



EMCOZ
EMPLOYERS
CONFEDERATION
OF ZIMBABWE



**OUTCOME DOCUMENT OF THE BIPARTITE MEETING
HELD BETWEEN THE EMPLOYERS' CONFEDERATION OF
ZIMBABWE (EMCOZ) AND THE TWO MAIN TRADE UNION
FEDERATIONS, NAMELY, THE ZIMBABWE CONGRESS OF
TRADE UNIONS (ZCTU) AND THE ZIMBABWE FEDERATION
OF TRADE UNIONS (ZFTU)**

**JOINT ACTION PLAN: MATRIX OF POLICY ISSUES OF MUTUAL
INTEREST**

**CROWNE PLAZA HOTEL, HARARE
8-9 DECEMBER 2022**

1.0 Background and Context

The challenges of persistent poverty, high levels of unemployment and underemployment (particularly in the informal economy), continue to weigh down on sustainable economic development. The economic outlook remains uncertain, in the face of currency uncertainty, foreign exchange shortages, continuous power shortages and weak performance of key economic sectors such as agriculture and manufacturing. The consecutive droughts in 2019 and 2020, the adverse impact of Cyclone Idai as well as the onset of the COVID-19 pandemic in 2020, and the Russia-Ukraine conflict, added to the already struggling economy of Zimbabwe. Growth remains weak and erratic, below the NDS1 target of 5%, and the 8-9% growth per annum required in order to meet the 2030 Vision of becoming attaining an Upper Middle Income Country. Furthermore, the country is in debt distress, with an external debt estimated at US\$14.5 billion or 106.6% of GDP as of end-2020. Large external arrears to official creditors remain a drag on the country's growth potential as it limits investment. Although the Government has been implementing several strategies [such as the Transitional Stabilization Plan (October 2018-December 2020) and the National Development Strategy (NDS1) (2021-25)] amongst others to stabilize the economy, the real impact of such initiatives has not yet been felt by most Zimbabweans.

1.1 Social Dialogue: On 5th June 2019 Zimbabwe enacted and launched the Tripartite Negotiating Forum (TNF) Act. This was a historic development as it provides an opportunity for a new era of genuine, effective, and sustained social dialogue in Zimbabwe. However, the institutional arrangements for the TNF remain uncompleted and very few meetings have been convened since the Act came into force. Social partners in Zimbabwe continue to express concern that most critical issues and legislative reforms continue to be dealt with outside the TNF.

1.2 Tripartism: continues to be undermined by a number of issues, that include the apparent loss of faith in tripartism and dialogue in the context of a deepening crisis. The second risk is that the operating environment remains politically charged and polarized with high levels of mistrust. Lastly, the status of the employers' and workers' organizations has been adversely affected by the economic environment and the COVID-19 pandemic. These member-based organizations have experienced a decline in membership which makes the collection of membership subscriptions difficult. As a result, they struggle to finance operations and offer relevant/responsive services to their members. The situation is compounded by the emergence of new member-based organizations – who in some instances offer similar services and claim the advocacy space. However, despite these challenges, these organizations have remained active in representing their constituents, advocating for tripartism and influencing the policy agenda at different levels.

1.3 Rights at work: Zimbabwe still faces some challenges particularly in relation to Freedom of Association and Protection of the Right to Organize Convention, No. 87, and the Right to Organize and Collective Bargaining Convention No. 98. The Centenary International Labour Conference's Committee on the Application of Standards (CAS) noted with concern failure to implement specific elements of the recommendations of the 2009 Commission of Inquiry. The Committee noted persisting failure issues of non-compliance with the Convention, including allegations of violations of the rights of the freedom of assembly of workers' organizations. The Committee called on Government to refrain from the arrest, detention or engagement in violence, intimidation or harassment of trade union members conducting lawful trade union activities; amend the Labour

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Act; revise or repeal the Public Service Act and, as necessary, the Health Services Act, to allow public sector workers freedom of association in consultation with the social partners.

1.4 Social protection: The country has fragmented social security schemes which offer basic forms of social protection. These social schemes include social insurance, social assistance, and private measures. Social security schemes in Zimbabwe are confronted with problems arising from narrow coverage of populations (formally employed), limited resources, erosion of benefits through significant policy changes on currency in 2009 and 2019. COVID-19 has exposed the weaknesses of the social protection systems not only in Zimbabwe but in the entire African continent.

