retrenchment in central government started only in 1996, ostensibly because the lack of funds to meet the severance packages led to severe criticism from the trade unions and the general public. It was reported, for example, that some government workers were not paid their entitlements for up to one year.

¹³ K.D. Chiwele and O. Chinganya, "The Zambian labour market under economic adjustment" Unpublished paper, November 1997.

¹⁴ Kani, *op. cit.*, p. 21

¹⁵ Kani, *op. cit.*, p. 19

¹⁶ ILO, *Income Security and Social Protection in a Changing World*. World Labour Report 2000. Geneva, 2000, p. 7.

Table 1.4: Reported redundancies/retrenchments, 1996-1999

	1996		1997		1998		1999	
	Firms	Workers	Firms	Workers	Firms	Workers	Firms	Workers
By Industry	154	4,146	167	44,974	29	13,577	64	2,448
Agriculture	11	242	25	421	5	945	3	147
Mining	20	1,667	6	1,257	3	1,311	6	174
Electricity	-	-	-	-	2	170	-	-
Manufacturing	21	830	30	570	6	42	14	541
Construction	20	389	23	231	3	589	5	453
Trade	29	267	25	214	1	300	6	32
Transport	7	60	14	63	4	223	2	71
Finance services	31	487	23	549	2	77	-	-
By Sector	154	4,146	167	11,974	29	13,577	64	2,448
Central Govt.	6	107	1	7,500	1	7,500	-	-
Local Govt	2	65	8	1,595	2	2000	-	-
Parastatal	33	2,283	27	1,345	10	1,717	-	-
Private Sector	133	1,692	131	1,536	15	2,360	-	-

Source: Ministry of Labour and Social Security (September 1999)

The proportion of unemployment attributable to privatization is also a subject of intense debate. While a cross-section of the community attributes much of the joblessness to the extensive privatization in the country, the Zambian Privatization Agency, the body responsible for privatizing state-owned enterprises, maintains that not more than 7,000 workers had been made redundant in the 208 enterprises that were privatized up to 1999.¹⁷ The truth of the matter is not certain because there are several forces at work in the country which impact on the scope and level of unemployment. For example, companies that have been earmarked for privatization have embarked on retrenchment, even before the actual exercise, in part because of their failure to raise enough capital to recapitalize the business and in part because such businesses are not competitive.

The scale of retrenchment and job insecurity, coupled with the frustration associated with widespread late or non-payment of redundancy payments has intensified confrontational industrial relations in both the public and private sectors. The creation of the Tripartite Consultative Labour Council as an institutional framework for social dialogue was primarily an attempt by the Government to provide an orderly forum to address the social and labour market consequences of economic reform and liberalization. This institution is discussed in this paper.

The gender dimension

The gender dimension of the labour market is important. A priori, in an era of contraction of employment, those who have less skills or who are employed in lower grades are more likely to suffer disproportionately in the labour market. The situation of women workers in Zambia reflects this. According to available evidence, in 1990, when the labour force participation rate was about 50 per cent, only some 34 per cent were women.¹⁸ In 1993, the participation of women in formal sector employment was 15 per cent. By 1996, however, it had fallen to just 12 per cent.

The low participation rate of women in the formal sector leads to the inescapable conclusion that women are poorly represented in social dialogue institutions and processes. The example of the

¹⁷ This figure excludes over 20,000 workers in the privatized mines in the country who were made redundant.

Tripartite Consultative Labour Council confirms this view. According to the records, only eight out of the 64 participants in the Council's meetings in 1999 were women: three each from the Government and the trade unions, and two from the employers. The issue of gender balance in such institutions needs to be addressed urgently within each of the respective constituents.

A National Gender Policy, which seeks to mainstream gender issues in all sectors of the economy, was introduced in 1999. In the public sector, this policy requires every ministry to have a gender focal person, while a Gender in Development Division has been established in the Cabinet office headed by a permanent secretary. The work of the Division is to sensitize the public to gender issues, promote girls' education and organize adult education for those who have missed out on formal schooling. However, in so far as the private sector is concerned, this policy has not yet impacted on corporate policy.

The challenge of poverty and employment

The above overview of the employment and labour market scenario over the past decade suggests that the twin problems of poverty and unemployment are the central economic challenge facing Zambia today. Employment growth in the country is in the informal economy and there is a major question-mark about the quality of the jobs involved.

The biggest and most daunting challenge is to reduce the unacceptably high incidence of poverty (Table 1.5 below). The Government has declared it the top policy priority. Intervention is urgently needed to boost economic growth and reduce unemployment and poverty. It is more or less generally accepted that one of the most effective ways of reducing poverty is through the creation of productive employment. Government needs to create the enabling environment that will stimulate investment and sustainable growth. This should be done through a process of social dialogue which engages the social partners in meaningful and effective dialogue.

Table 1.5: Poverty in Zambia (1991– 1998)

Year	Zambia		Rural		Urban	
	Overall; Poverty	Extreme Poverty	Overall Poverty	Extreme Poverty	Overall Poverty	Extreme Poverty
1991	69.7	58.2	88.0	80.6	46.6	32.3
1993	73.8	60.6	92.2	83.5	44.9	24.4
1996	69.2	53.2	82.8	68.4	46.0	27.3
1998	72.9	57.9	83.1	70.9	56.0	36.2

The challenge has been complicated by the HIV/AIDS pandemic with its serious social and economic repercussions. This is a big threat to the Zambian labour market as the population most affected is the economically active age group.¹⁹ According to available data, HIV is most prevalent among people aged 20-40 years. In 1999, the HIV sero-positive rate for the country was estimated at 20 % (10-15% in rural areas and 15-30% in urban areas). This means that the number of people with HIV/AIDS is estimated as 1,000,000, and approximately 650,000 people have died of AIDS-related diseases.

¹⁸ Mulindeti, op. cit., p. 11.

¹⁹ Muledeti, loc. cit.

CHAPTER 2 - THE PARTIES TO SOCIAL DIALOGUE

From the perspective of the International Labour Office, the tripartite partners, i.e. the Government, employers' and workers' organizations, are at the centre of social dialogue, particularly in relation to the regulation of the labour market and to policy initiatives in the social and economic spheres. This section of the paper examines the organizational structure of the respective social partners, their processes for engaging in social dialogue and the constraints they face in making effective and meaningful use of the social dialogue machinery in Zambia.

Employers' organizations

The leading employers' organization in the field of industrial relations and the labour market in Zambia is the Zambia Federation of Employers, (ZFE), which was established in 1955. The Federation's membership is made up of individual companies, associate members and sectoral associations. In 2001, the Federation's membership in these three categories was as follows:

- Individual members 320
- Associate members 10
- Sectoral associations 15

Individual members are mostly large and medium-sized enterprises. The sectoral associations are in industries such as banking and finance, hotels, iron and steel and construction. The associate category consists of other business organizations such as the Association of Small and Medium-Scale Enterprises and Chambers of Commerce. Most of the membership of the Federation is indirect, through the sectoral associations and associate categories. Between these two groups, the Federation claims approximately 2,000 indirect members. The size of the workforce represented by ZFE affiliates in the three categories is unknown, but it can be assumed that members of the Federation employ the majority of organized wage-earners in the country.

The ZFE has experienced a decline in its membership, partly due to the collapse of some businesses and partly because some new investors feared that membership of the ZFE might be a prelude to formalization of relations with trade unions. However, that concern evaporated in the course time as the Federation stepped up its advocacy programme.

Other employers' organizations in the country include the Association of Small and Medium-Scale Enterprises (MSE) and Chambers of Commerce and Industry, the two fastest growing business organizations in the country, both of which hold associate status in the ZFE. The MSE is responsible for organizing the growing number of small and micro enterprises, while the Chambers of Commerce are generally perceived to be the ultimate employers' body because they are concerned primarily with their trade and business interests. All business associations which hold associate membership of the ZFE are represented on its governing body. Partly as a result of this interconnection among the various bodies, the ZFE is generally recognized as the main employers' voice in employment and labour market matters.

