



Building Construction Sector

Promote Jobs
Protect People
Treasure the Environment



MINISTRY FOR FOREIGN
AFFAIRS OF FINLAND



United Nations
ZAMBIA

Economic growth

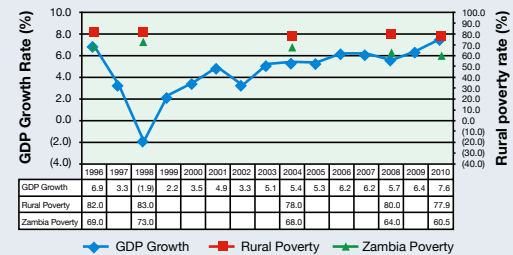
Zambian Government preliminary estimates for 2012 are that the real Gross Domestic Product (GDP) grew by 7.3% compared with 6.8% in 2011. Consistent with positive economic growth rates has been an improvement in real GDP per capita, which rose to an estimated US\$1,500.0 in 2012 from US\$1,463.0 the previous year. Analysts suggest that the outlook for the Zambian economy remains favourable in the medium term, underpinned by robust growth and single-digit inflation. Their estimates for the economy project a 6.9% growth in 2012, picking up to 7.3% in 2013, while inflation should remain in single digits, at 8.0% and 8.5% respectively. Zambia advance from a low to a middle income country status in 2011. It is also significant, that Zambia attained for the first time ever in 2011 a sovereign credit rating. Rating institutions Fitch and Standard & Poor's awarded Zambia a B+ rating placing it in a rare category among its southern African peers, just behind South Africa and Botswana. In 2012 on the back of these developments, GRZ successfully floated in the international markets the country's first ever sovereign bond valued USD 750 million for 10 years.

Poverty and inequality

However, this spectacular economic growth trend has not translated into relative gains in employment, income, poverty reduction and gender equality. Zambia still remains a least developed country (LDC) as defined by the United Nations and ranks number 163 out of 185 countries in terms of Human Development. Poverty is still high (60.5%, 2010 CSO) especially in rural areas (77.9%, 2010 CSO). Available figures as at 2008 showed Zambia's Gini coefficient, standing at (0.67), indicates a very unequal income distribution and is high as compared with other middle income economies in the sub-region such as Botswana (0.5 in 2008) and South Africa (0.531 in 2009).

According to Zambia's Vision 2030, due to a number of factors, such as the low levels of education, culture, limited access and control over resources, and the division of labour, women's participation in the development process and access to employment has been impeded. Recent gender studies show that discriminatory practices, in most cases biases against women are evident and even rooted in the dual legal system in Zambia, in which both statutory and customary laws apply. There currently exist two land tenure systems in Zambia: the customary or tribal tenure and leasehold tenure. Both marginalize women in terms of allowing them to access and own land.

Figure 1: GDP growth rates and poverty incidence trends, 1996-2010



Source: based on CSO data files and CSO (2006, 2011)

Robust, consistent economic growth and single digit inflation but...

growth not inclusive enough to reduce unemployment, poverty and inequalities on a sustainable basis.

Women face unique challenges and hurdles to effectively and gainfully participate in the economy



June 2012: Thousands of youths jostle for 800 jobs during the Zambia National Army and Zambia National Service joint recruitment exercise across the country. In Ndola alone more than 1,500 youths were lining up as early as 0300Hrs for a chance of the 80 jobs earmarked for the Copperbelt Province.

A new model for broad based and inclusive growth that tackles unemployment, poverty and inequalities is needed

Jobs and relevant skills for youth is an area of critical importance for Zambia

Unemployment

High levels of unemployment especially among youth overshadow the gains made from strong growth and limited inflation. One of the reasons for this is that much of the economic growth has taken place in a few mechanised sectors, for example the mining sector - thanks to the booming copper prices. Little attention and investment has trickled into job rich sectors for example agriculture, tourism, tourism, and construction. Unemployment nationally as at 2008 stood at 16% of the labour force.

Generation jobless

Zambia's National Youth Policy has defined youth as comprising those aged 18 – 35 years old. High levels of unemployment among youth are worrying. The CSO 2008 labour force survey reported that despite accounting for the majority of the working age population, 28% of the young people of 15 – 35 years were unemployed – which is close to double the national average unemployment rate.

Considering between 2005 and 2008, formal employment grew by only 106,435 jobs it is probable that the unemployment situation in Zambia today has been worsened by the estimated 300,000 young people graduating and entering the labour market from secondary and tertiary education institutions each year, excluding school and college drop-outs, and those with no access to education.

