

**REPORT OF THE COMMITTEE ON ECONOMIC AFFAIRS, ENERGY AND LABOUR FOR THE THIRD SESSION OF THE ELEVENTH NATIONAL ASSEMBLY APPOINTED ON WEDNESDAY, 25<sup>th</sup> SEPTEMBER 2013**

Consisting of:

Mr C W Kakoma, MP (Chairperson); Mr L Evans, MP; Mr M Mbulakulima, MP; Mr K K Hamudulu, MP; Ms V Kalima, MP; Mr V Lombanya, MP; Mr A Sichula, MP; and Dr S Musokotwane, MP.

The composition of the Committee changed following the nullification, by the courts, of the election results of the Zambezi West Constituency seat of Mr C W Kakoma, MP and Kasenengwa Constituency seat of Ms V Kalima, MP, and the appointment of Mr L Evans, MP as Deputy Minister. Mr G G Nkombo, MP, Mr L C Bwalya, MP and Mr G B Mwamba, MP were subsequently appointed as Members. Mr K K Hamudulu, MP was elected as the new Chairperson of the Committee.

The Honourable Mr Speaker  
National Assembly  
Parliament Buildings  
**LUSAKA**

Sir

Your Committee has the honour to present its Report for the Third Session of the Eleventh National Assembly.

**Functions of the Committee**

2.0 The functions of your Committee are as set out hereunder.

- a) To study, report and make recommendations to the Government through the House on the mandate, management and operations of Government ministries, departments and/or agencies under its portfolio.
- b) To carry out detailed scrutiny of certain activities being undertaken by Government ministries, departments and/or agencies under its portfolio and make appropriate recommendations to the House for ultimate consideration by the Government.
- c) To make, if considered necessary, recommendations to the Government on the need to review certain policies and/or certain existing legislation.
- d) To examine annual reports of Government ministries and departments under their portfolios in the context of the autonomy and efficiency of Government ministries and departments and determine whether the affairs of the said bodies are being managed according to relevant Acts of Parliament, established regulations, rules and general orders.
- e) To consider any Bills that may be referred to it by the House.

**Programme of Work**

3.0 The Programme of Work for your Committee in the Third Session of the Eleventh National Assembly was as outlined below.

- (i) Consideration of the Action-Taken Report on the Committee's Report for the Second Session of the Eleventh National Assembly.
- (ii) Consideration of two topical issues set out hereunder.
  - a) **Monitoring Job Creation in Zambia.**  
The broad objectives of the study were to ascertain:
    - the national system of monitoring employment;
    - the latest statistics on employment; and
    - availability of information on employment to the public.
  - b) **Electricity Generation and Accessibility in Zambia.**  
The broad objectives of the study were to find out:
    - the national power output and demand;
    - accessibility to electricity; and
    - investments in new generation plants.
- (iii) Tour of selected institutions and projects in connection with the topical issues.

### **Meetings of the Committee**

4.0 Your Committee held a total of fourteen meetings to consider submissions on the two topical issues, the Action-Taken Report and adopt its Report. Your Committee adopted a three-phase approach to consider the topical issues. In the first phase, it requested witnesses to submit written memoranda on the topics. In the second phase, witnesses orally submitted their written memoranda and clarified some matters. The third phase involved touring selected institutions and projects to physically verify some of the submissions. The list of witnesses that your Committee interacted with is at Appendix I of this Report.

### **Format of the Report**

5.0 Your Committee's Report is divided into three parts. Part I is on the topical issues. Part II deals with the local tour. Consideration of the Action-Taken Report is in Part III.

## **PART I**

### **CONSIDERATION OF TOPICAL ISSUES**

#### **A. MONITORING JOB CREATION IN ZAMBIA**

Submissions of witnesses on the topic are summarised below.

##### **1. Description of the Existing Employment Information Systems**

6.0 The Central Statistical Office (CSO) is mandated by the *Census and Statistics Act* of 1964, Cap 127 of the Laws of Zambia, to collect, compile and disseminate official statistics as per United Nations Fundamental Principles of Official Statistics of 1994. In the same vein, your Committee was informed that Cabinet has approved the ratification of the International Labour Organisation Statistics Convention, 1985.

Witnesses before delving into the details provided your Committee with definitions of some labour related common terms as set out below.

##### ***Labour Force (Economically Active Persons)***

The labour force or economically active population refers to all persons above a specified minimum age who are either employed or unemployed at the time of the survey. For the purposes of the Zambian labour force surveys, the minimum age used is 15 years.

##### ***The Employed Population***

The employed population is defined as persons who performed work for pay either in cash or kind, profit, barter or family gain. Employed persons who were on leave for some reasons and would definitely return to their job are regarded as employed. Retired persons who are running their own businesses were also considered to be employed.

##### ***Status of Employment***

This refers to whether an employed person is either: (a) a paid employee (b) self-employed; (c) unpaid family worker; or (d) an employer.

##### ***Formal Sector Employment***

This refers to the observable part of the economy where all enterprises/individuals in the country are legally recognised by registration with a tax authority and/or a licensing authority such as the Zambia Revenue Authority (ZRA), Patents and Company Registration Agency and local authorities. In this case, formal sector employment is the employment, whether formal or informal, in a registered enterprise. Conversely, informal sector employment is employment found in unregistered enterprises.

##### ***Formal and Informal Employment***

Formal employment refers to employment where employees were entitled to annual paid leave in addition to their entitlement to social security coverage, for example, pension and gratuity. Informal employment on the other hand referred to the type of employment where

employees had no entitlement to any form of social security and annual paid leave. This type of employment could be found in both the formal and informal sector enterprises.

### ***Unemployment***

Unemployment is a condition of complete joblessness where the affected persons are also available for work and/or are actively looking for work. In principle, unemployment is defined as a situation in which persons above a minimum age are without work, currently available for work and actively seeking work during a specified reference period. The Unemployment Rate is the ratio of the unemployed population to the labour force in the same reference period expressed as a percentage.

Unemployment can also be defined in terms of age groups. For example, youth unemployment relates to the condition of unemployment for the youths in the country. The National Youth Policy defines a youth as a person aged 15 to 35 years while the United Nations defines a youth as a person aged 15 to 24 years. Youth Unemployment Rate is the ratio of the unemployed youthful population to the youthful labour force expressed as a percentage.

### **Current System of Capturing Employment Data**

Table 1 below shows a summary of the major methods used to collect employment related data.

**Table 1: Major Methods of Capturing Labour Market Information in Zambia**

Title of Survey	First survey carried out (year)	Organisation responsible for survey	Periodicity of surveys	Series of last three surveys	Date of publication of last survey (coverage year)
Living Conditions Monitoring Survey	1996	Central Statistical Office	Biennial	1998, 2002,2004, 2006,2010	2012 (2010)
Labour Force Survey	1986	Central Statistical Office Ministry of Labour and Social Security	Biennial	2005, 2008, 2012	2013 (2012)
Child Labour Survey	1999	Central Statistical Office	Irregular		January 2007
Employment and Earnings Inquiry	1985	Central Statistical Office	Every quarter of each year		2011 (compilation of 2010/2011 Inquiries)
The Census of Population and Housing	1969	Central Statistical Office	Decennial		2011 (2010)
Ministry of Labour and Social Security Annual Report	1964	Ministry of Labour and Social Security	Annual		2013 (2012)

**Source:** Constructed using information from various witnesses.

#### **(a) The Labour Force Surveys**

The Labour Force Survey (LFS) is the principal source of all the labour market indicators in the country. It provides comprehensive data which is required to derive benchmark labour market indicators. The sample design of these surveys, which are designed to be undertaken every two years, provides for the production of reliable estimates at national, residential and provincial level. The LFS covers both formal and informal employment. However, these surveys have not been regularly carried out due to erratic funding. In the last twenty-seven years, the CSO has carried out only four labour force surveys.

**(b) The Living Conditions Monitoring Survey**

The Living Conditions Monitoring Survey (LCMS), like the LFS, is designed to be undertaken every two years. The main aim of the LCMS was to collect data would assists monitor the living standards of the people overtime. These surveys also collect some data that is used to come up with a limited set of labour market indicators including formal and informal employment. Hitherto, only six LCMS surveys have been conducted since 1996.

**(c) The Census of Population and Housing**

Zambia, like many countries in Africa and the rest of the world, undertakes a comprehensive Census of Population and Housing every ten years. The last census was successfully conducted under the coordination of the CSO in 2010. Employment related information was also collected during the census rounds covering the de facto population. The main analytical report has already been disseminated to the general public. However, due to the increased demand for high frequency employment statistics in the country, the census is not a good source of data as it was only undertaken every 10<sup>th</sup> year.

**(d) Quarterly Employment and Earnings Inquiry**

The CSO carries out a formal Sector Employment and Earnings Survey on a quarterly basis for the purposes of monitoring changes in levels of employment and earnings. The inquiry is establishment-based and does not cover the informal sector of the economy. Collection of employment-related statistics through the Quarterly Employment Inquiry has not been regular and comprehensive due to funding constraints and non-availability of a dynamic Register of Establishments, respectively. The CSO is in the process of developing a dynamic Register of Establishments, which would initially be linked to the ZRA Value Added Tax Register and the National Pension Scheme Authority (NAPSA).

**(e) The 2012 Economic Census**

In 2012, the CSO conducted a comprehensive Economic Census which involved the enumeration of all economic activities in the country. The data from the census, which also included statistics on employment by industry, was used mainly to rebase the Zambian System of National Accounts. Ideally, these types of surveys are supposed to be undertaken after every five years for purposes of updating the System of National Accounts.

**(f) Administrative Records**

The ZRA compiles Pay-As-You-Earn (PAYE) remittance cards/returns mainly from establishments in the formal sector of the economy. Establishments indicate the number of employees by employment status. The CSO also collects data from administrative records relating to employment directly from key institutions such as the National Water and Sanitation Council (NWASCO), ZESCO, NAPSA, Zambia Information and Communications Technologies Authority (ZICTA) and the Mines Safety Department of the Ministry of Mines, Energy and Water Development to complement the data obtained from the ZRA. The data from ZRA and the other institutions only cover

public and private corporations. This data are supplemented by administrative data from the Central Government Head Count and Expenditure Report and from the Ministry of Local Government and Housing. This collectively provide a complete picture of the formal sector employment.

**(g) CSO Monthly Employment Monitoring System**

The principal source of high frequency estimates of monthly employment statistics was the ZRA. The CSO captured data from the three main offices of the ZRA namely: Lusaka ZRA Headquarters, Ndola ZRA Office and Kitwe ZRA Office. Data collected from these offices were treated as a sample of the total national employment figures obtained from the Economic Census.

However, due to administrative challenges that ZRA faced in the past, details of employees were not captured except for employers as the tax paying agent. The data that was available at ZRA was therefore of the employer. However, the new tax administration system – Taxonline – that was launched in October 2013 would capture details of both employees and employers registered with ZRA. This entailed that as of October 2013, ZRA would have more comprehensive data on employment to the level of detail of an individual employee.

**(h) The National Strategy for the Development of Statistics and the Ministry of Labour and Social Security- Labour Market Information System**

In order to ensure regular and timely production of reliable statistics including employment statistics, the Government, through the CSO, is in the process of implementing the long awaited National Strategy for the Development of Statistics (NSDS) whose main objective is to strengthen and integrate Sector Statistical Systems into a well coordinated National Statistical System. Apart from building capacity to manage data in an efficient manner, the NSDS would also ensure the development and strengthening of existing management information systems in all ministries, provinces and districts.

Further, the NSDS would ensure that there was a functional Labour Market Information System covering both provinces and districts throughout the country. Provincial and district labour offices would have to be developed and strengthened for purposes of capturing time-relevant labour market-related information. It was also envisaged that through the NSDS, the implementation of the Labour Force and Quarterly Employment Surveys would be made more regular and timely by ensuring timely availability of funds for the programmes. Lastly, the current legal framework on labour needed to be strengthened so as to compel employers to provide employment-related information on a monthly basis.

Your Committee was informed that the International Labour Organisation (ILO) has facilitated two new surveys; the School-to-Work Transition Survey complemented by the Labour Demand Enterprise Survey and the Survey on the Magnitude of Domestic Workers.

Some non-state witnesses were of the view that the system of labour force and employment data collection was sufficient in its design to provide relevant and timely information for making policy decisions. However, in actual practice, it suffered from

several challenges as discussed below.

The time taken for publication and dissemination of data was too long, reducing the usefulness of data for policy analysis. For example, the LFS 2012 results were only released in November 2013; furthermore-

- (i) LFS data had in the past not been comparable across surveys, limiting its usefulness in understanding trends and patterns in labour outcomes; the quality of data was also a matter of general concern; and
- (ii) a large number of jobs in Zambia were non-wage in nature and there was no way to collect information on them except through the LFS and LCMS.

## 2. Latest Employment and Unemployment Statistics

Your Committee was given the latest statistics on labour as set out below.

### a) *Unemployment Situation*

The unemployment rate as defined by the ILO is the proportion of the labour force that was without jobs but was available for work and was actively looking for work during a specified reference period. During the 2012 LFS, the reference period used was the last seven days prior to the interview.

Results from the 2012 LFS show that out of 5,966,199 persons in the labour force, 466,526 persons (7.8 percent) were unemployed. Out of the unemployed population, 60.8 percent were females while 39.2 percent were males. About 349,261 unemployed persons were in urban areas while 117,265 persons were in rural areas.

Results further indicate that the problem of unemployment was more of an urban (14.2 percent) than rural (3.3 percent) phenomenon as shown in Table 2 below. Females were the most affected with the state of unemployment than their male counterparts.

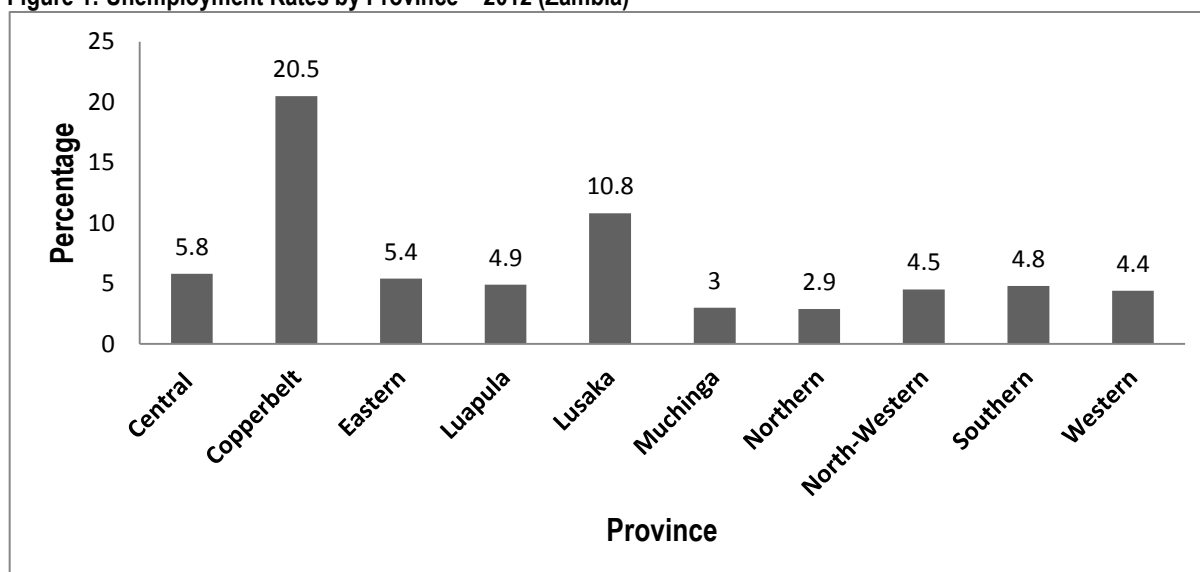
**Table 2: Unemployment Rates by Residence and Sex – 2012 (Zambia)**

Sex	National Total (%)	Residence	
		Rural (%)	Urban (%)
Both	7.8	3.3	14.2
Male	6.3	2.7	11.4
Female	9.2	4	17.1

**Source:** Witnesses, constructed using the 2012 LFS data

Figure 1 below shows the percentage distribution of the unemployed population by province. Copperbelt Province had the highest unemployment rate of 20.5 percent, followed by Lusaka Province at 10.8 percent. Central Province had the third highest unemployment rate of 5.8 percent while Northern Province had the lowest at 2.9 percent.

Figure 1: Unemployment Rates by Province – 2012 (Zambia)



Source: Witnesses, constructed using the 2012 LFS data

Non-state witnesses submitted that the low level of unemployment in Zambia epitomised the challenges in measurement of unemployment in some countries. The key challenge in measurement of unemployment was clearly a misnomer for labour under-utilisation in Africa, as the figure tended to be unrealistically low. In the traditional ILO definition, the problem in Zambia was not unemployment but underemployment and low productivity in the urban informal economy and the rural subsistence agriculture.

### b) Youth Unemployment

Table 3 below shows the percentage distribution of youth unemployment rates by age group, sex and rural/urban. Youth unemployment rate was estimated at 10.0 percent as at 2012. Urban areas had a higher rate at 17.2 percent compared to rural areas with 4.4 percent.

Table 3: Youth (15-35) Unemployment Rate by Age, Sex and Residence (Zambia)

Age Group	Youth Labour Force	Unemployment Rate								
		Total			Rural			Urban		
		Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female
<b>Total</b>	<b>3,594,079</b>	<b>10.0</b>	<b>8.5</b>	<b>11.3</b>	<b>4.4</b>	<b>3.8</b>	<b>4.9</b>	<b>17.2</b>	<b>14.3</b>	<b>19.8</b>
15-19	601,141	12.3	11	13.3	6.1	6.1	6.1	25.6	21.8	28.5
20-24	992,899	14.3	13.9	14.5	5.8	5.6	6.1	25.8	24.7	26.7
25-29	976,219	8.8	6.9	10.5	3.6	3.1	4.0	14.7	11.1	17.8
30-35	1,023,819	5.6	4.3	7.0	2.5	1.4	3.5	9.0	7.25	11.1

Source: Witnesses, constructed using the 2012 LFS data

### c) Employment Situation

The 2012 LFS revealed that 5,499,673 persons were in employment, of which 61.7 percent (3,394,134) were in rural areas and the remaining 38.3 percent (2,105,539) were in urban areas. There were 2,702,410 and 2,797,263 employed males and females, respectively. Table 4 shows the percentage distribution of employed population by residence, sex and marital status.



It was shown that out of the 5,499,673 employed workforce, about 44.2 percent were self-employed, 34.8 percent were unpaid family workers, and 20.4 percent were paid employees. Employers and apprentices/interns accounted for less than a percent (0.6 percent).

The results show that paid employees accounted for the highest percentage share of 40.5 percent in urban areas while in rural areas unpaid family workers accounted for the highest percentage share (50.8 percent). The Table further showed that the majority of the employed males (52.5 percent) and females (52.0 percent) were the self employed and unpaid family workers, respectively. Notable from the results in the Table was the high proportion of males (29.7 percent) in paid employment relative to that of their female counterparts, only at 11.3 percent.