The main service provided by the ZFE to its members is advocacy of employers' interests on labour market and industrial relations issues, including representing them in relations with unions, in the negotiation of collective agreements and in dispute settlement. The Federation is also the main employers' representative in tripartite institutions for social dialogue. In addition, it has extended its services beyond the confines of labour relations to training and development in the labour market field and other areas of management development. For example, through collaboration with the ILO's Start Your Business Programme, the ZFE has provided training for small enterprises to enable entrepreneurs to create sustainable business ventures. Training under the Start Your Business Programme is also targeted at companies undergoing restructuring and in this way the ZFE seeks to assist redundant

workers to return quickly to gainful employment. During 1996-97, a total of 120 potential entrepreneurs were trained under this programme.²⁰ By providing services of this nature to small businesses, the ZFE has been successful in attracting them into its fold.

New investors' marked concerns in the 1990s about joining the employers' Federation appear to have given way to a more positive appreciation of the role of the ZFE and several new investors have now joined. However, the preference of employers to deal with labour relations issues on an individual basis remains strong. Indeed, the Zambian Bankers' Association, one of the major sectoral associations in the country, comprising about 17 of the larger banks and allied businesses, dissolved itself in 1997 and its members opted for enterprise-level labour relations on an individual basis.

The ZFE faces enormous challenges, including the need to strengthen its links with small-scale enterprises which continue to be the centre of growth and employment generation in the country. The challenge of recruiting and retaining members emphasises the need for the Federation to extend its services beyond the traditional areas of industrial relations to provide suitable services to small and micro enterprises. Such services could include enhanced representation to ensure more favourable public policy and services designed to improve the productivity of enterprises within the context of International Labour Standards. This strategic approach could help to convince employers of the value of membership.

Workers' organizations

For a long time, the trade union movement in Zambia was organized on the basis of one union per industry. Thus, under the Industrial and Labour Relations Act of 1993 and its predecessor, only 17 relatively large trade unions existed in the country. Under that scenario, trade union density stood at about 56 per cent in 1990, one of the highest in Africa.²¹ The law also prescribed a single union federation, the Zambian Congress of Trade Unions (ZCTU), which for a long time enjoyed monopoly status. While this union structure facilitated the orderly conduct of industrial relations, particularly in the areas of collective negotiations and dispute settlement, the policy was a constant source of dissatisfaction, as it violated the fundamental right of workers to freely join a union of their choice.²²

However, with the ratification of the Freedom of Association and Protection of the Right to Organize Convention, 1948 (No.87) in 1996, it was inevitable that the relevant provisions of the law would have to be amended to conform to International Labour Standards. As a result, the Industrial and Labour Relations (Amendment) Act of 1997 sought to align the law with the provisions of the Convention. This Act paved the way for the formation of more unions, including union federations. As shown in Table 2.1, workers have exercised their right to freedom of association following the liberalization of the legal framework, which sets the minimum number of workers to form a trade union. Today, there are 31 trade unions in the country. A direct result of the liberalization of the law on freedom of association is the emergence of small unions, with the attendant problems of resource constraints, organizational inadequacies and instability.

²⁰ "Employment Creation: the Role of ZFE". Paper presented at a ZCTU/FES Workshop on Employment and Labour Market Measures. Lusaka, 14-15 May 1997.

²¹ See Tayo Fashoyin, *The Challenge of Industrial Relations in Southern Africa*. Harare, Southern Africa.

²² Admittedly, Zambia did not ratify the Freedom of Association and the Right to Organize Convention No. 87, 1948 until 1996.

Table 2.1 Registered trade unions and membership, 2001

NAME OF NATIONAL UNION	TOTAL MEMBERSHIP
Civil Servants Union of Zambia	34,973
National Union of Public Service Workers	15,000
Zambia National Union of Teachers	25,249
Mine Workers Union of Zambia	29,106
National Union of Commercial and Industrial Workers	19,780
National Union of Communication Workers	9,780
Railways Workers Union of Zambia	2,726
National Union of Transport and Allied Workers	2,050
Airways and Allied Workers Union of Zambia	775
Zambia United Local Authorities Workers Union	15,000
Guards Union of Zambia	5,038
National Union of Agriculture and Plantation Workers	16,000
National Union of Building, Engineering and General workers	11,346
University and Allied Workers Union of Zambia	282
Zambia Union of Journalists	300
Zambia Typographical and Allied Workers	1,500
Secondary School Teachers Union*	5,169
University of Zambia Lecturers and Researchers Union	150
Zambia National Union of Health and Allied Workers	11,500
Zambia Union of Financial Institutions and Allied workers*	6,300
Copperbelt University Workers Union	334
National Union of Technical Education Lecturers	880
Zambia Revenue Authority Workers Union	1,336
United House and Domestic Workers Union of Zambia*	6,500
Bankers Union of Zambia	500
Hotel Catering Workers Union of Zambia	6,600
Workers Union of Tazara	1,796
National Energy Sector and Allied Workers Union	3,530
Primary Education Teachers Union*	6,512
Zambia Telecommunication Union for Middle Management and Associates	n.a
Agricultural Technical and Professional Staff Union of Zambia*	n.a
Estimated Total Membership	242,752

*These unions are not affiliated to the ZCTU

Source: Ministry of Labour and Social Security, Department of Labour, Lusaka.

Various sources put total union membership at under 250,000 members. On the basis of wage employment records, a realistic estimate puts union density at about 50 per cent. While this is comparatively high in the Southern African sub-region, the Zambian trade union movement has

suffered an enormous decline in membership, particularly during the 1990s. For example, during the 5-year period 1990-95, ZCTU membership declined from 477,000 to 274,000, or by 43 per cent since economic liberalization.²³

The decline in union membership is due mainly to privatization, industrial restructuring and civil service reforms as discussed in the preceding sections of this paper. It can also be attributed to the liberalization of the legal framework which, unlike the earlier legislation, does not restrict the number of unions. Thus, up until 1995, there was only one union in the teaching profession but today there are three, and two in the banking and financial sector, as opposed to one before. The legal framework has also impacted on union recognition by employers for bargaining purposes. While the earlier law made it more or less mandatory for an employer to recognize trade unions, this is no longer the case.

Trade Union Federations

The doubling of the number of unions in Zambia over a period of 5 years is linked to political and economic liberalization. To a large extent, these processes were associated with internal divisions within the Zambian Congress of Trade Unions (ZCTU) which became apparent in 1994 and culminated in a split in the trade union movement. Although this subject is beyond the scope of the present paper²⁴, the breakaway of five major unions from the ZCTU set in motion the formation of the Federation of Free Trade Unions of Zambia (FFTUZ). However, by 1998, all but one of the five breakaway unions had returned to the ZCTU.

The only union which remained outside the ZCTU was the once influential Zambia Union of Financial Institutions and Allied Workers (ZUFIAW), which ultimately became the nucleus of the FFTUZ. ZUFIAW organizes workers in banking, financial and insurance houses. In 1992, at the dawn of liberalization, the union had more than 10,000 members. Today, it has about 6,300 members. In 2001, ZUFIAW remained the main union affiliated to the FFTUZ. However, four other unions, including two splinter unions in the teaching profession, later became affiliated to the Federation in 2001 and claimed a total membership of about 32,000.

Despite the splits in the trade union movement, the ZCTU remains the dominant union player in industrial relations in Zambia. At its peak in 1991, the Congress had a membership of approximately 480,000 in its 17 affiliates. However, over the last 10 years, it has lost nearly 66 per cent of its membership as a result of economic reforms and liberalization. Today, the Congress represents 210,000 out of the estimated 242,000 unionized workers in the country.

The decline in union membership

Several factors account for the decline in union membership. Clearly, the liberalization of the economy led to a decline in formal employment with a consequent reduction in the organized workforce. There is also resistance to union organization on the part of employers, notably among the new investors who prefer 'union-free' workplaces. Many of those employers have developed various strategies to make union organization difficult, if not impossible. These strategies include offering contingency employment contracts, restructuring on the basis of competitive pressures and the threat of lay-offs and redundancy.

