Time for a new deal

Social dialogue and the informal economy in Zambia

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War on Want fights poverty in developing countries in partnership and solidarity with people affected by globalisation. We campaign for workers’ rights and against the root causes of global poverty, inequality and injustice.

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<tr>
<td>AZIEA</td>
<td>Alliance for Zambia Informal Economy Associations</td>
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<td>CBTA</td>
<td>Cross Border Trader Association</td>
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<td>CISEP</td>
<td>Centre for Informal Sector Employment Promotion</td>
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<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
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<td>CSFPR</td>
<td>Civil Society for Poverty Reduction</td>
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<td>FFTUZ</td>
<td>Federation of Free Trade Unions of Zambia</td>
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<td>HDI</td>
<td>Human Development Index</td>
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<td>HIPC</td>
<td>Heavily Indebted Poor Country</td>
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<td>ILO</td>
<td>International Labour Organisation</td>
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<td>LCC</td>
<td>Lusaka City Council</td>
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<td>LITA</td>
<td>Lusaka Informal Traders Association</td>
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<td>MASBAZ</td>
<td>Marketeers and Small Business Association of Zambia</td>
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<tr>
<td>MCTI</td>
<td>Ministry of Commerce, Trade and Industry</td>
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<td>MDG</td>
<td>Millennium Development Goal</td>
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<td>MFED</td>
<td>Ministry for Finance and Economic Development</td>
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<td>NGOCC</td>
<td>Non-Governmental Organisations Coordination Committee</td>
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<td>MMD</td>
<td>Movement for Multiparty Democracy</td>
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<td>NSCB</td>
<td>National Savings and Credit Bank</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<td>SMDC</td>
<td>Soweto Market Development Committee</td>
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<td>SOMAS</td>
<td>Soweto Marketeers’ Association</td>
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<td>TCLC</td>
<td>Tripartite Consultative Labour Council</td>
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<td>TEVETA</td>
<td>Technical Education, Vocational and Entrepreneurship Training Authority</td>
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<td>UNDP</td>
<td>United National Development Programme</td>
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<td>UNIP</td>
<td>United National Independence Party</td>
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<td>YMCA</td>
<td>Young Men’s Christian Association</td>
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<td>ZANACO</td>
<td>Zambia National Commercial Bank</td>
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<td>ZANAMA</td>
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<td>ZCCM</td>
<td>Zambia Consolidated Copper Mines</td>
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<td>ZCTU</td>
<td>Zambia Congress of Trade Unions</td>
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<td>ZMK</td>
<td>Zambian kwachas</td>
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As part of its ongoing work on the informal economy, War on Want is proud to present *Time for a New Deal: Social dialogue and the informal economy in Zambia*. This report is a component of a research project coordinated by Solidar as part of the *Decent Work, Decent Life* campaign. Solidar is an international alliance of social and economic justice non-governmental organisations (NGOs) working in development and humanitarian aid, social policy, social service provision and life-long learning.

The *Decent Work, Decent Life* campaign is an international campaign led by the International Trade Union Confederation, the Global Progressive Forum, Social Alert, the European Trade Union Confederation and Solidar.

War on Want has been at the forefront of highlighting decent work opportunities for workers in the informal economy worldwide. In its informal economy programme, War on Want’s Programmes Department has been closely working with different informal economy organisations such as the Alliance for Zambia Informal Economy Associations (AZIEA), the Malawi Union for the Informal Sector (MUFIS) and ASSOTSI, a market vendor organisation from Mozambique.

This report assesses the current state of social dialogue in the informal economy in Zambia. We believe that with the growing informalisation of labour and the changing nature of work in the context of globalisation, new forms of social dialogue and collective bargaining need to be developed that can incorporate new types of workers such as street traders and market vendors.

Zambia is a case in point. With the overwhelming majority of Zambia’s labour force (83%) working in the informal economy, there is a need for these workers to have a voice in national affairs, just like formal workers have through trade unions in collective bargaining fora.

We would particularly like to thank Nachilala Nkombo who has done a brilliant job carrying out the main research in Kitwe and Lusaka that forms the basis of this report. We would also like to thank Paul Weinberg for his excellent photographic documentation of the lives of informal economy workers in Zambia. We are grateful to Solidar for its assistance throughout this research project as well as to the European Union for their financial support.

Special thanks are due to our partner organisations, AZIEA and the Workers’ Education Association Zambia (WEAZ), and in particular to Mike Chungu (WEAZ), Victor Phiri (WEAZ), Lameck Kashiwa (AZIEA) and Bernard Tembo (AZIEA) for their assistance in facilitating this research project. We are also grateful to all respondents who devoted their time to contributing to this project, particularly representatives of local and central government in Zambia, the Zambia Congress of Trade Unions (ZCTU), the Lusaka Informal Traders’ Association (LITA), the Cross Border Traders’ Association (CBTA) and the Zambia National Marketeers’ Association (ZANAMA).

We hope you will enjoy reading this report and more importantly that it will contribute to a New Deal and formalised and institutionalised social dialogue opportunities for informal economy workers in Zambia and elsewhere.

