

## Chapter 7

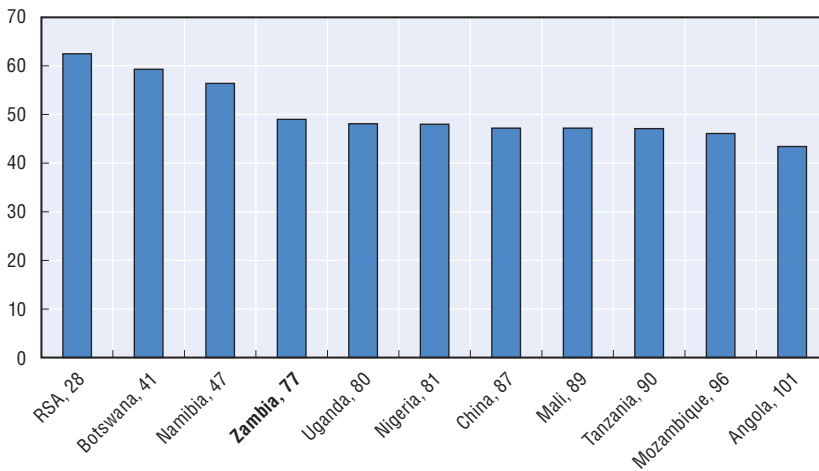
### **Policies for Promoting Responsible Business Conduct**

*Zambia's economy has shown relatively strong performance since the 1990s, and the recently launched private sector development reforms are expected to help maintain a positive momentum. The government limits its direct involvement in business to strategic investments deemed critical for the delivery of public goals and services, and seeks to maintain high standards of consumer protection. Moreover it engages the private sector on policy and regulatory reforms. Yet, clearly formulated and well-implemented RBC policies should be considered to help raise the contribution to society of strongly performing sectors of the economy. This chapter highlights this progress, and concludes that the main remaining challenges are those of domesticating international practices and strengthening regulatory capacities.*

Public policies promoting recognised concepts and principles for responsible business conduct, such as those recommended in the *OECD Guidelines for Multinational Enterprises*, help attract investments that contribute to sustainable development. Such policies include: providing an enabling environment which clearly defines respective roles of government and business; promoting dialogue on norms for business conduct; supporting private initiatives for responsible business conduct; and participating in international co-operation in support of responsible business conduct.

Zambia is a high-performer among low-income countries in terms of RBC, scoring better than larger economies such as Nigeria and China in Accountability's Responsible Competitiveness Index (see Figure 7.1).

Figure 7.1. **Zambia in the Responsible Competitive Index ranking, 2007**



Source: Adapted from Accountability, "The State of Responsible Competitiveness".

Clearly formulated and well-implemented RBC policies would thus help raise the contribution of strongly performing sectors, beyond their impact on GDP figures. Especially, their positive impact on environmental standards and workers' health and safety could generate positive spill-over effects on the Zambian workforce and overall welfare.

## 1. Separation of roles between government and business sector

How does the government clarify for investors the distinction between its own role and responsibilities and those ascribed to the business sector? Does it actively assume its responsibilities (e.g. by effectively enforcing laws on respecting human rights, environmental protection, labour relations and financial accountability)?

The broad policy approach is that of providing the enabling environment for private sector-driven investment in economic activities. The principle adopted by the government has been to limit its direct involvement in business to strategic investments deemed critical for the delivery of public goals and services. These mainly cover investment ventures that are of a commercial nature but are either risky or, unable to offer a profitable return if undertaken by the Private Sector, but are of strategic importance to the economy. These mainly cover investments in physical infrastructure (e.g. road networks, energy and water supply systems). Even with such investments, the government has been promoting Public-Private Partnerships (see also the Chapter on Infrastructure Development).

Other investments undertaken directly by the government are in order to improve access by the vulnerable and disadvantaged members of the population. Examples of such interventions include the Farmer Input Support Programme (FISP) started in 2002, whereby the government subsidises fertiliser and seed inputs to small-scale farmers. More recently, this form of support was extended to the supply of veterinary drugs and services to small-scale livestock farmers. The government also participates in crop marketing targeting small scale farmers, by offering more attractive producer prices for staples (particularly maize) purchased through the Food Reserve Agency (FRA). These interventions are largely driven by the recognition that about 60% of the population is dependent on small-scale agriculture and therefore that structured government support can be an important element in poverty reduction.

