



**International
Labour
Organization**

Country Office for Zimbabwe and Namibia

National Consultant/Firm: Develop a Comprehensive National Strategy and Implementation Plan to Facilitate the Transition from Informal to the Formal Economy in Zimbabwe

Deadline: Extended to 30 April 2021

The International Labour Organization, Country Office for Zimbabwe and Namibia, is seeking services of a consultant / firm, with proven experience, to support the Ministry of Public Service, Labour and Social Welfare with an inclusive development of a Comprehensive National Strategy and Implementation Plan to Facilitate the Transition from Informal to the Formal Economy in Zimbabwe.

These Terms of Reference (1) provide background information on the assignment; (2) describe the specific inputs and outputs required from the Consultant / Firm and (3) list the terms and conditions of the assignment.

1. BACKGROUND

1.1 Introduction

The National Development Strategy 1 (2021-2021) is the first of two 5-year Medium Term Plans that will guide the Government of Zimbabwe and a broad spectrum of stakeholders towards achieving its ambitious goal to establish an Empowered and Prosperous Upper Middle-Income Society by 2030 (Vision 2030) while simultaneously addressing the global aspirations of the Sustainable Development Goals (SDGs) and Africa Agenda 2063. NDS1 is founded on the recognition that a transformative and inclusive growth that benefits all Zimbabweans in a fair, transparent and just manner is anchored on the need for bold and transformative measures including generating growth through intentional mobilisation of domestic growth vectors, deliberately leveraging Zimbabwe's competitive advantages and deepening its commitment to good corporate governance. By design, NDS1 harnesses peoples' own capacity, capabilities and resources.

Among the bold and transformative measures outlined under NDS1 is the need to facilitate the transition from the informal to the formal economy as a means of increasing the fiscal revenue base, regularising employment, and ultimately growing the economy in a more sustainable manner. Under the NDS1 Strategies for Decent Work, the Government of Zimbabwe has prioritized the development and implementation of a national action plan to not only address the most pervasive decent work deficits in the informal economy but also reduce unfair competition between formal and informal economic units, balance the distribution of the tax burden, and raise productivity while sustaining enterprises.

Currently, 76% of total employment in Zimbabwe is informal. According to the ILO, three key characteristics define people in informal employment. First, the law may not cover them. For example, in many countries labour legislation excludes domestic workers. Second, the law may in principle cover them but because it is not enforced, they remain uncovered in practice.

For example, most workers in formal enterprises are not declared. Third, the law reaches persons but does not provide them with adequate protection. For example, part-time workers whose hours of work are below the required minimum set by law in order to be affiliated with social security are considered to be in informal employment.

The 2019 Labour Force and Child Labour Survey (LFCLS) estimates that 44.6% of those working in the informal economy are working in the informal sector while 10.1% and 45.3% work in the formal sector and households, respectively. Meanwhile, 46% are employed in the rural informal economy and 54% are in the urban informal economy. The majority of people employed in the informal sector worked in the agriculture, forestry and fishing industries, accounting for at 35%. Young people are the most affected, due to limited labour market experience with 98 % of people aged between 15–24 and 96 % 15–34-year olds in informal employment. Women also bear the disproportionate burden of unpaid care work, leaving them with limited time to engage in productive activities compared to men. The high incidence of the informal economy also presents a major challenge for environment and ecosystems integrity and erodes the capability of the country to deliver on the rights to a clean and safe environment.

Facilitating transition to formality is not an easy task and requires complex processes that take time. The transition to formality is often mistaken for a shift of people from informal employment to formal employment from one day to another. In reality, the reduction of decent work deficits is the only accessible outcome, in the short term, for most part of the workforce, and therefore the first step towards the incremental formalization of the economy, in the longer term. Moreover, transition to formality means different things for different category of workers, sectors, and enterprises. While all informal workers share a set of demands — e.g. freedom from harassment and fear, the right to organize, legal standing, social protection and economic rights — each sector has specific needs. It is also important to keep in mind that enterprises operate at varying levels of informality. It is often the case that most informal enterprises are not incorporated yet pay taxes to the local authorities, pay value added tax on purchase of machinery, equipment and tools, and are registered and legalized under their different trade associations, through which they are recognized by different provincial/state governments and are subtly regulated by government. While formality of the sector is the ideal end goal, it should be noted that the informal sector is not a homogenous group thus pointing to the need for a diverse set of solutions.

