

Policy recommendations

The Government of Zambia should consider the following policy proposals:

- Increasing, through reform of the tax system, the financial benefits flowing to the country from the mining sector. Levelling up the tax take on foreign investors would allow local companies to compete for business.
- Increase the capacity of the Mines Safety Department by reconstituting it as a commercial entity. At the moment, blasting licenses cost companies K3,600 (about 50p), which is roughly the cost of the paper that it is printed on. In some countries, mining companies have to pay 0.5% of their wage bill to the Mines Safety Department. Some form of cost recovery should be developed that allows Mines Safety to cover core costs and that Government subsidy is used to develop pro-active relations with mining companies and a regime of unannounced mine inspections.
- End the culture of secrecy that surrounds the mining industry, publishing all of the Development Agreements, as well as companies' annual reports to the Department of Mines, ECZ, Mines Safety Department, Bank of Zambia and Zambian Revenue Authority. It is in the interests of Government that social pressure should come to bear on the mining companies to comply with the laws of Zambia. This is only possible through transparency.
- Carry out and publish an audit of compliance of the companies with the commitments made in their Development Agreements on issues such as local sourcing and marketing, maintenance of social infrastructure and services and environmental protection.
- Revise the Employment Act and Industrial Relations Act to end the culture of sub-contracting and casualisation in the mining industry, securing quality jobs and equal treatment of local workers with expatriates. This reform should secure more clearly the freedoms of association of workers and the requirement on employers to recognise collective bargaining rights of unions.
- Develop an industrial policy that allows for the use of subsidy, tax and tariff regimes to develop manufacturing industries that maximise value added to copper goods in Zambia rather than exporting concentrates and cathodes.
- Adopt, as a Constitutional commitment, a transparent and democratic process of Parliamentary approval for contraction of future loans in order to prevent a return to debt dependency or a mortgaging of Zambian democracy.

The Mining Companies should consider the following policy proposals:

- Make public commitments to respect the labour, environmental, employment, immigration and health and safety laws of the land, and to co-operate with regulatory bodies.
- Commit to transparent processes for 'publishing what you pay' in tax revenues and to 'publishing what you earn' in sales. Provide as standard in annual reports published in Zambia, detail on health and safety records, wage levels compared to the Basic Needs Basket, terms and conditions of employment and labour and environmental practices.
- Establish purchasing policies to benefit local companies, and establish committees (as promised in many of the Development Agreements) to monitor tendering processes and relations with local businesses. Engage with local suppliers' organisations to try and broker purchasing arrangements that support the local economy.
- Increase technology transfer of clean technologies that can reduce water and air pollution around mines.
- Develop comprehensive social management plans that reflect a realistic assessment of the capacities of local authorities, and develop relationships with them to ensure the supply of high quality health, education, sanitation, hygiene, housing and preventative health programmes in the local communities around the mines. In particular, contribute to anti-malarial spraying programmes that target the entire Copperbelt region with the aim of eradicating malaria in the region within five years.

- In partnership with trade unions and local NGOs develop company-specific HIV-AIDS policies that support: HIV-AIDS prevention and awareness programmes in the workplace and in communities, including through free condom distribution and through the training of peer-educators. Ensure that all employees, dependents and communities have access to a comprehensive voluntary counselling and testing regime, and that universal provision of anti-retroviral treatment and care is available for workers and dependents and that it is securely funded to protect against any change in the current government policy of free universal treatment. Develop and implement anti-discrimination policies and support activities within the workplace to demonstrate senior management commitment to the policy.
- Develop, well ahead of time, clean-up procedures and environmental and social management plans to manage the foreseeable closure of the mines in 15-30 years time as copper ore deposits are exhausted at the current mines. These should pay particular attention to the establishment of equitable and effective redundancy and pensions arrangements in order to avoid a repeat of the debacle that so soured popular perceptions of privatisation at its inception.
- Strengthen the Chamber of Mines as a representative body. This implies that those mines that are not yet full members should join the body. The Chamber could be used to identify and secure production synergies across the operations of mining companies, to establish industry standards on various policies such as HIV-AIDS, and to co-ordinate some negotiations with Government. The Chamber could play a constructive role in likely forthcoming negotiations on revision of Mining Royalties.

The international community should consider the following policy proposals:

- In the medium term, Zambia's best hope of sustaining economic growth is to ensure that world copper prices remain high. Deregulated global commodity markets have never created the stability that gives commodity-producing poor countries any economic security. The WTO should urgently address this question to prevent a repeat of the economic and debt crises that destroyed hopes for African development in the 1980s.
- Reform of the world trade system through the WTO, and of bilateral agreements between rich and poor countries, such as the EU's proposed Economic Partnership Agreements (EPAs) should maximise the policy space available for countries like Zambia to develop industrial policies, supporting manufacturing sectors that can increase the value added to commodities like copper inside the country, rather than constantly exporting raw materials and watching manufacturers in other countries reap higher incomes from finished products.
- Aid donors and the IFIs should stop using the country's poverty and aid dependence to enforce economic, political and spending conditions on Zambia. They should allow Zambia's democratic decision-making processes to establish policies based on the country's social, political and economic realities, rather than on abstract economic models.
- Ensure that where Zambia does require aid financing to achieve its own plans and ambitions, such funding is available in sufficient quantities, and without onerous administrative and policy conditions. For example, ensure long-term funding of the Global Fund to Fight AIDS, TB and Malaria so that Zambia can secure a sustainable supply of anti-retroviral drugs and other health programmes that can help reverse the AIDS and malaria pandemics.

International aid donors have shown very little interest in supporting productive investment in the Zambian economy, except through the creation of a completely deregulated tax, labour and environmental systems. Their belief is that, once a free-market is established, growth will follow, and all that is left for the state (with donor support) to do is to provide for the 'human capital' investments that allow a larger number of people to participate in the market economy. However, the history of economic development does not necessarily support this approach. Rather, investment in building up the industrial base of a country should also be considered as this has proved a very rapid means of transforming people's lives. The Copperbelt itself is a region that developed incredibly rapidly in the early 20th Century as copper mining companies and the state collaborated to create significant urban and industrial centres in what was previously bush. With international support, an industrial policy that aimed to create maximum quality employment and to secure capital and investment within Zambia, and favourable international conditions, the same feat might again be possible, as new copper, precious metal and even oil deposits are discovered in Zambia. However few international aid donors have such ambitious objectives for the country as a transformation of its productive mode. As the Permanent Secretary at the Ministry of Mines noted, "The donors are more interested in education, and in health, and agriculture, tourism, but not mining. We keep talking to them. We hope that one day we will have a donors focused on mining. But for now, we haven't succeeded." (177)