Jobs and skills that meet the current and future labour market demand are urgent issues for young people in Zambia.

Contribution of MSMEs in the Economy

The proportion of formal employment has remained low at only 10% of total employment (2008, CSO). In contrast, a vast number of largely informal micro, small and medium enterprises provide 90% of the employment, about 4 million jobs in total. However, according to surveys by the Zambia Chamber of Small Business Associations (ZCSMBA), MSMEs face numerous challenges ranging from low skills, deficient infrastructure, lack of access as well as the risk and costs of HIC and AIDS among others they need to overcome in order to develop and grow.

The establishment of a social protection floor is also essential where many categories of workers, particularly those in the informal economy, may not have a voice because more often than not they are not members of trade unions and worse, face occupational and health risks everyday, and lack basic social security guarantees including healthcare and income security.

Macroeconomic policies, incentives and adequate support infrastructure to fuel formalization and raise productivity, competitiveness and working conditions in Micro, Small and Medium Enterprises (MSMEs) may be the closest solution to address the rising challenges of unemployment in Zambia.

Going green

Much of the current economic performance has come at a huge environmental cost for future Zambian generations. For example, according to the United Nations Statistics Division, the proportion of area covered by forestry has been decreasing from 71% (1990) to 66.5% (2010). Since 2002, the percentage of the population using solid fuels has remained high while the proportion of the population with access to energy has remained constant at 20%. This has implications for the achievement of the health MDGs as use of solid fuels has a negative impact on the health of the population.

Zambia is yet to embrace and exploit the potential scale of job creation related to the emerging green economy. However, a new Environmental Management Act (EMA) No. 12 of 2011 has been enacted by the Government of Zambia to provide for an integrated environmental management and the protection and conservation of the environment and the sustainable management and use of natural resources.



Members of ZAWIC. Women medium and small scale contractors have formed a business association to spearhead women access to finance, market opportunities and business development services which they need in order to grow and create jobs.

Improving productivity and working conditions in MSMEs holds the promise of more and better jobs for millions of people

Environmental costs for future generations are evident but so are emerging opportunities for green growth

Subject to the Constitution, every person living in Zambia has the right to a clean, safe and healthy environment.





Building construction sector

One sector with high potential for the creation of green jobs through MSME development in Zambia is the building construction sector. The construction sector played a central role in Zambia's growth in recent years and presently makes up approximately 21.1 per cent of the economy. The Economist Intelligence (EIU) has predicted that construction growth will average 12 percent between 2012 and 2014 as a result of planned investments.

MSMEs in the building construction sector can capitalize on the growing housing demand and market opportunities for retrofitting existing and building new housing stock

According to Zambia's Vision 2030, the total housing units backlog is about one million and that 110,000 dwelling units are required annually to clear the backlog for the next ten years, while to satisfy new demand for houses all over the country, a similar number is required annually to be constructed. A recent industry analysis (ILO, 2012) indicates that Zambia requires 1.3 million new dwellings to achieve to achieve vision 2030, that is one house every 2 minutes of each working day for the next 19 years. Moreover, of the total national housing stock, 80 per cent could be classified as informal in nature with poor services provided or none at all (Vision 2030).

MSMEs can use green and inclusive growth as a source of competitive and sustainable business advantage in the building construction sector

The building construction sector, especially the residential housing sub-sector in particular, offers excellent potential for broad based wealth and job creation due its high labour intensity, low entry barriers for semi-skilled and unskilled labour, and high concentration of MSMEs. The sector is furthermore an excellent conduit to facilitate the reduction of greenhouse gas emissions of the built environment, through the promotion of eco-friendly building materials, services, goods or technologies such as energy saving, renewable energy and water conservation. However, the building construction sector is among the sectors prone to industrial accidents and injuries, and workers are amongst the most vulnerable to ill-health, and poverty in case of maternity, disease, unemployment, disability, or old age due to lack of basic social protection.