**Table 4: Percentage Distribution of Employed Population by Employment Status – 2012 (Zambia)**

Rural/Urban/Sex & Marital Status	Employed Population		Status in Employment									
			Paid Employees		Apprentices/Interns		Employers		Self-employed		Unpaid family workers	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Total</b>	<b>5,499,673</b>	<b>100.0</b>	<b>1,120,178</b>	<b>20.4</b>	<b>16,661</b>	<b>0.3</b>	<b>15,384</b>	<b>0.3</b>	<b>2,432,1245</b>	<b>44.2</b>	<b>1,915,327</b>	<b>34.8</b>
Rural	3,394,134	100.0	267,327	7.9	2,655	0.1	4,540	0.1	1,724,428	50.8	1,395,184	41.1
Urban	2,105,539	100.0	825,851	40.5	14,006	0.7	10,843	0.5	707,696	33.6	520,142	24.7
Male	2,702,410	100.0	803,524	29.7	8,684	0.3	9,126	0.3	1,419,851	52.5	461,225	17.1
Female	2,797,263	100.0	316,653	11.3	7,977	0.3	6,258	0.2	1,012,273	36.2	1,454,102	52.0
<b>Marital Status</b>												
Never married	1,100,123	100.0	292,854	26.6	4,795	0.4	2,131	0.2	234,860	21.3	565,484	51.4
Cohabiting	20,443	100.0	2,573	12.6	381	1.9	-	0.0	8,784	43.0	8,704	42.6
Married	3,664,825	100.0	705,978	19.3	10,707	0.3	12,673	0.3	1,738,099	47.4	1,197,368	32.7
Separated	130,464	100.0	31,972	24.5	396	0.3	-	0.0	61,768	47.3	36,328	27.8
Divorced	251,980	100.0	39,175	15.5	73	0.0	581	0.2	151,770	60.2	60,381	24.0
Widowed	331,839	100.0	47,626	14.4	309	0.1	-	0.0	236,843	71.4	47,062	14.2

**Source:** Witnesses, constructed using the 2012 LFS data

**(d) *Employment Distribution by Sector/Industry***

The percentage distribution of employed population by industry was important in facilitating economic productivity and diversification analyses. It provided useful industry-specific information on employment dynamics over time. Industry defined the process by which the main products or services were produced or provided.

Table 5 shows the percentage distribution of employed population by industry and sex. The Table revealed that the highest proportion of workers (52.2 percent) was in the Agriculture, Forestry and Fisheries Industry followed by Activities of Households as Employers at 13.1 percent. The Wholesale and Retail Trade Industry also accounted for quite a significant proportion of the workforce (11.7 percent). The lowest percentage was recorded in the Real Estates and in the Activities of Extraterritorial Organisations and Bodies at 0.1 percent each. In terms of sex, females accounted for the highest proportion of employed population in the Agriculture, Forestry and Fisheries Industry at 53.4 percent, compared to their male counterparts at 51.0 percent. Notably, there were proportionately more females (20.8 percent) than males (5.2 percent) employed in the Activities of Household as Employers Industry. This industry usually engaged the labour force as, but not limited to, house servants, maids and garden workers.

**Table 5: Percentage Distribution of Employed Population (15 years and older) by Industry and Sex – 2012 (Zambia)**

Industry	Total		Total		Total	
	No.	%	No.	%	No.	%
<b>Total</b>	<b>5,499,673</b>	<b>100.0</b>	<b>2,702,410</b>	<b>100.0</b>	<b>2,797,263</b>	<b>100.0</b>
Agriculture, Forestry and Fishing	2,872,331	52.2	1,377,628	51.0	1,494,703	53.4
Mining and Quarrying	88,251	1.6	75,807	2.8	12,444	0.4
Manufacturing	216,660	3.9	150,406	5.6	66,254	2.4
Electricity, Gas, Steam and Air Conditioning Supply	12,211	0.2	9,628	0.4	2,583	0.1
Water Supply Sewerage, Waste Management and Remediation Activities	14,790	0.3	7,644	0.3	7,147	0.3
Construction	187,906	3.4	180,403	6.7	7,504	0.3
Trade, Wholesale and Retail Distribution	645,571	11.7	297,637	11.0	347,934	12.4
Transportation and Storage	137,301	2.5	126,702	4.7	10,599	0.4
Accommodation and Food Service Activities	62,671	1.1	29,105	1.1	33,565	1.2
Information and Communication	42,104	0.8	24,162	0.9	17,942	0.6
Financial and Insurance Activities	14,941	0.3	7,899	0.3	7,042	0.3
Real Estate Activities	7,257	0.1	3,558	0.1	3,699	0.1
Professional, Scientific and Technical Activities	19,378	0.4	12,656	0.5	6,722	0.2
Administrative and Support Services	57,801	1.1	49,856	1.8	7,945	0.3
Public Administration and Defence, Compulsory Social Security	60,750	1.1	47,403	1.8	13,347	0.5
Education	150,215	2.7	77,511	2.9	72,704	2.6
Human Health and Social Work	62,180	1.1	26,050	1.0	36,130	1.3
Arts, Entertainment and Recreation	10,267	0.2	7,496	0.3	2,772	0.1
Other Service Activities	110,550	2.0	46,476	1.7	64,074	2.3
Activities of Household as Employers	722,524	13.1	141,545	5.2	580,979	20.8
Activities of Extraterritorial Organisation and Bodies	4,016	0.1	2,840	0.1	1,177	0.0

**Source:** Witnesses, constructed using the 2012 LFS data

Analysis of employment by residence as shown in Table 6 revealed that much of the employed labour force in rural areas was concentrated in the Agriculture, Forest and Fishing Industry (78.1 percent), followed by Activities of Household as Employers (6.5 percent) and Trade, Wholesale and Retail Distribution (5.3 percent) Industries. On the other hand, the majority of the employed population in urban areas were found in the Activities of Household as Employers Industry, accounting for 23.8 percent and Trade, Wholesale and Retail Distribution Industry at 22.0 percent. About one in every ten employed persons was engaged in the Agriculture, Forestry and Fishing Industry. Manufacturing followed by Construction and Transport and Storage also accounted for significant levels of employment in urban areas. It was clear from the analysis that employment was much more homogenous in rural than in urban areas.

**Table 6: Percentage Distribution of Employed Population (15 years and older) by Industry and Residence – 2012 (Zambia)**

Industry	Total Employed Population		Rural		Urban	
	No.	%	No.	%	No.	%
<b>Total</b>	<b>5,499,673</b>	100	<b>3,394,134</b>	100.0	<b>2,105,539</b>	100.0
Agriculture, Forestry and Fishing	2,872,331	52.2	2,649,920	78.1	222,411	10.6
Mining and Quarrying	88,251	1.6	12,988	0.4	75,263	3.6
Manufacturing	216,660	3.9	74,631	2.2	142,030	6.7
Electricity, Gas, Steam and Air Conditioning Supply	12,211	0.2	1,100	0.0	11,110	0.5
Water Supply Sewerage, Waste Management and Remediation Activities	14,790	0.3	8,074	0.2	6,716	0.3
Construction	187,906	3.4	58,412	1.7	129,494	6.2
Trade, Wholesale and Retail Distribution	645,571	11.7	181,323	5.3	464,248	22.0
Transportation and Storage	137,301	2.5	22,569	0.7	114,732	5.4
Accommodation and Food Service Activities	62,671	1.1	11,446	0.3	51,225	2.4
Information and Communication	42,104	0.8	22,869	0.7	19,235	0.9
Financial and Insurance Activities	14,941	0.3	873	0.0	14,068	0.7
Real Estate Activities	7,257	0.1	660	0.0	6,597	0.3
Professional, Scientific and Technical Activities	19,378	0.4	4,952	0.1	14,426	0.7
Administrative and Support Services	57,801	1.1	6,942	0.2	50,859	2.4
Public Administration and Defence, Compulsory Social Security	60,750	1.1	9,901	0.3	50,849	2.4
Education	150,215	2.7	54,153	1.6	96,062	4.6
Human Health and Social Work	62,180	1.1	12,526	0.4	49,654	2.4
Arts, Entertainment and Recreation	10,267	0.2	3,396	0.1	6,871	0.3
Other Service Activities	110,550	2.0	36,523	1.1	74,027	3.5
Activities of Household as Employers	722,524	13.1	220,877	6.5	501,646	23.8
Activities of Extraterritorial Organisation and Bodies	4,016	0.1	-	0.0	4,016	0.2

Source: Witnesses, constructed using the 2012 LFS data

Table 7 shows the percentage distribution of employed population by sector of employment and province. Out of the 5,499,673 employed population, 84.6 percent were in the informal sector while 15.4 percent were in the formal sector, corresponding to 847, 420 persons. In rural areas, the majority of the employed population (94.5 percent) were in the informal sector while only 5.5% were in the formal sector. Conversely, the proportion of formal sector employment was much higher in urban (31.3 percent) than in rural areas, at 5.5 percent. Results indicate that formal sector employment was more of an urban than rural phenomenon. Furthermore, out of the 2,702,410 employed males, 77.7 percent were in the informal sector while 22.3 percent were in the formal sector. In the case of the 2,797,263 employed females, only 8.7 percent were in the formal sector while 91.3 percent were in the informal sector.

The highest percentage share of the informal sector employment was recorded in Luapula Province at 96.0 percent while the lowest was 68.7 percent in Lusaka Province. Formal sector employment was more in Lusaka and Copperbelt provinces accounting for 31.3 and 30.1 percent, respectively. The lowest formal sector employment was recorded in Luapula and Northern Provinces at 4.0 and 4.6 percent, respectively.

**Table 7: Percentage Distribution of Employed Population (15 years and older) by Employment Sector, Rural/Urban and Province, 2012 (Zambia)**

Residence, Sex & Province	Total Employed		Formal Sector		Informal Sector	
	No.	%	No.	%	No.	%
<b>Total</b>	<b>5,499,673</b>	100	847,420	15.4	4,652,253	84.6
Rural	3,394,134	100	188,359	5.5	3,205,775	94.5
Urban	2,105,539	100	659,061	31.3	1,446,478	68.7
Male	2,702,410	100	603,224	22.3	2,099,186	77.7
Female	2,797,263	100	244,196	8.7	2,553,067	91.3
Central	501,923	100	84,364	16.8	417,559	83.2
Copperbelt	747,562	100	224,855	30.1	522,707	69.9
Eastern	678,134	100	45,262	6.7	632,872	93.3
Luapula	462,459	100	18,279	4.0	444,180	96.0
Lusaka	1,020,325	100	318,953	31.3	701,372	68.7
Muchinga	314,796	100	19,266	6.1	295,529	93.9
Northern	466,828	100	21,558	4.6	445,270	95.4
North Western	287,282	100	39,744	13.8	247,538	86.2
Southern	646,067	100	51,514	8.0	594,553	92.0
Western	374,296	100	23,624	6.3	350,672	93.7

Source: Witnesses, constructed using the 2012 LFS data

Table 8 shows the percentage distribution of the employed population by industry and employment sector. Out of the 847,420 employed population in the formal sector, the Education Industry accounted for the highest percentage share of 16.0 percent followed by Trade, Wholesale and Retail Distribution Industry with 13.0 percent, the Agriculture, Forestry and Fishing Industry with 10.3 percent, Manufacturing and Mining with 8.7 percent and 8.0 percent respectively. The lowest percentage share was associated with the Real Estate Activities Industry at 0.2 percent.

Out of the 4,652,253 employed population in the informal sector, the Agriculture, Forestry and Fishing Industry accounted for the highest percentage share of 59.9 percent, followed by Activities of Household as Employer (15.4 percent) and Trade, Wholesale and Retail Distribution Industry, at 11.5 percent. The Electricity, Gas, Steam and Air Conditioning Supply, and the Financial and Insurance Activities Industries were the least prominent, only catering for less than 0.1 percent each of the informal sector employment.

**Table 8: Percentage Distribution of Employed Population (15 years and older) by Industry and Employment Sector, 2012 (Zambia)**

Industry	Total Employed Population		Employment Sector			
			Formal		Informal	
	No.	%	No.	%	No.	%
<b>Total</b>	<b>5,499,673</b>	100	847,420	100.0	4,652,253	100.0
Agriculture, Forestry and Fishing	2,872,331	52.2	87,420	10.3	2,784,911	59.9
Mining and Quarrying	88,251	1.6	67,608	8.0	20,643	0.4
Manufacturing	216,660	3.9	73,814	8.7	142,846	3.1
Electricity, Gas, Steam and Air Conditioning Supply	12,211	0.2	11,172	1.3	1,039	0.0
Water Supply Sewerage, Waste Management and Remediation Activities	14,790	0.3	6,231	0.7	8,559	0.2
Construction	187,906	3.4	36,676	4.3	151,230	3.3
Trade, Wholesale and Retail Distribution	645,571	11.7	110,365	13.0	535,206	11.5
Transportation and Storage	137,301	2.5	61,797	7.3	75,503	1.6
Accommodation and Food Service Activities	62,671	1.1	29,574	3.5	33,097	0.7
Information and Communication	42,104	0.8	15,895	1.9	26,208	0.6
Financial and Insurance Activities	14,941	0.3	12,615	1.5	2,326	0.0
Real Estate Activities	7,257	0.1	2,040	0.2	5,217	0.1
Professional, Scientific and Technical Activities	19,378	0.4	11,561	1.4	7,817	0.2
Administrative and Support Services	57,801	1.1	42,507	5.0	15,294	0.3
Public Administration and Defence, Compulsory Social Security	60,750	1.1	55,857	6.6	4,893	0.1
Education	150,215	2.7	135,471	16.0	14,745	0.3
Human Health and Social Work	62,180	1.1	52,552	6.2	9,628	0.2
Arts, Entertainment and Recreation	10,267	0.2	4,314	0.5	5,953	0.1
Other Service Activities	110,550	2.0	18,836	2.2	91,713	2.0
Activities of Household as Employers	722,524	13.1	7,098	0.8	715,425	15.4
Activities of Extraterritorial Organisation and Bodies	4,016	0.1	4,016	0.5	-	0.0

Source: Witnesses, constructed using the 2012 LFS data

(e) *Formal and Informal Employment*

Employment can either be formal or informal largely depending on whether an employee is entitled to some form of social security such as a pension and gratuity or not. Therefore, it is possible to find both formally and informally employed workers in the formal sector of the economy. For the purposes of the Labour Force Surveys in Zambia, any employee that was reported to have a social security scheme such as pension or gratuity and was entitled to paid leave was classified as having formal employment. The opposite was true for those employees who had no form of social security scheme.

Table 9 shows the percentage distribution of employed population by type of employment, residence and industry. The Table shows that out of the 5,499,673 employed population, only 11.4 percent or 625,305 were formally employed while the remaining 88.6 percent or 4,874,368 were informally employed. Informal employment was almost universal in rural areas, accounting for 95.8 percent of the employed population. Only 4.2 percent of the rural workforce was formally employed. Of the employed population in urban areas, 77.0 percent were informally employed while 23.0 percent were formally employed.

The Table further shows that formally employed workers in the Electricity, Gas, Steam and Air Conditioning Supply; Public Administration and Defence, Compulsory Social Security; Education and Activities of Extraterritorial Organisations and Bodies Industries accounted for over 80 percent of the employed population. Activities of Households as Employers had the lowest proportion of formally employed workers, at 1.5 percent, followed by the agriculture industry.

**Table 9: Percentage Distribution of Employed Population (15 years and older) by Residence, Industry and Employment Type, 2012 (Zambia)**

Industry	Total Employed Population		Employment Type			
			Formal Employment		Informal Employment	
	No.	%	No.	%	No.	%
<b>Total</b>	<b>5,499,673</b>	<b>100.0</b>	625,305	11.4	4,874,368	88.6
Rural	3,394,134	100.0	141,280	4.2	3,252,854	95.8
Urban	2,105,539	100.0	484,025	23.0	1,621,514	77.0
Agriculture, Forestry and Fishing	2,872,331	100.0	50,765	1.8	2,821,566	98.2
Mining and Quarrying	88,251	100.0	65,036	73.7	23,215	26.3
Manufacturing	216,660	100.0	55,375	25.6	161,285	74.4
Electricity, Gas, Steam and Air Conditioning Supply	12,211	100.0	10,762	88.1	1,448	11.9
Water Supply Sewerage, Waste Management and Remediation Activities	14,790	100.0	4,986	33.7	9,805	66.3
Construction	187,906	100.0	19,260	10.2	168,646	89.8
Trade, Wholesale and Retail Distribution	645,571	100.0	34,594	5.4	610,977	94.6
Transportation and Storage	137,301	100.0	34,243	24.9	103,058	75.1
Accommodation and Food Service Activities	62,671	100.0	21,833	34.8	40,837	65.2
Information and Communication	42,104	100.0	11,693	27.8	30,411	72.2
Financial and Insurance Activities	14,941	100.0	10,928	73.1	4,013	26.9
Real Estate Activities	7,257	100.0	380	5.2	6,877	94.8
Professional, Scientific and Technical Activities	19,378	100.0	10,348	53.4	9,030	46.6
Administrative and Support Services	57,801	100.0	41,757	72.2	16,044	27.8
Public Administration and Defence, Compulsory Social Security	60,750	100.0	51,310	84.5	9,440	15.5
Education	150,215	100.0	128,433	85.5	21,783	14.5
Human Health and Social Work	62,180	100.0	45,920	73.9	16,260	26.1
Arts, Entertainment and Recreation	10,267	100.0	3,469	33.8	6,798	66.2
Other Service Activities	110,550	100.0	9,770	8.8	100,780	91.2
Activities of Household as Employers	722,524	100.0	10,757	1.5	711,767	98.5
Activities of Extraterritorial Organisation and Bodies	4,016	100.0	3,687	91.8	330	8.2

Source: Witnesses, constructed using the 2012 LFS data

### 3. Employment Trends in the Last Five Years

Analysis of employment trends was based on the results from the Labour Force Surveys that the CSO had carried out in 2008 and 2012. Any individual aged 15 years and above who was engaged in some economic activity that led to the generation of output was classified as an employee. It was quite obvious that this definition of employment covered both the formal and informal sectors of the economy and thus included economic activities of small and medium scale farmers as well.

Table 10 shows the trend of employment figures in the period 2008 to 2012. Results show that between 2008 and 2012, total employment increased from 4,606,846 to 5,499,673, representing an increase of 19.4 percent. This translated into an increase of about 4.8 percent or 223,207 workers per annum. During the period under review, formal employment only accounted for about 11% of total employment, barely changing from 11.0 percent in 2008 to 11.4 percent in 2012.

**Table 10: Employment Trends by Form and Sector of Employment, 2008 – 2013 (Zambia)**

Employment Categories	Year						Growth Rates (%)	
	2008	2009	2010	2011	2012	2013*	Period	Annual
Employment	4,606,846	4,830,053	5,053,260	5,276,467	5,499,673	5,722,880	19.38	4.85
<b>Form of Employment</b>								
Formal	511,338	539,830	568,322	596,814	625,305	653,798	22.29	5.57
Formal Agric	72,245	66,875	61,505	56,135	50,765	45,395	(29.73)	(7.43)
Formal N/Agric	439,093	472,955	506,817	540,679	574,540	608,403	30.85	7.71
Informal	4,095,508	4,290,223	4,484,938	4,679,653	4,874,368	5,069,083	19.02	4.75
Informal Agric	3,217,690	3,118,659	3,019,628	2,920,597	2,821,566	2,722,535	(12.31)	(3.08)
Informal N/Agric	877,818	1,171,564	1,465,310	1,759,056	2,052,802	2,346,548	133.85	33.46
<b>Sector of Employment</b>								
Formal Sector					847,420	886,033		4.56
Agriculture					87,420	91,261		4.39
Non-Agriculture					760,000	794,772		4.58
Informal Sector					4,652,253	4,836,847		3.97
Agriculture					2,784,911	2,897,271		4.03
Non-Agriculture					1,867,342	1,939,576		3.87

Source: State Witnesses

Note: 2013\* employment figures are projections based on the annual growth rates

In absolute terms, formal employment increased from 511,338 to 625,305 in the period under review, representing an increase of 22.3 percent. This translated in an annual growth of about 5.6% or 28,492 formal workers per annum. Results show that the majority of the Zambian workforce was informally employed, accounting for about 89 percent of the employed labour force during the period under review.