These practices, coupled with the high unemployment rate, have tended to discourage workers from joining the union. The trade unions attribute the employers' resistance in part to the absence of

²³ Fashoyin, loc. cit.

²⁴ For details of this development see Zambia Congress of Trade Unions, *Report of the Secretary General to the 9th Quadrennial Congress. Livingstone, 26-29 October, 1994.*

any effort to inform new investors of the country's industrial relations tradition. Specifically, trade unions point out that neither the Ministry of Labour nor the workers' Federation is represented in the investment agency. New investors are not properly informed of the country's industrial relations practices and culture. These factors, coupled with internal divisions, have weakened the voice of labour considerably.

Aware of the enormous drain on its membership through retrenchments and contraction of employment, the ZCTU recognizes the need to strengthen its membership base by organizing informal economy workers. Towards this end, it amended its constitution in 1996 to accommodate informal operators as associate members. Some national unions have also embarked on the organization of informal economy workers. Working in collaboration with the ILO and ICFTU, Churches and NGOs, the ZCTU is providing training and capacity-building services to informal sector operators in areas such as business and leadership skills. Through the Centre for Informal Sector Employment Promotion, (CISEP) a programme developed jointly with the Technical Education, Vocational and Entrepreneurship Training Authority, the Congress works with NGOs to identify business projects for informal operators and assists them to mobilize funding for business ventures.

This opportunity to work in the informal economy and with non-governmental organizations appears quite promising in Zambia. In itself, it underlines the good relations and interaction in addressing economic issues between trade unions and civil society organizations such as churches and NGOs involved in human rights advocacy. Trade union organizations are regularly assisted by human rights organizations providing legal services to protect the employment rights of workers. Despite this, there has been no question of involvement of civil society groups in areas that the unions considers to be their exclusive domain i.e. collective bargaining on wages and conditions of employment. Even in this area, some unions have sought, and continue to seek the assistance of the Economic Justice Programme of the Law Association of Zambia on the compilation of the food basket needed for a family to maintain a decent standard of living. Armed with this information, the unions have conducted negotiations with greater objectivity. This experience emphasises that there are areas where trade unions and civil society can collaborate to their mutual benefit.

In any event, despite efforts by the unions to organize operators in the informal economy and build and maintain strategic alliances with civil society, there still does not appear to be a clear long-term strategy or agenda to forge and strengthen this relationship.

The Ministry of Labour and Social Security

The Ministry of Labour and Social Security is the government department with the mandate to administer the national labour policy. It is responsible for advising the Government of Zambia on all matters pertaining to labour, including the promotion and maintenance of sound industrial relations, collection and analysis of labour market data, regulation and enforcement of labour laws and guidelines, promotion of a safe working environment, and the operation of free employment services.²⁵ The Ministry, in collaboration with the social partners, played an important role in the revision of labour laws to conform with economic liberalization and International Labour Standards. The review exercise led to the enactment of the Industrial and Labour Relations (Amendment) Act No. 30, 1997 and the Employment (Amendment) Act No. 15, 1997.

In the area of dispute settlement, the Ministry plays an important mediation role in individual and collective disputes and, crucially, facilitates third party involvement in dispute settlement, through conciliation and the Labour Court processes. The work of the Ministry in the enforcement of labour laws through labour and health and safety inspection is important in mitigating disputes and industrial conflict, and ensuring adherence to labour standards. However, the Ministry's efforts in these areas, and

²⁵ *Annual Report for the Year 1990*, Ministry of Labour and Social Security, Department of Labour, Lusaka.

indeed in several areas of labour administration, have been less than satisfactory because of inadequate financial, human and material resources. It does not appear to have the resources and technical capacity to effectively perform its mandate, be it with respect to the enforcement of the Labour Code or servicing the institutions of collective bargaining and tripartite cooperation.²⁶

²⁶ It is important to bear in mind that as at the time of this study, the ministry was undergoing restructuring under the Public Service Reform Programme. It is hoped that the identified constraints will be substantially addressed in the restructuring exercise.

CHAPTER 3 - OVERVIEW OF INDUSTRIAL RELATIONS IN ZAMBIA

The legal and institutional framework

The legal basis of industrial relations in Zambia consists of a number of legislative instruments. These include the Industrial and Labour Relations Act, 1971 which provides for the formation of trade unions and employers' organizations, the collective bargaining process and dispute settlement. The Employment Act, 1975, regulates the employment contract and its enforcement, as well as conditions of employment. The Minimum Wage and Conditions of Employment Act, 1974 regulates the minimum wage and conditions of employment for workers not covered by collective agreements while the Factories Act, 1975 provides for the regulation and management of safety and health in the workplace. It should be noted that this legal framework has historically recognized the right of workers to form unions and, irrespective of the sector, to use the collective bargaining machinery for the determination wages and conditions of employment. Until the liberalization policies of the 1990s, the legislative framework produced a highly regulated labour market.

Collective bargaining in the private sector

Collective bargaining existed in Zambia before independence in 1964. Under the Industrial Relations Act, 1971, negotiations at this level were given legislative support. Works Councils were introduced and remained a medium for employer-employee relations until they were phased out in 1993. Collective bargaining was conducted mainly on a sectoral basis, involving sectoral employers' associations on the one hand and the industrial union, on the other.²⁷ During this period, Joint Industrial Councils were established at sectoral level, and agreement reached between the two sides in a particular sector or industry applied not only to the negotiating parties, but also to employers and workers who were not party to the agreement. This arrangement reflected the strict provisions of the law which recognized only one union and one employers' association per industry.²⁸ However, it continued to attract criticism because it was not flexible enough to accommodate the specific needs of the parties. It was also inconsistent with the Freedom of Association and Protection of Right to Organize Convention, 1948 (No. 87) and the Right to Organise and Collective Bargaining Convention, 1949 (No.98).

Until the severe economic difficulties of the 1980s, collective bargaining covered virtually the entire wage-earning population, partly because of the extensive coverage of such agreements and partly due to the relatively high union density. While the size of this group has fallen as a result of the economic downturn and several employers are reluctant to engage in collective bargaining, the machinery remains an important mechanism for the determination of wages and conditions of employment for most Zambian workers in the formal economy.

At the same time, sectoral or industry level bargaining, once an important element of the collective bargaining process, is becoming increasingly unpopular. First, the amendment to the law removed the provision that automatically extended a collective agreement to other employers, irrespective of whether or not they had been consulted. Also, while not completely removing industry level negotiation, the law has more or less instituted a decentralized bargaining arrangement, enabling individual employers to deal directly with their workers. Thus, under the Industrial and Labour Relations (Amendment), 1997, collective bargaining may be undertaken at company level through

²⁷ Section 66 of the Industrial Relations Act, 1971

²⁸ Section 74 of the same act

negotiations between the management and the trade union representing the eligible employees.²⁹ In the past, collective agreements normally lasted for up to three years. However, given the unstable economic environment in recent years, the parties have taken to signing annual agreements.

The public sector

In so far as the public sector is concerned, Zambia can be said to be a pioneer in collective bargaining for public servants. The importance of this machinery in Zambia is evidenced by the fact that as far back as 1961, there was a viable collective bargaining system in the public sector. Thus, apart from commissioned officers in the defence forces, (police, military and prison officers) who are not unionized, collective bargaining in the public service covers about 100,000 unionized and non-union employees. In the defence establishments, the tradition has been for the appropriate part of the collective agreements reached with the civil service bargaining unit to be applied to those categories of defence personnel who hold equivalent posts but have no union representation. The rationale for this has been not simply to recognize the right of this group to collective bargaining but also to avoid unnecessary distortions in the salary structure for public service officers.