National development plans

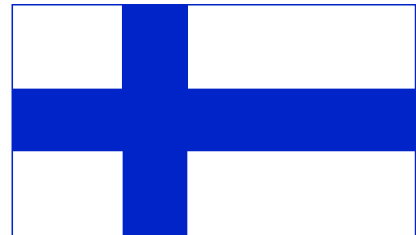
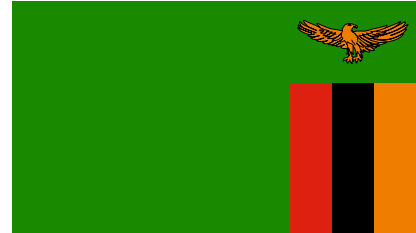
The Government of Zambia fully recognizes the challenge to facilitate more-broad based wealth and job creation and has identified private sector development as a strategic means to boost employment, with particular emphasis on the development of Micro, Small and Medium Enterprises (MSMEs). Pursuant to the above and in line with the objectives of Vision 2030 and SNDP 2011-15, a strategy for Industrialisation and Job Creation is under discussion and an MSME policy framework is in place although implementation has been a major challenge.

Further, the Government of Zambia (GRZ) and co-operating partners (CPs) have agreed on a second phase of the Joint Assistance Strategy for Zambia (JASZII) to deliver aid effectively towards, among other objectives, the promotion of private sector development, manufacturing commerce and trade including in particular mainstreaming cross cutting issues on environment, natural resources and climate change.

Finnish Aid

Zambia is one of Finland's eight long-term development co-operation partner countries and private sector development (PSD) is one of the three sectors in which Finland is active as per the JASZII. Under Finland's development policy framework, especially its Aid-for-Trade Action Plans 2008-2011 and 2012-2015, PSD-support to Zambia has been steadily increased. Currently the main co-operation platforms are Private Sector Development Reform Programme Phase II (PSDRP II) to promote the 'development of a competitive business environment in Zambia in order to contribute to job and wealth creation' by facilitating 'increased business access to markets and finance and reducing the cost of doing business in Zambia'. Another is the Financial Sector Development Plan Phase II (FSDP II) to have a stable, sound and market-based financial system that supports the efficient mobilisation and allocation of resources necessary to achieve economic diversification, sustainable growth and poverty reduction. Both programmes are owned, co-ordinated and implemented by GRZ. The two programmes provide a coordinated umbrella mechanism for implementing key private sector reforms for reaching the economic development objectives laid out in the sixth national development plan (SNDP).

Building on these enabling environment improvements for private sector growth, the Zambia green jobs programme will unlock the job creation potential of the green economy in Zambia through sustainable micro, small and medium enterprise development in the fast growing building and construction sector.





Programme Overview

The Zambia Green Jobs Programme is premised on a human and environment rights-based as well as a value chain development approach for improving the sustainable livelihoods of rural and urban families through private sector development and sustainable housing.



Green building (also known as green construction or sustainable building) refers to a structure and using process that is environmentally responsible and resource-efficient throughout a building's life-cycle: from siting to design, construction, operation, maintenance, renovation, and demolition. The Green Building practice expands and complements the classical building design concerns of economy, utility, durability, and comfort. Other related topics include sustainable design and green architecture.

Environmentally friendly or
Green building materials

Building and construction activities worldwide consume 3 billion tons of raw materials each year or 40 percent of total global use (Roodman and Lenssen, 1995). Green building materials are composed of renewable, rather than nonrenewable resources. Using green building materials and products promotes conservation of dwindling nonrenewable resources internationally. In addition, integrating green building materials into building projects can help reduce the environmental impacts associated with the extraction, transport, processing, fabrication, installation, reuse, recycling, and disposal of these building industry source materials.

Energy access and efficient use

Only 25% of the Zambian population has access to electricity. In the rural areas, the level of access is less than 5% (2013, Zambia ERB). Most people depend strongly on traditional fuels such as wood, coal, charcoal, or animal waste to meet their daily energy needs—breathing in toxic smoke that causes lung disease and kills nearly two million people a year, most of them women and children. Access to reliable, affordable and environment-friendly source of energy remains a key developmental challenge (2012, AFDB). Improving energy efficiency has the clearest impact on saving money, improving business results, and delivering more services for consumers (UN SE4ALL).