1.5 Foreign Exchange Stability: Zimbabwe desperately requires a well-functioning and market-driven foreign currency management system that will obviate the need to use the parallel currency market. This should help stabilize the exchange rate, and ultimately prices. There is need to look at issues of currency reforms, exchange rate instability, as well as the management of foreign currency through the Auction System for Foreign Currency and the inter-bank market rate as determined by the willing buyer-willing seller mechanism. The focus will be to enhance the efficiency and effectiveness of the market-based price discovery mechanism as well as the merger of the two and the clearance of payments to successful bids.

1.6 Prices and Incomes Stabilization: The resurgence in inflationary pressures since September 2021 has resulted in an unstable macroeconomic environment and erosion of incomes and pensions. While month-on-month inflation declined from 30.7% in July to 3.2% in October, and 1.8% in November 2022, whilst annual inflation also fell from 285.1% in August, to 268.8% in October and 255% by November 2022 (%) following the adoption of a raft of measures by Government, there is still a long way to go to achieve macroeconomic stability. There is therefore an urgent need to stabilize prices and address the disequilibrium in the earnings structure, especially for those on ZWL\$ denominated pensions, salaries and incomes who have borne the disproportionate brunt of exchange rate and price instability. As such, there is need to address the relationship between prices and incomes to restore the value of labour, ensure just remuneration for effort and create a conducive doing business environment.

1.7 Growing Informal Economy: the issue of informality remains the defining feature of the Zimbabwean economic structure. The Zimbabwean economy has undergone a rapid process of de-industrialization and informalization such that the proportion of informal to total employment has increased from 80.7% in 2004 to 84.2% in 2011 and 94.5% by 2014, easing to 83.2% in 2019 before rising to 92.1% by the Fourth Quarter of 2021 and 93.4% by First Quarter of 2022. Those working in the informal economy have limited access to social and labour protection, finance and property and have low returns on their labour. Moreover, working poverty remains a reality for most Zimbabwean workers. While a key policy target of NDS 1 (2020-25) is to increase the level of formal employment from 24% in 2020 to 30% by 2025, the opposite has happened. However, Government is in the process of finalizing the National Formalization Strategy and Implementation Plan which will provide policy guidance to the process of transitioning from informal to formal employment.

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1.8 Growing Poverty and Inequality: The proportion of the population living in extreme poverty increased from 23% (3 million) in 2011 to 30% (4.6 million) in 2017, to an estimated 42% (6.6 million) by end of 2019, and to 49% (7.9 million people) by end of 2020. However, due to the favourable weather conditions in 2020/21 and the attendant bumper harvest, easing of COVID-19 restrictions, and gradual resumption of economic activities, extreme poverty rate declined to 43% in September/October 2021 from the peak of 49% in September 2020. Regrettably, only half of those living in extreme poverty were able to access at least one type of social protection intervention, including humanitarian assistance, in April/May 2019, and the amounts paid out were also seen to be inadequate. Rising inflationary pressures and vulnerability to climate shocks present risks to economic recovery and poverty reduction in the future, especially in the context of limited fiscal space to expand social protection. In addition, the Zimbabwe experience is in sharp contrast to that of the rest of Africa where in the 2010s, poverty reduction was slower compared to the rest of the world, which is not the case for Zimbabwe. In 2011, Zimbabwe's international poverty rate was 21.4%, less than half the level in the rest of sub-Saharan Africa. In 2019 it was estimated to have reached 42%, on par with the rest of Africa. The level of inequality as measured by the Gini coefficient worsened from 0.43 in 2011 to 0.44 in 2017, and to 0.50 in April-May 2019, making the country among the most unequal in Sub-Saharan Africa.

1.9 Status of the Bipartite Relations: The relationship between the social partners in Zimbabwe; the Employers Confederation of Zimbabwe (EMCOZ) and the two main trade unions, Zimbabwe Congress of Trade Unions (ZCTU) and Zimbabwe Federation of Trade Unions (ZFTU) has been developing well and it can be termed "cordial and constructive" as they collaborate on several issues both officially and unofficially. They worked well together to establish the TNF. There is, however, no institutionalized arrangement for this collaboration.

2.0 Objectives of the Bipartite Dialogue & Memorandum of Understanding (MOU)

The current situation in the country, and in particular the internecine nature of crises provides the backdrop in which the bipartite partners, namely, the Employers' Association of Zimbabwe (EMCOZ) and the two trade union federations [the Zimbabwe Congress of Trade Unions (ZCTU) and the Zimbabwe Federation of Trade Unions (ZFTU)] saw the need to dialogue on these important issues with the intention of coming up with solutions that will be advocated jointly. In that regard, the bipartite partners convened a high-level dialogue of workers and employers to allow them to process these issues, prioritize the most important ones, and agree on an action plan for follow up.

