

MSME resilience for inclusive and sustainable recovery in Zimbabwe

Experiences from the ILO



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."



Human-centred approach to development

Poverty Alleviation

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Multidimensional Poverty

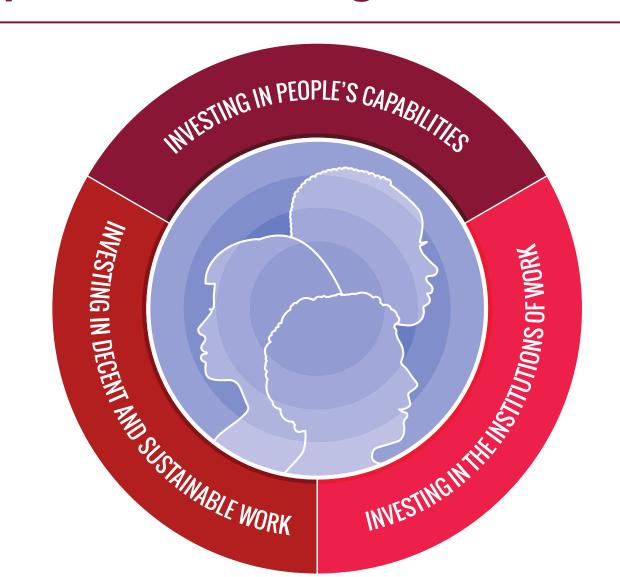


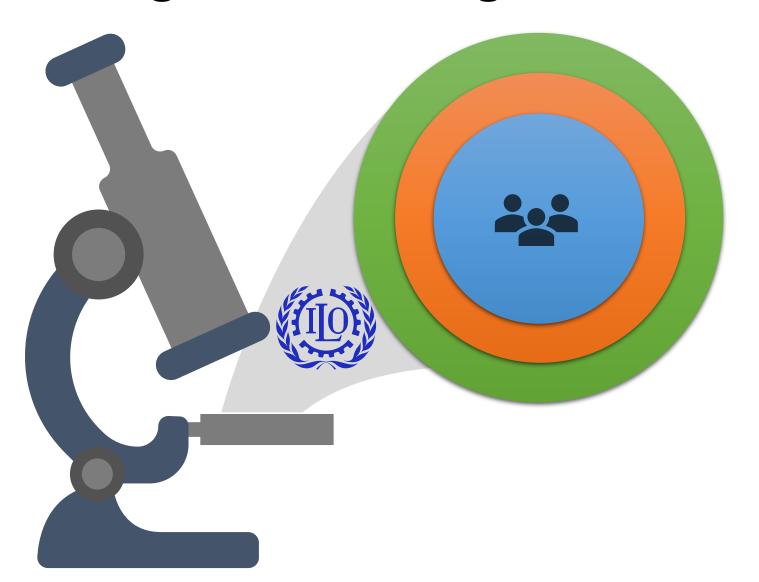
Work is a SUSTAINABLE way out of poverty

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?





REDUCING DECENT WORK DEFICITS

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.

FORMALIZATION

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...)

Formalization

Processes

Sectoral statutes e.g. health, etc.

Steps towards formalization

For both economic units and jobs in Zimbabwe

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.**

Banking/ **Accounts**

3

ZIMRA

5

Level 5

Allowable tax deduction include pension contributions.

Presumptive tax

Failure to keep a book of accounts

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.

Local government registration

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.

compensation is compulsory for formal employers. Formal

Registration for pension

NSSA

4

and worker's

Level 4

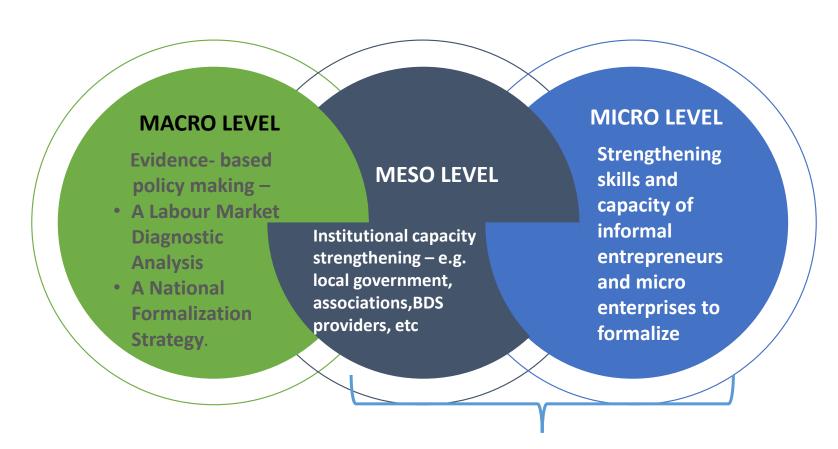
employees contribute to pension scheme. Plans underway to

create a mechanisms for own account workers to contribute.