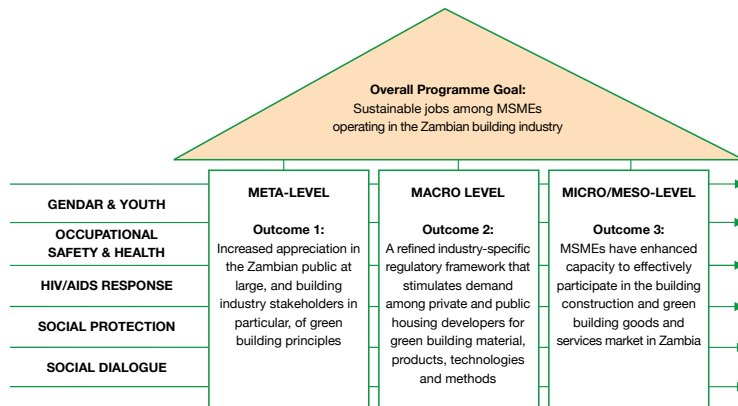
Water access and conservation

5 million people in Zambia don't have access to safe water, over a third of the population. Over 6 million people don't have access to adequate sanitation in Zambia, over half the population. Over 5,000 children die every year from diarrhea caused by unsafe water and poor sanitation in Zambia (2010, Water Aid Zambia). The United Nations (UN) estimates that two thirds of humanity will live in water-stressed regions by 2025 as a result of population growth, urbanization and industrialization trends, pollution and climate change.

Target Group

The Zambia Green Jobs Programme is supporting sustainable micro, small and medium enterprises (MSMEs) along the building construction value chain - including NCC level 4 – 6 small scale contractors - to become more productive and competitive; to grow, create green and decent new jobs as well as improve the quality of existing jobs by extending basic social protection and improving access to occupational safety and health services for workers in the building construction sector. It is working with the Zambia Institute of Architects and the Copperbelt University School of Built Environment with technical assistance from the VTT Technical Research Centre of Finland and UN Habitat to strengthen the capacity of local Architects to design water and energy-efficient, quality and affordable living spaces for low and middle-income families in Zambia.

Strategy and implementation



The Programme is implemented by government ministries and institutions, financial institutions, business development service providers, associations of small scale contractors and other private sector players in Zambia's building construction industry. Technical assistance is provided by a consortium of UN agencies, namely FAO, UNEP, UNCTAD and ITC led by the ILO and jointly working together as One UN with financial support from the Government of Finland. Zambia is a self-starter country for the UN initiative of "Delivering as One" to increase the national ownership of development activities and harness the technical assistance and financial resources of the UN in a more coherent, effective and efficient manner.

FACTS

Start: 01 June 2013

Period: 4 years

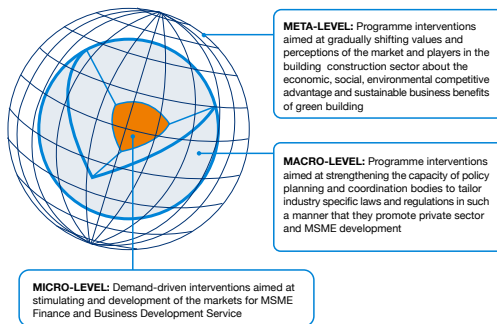
End: 31 May 2017

Target:

1. NCC level 4, 5 and 6 Medium, Small Scale Contractors
2. Architects
3. MSMEs along the building construction value chain

Global experience and technical assistance mixed with local ownership

A systemic approach to tackle the development challenge



Cultivating the right mindset, attitude and enterprise behaviour for sustainable development and job creation.

Creating an enabling business environment for private sector development and green growth

Interventions at meta level where attitudes, practices and behaviour towards green building are shaped, are implemented by the media, research, training institutions and universities led by Copperbelt University School of the Built Environment in liaison with Thornpark Construction Training School, NCC School of Construction, University of Zambia's School of Engineering Technology Development Advisory Unit (TDAU), and the Zambia Institute of Architects (ZIA). Additional support comes from the Zambia Network for Environmental Educators and Practitioners, Zambia Environmental Management Agency, Zambia Union of Journalists among others in the media. Technical assistance and facilitation for local design and construction of demonstration houses from green building materials and eco efficient technology solutions are provided by the VTT Technical Research Centre of Finland, UNEP, UN HABITAT and ILO.