Further analysis by sector of employment revealed that much of the formal employment was concentrated in non-agricultural sectors. Formal employment in the agriculture industries only accounted for 14.1 percent in 2008 and reduced to 8.1 percent by 2012.

Based on the 2012 employment levels, it was possible to project employment into the near future assuming the prevailing labour market conditions were maintained. Given the arithmetic annual growth rate of about 4.85 percent, total employment for 2013 had been estimated at 5,722,880. Furthermore, given the growth rates of 5.6 percent and 4.75 percent, the 2013 formal and informal employment had been estimated at 653,797 and 5,069,083, respectively. The size of formal sector employment for 2013 had been estimated at 886,033, leaving a balance of 4,836,847 jobs in the informal sector of the economy.

Information on employers shows that there has not been any growth in the number of active

payers of PAYE. This was evidenced by the downward trend in the number of employers actively paying PAYE for the last five years as shown in Table 11. The number reduced between 2009 and 2010 from 7,759 to 7,647 and reduced again to 7,145 in 2011. It stood at 6,538 for the period January to October 2013.

**Table 11: Number and Sector Categories of Firms Actively Paying PAYE, January 2009-October 2013**

Sector	Year				
	2009	2010	2011	2012	2013*
Agencies and Other Services	52	54	51	48	42
Bricks, Ceramics, Glass, Cement and Similar Products	23	21	25	25	24
Catering and Accommodation	256	271	293	275	223
Coal and Petroleum Products	13	15	14	13	11
Construction	349	389	413	399	374
Educational Services	273	281	287	258	223
Electrical, Gas and Water	14	11	15	14	16
Business Services	956	983	1,020	1,011	930
Machinery and Related Items	20	21	21	22	21
Medical, Dental and Other Health Veterinary Services	137	146	140	134	122
Metal	11	13	14	17	16
Metal Products (Except Machinery and Equipment)	94	103	111	104	94
Other Manufacturing Industries	132	131	125	118	118
Personal and Household Services	76	91	86	84	82
Public Administration	71	78	77	88	86
Recreational and Cultural Services	119	118	109	98	85
Research and Scientific Institutes	29	24	26	24	24
Retail Trade (Including Mail Order)	1,967	2,082	2,276	2,392	2,201
Scientific, Optical and Similar Equipment	3	4	3	2	2
Social and Related Community Service not Elsewhere Specified	421	444	450	435	402
Specialised Repair Services	70	75	68	65	52
Transport Equipment (Except Group Code 15)	3	3	3	3	3
Transport, Storage and Communication	373	378	377	365	337
Vehicles, Parts and Accessories	25	27	26	26	25
Wholesale Trade	210	217	217	210	182
Sector Not Specified In System	2,062	1,669	940	915	843
<b>Grand Total</b>	<b>7,759</b>	<b>7,649</b>	<b>7,187</b>	<b>7,145</b>	<b>6,538</b>
<b>Percentage Change</b>	-	<b>-1.4%</b>	<b>-6.0%</b>	<b>-0.6%</b>	<b>-8.5%</b>

**Source:** Zambia Revenue Authority (2013\* figures are for the period January to October)

#### **4. Dissemination of Employment-Related Statistics**

The CSO uses various methods when sharing statistical information including employment statistics with the general public. Every time the CSO publishes a new report, its content is shared with the general public mainly through dissemination workshops and the Monthly Bulletin that CSO holds every last Thursday of the month with the press. The latter has proved to be an effective way of making the public aware of key statistical information covering a wider scope of topics mainly because of the wider media coverage.

The general public has also been accessing statistical information including employment statistics from the CSO website. In addition to a dedicated website, the CSO has started maintaining a web-based Zambia Data Dissemination Portal with support from the Africa Development Bank. However, the Data Portal was yet to be fully developed and stabilised as an integrated source of statistical information.

As a matter of priority, the Research and Dissemination Unit of CSO always endeavours to distribute copies of any new report to all Government ministries, departments and agencies free of charge. The reports are distributed in hard copy or electronic format. CSO also distributes copies of reports to provinces through the office of the Regional Statistician. Furthermore, the Honourable Minister of Finance submits statistical reports that CSO publishes to Parliament. CSO, through the Dissemination Unit, also continues to provide the general public with statistics on request including through online subscription.

Some non-state witnesses submitted that while surveys were a reliable source of information, these were carried out on a three to five yearly basis. Therefore, the challenge was more of having timely data. In the intervening period, various media institutions either through individual initiative or through press statements passed to them also provide some information. This, however, brings in the question of veracity of the information.

#### **5. How the Government ensures that Jobs that are created are Decent and Able to Contribute to Poverty Reduction**

The policy direction of the Government regarding new jobs was creation of decent and sustainable jobs. According to the ILO, decent work involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organise and participate in the decisions that affected their lives and equality of opportunity and treatment for all women and men. Decent work summed up the aspirations of people in their working lives. Decent work deficits are defined as the absence of sufficient employment opportunities, inadequate social protection, the denial of rights at work and shortcomings in social dialogue. Most of the jobs in Zambia did not meet the decent work criteria. Workers in the informal sector did not enjoy the fundamental rights at work, social dialogue, and were not covered by social security. There were also many jobs in the formal sector which did not enjoy some of the elements of decent work.

On the role of job creation in poverty reduction, the World Bank's analysis of the 2010 Living Conditions Monitoring Survey data found that there was a weak connection between having a job and not being poor in Zambia. A large number of working Zambians were poor and were concentrated in agriculture (81 percent).

State witnesses submitted that the Government ensured that jobs created were decent and sustainable



through enforcement of labour laws that protected workers' rights at work, ensured provision of social protection, ensured a safe and health working environment and promoted social dialogue. The enforcement of labour laws was further done through periodic labour inspections. In addition, the Government has a deliberate policy of ensuring that the economic growth being experienced was inclusive, that is, a growth that translates into employment opportunities in which the poor participate either directly through employment or indirectly as economic agents (entrepreneurs).

## **6. Status of the Macro-Economic Objective of Creating 200,000 Decent Jobs in 2013**

State witnesses submitted that creation of jobs remained one of the policy instruments that the Government had embarked upon in the medium to long term. Critical sectors that had been identified to foster job creation included agriculture, tourism, manufacturing and infrastructure development.

The Government remained committed to ensuring that the employment creation targets of 300,000 jobs in the tourism sector, 550,000 new jobs in the agriculture sector and 90,000 jobs in the manufacturing sector in the medium term were met. The medium term policies and strategies being employed are presented below.

### ***a) Agriculture***

- (i) Boosting crop production and livestock production.
- (ii) Strengthening the backward and forward linkages.
- (iii) As a way to diversify the agriculture sector, expanding the scope of the Farmer Input Support Programme to include crops such as soya, cotton and sunflower.
- (iv) Mainstreaming of the electronic voucher system in order to strengthen the private sector participation in supplying inputs.
- (v) Developing incentives to promote the diversification of non-traditional exports such as reducing the corporate income tax for non-traditional exports from the standard corporate income tax rate of 35 to 15 percent. This measure allows for re-investment in the sector and further provided the bulk of new employment opportunities in the agriculture sector.

### ***b) Tourism***

- (i) Promotion of product diversification.
- (ii) Investment in tourism infrastructure such as access roads.
- (iii) Improving access to existing and new tourism sites; reducing the cost of investing and doing business in the sector by streamlining licensing procedures; streamlining visa applications and procedures; and increasing funding for marketing tourism.

### ***c) Manufacturing***

- (i) Promotion of value addition to locally available raw materials by putting in place appropriate industrial infrastructure for small and medium scale enterprises.
- (ii) Promotion of medium to long-term financing for micro, small and medium entrepreneurs from the banking sector.
- (iii) Promotion of direct investment in the Multi-Facility Economic Zones.

#### ***d) Transport/Energy Infrastructure***

- (i) Paving of 2000 km township roads using labour intensive paving stone and cobblestone technology.
- (ii) Increasing installed capacity, improve the transmission and distribution infrastructure of electricity and expand rural electrification. These would ultimately spur increased economic activities for job creation.
- (iii) Construction of fuel depots across the country.

### **7. Challenges faced in the Collection and Production of Information on Labour**

Major challenges that hampered timely production of employment statistics were as presented below.

- (i) Irregular times at which labour force surveys are conducted.
- (ii) Absence of functional public employment exchange services. District labour offices were not very effective and to some places non-existent.
- (iii) Weak legislation to support systematic collection of labour-related statistics from all establishments and households in the country. Currently, establishments and households alike were not compelled by law to submit employment records to the appropriate labour office.
- (iv) Absence of an effective and functional Labour Market Information System. The current LMIS system was weak and largely remained uncoordinated.
- (v) Inadequate resources (human and financial) to support timely employment-related data collection and production of statistics. For example, the number of labour inspectors was inadequate to effectively police labour-related matters. Finances were usually inadequate to support timely collection and compilation of labour related information both at the CSO and Ministry of Labour and Social Security.

### **8. Possible Interventions to Improve the National System of Capturing Employment-Related Data**

Witnesses suggested a number of interventions aimed at improving the current system of collecting employment-related data. These are presented below.

- 1) Labour Force Surveys should be carried out more regularly by providing the CSO with the required resources.
- 2) Priority should be given to the development of Labour Markets and Information Systems at national and sub-regional levels.
- 3) The Government should ratify the ILO Labour Statistics Convention, 1985 (No. 160). States that have ratified the Convention are required to undertake and regularly collect, compile and publish basic labour statistics, which would be progressively expanded in accordance with its resources to cover the following subjects:
  - a) economically active population, employment, where relevant unemployment, and where possible visible underemployment;
  - b) structure and distribution of the economically active population, for detailed analysis and to serve as benchmark data;
  - c) average earnings and hours of work (hours actually worked or hours paid for) and, where appropriate, time rates of wages and normal hours of work;
  - d) wage structure and distribution;

- e) labour cost;
  - f) consumer price indices;
  - g) household expenditure or, where appropriate, family expenditure and, where possible, household income or, where appropriate, family income;
  - h) occupational injuries and, as far as possible, occupational diseases; and
  - i) industrial disputes.
- 4) The Government should enhance the human resource capacity and provide working tools to effectively and regularly collect, process, analyse and disseminate relevant and reliable labour market information.
  - 5) The coverage of surveys should be broadened as the limited coverage of some CSO surveys does not adequately enable labour market information to inform policy design. For example, the Employment and Earnings Inquiry covered only formal sector enterprises. There was need to cover the informal sector as well.
  - 6) Administrative data collection should be improved of institutions such as ZRA and social security institutions in terms of quality, coverage and timeliness. Certain indicators on decent work were best obtained from administrative sources. These include indicators on safe work environment (such as labour inspection rate), on adequate earnings (related to minimum wage and average earnings), on decent working time (excessive hours, underemployment), on social dialogue (strike and lockout rate, coverage of collective bargaining agreements), and social protection coverage.
  - 7) Communication within the Ministry of Labour and Social Security should be improved as the collection, production and use of labour market information in the Ministry were hampered by the limited communication between Headquarters and the remote district labour offices. District labour offices were not computerised and therefore had no access to the internet and email services that could improve intra-communication.
  - 8) Labour market databases should be developed which could be regularly updated and accessed by all stakeholders such as Government agencies, employers' organisations and trade unions, could be one way to monitor decent work at national level.
  - 9) Concepts and definitions of employment should be harmonised. For example, the LCMS and LFS data on employment were not comparable because of differences in the definition of employment. The LCMS definition of employment incorporated both current and usual employment, as opposed to the LFS which separated the two forms of employment.
  - 10) The Government should take advantage of new opportunities. The process of overhauling the National Registration System in Zambia presents an opportunity to integrate variables that could respond to one or two employment indicators. The mandatory mobile phone sim card registration process was another new opportunity that could be explored to gather information on the labour force.

## **COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS**

7.0 Your Committee's observations and recommendations based on its findings are set out below.

## **(1) National System for Monitoring Employment**

Your Committee observes that the Country has in place a general mechanism for collecting economic and social data that can be used to monitor employment creation. The mechanism is capable of generating some basic labour-related statistics using sources such as the Labour Force Survey, Living Conditions Monitoring Survey, Census of Population and Housing, Quarterly Employment and Earnings Inquiry, and Monthly Employment Monitoring System. Institutions such as the ZRA and NAPSA also provide administrative data which supplements other data collected by the Central Statistical Office.

Your Committee notes that the mechanism is functional in that employment and unemployment figures, segregated by age, sex, sector, residence and province, were provided based on the 2012 Labour Force Survey. Your Committee, however, observes that the mechanism has functional challenges as outlined below.

- (a) The Labour Force Surveys and Living Conditions Monitoring Surveys are not regularly conducted due to funding challenges. Ideally both are supposed to be conducted after every two years but this has not been the case. For example, Zambia has only conducted four Labour Force Surveys between 1986 and 2012.
- (b) Key institutions involved in collecting and compiling data such as the Ministry of Labour and Social Security are not well resourced in terms of staff, finance and equipment.
- (c) The CSO does not have a dynamic Register of Establishments to support the Quarterly Employment and Earnings Inquiry.
- (d) One of the sources for administrative data, the Zambia Revenue Authority, up until October 2013, was only compiling data for employers and not individual employees due to administrative challenges.

Your Committee is cognisant of the recent adoption, by Cabinet, of the National Strategy for the Development of Statistics which is meant to, among other things, address the above challenges. Your Committee therefore recommends that-

- (i) the Ministry of Finance should ensure that financial resources are made available for the implementation of the Strategy;
- (ii) the Ministry of Finance and the Ministry of Labour and Social Security should ensure that an enabling legal framework is put in place for implementation of the Strategy; and
- (iii) the Government should expedite the process of ratifying the International Labour Organisation Statistics Convention, 1985 (No. 160) considering that it is now past Cabinet level.

## **(2) Latest Statistics on Employment**

From the statistics generated by the current system based on the 2012 Labour Force Survey, your Committee observes that there has been a consistent growth in overall employment (both formal and informal) averaging 4.85 percent (over 200,000 jobs in absolute terms) per annum. However, the growth of formal sector employment is low. It is at 5.6 percent per annum translating to about 28,000 per year. It is in the formal sector where jobs that can be described as decent are found.

Your Committee further observes that most Zambians are employed in the informal sector estimated to be 88.6 percent (4.9 million) of the employed population. Going by the ILO definition of decent work, it is safe to conclude that the majority of Zambians in employment do not have decent jobs.

In terms of the Unemployment Rate, your Committee observes that although the data shows that Zambia has an impressive low rate of about 7.8 percent, there are issues surrounding the definition and measurement of unemployment.

Your Committee therefore, recommends that:

- (i) the Government should devote its attention towards ensuring that jobs that are being created in the public and private sectors are decent in conformity to the ILO definition of decent work; and
- (ii) the Government should ensure that the definition and measurement of unemployment are harmonised otherwise the nation may mislead itself into believing that it has low unemployment when this may not be the case.

### **(3) Availability of Information to the Public**

While there is a mechanism of making the information on labour and employment available to the public, your Committee observes that-

- a) employment statistics have proved to be a rather sensitive matter;
- b) the employment data from the Labour Force Survey and Living Conditions Monitoring Survey are not in a format that permits easier comparison; and
- c) although the Zambia Revenue Authority, after having rolled out the Taxonline System, will have latest data on active tax-paying employees, access to such information is not guaranteed in the absence of an enabling legal framework albeit that the information may not give a complete picture of the employment situation, it can indicate whether growth is occurring in the formal employment sector.

Your Committee therefore, recommends the following:

- (i) in order to ensure integrity of statistics on employment, the Government should ensure that the Central Statistical Office not only remains the official source of such statistics, but also that the public has easy access to the information;
- (ii) the Ministry of Finance should have the data format standardised on employment from the Labour Force Survey and Living Conditions Monitoring Survey to allow for comparative analysis; and
- (iii) the Government should put in place a legal framework that will permit interested stakeholders to access non-sensitive employment data from administrative sources such as the Zambia Revenue Authority and pension schemes for social accountability purposes.

## **B. ELECTRICITY GENERATION AND ACCESSIBILITY IN ZAMBIA**

8.0 Submissions of various witnesses on the topic are summarised below.

## **Overview of the Electricity Sector Industry**

Your Committee heard that the electricity industry in Zambia was governed by the *Electricity Act of 1995* and the *Electricity Amendment Act of 2003*. The Electricity Sector Industry (ESI) was liberalised in 1995 to attract private sector participation in the generation, transmission, and distribution of electricity. This resulted in new players such as Copperbelt Energy Corporation (CEC) and Lunsemfwa Hydro Power Company (LHPC). Other new players such as Ndola Energy Company, Lunzua Power Authority, Maamba Collieries Limited, EMCO Energy Zambia Limited and Zengamina Power Company had entered the industry with a focus on increasing power generation capacity.

In order to promote its policy of private sector participation, the Government, through the *Energy Regulation Act of 1995*, established the Energy Regulation Board (ERB) to regulate operations and pricing in the ESI. The operations of the ERB are governed by *the Electricity Act of 1995* and the *Electricity Amendment Act of 2003*.

There are five active players in the Zambian ESI with ZESCO holding a larger market share. The ESI could be categorised into three main sections of the electricity supply chain, namely: generation, transmission, and distribution. The majority of the new entrants to the ESI were entering the generation side of the supply chain. This implies that ZESCO's market share in generation was likely to reduce over time. However, there seemed to be continued dependence on ZESCO as a significant bulk purchaser of the output of the new generating companies.

At regional level, about 40 percent of the waters in the Southern Africa Development Community (SADC) Region are in Zambia, while at local level about 6 percent of the land area was covered with water. The most abundant energy source in Zambia was therefore hydropower with a potential capacity of close to 6,000 megawatts though only about a third of the potential had been developed. The growing demand for electricity at both domestic and regional levels, and the regional power shortages in the foreseeable future provide a solid market for any additional electricity that Zambia could supply.

### **(A) National Power Output**

Zambia's electricity installed generation capacity was estimated by witnesses to be in the range 1,890MW to 2,140MW depending on what was taken into account in the computation. The breakdown of the generation capacity based on figures from the Ministry of Mines, Energy and Water Development is as shown in Tables 12 and 13 below.

**Table 12: Installed Generation Capacity**

No.	Power Station	Owner	Installed Capacity (MW)
1.	Kafue Gorge	ZESCO	990
2.	Kariba North Bank	ZESCO	720
3.	Victoria Falls	ZESCO	108
4.	Lusiwasi	ZESCO	12
5.	Chishimba Falls	ZESCO	6
6.	Musonda Falls	ZESCO	5
7.	Lunzua	ZESCO	0.75
8.	ShiwaNg'andu	ZESCO	1
8.	Lunsemfwa	Lunsemfwa Hydro Power Ltd	31
9.	Mulungushi	Lunsemfwa Hydro Power Ltd	25
10.	Zengamina	Charles Rea	0.75
	<b>Total</b>		<b>1,899.5</b>

Source: Ministry of Mines, Energy and Water Development

**Table 13: Diesel Power Generation Plants**

No.	Power Station	Owner	Installed Capacity (MW)
1.	Lukulu Diesel Fuelled Generating Plant	ZESCO	0.5
2.	Shangombo Diesel Fuelled Generating Plant	ZESCO	0.64
3.	Kaputa Diesel Fuelled Generating Plant	ZESCO	0.6
4.	Mwinilunga Diesel Fuelled Generating Plant	ZESCO	1.48
5.	Kabompo Diesel Fuelled Generating Plant	ZESCO	0.72
6.	Zambezi Diesel Fuelled Generating Plant	ZESCO	1.28
7.	Luangwa Diesel Fuelled Generating Plant	ZESCO	1.28
8.	Gas Turbine (stand by)	CEC	80
	<b>Total</b>		<b>86.5</b>

Source: Ministry of Mines, Energy and Water Development

The installed capacity reported above does not reflect an accurate figure of the power available to customers as the ZESCO network experienced transmission losses (approximately 7 percent) and distribution losses (approximately 14 percent).

