

► **REQUEST FOR PROPOSALS - *Identifying barriers to formalisation: A literature review and key stakeholder interview process under the RBSA Informal Economy project***

**Deadline for submitting proposal: Friday 16 October 2020 at 17.00**

### **Introduction**

South Africa is implementing the Decent Work Country Programme 2018-2022 adopted in June 2018. In support of the DWCP, the ILO approved in June 2020 a development cooperation project under the Regular Budget Supplementary Account (RBSA) for South Africa. The overall project objective is to *strengthen Government and Social Partners' efforts to mitigate health and socio-economic impact of the COVID-19 pandemic on enterprises and workers in the informal economy*, and medium and long term transitioning to formalization will run until end of 2021.

The project is supporting the implementation of ILO Recommendation 204 concerning the transition from the informal to the formal economy adopted by the International Labour Conference at its 104<sup>th</sup> session in 2015. The objectives of R204 is to facilitate the transition of workers and economic units<sup>1</sup> from the informal to the formal economy and to promote the creation, preservation and sustainability of enterprises and decent jobs in the formal economy. R204 stresses that the *informal economy* refers to all economic activities by workers and economic units that are not covered or insufficiently covered by formal arrangements whether in law or in practice and that it does not cover illicit activities. In South Africa, a National Task Team (NTT) for the Transition to Formality is established under NEDLAC to oversee and guide the transition to formality, including the RBSA project.

The project is targeting especially women workers and women run economic units in selected sectors of the informal economy that are affected by the socio-economic impact of the prolonged lock-down. Although South Africa at the time of writing is moving into Phase 1, the effects of the lock down is going to be felt for a long time. It will be particularly important to establish the gender causality as it affects women as they have been disproportionately affected by many of the restrictions on movement, such as loss of income, and the difficulties of balance care work while generating an income, increased incidence of violence and harassment, especially domestic violence and gender based violence. Furthermore, as frontline entrepreneurs and workers in trading and business spaces in communities with limited and at times no health and safety measures, workers in the informal economy are at higher risk of being exposed to the virus.

A key focus of the RBSA project is therefore i) to support the establishment of safe and healthy workplaces for different categories of workers and businesses in the informal economy; ii) to facilitate access to government relief schemes and government procurement schemes and; iii) to ensure that

---

<sup>1</sup> The term "economic unit" and not "enterprise" or "business" is used as this term includes units with employees, units without employees ('own-account workers'), and cooperatives and other social and solidarity economy organisations.

informal economic unit operators have access to integrated business development services (BDS) that over time can support their transition to the formal economy. This will be undertaken while at the same time addressing the gender dimensions of the informal economy and the need to promote gender equality. Taking into account the importance of sectors with high levels of informality and prevalence of women, the NTT has decided to restrict the focus to the following sectors:

#### **Informal workers focus**

- Community health care workers
- Domestic workers
- Home based workers
- Street vendors
- Waster pickers
- Construction workers
- *\*migrant workers as they are found in these sectors*

#### **Economic Units**

- Retail trade units<sup>2</sup>
- Manufacturing/artisan economic units (linked to the DSBD artisans programme, but with a focus primarily on women artisans)
- Economic units in the construction
- Economic units in the Community care and social services units (health services, contract cleaning, hair parlours, food outlets, waste recycling units)

The ILO is now recruiting a consultant / service provider to summarise the identified barriers, including in relation to those on account of gender inequality and discrimination, to formalization and to identify the strategic gender needs and assess support needs of both women and men informal economy workers and units in the context of COVID-19 with respect to formalisation. The goal is to undertake a review of studies and assessments of the informal economy over the past 5-6 years and to undertake interviews with key stakeholders from government, business, labour and community as well as member based associations of informal economy workers and economic units that have been supporting transition to formality over the past years. Ultimately, the review and information obtained for this particular assignment will be applied to develop a package of BDS and technical support services to support workers and economic units to formalise.

#### **Work to be performed**

The consultant/service provider is expected to conduct a gender sensitive analytical review of policies, laws, regulations and support programmes and initiatives that have an impact on the registration, formalization and development of informal economic units as enterprises and their compliance with labour laws, to identify constraints and barriers, including on account of gender inequality and discrimination to formalisation and to propose measures to facilitate the transition to formality of these economic units and their workers. The service provider will prepare a concise report of max 30 pages for the main report that consolidates and summarizes the existing body of research, studies and reports about barriers to formalisation of economic units and the workers they employ and the steps that ILO constituents and other key stakeholders are taking to support the transition to formalisation and facilitate access to COVID-19 related relief and support services.

Specifically, the service provider has to undertake the following tasks with the above-mentioned sectors in mind:

---

<sup>2</sup> The retail and manufacturing sectors are closely linked to the DSBD Spaza and Artisan programmes, which are sectors prioritized by the government.

