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► Progress review of the Enabling Environment for Sustainable Enterprises (EESE) Programme in Zambia



**Progress review of the Enabling
Environment for Sustainable Enterprises
(EASE) Programme in Zambia**

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► Abbreviations

AZIEA	Alliance of <u>Zambian Informal Economy Association</u>
BRRA:	<u>Business Regulatory Review Agency</u>
EESE	<u>Enabling Environment for Sustainable Enterprises</u>
ICT	<u>Information Communication Technology</u>
ILC	<u>International Labour Conference</u>
ILO	<u>International Labour Organization</u>
ISMTO	<u>Informal Sector Small and Medium Taxpayer Office</u>
ODFL	<u>Open, Distance, Flexible Learning</u>
OSSBR	<u>One-Stop Shop for Business Registration</u>
PPP	<u>Public-Private Partnership</u>
PSDRP	<u>Private Sector Development Reform Program</u>
RIA	<u>Regulatory Impact Assessments</u>
SAG	<u>Skills Advisory Group</u>
SCID	<u>Systematic Curriculum and Instructional Development</u>
SDF	<u>Skills Development Fund</u>
STEP	<u>Support to Science and Technology Education Project</u>
TEVET	<u>Technical Education, Vocational and Entrepreneurship Training</u>
TEVETA	<u>Technical Education, Vocational and Entrepreneurship Training Authority</u>
TPIN	<u>Taxpayer Identification Number</u>
ZACCI	<u>Zambia Chamber of Commerce and Industry</u>
ZAM	<u>Zambia Association of Manufacturers</u>
ZCTU	<u>Zambia Congress of Trade Unions</u>
ZDA	<u>Zambia Development Agency</u>
ZFE	<u>Zambia Federation of Employers</u>
ZICTA	<u>Zambia Information Communication Technology Authority</u>
ZPSA	<u>Zambia Private Sector Alliance</u>
ZRA	<u>Zambia Revenue Authority</u>
7NDP	<u>The Seventh National Development Plan</u>

▶ 1. Introduction

The International Labour Organization (ILO) recognizes the importance of promoting an enabling environment in which sustainable enterprise can innovate, grow and create more and better jobs. In 2007, the International Labour Conference (ILC) adopted conclusions concerning the promotion of sustainable enterprises. Since then, the ILO has collaborated with the tripartite stakeholders in more than 40 countries in building their capacity to develop an enabling environment for sustainable enterprises. In this context, the Enabling Environment for Sustainable Enterprises (ESEE) Programme was developed to assess constraints in realizing sustainable enterprise development and support a tripartite dialogue process for necessary policy reform.

In 2012, the ILO conducted the ESEE programme in Zambia in partnership with the Zambia Federation of Employers (ZFE). The assessment involved a literature review and macro indicator analysis and survey/interviews with tripartite stakeholders. It resulted in action plans that included measures to overcome identified constraints to enterprise development. This report contains the progress review of the implementation of the action plans at the time of 2020. It was structured in such a way that it identifies significant policy actions taken by the tripartite stakeholders, existing constraints

and lessons learned in the reform process. The evidence on the progress review was collected through a review of most recent literature and secondary data and in-depth interview with relevant stakeholders.

The 2012 assessment indicated that there was a scope for improvement in all 17 conditions for the enabling environment in Zambia¹. In May 2013, ZFE organized a high-level validation workshop with the support of the ILO, which launched the final report and the action plans stemming from the results of the assessment. To maximize the impact of future actions, the tripartite representatives to the workshop identified four priority conditions as following and established action plans for improvement:

- ▶ Enabling legal and regulatory environment;
- ▶ Physical infrastructure;
- ▶ Education, training and lifelong learning; and
- ▶ Adequate social protection.

The action plans described measures that would overcome identified constraints in each area. The outline of the action plans is illustrated in Table 1 as follows:

¹ International Labour Organization, *The enabling environment for sustainable enterprises in Zambia* (Geneva: ILO, 2013)

► **Table 1 – ESSE Action Plan for Zambia**

Outcome 1: Enabling Legal and Regulatory Environment	
Output 1.1: Reduce the number of required licenses	
Output 1.2: Broaden the tax base	
Output 1.3: Finalize the Labour Law Review	
Outcome 2: Physical Infrastructure	
Output 2.1: Improve Transportation infrastructure system	2.1.1 Develop and Expand air transport
	2.1.2 Strengthen and expand the railway network
	2.1.3 Promote PPP arrangements for infrastructure development
Output 2.2: Improve ICT accessibility	2.2.1 Advocate for review of the ICT Act 2009
	2.2.2 Extend ICT infrastructure
Outcome 3: Education, Training and Lifelong learning opportunities	
Output 3.1: Review and modify vocational curricula to meet the industry skills demand	3.1.1 TEVETA bring together the demand and supply side of labour
	3.1.2 Review ongoing surveys on skills mismatch
	3.1.3 Stakeholders including private sector develop and monitor the implementation of revised curricula
	3.1.4 Staff Development
Output 3.2: Review and modify secondary and tertiary curricula to meet industry skills demand	3.2.1 Expand secondary curriculum to include basic technical skills training
	3.2.2 Align tertiary education to labour market demand
	3.2.3 Improve the quality of and access to E-learning services
Output 3.3: Promote entrepreneurial training and internship program	3.3.1 Promote entrepreneurship skills and access to finance
	3.3.2 Promote apprenticeship
	3.3.3 Develop National Internship Programme
Outcome 4: Social Protection	
Output 4.1: Finalize and adopt Social Protection Policy	
Output 4.2: Include the informal economy in the Social Protection System	

▶ 2. Review methodology

The purpose of the review is to explore what policy measures have been implemented according to the action plans. It aims to investigate the latest status of policy actions and identify factors that contributed to the relevant policy reforms.

In collecting evidence of the progress, in-depth interviews were held with various key stakeholders such as ministries, agencies, trade and industry associations, and employers organizations. The list

of the interviewees is indicated in the Appendix 1. A semi-structured questionnaire was developed for the purpose of undertaking the in-depth interviews. Literature and secondary data review was conducted by drawing mainly on the local documents in Zambia. It provided inputs on the key drivers and success factors for policy reforms in the various thematic areas.

▶ 3. Updates on the EESE Action Plan

3.1 Outcome 1: Enabling Legal and Regulatory Environment

The EESE assessment identified a wide range of constraints in the “Enabling Legal and Regulatory Environment” area, and the validation workshop formed the relevant action plans. These included the rationalization of the number of business licenses, the broadening of the tax base and the finalization of the labour law review.

The Government identified the private sector as a critical driver of economic development and committed to ensuring that policies, laws, and regulations adopted by relevant regulatory agencies are sound and supportive of private sector growth. Several institutional platforms were created to enhance the Government engagement with the private sector as well as the public-private dialogues. In this regard, the Government has supported the growth, and systemic competitiveness of the private sector through the Private Sector Development Reform Program (PSDRP) developed in 2008.

The private sector in 2013 signed a Memorandum of Understanding to establish the Zambia Private Sector Alliance (ZPSA). The primary objective of ZPSA is to enhance proactive advocacy function and the public-private dialogue across various industries. The members of the alliance include

ZFE, Zambia Chamber of Commerce and Industry (ZACCI), Zambia Association of Manufacturers (ZAM), Chamber of Mines of Zambia, Biofuels Association of Zambia, Tourism Council of Zambia, and the Zambia National Farmers Union. In 2013, the ZFE was given the mandate to be the lead institution for the initial coordination and development of agendas for the advocacy and lobbying to Government. In 2015, the mandate was transferred to the ZACCI, which is the current chair of the alliance. The ZPSA has initiated public-private dialogues under the PSDRP in which the private sector actively participated for the reform discussions. The topics of reform areas included from business registration, tax, immigration, investments, import and export procedures to licensing. In March 2019, the ZPSA organized the first formal public-private dialogue session spearheaded by the ZACCI. In July 2020, the second session was held in conjunction with the Ministry of Commerce Trade and Industry, where the ZPSA made progress on several issues in the business and advocacy strategy. The ZACCI acknowledges that the engagement of the private sector through public-private dialogue stimulated the various reform measures implemented by the Government and also facilitated the progress in the EESE action plans in this policy area. ZPSA has since developed its draft constitution and organizational strategic frameworks which would be

finalised once they secure resources to undertake broader stakeholder consultations.