Apart from involvement in strategic public investment activities, the government has placed priority focus on the implementation of legislative and regulatory reforms. These are aimed at achieving a number of objectives that include:

- Aligning regulatory frameworks to a market-oriented economy.
- Domesticating of international conventions related to the conduct of business activities, particularly covering: protecting the environment, and

strengthening human rights, health, and safety measures associated with labour and employment, etc.

- Strengthening capacities of regulatory institutions to match the changing environment and needs for efficient and effective compliance enforcement.

Amongst the notable measures accompanying most investment ventures is that of making Environmental Impact Assessments (EIAs) an integral pre-requisite for the approval processes. For some investment sectors, such as insurance, banking and financial services, the submission of annual audited financial statements are a licensing condition. In the case of financial services, quarterly publication of financial statements is compulsory and rigidly enforced by the Bank of Zambia (BOZ).

The challenge faced by the government is that of ensuring that regulatory agencies are provided with adequate resources to carry out their functions in an efficient and effective manner. Most statutory institutions that rely on budget support do not receive subventions matching their operational needs, a factor that limits their capacity to fully implement approved policies and programmes. In the realm of environmental protection for instance, while mining companies' Environmental Management Plans commit them to monitoring their pollution levels, most of this takes the form of self-monitoring since the Environmental Council of Zambia cannot spare the resources to double-check companies' assessments. Self-reporting is difficult to coherently regulate and allows companies to take advantage of a lack of common investment standards and reporting formats. Additionally, salaries in the Ministry of Mines and ECZ remain particularly low and uncompetitive, making it "difficult for regulatory bodies to hire and retain skilled inspectors".

Moreover, it is necessary to ensure that RBC regulations themselves are sufficiently strict (and regularly updated) so as to encourage responsible company behaviour. Again in the mining sector, the requirements on air pollution addressed by companies' Environmental Management Plans (EMPs) were for instance initially designed primarily to cater to company needs rather than based on minimum safety standards: since no companies could meet stringent air regulations at the time the EMPs were first designed, a phased approach was chosen under which firms were expected to progressively reduce sulphur-dioxide emissions from a baseline of their initial level of pollution. This baseline level of emissions used exceeds the legal limits of pollution under the period of nationalisation, and is "25 times more than the level recommended by the World Health Organisation (WHO)". Regulations are also at times outdated, or fines too minimal. Fines imposed by the Environmental Council of Zambia (ECZ), for example, have in the past been ineffective deterrents for mining companies. The average on-the-spot ECZ

fine in 2007 was only ZMK 140 000 (USD 27), generating little positive change in corporate behaviour.

The effectiveness of regulatory agencies is further impacted by a lack of robust co-ordination mechanisms. Cases abound of regulatory conflicts faced by the business sector, where statutory institutions introduce measures that countermand the laws and regulations of their counterparts. There is therefore no clear framework for inter-agency collaboration, especially as concerns investment promotion and communication between investors and other government agencies. In other cases, there is inadequate co-ordination of parallel investment promotional activities undertaken by different Agencies, such as between the ZDA and the Tourism Board, although these can have similar views on business conduct.

Another challenge faced by the government is that of providing the technical and financial resources required to revise local laws and regulations in order to fully domesticate international conventions. This creates gaps in ensuring that adequate policy instruments are in place for regulating business conduct.

### **Human rights, labour standards and relations**

Zambia has ratified a number of international human rights conventions, such as the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment; the Convention on the Rights of the Child; and the Convention on the Rights of Persons with Disabilities. At the national level, the lead authority for upholding human rights norms is the Human Rights Commission (HRC). In 1996, the Human Rights Commission Act No. 39 was enacted and the HRC was established to address human rights violations by investigating human rights abuses and by providing aid to victims. The Act provides for, *inter alia*, the autonomy of the Commission, its composition, functions and powers, as well as a mechanism for addressing complaints.

Zambia joined the ILO in 1964 and has since ratified 43 ILO conventions relating to workers' protection. These include all core conventions, such as the Forced Labour Convention; the Freedom of Association and Protection of the Right to Organise Convention; the Right to Organise and Collective Bargaining Convention; the Abolition of Forced Labour Convention; and the Worst Forms of Child Labour Convention. Also, Global Compact Zambia was launched in 2003.

At the national level, labour issues are addressed by the Industrial and Labour Relations Act. The Act provides the legal framework for trade unions, employers' organisations, their federations, the Tripartite Consultative Labour Council and the Industrial Relations Court.