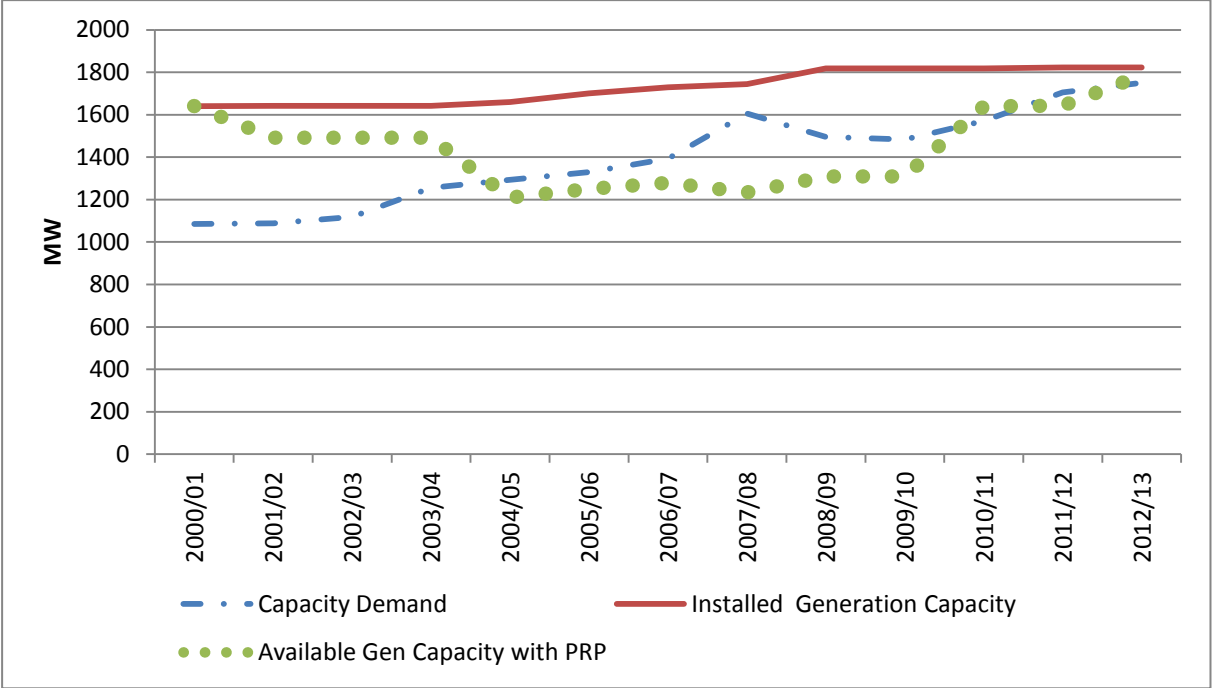
The power was evacuated from the power stations to the customers through a network of 330kV, 220kV, 132kV, 88kV, 66kV, 33kV, 11kV and 0.4kV transmission and distribution power lines. The hydropower stations supplies the national grid while the diesel power generating plants supply isolated loads mainly in remote areas not connected to the grid. The gas turbines, operated by CEC, located on the Copperbelt Province, provide standby supply to mining companies.

Based on the above figures, some witnesses argued that even with the liberalisation of the electricity supply industry, penetration by the private sector has been largely insignificant.

Zambia was experiencing capacity deficit or insufficient generation capacity. This was as a result of rapid investments in consumption, for example growth in number of households, industries and increase in mining activities, which was not matched with growth in the power generation. Power generation could be depleted in capacity or energy. However, with further load growth or consecutive years of poor rainfall, the country could experience an energy deficit.

Figure 2 below shows the annual growth of demand capacity compared to generation capacity and available generation energy.

**Figure 2: Generation Capacity Compared to National Demand**



Source: Ministry of Mines, Energy and Water Development

Since the commencement of the Power Rehabilitation Project (PRP) in 2004/05, the power generation capacity was below the peak demand. This scenario had continued. Prior to 2008, ZESCO was able to import up to 300MW from Eskom. This position changed in 2008 when Eskom started experiencing generation deficit.

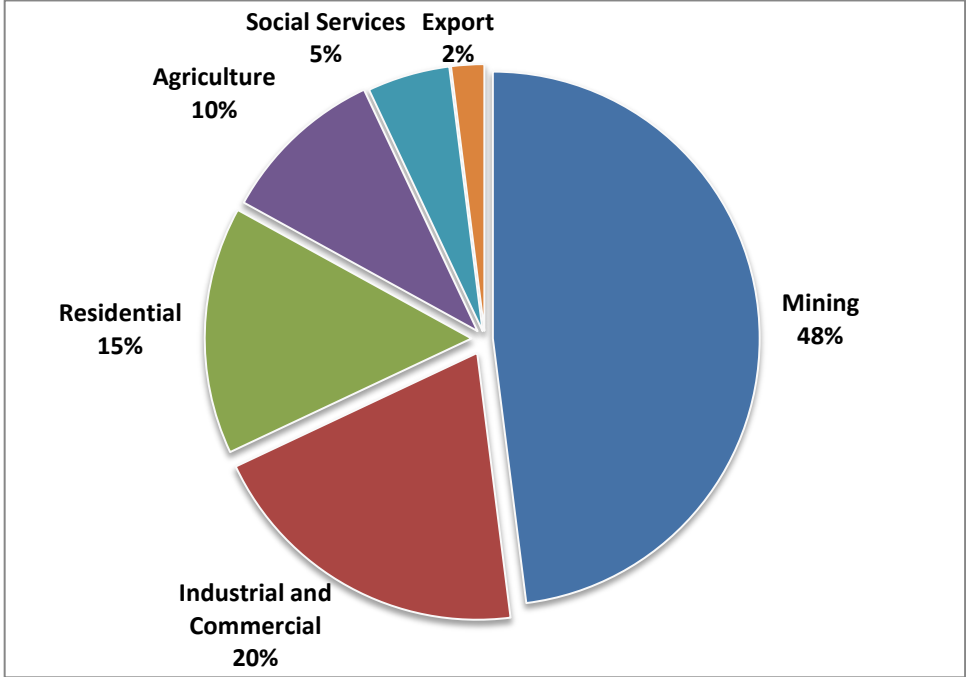
ZESCO’s estimates indicate that national demand at peak was approximately 2,200 MW translating into actual demand power deficit 250MW. Other stakeholders estimate the deficit to be about 300MW.

**(B) Electricity Consumption Per Sector**

The mining industry was the largest consumer of electricity followed by the industrial and residential category. The consumption per sector is illustrated in Figure 3 below.



**Figure 3: Electricity Consumption per Sector**



Source: Reconstructed using data from the Ministry of Mines, Energy and Water Development

**(C) The Current Transmission and Distribution Network**

The main transmission system was part of ZESCO. The Zambian system has two independent transmission companies that operate part of the transmission system. These were CEC (66kV and 220kV) and Lunsemfwa Hydro Power Company Ltd (66kV). The Zambian transmission system is connected radically to Tanzania and Botswana on 66kV, Namibia on 220kV and is interconnected to Congo DR on 220kV and Zimbabwe on 330kV. The transmission system operating voltages were 66kV, 88kV, 132kV, 220kV and 330kV.

The National Grid backbone was on 330kV and 220kV transmission lines. Kariba North Bank Power Station and Kafue Gorge Power Station were the major sources. There was one central transmission corridor; Leopards Hill – Kabwe – Kitwe – Chingola – Solwezi – Lumwana. There was a 330kV feeder up to Serenje (North), a 220kV feeder up to Sesheke from Kafue and Choma & Livingstone, 220kV Copperbelt ring and a 132kV Lusaka city ring.

On the distribution side of the supply chain, there were currently five companies involved. The first was ZESCO Limited which was responsible for generation, transmission, and distribution. The second was CEC that was responsible for about 50 percent of power consumed in Zambia. CEC bought power from ZESCO and supplied power to the mines on the Copperbelt.

The third was LHPC which was generating about 56MW of power. It sells all its power to ZESCO under a Power Purchase Agreement (PPA). The fourth was Zengamina Power Company Ltd (ZPC) an off-grid power and supply company situated at Kalene, in Mwinilunga. The Company supplies power to Kalene Mission Hospital and the surrounding farms, business premises and residential areas.

The fifth was North-Western Power Company, a locally-owned company that was distributing power in the Lumwana Mine Township. It has built a 20MVA capacity sub-station and was targeting the proposed Multi-Facility Economic Zone and other new developments in the North-Western Province.

The Living Conditions Monitoring Survey (LCMS) 2010 Report showed that the geographical coverage of the national electricity grid was largely skewed to the urban areas and to district centres in the case of rural areas. The surrounding areas remained unconnected to the national grid resulting in most public facilities such as schools, clinics, local courts, Chief's Palaces and markets having no access to electricity.

In terms of reliability of the transmission network, the national grid was constrained and its efficiency was compromised. This was attributed to the geographical location of Zambia's hydropower stations in the south, while the majority of the load was located in the north due to the location of the copper mineral resource. The need to transport bulk power from one end of the country to the other created transmission constraints which manifested in low voltages and increased losses. Another factor was the lack of or inadequate investment in the past years to increase the generation capacity to meet the growing demand. There was equally insufficient investment in existing and new transmission and distribution infrastructure. This has the effect of creating a weakened power supply system with insufficient reserves to withstand system stresses.

However, there were measures being taken to improve the reliability of the national grid such as construction of new transmission lines and rehabilitating & upgrading of existing transmission and distribution lines. Drivers for transmission line development were:

- (i) increased demand;
- (ii) the new generation plants required new transmission lines for power evacuation;
- (iii) upgrading, performance improvement and reinforcement of existing generation plants;
- (iv) grid expansion/system development which included international tie-lines; and
- (v) age and obsolescence of the existing transmission network built more than 40 years ago.

Planned projects to improve the reliability and efficiency of the national grid included -

- (i) Lusaka West-Mumbwa-Kalumbila-Lumwana Transmission Corridor;
- (ii) Connection of North-Western districts to the grid;
- (iii) Pensulo-Kasama and Pensulo- Chipata 330 kV Transmission Project;
- (iv) Leopards Hill-Luangwa 132 kV Transmission Project;
- (v) Chipata – Lundazi – Chama 132 kV Transmission Project;
- (vi) Itezhi-tezhi-Mumbwa-Lusaka West Transmission Project;
- (vii) Kafue Gorge Lower (KGL) – Lusaka South – Lusaka West Transmission Project;
- (viii) Kariba North Bank Extension (KNBE) - Kafue West 330 kV Transmission Project;
- (ix) Kafue Town-Muzuma-Victoria Falls Transmission Upgrade Project; and
- (x) Zimbabwe-Zambia-Botswana-Namibia Interconnector Project.

#### **(D) Projects (Public and Private) meant to expand electricity generation in the medium to long term**

The demand for electricity in Zambia has been growing at an average of 3 percent per annum mainly due to increased economic activity, especially in the agriculture, manufacturing and mining sectors. The growth in peak demand was estimated to be between 150 MW and

200MW per annum. The investment needed in generation and transmission to meet the demand was significant - more than US\$5 billion for new generation and US\$1 billion for transmission by 2020.

The Ministry of Mines, Energy and Water Development, in line with the National Energy Policy and objectives of the Power Systems Development Master Plan (PSDMP), was stepping up efforts to facilitate the creation of an enabling environment for project development to address the power deficit in the country. It was emphasised that power project development was essential for meeting power needs for new investments in the mining industry and creation of job opportunities for the people of Zambia which would enhance economic development.

Table 14 below shows current electricity generation projects that ZESCO is involved in.

**Table 14: ZESCO's Projects of Additional Capacity and Estimated Costs**

No.	Plant	New Capacity (MW)	Existing Capacity(MW)	Additional Capacity(MW)	Estimated Completion Date	Project Cost Millions (US\$)
1	Kariba North Bank Extention	360	0	360	2014	420
2	Itezhi-Tezhi Power Corporation	120	0	120	2015	250
3	Lunzua	14.8	0.75	14.05	2014	41
4	Lusiwasi Upper	86	12	74	2015	103
5	Lusiwasi Lower	15	0	15	2014	47
6	Chishimba	14.8	6	8.8	2015	46
7	Musonda Falls	10	5	5	2014	32
8	Kapisya Geo	2.2	0.2	2	2016	10
9	Kariba North Bank Power Station	720	690	30	2016	12
10	Mujila	1.4	0	1.4	2014	25
<b>Total</b>		<b>1,344.20</b>	<b>713.95</b>	<b>630.25</b>		<b>986</b>

Source: Ministry of Mines, Energy and Water Development

In an effort to promote the development of power projects in the country by attracting private sector participation, the Office for Promoting Private Power Investment (OPPPI) was created in the Ministry of Mines, Energy and Water Development. The role of the OPPPI was to promote private investment in the development of power projects. In undertaking its work, the OPPPI identifies projects, undertakes feasibility studies, develop solicitation strategy and documents for developers, procure developers, and facilitate negotiations of implementation agreements between the Government and developers.

The OPPPI works in close coordination with other institutions such as ZESCO, ERB, Rural Electrification Authority (REA), Zambia Environmental Management Authority (ZEMA), Zambia Public Procurement Authority (ZPPA) in the development of the power projects.

The projects being facilitated, prepared and/or packaged by the OPPPI are presented below.

- (i) *Kafue Gorge Lower Project (750MW)* - feasibility studies have been completed and the Project would be developed by ZESCO with the participation of the private sector.
- (ii) *Kalungwishi Hydropower Project (247 MW)* - the developer, Lunzua Power Authority (LPA) was procured through International Competitive Bidding (ICB). The

Implementation Agreement (IA) was signed on 22<sup>nd</sup> August 2011 and the developer was in the process of finalising the Environmental Impact Assessment Study and other preparatory activities. Financial close was planned for end of 2014 after which construction would commence. The Project was expected to be commissioned in 2018.

- (iii) *Kabompo Gorge Hydropower Project (40MW)* - the developer, CEC, was procured through an ICB. The developer had procured an EPC contractor and the pre-construction works had commenced at site. The Implementation Agreement would be signed as soon as approval from the Government was obtained. The Project would be commissioned by 2017.
- (iv) *Itezhi-tezhi Hydropower Project (120MW)* - the Project was under construction and the civil works were nearing completion. The Project would be commissioned in 2015.
- (v) *Maamba Coal Fired Power Station (300MW)* - the Power Station was under construction and would be commissioned in 2014.
- (vi) *EMCO Coal -Fired Power Station (300MW)* - the developer was still undertaking detailed site investigations and the EIA study.
- (vii) *Zambia-Tanzania-Kenya Power Interconnector Project* - the feasibility study for the sections Mbeya-Iringa-Singinda-Arusha and Isinya had been completed. The consultant to undertake the feasibility for the Mbeya-Kasama section had been engaged and was to commence work in December 2013. It was expected that the same consultant would undertake the feasibility for the Kasama-Pensulo-Kabwe section of the transmission line. The Iringa-Singinda section in Tanzania was under construction while ZESCO was in the process of building a 330kV line from Pensulo to Kasama through Mpika. This effort by ZESCO would augment the transmission capacity of the main 400kV transmission corridor. Once the feasibility study was completed in 2014, the project marketing process of road shows would commence to mobilise funds for the implementation of the project. It would take three years to build the transmission line.
- (viii) *Chavuma Falls (14) and Chanda Falls (1)* - the procurement process for the developers has commenced and the tenders closed in September 2013 and six bidders had been shortlisted. Once developed, the power stations would be connected to the Zambian national power grid.

Other projects being developed by the private sector but still at either pre-feasibility or feasibility stage are shown in Table 15 below.

**Table 15: Power Projects at Pre-feasibility and Feasibility Stages**

No.	Project	Developer	(MW)
1.	Muchinga	Lunsemfwa Hydro Co.	230
2.	Mutinondo	Powermin	40
3.	Luchenene	Powermin	30
4.	Ngonye Falls	Western power	50
5.	Mulembo	Mchimadzi	210
6.	Lelya	Mchimadzi	130

Source: Ministry of Mines, Energy and Water Development

## **(E) Alternative Electrical Energy Sources**

Other activities the Ministry of Mines, Energy and Water Development was engaged in to promote alternative clean electrical energy sources other than hydro are presented below.

### **(i) Tendering of 30MW Solar Power Projects**

The Government, through the Ministry of Mines, Energy and Water Development, was encouraging the development of power plants in the short to medium term using solar technology.

The Ministry, therefore, had invited bids from interested developers/sponsors to develop solar power plants on a Build, Own and Operate basis as shown in Table 16.

**Table 16: Proposed Solar Power Plants**

<b>Eastern Province 10MW</b>	<b>Luapula Province 10MW</b>	<b>North-Western and Western Province 10MW</b>
Lot 1. Petauke 4MW	Lot 5. Mansa 3MW	Lot 9. Kabompo 3MW, Lukulu 1MW
Lot 2. Lundazi 2MW	Lot 6. Mwense 2MW	Lot 10. Mwinilunga 2MW and Mufumbwe 1MW
Lot 3. Chama 2MW	Lot 7. Nchelenge/Mbereshi 3MW	Lot 11. Zambezi 2MW and Chavuma 1MW
Lot 4. Mambwe 2MW	Lot 8. Kawambwa 2MW	

Source: Ministry of Mines, Energy and Water Development

The electricity produced would be fed into the national/mini grid at a tariff to be negotiated in the PPA between ZESCO and the successful bidders.

### **(ii) Implementation of Mpanta Solar Mini-Grid**

Mpanta mini-grid was one of the three projects being implemented by the Government and the United Nations Industrial Development Organisation (UNIDO)/Global Environmental Facility (GEF) under the Renewable Energy Based Electricity Generation for Isolated Mini Grids Project in Zambia. The 60KW Mpanta solar mini-grid system to supply electricity to Mpanta community was located in Samfya District.

### **(iii) Introduction of a Feed-in Tariff Policy**

The electricity sub-sector had been facing a number of challenges in promoting increased use of renewable energy technologies. In the quest to promote renewable energy technologies, the Ministry of Mines, Energy and Water Development had been exploring the feasibility of using the Feed-in Tariff (FiT) Mechanism to attract private investments in the development of the sector. The Ministry had issued a tender for consultancy services for development of FiT Policy in Zambia. Selection of the consultant to work on the formulation of the FiT was not concluded. The Ministry

was working with the Southern African Trade Hub (SATH) to provide technical and financial support to the development of the FiT Policy in Zambia.

**(F) Effects of Load Shedding**

There were no negative economic effects experienced by mining companies due to load shedding. This was because mining loads were not subjected to load shedding due to the strategic nature of the industry as well the bulkiness at which power was supplied to them.

Although the Ministry of Commerce, Trade and Industry could not quantify the impact of load shedding, it admitted that the competitiveness of the agriculture and manufacturing sectors had been affected. This was supported by some non-state witnesses who submitted that a brief survey of some industrial players showed that load-shedding caused declines in production (6 to 30 percent) for companies not using alternative sources of energy, and 5 to 15 percent for companies that had invested in alternative sources of energy. Alternative sources of energy increased production costs by an average of 15 percent per month thereby impacting negatively on profitability. The result of this was that producers passed on the cost to the consumers thereby increasing the cost of goods and services.