3.1.1 Output 1.1: Reduce the number of required licences

The Government established the Business Regulatory Review Agency (BRRRA) through the Business Regulatory Act, No. 3 of 2014, which became fully operational in January 2016. The mandate of BRRRA is to review proposed policies that affect business activities, ensuring these are serving intended purposes. Furthermore, they coordinate the implementation of government interventions aimed at reducing the regulatory burden on businesses.

One of the essential items identified by BRRRA to reduce the burden of business was the reduction in the number of required licenses for businesses, which were also advocated in the PSDRP. The excessive number of required licenses to start-up businesses had long been obstacles for many Zambian entrepreneurs. As a result of BRRRA's initiative, out of 517 total licenses existed over 15 industrial sectors, 170 licenses were eliminated, 47 licenses were reclassified as levies and 99 licenses were amalgamated into 21 licenses.

The Zambia Development Agency (ZDA) had been coordinating the establishment of One-Stop Shops for Business Registration (OSSBR) since 2011 under the PSDRP. The OSSBR operated based on the One Stop Shop Integration System, an electronic platform to facilitate sharing of information on businesses among regulatory agencies to avoid duplication of information requests on businesses. Under the Business Regulatory Act, coordination responsibility of OSSBR was transferred from ZDA to BRRRA in 2016, and the OSSBR was renamed to Regulatory Services Centres. The mandate of the Regulatory Services Centres is to provide for an efficient regulatory clearance system by streamlining business registration processes, reducing the time for completing the registration process, and increasing accessibility of business registration institutions under one roof. According to BRRRA, there are currently four centres in Lusaka, Livingstone, Chipata and Kitwe.

The following services are provided at the Regulatory Services Centres.

- ▶ Business names registration,
- ▶ Company incorporation,
- ▶ Industrial property rights registration,
- ▶ VAT registration,
- ▶ Preferential procurement registration,
- ▶ Micro small and medium enterprises registration,
- ▶ Workers compensation registration,
- ▶ Cooperatives registration,
- ▶ Zambia public procurement authority registration,
- ▶ Zambia environmental management agency certification,
- ▶ Employer and employee registration
- ▶ Workers compensation registration,
- ▶ Business levy issuance,
- ▶ Tourism licenses,
- ▶ Immigration services and Land services.

The Business Regulatory Act also provided for the development of Single Licensing Systems, which is aimed at facilitating compliance with multiple regulatory requirements under various regulatory agencies at a Regulatory Services Centre. The Government is working towards the development of the system for the tourism sector as a pilot to address the duplication of licenses and uncoordinated licensing procedures. It is expected that the system will be fully implemented in the sector by the end of 2020 and will be extended to other sectors from the beginning of 2021.

BRRRA reported that for reducing the number of licences, it is now a requirement for all regulatory agencies to undertake Regulatory Impact Assessments (RIA) before the introduction of any regulation that affects business. The RIA is a detailed systematic appraisal of the potential impacts of a proposed law or regulation. Any

proposal to introduce, amend, or repeal a law or regulation should be subjected to an RIA before putting in place. Since its establishment, BARRA has reviewed 33 RIA reports from different regulatory agencies. Besides, BARRA has provided RIA training to public officers from 114 local authorities, 30 regulatory agencies and 24 ministries to build their capacity on how to undertake regulatory impact assessments.

According to ZACCI, the private sector actively participated in streamlining the multiplicity of regulations and licenses through the series of PSDRPs (PSDRP I from 2006 to 2008 and PSDRP II from 2009 to 2014). Moreover, ZACCI reported that at the national level, the total number of licenses being issued by local authorities had reduced due to the intervention of the BARRA, which ensures that all local authorities undertake the RIA before introducing any new licence. ZFE recognizes that the reduction in business licencing was one of the critical successes of the regulatory environment reforms worked by the joint effort between the Government and private sector.

3.1.2 Output 1.2: Broaden the tax base

Broadening the tax base is a priority for the Zambia Revenue Authority (ZRA) as part of creating an enabling legal and regulatory environment for the private sector. ZRA focused on contributing towards broadening the tax base by spreading to broader sectors and individuals, including the informal sector.

ZRA has opened Customer Service Centres countrywide to enhance the provision of an effective system for taxpayer services and education. ZRA has established five centres in the country - 4 in Lusaka and 1 in Kitwe. Since the last quarter of 2018 when service centres were introduced, more than 200, 000 taxpayers have been attended.

Moreover, ZRA introduced the “E Tax Payment System” in 2017, which is an electronic tax payment system that operates alongside the banking system platform. The system gives payment instructions to a commercial bank to debit the taxpayer’s account and credit the ZRA account with the tax amounts. The E Payment System enables customers to make electronic tax payments rather than physically transacting with a ZRA office and a bank. Under the E-payment platform, ZRA has developed “Taxophone”, which aims to simplify tax declarations for SMEs through using

mobile devices. It allows the users to faster and cheaper access to ZRA services, such as checking tax payment status, registering for the Taxpayer Identification Number (TPIN), declaration and paying taxes. Other E Tax payment innovations include that a taxpayer can make a payment through mobile money payments without holding an account with a particular bank. The most recent development launched in August 2020 allows payment and generating a payment registration number (PRN) through SNS applications. ZRA also launched user-friendly, robust, and interactive Tax Online II system in collaboration with the Copperbelt University. It has improved voluntary compliance as taxpayers can obtain TPIN upon registration and file taxes remotely from their offices or homes.

Here, ZACCI expressed concern over the lack of sensitization among relevant stakeholders and low broadband network of the E Tax Payment System, which keep it yet challenging to make payment electronically. ZACCI suggested that there was a need for ZRA to embark on nationwide sensitization that enables all stakeholders to be on board to upgrade the network speeds of the system.

As a measure of immediate tax collection from the informal sector, ZRA has been administering four types of presumptive taxes that are targeted for public transport operators, marketers, and other MSMEs in the informal sector. However, the contribution of these taxes to total tax revenue has remained to be as low as 1% since 2008. ZRA continues to pay attention to encompass a growing informal sector into the tax base. ZRA has established a directorate for the informal economy called Informal Sector Small and Medium Taxpayer Office (ISMTO). ISMTO is mandated to broaden the tax base and enhance the collection of direct taxes in the informal sector. ZFE welcomed the initiative as it would likely ease the burden on a formal sector that were faced with the raised cost of business by a persistent increase in corporate tax by the Government.

3.1.3 Output 1.3: Finalize the Labour Law Review

According to the Ministry of Labour and Social Security, the labour law reforms revolved around the repeal and replacement of conventional employment acts. In this regard, the Employment Code (Act No. 3 of 2019) has replaced the Employment Act 1965, the Employment (Special

Provisions) Act 1966, the Employment of Young Persons and Children Act 1933 and the Minimum Wages and Conditions of Employment Act 1982. The new Employment Code Act came into effect in April 2019². It exemplifies Zambia's attempt to implement elements of the ILO's Decent Work Agenda. The following are the ten key changes to the law:³

1. The Code introduces standard conditions of service, applicable to all categories of employees.
2. The Code codifies the principle of unilateral variation of a contract.
3. The Code dilutes the dichotomy in the repealed Act between oral and written contracts.
4. The Code makes payment of overtime applicable to NPEs as well.
5. The Code introduces mandatory employee benefits being housing, water and sanitation and medical attention.
6. The Code makes the payment of Gratuity and Severance Pay mandatory.
7. The Code codifies probation, which was previously not provided by law but merely best practice.
8. The Code introduces four new leave entitlements previously not provided under the repealed Act, namely: (a) compassionate leave; (b) Family responsibility leave; (c) Paternity leave; and (d) Weekly rest days and health breaks.
9. The Code has altered current leave benefits, for example, as follows– (a) Annual leave - the Code has increased the qualification period for taking leave from after six months to after 12 months from the date of employment; and (b) Maternity leave - this has been increased from 12 weeks to 14 weeks after delivery.