The Employment Act, Chapter 268, is the basic employment law, while the Minimum Wages and Conditions of Employment Act makes provisions for the regulation of minimum wage levels and minimum conditions of employment. Currently, the minimum wage per month for employees in Zambia is ZMK 268 000 (approximately USD 53).

The Factories Act, Chapter 442, aims at framing workers' health, safety and welfare in their working environment. For example, its Section 69 states that all practicable measures should be taken to protect workers in every factory where dust, fumes or other impurities are expelled during the course of operations, which are likely to be injurious or harmful to the workers.

### **Consumer protection**

The government of Zambia seeks to maintain high standards of consumer protection by for example following the *United Nations Guidelines for Consumer Protection*. The Competition and Fair Trading Act of 1994 stated the following main objectives:

- encourage competition in the economy,
- protect consumer welfare,
- strengthen the efficiency of production and distribution of goods and services,
- secure the best possible conditions for the freedom of trade,
- expand the base of entrepreneurship, and
- regulate monopolies and concentrations of economic power.

When the Act went into effect in 1995, the Zambia Competition Commission was established to prevent anti-competitive and restrictive business practices and promotes consumer welfare (see Chapter on competition policy). The Act was superseded in 2010 by the Competition and Consumer Protection Act which includes specific consumer protection provisions and renames the Commission as the "Competition and Consumer Protection Commission". The Board of Commissioners is composed of representatives from different ministries and professional associations.

Another regulatory institution is the Zambia Bureau of Standards (ZABS), established by the Zambia Bureau of Standard Act No. 22 of 1982. ZABS aims to provide efficient and effective standardisation, quality assurance and metrology services to industry and consumers to improve the quality of products and services and to promote sustainable socio-economic development in Zambia.

In addition to ZABS, there are several other regulatory boards. These regulatory institutions are intended to protect and promote consumer interests. For example, the Energy Regulation Board was established to

regulate the energy sector in line with the provisions of the Energy Regulation (Amended) Act 2003 in order to safeguard the interests of all stakeholders.

A strong legal and institutional framework for RBC would also include effective implementation and enforcement of the law. Grievance mechanisms should effectively investigate, punish and redress issues that companies bring forward. In Zambia, while Part VI of the Constitution provides for the judicature, RBC is compromised in a situation where the government is not able to enforce laws and cannot provide remedies to parties affected by company operations.

## 2. Communication of responsible business practices

What steps does the government take to promote communication on expected responsible business conduct to investors? How does the government endeavour to protect the rights framework that underpins effective communication?

The PSD-RP framework provides an important mechanism for the government to engage the Private Sector on policy and regulatory reforms. As a matter of practice, all statutory agencies are encouraged by the government to regularly engage in stakeholder consultations whenever new laws and regulations are being considered. In other cases, public hearings have been institutionalised and made integral to the consideration and implementation of measures that affect business. This approach encompasses considerations such as:

- i) requests for submission of proposals from the private sector associations prior to the finalisation of taxation measures included in the national budget each year;
- ii) public hearings held by the Energy Regulation Board (ERZ) during the consideration of electricity tariff adjustments;
- iii) prior to the implementation of new property rates, Local government Councils are mandated by law to publish amendments to Valuation Rolls and to take into account submissions of stakeholders, especially owners of properties that will be affected;
- iv) the ZRA issues “Practice Notes” that are available to all tax payers setting out changes passed by Parliament in the national budget each year. This is normally supplemented by consultative workshops conducted by the ZRA in all provincial centres to explain taxation measures and receive comments from taxpayers; and,

- v) public hearings held by the Water Board of the Ministry of Energy and Water Development prior to and during the consideration of applications for water rights affecting national water courses.

Apart from the above, opportunities are made available to the business sector to access information related to the proceedings of Parliament and Local Councils. In both cases, the public is permitted to attend meeting sessions and can access minutes and/or verbatim records of proceedings (e.g. through live broadcasts of Parliamentary proceedings and access to the printed transcripts in the Hansard).

The overall approach of the government has been that of promoting transparency and the active participation of the private sector in matters that affect their business affairs. Through this framework, instances have been noted where the submissions of the business sector have influenced policy measures and laws in the country.

### 3. Facilitating financial and non-financial disclosure

Does the government ensure that an adequate framework is in place to support the financial and non-financial disclosure that companies make about their business activities?