Two complementary bargaining units exist in the public sector. The first bargaining unit comprises unionized pensionable civil servants who are on permanent contract. This category of workers is represented by the Civil Servants Union of Zambia, which has an estimated membership of 34,973. It also includes non-pensionable workers in the civil service, mainly orderlies, drivers and cleaners. These workers are represented by the National Union of Public Services Workers, which claims a membership of 15,000.

On the employer side (the Government), the following government departments are represented, usually at the level of permanent secretary:

Ministries of:

- Public Service (leader)
- Education
- Defence
- Home Affairs
- Administration
- Environment
- Budget and Economic Affairs, and
- Director of Budget.

The second bargaining unit in the public sector is exclusive to the teaching profession. Here the workers are represented by the following three unions³⁰

- Zambia National Union of Teachers
- Secondary School Teachers' Union
- Primary Education Teachers' Union

²⁹ Section 66(2) of the Act, 1997.

³⁰ In 2001, the country's oldest and largest union, the Zambia National Union of Teachers, with an estimated membership of over 25,000, had exclusive bargaining rights to represent teachers. However, despite the breakaway and ultimate registration of the two other unions - for secondary and primary school teachers - (combined membership of nearly 10,000), the employer insists on one bargaining unit in which the three unions are represented.

The employer's (government) negotiating team is represented by the permanent secretaries of the following departments:

Ministries of:

- Education (leader)
- Public service
- Science and Technology
- Budget and Economic Affairs
- Director of Budget, as well as the following senior officials of the Ministry of Education:
- Assistant Secretary (Staff),
- Chief Human Resource Officer,
- Senior Planning Officer, and
- Chief Accountant.

The value of such broad representation is that the results of the negotiations have credibility and legitimacy.

Finally, it needs to be borne in mind that at local government level, there is a parallel but complementary bargaining machinery in the provincial (local) governments. Before 1996, each of the nine local government authorities in the country negotiated collective agreements individually with the trade unions. However, in 1996, the nine authorities started to group themselves under the Local Government Association of Zambia on the employers' side. The workers' side in the bargaining unit is led by the Zambia United Local Authorities Workers' Union.³¹

In all cases, these negotiations are governed by parameters laid down by the Ministry of Finance within which the parties bargain. However, there has been some difficulty in public sector bargaining, partly because of the subtle attempt by the Government to impose a wage restraint policy. But the biggest challenge has come from the bargaining unit in the teaching service. For a long time, the workers in this bargaining unit had been represented by the ZNUT. However, with the breakaway of two splinter groups into autonomous independent unions, there has not been a united voice on the workers' side. Specifically, the two new unions have refused to remain in the same bargaining unit as ZNUT, opting instead to negotiate separately with the employers. The source of this problem, it seems, is internal to the union, but it has created serious instability and confusion in labour relations in this key sector.

Dispute settlement mechanisms

Mediation and conciliation

Under the provisions of the Industrial and Labour Relations Act, 1993, collective bargaining and internal grievance procedures are emphasized as the preferred means of resolving disputes. Individual disputes, which are disputes about rights, generally involve individual workers, and are normally resolved through mediation by labour officials in the Ministry of Labour and Social Security. If the ministry process fails, the aggrieved worker has a right to go to the Industrial Relations Court,

³¹ Negotiations at local government level have not been as fruitful as in the other cases, mainly because quite often, either some local government authorities have reviewed downwards the centrally agreed terms or have defaulted in paying the agreed wages and benefits. Non-payment of salary and benefits is rampant in these local government authorities.

where a dispute normally terminates. However, there is the right of appeal to the Supreme Court although, such action is rarely resorted to and when it is invoked, the issue for resolution is usually a point of law.

In collective disputes, the parties to the dispute appoint a third party conciliator or Board of Conciliators. Where the parties fail to agree on the appointment of the conciliator or Chairperson of the Board of Conciliators, the Minister makes this appointment from the list of conciliators submitted by the parties. When a dispute is not settled through conciliation, the parties may refer it to the Industrial Relations Court or submit it to a strike vote, or a lockout notice is given.³² In either case, a minimum of 10 days must elapse before strike action can take place. As in the earlier case, the award of the Industrial Relations Court is binding, except where a party is not satisfied in which case an appeal can be lodged with the Supreme Court.

Information or data on the performance of the dispute settlement machinery in Zambia is difficult to come by. The Ministry's reporting mechanism is slow, inefficient and, in recent years, has become increasingly less informative. Nevertheless, partial evidence suggests that the number of strikes, which reached its peak in 1990, has consistently declined over the years. Thus, while there were 103 strikes in 1990, the number of strikes declined to 20 in 1998. Generally, fewer workers have engaged in strikes, and they have been of relatively short duration.³³ This record of achievement might be attributed to the effectiveness of the machinery, but it is important to bear in mind also that the threat of job losses has contributed to what appears to be a relatively peaceful industrial relations climate.

The Industrial Relations Court

The Industrial Relations Court is the main institution for the settlement of industrial disputes in Zambia. Established in 1974 under the Labour and Industrial Relations Act, the court serves as the second stage in the third party dispute settlement system. Thus, where conciliation fails, both sides are required to refer the unresolved dispute to the Industrial Relations Court. The court has a chairman and six deputy chairmen, all of whom are at the level of a high court judge. The President appoints both the Chairman and Deputy Chairmen on the recommendation of the Judicial Service Commission.

In addition, there are ten members of the Court appointed by the Minister on the basis of a procedure which is tripartite but does not necessarily amount to representation of the social partners. The law does not oblige the Minister to select trade unionists or employers. While this could create a problem of trust and confidence, the Court has conducted its work with professionalism, credibility and respect, and none of the social partners appear to be concerned by this arrangement.

The following case helps to demonstrate the high regard in which the partners hold the Court. Early in 1998, union and management in the public sector started negotiations on wages within the budgetary guidelines set by the Government. As negotiations progressed, the employers' offer of a 32 per cent increase was rejected by the unions, which demanded a higher percentage increase. The negotiations became complicated when the Minister for Finance announced in Parliament that the Government was imposing a wage freeze. On the strength of this policy, the employers were unwilling to go beyond the offer of 32 per cent, in response to which the unions declared an industrial dispute, in accordance with the provisions of the Labour and Industrial Relations Act.

³² The procedure for resolving disputes in an essential service is slightly different in that a dispute can be referred directly to the Industrial Relations Court where it receives priority hearing.

³³ All figures and information are from unpublished data in the Ministry of Labour and Social Security, Lusaka.

A Board of Conciliators heard the dispute and found in favour of the employers, supporting the view that the employers lacked the ability to pay a higher wage increase. Dissatisfied, the unions took the case to the Industrial Relations Court³⁴ which later reversed the conciliation award and ordered the Government to pay 40 per cent wage increase (i.e. an improvement of 8 per cent over the amount offered by the employers). The employers appealed the case to the Supreme Court, claiming inability to pay, but the latter upheld the lower court's award, ruling that the employers' claim was not acceptable. Cases such as this have reinforced the impartiality of the Court and confirm the respect that the Court enjoys in the industrial relations community.

At the same time, the effectiveness of the Court in recent years has been weakened by difficulties with funding which have had the effect of slowing down its proceedings. Because of this shortcoming, cases are not heard on time; a case may take upwards of five years before an award is made. Evidently, there is an urgent need to address this and other issues that appear to inhibit the effective functioning of the institution.

Finally, it should be mentioned that, apart from the negotiating machinery, regular labour management cooperation and consultation exists in various establishments, generally on issues outside wage determination, such as welfare and social services, productivity, efficiency and competitiveness. In the public sector bargaining unit, for example, labour management consultation takes place regularly, though in an ad hoc fashion, especially at departmental level. At this and other levels, issues of concern to workers, are regularly discussed. In recent times, issues on which both sides have consulted include the implementation of the retrenchment policy and the public sale of government houses. This spirit of cooperation has reinforced the collective bargaining machinery and has no doubt contributed to the relative industrial peace.

³⁴ At this point the employers challenged the right of the unions to take the case before the Industrial Relations Court, arguing that the case was not properly brought before the Court as it was not a joint referral, as implied in Section 78 of the law. However, the Court dismissed this challenge and heard the case.