At regional level, load shedding had the potential of damaging the reputation of the country as a preferred investment destination.

**(G) Strategies to Improve Access to Electricity**

According to the LCMS 2010, the national electrification rate was approximately 22 percent and about 5 percent in the rural areas. Although the Rural Electrification Fund (REF) was created in 1994 to facilitate rural electrification, the rate of electrification had remained low.

The strategies being implemented to improve access to electricity are presented below.

- (i) Prioritisation of the Rural Electrification Programme. In order to speed up electrification of rural areas, the Government decided to create REA through the enactment of the Rural Electrification Act in December 2003. REA was charged with raising funds and implementing rural electrification.
- (ii) Increasing the electricity generation capacity.
- (iii) Rehabilitating, upgrading and constructing transmission and distribution lines.
- (iv) Construction of generation plants close to the load centres for example Shiwang'andu Mini Hydro Power Plant, Mpanta Solar Mini Grid, Mujila Mini hydro power Projects.
- (v) The Government with the help of the World Bank was implementing the Increased Access to Electricity Services (IAES) Project. The objective of the Project was to increase access to electricity services as measured by the number of connections through grid and off-grid connections.

## **(H) Investment Environment in the Electricity Supply Industry**

The liberalisation of the Zambian electricity and supply industry had created an opportunity for participation by both local and foreign investors. Although this happened as far back as 1995, there had not been any green field investment in the industry.

The Government, through the Ministry of Mines, Energy and Water Development would continue to implement the 2008 National Energy Policy with the view of creating an enabling environment for the expansion of the country's power generation capacity. Various policy documents had been developed in the quest to improve the electricity sector as set out hereunder.

### **(i) *Rural Electrification Master Plan***

The Plan is aimed at raising rural access to electricity from the prevailing 3 to 51 percent by 2030.

### **(ii) *Power System Development Master Plan***

The Government has developed the Power System Development Master Plan (PSDMP) whose objective was to provide a blueprint for power system development in the country up to the year 2030.

### **(iii) *Zambia Electricity Grid Code Regulations***

In line with the Electricity Act, a Statutory Instrument No.79 of 2013 providing for Electricity (Grid Code) Regulations has been issued. The Grid Code Regulations legally establish technical requirements for the connection to, and use of an electrical transmission system by parties other than the owning electricity utility, in a manner that would ensure reliable, efficient, economic, secure and safe operation.

The Grid Code Regulations would ensure that investments were made according to specified requirements and provide access, on agreed standard terms, to all parties wishing to connect to or use the transmission system. This, therefore, meant that, the Code would apply the principle of non-discrimination through the provision of consistent and transparent criteria and procedures.

### **(iv) *Priority Sector Incentives***

Following the amendment to the Second Schedule of the Zambia Development Agency Act, power generation had been declared a priority sector. This amendment was in recognition of the need to reduce the cost of developing power plants and attract independent power producers to increase generation capacity in Zambia and meet the growing demand for power for the productive sectors especially mining.

Some non-state witnesses acknowledged the improved investment environment particularly after the electricity supply industry was liberalised. In addition, investors enjoyed incentives such as duty-free capital equipment imports and tax holidays following the amendments to the *Zambia Development Agency Act* of 2006.

Witnesses, however, stated that there were a number of challenges that needed attention. These are presented below.

- (1) Prevailing electricity tariffs were not cost-reflective and therefore, were unable to support financing costs and guarantee a fair return on investment. Studies had revealed that even with a 100 percent capital subsidy, investing in the electricity sub-sector was not a viable option at the existing tariff level.
- (2) There was limited access to power transmission infrastructure on an open access basis to guarantee equitable and market-based evacuation of power by independent power producers.
- (3) Weaknesses in the policy and regulatory framework. In order to attract equity investment and debt financing, investors would have to be assured of a conducive regulatory, fiscal and monetary environment. Zambia did not have a Renewable Energy Feed-in Tariff to guide the trading between ZESCO (bulk power purchaser) and other private producers of power generated using renewable energy technologies.
- (4) Undue delays in obtaining investment permits, title to project land, water rights and environmental consents that were critical in securing financing.
- (5) The market structure was not very conducive for private investment. This was attributable to the existence of a vertically integrated utility company which was in essence a monopoly single-buyer market. This could act as a disincentive for private sector investments in the sector.

### ***Risk to the Treasury***

Whilst investment was desirable, some witnesses voiced concern on the PPPs that had been entered into for new generation plants. These included capacity payment requirements and off-take clauses that required ZESCO to make certain fixed payments based on the generation capacity of the plants regardless of whether or not power was generated and delivered to it. The clauses stipulated that in the event that a compensation event occurred, the seller was entitled to recover the capacity charge directly from the Government under an Implementation Agreement. A compensation event was defined as “adverse hydrological events” such as droughts or any other events that could result in reduction in water availability to the extent that the generation facility became incapable of achieving firm energy of 450 GWh in any billing period.

## **COMMITTEE’S OBSERVATIONS AND RECOMMENDATIONS**

9.0 Your Committee’s observations and recommendations are presented below.

### **(1) National Power Output**

Your Committee observes that although Zambia has a hydro power generation potential of about 6000MW, only a third of this has been developed. The combined national output – hydro, gas, diesel and heavy fuels – is just about 2000MW. Unfortunately, the Nation still faces a deficit of between 250MW to 300MW. Your Committee notes that when the current projects aimed at increasing the generation



capacity are commissioned, the Nation will have a surplus. However, this will not be for a long time considering the annual demand growth estimated to be between 150MW to 200MW.

Your Committee is, however, happy with the corresponding measures that have been taken to upgrade the national grid which is currently constrained and compromised.

Your Committee is alive to the fact that there has been inadequate investment in the electricity supply industry resulting in the current power deficit. There had been a mismatch, in previous years, between economic growth and the pace at which new investments were channelled into generation and transmission.

Your Committee observes that the major player in the electricity sub-sector is the vertically integrated ZESCO Limited on all fronts, that is, generation, transmission and distribution. Because of its dominance in the distribution chain, it is the bulk buyer of most of the power that is privately generated. Unfortunately, the presence of a single giant in the electricity supply industry has been argued to be a disincentive to investors. In this light, ZESCO can be both a vehicle to the growth of the electricity industry and a hindrance to investment.

Your Committee therefore recommends the following:

- (i) the Government should not allow history to repeat itself by not channelling investment in electricity generation and transmission. It should take a more pro-active approach considering that the annual growth of demand for power is known; and
- (ii) the Government should exploit in full benefits of its ownership of ZESCO being the biggest player in the electricity industry and at the same time ensure a level playing field for other players to avoid discouraging private investment.

## **(2) Accessibility to Power**

Your Committee observes that access to electricity has continued to be very low, estimated at about 22 percent at national level. For rural areas, access to electricity is about 5 percent despite the existence of the Rural Electrification Authority and the Rural Electrification Fund. Your Committee therefore, recommends that the Ministry of Mines, Energy and Water Development should intensify its efforts of improving access to electricity in the country.

## **(3) Investments in Electricity Generation**

Your Committee observes that for Zambia to meet future demands for electricity, there is need for both the Government and the private sector to invest in new generation plants taking into account the huge capital outlay required of US\$5 billion. Your Committee notes that there is an additional 4000MW hydro power potential yet to be developed. Potential also exists in both alternative and renewable energy sources.

Your Committee is comforted by the number of projects that ZESCO and private investors have embarked on facilitated by the Office for Promoting Private Power Investment. The projects will assist the Nation scale-down on load shedding which has had an impact on industry particularly the manufacturing and agriculture sectors.

Your Committee is, however, concerned that some Purchasing Power Agreements that have been entered into under the Public Private Partnership Agreements to develop power plants contain clauses that may be a risk to public resources.

Despite the potential coupled with the electricity supply industry having been liberalised as far back as 1995, the industry is still regarded as not being conducive enough because of the following:

- a) prevailing electricity tariffs that are not cost-reflective ;
- b) limited access to power transmission infrastructure on an open access basis to guarantee equitable and market based evacuation of power by independent power producers;
- c) weaknesses in the policy and regulatory framework;
- d) absence of a Renewable Energy Feed-In Tariff to guide the trading between ZESCO and other private producers of power generated using renewable energy technologies; and
- e) undue delays in obtaining investment permits, title to project land, water rights and environmental consents that are critical in securing financing.

Your Committee therefore, recommends the following:

- (i) the Government should promote investment in all forms of energy generation sources (hydro, alternative and renewable) depending on their suitability to particular localities;
- (ii) the Government should ensure that Power Purchase Agreements are not a risk to public resources; and
- (iii) the Government should address the mentioned challenges that investors are facing.

## **PART II**

### **LOCAL TOUR**

10.0 Your Committee undertook a local tour of various sites and institutions in order to have practical experience of the topical issues under study and also conduct on-the-spot checks of some of the institutions they interacted with and projects that were made reference to in the submissions. These were: Itezhi -Tezhi Hydro Power Project; Central Statistical Office; Lusaka Labour Office; Kafue Gorge Power Station; Kariba North Bank Power Station; Maamba Thermal Power Plant; Lunsemfwa Hydro Power Company; Ndola Labour Office; and Copperbelt Energy Company.

#### **Tour of Electricity Companies and Power Stations**

11.0 Major findings of your Committee during the tour of electricity companies and power stations are presented below.

##### ***Itezhi-Tezhi Hydro Power Project***

- Itezhi-Tezhi Power Corporation Limited (ITPC) is a Joint-Venture between Tata Africa Holdings Limited of India (50 percent) and ZESCO Limited (50 percent). The estimated project cost was US\$250 million. Tata and ZESCO had already contributed 30 percent of the funds on a fifty percent basis. The remaining 70 percent, approximately US\$ 175 million, was to be financed through loan agreements.
- The Project is located on the Itezhi-Tezhi Dam on the Kafue River. The Project once completed would have a generating capacity of 120MW. The Project would improve electricity supply to Itezhi-Tezhi District from 1MVA to 10 MVA and has created employment for 466 people of which 363 were Zambians.
- Corporate social responsibility activities of ITPC included expansion of the water supply and sewerage system, rehabilitation of the local hospital's electrical infrastructure, contribution to education, improvement of the local road infrastructure and involvement in social activities such as sports, arts and culture.
- ITPC is faced with two major challenges. Firstly, it has failed to conclude financing agreements with the potential financiers due to stringent conditions that were attached to the funds. One of the conditions was step-in rights that financiers wanted to include which would entail ITPC literally surrendering its rights to the lenders who would have a say in every area of the Project. The situation needed to be resolved as soon as possible because the initial funds that were provided by Tata and ZESCO would soon be exhausted and this could affect the completion of the Project.

Secondly, the deplorable state of the D769 road that leads to Itezhi-Tezhi was not suitable for transporting sensitive equipment for the Project. In spite of several appeals that have been made since the commencement of the Project, the road has not been rehabilitated.

### ***Kafue Gorge Power Station***

The Power Station has an installed generation capacity of 990MW.

- A major challenge for the Power Station was the presence of a weed known as Water Hyacinth on the Kafue River. The presence of the hyacinth was exacerbated by effluent from the fertiliser factory and Sugar Refinery which were both located in the Kafue Flats. Despite the mechanical initiatives that had been employed to remove the weed, it has continued to be a threat to the Power Station. In 2013, ZESCO spent K350, 000 to prevent the weed from getting into the Power Plant. Although ZESCO was planning to purchase a weed harvester, there was need to involve all stakeholders to control the weed.
- Other challenges facing the Power Station were the inadequacy of a cooling system in the power house and the aged control system. The temperatures in the power house were rather high and the cooling equipment was not functioning properly and needed to be replaced. The contract for the supply of the cooling equipment had been signed and it was hoped the equipment would be delivered within four to six months. In terms of the control system, the system in use had been installed in 2001 and needed to be upgraded as it had become outdated.

### ***Kariba North Bank Power Station***

- Kariba North Bank Power Station (KNBPS) has an initial installed generation capacity of 600MW from four generating units when it was commissioned in 1967. ZESCO up-rated each generating unit to 180MW bringing the output to 720MW in 2009. In 2008, the KNBPS Extension Project commenced to expand the existing Kariba North Bank Power Station by adding two new generating units of 180MW each, thereby increasing the generation capacity of KNBPS to 1080MW.

The benefits of the KNBPS Extension Project included providing an additional 360MW to the nation, creation of jobs, contributing to the rural electrification programme and putting up of a new sub-station in Siavonga which would improve local power supply in the area.

### ***Maamba Thermal Power Plant***

- Coal mining in Zambia was initially started in 1966 at Nkandabwe area near the existing Maamba Coal Mine and was operated by the National Coal Board of Zambia. In 1967, the mine was abandoned due to complex geological problems and inundation. Thereafter, the initial works on development of the new coal mine at Maamba began. In 1971, the National Coal Board of Zambia was dissolved and Maamba Collieries Limited (MCL) was established and was 100 percent owned by the Government.
- In 2008, Zambia Consolidated Copper Mines Investment Holding (ZCCM – IH) became shareholder on behalf of the Government. In April 2010, an equity partnership agreement was signed between ZCCM-IH and Nava Bharat of Singapore in which Nava Bharat Ventures acquired a 65 percent stake in MCL and assumed total management control.

- MCL revived mining operations with two major categories of coal products namely high grade (low ash coal) which is a marketable product; and low grade (high ash coal) for the thermal power project.
- The construction of the thermal power plant commenced on 26<sup>th</sup> April 2012 and it was scheduled for commissioning in January 2015. It involved the setting up of a 300MW (2 X 150MW) coal fired power plant and constructing a 330kV transmission line from Maamba to Muzuma. A second phase of the project was being planned to set up an additional 300MW plant.
- The Power Plant would utilise low grade coal reserves and rejects from the coal handling and processing plant which were substantial in nature and may not have any alternative usage in Zambia. MCL recognised the importance of best environmental practices and to this end was employing globally recognised environmentally friendly technology in its operations. Safety was also high on MCL's agenda. The Project was being executed under a turnkey engineering, procurement and construction contract by SEPCO of China.
- Corporate Social Responsibility (CSR) activities of MCL were being carried out by Maamba Development Trust a wing of the Company. CSR programmes included the following:
  - a) repaired and maintained a number of roads and footbridges;
  - b) made various donations to the local hospital and developed a mobile health camp initiative in and around Maamba with the support of external medical professionals;
  - c) maintained the water reticulation system and supplied the treated water to the entire Maamba community at a nominal price;
  - d) provided garbage collection centres at 34 locations in Maamba Town and provided a common collection centre;
  - e) established sewage ponds for the benefit of the entire Maamba Community to help maintain the town clean;
  - f) supported a local school with about 700 pupils for children from the community and the mining employees with the objective of providing quality education at an affordable price with subsidised tuition fees;
  - g) launched a two-year vocational training programme offered to the youth in and around Maamba and Sinazongwe Districts;
  - h) launched a 45-day internship programme for 4<sup>th</sup> and 5<sup>th</sup> year university engineering students with free boarding and food; and
  - i) supported sporting activities in Maamba which included golf, boxing and football.
- Other works being undertaken by the company outside the principal project area, were road works, pipeline and transmission line, which would lead to the resettlement of 102 households. MCL has a resettlement action-plan with a budget of US\$4 million to ensure that all affected households were appropriately compensated.
- Benefits of the Project beyond CSR would include;
  - a) minimising the pollution from mining activities due to self-combustion;
  - b) transfer of technology;
  - c) employment creation - MCL to the greatest extent possible utilised local skills, unless in instances where it was absolutely necessary to bring in external expertise;

- d) increase in power supply for rural electrification; and
- e) enhancing the stability of the economy by diversifying the revenue sources.

There were two major challenges faced by MCL. The first was the slow pace at which ZESCO was working to upgrade the Victoria Falls – Muzuma transmission line from 220 kV to 330 kV. The second was the inability to move heavy machinery for the project because of the weak and narrow bridges on the Maamba Batoka Road.

### ***Lunsemfwa Hydro Power Company***

- Lunsemfwa Hydro Power Company (LHPC) was owned by Wanda Gorge Investments, a Zambian company, and a European company called Agua Imara, with 49 and 51 percent shareholding, respectively. It was the only private power generating member of the Southern African Power Pool (SAPP). LHPC owned two hydropower plants, namely Mulungushi Power Station (31MW) and Lunsemfwa Power Station (25MW). Both Power Stations were old having been commissioned in 1925 and 1945, respectively. Wanda Gorge Investments took over LHPC in the early 2000s, and increased its combined production capacity from 5MW to 56MW.
- Mulungushi Power Station had become inefficient due to age and was in need of an upgrade. The Company planned to develop a new power station which would have a capacity of 40MW. To this effect, a feasibility study was commissioned in 2012.

LHPC also had plans to increase its generation capacity to 500MW by 2020. For this purpose, it had formed Muchinga Power Company, which had a license to develop a new hydropower plant with a potential capacity of more than 300MW downstream of the existing Lunsemfwa plant. A number of studies had been carried out to assess the hydropower potential in the area. The new Muchinga Hydropower Plant would harness the hydropower potential of the Lunsemfwa River. Further, LHPC had plans to develop the Lower Mulungushi Scheme with a potential 100MW generation capacity and to exploit other potential hydro sites in the Country.

- The Muchinga Hydropower Project would bring with it a number of benefits including job creation, increased power generation for economic activities, increased access to electricity, opening up the area for other economic activities such as farming, flood control in Luano Valley, capacity building of the local community, improved infrastructure such as roads, clinics and schools, development of skills and improved environmental management practices.
- The company was faced with some challenges. 35km upstream of Lunsemfwa Power Station was the Mita Hills Dam and reservoir which provided regulation of the Lunsemfwa River. A drastic reduction of water reporting to the Mita Hills reservoir had been observed over the years due to competing needs for water with the farming community. According to the Company, there was over-issuing of water rights by the Water Board resulting in stressed water catchments. This was a serious threat to the generation of electricity. Despite several attempts by LHPC to find a solution to the problem, there were delays in the establishment of catchment councils to manage the use of water catchments.

Other challenges faced by LHPC were the low electricity tariffs. In 2008, the SADC Council of Ministers agreed to move to cost-reflective tariffs by 2012. However, Zambia was yet to achieve this. The effects of low tariffs were difficulties to raise financing for projects, poor returns on investment and unlikely improvement in national connectivity to electricity to improve due to low investment in the electricity sector.

