MSME resilience for inclusive and sustainable recovery in Zimbabwe

Experiences from the ILO
Getting the Basics Right

Poverty Alleviation

“...to end poverty and hunger, in all their forms and dimensions, and to ensure that all human beings can fulfil their potential in dignity and equality and in a healthy environment.”
Getting the Basics Right

Human-centred approach to development

Poverty Alleviation

“...to end poverty and hunger, in all their forms and dimensions, and to ensure that all human beings can fulfil their potential in dignity and equality and in a healthy environment.”

**Multidimensional Poverty**
Work sustains us. It is how we meet our material needs and build decent lives ... gives us a sense of identity, belonging and purpose.

**DECENT WORK**
What does a human-centred approach to development with through decent work entail?
Formalization of the informal economy consists of processes of not only reducing decent work deficits in the informal economy, for both workers and economic units, but also creating an environment that facilitates transition from the informal to the formal economy by making it desirable, affordable and profitable.
Existing economic units moving towards full formality or becoming fully formal: e.g. extending the scope of the laws, registration/increased compliance under commercial acts, with tax, labour and social security authorities).

Transitions that result in jobs and economic units being destroyed in the informal economy and created in the formal economy.

Existing jobs moving towards full formality or becoming fully formal e.g. extending coverage of labour regulation; extending coverage of social security; establishment of a contract to reflect an existing employment relationship; registration of unregistered employment relations.

Prevention of informalization of formal employment.

Enabling factors in which no formalization per se but conditions created to enable formalization are enhanced e.g. extension of non-contributory social security; skills development; access to credit and to enterprise services; etc...
**Steps towards formalization**

For both economic units and jobs in Zimbabwe

**Level 1**
Selection and registration of a business name and/or own account endeavors. Includes type of business. This can be done online or visiting a registration office.

**Level 2**
This registration facilitates the operation in selected local government including working space or place, local levies, licensing fees, etc. It includes registration with respective National Employment Council.

**Level 3**
All remaining steps require evidence of a bank account and a book of accounts. This is therefore a good level to open both. For labour, an employment contract will also be necessary going forward.

**Level 4**
Registration for pension and worker’s compensation is compulsory for formal employers. Formal employees contribute to pension scheme. Plans underway to create mechanisms for own account workers to contribute.

**Level 5**
Allowable tax deduction include pension contributions.

**Banking/Accounts**
- NSSA
- ZIMRA

**Sectoral statutes e.g. health, etc.**

- Presumptive tax
- Failure to keep a book of accounts
Facilitating Formalization of the Informal Economy

Harare Country Office Approach

2019 - 2021

MACRO LEVEL

Evidence-based policy making –
• A Labour Market Diagnostic Analysis
• A National Formalization Strategy.

MESO LEVEL

Institutional capacity strengthening – e.g. local government, associations, BDS providers, etc

MICRO LEVEL

Strengthening skills and capacity of informal entrepreneurs and micro enterprises to formalize

Enterprise formalization
Clusters of rural primary producers
Individual producers come together to form member-based producer organizations (MBOs) within their geographical locations.

Value Addition Anchor Enterprise
A collection of PBCs or cooperatives co-own and govern a value addition anchor enterprise along with government and other business entities; provides market to primary producers.

Producer-owned Organizations
MBOs are transformed and registered as Private Business Cooperation’s (PBC) or producer cooperatives

Access to formal markets
Anchor enterprise facilitates access to wider and more lucrative markets for value added products.
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Thank you!!!

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