CHAPTER 4 - SOCIAL DIALOGUE AND ECONOMIC AND SOCIAL POLICY: INSTITUTIONS AND PERFORMANCE

Several institutions for both bipartite and tripartite social dialogue exist in Zambia. In the preceding chapter, both the structure and processes of collective bargaining were outlined. The machinery has become an established part of the industrial relations tradition in the country. In spite of the limitations imposed by economic difficulties, the processes continue to be an important means of promoting social dialogue particularly at industry and enterprise level. In so far as tripartite consultation is concerned, this tradition started soon after independence when a Tripartite Labour Conference was held in Livingstone in 1966. One of the outcomes of the conference was the enactment of the Industrial Relations Act, in 1971. Until the establishment of an institutional framework for social dialogue in 1993, ad hoc tripartite meetings were held periodically in the country.

In this chapter, two important national tripartite institutions in Zambia are examined in terms of their contribution to strengthening social dialogue on both labour market and broader issues of social and economic development. Several other institutions for social dialogue exist in Zambia. Some of them are only remotely connected with labour market issues but nevertheless provide additional fora for the social partners to consult and participate in decision-making.³⁵ It should be borne in mind that the formal consultative structures discussed in this paper operate side by side with an array of informal and ad hoc consultations that occur regularly between the tripartite partners on matters directly and indirectly related to the labour market.

Labour market issues: The Tripartite Consultative Labour Council

In so far as labour market policies and some aspects of social and economic policies are concerned, the Tripartite Consultative Labour Council (TCLC) is without doubt the most significant national institution through which the tripartite partners participate in policy formulation and implementation of economic and social policy in Zambia today. Established under the Industrial and Labour Relations Act, 1993, the function of the TCLC is “to advise the Government on all issues relating to labour matters, manpower development and utilization and any other matter referred to the Council by the Government”.³⁶ In accordance with this objective and particularly with the Council’s Rules of Procedures, it has dealt with social and economic policy issues that impact on the labour market, whether directly or indirectly. Also, while the law prescribes that the Council shall advise the Government on matters referred to it, the rules of procedure make it possible for the Council to deliberate on matters initiated by the social partners.

As its title implies, the TCLC is a tripartite body comprising not more than 21 representatives of the Government, employers and workers. The government representatives on the Council include the Minister of Labour, who is the Chairperson of the meetings. Other members on the government side hold their posts by virtue of their official positions in government. The employers’ and workers’ members are nominated by their respective organizations. Two Vice-Chairpersons, each nominated by the employers and workers assist the Chairperson of the Council. The Council can extend participation on the government side to other government departments which deal with any issue before it. Similarly, under the rules of procedure, the social partners can appoint advisers, and international

³⁵ They include for example the Zambia Privatization Agency and the Environment Council of Zambia.

³⁶ Section 83 of the Act.

organizations and non-governmental organizations may participate in the work of the Council by invitation.³⁷

The Council meets at least twice a year. The Rules of Procedure provide for decisions of the Council to be taken on the basis of consensus. Where this fails the issue is settled by simple majority vote. Each of the tripartite constituents on the Council has one vote. In the event of a tie, the Chairperson has a casting vote.³⁸

Working Group on Occupational Safety and Health

In carrying out its work, the TCLC operates with standing and ad hoc committees to focus on specific areas within its mandate.³⁹ The occupational safety and health regime at national level is one such specialized area addressed within the TCLC. This tripartite-plus working group serves as a technical committee and deals with issues pertaining to the formulation of legislation and policy on safety and health issues, safety of chemicals, HIV/AIDS in the workplace and in the country as a whole, as well as the promotion of safety and health.

In 2001, the Working Group was undertaking a review of the Factories Act, which had little to say on chemical safety. The review process should lead to new legislation incorporating the provisions of the Codes on Safe Use of Chemicals, which was recently approved by the sub-regional organization, the Southern Africa Development Community (SADC). Similarly, the Working Group was engaged with the implementation of another SADC Code of Practice on HIV/AIDS which obliges member States to provide regular reports on their activities on AIDS.

The Working Group has a broad-based structure, comprising stakeholders in the occupational health and safety community, including the following:

- Factories Inspectorate of the Ministry of Labour
- Environmental Council (a quasi-government body)
- Mines and Safety Department of the Ministry of Mines and Minerals
- Occupational Health and Management Board of the Ministry of Health
- Employers' representatives
- Representatives of workers' organizations

This institutional representation brings to the work of the committee a wealth of specialized knowledge in the various areas of occupational health and safety. The Mines and Safety Department covers the regulation and enforcement of health and safety in the mining industries to which the Factories Inspectorate does not have access. Similarly, the Occupational Health and Management Board oversees occupational health issues, including medical examinations for occupational diseases.

Assessing the Tripartite Consultative Labour Council

In almost a decade of its existence, the TCLC has achieved much. It has served as the major forum for consultation and participation of the social partners in important national issues concerning the labour market and the economy. Although it is generally seen as a consultative and advisory body,

³⁷ Section 81(6) of the Industrial and Labour Relations Act, 1993.

³⁸ It should be borne in mind that this highly formalized procedure for decision-making is hardly ever invoked.

³⁹ Provided for under Section 82(1), Industrial and Labour Relations Act, 1993.

conclusions and recommendations agreed in the TCLC are from time to time presented to the Cabinet for consideration and approval. Depending on the issue, recommendations from the Council relating to labour law reform or the ratification of an ILO Convention, are presented to Parliament for approval.⁴⁰ The parties appear satisfied that government decisions have in many cases, if not always, reflected their recommendations.

The TCLC has played a crucial role in the review of labour law designed to liberalize the economy. The liberalization of the economy and ratification of ILO's Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and the Right to Organize and Collective Bargaining Convention, 1949 (No.98) called for the review of existing labour legislation to reflect the provisions of the Conventions and the requirements of the labour market. Thus, at the Council's meetings in 1997, amendments to the Industrial and Labour Relations Act, 1993 were debated and agreed. This exercise contributed to the enactment of the Industrial and Labour Relations Act (Amendment), 1997. The TCLC has recommended further revisions of the Industrial and Labour Relations Act, Employment Act, and Employment of Young Persons Act, 1967. Similarly, a technical committee of the Council was responsible for the review of Statutory Instruments Nos. 119 and 120 of 1997 on Minimum Wages and Conditions of Employment. As a result of its deliberations on issues such as retirement age and long service, the National Pensions Scheme Authority is reviewing its policies in these areas. Finally, following concerns expressed by the social partners over the absence of Rules of Procedure for the Council, it has developed Rules of Procedure to guide its work.

Provision of gainful employment is essential to enhancing people's standards of living. High standards of living and economic growth can be realized through accelerated productivity that will enable the production of goods and services to fulfil domestic needs and increase export earnings. In this regard, the TCLC considered and endorsed the establishment of a Productivity Centre. As a result of this recommendation, a new Productivity Unit was established in the Ministry of Labour as an initial step towards the establishment of the Productivity Centre. Meanwhile, productivity campaigns in companies have focused on raising awareness. At the same time, promotional efforts are placing more emphasis on practical approaches to improving productivity at the workplace, since improved productivity is achieved at enterprise level. In the area of employment, the draft National Labour Market Policy was the product of consultation at the TCLC before submission to the Government for consideration and approval. However, how much of this achievement can be attributed to labour is debatable. Most probably, labour contribution to policy has been very significant in some aspects of the labour market rather than in broader issues of economic policy. The limited performance of the TCLC is due in part to the lack of consistent consultation with the social partners and in part to internal divisions within the labour movement. It is also due to the irregularity of meetings of the Council.

Social and economic issues: The National Economic Advisory Council

The National Economic Advisory Council (NEAC) was established in 1993 as a policy analysis forum and comprises different interests and segments of society. Its members share views on the various aspects of the economy and provide advice to the President and the Government. The Council operates outside the government structure but its work in analysing economic performance and future strategies for economic development is complementary to the Government's. NEAC does not derive its role and status from any legislative framework. Because of the nature of its representation and its unique broad-based structure, it serves as a formidable forum for stakeholders in policy analysis with the capacity to influence public policy and economic development.