10. The Code makes it mandatory for employers to have and maintain Policies about HIV/ AIDs, Health and Wellness, Harassment, Performance Management, Grievances and a Code of Conduct, which should be brought to the attention of each employee.

The labour law review process was quite extensive. It involved a study in identifying issues for review,⁴ stakeholder consultations and finally consideration by the Tripartite Consultative Labour Council (TCLC) before the Act was enacted. The consultative process has continued with the involvement of the tripartite constituents. For example, a Special TCLC Meeting was held on May 2020 to review the state of affairs and consider further mitigating action to regulate employment and labour market relationships in the wake of Coronavirus (Covid-19) pandemic were first discussed and agreed.⁵

“The reduction in the number of required licences for business was one of the major successes to have emerged from the ESEE Assessment on Zambia. This positively contributed towards the creation of an enabling environment for private sector growth”.

Harrington Chibanda, Executive Director,
Zambia Federation of Employers

3.2 Outcome 2 : Physical infrastructure

The development of sustainable enterprises critically depends on the quality of the physical infrastructure available, such as rail, road transportation systems and ICT infrastructure. This pillar was initially selected as a top priority out of the 17 ESEE conditions when the assessment launched. As a result of the assessment, it was recognized that transport infrastructure, including

2 Government of Zambia, *The Employment Code Act No. 3 of 2019*, (Lusaka: Government of Zambia, 2019)

3 Misozi Hope Masenge, “New Employment Code Act - 10 key changes to be aware of!”, LinkedIn, 4th December 2020, <https://www.linkedin.com/pulse/new-employment-code-act-10-key-changes-aware-misozi-hope-masengu>

4 Olivier, M., Malabo, J., & Kalula, E. (2012). *Informality, Employment and Social Protection: Some Critical Perspective for/ from Developing Countries. Working Paper No. 9*, (Geneva: International Social Security Association, 2012)

5 Ministry of Labour and Social Security of Zambia, “Press Statement by the Minister of Labour and Social Security on Resolutions of the Second TCLC Meeting”, Ministry of Labour and Social Security of Zambia 11th May 2020, <https://www.mlss.gov.zm/?p=5302>

railways and airports, required immediate action to enable enterprises to operate efficiently and effectively in the country. It was also agreed that the physical infrastructure supporting ICT is in urgent need of improvement to facilitate firms' access to telecommunications.

3.2.1 Output 2.1: Improve transportation infrastructure system

Output 2.1.1 Develop and expand Air Transport

The Ministry of Housing and Infrastructure reported that Zambia Airports Corporation Limited (ZACL) had engaged in upgrading the four international airports namely Kenneth Kaunda, Simon Mwansa Kapwepwe, Harry Mwaanga Nkumbula (HMNIA) and Mfuwe International Airport. These infrastructure development projects were embarked on to accommodate the anticipated increase in traffic, cargo volumes and passenger numbers. The Ministry suggests that the airport up-gradation will increase traffic and support economic diversification, job creation and industrialization. For example, the expansion of HMNIA undertaken between 2011 and 2017 resulted in an increased capacity of over 750,000 passengers from 250,000 before. The number of passengers that passed through in 2019 was 250,300 compared to 195,550 in 2013.⁶

Output 2.1.2 Strengthen and expand Railway Network.

The development of rail routes is not only vital for facilitating smooth access to the neighbouring counties but also for the overall boosting of trade in the sub-region and making Zambia a competitive country for doing business. Within the context of implementing its strategic business plan, Zambia Railways reported that plans were underway to mobilize fund from various financiers to implement the rehabilitation of railways infrastructure, wagons, locomotives and signals and telecommunications. The followings are examples of ongoing railway expansion projects:

1. Kafue Lion's Den (Zambia) – Ziwa (Zimbabwe): The railway line will link Zambia Railway line from Kafue in Zambia to Lion's den to Ziwa Zimbabwe to the Beira Port as the shortest route to the Port of Beira in Mozambique. This new route would reduce the logistical distance to Port of Beira by 1000km.
2. Nseluka – Mpulungu Port: The railway lines involve linking Mpulungu Port to TAZARA⁷ line at Nseluka to facilitate the imports and exports from the Great Lakes Region to the seaports on the Indian ocean. Most of the Zambian exports of Cement and Sugar to the great lakes region are channelled through this port.
3. Extension of the Mchinji/Chipata Railway line to TAZARA line via Serenje: The link from Chipata through Mchinji to the Port of Nacala in Mozambique has been finalized and is operational. The plans are underway to begin constructing a dry port in Chipata, to handle exports from the central part of Zambia and Copperbelt. This route would reduce the distance to Nacala by 150 km.
4. Chingola - Jimbe: The railway line links the existing line in Chingola through Solwezi to the border town of Jimbe. It contributes to expanding the transportation of freight and passenger traffic using Lobito Bay Port in Angola. This route will facilitate the movement of materials from copper mines from the north-western province into the Copperbelt.

In order to promote the sustainability of the rail sector and reduce the excessive congestion in road transportation, the Government implemented Statutory Instrument No. 7 of 2018, which provides for mandatory movement of 30 per cent designated bulk cargo by rail for mining, cement and sugar companies. These measures resulted in the increase of nationwide rail cargo by 5.7 per cent from 1,243,854 Mt in 2017 to 1,315,140 Mt in 2018. Cargo transported by ZRL also increased by 10.5 per cent to 961,883 Mt in 2018. However, there were some railways which experienced declining cargo. For example, cargo transported by TAZARA declined by 8.4 per cent in 2018, mainly due to

⁶ Zambia Airports Corporation Limited, *Annual Report 2019*, (Lusaka: Zambia Airports Corporation Limited, 2020)

⁷ TAZARA is the Tanzania Zambia Railway that links the port of Dar-es-Salaam in Tanzania and Kapiri Mposhi in Zambia.

insufficient working capital for rehabilitation and maintenance for the railway infrastructure as well as low availability to meet increased traffic demand. ZFE expressed concern that the introduction of the Statutory Instrument was undertaken without due consultation given the limited capacity of some of the railway networks in the country.

Output 2.1.3 Promote PPP arrangements for infrastructure development.

The Ministry of Housing and Infrastructure submitted that PPP was one of the financing models being used to fund infrastructural projects. Most of the projects under PPP arrangements were in the ongoing road infrastructure projects such as Kasomeno-Mwenda road, Ndola-Kasumbalesa road, Chilanga-Chirundu road and Chingola -Solwezi road. Another example is the Kasumbalesa One-Stop Border Post that was built to enhance efficiency in the movement of traffic at the border between DRC and Zambia. The project was undertaken and operated through DBOT (Design, Build, Operate & Transfer) scheme with an investment of US\$25 million by the Zambia Border Crossing Company.