The idea is to strengthen the bipartite dialogue between workers' unions and employer organizations to improve the effectiveness of their advocacy so that they become efficient catalysts for change in the economic and labour market policy arenas. The parties acknowledge that, despite representing different constituencies, they have the same interests at their core and these common interests should be harnessed to effect positive change at a social and economic level.

Discussions at the two-day dialogue helped identify where previous actions have fallen short and how the workers and employers could work with each other to improve the situation while ensuring decent work for the future. At the end of the dialogue, the bipartite would have developed a matrix

of issues of mutual interest, an action plan with clear responsibilities and a Memorandum of Understanding (MOU) spelling out the modalities of the collaboration between the Zimbabwe workers and employers' organizations.

3.0 The Agreed Joint Action Plan: Matrix of Policy Issues of Mutual Interest

The Joint Action Plan which captures the agreed matrix of policy issues of mutual interest to employers and workers alike is highlighted by thematic area below as endorsed by the bipartite partners on the 9th of December 2022.

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Thematic Area 1: Public Trust, Confidence Building and Nation Building

What? (Statement of the problem)	Why? (Diagnostics)	How? (Solution)
<ul style="list-style-type: none"> • Lack of confidence and belief in each other as social partners • Labour migration/emigration • Insecurity of residence • Weak institutions • Unresolved national issues (e.g. gukurahundi). 	<ul style="list-style-type: none"> • Inconsistent policies • Trial and error • Policies adopted without consultation • Lawlessness/impunity of leadership • Failure to police the laws • Corruption • Intimidation • Polarized environment • Lack of a national rallying point • Lack of patriotism and rule by imposition (e.g. Patriotic Bill) • Intolerance of different opinions • Lack of implementation of agreed positions • Lack of truth, justice, healing and reconciliation regarding past conflicts (an accumulation of unresolved issues) • Resolution of past conflicts (from liberation, gukurahundi, post-2000) through elite power-sharing pacts 	<ul style="list-style-type: none"> • Consensus-based policies and consistent positions. • Enforce the equality of all parties of the TNF as indicated in the Declaration of Intent. • Promote transparency & accountability amongst social partners • Separate politics from economic issues • Build and strengthen national institutions • Build / strengthen national reconciliation mechanisms- addressing issues from the grassroots as opposed to elite settlements • Promote truth, justice, healing and reconciliation through both community-based and top-down initiatives as in Rwanda.

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Thematic Area 2: Price, Currency and Incomes Stability

What?	Why?	How?
<p><i>Currency</i></p> <ul style="list-style-type: none"> • Currency instability • Currency inconsistency • Difficult to establish value proposition • Depreciation of local currency • Difficult to achieve price discovery mechanisms amidst distortions <p><i>Prices</i></p> <ul style="list-style-type: none"> • Persistent rise in prices of goods and services • High cost of living, poor standards of living (extreme poverty) <p><i>Incomes</i></p> <ul style="list-style-type: none"> • Recurring erosion of incomes and savings • Basic human rights violation as most people struggle to make ends meet, deteriorating quality of life and eroded social security • Growing income inequality. 	<ul style="list-style-type: none"> • Money Printing (unstainable money supply growth) • Financing of infrastructure projects through short-term budgetary allocations which encourages recourse to the parallel market in order to preserve value • Lack of confidence in the currency & government policy • Exchange rate distortions • Policy inconsistencies • Over regulation • RBZ failing to maintain value of currency • Destabilization of the financial markets and institutions • Opaque debt management • Political influence of RBZ operations. 	<ul style="list-style-type: none"> • RBZ must seize quasi fiscal operations • Money printing should be limited to 10-15% of GDP • Following the convergence of the auction exchange rate and the willing buyer willing seller exchange rate as a result of the policy measures to reduce inflation, there is need to refine the foreign exchange market to promote proper price discovery • Promote financing of infrastructure projects through non-inflationary models that enhance private sector participation through PPPs and other models such as concessions, and Build, Operate, Own & Transfer (BOOT) arrangements • Government could also source appropriately termed project funds and issuance of bonds • Promote effective bank supervision • Adopt a shared currency reform roadmap to provide a long-term policy regime and predictability

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Thematic Area 3: Social Protection