⁴⁰ The work of the TCLC on ratification of ILO Conventions and national legislation is carried out in the context of the Tripartite Consultation (International Labour Standards) Convention, 1976 (No.144).

The Council is composed of top representatives from a cross-section of society appointed by the President on the basis of institutional representation. The Council constitutes a non-partisan Board of 18 members. In 2001, the representatives of the following institutions or organizations were members of the Council:

- An independent Chairperson
- Director of the Central Statistical Office
- Permanent Secretary, Ministry of Finance and Economic Development
- Zambian Chambers of Commerce and Industry
- Chairperson, NGO Coordinating Council
- Special Assistant to the President on Economic and Development matters
- Vice Chancellor, University of Zambia
- Vice Chancellor, Copperbelt University
- President, Local Government Association of Zambia
- Member, Industrialization Group
- President, Zambia Federation of Employers
- President, Economic Association of Zambia
- Chairperson, Association of Small and Medium Enterprises
- Member, Zambia Consumer Association
- Member, Catholic Secretariat
- President, Zambia Congress of Trade Unions
- President, Zambia National Farmers' Union

The Council sets its own agenda and meets four times in a year. There are ad hoc meetings in-between the regular meetings. Apart from the ad hoc meetings, much of NEAC's work is carried out in its three standing committees, the Economic Policy Analysis Committee, the Committee on Investment and Industrialization and the Social Development Committee. They meet from time to time for a focussed analysis of policy in specific areas of economic and public policy.

Through its activities, the Council assists in improving relations and cooperation between specific segments of society and government departments and agencies. For example, in 2000 the Council facilitated a meeting of stakeholders in social security and pensions schemes to resolve a serious disagreement which was undermining the effectiveness of this key area of social policy.⁴¹ The Council has also helped to improve relations and cooperation between the Farmers' Union and the relevant government departments concerning the impact of economic liberalization. Another achievement has been its intervention in finding a solution to a disagreement between employers and the responsible government departments as to who should fund vocational skills training. The discussion facilitated by the NEAC resulted in the smooth pullout of the Government from this function and the eventual creation of the Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA) as a semi-autonomous institution.

By providing broader, non-partisan analysis, NEAC has been able to offer opinions on important development issues. Its work has contributed to the analysis of the impact of public policy on rural communities. From time to time, the Council undertakes village tours to get a first-hand feeling for living conditions in rural communities.

As can be seen from the membership and work of NEAC, the role of civil society is very significant in the promotion of social and economic development. The Government recognizes the critical need to broaden consultation on decisions that affect the various sections of society. In NEAC,

⁴¹ See the *Proceedings of the National Economic Advisory Council Workshop on the operations of the National Pension Scheme Authority*. Lusaka, July, 2000.

civil society is seen as important in advancing social development in areas such as health, education, welfare and human rights.

In conclusion, NEAC provides a formidable forum for social dialogue on social and economic issues across the various sections of society. In this regard, it has contributed to the entrenchment of the concept of social dialogue in the country's transition to multiparty democracy. This broad-based forum for national discourse on practical economic issues, and the role of different players in the community and the public authorities helps to strengthen democracy and promote good governance.

CHAPTER 5 - SOCIAL DIALOGUE AND SECTORAL ISSUES

Apart from the institutions for social dialogue examined in the preceding section, several other institutions operate to provide fora for social dialogue on sectoral or thematic areas of the labour market. As discussed above, occupational safety and health issues are dealt with directly by a specialized committee of the TCLC. This part of the paper examines four institutions that address thematic aspects of the labour market and social and economic policies at national level. These sectoral level institutions are not entirely independent of the overall institutional framework for social dialogue; they operate in an interrelated and complementary manner.

Social protection schemes

In Zambia, as in several African countries, globalization and liberalization of trade have created great insecurity in the labour force and in society at large. Loss of jobs, high unemployment, under-employment and skills mismatch are the main factors which contribute to social exclusion and poverty. Given the difficulties in the labour market, an efficient and comprehensive social protection system is critical. Such a system should seek to mitigate the negative forces that have accompanied economic restructuring and global economic changes. Unfortunately, such a system does not exist in Zambia. Such protection as does exist is very limited, both in coverage and content and is inefficient. The contribution of social protection schemes to alleviating unemployment and general poverty is therefore very limited. Two major institutions for this purpose are examined in this chapter.

The National Pensions Scheme Authority

The National Pensions Scheme Authority (NAPSA) was established by statute in 1996 and only came into operation in 2000. It succeeded the Zambia National Provident Fund that had been in existence since 1966.⁴² The agency has statutory responsibility for collecting mandatory contributions from workers and employers as well as disbursing pensions and other social security benefits to contributing members. The pension scheme covers the following categories of workers:

- all private sector workers
- workers in the public sector who are not covered by public service pension schemes
- all public service workers recruited after the commencement of the scheme.

Three categories of benefits are provided by the national scheme to qualifying members as follows:

- pension at age 55 years, with a minimum qualification of 15 years contributions,
- lump sum benefits for those not qualified for pension,
- death benefits, including funeral grant, and
- injury benefits.

A tripartite Trustee Board sets policies and administers the agency:

- A Chairperson appointed by the trustees
- 2 workers' representatives
- 2 employers' representatives
- 2 government representatives

⁴² The delay was to allow for the technical and organizational review and transformation of the Zambia National Provident Fund into the new scheme.

- Representative of the Pension Fund Managers' Association
- Representative of the Ministry of Finance
- Representative of the Bank of Zambia

Mandatory contributions are set at 5 per cent of salary by both the participating worker and the employer. As at December, 2000, the scheme had about 300,000 members. Although the scheme covers about 80 per cent of those in wage employment in the formal sector, this coverage is nevertheless only about 10 per cent of the total population. In other words, given that only 10 per cent of the labour force is in wage employment, as shown in Table 1.3 above, the majority of income earners are at present not covered by the scheme. There are, however, several other private and occupational schemes in the country, mostly covering workers in large and medium-sized enterprises.

According to its critics, the predecessor organization had a poor record: its benefits were inadequate, it had an inefficient payment system, poor investment performance and high administrative costs.

Table 5.1 gives some indication of the performance of the National Provident Fund, the precursor of the NAPSA. As the meagre evidence in the table indicates, receipts from statutory contributions and benefits paid both declined during the period. Although these figures are not in themselves sufficient evidence of poor performance, they do suggest that claims by stakeholders that the scheme was poorly managed are justified. In any event, it is anticipated that the reforms, which transformed the ZNPF to NAPSA, will improve the delivery of benefits, investment policy and most crucially, extend coverage to a wider population.

Table 5.1: Contributions and Benefits Paid by the ZNPF 1998-2000 ('000)

Contribution/Benefits	1998	1999	2000
Statutory contribution	22.196	21.671	17.385
Benefits paid	5.872	10.214	6.984

Source: Zambia National Provident Fund, Financial Statements, 1999/2000

Undoubtedly the most significant shortcoming of the scheme, in so far as social protection of workers is concerned, is its limited coverage. While it is true that there are several private occupational schemes in the private sector in Zambia, the fact that these schemes are limited to wage-earners in the modern sector underscores the need for a scheme, such as NAPSA, to cover the majority of workers in Zambia. This poses a serious challenge to NAPSA and indeed the Government to find a practical way of extending social protection to wider cross-section of society.

The Government appears to be exploring the expansion of the social security scheme to cover, on a voluntary basis, workers or owners of small and medium-sized enterprises, as well as informal sector operators.⁴³ As illustrated earlier, this group comprises the largest category of workers in the labour force, hence the critical need for the agency to expand its social protection system to cover the non-wage and informal sections of the economy.