3.2.2. Output 2.2: Improve ICT accessibility

Output 2.2.1 Advocate for the review of the ICT Act 2009

Robust Information and Communication Technologies (ICT) infrastructure are fundamental to the development of sustainable enterprises. The ICT Act No 15 enacted in 2009 designates Zambia Information Communications Technology Authority (ZICTA) as the principal regulator for the ICT sector. It also mandates ZICTA to operate the universal access and service fund where it collects revenue from mobile operators to invest in unserved and under served areas across the country. According to ZFE, the private sector demanded the ICT Act revision for including the emerging demand from the sector, such as the international gateway liberalization to foster competition amongst the different mobile service providers. The opening up of the gateway would contribute

to the creation of an enabling environment for business competitiveness in the ICT sector. The revision activity is still in its preliminary stage, and proposed amendments will be submitted to the Cabinet after completing consultations with critical stakeholders. In the meanwhile, ZICTA has reached a progressed stage of reviewing the other new pieces of legislation such as the Electronic Communications Transaction Act that address data protection, cybersecurity, and electronic transactions.

Output 2.2.2 Extend ICT infrastructure.

The 2012 ESEE assessment identified common concerns in industries about the high cost of access to ICT in Zambia. ZACCI had also observed that the poor internet coverage in the country was a source of concern by the business community. To cope with the concerns and expand the ICT accessibility, the Government sourced funding to construct 1,009 cell towers by 2020 across the country as part of the Phase I and II construction project, which ZAMTEL had been engaged mainly to undertake on behalf of Government. So far, it has increased the total number of communication towers to 3,248 in 2019, representing 30.1% from 2,496 in 2018. That includes 229 towers erected by ZICTA through the universal access programme aimed at extending Global System for Mobile Communications (GSM) services to underserved areas.⁸

Implemented together with other measures, the expansion of towers contributed to increased mobile phone subscription and internet access. The total number of active mobile network subscriptions increased by 11.3 per cent to reach 17.2 million active subscriptions, compared to 15.5 million active subscriptions reported at the end of 2018. The increase in subscription resulted in raising the mobile penetration rate to 99.1 per cent in 2019 from 91.6 per cent in 2018.⁹ Concerning mobile telephone ownership by region, 88.1 per cent of the households that are located in urban areas indicated that they own a mobile cellular telephone. In contrast, only 61.6 per cent of the households in rural areas indicated that they own

8 Zambia Information and Communication Technology Authority (ZICTA), *Annual Report 2019: Advancing the Nation to a Digital Society*, (Lusaka: ZICTA, 2020)

9 ZICTA, *Annual Report 2019*

a mobile cellular telephone.¹⁰ The total number of active internet subscriptions increased to 9.2 million from 8.3 million reported in 2018, reflecting an increase in internet penetration rate to 52.8 from 49.1 per cent registered in 2018.¹¹ This improvement was mainly attributed to higher investments among service providers leading to extensive coverage of 3G/4G networks and the increased adoption of emerging technologies such as 3G and 4G/LTE.¹² Access to internet services by rural and urban households shows that 31.2 per cent of the households in urban areas indicated that they have access to internet services. In contrast, only 6.6 per cent of households in rural areas had access to internet services.¹³

The benefits of increased access to ICT is the use of E-commerce and the use of digital finance mechanisms. It is estimated that 8.9 per cent of all the internet users had purchased goods or services online. The proportion of internet users that had engaged in e-commerce activities were concentrated in urban areas which accounts for 91.6 per cent of the internet users indicated that they had engaged in e-commerce activities. In comparison, only 8.4 per cent were based in rural areas. Regarding the use of digital financial services, the survey estimated that about 29.5 per cent of individuals in the country have transacted through digital financial services. The main reason cited by individuals that had not used digital financial services was that they had no resources to use the services or they were not registered. The most prominent challenges experienced while using digital financial services were system failure and short float by agents.

“In terms of delivering on the expectations and aspirations of the 7th National Development Plan, the ESSE Assessment on Zambia contributed towards the recognition of the Transport Sector as a key enabler for diversification and industrialisation”.

Fumu Mondoloka, Managing Director,
Zambia National Airports Corporation.

“The ESSE Assessment on Zambia was instrumental in identifying the need to develop regulations ie Statutory Instrument No. 7 of 2018, which provides for mandatory movement of 30 per cent designated bulk cargo by rail for mining, cement and sugar companies. These measures resulted in the increase in the Cargo transported by ZRL by 10.5 per cent”.

Christopher Musonda, Managing
Director, Zambia Railways

3.3 Outcome 3: Education, training, and life-long learning opportunities.

The development of a skilled workforce and the expansion of human capabilities through high-quality systems of education, training and lifelong learning are essential in helping workers to find good jobs and enterprises to find the skilled workers they require. Outcome 3 mainly shed light on the skills development to meet the needs of the private sector because EESE assessment revealed the skill mismatch between workers and industry requirement was a huge concern. Moreover, strategies for providing more working opportunities to the younger generation, such as entrepreneurship education and internship were also called for from many employer's representatives.

10 ZICTA et al, *2018 National Survey on Access and Usage of Information and Communication Technologies by Households and Individuals: A Demand-Side Assessment of Access and Usage of ICTs in Zambia*, (Lusaka: ZICTA, 2019)

11 ZICTA, *Annual Report 2019*

12 Ministry of Finance of Zambia, *Annual Economic Report 2019*, (Lusaka: Ministry of Finance of Zambia, 2020)

13 ZICTA et al, *2018 National Survey*.

3.3.1. Output 3.1: Review and modify vocational curricula to meet the industry skills demand

Output 3.1.1 TEVETA brings together the demand and supply side of the labour market.

Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA) introduced the Skills Development Fund (SDF) in 2016. The fund contributes to the provision of quality training that increases employability, productivity and efficiency by ensuring up-to-date curriculum and appropriate training equipment. It also aims to improve the information management system for efficiency and effectiveness in the management and administration of learner data.¹⁴ In 2017, through Support to Science and Technology Education Project (SSTEP), a total of Zambian Kwacha K 5.6 million (USD 270,000) from the SDF and the African Development Bank was disbursed towards curriculum development and reviews. A further K 2 million (USD 96,000) from the SDF was mobilized towards the information management system improvements. TEVETA allocated part of the K 5.6 million to develop 43 new curricula and to review 25 existing ones such as entrepreneurship and construction. It also financed 26 training programmes and 41 TEVET Institutions. As at the end of 2019, there were 293 registered TEVET institutions in Zambia, in which 106 were publicly owned, 100 were privately owned, and civil societies and churches operated 87.¹⁵

Funded by the SDF, TEVETA also commenced the Employer-Based Training (EBT) programme in collaboration with more than 25 companies from various industries such as mining, automobile, and manufacturing sectors to provide upskilling training to their employees. In 2018, TEVETA contracted worth K 18.3 million with various training providers who then partnered with the companies to train 2,782 employees on various business and technical skills. Companies participating reported positive impacts from the EBT such as enhanced productivity, minimal downtime, and reduced cost on overall training budget.¹⁶

The SDF helped the Ministry of Higher Education in implementing reforms to increase access to TEVET through infrastructure development, revision of the TEVET curriculum, improving pedagogical training and upgrading qualifications for instructors. It resulted in continuous increase in access to TEVET with total enrolments reaching 44,500 in 2018 from 40,108 in 2017. ZFE and ZACCI are members of the Skills Fund Managers Committee at TEVETA. ZFE observed that the SDF once did not meet its initial objectives as most of the funds were channelled towards building TEVETA training institutions and purchasing of equipment. However, they recognize that more funds are now being channelled towards skills training as of 2020.

Output 3.1.2 Review ongoing skills mismatch

According to ZACCI, the SDF has been operating in the absence of a specific skills survey. The Labour Force Surveys, the most recent being the 2019 LFS, contain information on the employment situation of those in employment but does not provide sufficient information to address skill demand and gaps. The mismatch between the requirements of industry and skills of the labour force remains wide. Until an accurate assessment of the critical skills needed by the private sector begins to match labour force skills coming out of TEVETA institutions, the SDF may not live up to its full potential. Apart from the LFS, World Bank conducted the 2016 Zambia Enterprise Skills Survey (ZESS) which was used to investigate the skills that Zambian firms demand, the skill deficits they face, and their impacts on firm performance.