Louise Richards  
Chief Executive, War on Want
I. Decent work, social dialogue and the informal economy

The Decent Work agenda was initiated by the International Labour Organisation (ILO) in 1999 during the 87th Session of its Annual Conference, and included four strategic objectives: fundamental principles and rights at work, employment promotion, social protection against vulnerabilities and contingencies in work and promotion of social dialogue. Securing Decent Work worldwide became the primary driving force of the organisation and it not only included regular waged employees but also emphasised workers in the informal economy, e.g. unregulated wageworkers, the self-employed and home workers. The 90th Session of the ILO Annual Conference in 2002 focused specifically on Decent Work and the Informal Economy. During the conference, the ILO recognised that the concept of the ‘informal sector’ was no longer considered adequate, as there was no separate sector in the sense of a specific industry group or economic activity. The ILO suggested the term ‘informal economy’ was more applicable as it encompassed the heterogeneous group of workers in both informal work arrangements in formal businesses as well as in informal enterprises. Whereas the concept of the ‘informal sector’ implied the existence of a separate sector, the concept of informal economy encompassed any type of informal employment relationship, whether in formal or informal enterprises.

During the 2002 ILO conference, there was special recognition that one of the essential securities denied to informal workers was “representation security”. As stated in the report:

“Everywhere in the world, people in the informal economy are excluded from or unrepresented in social dialogue institutions and processes”
International Labour Organisation (ILO)

Promotion of social dialogue, and ensuring representational security for informal workers, is a crucial strategy towards achievement of Decent Work opportunities, and “it is the means by which rights are defended, employment promoted and work secured”. Social dialogue is defined by the ILO as:

[…] all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy. It can exist as a tripartite process, with the government as an official party to the dialogue or it may consist of bipartite relations only between labour and management (or trade unions and employers’ organisations), with or without indirect government involvement. Concertation can be informal or institutionalised, and often it is a combination of the two. It can take place at the national, regional or at enterprise level. It can be inter-professional, sectoral or a combination of all of these. The main goal of social dialogue itself is to promote consensus building and democratic involvement among
the main stakeholders in the world of work. Successful social dialogue structures and processes have the potential to resolve important economic and social issues, encourage good governance, advance social and industrial peace and stability and boost economic progress.\n
Social dialogue in the traditional sense has generally mainly involved formal workers. With the informalisation of labour and changing nature of work in the context of globalisation, however, new forms of social dialogue and collective bargaining need to be developed which can incorporate new types of workers, e.g. market vendors and street traders who are not represented in established collective bargaining systems. Often, it is argued that collective bargaining institutions do not apply to the informal economy as there is no employer to negotiate with. However, other negotiating partners have an impact on working conditions in the informal economy, such as local government which is often responsible for the imposition of fees and levies for rent of stalls in markets.

The overall objectives of this research project are:

- to assess the current state of social dialogue in the informal economy in Zambia;
- to identify factors which contribute to/inhibit effectiveness of street trader and/or market vendor organisations in influencing local and central government policies in Zambia.
2. The informal economy in Zambia: a background

In Zambia, structural adjustment policies, which began to be implemented in the mid-1980s, sharply reduced the number of people employed in the formal sector. The opening up of the Zambian economy to international competition had a disastrous effect on local industries as they were not able to compete. Many manufacturing companies were forced to close and employment in manufacturing fell from 75,400 in 1991 to 43,320 in 1998. However, trade liberalisation also gave rise to investment by multinational corporations headquartered in South Africa. Zambia has sometimes been described as a huge supermarket for South African capital.

The privatisation of state-owned enterprises particularly hit employment in Zambia’s mining industry which is located in the densely populated Copperbelt Province. As part of the government’s privatisation exercise, the state-owned Zambia Consolidated Copper Mines (ZCCM) conglomerate was split up into several smaller companies. New investors acquired the mining assets and laid off many workers in order to operate the mines with lower costs. In 1991/92, employment in the ZCCM mines stood at 56,582. It declined to 31,033 in 1997/98 and currently is estimated to be around 22,000.

Parallel to privatisation was the public sector reform programme which the government was implementing in the name of making the public service ‘lean’, ‘efficient’, and ‘affordable’. The cumulative effect of these policy measures has been to create massive unemployment through processes euphemistically described as ‘retrenchments’, ‘redundancies’, ‘lay-offs’ or ‘right-sizing the public service’. Public sector reforms have reduced employment from an estimated 150,000 in 1992 to 120,000 in 2004. However, the government is determined to reduce this number further to 80,000.

The mining, manufacturing and public sectors constituted a large part of Zambia’s small formal sector. With the reduction of employment in these sectors, Zambians were forced to survive in the rapidly growing informal economy. A survey on living conditions in Zambia that was carried out in 2004 found that 83 percent of all employed persons in Zambia were engaged in the informal economy (both agricultural and non-agricultural employment). Informal employment was more common among females (91 percent) than males (76 percent). Almost 54 percent of those households that reported to operate a non-farm informal enterprise were involved in trading. Although it is hard to give exact figures on the share of the informal economy as part of the total economy, the World Bank estimated that in Zambia the informal economy contributed 48.9 percent towards GNP in 1999/2000.
3. Working in the informal economy in Zambia

After it has become clear in the previous section that the majority of Zambians now make a living in the informal economy, it is important to assess the working conditions that informal workers face. This section focuses on the situation of market vendors and street traders in Zambia. Research was carried out in mid-2006 in various markets and street vending areas in Kitwe: Chisokone Market (estimated 9,000 traders), and in Lusaka: Soweto market (estimated 16,000 traders), Kamwala market, COMESA market (estimated 5,000 traders) and Cairo Road street vending area.