What?	Why?	How?
<p>Health</p> <ul style="list-style-type: none"> • Accessibility and poor service delivery 	<ul style="list-style-type: none"> • Mismanagement of resources and governance issues • Lack of inclusive national health insurance scheme 	<ul style="list-style-type: none"> • Tripartite representation at IPEC board • Introduce a National Health Insurance Scheme • Introduce maintenance drug policies to cover chronic illness for senior citizens • Expand AIDS levy must cover all pandemics • Promote prudential supervision of health schemes
<p>Education</p> <ul style="list-style-type: none"> • No transparency on the issue of selection of beneficiaries • Scope of coverage of BEAM <p>Food Security</p> <ul style="list-style-type: none"> • Food shortages and increased levels of poverty 	<ul style="list-style-type: none"> • More vulnerable children, whose needs are not attended to • The system is fraught with inefficiencies • Climate change and natural disasters 	<ul style="list-style-type: none"> • Allow a Tripartite Committee to screen beneficiaries • Allocate more resources to BEAM • Extend BEAM to universities • Climate proofing • Enhance disaster management policies • Introduce carbon tax • National Provident Fund • Transparency around land reform to ensure equitable distribution
<p>Pensions</p> <ul style="list-style-type: none"> • Increased poverty among senior citizens 	<ul style="list-style-type: none"> • Selective system catering for those that have contributed • Erosion of pension values • Low levels of pension amounts 	<ul style="list-style-type: none"> • Introduce an inclusive pension scheme (monthly cash payments to senior citizens) • NSSA payouts must be reviewed • Portability of social security benefits • Promote affordable housing schemes by pension funds • Promote prudential supervision of all pension funds outside of IPEC's jurisdiction • Allow tripartite representation on IPEC Board
<p>Exploited Bank Accounts</p> <ul style="list-style-type: none"> • Increased poverty levels 	<ul style="list-style-type: none"> • closed Bank Accounts 	<ul style="list-style-type: none"> • Restitution of lost pension values due to economic downturn (fully implement the recommendations of the Retired Justice Smith Commission of Inquiry).

Thematic Area 4: Investment, Decent Job Creation and Labour Migration


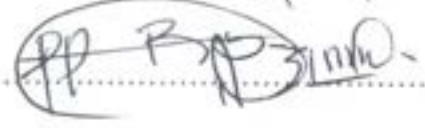

What?	Why?	How?
<ul style="list-style-type: none"> • Dilution of labour standards in promotion of investment, especially foreign direct investment • Legislative bottlenecks surrounding investors • Investment flight • Unscrupulous Investors 	<ul style="list-style-type: none"> • Tendency to promote investment at all cost, in the process undermining social policy, including application of labour standards • Lack of an enabling doing business environment for investment, and • Investment policy inconsistencies • Tax avoidance and disregard of Zimbabwean Labour Laws 	<ul style="list-style-type: none"> • Doing business reforms e.g. in Rwanda its takes 24hrs to register a business • Insist on multi-national standards and international global standards [e.g. ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)] • Public institutions such as ZIDA should exercise transparency and not have any political influences. • Promotion of socially-sensitive investment policies.
<p>Labour migration Unregulated migration</p>	<ul style="list-style-type: none"> • Undocumented irregular migration • Growing xenophobic tendencies, especially in regional countries • Use of unregulated labour brokers to recruit abroad • Increased human-trafficking. 	<ul style="list-style-type: none"> • Promotion of regulated migration through negotiating Bilateral Labour Migration Agreements • Improved labour migration governance to protect the human and labour rights of migrant workers • Establishment of migrant information centres • Regional instruments to promote portability of social security benefits • Facilitate fair and ethical recruitment and safeguard conditions that ensure decent work in line with the Global Compact for Migration (GCM).

4.0 Implementation Modalities of the Bipartite Joint Action Plan

Having agreed to all the foregoing and realizing that the implementation thereof will result in the strengthening of bipartite dialogue, joint advocacy and engagement on agreed issues of mutual interest, ensuring that the letter and spirit of the TNF with respect to tripartite dialogue and consultations on all issues that affect social partners is adhered to, thereby reinforcing the Tripartite Negotiating Forum (TNF). The bipartite parties agree to meet and consult before main TNF meetings in order to identify issues of mutual interest, and hence joint action.

5.0 Signature of the Bipartite Partners

Signed by the representatives of the Employers' Confederation of Zimbabwe (EMCOZ), the Zimbabwe Congress of Trade Unions (ZCTU) and the Zimbabwe Federation of Trade Unions (ZFTU) on this day of February 2023, at Harare.

 24/02/23	 24/02/23	 24/03/23
Mr. Demos Mbauya President, EMCOZ	Ms. Florence M. Taruvinga President, ZCTU	Mr. Alfred Makwarimba President, ZFTU