### ***Copperbelt Energy Corporation***

- The Copperbelt Energy Corporation (CEC) was the oldest fully integrated power supply utility in Zambia operating peaking/emergency power generation facilities, transmission, and distribution and supply assets and has existed under various names since the early 1950s when it was formed. The power Company was formed after the various mining companies on the Copperbelt Province initially supplied by isolated thermal power plants, decided to develop a grid and interconnect amongst themselves. This was necessary for purposes of pooling and optimising the use of power generation resources and to increase the efficiency, security and availability of supply. Another reason was to interconnect their networks through a high voltage transmission line to the Democratic Republic of Congo (DRC) to enable them access affordable and cleaner hydroelectric power which was already available in that country at the time. This high voltage transmission line interconnecting Zambia and the DRC to-date was still in operation and CEC as owner and operator of this interconnection was carrying out a project to expand the capacity of this important interconnection.
- Following the formation of the Zambia Consolidated Copper Mines (ZCCM), the company became the Power Division of ZCCM. In the late 1990s, the Power Division of ZCCM was hived-off and became a privately owned power company called CEC.
- CEC's mandate has expanded from that of a regional electricity utility company predominantly engaged in supplying power to the copper mines and the provision of transmission services to ZESCO on the Copperbelt to more of a Pan – African power infrastructure developer, operator and investor. CEC's main focus was to operate, develop and invest in power infrastructure in Zambia with a secondary interest to replicate this feat across Sub-Sahara Africa where opportunities exist coupled with a friendly investment climate.
- CEC has already gained significant inroads in both the power generation and distribution sectors. With the acquisition of its stake in the Shiroro Hydroelectric Power Company (600MW) in Nigeria, CEC had been charged with the operator responsibility for Shiroro.
- On the power distribution front, CEC was now the majority shareholder and operator of the Abuja Electricity Distribution Company (AEDC) which had about 650,000 domestic customers in addition to commercial and industrial customers. CEC had employed a number of well experienced Zambians who were working as expatriates in top management positions and helping with the company's turn-around plans for AEDC.
- CEC handles about 760MW which was 42 percent of Zambia's 1,750MW peak demand. CEC was actively involved in the development of two generation projects. One of these projects was the 40MW Kabompo Gorge Hydroelectric Power Project in the North-Western Province whose location in the north was strategic as it would help to improve technical performance of the national grid. The second was the hydro sites along the

Luapula River basin. These sites when developed had the potential of adding approximately 850MW to the national grid. Given their location on the opposite side of the traditional power stations and in the same area with Zambia's main load centre, these hydro sites had the potential of substantially improving the power quality and reliability of the national grid. CEC had been carrying out bankable feasibility studies on the River basin on the basis of a letter of support issued to it by the Government through the Public Private Partnership Unit of the Ministry of Finance. An investment permit, initially in form of a Memorandum of Understanding (MoU), which unfortunately had taken inordinately long, was still being awaited from the Government to facilitate the commencement of the development of the sites. CEC had so far spent up to US\$1.5 million on the feasibility studies and had finalised the River Master Plan in readiness for an investment decision. This investment decision unfortunately could not be reached until the Government signed the MoU. Feasibility studies conducted by CEC on the Luapula River had established existence of the about 800MW hydro potential as shown below.

**Table 17: CEC Planned Projects on the Luapula River**

Capacity (MW)	Location
124	Mambilima
200	
150	
80	Mombututa
301	

**Source:** CEC

CEC was ready to commence with the next phase of development for the Mombututa site following the signing of the MoU with the Government.

- CEC established a Renewables Department that was working on investment projects involving generation of power from biomass and solar. Three renewable projects were active on the Copperbelt, that is, two biomass projects of capacities of 10MW and 1MW in Ndola and Kitwe, respectively. A 15MW solar project was underway in Kitwe.
- In terms of corporate social responsibility, CEC was committed to sustainable business growth with social responsibility. Apart from the development of environmentally friendly renewable energy, other programmes include:
  - (i) support to the University of Zambia School of Engineering with over US\$700,000 having been spent from 2009 to 2013 for repair of lecture theatres, refurbishing of roof and general teaching infrastructure support, among others;
  - (ii) support to Power Dynamos Football Club including commissioning of the Club's refurbished stadium in 2010;
  - (iii) support to youth and sports;
  - (iv) support to rural development programmes including developing a school, clinic and training facility in Kabompo Gorge area;
  - (v) funding the construction of a US\$500,000 bridge in Kitwe in 2013 and was establishing new intra city linkages; and
  - (vi) funding of a Kitwe Street lighting project worth US\$350,000.



Some of the challenges cited by CEC include:

- a) low electricity tariffs that were unable to support financing costs and guarantee a fair return on investment and may not in the long term provide sufficient revenue to operate and maintain the power infrastructure;
- b) limited access to power transmission infrastructure on an open access basis to guarantee equitable and market based evacuation of power by independent power producers;
- c) need for a regulatory framework that guaranteed a level playing field for all market players; and
- d) undue delays in obtaining investment permits, title to project land, water rights and environmental consents that were critical in securing financing.

## **COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS**

12.0 Your Committee's observations and recommendations are presented below.

- (i) Your Committee is pleased with efforts towards improving generation at Kariba North Bank Power Station and Kafue Power Gorge Power Station. Your Committee is equally pleased with the contribution of the private sector in terms of investment in electricity generation. Further, the private sector can increase their investments after learning that LHPC has potential to increase its generation capacity to 500MW and CEC to over 800MW.

In order to encourage the private sector to invest more in electricity generation, your Committee recommends the following:

- a) the Government should as a matter of urgency improve infrastructural challenges that investors are facing such as the poor state of the D769 Road to Itezhi-Tezhi, low strength and narrow bridges on the Maamba-Batoka Road, slow pace at which the upgrading of the Victoria Falls-Muzuma-Kafue transmission line from 220kV to 330kV is being carried out and limited access to the public owned transmission infrastructure on an equal basis;
- (b) the Government should assist electricity companies overcome some of the financing bottlenecks they may be encountering most of which appear to be connected to low electricity tariffs. In addition, the Government, through ZESCO, being an equal partner in Itezhi-Tezhi Power Company, should assist resolve the issue of conditions that lenders are proposing to attach to the loans. Your Committee is, however, cognisant of the recently secured US\$142 in form of loans from various development finance institutions;
- (c) the Government should streamline the granting of water rights to ensure that competing needs for water are resolved such as the one facing LHPC on the Mita Hills Dam;
- (d) the Government should speed up the process of dealing with some administrative issues such as undue delays in obtaining investment permits (for example the delayed signing of the MOU with CEC over the Luapula River Basin), title to project land, water rights and environmental consents; and

- (e) the Government should ensure that the regulatory framework in the electricity supply industry guarantees a level playing field for all companies.
- (ii) Your Committee notes that the growth of CEC, by becoming an international player, going by the investments in Nigeria, presents the Country with manifold opportunities in the electricity business. Your Committee therefore, urges the Government to seize the opportunity and ensure that it utilises the experiences and resources that will be made available to expand electricity generation in Zambia and fully exploit the export potential.
- (iii) Your Committee wishes to express its concern at the continued presence of the water hyacinth plant which is a threat to the security of generation of Kafue Gorge Power Station. Considering the deficit of electricity the country is already faced with, the plant needs to be exterminated. Your Committee, therefore, urges the Ministry of Mines, Energy and Water Development, as matter of urgency, to ensure that a lasting solution of controlling the weed is found by involving all stakeholders, in particular Nitrogen Chemicals of Zambia and Zambia Sugar Company.
- (iv) Your Committee is of the view that if the Maamba Thermal Plant Project is successfully completed, other investors may be attracted to undertake similar projects. Your Committee, therefore, urges the Government to ensure that an effective and efficient pollution monitoring mechanism is in place.

### **Tour of Labour Offices**

13.0 Your visited the Lusaka and Ndola Labour Offices under the Ministry of Labour and Social Security. Findings of your Committee are detailed below.

#### ***Lusaka Labour Office***

- The Labour Office is under the Department of Labour and headed by the Labour Commissioner. The Department has three sections namely: Employment; Industrial Relations; and Inspections whose functions are:
  - (i) to advise the Government on labour related-issues;
  - (ii) to promote and maintain sound industrial relations;
  - (iii) to enforce labour legislation;
  - (iv) to collect, analyse and compile labour statistics;
  - (v) to conduct inspections so as to ensure compliance with labour legislation;
  - (vi) to operate a free employment/placement service;
  - (vii) to implement, control and manage programmes on the elimination of child labour; and
  - (viii) to promote Zambianisation (localisation) programme in the private and parastatal organisations.
- The Department of Labour was hampered in its operations by a number of factors. These include:
  - (i) weak legal framework, in particular, the *Employment Act, Cap 268* of the Laws of Zambia;
  - (ii) inadequate staffing levels-the staffing levels could not match the increasing

- workload;
- (iii) poor working environment- there was inadequate office space and insufficient working tools such as furniture and computers;
  - (iv) insufficient transport – the Lusaka Office only had one operational vehicle; this made it difficult to attend to labour complaints and to carry out inspections; and
  - (v) absence of a Public Employment Exchange (PEX) office to offer placement services for job seekers.

These challenges have made the Department of Labour to be more reactive than proactive on labour matters such as casualisation, giving foreigners jobs that were supposed to be reserved for Zambians and breaching of employment contracts.

### *Ndola Labour Office*

- The Department of Labour has a presence in six districts of the Copperbelt Province. These were Kitwe (covering Lufwanyama, Chambishi and Kalulushi), Ndola, Luanshya, Mufulira, Chingola and Chililabombwe.
- The Ndola Labour Office has a PEX though it was not fully functional. The lack of communication facilities where employers could simply post available vacancies via the internet had impacted negatively on the PEX. Consequently, most employers had resorted to direct recruitment instead of using the PEX. The Office had, however, continued to receive applications from the general public seeking employment. During the period January to March 2014, it had received 337 applications.
- The notable achievements of the Copperbelt Offices include settling of group and individual disputes, collecting and distributing of money to deserving clients, and advising clients on labour matters.
- The performance of the office during the period January to March 2014 had been affected by inadequate funding, transport, manpower, communication facilities and deplorable office accommodation. To emphasise the staffing challenges, the latest position was as shown in Table 18 below.

**Table 18: Staffing Position (Professional/Technical) - Actual Vs Establishment**

District	Principal Labour Officers		Senior Labour Officers		Labour Officers		Labour Inspectors	
	Act.	Est.	Act.	Est.	Act.	Est.	Act.	Est.
Kitwe	0	0	2	1	1	1	0	1
Ndola	1	1	1	1	1	2	0	1
Luanshya	0	0	1	1	0	1	0	1
Chingola	0	0	1	1	0	1	0	1
Mufulira	0	0	0	1	2	1	0	1
Chililabombwe	0	0	1	1	0	1	0	1
<b>Total</b>	<b>1</b>	<b>1</b>	<b>6</b>	<b>6</b>	<b>4</b>	<b>7</b>	<b>0</b>	<b>7</b>

**Act. = Actual, Est. = Establishment**

Source: Ndola Labour Office

With regard to support staff, the staffing levels were as shown below.

**Table 19: Support Staff Position: Actual Vs Establishment**

District	Clerical Officers		Typists		Office Orderly		Security Guards		Telephone Operators		Stenographers		Drivers	
	Act.	Est.	Act.	Est.	Act.	Est.	Act.	Est.	Act.	Est.	Act.	Est.	Act.	Est.
Kitwe	1	1	1	1	1	1	0	0	1	1	1	1	1	1
Ndola	3	2	0	2	0	1	1	1	0	0	1	1	1	1
Luanshya	1	1	0	1	0	1	0	0	0	0	0	0	0	0
Mufulira	0	1	0	1	0	1	0	0	0	0	0	0	0	0
Chingola	0	1	0	1	1	1	0	0	0	0	0	0	0	0
Chililabombwe	0	1	1	1	0	1	0	0	0	0	0	0	0	0
<b>Total</b>	<b>5</b>	<b>7</b>	<b>2</b>	<b>7</b>	<b>2</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>

Source: Ndola Labour Office

The status of labour inspections was as shown in the Table below.

**Table 20: Inspections for the Period January to March 2014**

Districts	January		February		March	
	Actual Inspection Conducted	Ideally 30 Per Month	Actual Inspection Conducted	Ideally Per Month	Actual Inspection Conducted	Ideally 30 Per Month
Kitwe	03	30	13	30	10	30
Ndola	10	30	09	30	08	30
Luanshya	03	30	04	30	03	30
Mufulira	04	30	03	30	04	30
Chingola	05	30	03	30	03	30
Chililabombwe	05	30	04	30	04	30
<b>Total</b>	<b>30</b>	<b>180</b>	<b>36</b>	<b>180</b>	<b>32</b>	<b>180</b>

Source: Ndola Labour Office

The comprehensive list of challenges facing Copperbelt Labour Offices is given below.

- (i) Inadequate information and communication facilities thereby affecting the efficiency and effectiveness. This included post boxes, internet and telephone lines.
- (ii) Some computers especially in Kitwe were not functioning thereby affecting secretarial work. In addition, most computers had viruses and urgently needed to be cleaned up.
- (iii) lack of proper security leading to theft of office equipment especially in Ndola.

- (iv) Inadequate funding which was also erratic making it difficult to operate effectively.
- (v) The Province only had two vehicles placed in Ndola and Kitwe. This made it extremely difficult to conduct inspections as evidenced in the number of inspections conducted per month.
- (vi) Poor office accommodation coupled with poor furniture.
- (vii) Lack of refresher courses and proper guidance on latest pieces of legislation such as statutory instruments. This has resulted in poor understanding of the labour laws by officers.

## COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

14.0 Your Committee is dismayed at the situation obtaining at the Department of Labour on the Copperbelt. It has no doubt that this is an indication of the state of other offices in the country. This is unacceptable considering that the Government has prioritised job creation which requires a proper monitoring mechanism.

Specific observations and recommendations are presented below.

- (i) The disclosure that the *Employment Act*, Cap 268 of the Laws of Zambia is not effective is of concern to your Committee. It, therefore, urges the Ministry of Labour and Social Security to immediately commence the process of revising the *Employment Act*. The Ministry should ensure that the professional capacity of labour officers is at the same time continually enhanced to enable them effectively enforce various pieces of legislation on labour matters.
- (ii) The staffing situation on the Copperbelt is serious and shows that the Labour Offices are not in a position to carry out their work effectively. Only 52 percent of the required professional officers have been employed. Your Committee, therefore, urges the Ministry to immediately address the staffing problems in the districts particularly those on the Copperbelt Province.
- (iii) The Copperbelt Province Labour Offices do not have the capacity to carry out labour inspections owing to inadequate transport and complete absence of labour inspectors. In the period January to March 2014, they only carried out, on average, 18 percent of the monthly target of inspections. This is likely to be the case the rest of 2014. Your Committee therefore urges the Ministry of Labour and Social Security to factor in the recruitment of labour inspectors and purchase of operational vehicles in its 2015 budget.
- (iv) The capacity of the Copperbelt Labour Offices is further constrained by lack of basic operational equipment for a modern office such as computers and communication tools (internet connectivity, phone connection and post boxes). This has led, to a large extent, to the failure to utilise the Employment Exchange which can be a source of labour statistics. Your Committee therefore, urges the Ministry of Labour and Social Security to ensure that these are budgeted for in the 2015 budget.
- (v) The internal working environment with respect to offices and furniture of the Labour Offices on the Copperbelt is not befitting of a labour law enforcer and regulator. Your Committee therefore, strongly urges the Ministry of Labour and Social Security to include in its 2015 budget funds for improving the outlook of its district labour offices.

## Tour of the Central Statistical Office Headquarters

15.0 The Central Statistical Office (CSO) is a department under the Ministry of Finance. It has four divisions namely: Economic and Financial Statistics; Agriculture and Environment Statistics; Social Statistics; and Information, Research and Dissemination. Your Committee was further presented with the following on the operations of the CSO.

- The Economic and Financial Statistics Division has various branches. These are prices statistics, external trade statistics, living conditions statistics, public finance statistics, national accounts statistics and industrial production statistics.

The Agriculture and Environment Statistics division has the agriculture branch and environment branch.

- Social Statistics Division has the labour statistics, demography and population statistics, geographical information system statistics and migration statistics branches.
- Branches found under Information, Research and Dissemination Division are gender statistics, library, field coordination, operations, sales office and dissemination branches.
- The Central Statistical Office has offices in all the provincial headquarters across the country.
- The construction of the new CSO Headquarters was nearing completion and the major outstanding works included landscaping and connection of electricity by ZESCO Limited.
- The CSO enjoys professional independence under the *Census and Statistics Act*. Therefore, there was no political interference in its operations. Its officers were not swayed by political pronouncements in the dissemination of statistics.
- The major operational challenge was the outdated *Census and Statistics Act* of 1964. Efforts had been made in the last twenty years to have the Act revised which would pave way for the transformation of the CSO into an autonomous body. As a Department under the Ministry of Finance, CSO faces a lot of challenges particularly when recruiting staff and accessing funding.
- At present, the scope of statistics was limited, it was therefore imperative that National Strategy for the Development of Statistics (NSDS) was adopted. The NSDS would increase the scope of statistics as all ministries, government departments and agencies would be involved in the collection of various types of information with the CSO performing the role of national coordinator. Implementation of the NSDS would be a challenge in the absence of new legislation.
- The equipment and computer software that CSO was operating with was outdated and there was need to acquire up to date equipment and software that would improve the quality of statistics produced.

## COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

16.0 Your Committee's observations and recommendations are presented below.

- (i) The *Census and Statistics Act* of 1964 is certainly outdated considering developments that have taken place in Zambia since its enactment. Considering that the NSDS has been adopted by Cabinet, your Committee urges the Ministry of Finance to immediately initiate the revision of the *Census and Statistics Act* which will not only facilitate implementation of the NSDS but also address some of the challenges faced by CSO.
- (ii) Efficient compilation of reliable statistics is dependent on having the right tools such as computers and the associated software. Your Committee, therefore, urges the Ministry of Finance to include in its 2015 budget funds for acquisition of computers and latest statistical software. Your Committee further urges the Ministry to expedite the completion of the new CSO Headquarters.

## PART III

### CONSIDERATION OF THE ACTION-TAKEN REPORT

#### CONSIDERATION OF CURRENT ISSUES

##### **Zambia's Current Trade Policy with Regards to Regional and International Trade Protocols**

*(a) Placing of Wheat on the Sensitivity List under the Tripartite Free Trade Area (ATR Page 4)*

17. Your previous Committee had recommended that as negotiations of the SADC-EAC-COMESA Tripartite FTA were gaining ground, the Ministry of Agriculture and Livestock and Ministry of Commerce, Trade and Industry should be alive to all these challenges that the wheat industry was facing and ensure that wheat and wheat products were placed on the sensitive list to safeguard local production capacities.

The Executive in response submitted that the Government was alive to the challenges that the wheat industry faced and has had several engagements with stakeholders regarding the discussions on the rules of origin. Zambia had taken cognisance of the fact that wheat should be a sensitive product due to the unique nature and sensitivity of the industry to ensure the growth of the industry. The Ministry of Commerce, Trade and Industry had been in discussions with the Ministry of Agriculture and Livestock and other key stakeholders to agree on a lasting solution that would ensure growth of wheat industry in the country.

From the discussions held so far, there had been proposals that wheat should be included on the sensitive list under the Tripartite Free Trade Area negotiations.

##### **Committee's Observation and Recommendation**

Your Committee requests an update on the placing of wheat on the sensitivity list.

*(b) Monitoring Quality of Imported and Locally Produced Goods (ATR Page 5)*

18.0 Your previous Committee had recommended that the Government should ensure that Zambia's national quality infrastructure and technical regulation regime were developed to their full potential, and harmonised with those of its major trading partners to enable the effective monitoring of both imported and locally produced goods.

The Executive in response submitted that regarding concerns that arose over matters of the national quality infrastructure and technical regulation regime, the Government would, through the Ministry of Commerce, Trade and Industry, be presenting a number of Bills which would operationalise the National Quality Policy. It was envisaged that once these were passed into Law they would help improve the competitiveness of Zambia's products with regard to standards, quality assurance, accreditation and metrology by



creating a supportive environment in terms of the quality infrastructure. It would also help ensure that Zambian standards were recognised by its major trading partners.

### **Committee's Observation and Recommendation**

Your Committee requests an update on the progress made as regards the legislation to operationalise the National Quality Policy.

(c) ***Capacity of the Competition and Consumer Protection Commission (CCPC) (ATR Page 6)***

19.0 Your previous Committee had recommended that the Competition and Consumer Protection Commission should be capacitated in terms of skills and human resource to enable it effectively monitor and maintain competition and fair trading practices in the country.