Street traders
The majority of the respondents noted the lack of legal protection and exposure to a variety of environmental risks as being the two main challenges which street traders face. The reality of operating outside the legal framework of doing business negatively affects the stability and prospect of growth of their businesses as they are constantly running away from the law. According to a Lusaka street trader, “harassment is the order of the day”. Since streets are not designed for trading, these traders are also susceptible to a range of environmental risks. They lack the basic facilities such as public conveniences and shelter to protect their goods and themselves from the rain and the sun. This situation makes them prone to illness. They are also most likely to be hit by vehicles during the course of doing business. Other challenges identified are the low nature of their investments to ensure meaningful income generation since they do not have access to loans from financial institutions. In addition, most markets where street traders are pushed to are highly congested, have no facilities and the trade is highly competitive.

Market vendors
Poor maintenance and management of markets, insufficient trading space, poor market infrastructure and poor security are the main challenges identified by the majority of market vendors interviewed in this research project.

Poor maintenance and management of markets
Most respondents indicated that the markets they trade in are poorly serviced and managed despite market vendors regularly paying market levies to the local authorities. Most traders interviewed noted that facilities such as provision of water, shelter, toilets, cleaning, and security remain critical problems in the markets.

One of the key factors that have been attributed to this state of affairs is the Market Act. This law currently governs market management in Zambia but dates back from the colonial era and has not changed to suit the changed circumstances in the markets. According to the Kitwe City Council Town Clerk, irrespective of the size of a market, each market is still managed by one market master. Another implication of
this old law is that it criminalises the majority of market vendors as it severely limits the kinds of items to be sold in a market. In addition, most traders interviewed were of the view that this law does not ensure accountability of the local authority to the traders on the levies they pay. Against this background, it is clear how inappropriate and inadequate this law is as it builds in an ongoing tension in the relationship between the traders and the local authorities who are the law enforcers.

However, an official at the Ministry of Local Government and Housing argued that poor service provision in the markets is a result of traders paying sub-economic rates. He felt that poor maintenance is not a feature of all markets. In Chisokone B market in Kitwe, the Council and traders established a task force to audit the total revenue that local authorities collect in levies. Collections were compared and it appeared that the traders were collecting significantly larger amounts of levies than the Council. They thus found that officers from the local authorities had engaged in a practice of underdeclaring their collections from the markets. This practice has undisputedly robbed traders of service provision.

Another factor market vendors attributed to poor management of markets is the excessive political party interference in the management of markets. In some cases, political parties have branches in the market and use these to demand extra fees from traders. The political branches in markets for the ruling Movement for Multiparty Democracy (MMD) are sometimes subcontracted to offer some services. For instance, in Lusaka’s Kamwala Market they have been placed in charge of toilets and security. In case of problems with sanitation and security, the Council refers the traders to the MMD office. The MMD office responds by saying they are not the Council, resulting in traders not receiving any recourse on complaints launched for services not provided.

In markets such as Kamwala the perception of traders interviewed is that the abuses of MMD cadres in their market is tolerated and backed by the Ministry of Local Government and Housing itself. According to them, at present, development information intended for all marketeers is distributed via the MMD branch office instead of the Council office. As a result, information does not filter through to the rest of the traders. Very often, traders only learn from traders in other markets about government-intended changes in the area of market management. Most local authorities interviewed also complained of being undermined by the presence of party politics in markets. This pattern was also noticed by some traders, who identified it as “tendencies by central government to hijack Council responsibilities”. According to the Kitwe Town Clerk, the local government system in Zambia has not yet developed a market management model that is self-sustaining, self-managing and self-regulating. Hence, the amount of problems in markets. Another major challenge identified by most traders is that their elected officials, Councillors and Members of Parliament are usually not available to discuss the problems and issues emerging in the markets after they have been given the vote.

**Insufficient trading space**

Most markets in Zambia were reported to be highly congested. According to the Ministry of Local Government and Housing and City Council officials, the population of traders has rapidly increased, consequently outstripping the available spaces and facilities in the markets. Some traders, due to congestion, have been forced to trade outside designated markets. This leads to another challenge where people who remain in the markets have to deal with highly competitive practices from those who sell outside the market who have the first contact with customers. A majority of traders lamented that while the spaces in markets are small, there are still a number of non-gazetted markets in Zambia. Trading in non-gazetted markets has led to insecurity for the traders. For example, traders in Kitwe’s Chisokone B market are trading on a non-gazetted piece of land. While they have been allowed to build semi-permanent structures on the same piece of land, they have
no security of tenure as it is within the power of the local authority to ask them to vacate the area.