The COVID-19 crisis has added to the complexity of facilitating transition to formality in Zimbabwe. Like everywhere else, it has shed new light on the informal economy by laying bare the vulnerabilities of the millions of workers and small businesses that operate in it. Micro-economic units, including own-account workers, are more vulnerable to shocks, and dominate the informal economy. In the first wave of the pandemic in the country, the ILO estimated that 14.5 per cent of female informal workers in Zimbabwe can be found in the highly impacted sectors compared to 14 per cent male. In the same manner, 6.3 compared to 5.9 of female and male workers, respectively, are found in medium-high risk sectors. Despite the fact that the largest number of informal workers, 77.6 female and 73.1 male, are working in the low-medium risk sectors of agriculture, forestry and fishing, the impact of COVID-19 on these workers have been high because the pandemic came when they were already in a very weak position economically and socially.

It is with these complexities in mind that the Ministry of Public Service, Labour and Social Welfare, mandated by Parliament to coordinate the development a Comprehensive National Strategy and Implementation Plan to Facilitate the Transition from Informal to the Formal Economy in Zimbabwe, requested the support of the International Labour Organization in contracting a consulting firm to support the process.

1.2 Objectives

This consultancy has two key objectives. The first objective is to design a coherent and integrated national strategy to facilitate the transition to the formal economy in line with ILO Recommendation 204 concerning the transition from the informal to the formal economy.

This will be achieved by taking into account:

- (a) the diversity of characteristics, circumstances and needs of workers and economic units in the informal economy, and the necessity to address such diversity with tailored approaches;
- (b) the specific national circumstances, legislation, policies, practices and priorities for the transition to the formal economy;
- (c) the fact that although different and multiple strategies can be applied to facilitate the transition to the formal economy there is need for coherence and coordination across a broad range of policy areas;
- (d) the effective promotion and protection of the human rights of all those operating in the informal economy;
- (e) the fulfilment of decent work for all through respect for the fundamental principles and rights at work, in law and practice and up-to-date international labour standards that provide guidance in specific policy areas;
- (f) the promotion of gender equality and non-discrimination
- (g) the need to pay special attention to those who are especially vulnerable to the most serious decent work deficits in the informal economy, including but not limited to women, young people, migrants, older people, indigenous and tribal peoples, persons living with HIV or affected by HIV or AIDS, persons with disabilities, domestic workers and subsistence farmers;
- (h) the preservation and expansion, during the transition to the formal economy, of the entrepreneurial potential, creativity, dynamism, skills and innovative capacities of workers and economic units in the informal economy;
- (i) the need for a balanced approach combining incentives with compliance measures; and
- (j) the need to prevent and sanction deliberate avoidance of, or exit from, the formal economy for the purpose of evading taxation and the application of social and labour laws and regulations.

The second objective of this consultancy is to make the process inclusive and participatory as core principles. This will be achieved through:

- (a) Making use of tripartite mechanisms to consult with and promote active participation of the most representative employers' and workers' organizations, which should include in their rank, representatives of membership-based representative organizations of workers, entrepreneurs and economic units in the informal economy;
- (b) Collaborating with the ILO in enhancing capacity of primary stakeholders – informal economy workers and enterprises - through a process of "learning by doing" so that those

- participating in the process are able to contribute to and 'own' the strategies developed, and decisions made, and consequently develop the skills to effectively implement them;
- (c) Convening and coordinating full participation across different levels of government and cooperation between the relevant bodies and authorities, such as tax authorities, social security institutions, labour inspectorates, customs authorities, migration bodies and employment services, among others;
 - (d) Making apparent the gender and other diversity dimensions throughout the process, deliverables and final strategy document and implementation plan. This implies involving both men and women, PWD, youth, in the consultations, and consulting team. Moreover, the consulting firm should review data and information that is disaggregated by sex and assess the relevance and effectiveness of gender-related strategies and outcomes. Specific measures to reflect gender concerns should be elaborated in the inception report.
 - (e) Ensuring geographical representation (rural and urban) and representation of people with disabilities and other marginalized groups throughout the process, deliverables and final strategy document and implementation plan to ensure that no-one is left behind.