Generally, all regulatory agencies that issue operating licenses have statutory reporting requirements which businesses operating under their laws and regulations must meet. Since 1995, major studies have been taken to strengthen disclosure provisions, especially for financial institutions. For example, the Banking and Financial Services Act has stringent reporting provisions that require all Commercial Banks to submit weekly returns indicating their liquidity position. Late submission of the weekly returns or failure to meet the minimum core liquidity and statutory reserves attract punitive penalty interest, and may lead to the placement of non-compliant commercial banks under direct supervision of BOZ, closure of the undertaking, or the prosecution of directors.

The Zambia Revenue Authority (ZRA) has strict reporting deadlines for the submission of various tax returns (i.e. monthly PAYE, VAT and Excise returns, as well as quarterly and annual returns of income and profit). Whilst ZRA is strict in the enforcement of deadlines for the submission of returns, it does offer some flexibility for companies to select either monthly or quarterly periods for submitting VAT returns on a case by case basis. The Companies Act also obliges all companies to submit annual returns confirming changes to share holdings, appointment of Directors, and address of business premises.



The Securities and Exchange Commission (SEC) also enforces strict reporting and disclosure requirements for all publicly listed companies based on international best practice standards. This includes the annual publication of financial statements and issuance of “cautionary notes” whenever any significant change or occurrence is envisaged by the respective company.

### **Financial disclosure**

In 1993, the Lusaka Stock Exchange (LuSE) was established in Zambia with the support from the International Finance Corporation and the World Bank. The LuSE’s rules and listing requirements are rooted in the Securities Act No. 38 of 1993, which aims to ensure adequate investor protection and to support the smooth operation of a securities market. All listed companies are obliged to publish interim and annual financial statements within 3 months after the financial year. Listed companies are also required to disclose in the national printed media any information that can affect the value of the price of their securities.

According to the Companies Act, Chapter 388, company directors need to generate annual account reports after the end of each financial year. The annual account, the auditors’ report or reports on the accounts, and the directors’ report should be sent to each person entitled to receive notice of the annual general meeting and to each registered debenture holder of the company. A foreign company needs to submit annual accounts and an auditors’ report to the Registrar.

### **Non-financial disclosure (the environment)**

Companies in Zambia are required to report their environmental performance to the ECZ by law. Authorization from the ECZ is necessary for all projects but those to be carried out in the service sector. As required by the EPPCA, an Environmental Project Brief (EPB) or an Environmental Impact Statement (EIS) is to be submitted to the ECZ before a project is undertaken, to anticipate its impacts on the environment. The EPPCA also allows the ECZ to request information on projects proposed, planned or in progress by any person anywhere in Zambia. The ECZ may publicize all relevant information on any aspect of the environment.

Part 11 of the Act stipulates that the Council may establish an Environmental Inspectorate to administer, monitor and enforce measures for the protection of the environment and the prevention of pollution in the environment. An inspector is authorized to enter any place in which he/she believes there is activity that may cause pollution. The inspector is also authorized to order the person in charge to produce for inspection any books, documents or papers concerning any matter relevant to the Act.

## 4. Supporting companies to comply with the law

How can the government support companies' efforts to comply with the law?

Governments can facilitate and motivate companies' efforts by seeking out companies' views on laws and enforcement practices. They can provide conciliation and ombudsman facilities so that employers, workers and others have an avenue for complaining about government decisions that they believe to be unjust.

Stakeholder consultations and public awareness/educational campaigns have been institutionalised by regulatory agencies. This is in line with the government's policy of promoting transparency and improving compliance as alternatives to legal enforcement and/or prosecutions. Laws and regulations are simplified and/or modified regularly to suit the practical circumstances that the business sector face, and as a way of improving regulatory compliance, especially amongst SMEs. Examples of these initiatives include:

- i) Introduction of an Alternative Investment Market for SMEs on the Lusaka Stock Exchange. This offers more simplified and less stringent listing rules for SMEs.
- ii) Providing informal cross-border traders with a "Simplified Trade Regime (STR)" that removes the need for completion of customs import declaration documents at Zambia's borders for goods valued at less than USD 500.
- iii) Waiver of requirements to hire a customs clearing agent and complete full import declaration documents for goods valued at USD 2 000 or less.
- iv) Introduction of a "Pre-assumptive Tax" option for SMEs with annual turnover of less than ZMK 200 million. These are only required to pay income tax at a flat rate of 3% of turnover, using simplified documentation procedures.