**Poor market infrastructure and security**

Both local government officials and traders have lamented the old and dilapidated market infrastructure countrywide. According to a Ministry of Local Government and Housing official, Chisokone Market in Kitwe for instance was built in the 1930s and there has not been any refurbishment of markets since the 1960 and 1970s. Poor infrastructure has led to compromises in the health and security standards present in the markets. It was noted by both local government officials and traders that most markets do not have facilities to store their goods after trading hours. One Kitwe City Council official explained that three quarter of traders in Chisokone B market have to keep their goods in the police camps, while some sleep with the goods at night in the markets. This means that these marketeers have to prepare food in markets making them prone to fire outbreaks. Most of the stalls are made out of wood which makes the market extra vulnerable to fires. In some markets, there is no lighting after dark. During the rainy season, vendors often become prone to water borne diseases because of the poor drainage systems. Cross border traders have unique challenges in that they are highly mobile and often lack access to cheap overnight accommodation. Hence, they end up sleeping in bus stops and therefore exposing themselves to rape and the accompanied risks of HIV/AIDS. Sometimes, female cross border traders also accept lifts from truck drivers as this enables them to transport large amounts of goods but it also makes them vulnerable to HIV/AIDS as compensation for transport can be demanded in the form of sexual intercourse.

**Summary**

It is clear that street traders and market vendors in Zambia are working in highly precarious, insecure and often dangerous conditions. Street traders felt threatened and stigmatised for operating semi-legally. Market vendors, on the other hand, are working in overcrowded markets with facilities that have not been properly maintained and markets that are chaotic and characterised by mismanagement and corruption.
Piled up rubbish in congested market in Chisokone Market, Kitwe
4. Social dialogue in the informal economy in Zambia

While the previous section demonstrated the precarious conditions under which Zambia’s informal economy workers make their living, this section discusses the extent to which informal economy organisations have managed to address this situation through social dialogue with local and central government. Promotion of social dialogue offers various social partners with a tool to address the consequences of particular economic policies. It provides them with a forum to engage in consultation with government. This section discusses the role of the Tripartite Consultative Labour Council (TCLC) in social dialogue in Zambia, the consultation process around the Poverty Reduction Strategy Paper (PRSP) and the experiences of three informal economy associations in their encounter with local and central government.

The role of the Tripartite Consultative Labour Council in social dialogue

In Zambia, an institutional framework for social dialogue in the formal sector was introduced in 1993 which formalised consultations among social partners through the establishment of the Tripartite Consultative Labour Council (TCLC). Already since 1964, soon after Zambia gained independence, regular tripartite consultations were being held which culminated in the enactment of the Industrial Relations Act in 1971.16 However, it was only in 1993 that these consultations were formalised.

The main role of the TCLC is “to advise the Government on all issues relating to labour matters, manpower development and utilisation and any other matter referred to the Council by the Government”.17 The TCLC consists of 21 representatives of government, employers and employees. It is not only the government that is initiating issues to be discussed. The social partners are also able to bring up matters for debate. According to Fashoyin (2002: 21-22):

[...] 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, conclusions and recommendations agreed in the TCLC are from time to time represented 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. The parties appear satisfied that government decisions have in many cases, if not always, reflected their recommendations.

However, the body has a purely advisory role and the government is not legally bound by the decisions of the TCLC. Workers’ representatives have argued in the past that the role of the TCLC should go beyond being that of an advisor and decisions made should be legally binding for all social partners involved in the consultations.18 According to Fashoyin (2002: 32), “the social partners continue to question the readiness or willingness of the Government to consult on many of the key policy issues, such as privatisation 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”.

The voice of the trade union movement in social dialogue has been weakened over the past decades. This can be partly attributed to internal divisions and fragmentation of the labour movement. In order to conform to international labour standards, Zambia introduced the Industrial and Labour Relations (Amendment) Act of 1997 which paved the way for the formation of more unions and union
federations. Previously, the law only allowed one union per industry and one union federation. The result of this legal amendment was the emergence of smaller trade unions. While there were 17 unions in 1991, the number rose to 31 in 2002. It also resulted in the registration in 1998 of a second federation body: the Federation of Free Trade Unions of Zambia (FFTUZ), which operated alongside the older Zambia Congress of Trade Unions (ZCTU). However, the ZCTU remains the largest federation with about 90% of the total trade union membership base. The second reason for the weakening of trade unions is their decreased membership. As a result of massive retrenchments caused by economic liberalisation, privatisation and public sector reforms in Zambia, trade union membership has seriously declined in recent years. Whereas the ZCTU counted 477,000 members in 1990, this had decreased to 274,000 in 1995.

Conscious of this decrease, the ZCTU decided to amend its constitution in 1996 in order to accommodate the growing number of workers in the informal economy. In cooperation with the Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA), the ZCTU established the Centre for Informal Sector Employment Promotion (CISEP) in 1998. CISEP provides training in business and leadership skills to informal economy operators, many of whom were retrenched from jobs in the mining sector or public sector.

In 2004, ZCTU also accepted the Alliance for Zambia Informal Economy Associations (AZIEA) as an associate member. AZIEA was established in 2001 as an umbrella body of thirteen organisations representing street traders, market vendors, tailors, tinsmiths, visual artists and other workers in the informal economy. Being affiliated to ZCTU has given AZIEA a public profile and visibility as the ZCTU has a direct platform with the government through for example the TCLC and other means, and is therefore able to put issues on the agenda.