Output 3.1.3 Stakeholders, including the private sector, develop and monitor the implementation of revised curricula.

TEVETA reported that the revision of curricula is always done in consultation and collaboration with key stakeholders. Expansion of employability skills require that training programmes should match with competence demands. To address industry concerns on the mismatch between TEVET and the requirements of the industry,

14 Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA), *Annual Report 2018*, (Lusaka: TEVETA, 2019)

15 TEVETA, *Annual Report 2019*, (Lusaka: TEVETA, 2020)

16 TEVETA, *Annual Report 2019*

TEVETA has adopted the Systematic Curriculum and Instructional Development (SCID) System, which creates work-based outcomes-oriented curriculum and instructional materials. Under the SCID system, the Curriculum Development Review Team (CDRT) which is made up of experts from industry, trade or professional associations, training providers, and other fields are fully engaged in the curricula discussions, drafting and approvals. The Occupational Standards, Curriculum and Qualifications Development Sub-Committee of the TEVETA Board is responsible for the approval of developed, revised and validated curricula. Once curricula are approved, they are ready to be used in institutions for trainings. ZACCI, ZFE and ZAM have also participated in the review process through their membership on the TEVETA Board.

Here, ZFE observed that the remaining concerns of the private sector was still the absence of fully up-to-date curricula, the insufficient linkages between TEVETA and industries, and the inadequate quality of the consultative process. The other concern was the absence of the TEVETA Board since the last board was dissolved four years ago. Following the dissolution, TEVETA has been reporting to the Ministry of Higher Education.

Output 3.1.4 Staff Development

According to the Ministry of Higher Education, they reskilled and upgraded 79 TEVET lecturers' qualifications in 2018 for aligning lecturer skills with the new and revised curriculum. This was conducted as part of the SSTEP project funded by the African Development Bank. Moreover, with the support from the SSTEP project, the ministry facilitated a 3-week entrepreneurship training of trainers for 36 trainers from public TEVET institutions at the Technical and Vocational Teachers' College in Luanshya. Furthermore, TEVETA was studying best practices from other countries on the effective utilization of the skills fund to train human resources. It undertook benchmark research to learn best practices in skills development and participated at the World Skills Abu Dhabi in October

2017 for that purpose. Moreover, 7 Zambian TEVET trainers attended a 3-week training course in South Korea under the Korea Skills Transfer for Aspiring Regions project (KSTAR) in 2019. These measures contributed to ensuring that trainers, as well as trainers of trainers, are equipped with up-to-date TEVET skills and knowledge.

3.3.2. Output 3.2: Review and modify Secondary and Tertiary Curriculum to meet industry skills demand

Output 3.2.1 Expand Secondary Education curricula, to include basic technical skills training.

TEVETA worked in collaboration with the Curriculum Development Centre (CDC) of the Ministry of General Education on developing curricula of technical and vocational training for secondary school. TEVETA introduced the vocational training called the vocational career pathways in secondary schools in 2014. This training begins at Grade 8, and students can pick a vocational area of their choice. First commencing with 32 schools, the initiative has reached to 400 schools by 2020.

Despite the increased rollout of vocational training in secondary schools, financing shortfalls have contributed to the inability to procure equipment to support the full introduction of the vocational pathway in secondary education¹⁷. This resulted from a declining public investment in the education sector, which was caused by the slowdown in economic growth. The relative share of the education sector to the national budget, which had been 20.2 per cent in 2015, was reduced to 12.4 per cent for 2020¹⁸. The financial constrain is also triggering the inadequate supply of teachers who possess various vocational background including ICT and engineering.¹⁹

17 Universal Management Group, *Summative GPE country program evaluation Batch 5, Country 13: Zambia Evaluation Report (V3)*, (Montreal: Universal Management Group, 2019)

18 Zambia National Educational Coalition (ZANEC), "ZANEC Press Statement on the Low Budgetary Allocation to the Education Sector in the 2020 National Budget", ZANEC, 4th December 2020, <http://zanec.org.zm/2019/10/01/zanec-press-statement-on-the-low-budgetary-allocation-to-the-education-sector-in-the-2020-national-budget/>

19 Universal Management Group, *Summative GPE country program*, 2019

Output 3.2.2 Align the tertiary education to labour market demand.

TEVETA in coordination with the Ministry of Higher Education has been hosting Skills Advisory Group (SAG) meetings that highlighted the industry/labour market requirements and flagged tertiary training needs. The SAG is composed of representatives from industry, training providers, industry associations, government officials and the labour bodies, where ZACCI, ZAM and ZFE are also co-opted. TEVETA has been initiating programmes to bridge the demand and supply of labour such as TEVETA learnership schemes, where TEVETA, industry players and training institutions signed MoUs to enable tertiary learners to gain industry experience and sharpen their competencies.

Output 3.2.3 Improve the quality of and access to E-learning services.

The COVID-19 pandemic has brought a challenge to the education system on how to mitigate against the complete shutdown of learning in these institutions under the lockdown situation. Universities and colleges have begun to increasingly utilize various e-learning platforms to design, package and deliver programs online. Under such a situation, the Ministry of Higher Education has issued the following guidelines to promote the use of e-learning:²⁰

1. E-Learning will continue being an integral part of the learning process for both graduating students and those in other academic years;
2. Graduating students will have a blend of both online and in-class sessions to enable social distancing whilst at their respective TEVET Colleges and universities;
3. Non-Graduating returning students will continue with e-learning until a time when the environment is conducive for them to return on campus;
4. All universities/ Colleges will develop an E-Learning Strategy to provide for the effective delivery of learning programmes;

The Ministry of Higher Education reported that they had received tremendous support from cooperating partners, who have offered various online services to help higher education institutions continue to offer educational services to the students with minimum disruption. The Ministry aims to continue to facilitate capacity building of e-learning for universities to ensure that compliance of the guidelines in all the universities will be close to 100%.

TEVETA reported that it had developed curricula for e-learning called, Open, Distance, Flexible and Learning (ODFL) and held workshops and seminars to orient training providers on how to conduct ODFL. Moreover, TEVETA is currently piloting an e-learning portal in the Educational Management Information System (EMIS) to guarantee access and provide quality resources for all tertiary training providers and other TEVET users. TEVETA has also created the Learner Data Management System (LDMS), which brings efficiency and effectiveness in the management and administration of learner data. The LDMS enables TEVETA to decentralize the management and administration of learner data to training institutions, students, and other key stakeholders. For example, under LDMS, now the institutions can operate student enrolments, examination registration, and processing of continuous assessments, without TEVETA's involvement.

3.3.3. Output 3.3: Promote Entrepreneurship Training and Internship Program

Output 3.3.1 Promote entrepreneurship skills and access to finance

One of the strategies of the Seventh National Development Plan (7NDP) established in 2017 was to integrate entrepreneurship into general education and TEVET. The SDF has been cardinal in addressing the strategy. For example, one of the interventions facilitated by the SDF was the integration of entrepreneurship training into the curriculum for all programmes offered by the various TEVET institutions.²¹ In terms of access to finance, ZPSA observed that most banks in Zambia were

20 Ministry of Higher Education, "UNIVERSITIES AND COLLEGES TO REOPEN (5 MAY 2020)", 5th May 2020, <https://www.mohe.gov.zm/univeristies-and-colleges-to-reopen-5-may-2020/>

21 TEVETA, *Annual Report 2018*

very reluctant to lend long term finance to the entrepreneurs for several reasons, including the financial risk element. To cope with such concern, the Ministry of Finance established the Zambia Credit Guarantee Scheme Limited (ZCGS) in 2017 that would effectively serve as a channel to facilitate access of entrepreneurs to long term finance. ZCGS aims to promote the growth and competitiveness of SMEs by providing a financial scheme providing guarantees to the providers of finance. ZCGS is 100 per cent owned by the Government. The Government desires to see the private sector to participate through the mixed shareholding and take the lead of ZCGS.