The Bank of Zambia (BOZ) is in the process of setting up a Financial Intelligence Unit (FIU), which will provide an additional framework for monitoring business conduct, especially as concerns money laundering and corruption.

### **Labour dispute settlement**

The Ministry of Labour and Social Security is the main institution dealing with labour issues. The Ministry also advises the Zambian government on how to promote a safe working environment, and is responsible for the maintenance of industrial peace by playing a third party role in conflict

resolution, through the Labour Commissioner. However, the Commissioner has no legal power to intervene in collective negotiations unless he/she is asked to do so by the trade unions, the employers or both. The Industrial Relations Court is the second stage of the third party dispute settlement system. The Court has the jurisdiction to hear and determine any industrial relations matters and any dispute between employer and an employee.

Employers' and workers' organisations (see Box 7.1) can also interact with the government, through mechanisms such as the Tripartite Consultative Labour Council, stemming from the Industrial and Labour Relations Act. The Council consists of representatives of trade unions, employers, and government representatives nominated by the Minister of Labour. It allows the participants to discuss labour market issues and social and economic issues that impact employment conditions. However, the role of the Council is purely advisory, and its decisions are not binding on the government.

### Box 7.1. Employers' and workers' organisations

**Employers' federation.** The Zambia Federation of Employers was established by the Industrial and Labour Relations Act in 1966. Objectives of the federation are the establishment, promotion, development and maintenance of good relations between employers and employees. The federation also aims to be the central organisation representing employers to Labour and the government.

**Workers' federations.** In Zambia, there are two workers' federations. The first, the Zambia Congress of Trade Unions (ZCTU) was founded in 1964. There was no trade union federation other than the ZCTU until 1993, since all trade unions were required to affiliate to it. However, at the ZCTU's conference in 1994, five of the biggest unions including the Mineworkers Union of Zambia disaffiliated, leading to the establishment of the Federation of Free Trade Unions of Zambia (FFTUZ). The ZCTU is the first and largest federation with 350 000 members,<sup>\*</sup> followed by the FFTUZ. The ZCTU represents the majority of trade unions in nearly all the sectors of the Zambian economy.

The objectives of the ZCTU are to promote and safe-guard the interest of both workers and trade unions in Zambia, as well as the health, safety, welfare and social security of union members. For example, it launched the Corporate Social Responsibility and Working Conditions in the Public Sector Trade Union Policies to promote knowledge and understanding of its members' rights.

\* List of Affiliated Organisations, ITUC, [www.ituc-csi.org/IMG/pdf/No\\_13\\_-\\_List\\_Affiliates\\_08GC-2.pdf](http://www.ituc-csi.org/IMG/pdf/No_13_-_List_Affiliates_08GC-2.pdf).

## **Ombudsman**

In Zambia, the duties of the ombudsman fall under the jurisdiction of the Commission for Investigations, established pursuant to Article 90 of the Constitution.<sup>1</sup> The Commission consists of an Investigator-General, appointed by the President, and three Commissioners.<sup>2</sup> The Commission is mandated to redress grievances of abuse of power such as arbitrary decisions, improper uses of discretionary powers, decisions made with poor motives, unnecessary or unexplained delays, and misapplication and misinterpretation of laws. The Commission has jurisdiction over:

- any person in the service of the Republic;
- the members and persons in the service of local authority;
- the members and persons in the service of any institution or organisation, whether established by or under an Act of Parliament or otherwise, in which the government holds a majority of shares or exercises financial or administrative control; and,
- the members and persons in the service of any Commission established by or under the Constitution or any Act of Parliament, with the exception of the President.

The Commission is required to submit a report of every investigation it has conducted to the President. In addition, the Commission needs to submit a report on its operations to the National Assembly as soon as possible after the 31st of December.

Other mechanisms include the Police Public Complaints Authority and the Judicial Complaints Authority, both of which are mandated to investigate alleged misconduct by police or judicial officers.

## **The role of civil society**

Civil society organisations, including Non-governmental organisations (NGOs) and trade unions have become particularly active in the area of RBC, and for some Lusaka is also a base for regional activities.<sup>3</sup> They are crucial actors in supporting policy-setting, and in monitoring and evaluating both public and private performance.

## **NGOs**

The number of NGOs active in Zambia has dramatically increased since the early 1990s. By 2004, there were some 600 NGOs. To improve co-ordination and efficiency, they established several networks, such as the Civil Society for Poverty Reduction (CSPR). The CSPR is an advocacy network of more than 140 organisations in Zambia. In particular, it conducts the Research and Policy Analysis programme which helps civil society monitor and track expenditures

of the Zambian government as well as to assess government initiatives and programmes.