The Public Service Pensions Fund

The Public Service Pensions Fund (PSPF) is the public-service equivalent of NAPSA. It provides pensions and social security for pensionable civil servants, including teachers, the defence and security forces. It replaced the Civil Service Contributory Pension Scheme introduced in Zambia in 1961, providing defined retirement benefits for civil servants in local appointments.⁴⁴ In 1986, a three-member Board was constituted to manage the scheme, which had hitherto operated as a unit of the Ministry of Finance. The Board rarely met. The Management Board had no representation from either the active workers or retired civil servants who were the stakeholders in the scheme. In 1996, fundamental reforms were made to the scheme. First, the three separate schemes, (for civil servants, defence staff and teachers) were amalgamated into the Public Service Pensions Fund and membership was extended beyond commissioned officers to include all ranks of men and women in the forces. Second, the fund was to be run on a commercial lines.⁴⁵ Third, a tripartite Board of Management was set up, consisting of the following members:

- Chairperson appointed by the President
- Permanent Secretary, Ministry of Labour and Social Security
- Permanent Secretary, Civil Service Management Division
- Permanent Secretary, Ministry of Finance
- Director of Budget
- Representative of the Ministry of Defence
- Representative of the Security Forces
- Representative of National Pensioners' Association
- Representative of the Attorney General
- Representative of the Lusaka Stock Exchange
- Two other members

On the workers' side:

- National Secretary of the Pensioners' Association
- General Secretary of the Civil Servants' Union of Zambia
- General Secretary of the National Union of Teachers

⁴³ This was contained in the Government's statement at the stakeholders' workshop organized by the NEAC in July 2000. See *Proceedings of the National Economic Advisory Council Workshop on the operations of the National Pension Scheme Authority*. Lusaka, July 2000.

⁴⁴ In 1986, the retirement age for men was reduced from 60 to 55 years and for women from 55 to 50 years.

⁴⁵ In 1994, the scheme left the Ministry of Finance and became a fully independent business enterprise.

On the business side:

- Representative of the Chambers of Commerce
- Representative of the Lusaka Stock Exchange

The scheme excludes non-pensionable public servants who are nevertheless covered under the National Pension Scheme Authority. An estimate of the coverage of the public service scheme is put at approximately 20,000 active members and 5,000 retired members in 2001.⁴⁶ This is a contributory scheme with an equal contribution of 7.25 per cent of salary by the worker and the employer.

As indicated above, the law creating NAPSA stipulates that newly recruited public servants will join NAPSA. This decision was made without consultation with the workers' representatives who, predictably, protested at the lack of consultation. Furthermore, the unions object to their members being split between two pension schemes where the benefits accruing to workers are superior under the Public Service Pensions Fund.⁴⁷

Technical and vocational training

The Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA) was established in 1998 with the objective of regulating, monitoring and coordinating technical education, vocational and entrepreneurship training in consultation with industry, employers, workers and other stakeholders.⁴⁸ The establishment of TEVETA was a major government initiative to refocus Zambia's technical education and vocational training so as to meet the changing occupational needs of the economy and improve the delivery of skills training. The policy integrates various forms of technical and vocational training, including entrepreneurship training and various types of vocational training, e.g. in agriculture and nursing. It covers both the formal and informal economy, urban and rural areas and addresses equality issues, both in terms of gender and economically disadvantaged groups.

The agency has a multipartite policy-making body, drawn from the tripartite social partners and other stakeholders directly involved in vocational and technical training. The composition of the board of the agency falls into the following categories:

Government

- Permanent Secretary in the Ministry responsible for technical education and vocational training;
- Permanent secretaries responsible for education, labour, youth and sport, commerce, trade and industry and community and social development;
- Two representatives of universities established under the Universities Act;
- Representative of the Small Enterprise Development Board;

⁴⁶ There are 3 other social protection schemes, viz: (1) Local Authority Superannuation Fund, covering workers in local government authorities, (2) Workers' Compensation Fund, which provides compensation to workers who are injured at work or contract occupational diseases, and (3) Pneumoconiosis Compensation Fund which provides compensation to miners who contract pneumoconiosis and/or tuberculosis while working in scheduled areas. These three schemes are not discussed in this paper.

⁴⁷ Notably, the unions cite the provision in the public service scheme which allows a retiring official to opt for one third or two-thirds commutation of pension entitlements to lump-sum benefits. This option is not available under the NAPSA scheme.

⁴⁸ Established under the Technical Education, Vocational and Entrepreneurship Training Act (No. 13), 1998.

Employers/Business

- Representative of the mining industry;
- Chairperson of the Zambia Association of Chambers of Commerce and Industry;
- Chairperson of an organization representing the informal sector in small scale industry;
- Representative of the Federation of employers' organizations;
- Representative of the financial institutions
- Representative of the building industry

Workers

- Representative of a federation of trade unions

Others

- Representative of religious institutions involved in providing technical education, vocational and entrepreneurship training
- Representative of women involved in technical education, vocational and entrepreneurship training;
- Representative of the Engineering Institution of Zambia
- Two other persons

In seeking to achieve its objectives, the agency provides advice to the Minister on skills development through technical education, vocational and entrepreneurship training, namely:

- *Regulation and guidelines setting for institutional development*, including registration of institutions in technical and vocational training, setting guidelines for recruitment of teachers and students;
- *Testing and examination, regulation and conduct of national examinations*, including approval of courses taken outside Zambia and award of certificates to successful candidates in agency-approved examinations;
- *Setting standards of performance of training institutions*, including regulating and coordinating apprenticeship and trade testing facilities; developing the national curriculum in consultation with all stakeholders; setting minimum standards and qualification for any occupations and skills for institutions in accordance with industry needs; monitoring and quality control;
- *Providing technical advisory services to management boards of training institutions*, including promoting the technical capacity of management boards of such institutions, and charging and collecting fees in respect of examinations.

The Government, through the Minister responsible for technical education and vocational training, plays a supervisory role in TEVETA's regulatory functions. With the guidance of the agency, the Minister may establish and define the functions of government institutions and management boards that provide technical education, vocational and entrepreneurship training and make regulations for the better application of the law.

TEVETA is a relatively new agency, so it is too early to measure its achievements and contribution to skills and human resource development in the country. At the same time, in its one year of operation, the agency has produced a Curriculum Development Framework, disseminated information to stakeholders through the TEVETA magazine, publicity and programme materials for the media; and undertaken the development of entrepreneurship curricula for pre-service trainees, start-ups and enterprise management.

TEVETA integrates 23 public technical and vocational institutions with more than 200 institutions in the private sector. This is significant in mobilizing the country's abundant human resources. By paying attention to the critical role of the informal economy, the programme helps to directly address the core critical aspects of the employment problem. Most operators in the informal economy have no access to appropriate training. Given this orientation, TEVETA has the potential to contribute to employment policy, poverty reduction and improved productivity. Appreciating the significant role women play in small and micro enterprises, the scheme mainstreams gender. HIV/AIDS and disabilities are also cross-cutting issues in all its training and development programmes.

In so far as the promotion and practice of social dialogue is concerned, TEVETA's significance lies in providing stakeholders with a mechanism for consultation and policy-making in this vital area of human resource development. Key decisions on the development of critical human resources for industrial growth and economic development are taken in TEVETA. The social partners contribute enormously to the decision-making and overall functioning of the agency. As mentioned earlier, the ZCTU collaborated with TEVETA and relevant NGOs in setting up some of the Centre for Informal Sector Employment Promotion (CISEP) programmes where individuals and informal sector operators are given business counselling and guidance for employment.

Promotion of small and micro enterprises

The Small Enterprise Development Board (SEDB) was established in 1996 as the national agency responsible for the promotion and development of small and micro enterprises.⁴⁹ In this role, the agency facilitates the development of small and micro enterprises, as well as creating an enabling environment for them.

The SEDB has direct membership of about 4,000 small and micro enterprises. This represents only about four per cent of the one million registered enterprises in this category in Zambia. However, while the law mandates the agency to deal directly with this group, nothing prevents it from providing some of its services, such as training and various types of business counselling, to other informal economy operators and individuals on a fee for service basis.

