

**Official opening remarks by the ILO Officer-in-Charge during the High
Level Forum on Investments and Employment in Zambia,**

Protea Hotel, 14 July 2011

JCTR Board Chair,

Representative of Ministry of Labour and Social Security,

Representative of ZDA,

Other Government Ministries and Institutions present,

Representatives of Private Sector, ZFE

Cooperating Partners,

Speakers and discussants,

Distinguished ladies and gentlemen,

ILO and the UN system are happy to be associated with this event, which is debating on how as a country we can realize more formal employment in the country.

As a country, while the economy has been realizing positive growth figures averaging over 6% over the last few years, the extent of growth of formal employment has not been the same.

Formal sector employment grew from 416, 324 in 2005 to 522,761 in 2008 representing a 25.6 percent increase. Its proportion however, remained low at 10

percent of total employment. Statistics show that the number of Zambians in formal employment has increased from 500,000 to 750,000 this year following new job opportunities being created in the mining, agriculture, construction and other sectors of the economy.

World Bank report indicates that Zambia has reached lower middle income status together with a few other African countries like Tunisia and Ghana. However, we can all agree it is still some way to go before we achieve Vision 2030 goal, especially in view of the prevailing income distribution patterns.

The MCA Constraints Analysis for Zambia correlates employment patterns with economic productivity. The percentage distribution of labour by sector based on preliminary results of the 2006 Living Conditions Monitoring Survey (LCMS) are as follows:

- Agriculture: 70%
- Industry: 23%
- Services: 7%

However, although the agricultural sector employs 70% of the labour force, the real value added per worker in agriculture is marginal compared to that in industry and services.

Unemployment Challenges

In spite of recent, relatively strong economic growth, the levels of poverty remain unsustainable (over 64%).

While unemployment and underemployment are high, in key sectors such as in mining, construction, accounting, there are shortages of skilled staff. This is because of the inadequacy of local skills to meet the demands of the new, more technology-intensive systems and processes in the productive sectors of the economy. Consequently, in those sectors, the economy is increasingly dependent on the importation of skilled labour, especially in the technical areas, which increases operational cost for investors and discourages future ones.

Acknowledging that employment is really created by the private sector, there is need to look at how the investments and FDI in particular can unlock more employment creation for the country.

The investment policy of the government is to accelerate private sector investment so as to achieve increased and diversified growth.

There is need to discuss more how to better link FDI to the domestic economy in order to strengthen and deepen linkages with SMEs with the view of increasing their productivity, capacity and ability to penetrate into larger markets. The overall effect intended is the creation of decent employment in the various areas of investment.

The main question is – to what extent are the new investments creating a significant number of jobs for Zambians in particular in the key sectors – mining, manufacturing, tourism, agriculture? The investment figures, in particular FDI, are quite high, and we need more, especially those investments that create more jobs.

We also need to focus on how we can stimulate more domestic investment. And the question is what further steps or measures need to be taken to promote these – through in the majority of cases, supporting MSMEs? Do we have comparable

incentives for local SMEs or the incentives are only better and sweeter for the FDI?

Our interest as ILO and tripartite partners is of course Decent Jobs. What is a Decent Job?

- One that is productive
- That provides a fair / reasonable income
- One where workers' rights are respected, including through respecting basic employment conditions, such as employment contract with minimum conditions
- One that offers basic social protection - minimum health and insurance
- Freedom of association (workers union) and
- Allows for the voices of workers and management to be equally heard in the workplace through social dialogue.

Such conditions and therefore such jobs can be realised within the formal sector.

In Zambia, the majority of enterprises (92%) according to the Zambia Business Survey are informal, micro and small (including subsistence agriculture). These employ an estimated 4m people.

The question is what else can be done to encourage and promote formalization of these enterprises.

Imagine what situation would be if these 4 million jobs were formal. Are there adequate incentives for formalization?

ILO/JTCR

Meeting to be held on 14th July 2011

We are under no illusion that the issues before us to consider are not easy. Hence the decision to put together such a diverse and rich group comprising Government representatives, private sector, development partners, NGOs, associations, media academia. It is our hope that the deliberations this morning can lead to specific policy recommendations that can be taken forward.

I thank you all and God bless!