

A DIVE INTO ZAMBIA'S IMPROVING LABOUR MARKET

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Zambia has recorded encouraging progress in its labour market, with the unemployment rate declining from 12.9 percent in the first quarter of 2025 to 10.3 percent in the second quarter, alongside an increase in employment from 3,902,298 to 4,175,010 people.

These trends reflect a gradual recovery in economic activity and signal renewed opportunities for income generation across the country.

For a nation where employment remains a primary pathway out of poverty, such improvements represent an important step toward inclusive growth. Despite these developments, the country still faces inadequate jobs and the employment sector is dominated by informal employment.

The Zambian labour market is characterized by a high, predominantly informal sector (71.2%) according to the 2024 labor force survey report with the private sector constituting about 79%.



In the past 3 years, there has been an increase in employment levels, implied by the unemployment rate declining from 12.9 percent in the first quarter of 2025 to 10.3 percent in the second quarter, alongside an increase in employment from 3,902,298 to 4,175,010 people. Rising employment indicates that more citizens are participating in productive economic activities, which can stimulate household incomes, strengthen local economies, and improve overall welfare.

For vulnerable populations particularly low-income households, youth, women, and rural communities, employment growth reduce dependency on negative coping strategies and improve access to basic services such as food, education, and healthcare.

However, the extent of these benefits depends not only on the number of jobs created but also on their quality and sustainability. Key drivers of reduced unemployment rate within the stated period include;

-IMF and Debt Restructuring: The agreement with the International Monetary Fund (IMF) on the Extended Credit Facility (ECF) has helped stabilize the macroeconomic environment, fostering investor confidence.

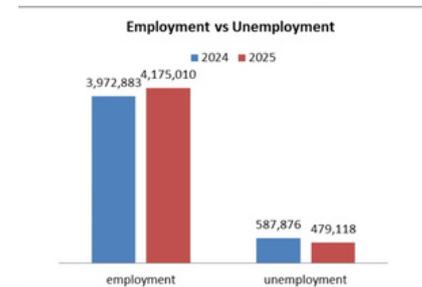
-Agricultural Growth: Increased investment in agriculture, particularly in promoting youth involvement in agribusiness, has created jobs.

-Teacher Recruitment: Between 2022 and 2024, the government recruited over 37,000 teachers to address staff shortages.

-Constituency Development Fund (CDF): Increased allocation to the CDF has been used to provide skills training, bursaries, and youth empowerment grants, fostering local-level entrepreneurship.

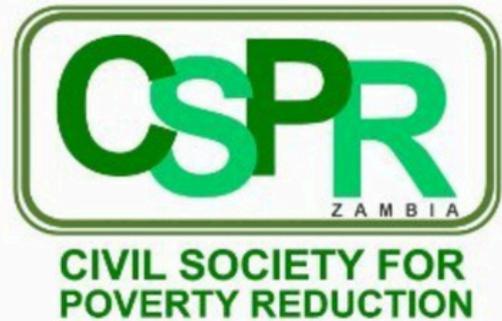
-Skills Training Focus: Increased focus on Technical Education, Vocational and Entrepreneurship Training to bridge the skills mismatch between graduates and industry requirement.

-Health Sector Staffing: Significant, though smaller, recruitment in the health sector has also contributed to formal job creation.



The above figure illustrates the improvement in employment levels between 2024 and 2025, with employment raising from 3,972,883 in 2024 to 4,175,010 in 2025. While unemployment rate has reduced from 587,876 in 2024 to 479,118 in 2025 underscoring the positive direction of Zambia's labour market.

Despite these gains, poverty reduction remains gradual. A significant share of employment opportunities in Zambia is concentrated in the informal sector, where wages are low, job security is limited, and access to social protection is minimal.



As a result, many individuals remain employed, yet poor, highlighting the challenge of translating employment growth into meaningful reductions in vulnerability. High living costs and inflationary pressures further erode the real value of incomes, particularly for households already at the margins.

Conclusively, while the trend is encouraging, sustained policy efforts are required to promote decent work (through strengthened labor laws), enhance skills development, and support sectors like manufacturing with high employment potential.

The private sector remains critical to job creation hence the Government should implement policies that promote private sector participation in various key sectors such as mining, manufacturing, tourism and agriculture which are sector pillars to Zambia's 8th National Development Plan. Only through such targeted interventions can Zambia ensure that job growth translates into lasting poverty reduction and improved livelihoods for its most vulnerable citizens.

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