However, AZIEA feels that its relationship with ZCTU could be strengthened further. The organisation believes that the ZCTU does not always take up issues affecting workers in the informal economy in the various fora in which it participates. It feels the trade union federation could do more to bring up the needs of informal economy workers as represented by AZIEA, and to recognise AZIEA as a major stakeholder in issues to do with the informal economy. AZIEA would like to have a more prominent role in the TCLC. Currently, it is only through the ZCTU that the voice of informal economy workers is represented in the Council. As a result of AZIEA’s weak representation in the TCLC and its dependence on the ZCTU, there have not been major achievements in this regard. Social dialogue has tended to be more ad-hoc and informal. Hence, the need for more formal social dialogue mechanisms. Social dialogue is not only the means towards poverty reduction but also an end in itself. As a 2003 ILO report notes:

The main goal of social dialogue itself is to promote consensus building and democratic involvement among the main stakeholders in the world of work. Successful social dialogue structures and processes have the potential to resolve important economic and social issues, encourage good governance, advance social and industrial peace and stability and boost economic progress. Social dialogue is, therefore, both a means and an end in the quest for poverty reduction. It is an essential component of participatory processes inherent to the drafting of inclusive and meaningful PRSPs and a bedrock on which the foundations for an open, transparent and democratic society is laid.

Social dialogue in the consultation around the PRSP

If we look at social dialogue on labour market and general economic issues in Zambia, it is crucial to look at the process around the drawing up of the Poverty Reduction Strategy Paper (PRSP), which has increasingly determined national economic policies in many developing countries, including Zambia. Since 1999,
developing countries interested in qualifying for debt relief need to submit a PRSP in order to be eligible for concessional loans under the Heavily Indebted Poor Country (HIPC) initiative which is a joint World Bank-IMF scheme. In their PRSP, countries are expected to quantify the extent and dimensions of poverty in their countries, and to suggest macroeconomic, structural and social policies that will result in a reduction of poverty.

According to the World Bank and the IMF, PRSPs should not be drawn up by governments in a top-down manner but should evolve from a participatory consultation process organised within countries. In their view, this would then ensure that development strategies are country-driven rather than donor-driven. PRSPs were supposed to correct weaknesses identified and criticised in earlier structural adjustment policies, namely lack of poverty focus and poor country ownership of the reforms. The World Bank and IMF felt that economic recovery in developing countries could not take place unless civil society organisations were involved in the policy making process, particularly in the formulation of macroeconomic policies. This has been quite new for many countries as they have so far not regarded civil society as a stakeholder.

However, the PRSP processes have been criticised for several reasons. Firstly, because they were prepared rapidly and did not sufficiently involve civil society. A recent report, for example, pointed out the neglect of trade union voices in PRSP processes. Similarly, the ILO has produced a report that sought to encourage inclusion of employment-related issues such as the ILO’s Decent Work agenda into PRSPs.

Zambia’s PRSP, which was submitted to the IMF in March 2002, focuses on measures to achieve strong sustained economic growth. It argues that “a growing economy that creates jobs and tax revenues for the state is a sustainable powerful tool for reducing poverty. This growth should as much as possible be broad-based, thereby promoting income-generation, linkages, and equity”. The agricultural sector is given the highest priority in Zambia’s PRSP as “agriculture in Zambia combines the virtues of growth and equity”. Enhancing agricultural productivity is considered as a means to reduce poverty and to include the poor in growth. The paper sees the domestic market as too limited and unsuitable for significant growth and therefore encourages production of export crops such as coffee, cotton, groundnuts, flowers and paprika. In order to further develop the agricultural sector, the PRSP also stresses investment in infrastructure development, particularly rural roads. Secondly, since most urban poverty is due to job losses in manufacturing and mining, the PRSP recommends reviving these sectors in order to reduce urban poverty in this manner. Thirdly, further investment in the tourism sector is seen as offering potential for economic growth. Finally, the PRSP also focuses on improving the effectiveness of service delivery, in particular health and education, and explores the possibility for state-funded safety nets in order to assist the vulnerable, e.g. the disabled and aged.

Zambia’s PRSP recognises that 70 percent of the Zambian population operates in the informal economy. It acknowledges that wages are lower than in the formal economy and the government therefore feels people should be taken out of the informal economy by encouraging expansion of the manufacturing and mining sectors. The government of Zambia advocates that while people are operating in the informal economy, they must be supported. Means of supporting the informal economy include micro credit schemes, the provision of marketing and technological information to improve productivity, and the development of infrastructure.

The Ministry of Finance and Economic Development (MFED) coordinated the PRSP consultation process. MFED’s approach was to contact the well-known umbrella organisations in Zambian civil society, such as the Non-Governmental Organisations Coordination Council (NGOCC), the Civil Society for Poverty Reduction (CSPR) network, and the Young Men’s Christian Association (YMCA). These umbrella bodies were then asked to
identify the lead organisation that would represent civil society in each particular thematic working group part of the consultation process. Each working group had different relevant stakeholders and representatives from the private sector, civil society, church organisations and government. Stakeholders were invited based on the fact that they had strength in a particular working group area. A lead consultant would prepare a discussion paper which would then be discussed in each working group. According to an official from the CSPR network, there was no working group on the informal economy through there was a group on general employment creation. Civil society also embarked on a parallel PRSP consultation and formulation process, coordinated by Civil Society for Poverty Reduction (CSPR).

None of the informal economy organisations interviewed as part of this research project were consulted or tried to get involved in the PRSP process aside from the Cross Border Trader Association (CBTA). According to a CBTA official, the organisation attended a range of workshops and think tank meetings. One of the key issues captured in the PRSP that the association raised was the need for micro-finance, the issue of HIV/AIDS and the lack of sufficient low-budget overnight accommodation for cross border traders.