### **Trade unions**

Trade union movements have had their influence on the Zambian government and companies since their inception in the 1920s. Major strikes were organised in 1925 and 1940 against industrial exploitation and colonialism. In 1980s, the labour movement played a significant role in reintroducing multiparty democracy. This movement culminated in 1991 when Frederick Chiluba, who was the ZCTU (see Box 7.1) Chairman General at that time, was elected president.

About two-thirds of the workers in the formal sector are union members. Workers may engage in collective bargaining, and strikes and lockouts are also allowed by law. Trade unions can influence their employers through their own activities as well as through the government. However, trade union actions are only lawful if all legal recourse is exhausted. In reality, a number of requirements make it difficult for trade unions to organise a legal strike. In addition, foreign investors sometimes refuse to have their workers represented by a trade union. For example, taking advantage of loophole in laws, some of them divide workplaces so that the number of workers does not reach the minimum level needed to organise a union.

Trade unions can also communicate with the government through workers' federations. The ZCTU is very influential and has a strong composition of full-time staff unlike individual trade unions. In 2006, when the new government was formed, the ZCTU demanded a restructuring of the mining sectors by, for instance, improving the working conditions while at the same time emphasizing that investors should formulate a corporate social responsibility code of conduct to ensure that communities benefit from mining operations. This is an important, ongoing public concern, particularly given increased FDI in mining.

## **5. Measures taken to strengthen responsible business practices**

How does the government through partnerships (*e.g.* by participating in the development of standards that lower costs of adopting responsible business policies) and through promotion (*e.g.* by improving the information on responsible business practices available to customers and the public) help to strengthen the business case for responsible business conduct?

Over the past 15 years especially, the economy has experienced a surge in new investment flows across a wide range of sectors. Some of the investments

have occurred in emerging sectors such as mobile telephony and Internet services that previously never existed or were provided by public institutions under monopolistic conditions. The implementation of market reforms has therefore introduced a wide range of goods and services on the Zambian market, for which regulatory provisions are either lacking, out dated, inappropriate or, inherently weak.

Regulatory inadequacies are being actively addressed, especially related to consumer protection and anti-competition practices. Financial and technical constraints are however impacting the pace of regulatory reforms. In other cases, the business sector is being encouraged to adopt practices that promote responsible business conduct on a “voluntary basis”. For example, the IODZ has been actively advocating the introduction of “Board Charters” that set out good corporate standards (such as ethical conduct) that business enterprises will implement and be associated with.

The CEEC is also promoting the adoption of “Sector Codes” by the business sectors that commit themselves to supporting citizen’s economic empowerment. More recently, the majority of mining companies acceded to the Extractive Industries Transparency Initiative (EITI) adapted in February 2009 for Zambian conditions, and are allowing independent audits of their operations and financial reporting. The results of the EITI audits are being made available to the general public. In addition, a number of public institutions have established Integrity Committees that address the strengthening of internal policies and procedures for combating corruption. The private sector is also being encouraged to either establish similar Integrity Committees or to strengthen their corporate governance standards to effectively address corruption.

Most local manufacturers of consumer products are also submitting to voluntary product testing and certification by the Zambia Bureau of Standards (ZABS). The ZABS certification is also embossed on the product labels, as a “mark of quality” indicating the product’s suitability for consumption. Legislative measures have also been agreed with food processors and drug manufacturers to indicate product manufacturing and expiry dates. A number of supermarket chains have also adopted bar-coding of products which facilitates not only stock control but also tracing of each product that is stocked and sold to consumers.

## 6. Adoption of international best practices

Does the government participate in inter-governmental co-operation in order to promote international concepts and principles for responsible business conduct, such as the *OECD Guidelines for Multinational Enterprises*, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policies, and the United Nations Global Compact?