2. THE ASSIGNMENT

2.1 Scope of Work

Working in close collaboration with the Ministry of Public Service, Labour and Social Welfare, the ILO and its constituents, the scope of work will be the following:

1. Collect, review and analyse the effectiveness of existing multi-sectoral policies, legislation, regulations and institutional measures to facilitate the transition to the formal economy in view of identifying gaps, coherence, discriminatory provisions, etc paying particular attention to the perspectives of government, organised business, organised labour, and informal economy associations;
2. Carry out stakeholder analysis to bring out the roles and responsibilities of key players and institutions that play a vital role in facilitating transition to formal economy. This should include informal economy organizations (including cooperatives and other structures of the social economy if relevant) as well as sectors, groups of economic units and workers and geographic areas which they represent, representatives of government, social partners, providers of financial and non-financial services and formal enterprises. The analysis must include a representation of youth, women and vulnerable groups such as persons with disabilities and possibly returnee migrants;
3. Gather information from relevant sources/institutions/ministries/departments, development partners and UN agencies ongoing measures, interventions, research and policy works relevant to informal economy including those targeting regularization
4. analysis of best practices from countries under similar economic contexts, could be sector specific
5. Carry out discussion/meeting/interviews with key stakeholders/individuals taking into consideration COVID-19 measures in place, what we learned and what can we do going forward in such pandemics.
6. Analyse and interpret the results, and discuss initial results with the key stakeholders including presenting key findings/recommendations in the validation workshops

7. Prepare draft strategy and implementation plan based on the key stakeholders' recommendations from the validation workshop

2.2 Deliverables

1. Develop an **inception report**, which details a clear-cut approach to the assignment, including a work plan with a calendar, and annotated outlines of proposed reports and strategy;
2. Detailed **secondary review and analysis of the operating context** of the informal economy in Zimbabwe highlighting linkages, or the lack thereof, among existing multi-sectoral policies, legislation, regulations and institutional measures governing the informal economy. The analysis will also identify structural drivers of informality as well as deterrence measures (penalties and measures to improve detection) or measures to enhance compliance (curative measures, preventive measures and measures that foster commitment to formality) and, if possible, financial resources invested. Many in the sector have already started to devise solutions of their own. It may be useful to look at what's working and what could potentially be upscaled.
3. A **mapping of actors and of coordination mechanism(s)** in place, if any and for each of them:
 - *The main domain(s) of intervention; objectives and priorities;*
 - *Their visions on informality, its causes and consequences and interest in the formalization process;*
 - *The main responsibilities, scope of actions and resources (financial and technical), which includes a quick overview of:*
 - *types of informality dimensions (e.g. fiscal issues; social security and labour law; effective implementation; other); formalisation versus reduction of decent work deficits;*
 - *main target group(s), e.g. SMEs, self-employed or employees, specific sectors;*
 - *main realizations and programmes: past, current and planned that will be further discussed under step 7;*
 - *their role in the formulation process and implementation of policies and programmes related to informal economy, reduction of decent work deficits and formalisation; and*
 - *the role that could be envisaged;*
 - *their political strength at the national level;*
 - *technical and financial capacities;*
 - *constraints to make their action more efficient; and*
 - *needs to strengthen their capacity.*
4. Hold separate **consultative sessions with government, workers and employers** and submit brief summaries (4-5 pages) of the outcomes of these sessions including the positions of each partner and a list of participants (and contact information of participants) for each session. This includes a special session with informal economy associations;
5. A **draft comprehensive strategy and implementation plan**, which details, among other things, the definition of roles and responsibilities of key stakeholders, a monitoring (and evaluation) system clarifying what should be monitored and evaluated, by whom, how and when, and an institutional coordination mechanism.

This will be submitted to the Ministry and to ILO for quality assurance before sharing with key stakeholders;

6. A **brief report outlining the recommendations** of the tripartite plus validation meeting(s)
7. A well-written **final draft strategy and implementation plan** which reflects the recommendations of all key stakeholders

2.3 Time Frame

The selected consultant / firm shall be contracted for a maximum of **60 Working Days** between May 1 and October 30, 2021.

Activity	Deliverables	Number of Days
Desk review	Inception report	12 days
Stakeholder Consultation and document review	Technical report on the national consultation	12 days
Drafting the Guidelines with Communication Strategy	First Draft of the Strategy and implementation plan shared with MPPLSW and ILO	20 days
Validation of the strategy and implementation plan	Draft presented at Validation workshop(s)	12 day
Consolidation of inputs	Final draft of a comprehensive strategy and implementation plan	4 days
Total number of days		60 days

2.4 Fees for the Assignment

The fees for the service will be per workday. The selected Consultant will be paid daily fees for the actual contracted days. The rate of daily fee will be determined based on a competitive process, through submissions of expressions of interest by the qualified and interested individuals or companies. In consideration of the same, fee per workday for similar assignment(s) with the ILO or other UN and international agencies will be taken into account. Logistical expenses, where applicable, should be included in the budget to be presented.

The first payment, 20% of total cost, will be payable upon receipt of the Inception report.

The second payment, 40% of total cost, will be payable upon receipt of the first draft of the strategy and implementation plan

The final payment, 40% of total cost, will be payable upon satisfactory receipt of final validated document.

