

Time for a new deal

Social dialogue and the informal economy in Zambia

Employment is key to breaking the cycle of global poverty, but the kind of work matters. There are 1.4 billion people around the world who have jobs but still live on less than \$1 a day. Often these workers are trapped in the informal economy, scratching out a living without the protection of laws, contracts, social security or trade unions.

The informal economy in Zambia

In Zambia more than 80% of people who work are employed in the informal economy, including a staggering 91% of women. The jobs that comprise the informal economy cover the spectrum of work. Many informal workers are self-employed, either in the agricultural sector or as street and market traders. Some formal workplaces employ informal workers in janitorial or other roles. While all these activities are legal, the jobs are performed outside any legal framework. Workers in such situations are often stigmatised and vulnerable.

In the mid-1990s, over 130,000 formal workers in Zambia's public sector and biggest industries – mining and manufacturing - lost their jobs. The reasons behind the layoffs are all too familiar in the developing world: liberalisation of the economy, privatisation and restructuring. These developments led to a rapid expansion of the informal economy, but with no job creation on the formal side.



A trader in the furniture section of Chisokone Market in Kitwe. In the rainy season, lack of adequate storage facilities pose serious challenges to traders.

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The International Labour Organisation (ILO) in 2002

In sub-Saharan Africa, street and market vendors make up a significant portion of the informal economy. There is a clear link between working in the informal economy and being poor. Over 87% of Zambians live on less than \$2 a day, with more than 75% of those surviving on less than \$1. Without the protection and security offered by formal employment, it is nearly impossible to escape such crushing poverty.

A stronger voice for workers in the informal economy

Informal workers make up the vast majority of the population in Zambia, but they lack a voice in national discussions on social protection, employment and other affairs. These discussions with government and policymakers, often referred to as social dialogue,

have the potential to resolve important economic and social issues and boost economic progress. These are of vital importance to all of Zambia's workers. However, currently only formally employed workers – which represent only 20% of Zambia's labour force – have access to this vital tool.

In 2002 the International Labour Organisation (ILO) gave special attention to the lack of “representation security” of workers in the informal economy. In its report that year, the ILO wrote, “Everywhere in the world, people in the informal economy are excluded from or under-represented in social dialogue institutions and processes.” They concluded that “If workers or employers are denied the possibility of organising, they will not have access to a range of other rights.”

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New forms of social dialogue need to be developed which can give a voice to the unrepresented majority of workers.



Informal market in Lusaka

But the problem of how to access those rights presents a real challenge. New forms of social dialogue need to be developed which can give a voice to the unrepresented majority of workers. Traditional trade unions and NGOs have not always been successful in filling this gap, but a new group of grassroots organisations is starting to have some success raising the issue of poor working conditions faced by street and market traders every day.

Harassment, lack of protection and insecurity

For the most part, street traders operate without any facilities or legal protections. Being out in the open means street traders are more likely to get ill or even get hit by cars than their counterparts in the markets. And, because they are operating illegally, they are vulnerable to intimidation from police. As one Lusaka street trader put it: “Harassment is the order of the day.”



A street trader selling newspapers in the central business district of Lusaka.

On the other hand, market vendors pay dues to their local authorities in exchange for space in a legally designated market area and some basic amenities like public conveniences and shelter from sun and rain. However, many vendors complain their dues only get them poorly managed markets with crumbling infrastructure, insufficient trading space and lax security. While the Zambian government claims these complaints can be chalked up to traders paying unsustainably low market dues, several audits have found that local authorities are skimming money off the top of their collections. Without organisation and a platform from which to speak to the authorities it is nearly impossible for vendors in streets or markets to fight to improve these conditions.

Organising in the informal economy in Zambia

In most instances, trade union representation is limited to those in the formal economy. With the growing number of job losses in the late 1990s, membership in the affiliates of the Zambia Congress of Trade Unions (ZCTU) sharply decreased, limiting even further the number of Zambians represented in social dialogue. But in 2004, the ZCTU accepted as an associate member War on Want partner the Alliance for Zambia Informal Economy Associations (AZIEA).

AZIEA is made up of 13 organisations representing street and market traders, tailors, tinsmiths, visual artists and other workers in the informal economy. AZIEA's membership in the ZCTU has given the informal economy a higher profile, and has provided AZIEA with a critical link to the government. This is an important start, but there is a need for more formal and institutional dialogue between AZIEA and local and central government authorities in Zambia.



ZANAMA elections in Kitwe

AZIEA's biggest affiliate, the Zambia National Marketeers Association (ZANAMA), has represented market traders around Zambia since the late 1990s and has been steadily gaining influence with local authorities. In 2004, when local authorities in Kitwe quadrupled the fees market traders paid, ZANAMA went on local radio to direct traders not to pay the increase. As a result, some of ZANAMA's leaders were arrested and the market traders protested. The local authorities, realising that it would be better to work in consultation with ZANAMA, invited them to a series of meetings. Through these discussions, the authorities learned that some local officials had been stealing market dues, and that only a quarter of the revenues due were making their way to the council's coffers.

ZANAMA succeeded in making local government more accountable and responsive to the market traders. The traders report that working conditions in the markets are better and that they no longer feel stigmatised. Although ZANAMA's approach was initially confrontational, their dialogue with the local authorities is ongoing. Negotiation workshops provided by AZIEA to ZANAMA in a project supported by War on Want strongly contributed to a more positive dialogue between ZANAMA and local government

This briefing is based on a report Time for a New Deal: Social dialogue and the informal economy in Zambia published by War on Want in July 2007. The full report can be downloaded from www.waronwant.org/newdeal. The report is part of a research project coordinated by Solidar as part of the Decent Work, Decent Life campaign.

In its Informal Economy Programme, War on Want worked with different organisations in Malawi, Mozambique, Guatemala, Zambia, South Africa and India. For more information, please visit: www.waronwant.org/informaleconomy

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