AZIEA feels that the PRSP consultation process was dominated by well-funded NGOs rather than grassroots representative organisations. Participation in the process depended on whether the organisation was a key player in civil society in Zambia. Other informal economy organisations did not have the information on how to get involved in the process or were not part of the established civil society umbrella bodies.

As an associate member of the ZCTU, AZIEA was represented through the trade unions which fully participated in the PRSP consultation process. However, a ZCTU official interviewed as part of this project felt that the government did not fully embrace the consultation. ZCTU’s main input into the PRSP was to advocate for more resources to be allocated to the poor. Even though the ZCTU was very outspoken about job creation as a means to poverty alleviation, the ZCTU representative felt that the final PRSP contained only general statements like “there shall be employment created” without concrete measures and projects to create employment. The official noted that many complaints have been raised in relation to the PRSP formulation process and the ZCTU lost interest in the process. The official lamented that the problem with the type of consultation they experienced was that government in the end focused on its own plan, despite consulting stakeholders.

Zambia’s first PRSP covered a three-year period (2002-2004), and was then extended to 2005 to align with the Transitional National Development Plan. In October 2005, the Civil Society Poverty Reduction Forum (CSPR) published an evaluation in which it concluded that:

The level of achievement of PRSP implementation can best be described as modest since implementation of programmes has been considerably slow due to a number of bottlenecks such as weak capacities in implementing agencies and slow and intermittent flow of funding to PRSPs. Even with this modest level of achievement, however, the additionality of the PRSP approach is that it has at least led to a sharper focus on poverty reduction and a more open participatory process by the government and donors than was previously the case.34

As a successor to its first PRSP, the government of Zambia published its Fifth National Development Plan 2006-2011 in June 2006.35 The report identities informal economy workers as one of the most vulnerable groups, and it is encouraging that the government plans “to develop a comprehensive social security system
which will include informal sector workers”. In the plan, the government also explicitly commits to align its policies with the Decent Work agenda through the promotion of “workers’ rights, harmonious industrial relations and labour standards in order to enhance productivity and reduce poverty”. The report identifies the following strategies in order to achieve Decent Work:

- Conduct regular labour inspections;
- Convene sensitisation workshops and conduct awareness campaigns on labour laws;
- Train social partners in conflict management techniques;
- Establish a Secretariat to co-ordinate tripartite consultative mechanisms within the Department of Labour;
- Implement labour administration projects;
- Identify districts in which to establish labour offices;
- Introduce labour market programmes targeting the informal sector;
- Identify sectors with growth potential.

Although not many details are provided in the document, it is encouraging to see that the government of Zambia has developed an employment and labour market policy which intends to incorporate programmes targeting the informal economy. However, it remains to be seen how these measures will be implemented in the next five years.

Social dialogue in the informal economy: three case studies
Since the early 1990s, several organisations representing informal economy workers have been established in Zambia such as the Cross Border Trader Association (CBTA), the Lusaka Informal Traders’ Association (LITA) and the Zambia National Marketeers’ Association (ZANAMA). This section explores the types of relationships that these organisations have developed with central and/or local government, and how effective they have been in trying to influence government policies.

Cross Border Trader Association (CBTA)
The CBTA was established in 1995 in Lusaka and represents around 35,000 members in the region. The Association has 40 branches and a presence in over 15 markets in the Eastern and Southern African region. The CBTA reports to have developed a positive relationship with both local and central government. The Association believes that local authorities perceive the CBTA as “a dynamic association that has added sanity.
to the well being and work of the city”.
Previously, cross border traders were trading anywhere from streets and bus stops in Lusaka but in consultation with the Lusaka City Council, the CBTA managed to secure a plot of land in the city centre that currently accommodates the majority of cross border traders in Lusaka (around 8,000 traders).

The market is known as COMESA market. COMESA, the Common Market for Eastern and Southern Africa, refers to the preferential trading area that was formed in 1994 with 20 states in the region participating. CBTA is the only informal economy organisation in Zambia that has been given authority to run an independent market in the country. The organisation has signed a Memorandum of Understanding with the Lusaka City Council which stipulates their responsibilities and includes procedures on what they are allowed and not allowed to do by the local authorities. The creation of a market has greatly assisted the Council as it has made it easier for them to reach cross border traders. It has facilitated the collection of market levies. Recently, the association paid a block figure of ZMK 65,000,000 in levies to the Council which was collected from CBTA’s members on behalf of the Council.

Furthermore, the creation of the market has enabled the Council to disseminate information easily to traders. Local government disseminates information via media adverts on a range of issues they need compliance on from the general public and street traders and market vendors in particular. CBTA’s Information and Publicity Department relates with the Public Relations Department of local government. CBTA also interacts with local authority on security concerns through the Council police. Once in six months, they meet with the Council to identify areas of concern and to iron out problems between traders and the local government.

Among one of its many achievements, the Cross Border Traders’ Association has secured a block traders’ license for all its members.

For the traders, being a member of the CBTA means being granted a traders’ license. As an Association, the CBTA has negotiated for a block traders’ license valid for a year that covers all the traders in COMESA market. The block traders’ license saves traders time from queuing up at the local government offices every year to pay for individual trader licenses.