The agency has a multipartite supervisory body, which is responsible for policy making and overall supervision of policy implementation. The Board's membership is composed mainly of institutional representation, and two individual business people appointed by the Government:

- *On the government side* there is a representative from each of the following Ministries: Finance, Commerce, Trade and Industry; Youth, Sport and Child Development, Local Government and Housing, Community Development and Social Services, and Science, Technology and Vocational Training.
- *Industry* is represented by: trade unions, the Bankers' Association of Zambia, and the Zambia Chambers of Commerce and Industry.
- *Others* include the following: the Small Scale Industries Association of Zambia; the Zambia National Farmers' Union; the National Economics Council of Zambia; the Organization Promoting Women in Business; the Environmental Council of Zambia; two private business people appointed by the Minister.

As the structure of the SEDB suggests, the agency brings together key players and stakeholders in the small and micro enterprises community.

⁴⁹ Established under the Small Enterprise Development Board Act (No. 29), 1996, the SEDB is the successor agency to the Small Industries Development Organization.

The SEDB is responsible for the formulation, coordination and implementation of policies and programmes for promoting and developing small and micro enterprises. It monitors the efficiency and performance of small and micro enterprises having regard to the purpose for which they are established. The agency provides services to registered members and clients on technical, financial and managerial issues and also provides useful promotional and institutional development services. It provides marketing support services, collects research results and information, and disseminates these among small and micro enterprises.

It is too early to determine the impact of the work of the SEDB, especially given its present limited coverage. At the same time, it is evident that the agency has a potentially strategic role in contributing to the objective of job creation and poverty reduction and overall national development in Zambia. Besides, as an institution for consensus building, the agency contributes significantly to the consolidation of democracy and good governance.

CHAPTER 6 - CONCLUDING OBSERVATIONS

Social dialogue and economic and social development

There are several important institutions for social dialogue in Zambia. Some of these, such as the TCLC and NEAC, deal with broad economic and social issues, while others are confined to thematic sectoral issues. In the latter category there are institutions dealing with issues of social protection, vocational training and small and micro enterprises. While most of these institutions are relatively new and coincided with the emergence of democracy in the country, they are important mechanisms for promoting consensus on critical issues of social and economic development. Indeed, the use of social dialogue for these purposes has been central to the fundamental economic reforms of the last decade. Social concertation of this kind is an indispensable mechanism for reconciling the conflicting interests of stakeholders with the overall need for economic reform and national development. In this way, social dialogue has provided a forum for the relevant stakeholders to air their views and contribute to the development process and to the consolidation of the democratic process that started in the early 1990s. The limited evidence available on the performance of these institutions suggests that they have been useful as fora for promoting industrial peace.

This institutional approach to consensus building has not been a substitute for the numerous ad hoc and informal consultations that regularly take place between the relevant actors. Rather they all operate in a complementary manner and at all levels of decision-making. This is an important aspect of consultation, which, irrespective of its informality or unstructured nature, must be seen as an important element of social dialogue. Such consultative processes are necessary ingredients of a vibrant social dialogue.

The establishment of institutions such as the Tripartite Consultative Labour Council has created an important formal avenue for the Government and employers' and workers' representatives to consult, debate, and if necessary, negotiate on key aspects of the labour market and other social and economic issues of national importance. As this paper has shown, the TCLC has played an important role in forging consensus on the appropriate response to liberalization and helping to address the negative effects of globalization on the labour market. It has also contributed to finding ways in which the challenges of poverty, unemployment and equality might be addressed. The value of this tripartite approach to dealing with key aspects of economic development is that it provides opportunities for the key stakeholders to express their views and concerns on the impact of public policy and to find mutually satisfactory solutions to the problems. Social dialogue in this way contributes to the legitimacy of policy decisions.

At the same time, institutions such as the TCLC have major weaknesses, which undermine their effectiveness and relevance. The effective functioning of such bodies depends on a number of factors. In the first place, while the legal framework requires the Government to consult with the social partners through the TCLC, this has not always been the practice. On the contrary, the social partners continue to question the readiness or willingness of the Government to consult on many of the key policy issues, such as privatization and public service reform. They argue that the institutions are frequently used to get the social partners to rubber stamp what has previously been decided by the Government. Second, the seriousness with which the Government, or more specifically the Minister of Labour, who is Chairperson of the Council, perceives his role is crucial to its effectiveness. Experience has shown that where the Minister sees the Council as a useful forum for promoting industrial peace and advancing socio-economic development, tripartism will be effective. This is important given that the law or the Rules of Procedure do not expressly state what becomes of the conclusions and recommendations of the Council.

While it is true that some ministers have given the recommendations of the Council the attention they deserve, there is no obligation to follow this path. Not every minister has followed this approach. The issue, therefore, is the extent to which social dialogue is accepted by all, but crucially by the Government, as a way of achieving national consensus on key social and economic issues. It is also

a question of accepting that key decisions on social and economic policy can be strengthened through social dialogue.

The role of the social partners

The capacity to engage in social dialogue, be it through collective bargaining at the level of the enterprise or tripartite consultation at national level, has important implications for the viability and credibility of the consultative process. Indeed, the critical role of social dialogue in economic transformation, in strengthening democracy and promoting social justice can be undermined if the parties to the dialogue are unable to function effectively. As we have shown, economic reform and liberalization have dealt a severe blow to the strength of trade unions, and to employers' organizations as well. They have lost members and income and their voice in social dialogue has been weakened. This problem is more severe with the trade union movement which has seen its membership halved in less than 10 years. As a result, trade unions, and to a lesser extent the employers' federation, have not been able to play their role in the TCLC on key policy issues such as government policy on the effects of economic reform and liberalization. In the trade unions, internal divisions and falling membership have helped to weaken the workers' voice in tripartite institutions.

Given this scenario, the first challenge for trade unions is to increase their membership. The unions need to develop appropriate strategies to recruit and forge alliances with bodies that represent the large informal sector and micro enterprises. They need to take a special interest in the gender dimension of the labour market. In this way, trade unions could strengthen their representation of all workers or gainfully employed people and their voice would be enhanced in the various institutions for social dialogue – at enterprise, sectoral and national level.

Strengthening the institutions of social dialogue

The effectiveness of social dialogue also depends on the seriousness with which the government department responsible for the administrative processes takes its role. The readiness of the Labour Commissioner to convene meetings to provide the documentation, agenda, and liaise with the partners and perform a host of other administrative and technical functions will affect the performance of the forum. However, the TCLC has not met regularly; sometimes several years have elapsed without a meeting even though it is required to meet at least twice a year. During 2000, the TCLC never met. This arises from the absence of a clear-cut and clearly defined administrative mechanism for servicing the institution. In order to make the institution effective, a fully-fledged secretariat is needed to service it. Additionally, the secretariat should be staffed by full-time technical staff providing more than administrative services.

The TCLC derives its funding from the budget of the Ministry of Labour and Social Security. The Ministry determines its priorities for its limited budget. Servicing the TCLC is not always among its priorities. Arising directly from the funding difficulty, the body's single meeting in 2001 was only made possible with the assistance of the employers' federation. If the forum is to function effectively, it needs adequate financial support.

Finally, in recent years, the TCLC has increasingly addressed issues that are beyond the labour market but which directly or indirectly impact on the labour market. In this context, it is not desirable to confine participation on the government side to the Labour Ministry. While it is true that the Council has from time to time invited representatives from other government departments to attend its meetings, such invitations are not always taken seriously. In fact, for the most part, participation is often at the level of junior officials. It is absolutely essential that other government departments, such as Finance, Planning, Trade and Industry are part of the tripartite institution. Furthermore, it is important that representation by these departments is at senior level. This is necessary to give credibility and legitimacy to any conclusions reached in the tripartite forum, as well as to eliminate the common

practice whereby several government departments take independent measures that have a direct impact on the operation of the labour market and the business of the TLC.