The Executive in response submitted that the Government, through the Ministry of Commerce, Trade and Industry, engaged M&M Management and Labour Consultants to review the operations of the Competition and Consumer Protection Commission (CCPC).

One of the outcomes of this consultancy indicated that there was need for a new organisational structure that would facilitate the presence of CCPC in all the provinces. Therefore, the Government would strive to ensure that management at CCPC was capacitated in terms of skills and human resources as and when the resources were available.

Once the new structure was in place, then there could be enough skills and human resources to adequately monitor and maintain competition and fair trading practices in the country.

### **Committee's Observation and Recommendation**

Your Committee requests the Executive to consider the possibility of setting up CCPC offices at provincial centres as a way of ensuring that it has widespread presence in the country.

## **CONSIDERATION OF OUTSTANDING ISSUES FOR THE FIRST SESSION OF THE ELEVENTH NATIONAL ASSEMBLY**

### **1. Status of Zambia's Domestic and External Debt**

(a) ***Priority in the Repayment of Debt (ATR Page 6/7)***

20.0 Your previous Committee requested the Government to clearly state the outstanding amounts to be paid to the pensioners. Your Committee also requested an update on the final payment of pension arrears.

The Executive in response submitted that the outstanding amount to be paid to pensioners stood at K332.53 million for the year 2013. A total of 9,703 pensioners were expected to be paid their benefits during the year.

## Details of Benefits Payable as at 31 December 2012

Below was the status of the number of retirees not paid and the amounts.

<b>Scheme</b>	<b>No. of Retirees</b>	<b>KR Million</b>
PSPF	6,506	198.00
LASF	3,202	134.53
WCFCB	Nil	
NAPSA	Nil	
<b>Total</b>	<b>9,703</b>	<b>332.53</b>

Under the WCFCB, the monetary aspect of the 15,569 claimants has not been quantified due to challenges in locating the beneficiaries. The WCFCB Management was in the process of estimating the liabilities and outlining the assumptions used to arrive at the amount.

The issues relating to National Provident Fund (NPF) account required being resolved and estimating the total number of beneficiaries and amount required to pay the affected members. NAPSA Management was in the process of estimating the liabilities and making recommendations of how to resolve the NPF account.

### **Committee's Observation and Recommendation**

Your Committee requests an update on the number of beneficiaries from the Workers Compensation Fund and the National Pension Scheme Authority.

#### **(b) *Revision of the Legal Framework in Debt Management (ATR Page 7)***

21.0 Your previous Committee in noting the Executive's response requested an update on the Public Debt Management Procedures Manual.

The Executive in response submitted that the Ministry of Finance was still revising the Public Debt Management Procedures Manual subject to Public Sector Finance Reforms.

### **Committee's Observation and Recommendation**

Your Committee requests an update on the development of a debt policy.

#### **(c) *Comprehensive Debt Strategy and Policy (ATR Page 7)***

22.0 Your previous Committee had requested an update on the debt policy pending the constitutional review process which was envisaged to provide the appropriate legal framework from which a comprehensive debt policy can be

derived.

The Executive in response submitted that the Debt Strategy and Policy was currently under development subject to the process of constitutional review and the financial sector reforms.

### **Committee's Observation and Recommendation**

Your Committee requests an update on the development of a debt policy.

## **2. Citizen's Involvement in Economic Development**

### **(a) *Training and Development Centres (ATR Page 8)***

23.0 Your previous Committee noted the response and requested a progress report on the construction of trades training institutes in each district.

The Executive in response stated that since the inception of the "Trades Training Institute per District Campaign," the Ministry had constructed six permanent facilities for Trades Training Institutes at Mwinilunga, Chipata, Petauke, Solwezi, Mongu and Kaoma. The Ministry had also commenced the tender procedures for the construction of four permanent structures in Mumbwa, Lundazi, Sesheke and Mwense districts. These four projects were expected to commence before the end of 2013. In addition, the Ministry had also commenced the process of land acquisition for the construction of Mporokoso Trades Training Institutes which was expected to commence in 2014.

Details of the projects are provided below.

- (i) *Construction of Mwinilunga Trades Training Institute*—the first phase of the construction of Mwinilunga Trades Training Institute involved the construction of an administration block, two classroom blocks, an ablution block, a workshop and two hostel blocks at a cost of K9, 842, 622, 480.00.

The Contractor completed the works and handed over to the user client in 2012.

- (ii) *Construction of Solwezi Trades Training Institute*—the first phase of the construction of Solwezi Trades Training Institute involved the construction of an administration block, two classroom blocks, a library and a workshop at a cost of K2, 424, 680, 890.00. The second phase involved the construction of two double storey hostel blocks at a cost of K11, 861, 510, 890.00. Both projects were carried out by ZAMINLINY Construction. The works were completed and handed over to the institution by the contractor in 2012.

- (iii) *Construction of Chipata Trades Training Institute* - the first phase of the construction of Chipata Trades Training Institute involved the construction of an administration block, workshop, library and two classroom blocks at a cost of K3, 406, 019, 940.00. The works were completed and handed over in 2010. The second phase involved the construction of two hostel blocks. Works were undertaken by Fair-Face Enterprises Limited who completed and handed over in 2010. The project was valued at a cost of K3, 563, 179, 770.

The third phase of the project involved the construction of two four storey hostel blocks at a cost of K22, 986, 718, 920.00 and was awarded to Zaminliny Construction Limited. The Project was handed over to the contractor on 5th December, 2012. The Contact period was 144 weeks and the project was expected to be completed in January 2016.

- (iv) *Construction of Ukwimi Trades Training Institute*—the first phase of the construction of Ukwimi Trades Training Institute involved the construction of an administration block by Pro-fab Zambia Limited valued at K 1,012,293,190. The second phase involved the construction of two classroom blocks, two ablution blocks, library, three staff houses and external works by Heroes Construction and General Dealers valued at K2, 154,738,410.00. Assessments for phase three which would involve the construction of hostel blocks were carried out by Buildings Department. The project was still undergoing tender process.
- (v) *Construction of Mongu Trades Training Institute*—the first phase of the project which involved the construction of an administration block at Mongu Trades Training Institute by ZamChin Construction at a cost of K 1, 945, 482, 500 was completed and the project was commissioned on 23<sup>rd</sup> July 2010. The second phase involved the construction of a library and a classroom block at a cost of K2, 752, 363, 320.00 by Woodlands Investments Limited. The works were completed in 2010.
- (vi) Construction of Kaoma Trades Training Institutes - the first phase of the construction works at Kaoma Trades Training Institute involving the construction of an administration block by Gabman's Limited at a cost of K976, 067,910.00 was commissioned on 24<sup>th</sup> July 2009. The second phase involving the construction of a library, one hostel block, one by four classroom block and three staff houses by New Era Zambia Limited were undertaken at a cost of K5, 448, 382, 621.00. These works were completed in 2010.
- (vii) Construction of Kalabo Trades Training Institute - the construction of a trades training institute in Kalabo District commenced in January 2012. The contract for the construction works was awarded to T&H Eminence Construction Limited at a cost of K 16, 959,853,862.00. The project involved the construction of two classroom blocks, two hostel blocks, two ablution blocks, one workshop block, one administration block, one library, two high cost houses, six medium cost houses, a substation and associated external works, as well as the installation of a generator set. The site was handed over to the Contractor on 22nd December 2011 and the Contractor commenced works in January 2012. The project was expected to be completed in 2013.
- (viii) Construction of Milenge Trades Training Institute - the Ministry commenced the construction of a trades training institute in Milenge District in 2011. The contract for the construction of the institute was awarded to Build Trust Construction Limited at the cost of K15, 376,056,351.00 (none rebased). The project site was handed over to the contractor on 18th April 2011. The project involved the construction of two classroom blocks, two hostel blocks, two ablution blocks, one workshop block, one administration block, one library, two high cost houses, six medium cost houses, a substation and associated external works, as well as

the installation of a generator set. The project was scheduled to be completed in 104 working weeks. However, during the period under review, works on the project had stalled because the Contractor had breached the contractual obligation by failing to make significant progress on the project. As at 31st December 2012, less than 10 percent of the works had been done. The Ministry has since informed the Contractor of its intention to terminate the Contract.

- (ix) *Construction of Isoka Trades Training Institute*—the contract for the construction of a new trades training institute in Isoka District was awarded to Shanhai Construction Limited at the cost of K15, 356, 453,000.04. The project site was handed over to the contractor on 20<sup>th</sup> April 2011. The project involved the construction of two classroom blocks, two hostel blocks, two ablution blocks, one workshop block, one administration block, one library, two high cost houses, six medium cost houses, a substation and associated external works, as well as the installation of a generator set. The project was expected to be completed in 78 weeks. As at 31<sup>st</sup> December 2012, the construction works were 75 percent complete and the contractor was on schedule. Works were expected to be completed in 2013.

### **Committee's Observation and Recommendation**

Your Committee requests further update on the construction of the trades training institutes.

#### **(b) *Sustainable Financing Mechanisms (ATR Page 12)***

24.0 Your previous Committee noted the response and requested an update on the Zambian Enterprise Development Fund formed by the Development Bank of Zambia in collaboration with the Zambia Development Agency for which funding was being sought to provide financing for all stages of SME development, including venture or start-up funding.

The Executive in response submitted that the establishment of the Zambia Enterprise Development Fund had faced challenges. The Fund had not been operationalised because the Zambia Development Agency and the Development Bank of Zambia who were supposed to provide the seed capital failed to do so. Under this agreement, ZDA was supposed to contribute US\$5 million or 90 percent of the required amount.

In that regard, ZDA was supposed to utilise part of the Privatisation Fund. However, the Government was still working on modalities for the utilisation of the privatisation funds in order to achieve the intended objective.

### **Committee's Observation and Recommendation**

Your Committee requests clarification on whether the Zambia Enterprise Development Fund is still feasible considering the failure by the Zambia Development Agency and the Development Bank of Zambia to provide seed capital.

#### **(c) *Revision of the Citizen's Economic Empowerment Programmes (ATR Page 14)***

25.0 Your previous Committee noted the response and requested an update on the

subsequent repositioning of the Citizens Economic Empowerment Programme, its objectives and strategies.

The Executive reported that the Commission had put in place an implementation strategy that was based on clear guiding principles for the period 2013-2016. In this regard, the implementation of empowerment activities is now anchored on the following guidelines:

- employing broad-based empowerment to maximize socio-economic development;
- using cluster prioritisation to align empowerment with industrialisation;
- using a value chain approach to focus on areas where Zambia could be most competitive;
- ensuring geography and demographic equity to ensure inclusive growth;
- using a business orientation in empowerment to discourage a culture of handouts and enhance sustainability;
- employing innovative resourcing of business development support to achieve greater scale up; and
- observing a high degree of professionalism to enhance the credibility and effectiveness of the commission.

The management and implementation of strategies was underpinned by the following key approaches:

- a) Value chain based cluster development: There had been delineation of clusters in geographic areas so that various actors at various levels of the value chain especially women and youths were fully supported. Three clusters would be supported in each province every year until 2016. Economically promising value chains had been identified based on extensive research work, for development in each province, with the objective of producing value added products and development of industries at district level.

The Commission was facilitating commensurate business support services to enable targeted citizens especially women and youths succeed in implementing their projects. This was being done by CEEC working networks of business mentors at district level.

- b) Financial Services: In order to enhance efficiency in loan disbursements and recoveries, the commission was contracting financial institutions to manage assessment of risk, disbursement of funds, tracking of loans and undertaking loan recoveries.
- c) Job creation - job creation was being considered key result of the CEEC. In view of this, various windows would be expected to create 45,000 jobs over the next four years. Under the 2013 to 2016 implementation strategy, 30 percent of the empowerment would go to women, 40 percent to the youths and 20 percent of the balance to the physically challenged persons targeting all parts of the country. The Commission, targeted to systematically disburse 90 percent of the empowerment funds to rural areas.

## **Committee's Observation and Recommendation**

Your Committee requests an update on the implementation of strategies meant to improve CEEC operations.

## **CONSIDERATION OF OUTSTANDING ISSUES IN THE REPORT FOR THE FIFTH SESSION OF THE TENTH NATIONAL ASSEMBLY**

### **Impact of the Extractive Industries on the Zambian Economy in the Post Privatisation Era –A Case of Mining**

#### **1. Benefits (Excluding Tax) Attributed to Mining**

##### **(a) *Promotion of Partnerships for Value Addition Enterprises and Empowering Zambians to Trade in Metals (ATR Page 15)***

26.0 Your previous Committee noted the response and requested a progress report on the establishment of an empowerment policy in the trading of metals after studies had been done.

The Executive reported that it was still consulting on the initiatives to empower Zambians in trading of metals. However, a proposal had been made in the draft bill to provide for a mineral trading permit which would allow trading not only in gemstones but other minerals except uranium.

## **Committee's Observation and Recommendation**

Your Committee requests for a progress on report the consultations on the initiatives to empower Zambians to trade in metals.

##### **(b) *Social and Economic Benchmarks***

###### ***i. Monitoring of Employment Levels (ATR Page 16)***

27.0 Your previous Committee noted the response and requested a further update on the revision of the regulations under the *Mines and Minerals Development Act* of 2008 which would, among other things, enhance monitoring of employment levels in the mining sector.

The Executive reported that significant progress had been made in the review of the *Mines and Minerals Development Act* of 2008 and a draft Bill was in place. Regulations would be revised as soon as the new Act was enacted.

In addition, new regulations were issued under Statutory Instrument (SI) 34 to improve reporting by mining companies. The report included reporting on the average number of employees broken into number and category of Zambian citizens and expatriates employed during a particular year.

## **Committee's Observation and Recommendation**

Your Committee requests an update on the new mining legislation.

*ii. Commitments to Society (ATR Page 16)*

28.0 Your previous Committee noted the response and requested an update on how the regulations were affecting the mining companies' commitments to communities they operated in.

The Executive reported that the regulations to compel mining companies to report on their performance on local content were issued in the second quarter of 2012 and their first reports on their programs of operation were expected in November 2012 while reports on operations carried out were expected in February 2013. In view of this, the full impact of the regulations had not yet been established. The Ministry had continued to monitor and verify what was being reported.

**Committee's Observation and Recommendation**

Your Committee resolves that it be furnished with a progress report on how the regulations are impacting mining companies' commitments to the communities they operate in.

*(c) Shareholding in Mining Companies (ATR Page 16)*

29.0 Your previous Committee noted the response and requested an update on the Government's plans to increase participation of Zambians in the mining industry by assisting in the development of small-scale mining. Your previous Committee further requested the Government to cite some examples of countries in the region that had increased participation of their citizens in the mining industry by assisting in the development of small-scale mining.

The Executive reported that a baseline study was conducted to assess the operational challenges of small scale miners and determine ways of assisting them. Among the recommendations under consideration were:

- (a) encouraging small scale miners operating in one area to form cooperatives or joint ventures;
- (b) establishment of a mining and technical services company to, among other things, provide mining and metallurgical services to small scale miners; and
- (c) establishment of an equipment financing leasing scheme for the small scale miners.

On countries that were providing assistance to citizens to venture into small-scale mining, Namibia and Zimbabwe were cited as examples.

**Committee's Observation and Recommendation**

Your Committee requests an update on the recommendations under consideration. Your Committee further requests information on the type of assistance small-scale miners are receiving in Namibia and Zimbabwe.

*(d) Mineral Royalty Sharing Mechanism (ATR Page 17)*

30.0 Your previous Committee noted the response and urged the Government to expedite the consultations between the Ministry of Finance and the Ministry of Mines,



Energy and Water Development. Your Committee requested an update on the matter.

The Executive reported that the Mineral Royalty Sharing Mechanism has not yet been developed. However, as a way of commencing the mineral royalty sharing, the Ministry of Finance has allocated 2.6 percent of the projected revenues from mineral royalty amounting to K50, 125,000 to the newly introduced Local Authorities Development Fund (LADF) in the 2013 budget.

The Fund would be used to finance local projects that were aimed at facilitating and stimulating local economic activities that would continue to provide jobs and create wealth in the affected districts after the mineral wasting assets were exhausted.

### **Committee's Observation and Recommendation**

Your Committee advises the Executive to ensure that the Mineral Royalty Sharing Mechanism is implemented in line with the provisions of the *Mines and Minerals Development Act of 2008*. Your Committee further requests details on the operation of the Local Authorities Development Fund.

## **2. Adequacy of Mining Taxation**

### **(a) Modified Tax for the Mines (ATR Page 17)**

31.0 Your previous Committee noted the efforts to build the capacity of ZRA staff in taxing the mines. However, your Committee urged the Government to come up with practical measures in the modification of taxes. Your Committee requested an update on the matter.

The Executive reported that the following were the measures that the Government had put in place:

- (i) Mineral Value Chain Monitoring Project: the ZRA had commissioned the Mineral Value Chain Monitoring Project to design and implement a multi-purpose and multi-stakeholder scheme for monitoring the country's mineral value chain from exploration to export.
- (ii) Capital Expenditure: mining deduction expenditure was reduced from 100 percent to 25 percent. This implied that mining companies would start paying taxes early on the profits they were making.
- (ii) Taxation of Hedging Income: hedging income was now being taxed separately from the mining income. This restricts deductions from mining profits to mining related deductions only thus protecting the mining operation profits from non-mining losses.
- (iii) Depositing of Sale Proceed into Zambian Account: this allowed for enhanced monitoring of the tax revenue from the mining companies as it ensured the mining export proceeds were deposited in a Zambian bank account.

### **Committee's Observation and Recommendation**

Your Committee requests clarification on whether the stated tax measures are an outcome of the Tax Review Committee's recommendations.

### **3. Labour Matters in the Mining Sector**

#### **(a) *Challenges facing workers in the Mining Industry (ATR Page 19)***

32.0 Your previous Committee noted the response and requested a further update on the process of reviewing the *Employment Act* which would, among other things, address the issue of contracts and gratuity for mine workers.

The Executive reported that the Ministry of Labour and Social Security circulated the Cabinet Memorandum and received comments from line ministries. The Ministry had consolidated all the comments and was in the process of incorporating them to ensure that the provisions of the Act were harmonised with other key pieces of legislation after which the Bill would be presented to the House for amendment.

#### **Committee's Observation and Recommendation**

Your Committee requests an update on the revision of labour laws.

### **4. Environmental Matters in Mining (ATR Page 22)**

33.0 Your previous Committee noted the response and urged the Government to open consultations with Mopani. Your Committee urged the Government to expedite the process.

The Executive reported that consultations with Mopani commenced in February 2013 and physical surveys of the affected areas were undertaken. However, the two parties could not agree on the cause of the cracks in the houses with mere physical inspection. In view of this, the Government planned to undertake a geotechnical study to determine whether mining caused this problem in which case Mopani would be tasked to relocate Kankoyo Township.

#### **Committee's Observation and Recommendation**

Your Committee requests an update on the geotechnical survey.

### **5. Impact of Mining on Road Infrastructure**

#### ***Revamping of Railway Transport (ATR Page 23)***

34.0 Your previous Committee requested an update on the rehabilitation of the existing railway line.

The Executive reported that it was currently focusing on the re-capitalisation of Zambia Railways Limited. To this effect K640 billion (€120 million) has been released from the Treasury for the rehabilitation of the main line from Livingstone to Chililabombwe. Zambia Railways Limited had since completed the procurement process for rehabilitation,

upgrading of the rail track and modernisation of the rolling stock. Actual works were scheduled to commence in September 2013.

### **Committee's Observation and Recommendation**

Your Committee requests a progress report on the upgrading of the rail track and modernisation of the rolling stock.