Output 3.3.2 Promote apprenticeship.

In 2020, the Ministry of Higher Education produced the Apprenticeship Guidelines. Moreover, a legal expert engaged in guiding how to repeal and replace the outdated apprenticeship act, with the support of ILO. The draft apprenticeship act has been developed and is awaiting validation by the stakeholders and submission to Cabinet approval. Whilst awaiting the revision of the current Apprenticeship Act, TEVETA introduced the TEVET Learnership. TEVET Learnership is a training method that combines theoretical training at a college or training centre with relevant work experience, which also leads to a recognized national qualification. The learners receive a certificate at the end of the Learnership, confirming the skills acquired during the Learnership. TEVET Learnership is based on legally binding agreements between training providers, employers, and learners. A total of 632 learners had enrolled in the TEVET Learnership scheme from various organizations around the country.

Output 3.3.3 Develop National Internship Programme

The issue of developing a national programme promoting internship, together with that of apprenticeship, has been central to the vocational training framework finalized under the Ministry of Higher Education. The national programme is targeted at university and college graduates to gain experience by working as interns and is to be funded by the SDF. Moreover, the Ministry finalized

and issued the National Internship Programme Guidelines in Zambia in November 2019. In concert with the guidelines, ZFE also developed employers' guidelines to govern the implementation of the internship of students. The guideline provides the eligibility criteria for internship such as duration and financing arrangement, certification and termination of internship agreement, and the roles of stakeholders such as employers and workers organizations.²²

"The ESSE assessment contributed to the strengthening the policy and advocacy agenda of the private sector in their engagement with the Government and other stakeholders"

Luwodzya Mwale, Chief Executive Officer,
Zambia Chamber of Commerce and
Industry

3.4. Outcome 4: Social Protection

The 2012 EESE assessment concluded that the social protection system in Zambia was rather poor, especially in universal pension scheme maternity leave remained insufficient. It pointed out that the lack of an updated social protection policy at the national level was a potential route cause and called for the development of the policy as the Sixth National Development Plan (6NDP) envisaged then. Moreover, it also revealed the large size of the informal economy leaves most workers without basic forms of social protection.

3.4.1. Output 4.1: Finalize and adopt Social Protection Policy

The National Social Protection Policy was approved in 2014, which premised on the pillars of Social Assistance, Social Security and Social Health Insurance, Livelihood and Empowerment and Protection with Coordination as a cross-cutting interest. This policy is currently guiding the implementation of social protection programmes whilst ensuring more efficient use of resources. Through this policy, the Zambian Government reaffirmed

²² Ministry of Higher Education of Zambia, *National Internship Guidelines: Preparing Zambia for Work*, (Lusaka, Ministry of Higher Education of Zambia, 2019)

its commitment to reducing poverty and vulnerability among its population in general and for the poor and vulnerable segments of society. According to the Ministry of Labour and Social Security, the following programmes are being implemented, namely, Integrated Framework for Basic Social Protection Programmes and Pension and Maternity Protection Reforms.

The Government developed the Integrated Framework for Basic Social Protection Programmes (IFBSPP) through the Ministry of Community Development and Social Services in consultation with social partners and cooperating partners. This framework is intended to promote an efficient, coordinated and more coherent provision of social protection services. The IFBSPP has been reflected as a critical instrument for social protection programming coordination in the 7NDP launched in 2017.

Draft amendments to the National Pension Scheme Act no. 40 of 1996 were submitted to the Ministry of Justice in July 2020 as a part of pension reform. The amendments included the revision of the penalty rate and introduction of a provision for a one-off waiver. Moreover, the Ministry of Labour and Social Security in collaboration with Cabinet Office and the Public Service Pension Fund (PSPF) convened a consultative workshop at Chaminuka Resort in 2020 to discuss the actuarial report on the design of the new specified office scheme. Draft pension rules and an instruction matrix were developed and have since been submitted to the Ministry of Justice for pending finalization of the Specified Offices Pension Bill. As for maternity protection reform, an actuarial valuation of the proposed Maternity Protection Fund was conducted with the support of the ILO Zambia Country Office. Discussions on a technical support roadmap are ongoing and shall be finalized once the proposals are submitted to the Tripartite Consultative Labour Council (TCLC).

3.4.2. Output 4.2 Include the informal economy in the Social Protection System.

The Ministry of Labour and Social Security reported that Statutory Instrument No. 72, the National Pension Scheme Regulations of 2019 had been issued to facilitate the extension of social security coverage to workers in the informal economy. Furthermore, the draft national strategy on the extension of social security to the informal economy is undergoing review. The National

Pensions Scheme Authority is also exploring short term benefits for maternity and funeral benefits prototype to cater for the informal economy. Moreover, amid COVID-19 pandemic in 2020, the Ministry, in collaboration with the International Organization (ILO) and other social partners, has developed a COVID-19 Emergency Cash Transfer to cover informal economy workers who have been affected. ZFE acknowledged that tripartite constituents had participated actively on the technical committees established by the Government in this thematic area. During the consultations, the Zambia Congress of Trade Unions (ZCTU) and Alliance of Zambia Informal Economy Association (AZIEA) were identified as major actors to support the inclusion of the informal economy in the Social Protection System.

4. Conclusion and Lessons Learnt

The progress review of the ESSE program in Zambia revealed that considerable progress had been made on the action plans of the EESE assessment in 2012/13 through the collaborative effort amongst the various stakeholders. Mostly, the stakeholders in the private sector and business community recognized their integral roles in supporting the implementation of the policy actions in the four thematic areas identified for Zambia, namely Enabling legal and regulatory environment, Physical Infrastructure, Education, Training and Lifelong Learning and Social Protection. The ZPSA, ZACCI, ZFE and ZAM continued to play a pivotal advocacy role for the progresses on the key thematic issues.

Concerning creating an Enabling Legal and Regulatory Environment, the private sector acknowledged that some positive reforms had been implemented by the Government such as reduction of business licenses, establishment of four Regulatory Service Centres, introduction of the E Tax Payment System and other reforms aimed at broadening of the tax base. Also, ZRA established an ISMTO to support the collection of taxes from the informal sector, such as the presumptive tax. ZFE and ZACCI recognized these policy reforms as being vital in easing the cost of doing business and securing fair competition in the market. ZACCI, ZFE and ZAM acting under the auspices of the ZPSA participated actively in providing input towards these reforms. BRRRA recognized the critical role that the social partners played in the reinforcing the business licencing reforms under the PSDRP. ZFE, serving as the lead association for ZPSA, participated actively in the formulation of labour law reforms. The active participation by the social partners in this thematic area resulted in the enactment of the Employment Code, which came into effect in 2019.

Regarding Physical Infrastructure, the Government has actively engaged the private sector in financing projects in the aviation, railway and road infrastructure. Significant progress had been achieved in expanding and modernizing international airports such as the Harry Mwaanga International Airport. As for the railway sector, rehabilitation plan of various railways including four major railways has been implemented by

Zambia Railways, and Statutory Instrument No. 7 successfully increased the amount of nationwide cargo transport by railway. Moreover, many on-going projects in the road sector are being implemented under PPP arrangements. The Expansion of ICT infrastructure was cited as a significant developmental milestone. The increase of mobile subscription and penetration rates has contributed to boosting the growth of the other sectors that depend on the use of the electronic platforms, such as ZRA with its E Tax Payment System. The construction of 1,009 communication towers is a significant milestone in enhancing the access to internet services across the country.

The importance of skills development was emphasized under the thematic area of improved education, training and lifelong learning opportunities. ZACCI and ZFE on behalf of ZPSA played an active role in supporting reforms relating to the establishment and operationalization of the SDF. TEVETA has supported the development of curricula for TEVET colleges and secondary schools. ZFE noted that the development of guidelines for the internship was a positive development for strengthening the linkages between the education sector and the industry. Besides, the Ministry of Higher Education, in collaboration with ILO, has developed a Draft Apprenticeship Act. The onset of the Covid-19 pandemic has presented opportunities for greater use of E-Learning Platforms. The efforts to develop the online access for the universities and TEVET colleges would contribute to the academic and technical skills enhancement.