Business/ Name registration

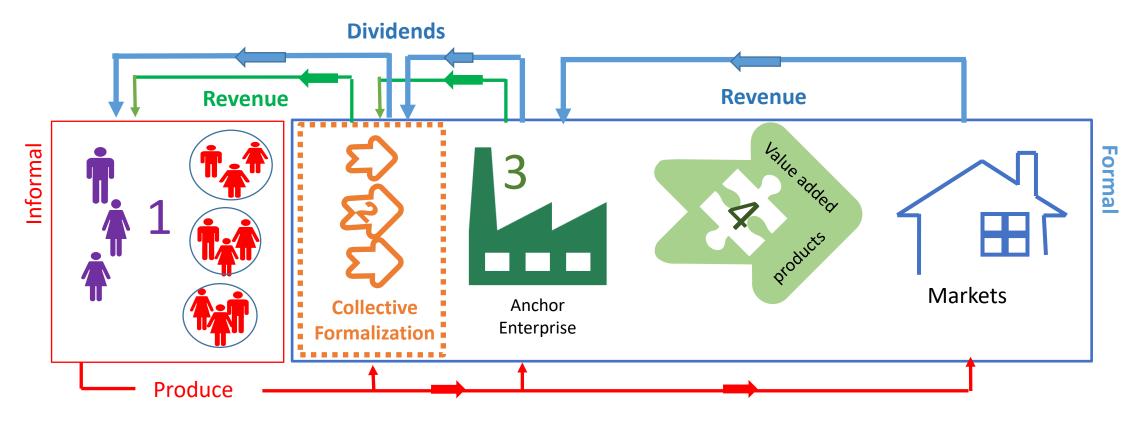
Facilitating Formalization of the Informal Economy

Harare Country Office Approach 2019 - 2021



Enterprise formalization

Producer-owned Anchor Enterprise Intervention Model



01

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.

02

Producer-owned Organizations

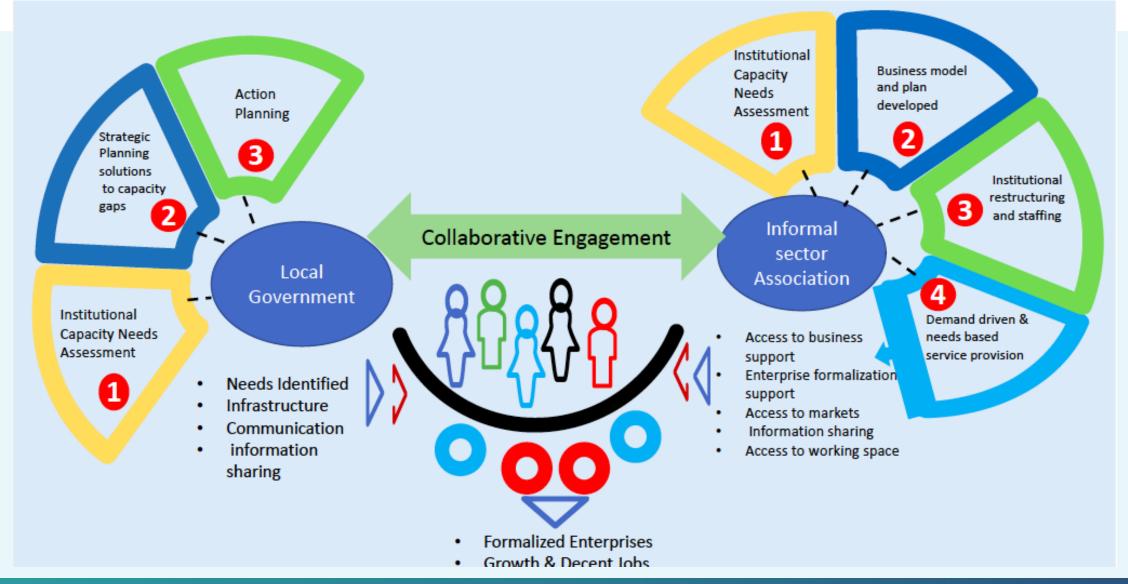
MBOs are transformed and registered as Private Business Cooperation's (PBC) or producer cooperatives

Access to f
Anchor enterpris

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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