Under the free trading area that the COMESA trade protocol brought into effect, traders can import goods duty-free from a country within COMESA, upon showing a certificate of origin of the goods. In order to facilitate this process for cross border traders who usually trade smaller amounts of goods, the CBTA has lobbied the Ministry of Commerce, Trade and Industry (MCTI) for a simplified certificate of origin for smaller traders with goods valued at US$ 500 or less. Other achievements of the Association’s negotiations with the MCTI are the facilitation of CBTA members to participate in international trade fairs in other countries; guidance to traders on product standards of imported items through the Zambia Bureau of Standards; and integration of informal traders into bilateral trade discussions with other COMESA member states, especially with regard to concerns related to non-tariff barriers.

The CBTA feels it has developed a fairly good relationship with central government, and describes its relation with especially the MCTI as a partnership. One of the factors that the CBTA attributes to their success in their negotiations is the fact that the local authorities realise the kind of contribution the Association is making to the development of the City of Lusaka. The local government in general is aware that the CBTA has created relief for the Council by enabling it to disseminate information and collect levies from traders with ease.

Lusaka Informal Traders’ Association (LITA)
The experience of LITA, an organisation representing street traders in Lusaka’s city centre, is less positive. For example, when LITA’s representatives visited the Lusaka Mayor’s office in 2006 to discuss a recent eviction of street
traders from the city centre, they were not well received. Local authorities made it clear that they are unable to allow street trading, and LITA’s representatives were asked to make another appointment. The organisation also approached local authorities with a petition on the Fast Track Court system which is currently in place in Lusaka and enables local government to instantly fine, prosecute and occasionally imprison street traders. Although the Lusaka City Council (LCC) sympathised with the traders, the problem was not solved.

In the past, LITA has had some positive negotiation experiences with the city planning unit of the LCC. They managed to negotiate for the placement of standard kiosks (‘ntembas’) around Lusaka, sponsored by Coca Cola. The association had a written agreement with the local authorities on the Coca Cola kiosks programme and local government acknowledged the existence of these agreements, as they did not evict the traders operating from the kiosks from the streets.

The links that LITA managed to establish with Coca Cola had also been facilitated by the Vendors’ Desk which was set up by former President Frederick Chiluba (1991-2002) as a direct department within State House. Through the Vendors’ Desk, which was abolished by Chiluba’s successor Levy Mwanawasa, LITA had been able to negotiate some business contracts aimed at supporting small businesses in the informal economy. The Desk facilitated linkages between the traders and some larger industries, and it provided the traders with opportunities to act as suppliers. Although the Vendors’ Desk was clearly established for political reasons to secure votes and to retain support of the many workers that were retrenched during Chiluba’s reign, it did provide support and relief to workers in the informal economy according to LITA.

Zambia National Marketeers Association (ZANAMA)

ZANAMA represents market trader interests in seven provinces of Zambia. Since its establishment in the late 1990s, the organisation has become increasingly influential. ZANAMA has managed to build a good relationship with
local authorities, particularly in Kitwe, Mansa and Luanshya. However, this has required many efforts on the part of the organisation. For example, when market levies for stalls in the markets in Kitwe District were raised in 2004 from ZMK 250 to ZMK 1,000, marketeers were concerned not being able to afford these increases, especially traders who were selling small items such as sweet potato leaves.

In response to the announcement of the local authorities, ZANAMA went on air to instruct traders not to comply with the new levy until there was discussion with the local authorities in Luanshya and Kitwe. This announcement resulted into the arrest of ZANAMA officials in the two cities. The arrest of the leadership led to members’ refusal to pay the increased levies. Subsequently, ZANAMA filed an injunction against the local authorities which they later won. At the same time, the police was deployed in markets forcing marketeers to pay. Those that refused to pay were arrested.

After the protests, the Town Clerks in Kitwe and Luanshya realised the need for dialogue between local government and marketeers. Subsequently, the local authorities met with ZANAMA to discuss the best way to go about the issue. They agreed not to put the issue on hold. After 19 months, a meeting was reconvened between trader representatives and the local authorities where they agreed on the need for the Council to raise the levy in order to improve service provision in markets. Marketeers had been concerned about the increase in levies, particularly because they felt collection of levies had not resulted into improvement of infrastructure in the markets.

In 2005, it was also agreed to set up a joint committee of ZANAMA and local authorities that would undertake a thorough assessment of the revenue collected in the markets under the old levy. This was then used to help to determine the new levy. Both ZANAMA and the local authorities subsequently collected levies and ZANAMA’s working hypothesis was that the total revenue collected by the marketeers would be higher than what would be remitted to the Council authorities by the officers normally collecting levies in the markets. Whereas ZANAMA was able to collect ZMK 11,000,000 per month in 2 markets, Council officers only declared ZMK 4,600,000 to the local authorities per month in 26 markets. This confirmed ZANAMA’s hypothesis that a lot of revenue collected from marketeers was being pocketed by Council officials. As a result of this exercise, a number of local government officers lost their jobs. The joint ZANAMA and local government committee is still working on the way forward on the new levy.