The government is a signatory to and has ratified most UN conventions relating to business conduct. The government has also subscribed to a range of other international conventions that it wishes to domesticate in Zambian law. The domestication of all these conventions has however been protracted, thus limiting the effects of the measures. Aside from direct actions initiated by the government, two complementary developments are taking place that are also enabling Zambia to create internationally comparable business operating conditions. These are:

- i) the increased presence of multi-national corporations that are domesticating their international corporate governance standards, including Corporate Social Responsibility (CSR) programmes implemented amongst the communities in which their businesses are established; and,
- ii) local institutions adopting international practice standards. Examples include the Zambia Institute of Chartered Accountants (ZICA) that now follows International Accounting Standards. ZICA has also been very influential in the revision of domestic legislation relating to financial disclosure and responsibilities of Directors. The Judiciary and the Zambia Association of Arbitrators have also adopted international practices that have shaped domestic legislation.

The government fully supports measures that encourage responsible business conduct and has recognised the importance of adopting international practices. The main challenges faced are those of domesticating international practices and strengthening regulatory capacities. To an extent, reliance has been placed on voluntary compliance, unofficial intermediation, consultation with stakeholders, and showcasing of best practice.

### Notes

1. Article 90 of the Constitution, [www.parliament.gov.zm/downloads/VOLUME%201.pdf](http://www.parliament.gov.zm/downloads/VOLUME%201.pdf).
2. Appointed in consultation with the Judicial Service Commission. An Investigator-General must be qualified to be appointed a judge of the High Court.

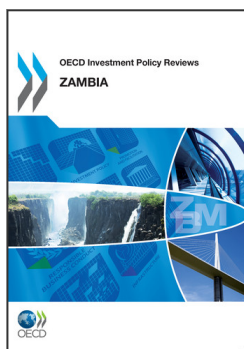
Commissioners are also appointed by the President subject to ratification by the National Assembly.

3. Such as the CUTS Africa Resource Center.

## References

- Afrol News, "Zambian Trade Unions Increasingly Met with Violence".
- Bank of Zambia (2011), News Letter, "Zambia given B+ Sovereign Rating by Fitch", Lusaka.
- Chigunta, Phil (2007), "Testing the Draft PFI Users' Toolkit Guidance to Zambia for the Self-Assessment Phase of the APRM Process", in *Background Paper for the Regional Roundtable on Strengthening Investment Climate Assessment and Reform in NEPAD Countries*, Lusaka.
- Civil Society for Poverty Reduction, Lusaka, [www.cspr.org.zm](http://www.cspr.org.zm).
- Dymond, Abi (with contributions from Lambrechts, Kato and Chase, Simon) (2007), "Undermining Development? Copper Mining in Zambia". Action for Southern Africa (ACTSA), Christian Aid and SCIAF.
- Eastern, Central and Southern Africa Federation of Accountants (2002), *Governance in the Public Sector-An ECSAFA Perspective*.
- Financial Standards Foundation, *Country Brief: Zambia*.
- Friedrich Ebert Stiftung (2003), *Trade Union Country Report: Zambia*, Lusaka.
- Government of Zambia (1991), *Constitution of the Republic of Zambia*, Part VI, Lusaka.
- Government of Zambia (1994), *Competition and Fair Trading Act*, Chapter 417, Lusaka.
- Government of Zambia (1995), *Companies Act*, Lusaka.
- Government of Zambia (1999), *Judicial Act*, Number 13, Lusaka.
- Haglund, Dan (2008), "Regulating FDI in weak African states: a case study of Chinese copper mining in Zambia", Mine Watch Zambia Conference.
- Lusaka Stock Exchange, *Requirements and Fees*, Lusaka.
- OECD (1999), *OECD Principles of Corporate Governance*, Paris.
- OECD (2007), *PFI Toolkit and OECD Principles of Corporate Governance*, Paris.
- Tayo Fashoyin (2008), "Employment relations in Zambia", *Employee Relations*, Emerald.
- The Zambia Federation of Employers, Lusaka.
- Times of Zambia (2009), *Zambia: Foreign Investors to Be Regulated*.
- Transparency international (2003), *National Integrity Systems Country Study Report: Zambia*.
- United Nations (2003), *United Nations Guidelines for Consumer Protection*, New York.





**From:**  
**OECD Investment Policy Reviews: Zambia 2012**

**Access the complete publication at:**  
<https://doi.org/10.1787/9789264169050-en>

**Please cite this chapter as:**

OECD (2012), "Policies for Promoting Responsible Business Conduct", in *OECD Investment Policy Reviews: Zambia 2012*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264169050-11-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to [rights@oecd.org](mailto:rights@oecd.org). Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at [info@copyright.com](mailto:info@copyright.com) or the Centre français d'exploitation du droit de copie (CFC) at [contact@cfcopies.com](mailto:contact@cfcopies.com).