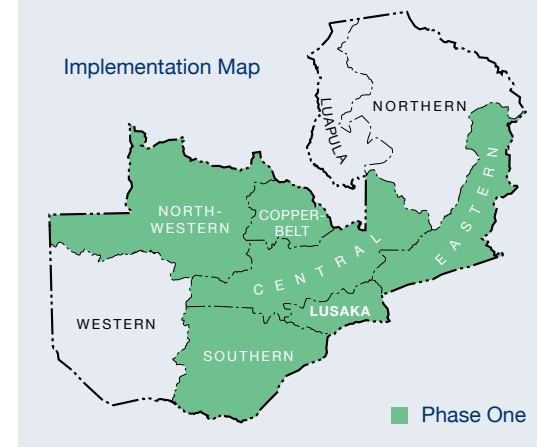
Interventions at micro or enterprise level are implemented by private sector associations and institutions led by National Association of Medium and Small Scale Contractors (NAMSSC) and Zambian Association of Women in Construction (ZAWIC) working in close collaboration with a range of partners and service providers to facilitate access for MSMEs to industry-specific financial services and non-financial or business development support services. Emphasis is on functional and technical-vocational skills training, sector specific business services, finance and access to markets. It includes upgrading the capacities of forest growers, processors, manufacturers and retailers of local building materials for enhanced value chain participation. Technical assistance is provided by a consortium of UN agencies, namely UNCTAD, ITC, FAO and other collaborating partners led by the ILO.

Interventions at macro or policy level are led and implemented by government and quasi-government institutions led by National Council for Construction (NCC) with support from other government institutions like ZDA, TEVETA NTBC and NHA, in dialogue with private sector financial institutions, business development service providers and sector associations of small scale and women contractors as well as workers organizations such as the National Union of Building, Engineering and General Workers (NUBEGW) to facilitate dialogue-driven regulatory reform to promote uptake of green building practices among private and public housing developers in Zambia. Here the Programme builds on evidence-based policy measures arising from the inception phase international best practice research. It utilizes the ILO's tripartite convening capacity and comparative advantage to advance and promote social dialogue and the practice of tripartism between governments and the representative organizations of workers and employers, building up social cohesion and the rule of law through, among other means, international labour standards.

Results

The implementation of the **Zambia Green Jobs Programme** will deliver the following milestones and outputs by end of May 2017:

1. Create **5,000 decent and new green jobs**
2. Improve the **quality of 2,000 jobs** by extending basic social protection and improving access to occupational safety and health services for workers in the building construction sector
3. Increase **enterprise performance** (annual income by at least 10 percent from baseline) of at least 2500 micro, small and medium (MSME), which in turn will
4. Raise the **household annual income** (by at least 10 percent from baseline), of families whose livelihoods depend on the building construction industry
5. Contribute to the **number of buildings (houses)** built using green building technologies and materials by at least 150 houses,
6. Reduce the **monthly comparative energy and water utility costs** among households built or retrofitted with water, energy saving or renewable technologies by at least 10%, and
7. Cause a **positive attitude change towards green business** of not less than 5% among the general public and 10% among the industry stakeholders in particular

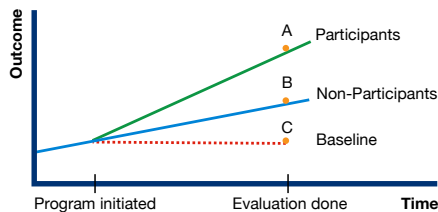




Measuring and reporting results

Monitoring and Evaluation is aligned to the Donor Committee for Enterprise Development (DCED) Standard for Results Measurement to better measure, manage, and demonstrate results. The monitoring and evaluation strategy combines before and after comparisons together with those comparing changes in performance between the participants (treatment group) and non-participants (control group) of the Programme. This is further enhanced by an internet-based portfolio and project management information system (PMIS) piloted during the inception phase and this MIS software called SCIFORMA tracks both the results and process indicators. SCIFORMA (www.sciforma.com) also provide a credible channel to communicate results and allow approved stakeholders to view the progress in real time.

Comparing the performance of participants (“treatment group”) with the performance of non-participants (“control group”)



- A – C** = change among participants
(due to all factors: “before and after”)
- B – C** = change among non-participants
(due to factors other than the program)
- A – C – (B – C) = A – B** = change among participants due to the program (“difference in differences”)

Exit and sustainability

The Programme harnesses national contributions, service user fees and other income to contribute towards financial sustainability. While financial sustainability is necessary, it is not a sufficient condition for sustainability. Therefore, in the systemic and value chain development approach, a range of factors are considered to ensure that the results of Programme interventions will be sustained into the future. These factors include adherence to local stakeholder priorities, ownership, participation and capacity building; promotion of appropriate technology and environmental conservation. The Programme will commission an analysis of the potential of creating green jobs in selected economic growth sectors to assist policy makers and implementers to make effective decisions based on evidence and experience in the building construction sector.



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Sustainable enterprises

creating more and better jobs

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