In this case, ZANAMA was successful in making local government more accountable and requesting them to take into account the views of market traders. While previously market traders were often harassed and stigmatised, the attitude of local authorities has changed, and they have realised that they are not able to ignore the views of market traders. This has resulted in improved working conditions for market vendors who now feel better treated as workers. Although ZANAMA’s approach initially was quite confrontational, the organisation now feels it has become more mature and this has helped in sustaining the negotiations with the local authorities.
ZANAMA elections in Chisokone Market, Kitwe
The overall objective of this research project was to assess the current state of social dialogue in the informal economy in Zambia and to identify key steps to create Decent Work opportunities for market vendors and street traders. It is clear that in order for informal economy workers to build pressure on government to enforce their rights, tackling their problems needs to be given much higher priority in policy formulation on issues to do with the informal economy and with creation of employment more generally.

While this research project found that there is a level of social dialogue emerging between government and informal economy organisations, it remains informal, nascent and without a clear structure. There are currently no guidelines in existence to encourage dialogue between such organisations and government. The semblance of social dialogue that does exist seems to be dependent on unsustainable factors such as the “good will of officials and skills of leaders of specific organisations”.

The lack of recognition and stigmatisation of informal economy workers has seriously hindered social dialogue. Given the significant contribution of the informal economy towards the national economy and the crucial importance of it as a source of employment, there is a need for a regulatory framework that extends protection to the workers concerned. Support of the trade unions on informal economy issues is crucial as union federations such as the ZCTU have already gained a public profile and a place in formal consultations such as the TCLC and the PRSP process.

Given the fact that 83 percent of all Zambians make a living in the informal economy, promotion of their concerns through social dialogue mechanisms will ensure that local and national policies reflect the needs of the majority of Zambia’s workers. Addressing the interests of people engaged in informal work through formal and institutionalised forms of social dialogue will help to ensure that pro-poor policies are formulated for the majority of Zambia’s labour force.

Women in Zambia are more likely to be employed in the informal economy than men. While 24 percent of Zambian men have formal jobs, only 9 percent of women are in formal employment. Hence, they are more prone to insecure jobs, lack of social protection and highly precarious working conditions. The challenge for informal economy organisations is to encourage effective participation of women into their organisations, and to adequately represent the specific needs of women in engagements with local and national government. Promotion of social dialogue will then reduce the vulnerable position of women in the informal economy in Zambia.

There is also a challenge for informal economy organisations to become more pro-active in the area of policymaking, and to make themselves heard more effectively. As we have seen in the case of ZANAMA, persistence and perseverance pays off as government simply feels it cannot go beyond your organisation. The recognition of ZANAMA on the part of local government resulted into less harassment of market vendors by local Councils, and hereby improved their working conditions. Often, informal economy organisations feel hampered in their capacity to analyse complex policies and to provide formal responses. Donor support as well as increased cooperation and networking between informal economy organisations and umbrella bodies such as the Civil Society Poverty Reduction network and other policy-based NGOs will assist in building capacities.
Recommendations to stakeholders

This report recommends:

• trade union federations to ensure representation of the interests of informal economy workers during the ILO Annual Conference in Geneva and, where relevant, to include representatives from informal economy organisations in official delegations to ILO Annual Conference in Geneva;

• trade union federations to promote supportive relations between trade unions and informal economy organisations;

• the Government of Zambia and local councils in Zambia to establish formal social dialogue mechanisms with informal economy organisations;

• the Government of Zambia to engage informal economy organisations in its national policy formulation processes;

• the Government of Zambia to develop comprehensive statistics on the size and contribution of the informal economy, and the relation between informality and poverty;

• the Civil Society Poverty Reduction Forum (CSPR) to include informal economy organisations through its consultation processes around government policies;

• informal economy organisations to consider investing into research capacity building in order to enable organisations to analyse policy changes and to provide an analytical response to these changes;

• informal economy organisations to encourage women to take up leadership positions and to adequately represent the specific needs of women in the informal economy.
Bibliography


Notes

4 Ibid., p. 71.
7 See: Horn, Pat, Voice regulation on the informal economy and new forms of work (available from: www.global-labour.org/voice_paper.htm).
13 Ibid.
14 Ibid.
20 Ibid., p. 11-12
23 Ibid., p. 13.
24 TEVETA was established by the government in 1998, and its major objective is to assist in “regulating, monitoring and coordinating technical education, vocational and entrepreneurship training in consultation with industry, employers, workers and other stakeholders” (Fashoyin 2002: 28).
provides advice to the government on skills development through technical education, vocational and entrepreneurship training.


29 Ibid, p. 11.


31 The Non-Governmental Organisations Coordination Council (NGOCC) is an umbrella body for women’s rights organisations in Zambia. NGOCC was established by a few Zambian women NGOs in 1985 after the United Nations World conference on women held in Nairobi, Kenya. See www.ngocc.org.zm/ for more information on the organisation.

32 The Civil Society for Poverty Reduction (CSPR) network has been involved in the fight against poverty in Zambia. Established in 2000, the overall objective of the CSPR was to ensure that civil society effectively and meaningfully participates in the design, formulation and implementation of the Poverty Reduction and Strategy Paper (PRSP). See www.cspr.org.zm/ for more information on CSPR activities.

33 For more information on the CBTA, please check section “Social dialogue in the informal economy: three case studies”.


36 Ibid., p. 160, 162.

37 Ibid., p. 173.

Time for a new deal

Social dialogue and the informal economy in Zambia

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