Significant policy reforms had been achieved in Social Protection. The Government had embarked on the implementation of reforms in pension and maternity protection and the extension of social security coverage to the informal sector. ZFE and ZACCI participated actively in the technical committees that were constituted by the TCLC. The draft National Social Protection Strategy has recently been finalized with the participation of Ministry of Labour and Social Security, ZFE, the Zambia Congress of Trade Unions, Civil Society Organizations and ILO. The cooperating partners are playing a crucial role in promoting decent work and enabling environment through the enhancement of social protection platform.

The ESSE assessment contributed to strengthening the advocacy process of the private sector in their engagement with the Government and other stakeholders. The one voice principle has stimulated the ZPSA to successfully lobby for the effective utilization of the SDF and the enactment of the various pieces of legislation. The Government is also aware of the critical role that the private sector can play through the ZPSA platform. In most of the reform pillars, ZACCI, ZFE and ZAM played a leading role in fostering the business agenda for sustainable development. Their active participation into the reform dialogue contributed to the positive outcomes outlined in this report. The existence of political will by the Government to constructively engage the private sector was also a significant driver that contributed to the success of the policy reforms. Here, it is recognized that ZPSA needed to urgently embark on the finalization of the organizational strategic frameworks and the constitution, which would further strengthen its institutional capacity for policy advocacy.

Given the challenge of the Covid-19 pandemic, the Government and the private sector need to collectively propose tangible solutions that contribute to the revitalization of the business sector. In this context, the importance of active engagement of the tripartite constituents will be further increased. The ILO ESEE programme will provide continuous support for the tripartite engagement and facilitate the realization of a sustainable and resilient business environment in Zambia.

► Appendix 1: List of People Interviewed

Name of interviewee	Position	Organization
Harrington Chibanda	Executive Director	Zambia Federation of Employers
Hilary C. Hazele	Former Manager-Economics and Policy	Zambia Federation of Employers
Wallace Mumba	Chief Executive Officer	National Road Fund Agency
Daniel Mtonga	Director Road Tolling	National Road Fund Agency
Luwodzya Mwale	Chief Executive Officer	Zambia Chamber of Commerce and Industry
Slyvia Mwansa	Vice President	Zambia Chamber of Commerce and Industry
Giyani Sakala	Head of Policy and Advocacy	Zambia Chamber of Commerce and Industry
Abigail Tuchili	Chief Curriculum Specialist	Curriculum Development Center, Ministry of General Education
Simon David Banda	Deputy Director	Business Regulatory Review Agency
Wilson Banda	Assistant Registrar	Patent and Company Registration Agency
Florence Muleya	Chief Executive Officer	Zambia Association of Manufacturers
Alex Simumba	Director	Ministry of Higher Education
Cleophas Takaiza	Director General	Technical Education, Vocational and Entrepreneurship Training Authority
Clive Siachiyako	Manager Corporate Affairs	Technical Education, Vocational and Entrepreneurship Training Authority
Fumu Mondoloka	Managing Director	Zambia Airports Corporation Limited
Christopher Musonda	Managing Director	Zambia Railways Limited
Mpundu Kanonka	Senior Planner	Ministry of Housing and Infrastructure
Mwenya Kapasa	National Project Coordinator	International Labour Organization
Anthony Dumingo	Director	Department of Social Security, Ministry of Labour and Social Security
Mukamasole Kasanda	Assistant Labour Commissioner Planner	Labour Department, Ministry of Labour and Social Security

Name of interviewee	Position	Organization
Bernard Banda	Manager – Policy and Research	Zambia Information Communication Technology Authority
Kingsley Chanda	Commissioner General	Zambia Revenue Authority

► Appendix 2: Summary of policy actions and existing issues

Outcome/Output	Main actors for reform	Policy action taken	Existing/remaining Issues identified
1. Enabling Legal and Regulatory Environment			
1.1 Reduce the number of required licenses	<p>Government</p> <ul style="list-style-type: none"> ► Business Regulatory Review Agency (BRRRA) ► Zambia Development Agency (ZDA) <p>Social partners</p> <ul style="list-style-type: none"> ► Zambia Federation of Employers (ZFE) ► Zambia Chamber of Commerce and Industry (ZACCI) ► Zambia Private Sector Alliance (ZPSA) 	<p>Policy action taken</p> <ol style="list-style-type: none"> a. Foundation of ZPSA which facilitated the public-private dialogue sessions b. Establishment of the BRRRA through the Business Regulatory Act c. Licensing reform eliminated 170 licenses, reclassified 47 licenses and amalgamated 99 licenses into 21 licenses. d. Establishment of four Regulatory Service Centres (One-Stop Shop for Business Registration) e. Development of the Single Licensing Systems f. Introduction of Regulatory Impact Assessments 	<p>Existing/remaining Issues identified</p> <ol style="list-style-type: none"> 1. Development of draft constitution and organizational strategic frameworks of ZPSA are still underway.
1.2 Broaden the tax base	<p>Government</p> <ul style="list-style-type: none"> ► Zambia Revenue Authority (ZRA) ► Informal Sector Small and Medium Taxpayer Office (ISMTO) <p>Social partners</p> <ul style="list-style-type: none"> ► ZFE ► ZACCI 	<p>Policy action taken</p> <ol style="list-style-type: none"> a. Establishment of Customer Service Centres for taxpayer services and education. b. Introduction of the E Tax Payment System and Tax Online II. c. Establishment of ISMTO. 	<p>Policy action taken</p> <ol style="list-style-type: none"> 1. Establishment of Customer Service Centres for taxpayer services and education. 2. Introduction of the E Tax Payment System and Tax Online II. 3. Establishment of ISMTO.

Outcome/ Output	Main actors for reform	Policy action taken	Existing/remaining Issues identified
1.3 Finalise the Labour Law Review	<p>Government</p> <ul style="list-style-type: none"> ▶ The Ministry of Labour and Social Security <p>Social partners</p> <ul style="list-style-type: none"> ▶ ZFE 	<p>Policy action taken</p> <ul style="list-style-type: none"> a. Introduction of the Employment Code Act (ECA) No.3 in 2019, which replaced various obsolete labour acts and included elements of the ILO's Decent Work Agenda. b. Launch of Tripartite Consultative Labour Council (TCLC) for tripartite participation to the labour law discussion 	<p>Existing/remaining Issues identified</p> <p>Existing/remaining Issues identified</p> <ul style="list-style-type: none"> 1. Amendment of the Industrial and Labour Relations Act 2. Preparation of Sector based Minimum wages for priority economic sectors i.e. construction, mining, agriculture, etc.
2. Physical Infrastructure			
2.1 Improve Transportation Infrastructure System	<p>Government</p> <ul style="list-style-type: none"> ▶ The Ministry of Housing and Infrastructure ▶ National Road Fund Agency (NRFA) <p>Social partners</p> <ul style="list-style-type: none"> ▶ ZFE <p>Corporate and Industry</p> <ul style="list-style-type: none"> ▶ Zambia Airports Corporation Limited (ZACL) ▶ Zambia Railways ▶ Zambia Border Crossing Company 	<p>Policy action taken</p> <ul style="list-style-type: none"> a. Launched upgrade project of the four international airports. b. The completion of Harry Mwaanga Nkumbula (HMNIA) resulted in the increase of passengers to 250,300 in 2019 (28% up from 2013). c. Rehabilitation plan of railways infrastructure including four major railways has been launched. d. Statutory Instrument No. 7 enforced and increase the nationwide cargo transport. e. Many ongoing projects in the road sector are being implemented under PPP arrangements. f. The project of Kasumbalesa One-Stop Border Post was conducted by DBOT (Design, Build, Operate & Transfer) scheme with an investment of US\$25 million. 	<p>Existing/remaining Issues identified</p> <ul style="list-style-type: none"> 1. TAZARA recorded a decline in cargo transported even under the Statutory Instrument due to insufficient working capital and infrastructure availability. 2. Some of the railway networks in the country is still in the limited capacity to meet the increased rail cargo demand.