## **6. Gemstone Mining Sub-Sector**

### **(a) *Creation of Linkages (ATR Page 23)***

35.0 Your previous Committee noted the response and requested an update on the matter.

The Executive reported that it has appointed an inter-ministerial committee to undertake the exercise in Lufwanyama District. The Committee was expected to complete the exercise by the end of 2013.

### **Committee's Observation and Recommendation**

Your Committee requests a progress report on the matter.

## **CONSIDERATION OF OUTSTANDING ISSUES IN THE REPORT FOR THE FOURTH SESSION OF THE TENTH NATIONAL ASSEMBLY**

### **Pension System in Zambia**

#### **(a) *Public Service Pension Fund (PSPF) and Local Authorities Superannuation Fund (LASF) as Supplementary Schemes***

36.0 Your previous Committee noted the response and requested an update on the holistic pension reforms. It further requested an update on the policy reforms meant to ensure that pensioners were taken care of if the pension schemes were wound up.

The Executive reported that the current social security system in Zambia had not adequately addressed the needs of the Zambian people. Key challenges faced by the Public Service pension system in Zambia included the following:

- (i) delayed payment of pensions;
- (ii) low benefit size;
- (iii) outdated legislation; and
- (iii) non-indexation of pension benefits.

The Government in an effort to address the above pension challenges faced by the pensioners undertook to introduce reforms so as to ensure efficiency and secure a post-retirement life for all retired employees and their families.

The pension reforms had commenced which were aimed at comprehensively addressing the plight of pensioners, retirees and members in the short and long term. The reforms would include establishment of a singular social security system at

three (3) tier levels to achieve a mandatory minimum Income Replacement Ratio (IRR) of 60 percent (40 percent - 1st Tier and 20 percent - 2nd Tier) while the third tier remains voluntary to deliver the remaining 20 percent IRR. From this approved policy direction, Cabinet directed the Ministers of Finance and Labour and Social Security to make consultations with the key stakeholders which included the Employers, the Labour Movement and the Civil Society.

The Government had also engaged the World Bank, International Labour Organisation (ILO) and the International Monetary Fund on the proposed pension model. The World Bank and ILO had since provided technical assistance to model the proposed pension reforms.

The Government had also proposed to change the age of retirement from the current 55 years to 65 years for all employees in the private and public sectors. This was in line with international best practice in the region but will be subject to actual assessment which the World Bank and International Labour Organisation are undertaking.

At Cabinet level, the following committees had been formed to spearhead the various components of the reforms:

- (i) Pension redesign rules;
- (ii) Resource mobilisation;
- (iii) private sector participation; and
- (iv) legal.

#### **Committee's Observation and Recommendation**

Your Committee requests an update on the pension reforms.

**(b) *Supervision of PSPF and LASF by the Pensions and Insurance Authority (ATR Page 27)***

37.0 Your previous Committee noted the response and requested an update on the supervision of NAPSA once a technical team from the Ministry of Finance had been appointed. It further urged the Executive to expedite the process.

The Executive reported that the Pensions and Insurance Authority had concluded its consultations on the proposed Pension Scheme Regulation Bill and had extended the supervision of public schemes to NAPSA. The measure taken in the proposed reform was to have a specific provision in the Pensions Schemes Regulations Act that gave the Authority powers to supervise all public schemes in a coherent and systematic manner. A cab memo on the Pensions Regulation Bill would soon be circulated and it was their expectation that the Bill would be presented to Parliament by December 2013.

#### **Committee's Observation and Recommendation**

Your Committee requests a progress report on the regulation legislation.

**(c) *Adoption of the National Social Security Policy (ATR Page 28)***

38.0 Your previous Committee noted the response and requested a further update

on the National Social Security Policy.

The Executive reported that the National Social Security Policy shall be re-submitted to Cabinet for consideration after the finalisation and approval of the pension reform process so that the technical work and the evidence generated could inform a comprehensive policy. The technical committee spearheading the reform process had been tasked to finalise the policy in line with the approved reform options.

#### **Committee's Observation and Recommendation**

Your Committee requests a progress report on the finalisation of the National Security Policy.

#### **(d) *The High Supervisory and Administrative Costs (ATR Page 29)***

39.0 Your previous Committee requested the Government to clearly state if the 0.3 percent pension levy on net assets will be reviewed.

The Executive reported that the Bill had been drafted and had been submitted to the Ministry of Finance for consideration and for onward submission to the Ministry of Justice for further guidance. It was hoped that once the Bill came into Law, the Levy rate of 0.3 percent of net assets could be revised downwards including capping the maximum amount payable so as to reduce costs. Further, with the proposed amendment to the Pension Scheme Regulation Act, the Ministry of Finance will have two (2) bases on which the appropriate Levy will be charged on.

#### **Committee's Observation and Recommendation**

Your Committee requests clarification on whether the downward revision of the pension levy on net assets will be part of the draft Bill.

### **LOCAL TOURS TO LUSAKA, COPPERBELT AND NORTH WESTERN PROVINCES – FIRST SESSION OF THE ELEVENTH NATIONAL ASSEMBLY (PART III)**

#### **(a) *Completion of the Road from Roma Industrial Park to the International Airport (ATR Page 30)***

40.0 Your previous Committee noted the response and requested an update on the matter.

The Executive reported that this Project was part of the upgrading of D753/A2 Kenneth Kaunda International Airport through Kasisi to Great East Road (24.7km) and D176 Ngwerere Road from T2 Great North Road at Kabangwe to D753 at Kasisi Mission Junction (23km) including D564 from T4 at Caltex to D176 at Ngwerere Basic School (7km) and Zambezi Extension from Roma Park to Ngwerere (6km) Road which would be launched in August 2013 and the expected completion date was November 30, 2014.

### **Committee's Observation and Recommendation**

Your Committee requests a progress report on the works.

**(b) *Construction of the Road from Lusaka East MFEZ to Airport Junction (ATR Page 30)***

41.0 Your previous Committee noted the response and requested an update on the matter.

The Executive reported that this project was part of the Ring Road Project by JICA which was being undertaken by the Ministry of Local Government and Housing (MLGH).

### **Committee's Observation and Recommendation**

Your Committee requests a progress report on the matter.

**(c) *Water Supply to the MFEZs Located in Lusaka (ATR Page 31)***

42.0 Your previous Committee noted the response and requested an update on the matter.

The Executive reported that the design and costing for water supply and distribution networks for the Lusaka South Multi-Facility Economic Zone (LS MFEZ) was done by a consultant commissioned by Zambia Development Agency (ZDA) in 2010. In 2011, ZDA requested Lusaka Water and Sewerage Company (LWSC) to review the design and costing for phase 1 of the LS-MFEZ. The ZDA will finance the water supply and distribution network for the LS-MFEZ and later on hand over to LWSC for the management and maintenance of facilities.

In the meantime, LWSC embarked on developing boreholes as bulk water sources to be financed from its capital budget whilst waiting for the development of bulk second water pipes from the Kafue River.

In addition, Lusaka Water and Sewerage shall drill a number of new boreholes and put up another water pipe from the Kafue River, as well as a new water treatment plant at Lolanda treatment plant by 2015. These additional investments would ensure that the LS-MFEZ and the City of Lusaka in general would be provided with adequate water and sanitation services.

### **Committee's Observation and Recommendation**

Your Committee requests a progress report on the matter.

**(d) *Illegal Settlers at the Lusaka MFEZ (ATR Page 32)***

43.0 Your previous Committee noted the response and requested an update on the matter.

The Executive reported that the Disaster Management and Mitigation Unit

(DMMU) under the Office of the Vice President in collaboration with other relevant stakeholders carried out a comprehensive screening exercise to ascertain the actual number of people living in and farming in the Lusaka MFEZ with a view of relocating them to pave way for development. Further another exercise was conducted this year to obtain Geographical Positioning System (GPS) coordinates for all the existing structures in the MFEZ and also to ascertain the people who had fixed abodes in the area and the final report has since been produced.

Following the screening exercise, the Government, through DMMU, gave the illegal settlers up to 31st July 2013 to vacate the MFEZ.

The illegal settlers were given the following two options:

- (i) compensation and relocation to the identified resettlement scheme of their choice (including provision of inputs for one season); and
- (ii) compensation only for those that will choose not to be resettled.

The DMMU in collaboration with the Department of Resettlement identified resettlement schemes across the country where the illegal settlers could be resettled. The Unit had since distributed letters of notice reminding the illegal settlers of the deadline to vacate the area.

### **Committee's Observation and Recommendation**

Your Committee requests an update on the matter. It, however, questions the continued use of the phrase "illegal settlers." This was more of a case of relocating settlers.

#### **(e) Value Addition (ATR Page 33)**

44.0 Your previous Committee noted the response and requested an update on whether the Government was achieving this with particular regard to the participation of locals.

The Executive reported that the Government had continued to encourage manufacturing industries focusing on value addition to invest in MFEZs as stated in the Sixth National Development Plan. Currently the Government was still in the process of establishing MFEZs and the Lusaka South MFEZ had reached an advanced stage. This could be demonstrated with the establishment of an interim Management Team at the Lusaka MFEZ which had advertised for investment. The adverts were encouraging both local and foreign firms to invest in export-led value addition manufacturing industries. The process was still ongoing. The interim Management Team was working closely with the Zambia Development Agency to enlist potential investors. Government had put a high premium in the establishment of value addition industries in the MFEZs.

### **Committee's Observation and Recommendation**

Your Committee requests to be updated on the response to the advertisement from potential Zambian investors.

## **LUMWANA MULTI – FACILITY ECONOMIC ZONE**

### **(a) *Development of Lumwana MFEZ (ATR Page 34)***

45.0 Your previous Committee requested an update on the number and names of companies that had shown interest in the Lumwana MFEZ and on the commencement of the development of the Lumwana MFEZ by Barrick Gold. Your Committee also urged the Government to amend the Statutory Instrument No.51 of 2010.

The Executive reported that there was only one company that had shown interest in the Lumwana MFEZ and it was a hotel. With regard to the commencement of developing Lumwana MFEZ by Barrick Gold, the current Lumwana MFEZ would be re-located to a new place. So at the moment, discussions and arrangement had reached an advanced stage as the Government had given approval for the relocation of Lumwana MFEZ to a new place.

The development of the MFEZ became redundant when the Mine was sold to Barrick Gold in June 2011. The new owners of the Mine, Barrick Gold reviewed the area that was declared as an MFEZ, and found that it was not conducive for them to establish a Multi-Facility Economic Zone within the Mine vicinities as the area was endowed with minerals.

Therefore, they observed that the proposed location of Lumwana Multi-Facility Economic Zone was located within the restricted mine area which was endowed with mineral resources which Barrick Gold intended to mine in future.

In this regard, Barrick Gold wrote to the Government, through the Ministry of Commerce, Trade and Industry, informing the Government of this development and their intention of relocating the MFEZ. Barrick Gold was proposing that the new MFEZ be within the Lumwana Town Integrated Development Plan (IDP), which had already been approved by the Ministry of Local Government and Housing.

In view of this, the Government, through the Ministry of Commerce, Trade and Industry, in consultation with the stakeholders such as the Ministry of Local Government and Housing and the Provincial Lands Department, informed the developers of the Lumwana MFEZ to go ahead and develop the MFEZ within the Integrated Development Plan as requested.

The Government had requested the developers to submit a Master Plan which should be in line with the Lumwana Town Integrated Plan. The LPDCL had also been requested to work closely with the Provincial Lands Department and other Stakeholders in the Integrated Development Plan (IDP) so that the identified area was clearly defined and was supported by a land use plan.

Therefore, once the discussions and arrangements were finalised, the Government would then proceed to amend the Statutory Instrument No.51 of 2010.

### **Committee's Observation and Recommendation**

Your Committee requests a progress report on the matter.



**(b) *Gold and Cobalt (ATR Page 35)***

46.0 Your previous Committee noted the response and requested an update on the mine audits which would be conducted by the Government in order to establish whether the gold and cobalt mined at Lumwana were of economic value.

The Executive reported that the Ministry had not started mine technical audits due to the delay in the commencement of the study to establish guidelines for conducting mine technical audits and procurement of relevant equipment. The study was expected to commence in 2014.

**Committee's Observation and Recommendation**

Your Committee requests an update on the matter.

**PUBLIC HEARINGS – COPPERBELT AND NORTH WESTERN PROVINCES FOR THE FIRST SESSION OF THE ELEVENTH NATIONAL ASSEMBLY (PART IV)**

**(a) *Preferential Procurement (ATR Page 35)***

47.0 Your previous Committee urged the Government to expedite the implementation of the Codes of Good Practice which can ensure private sector involvement while safeguarding the general principle of non intervention of the Government in private business. It further requested an update on the matter.

The Executive reported that with regard to the implementation of Codes of Good Practice, a Statutory Instrument was issued on the Sector Codes of good practice and the Government has successively gazetted the Generic Codes of Good Practice last year under the gazette Number 851 of 2012.

This paved way for the development of sector codes by the respective sector codes players as per guidelines. Having had the Codes of Good Practice gazetted, the Government made public announcements in the media in which all prioritised economic sectors were requested to submit their sector codes by August 2013 and the Government through CEEC was providing the necessary technical backstopping to the sectors to ensure that sectors meet the deadline given.

Further, the Government was now in the process of engaging the stakeholders in various sectors to orient them on how to develop their own sector specific codes. Thereafter, each sector will develop its own codes of good practice under the able guidance of the Government through the CEEC.

In addition, the Government had been engaging the private sector to see how they too could effectively participate in the preferential procurement programme. The Government was very optimistic that the outcome will be a positive one for both parties.

The Commission initiated a study on the impact of the preferential procurement facility with a view to ascertaining its effectiveness in promoting citizen participation in Public Procurement. The results of this study will be used as the basis for making recommendations for revision of procurement thresholds as may be required. The

Commission anticipated completing the study by end of the quarter ending September 2013 and would engage ZPPA accordingly.

### **Committee's Observation and Recommendation**

Your Committee requests an update on the efforts of extending preferential treatment to private business procurement.

#### **(b) *Small – Scale Miners (ATR Page 36)***

48.0 Your previous Committee requested a progress report on the regulations meant to provide for thresholds for contracts and categories of contracts, businesses that are reserved for Zambians and small-scale miners inclusive.

The Executive reported that consultations were on-going for the regulations to enhance participation by local contractors.

### **Committee's Observation and Recommendation**

Your Committee resolves to remind the Executive that your Committee's original recommendation was that there was need for a deliberate policy to ensure that small scale miners are protected and wish to be updated on the matter.

#### **(c) *Pollution and Garbage Disposal (ATR Page 37)***

49.0 Your previous Committee noted the response and requested the Government to clearly state when exactly the Chambishi MFEZ was going to have an Environmental Management Plan.

The Executive reported that Multi-Facility Economic Zones are an important vehicle for advancing economic development and Government was keen on developing them, of course in conjunction with the private sector.

With regard to putting in place an environmental management plan, each MFEZ had its own environmental plan which was approved by the Zambia Environment Management Agency (ZEMA). In this regard, each developer of an MFEZ had their own plan on how to manage disposal of waste that would be generated as a result of industrial activities taking place in their respective MFEZs.

The Chambishi MFEZ had provided a Master Plan for the zone development on which the Statutory Instrument for the MFEZ declaration by Government through the Minister of Commerce, Trade and Industry was based. Therefore, all the enterprises located in the Zone would have to provide their respective Environmental Management Plans which have to be approved the Zambia Environment Management Authority (ZEMA).

### **Committee's Observation and Recommendation**

Your Committee requests an update on the Environmental Management Plan for the Chambishi MFEZ.

**(d) *Remove the Citizen's Economic Empowerment Fund from Politics (ATR Page 39)***

50.0 Your previous Committee noted the response and requested the Government to clearly state the measures that had been put in place to improve the lending process.

The Executive reported that in an effort to improve the lending process, the Government had reorganised and professionalised the Provincial Empowerment Committees. In doing so the Government had taken full charge of leadership of these committees and co-opted subject matter specialists to make decisions purely on professional judgment. The Government was also using transparent tender procedures for receiving and opening applications for targeted citizens. Further, in order to enhance efficiency in loan disbursements and recoveries, the Government was contracting financial institutions to manage assessment of risk of disbursement of funds, tracking of loans and undertaking loan recoveries.

**Committee's Observation and Recommendation**

Your Committee requests an update on the operations of the Economic Empowerment Fund in 2013 in terms how much was disbursed and progress on recoveries.

**FOREIGN TOUR OF UGANDA IN THE SECOND SESSION OF THE ELEVENTH NATIONAL ASSEMBLY (PART V)**

**(a) *Implementation of the Pre-Export Verification of Conformity of Products (ATR Page 38)***

51.0 Your previous Committee recommended that there was need for the Zambian Government to implement Pre-export Verification of Conformity to Standards Programme (PVoC) at an expedited rate in order to have a dramatic reduction of sub standard goods in the market, reduction of cost of doing business by importers and an increase in consumer confidence.

The Executive reported that it was concerned about the presence of unsafe and inferior quality products on the local market. This concern had been echoed by the private sector and the general public. To address this concern, the Government encouraged the Zambia Bureau of Standards (ZABS) to develop and put in place mechanisms that would ensure that goods coming into the country were safe and of acceptable quality. One such mechanism was PVoC.

The PVoC was an acknowledgement that the inspection and testing facilities in the Country were not adequate to cope with the volume and diversity of imported products. Therefore, ZABS needed assistance from established organisations that had the necessary testing facilities.

However, the Government was conscious that interventions to protect the private sector from unfair competition must also be in line with the broader policy of reducing the cost of doing business. It was with this in mind that the initial PVoC scheme was set aside by the Government.

The Government would continue to explore cost effective options for addressing concerns

that goods coming into the country should be safe and of acceptable quality. Its focus was to build human and institutional capacity within the country's own National Quality Infrastructure framework.

### **Committee's Observation and Recommendation**

Your Committee requests to be advised on why PVoC was completely being ruled out and whether there are no other possible solutions to challenges that were initially encountered with it.

### **CONCLUSION**

52.0 Your Committee wishes to thank you, Mr Speaker, and the Clerk, for the advice and services that you rendered to it during the Session. Your Committee expresses its gratitude to all the stakeholders who appeared before it and tendered both written and oral submissions. Your Committee also expresses its appreciation to Permanent Secretaries and Chief Executive Officers of institutions and companies that it visited during the local tours.

Mr K K Hamudulu, MP

June 2014

**(Chairperson)**

## APPENDIX I

### Topic One Witnesses

- (i) Ministry of Labour and Social Security
- (ii) Ministry of Commerce, Trade and Industry
- (iii) Zambia Development Agency
- (iv) Unemployed Association of Zambia
- (v) Bank of Zambia
- (vi) Zambia Revenue Authority
- (vii) Economics Association of Zambia
- (viii) Jesuit Centre for Theological Reflection
- (ix) Zambia Federation of Employers
- (x) International Labour Organisation, and
- (xi) World Bank.

### Topic Two Witnesses

- (i) Ministry of Mines, Energy and Water Development
- (ii) Ministry of Commerce, Trade and Industry;
- (iii) Zambia Association of Chambers of Commerce and Industry;
- (iv) National Institute for Scientific and Industrial Research;
- (v) Rural Electrification Authority;
- (vi) ZESCO Limited;
- (vii) Copperbelt Energy Corporation;
- (viii) Lunsemfwa Hydro-Power Company;
- (ix) Zambia Development Agency
- (x) Private Sector Development Association
- (xi) Energy Regulation Board
- (xii) World Bank
- (xiii) Mr R M Sakutaha, member of the public