The final delivery date of final validated document shall be **31 October 2021**.

2.5 Profile of the Consultant

Functional Competencies

- Relevant experience in social and economic development issues with focus on Zimbabwe and/or other developing economies.
- Excellent oral and writing skills with strong policy experience.
- Capacity to interact with senior officials of government, donors, CSOs, etc.
- Outstanding analytical and negotiations skills.
- Ability to present coherent and convincing positions both in writing and orally. There must be evidence of similar works done in the past on issues of poverty and inequality.
- Strong ability to take initiative to move complex processes forward to achieve articulated results, work at varying levels and on different initiatives simultaneously (personal organization and ability for multi-tasking). The consultant must also possess ability to work under pressure and to accommodate change.
- Demonstrable networking capability, interpersonal skills and strong ability to promote teamwork.

Education:

- Advanced University degree in development, labour economics, social sciences, business management, business administration or equivalent qualifications.

Experience:

- Minimum of ten years of work experience in the areas of interest (development economics, labour economics, social sciences) or a related field with a minimum of seven years progressive in business development services, business management training, enterprise development, and employment promotion related projects
- Relevant experience and skills in research institutions, with a focus on socio-economic analysis, experience with gendered analysis and social impact assessment
- Experience providing technical advisory services in the field of workers' and employers' activities is an added advantage

3. EXPRESSION OF INTEREST

The 2-part Expressions of Interest (EOI) should include:

Part 1 - Technical proposal:

- a cover letter and updated Curriculum Vitae (for individual consultants) and/or institutional capacity statement (for firms) describing how their skills, qualifications and experience are relevant to the requirements of this assignment
- in addition, firms must provide a list and detailed information on the proposed Human Resources which will be utilized for the tasks including their respective qualifications and relevant experience/exposure and required expertise/skills to complete the tasks i.e. legal, linguistic, drafting and editing experience among others;
- A technical proposal (max. 5 pages) summarizing suggested contents and proposed approach to the development of the comprehensive strategy and implementation plan.
- Evidence of similar work done and experience to undertake the assignment.

- The names and contact details for two references from previous clients with similar contracting experience.

Part 2 - Financial proposal:

- Asking rate (fees) in USD per workday and estimated number of workdays required to perform the assignment. Other logistical expenditures, if applicable, must be included in the budget breakdown.

The EOI must reach the ILO no later than **30 April 2021** and should be sent to the emails below:

Technical proposal: harare@ilo.org with a copy to HRE-PROCUREMENT@ilo.org

Financial proposal: FIN_HARARE@ILO.ORG

Please consider that:

- The ILO only contracts individuals or companies in its Suppliers Database. Interested bidders should submit at their earliest convenience their filled in supplier's forms (see attached forms). Once completed, filled in and signed suppliers forms should be submitted to FIN_HARARE@ILO.ORG

Individuals consultants are also required to complete the B-SAFE Security Training Course <https://training.dss.un.org> Once you complete the course, you will be awarded a certificate that should be submitted FIN_HARARE@ILO.ORG

4. SPECIAL TERMS AND CONDITIONS

4.1 Confidentiality Statement and Intellectual Property of Data

All data and information received from the ILO and the stakeholders for the purpose of this assignment are to be treated confidentially and are only to be used in connection with the execution of these Terms of Reference. All intellectual property rights arising from the execution of these Terms of Reference are assigned to ILO according to the contract. The contents of written materials obtained and used in this contract may not be disclosed to any third parties without the express advance written authorization of the ILO.

4.2 Unsatisfactory or Incomplete Work

For the assignment, the ILO's Standard Rules and Procedure for External Collaborators and Service Contracts shall be applicable. In the event that the service delivered is unsatisfactory or fails to conform to the conditions set out above, the ILO reserves the right, as appropriate, to interrupt it, to request that it be corrected or modified, or to refuse to accept the service.

4.3 ILO's Responsibilities

The ILO will:

- Monitor and supervise the work of the consultant / firm and review progress of the work;
- Consult with other UN agencies to coordinate and inform the work of the consultant / firm;
- Ensure that this work is linked to other ongoing socio-economic and UN initiatives;
- Provide research documents from ILO, UN agencies and development partners, including best practice policy documents from other countries;
- Provide technical assistance /feedback as necessary;
- Provide support for engaging stakeholders and organizing meetings/workshops;

- Ensure payment of agreed amounts linked to successful delivery of outputs as per ILO rules and regulations; and
- Perform any other tasks as described in the contract document.

CONFIDENTIAL