Outcome/ Output	Main actors for reform	Policy action taken	Existing/remaining Issues identified
2.2 Improve ICT accessibility	<p>Government</p> <ul style="list-style-type: none"> ▲ Ministry of Transport and Communications ▲ Zambia Information Communication Technology Authority (ZICTA) <p>Social partners</p> <ul style="list-style-type: none"> ▲ ZFE <p>Corporate and Industry</p> <ul style="list-style-type: none"> ▲ Private mobile operators such as ZAMTEL 	<p>Policy action taken</p> <ul style="list-style-type: none"> a. ZICTA is enacting new pieces of legislation to address opening of international gateway, data protection, cyber security, and electronic transactions. b. Phase I and II construction projects of the mobile communication towers resulted in more than 3,248 towers across the country in 2019. c. Active investments by the private operators increased the mobile penetration rate increased to 99.1 % and contributed to the rise of the internet subscriptions to 9.2 million with penetration rate of 52.8% by 2019. 	<p>Existing/remaining Issues identified</p> <ul style="list-style-type: none"> 1. Review of ICT Act still underway. 2. Low usage of e-commerce and digital financial service, especially in the rural areas.

Outcome/ Output	Main actors for reform	Policy action taken	Existing/remaining Issues identified
3. Education, Training and Life-long Learning Opportunities.			
3.1 Review and modify vocational curricula to meet industry skills demand	<p>Government</p> <ul style="list-style-type: none"> ▲ The Ministry of Higher Education ▲ Technical Education, Vocational and Entrepreneurship Training Agency (TEVETA) <p>Social partners</p> <ul style="list-style-type: none"> ▲ ZACCI ▲ ZFE ▲ Zambia Association of Manufacturers (ZAM) 	<p>Policy action taken</p> <ol style="list-style-type: none"> a. Establishment of Skills Development Fund (SDF) which financed to develop new curricula and fund training programs and TEVET institutions. b. Launched the Employer-Based Training (EBT) programme. c. Continuous increase in TEVET enrolments, reaching 44,500 in 2018 from 40,108 in 2017. d. Establishment of the Curriculum Development Review Team (CDRT) consist of stakeholders from private sector to review and approve the TEVET curriculum. e. ZACCI, ZFE and ZAM participate in the review process through the TEVETA Board. f. Reskilled and upgraded 79 TEVET lecturers through the SSTEP project. g. TEVETA conducted benchmark research to learn best practices in other countries and their trainers attended overseas training program such as KSTAR in Korea. 	<p>Existing/remaining Issues identified</p> <ol style="list-style-type: none"> 1. SDF funds not channelled enough on the training quality improvement. 2. SDF operating in the absence of a robust skills survey. 3. The absence of the TEVETA Board
3.2 Review and modify secondary and tertiary curricula to meet industry skills demand	<p>Government</p> <ul style="list-style-type: none"> ▲ The Ministry of Higher Education ▲ Curriculum Development Centre (CDC) of the Ministry of General Education ▲ TEVETA <p>Social partners</p> <ul style="list-style-type: none"> ▲ Sector Advisory Groups consisted of ZACCI, ZAM and ZFE 	<p>Policy action taken</p> <ol style="list-style-type: none"> a. Introduced the “vocational career pathways” program for secondary school and expanded to 400 schools by 2020. b. Establishment of Skills Advisory Group (SAG) c. Introduction of TEVETA Learnership program d. TEVETA developed curricula for e-learning called, Open, Distance, Flexible and Learning (ODFL). e. TEVETA currently piloting an e-learning portal in the Educational Management Information System (EMIS) to provide quality resources for all tertiary training providers. f. TEVETA created the Learner Data Management System (LDMS) for the management and administration of TEVET learner data. 	<p>Existing/remaining Issues identified</p> <ol style="list-style-type: none"> 1. Financing constraints inhibiting the full introduction of “the vocational career pathway”.

Outcome/ Output	Main actors for reform	Policy action taken	Existing/remaining Issues identified
3.3 Enhance entrepreneurial training and internship program	<p>Government</p> <ul style="list-style-type: none"> ▶ The Ministry of Higher Education ▶ TEVETA ▶ The Ministry of Finance ▶ Zambia Credit Guarantee Scheme Limited (ZCGS) <p>Social partners</p> <ul style="list-style-type: none"> ▶ ZFE ▶ ZPSA 	<p>Policy action taken</p> <ul style="list-style-type: none"> a. The 7NDP envisioned to integrate entrepreneurship training into general education and TEVET. b. The SDF facilitated to incorporate entrepreneurship training into the curriculum in the various TEVET institutions. c. The ZCGS launched in 2017 to facilitate access of entrepreneurs to long term finance. d. The Ministry of Higher Education produced the Apprenticeship Guidelines in 2017. e. Introduction of TEVETA Learnership program f. The Ministry of Higher Education finalized and National Internship Programme Guidelines in 2019. g. ZFE developed employers' guidelines to guide the implementation of internship of students. 	<p>Existing/remaining Issues identified</p> <ul style="list-style-type: none"> 1. Most of the banks in Zambia are still very reluctant to lend long term finance to the entrepreneurs. 2. The Government is seeking the private sector to take the lead of ZCGS through the acquisition of shares. 3. The draft apprenticeship act is awaiting validation by the stakeholders and submission to the Cabinet approval. 4. A national programme for promoting internship is yet to be finalized.

Outcome/ Output	Main actors for reform	Policy action taken	Existing/remaining Issues identified
4. Social Protection			
4.1 Finalise and adopt social protection policies	<p>Government</p> <ul style="list-style-type: none"> ▲ The Ministry of Labour and Social Security ▲ Ministry of Community Development and Social Services ▲ The Ministry of Health. <p>Social partners</p> <ul style="list-style-type: none"> ▲ The Public Service Pension Fund (PSPF) ▲ National Pension Scheme Authority ▲ ZFE 	<p>Policy action taken</p> <ul style="list-style-type: none"> a. National Social Protection Policy was approved in 2014. b. Launched the Integrated Framework for Basic Social Protection Programmes (IFBSPP). c. Draft amendments to the National Pension Scheme Act were made and awaiting approval. d. An actuarial valuation of the proposed Maternity Protection Fund was conducted e. The draft national strategy on the extension of social security to the informal economy is undergoing review. 	<p>Existing/remaining Issues identified</p> <ul style="list-style-type: none"> 1. The Specified Offices Pension Bill is pending finalization. 2. The finalization of Maternity Protection Fund is pending. 3. Amendment of National Pension Scheme Act
4.2 Include the informal economy in the Social Protection System	<p>Government</p> <ul style="list-style-type: none"> ▲ The Ministry of Labour and Social Security ▲ The National Pensions Scheme Authority (NAPSA) <p>Social partners</p> <ul style="list-style-type: none"> ▲ ZFE ▲ AZIEA ▲ ZCTU 	<p>Policy action taken</p> <ul style="list-style-type: none"> a. Issued the National Pension Scheme Regulations of 2019 to facilitate the extension of social security coverage to workers in the informal economy. b. Developed a COVID-19 Emergency Cash Transfer to cover informal economy workers who have been affected by the COVID-19 crisis. 	<p>Existing/remaining Issues identified</p> <ul style="list-style-type: none"> 1. The draft national strategy on the extension of social security to the informal economy is undergoing review. 2. Exploring a short term scheme for maternity and funeral benefits for the informal economy is underway by NAPSA.

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