- i. Identify the key research, studies and reports on the informal economy and those that address the gender dimensions in South Africa over the past 5-6 years and summarize the findings, planned actions, the identified barriers to formalisation for economic unit and workers and the measures taken by government and others to facilitate access to COVID-19 related relief and support services;
- ii. Interview key stakeholders from ILO constituents and from other designated authorities concerned with the different aspects of supporting workers' and economic units' transition to formalisation as recommended by the R204 NTT;
- iii. Identify all policies, laws, regulations and institutions that have an impact and/or mandate to facilitate a transition to formality of economic units and the workers they employ, and analyse how these are facilitating and/or hindering the transition to formalisation and facilitating access to COVID-19 related support. Highlight the perspectives of government, organised business, organised labour, community and informal economy organisations;
- iv. Describe the process- including the costs and time required - of business registration for micro and small enterprises as well as the process to issue permits and licences for the above-mentioned sectors and the respective agencies involved in this process, for new applications and for renewals and provide guidance on more gender sensitive and user friendly processes.
- v. Describe the process on how to comply with the basic conditions of employment act and what steps an informal economic unit operator or employer of domestic workers must take to register informal workers with the Unemployment Insurance Fund (UIF) and subsequent responsibilities of an employer with regards to complying with the basic conditions of employment;
- vi. Take stock of and describe the availability and use of specific social security / social protection services and tax regimes and analyse how they can be extended in a gender equality manner to informal workers and economic units to incentivise formalisation;
- vii. Propose measures which are also gender equality enabling, to address challenges related to:
  - a. registration and licensing of informal economic units
  - b. registration of employees with the labour and social security authorities
  - c. access to social security for own account workers as well as economic unit owners/operator and their employees;
  - d. access to simplified tax regimes and compliance with tax regimes;
  - e. access to COVID-19 economic relief and recovery schemes.
- viii. Finally, outline an integrated package of business development services (BDS), how to support informal economic units, owned by women and men, to pursue registration for the enterprise and for their workers, facilitate access to COVID-19 related support, and other measures to enhance a transition to formality for economic units and the workers they employ, as well as develop the competencies to develop the unit into a business proper; how to access public and private markets and how to access to relevant and affordable finance.

## Deliverables

1. Annotated outline of report
2. A concise draft report of max 30 pages (main report) plus any annexes and references covering points i) to viii) above.
3. Power Point presentation on the draft report to be presented and validated with key stakeholders.
4. Final report

The report shall combine descriptive information with an identification of challenges and a prioritized set of gender inclusive recommendations (reform measures, support programmes and/or incentives schemes) to address the identified challenges and constraints related to improved registration/licensing and formalisation economic units into micro and small enterprises and their workers, with a focus on:

- a) Simplification of procedures for registration, permits and licensing and provision of registration support to MSEs;
- b) Tax reforms and support programmes, e.g. through simplified tax regimes, advisory or other support services, etc.
- c) Enhancing access to social security for business owners and their workers;
- d) Other support measures and initiatives, such as enterprise development, market access and financial inclusion.

### **Minimum qualifications and work experience**

1. Master Degree in business administration, economics, development and gender studies, labour studies or a related field of study
2. Minimum 7 year experience in undertaking assignments of similar nature and with proven experience and knowledge of mainstreaming gender and the informal economy
3. Minimum 5 year experience in working with constituents

### **Timeframe and payment schedule**

The assignment is estimated at 15 days full time for one person. The ILO is now requesting proposals from interested service providers and individual consultants to submit proposals. The proposal must outline the methodology, timeline, budget and experience and qualifications along with CV(s) of consultant(s). The ILO will then assess the technical quality of the proposals received and best value for money.

The draft report must be submitted no later than 20 working days after the signed contract and the final report no later than 5 days after comments have been received from the ILO.

- i. First payment of 20% of total contract sum upon submission of annotated outline of study with indication of headings and contents foreseen to be provided under each heading
- ii. 2<sup>nd</sup> payment of 40% upon submission of draft report
- iii. Final payment of 40% upon final submission of the report to the satisfaction of the ILO.

### **Reporting and supervisory arrangements**

All deliverables to be submitted to the ILO focal person for the assignment (Jens Dyring Christensen at [dyring@ilo.org](mailto:dyring@ilo.org)) who will then share with the sub-group of the national task team that is overseeing the identification of barriers to formalisation. The sub-group consisting of ILO constituents will subsequently review and assess if the submitted report is meeting the necessary quality standards and will advise on any revisions and/or improvements made and endorse final payment to the service provider.

### **ILO Contact person**

Jens Dyring Christensen  
Senior Specialist, Sustainable Enterprises  
Decent Work Team for Eastern and Southern Africa  
E-mail: [dyring@ilo.org](mailto:dyring@ilo.org)