

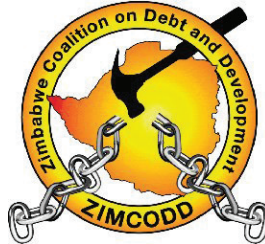
ZIMCODD

Zimbabwe Coalition on Debt and Development

Investing in people for social and economic justice in Zimbabwe



INFORMAL SECTOR INCLUSION FRAMEWORK



Investing in People For Social and Economic Justice

INFORMAL SECTOR INCLUSION FRAMEWORK

Published By ZIMCODD
5 Orkney Road, Eastlea, Harare
Tel:+263 242 776 830, E-mail: zimcodd@zimcodd.co.zw
© ZIMCODD 2018

Table of Contents

Acronyms.....	ii
1. Introduction	1
2 Context.....	1
2.1 Classification of Informal sector.....	3
3. Definitions.....	4
4. Objectives Of The Framework	5
5. Recognizing The Constitution Of Zimbabwe	5
6. Unpacking The Vision 2030	6
7. Relocation And Rehabilitation.....	6
8. Policy Alternatives	1
8.1 The Formal Regulatory Environment	8
8.2 A Comprehensive Policy Framework.....	9
9. Exploring Alternative Policy Interventions	10
10. Proposed Interventions On The Inclusion Of The Informal sector	13
10.1 The Small And Medium Enterprises Sector.....	13
10.2 Standardisation Of Products & Services.....	14
10.3 Reserved Quarter For SME Supply	14
10.4 Devolution.....	14
10.5 Training.....	15
10.6 Regularisation And Formalisation Of SMEs.....	15
10.7 SME Support Policy	15
11. Street Vendors And Small And Medium Enterprises (SMEs).....	16
11.1 Organizing The Street Vendors And SMEs	16
11.2 Planning Norms	16
11.3 Spatial Planning Norms - Demarcation Of Trading Zones.	17
11.4 Other Committee Functions:.....	18
11.5 Regulatory Process.....	19
11.6 Registration System	19
11.7 Training And Development	19
12. Linkages Between The Informal Sector, Formal Sector, & formal Regulations.....	20
12.1 Informal Enterprises.....	20
13. The Formalization Of The Informal Economy:	21
13.1 Formalization Of Small And Medium Enterprises	22
13.2 Formalization Of Informal Jobs.....	22
14. Comparative Analysis: A Case Of Global Best Practices.....	24
14.1 India	24
14.2 South Africa.....	25
14.3 Northern Ireland.....	26
15. Recommendations.....	27
16. Conclusion.....	27

ACRONYMS

CBD	:	Central Business District
ILO	:	International Labour Organisation
ISIF	:	Informal Sector Inclusion Framework
MFI	:	Micro Finance Institutions
MSE	:	Micro Small Enterprises
SMEs	:	Small to Medium Enterprises
U-MIE	:	Upper-Middle Income Economy
VISET	:	Vendors Initiative for Social and Economic Development
WIEGO	:	Women in Informal Employment Globalizing and Organising
ZIMSTAT	:	Zimbabwe National Statistics

1. INTRODUCTION

According to the International Money Fund in its working paper titled “*Shadow Economies Around the World: What Did We Learn Over the Last 20 Years?*” Zimbabwe has the second largest informal economy as a percentage of its total economy in the world. Zimbabwe scored 60,6 percent and came second to Bolivia which topped with 62,3 percent. The Zimbabwean Government has acknowledged the growth of its informal economy, which was described by the then Finance Minister Patrick Chinamasa as the “new economy” in his 2017 budget presentation. In its Vision 2030 blueprint, the Government of Zimbabwe endeavours to come up with effective means to ensure that the informal sector, which is undoubtedly now the biggest employer (94.5%), can contribute to the growth and development of the national economy.

This informal sector inclusion framework, seeks to strategically position the informal economy, proffer sustainable strategies to the formalisation and legalisation of the sector, present alternative policy and legislative frameworks that govern the operations of the sector, explore on the models and best practices pursued by other economies around the world and most importantly to highlight the economic impact of the informal sector in the Zimbabwean economy. The paper further highlights the informal sector is very significant in its find contribution to the development of the Zimbabwean economy. However, players in the sector difficulties in their operations because of the lack of a coherent growth framework both at micro and macro levels. Given the sector's significance in the economy, the paper recommends that it be assisted by the relevant stakeholders to graduate from informal to formal sector. This will enhance rapid economic growth and assist the Government in realising its vision of an Upper Middle-Income Economy by the year 2030.

2. CONTEXT

Informal Trading as a profession has been in existence in Zimbabwe since the pre-independence era. However, the number of informal traders has increased manifold in the recent years due to the continuous economic decline the country is facing. In Harare, Central Business District (CBD) alone, there is an excess of 20 000 informal traders, while Bulawayo has an estimated 10,000 traders, that is according to a survey that was conducted by the Vendors Initiative for Social and Economic Transformation (VISET) in 2016. Research has shown that women constitute a large

proportion of informal traders in almost every city and town in the country. According to the Zimbabwe National Statistics (ZIMSTAT) report, 94.5% of the 6.3m people defined as employed are working in the informal economy. The largest number (4.16m) is made up of smallholder farmers in communal agriculture followed by 615,000 in trade and commerce. Some 210,000 are said to have informal jobs in manufacturing, 70,000 in mining, 118,000 in education and 92,000 in transport. It is not just the size of the informal sector that is concerning but the extent and speed of its growth. Comparable data for 2011, also published by Zimstats, show that in these three years to 2014 informal-sector employment grew by a staggering 29%, from 4.6m to 5.9m. At that time, formal employment was calculated at 606,000 people, meaning that it has shrunk by some 40% since then, with the loss of over 250,000 formal jobs.

It's against this phenomenal growth of the informal sector that the government of Zimbabwe, as it rolls out its **'2030 Upper-Middle Income Economy' (U-MIE) Agenda (Vision 2030)** this critical sector be given the recognition and support it deserves. From the statistics highlighted above, it is clear that the sector can become a key player in government's economic turnaround efforts as spelt out under the Vision 2030.

This proposed informal sector framework seeks to encourage the government and all its agencies to have a relook at the role played by informal workers in the economy. Over the years, players in the sector, especially street vendors, have been viewed as unlawful entities and are subjected to continuous harassment by Municipal Police and Zimbabwe Republic Police. They have been subjected to arbitrary evictions from their vending sites, arrests, assaults, confiscation of goods and several other forms of abuses. These abuses were sanctioned by the Minister of Local Government, Public Works and National Housing in 2015, which ordered Town Houses to rid Central Business Districts (CBD) of street vendors or risk themselves being rid of. As such the exercise to remove vendors from the streets without offering them alternative vending spaces is ongoing regardless of VISET and other likeminded organizations' calls for the immediate halt of the operation. Furthermore, a significant number of Zimbabweans engage in cross borders trading on a daily basis. Many Zimbabweans cross borders between the country and its neighbours mainly the Southern African Development Community (SADC) countries and the rest of Africa and go as far as the United Kingdom, China and the USA. According to Cheater et al 1998, Zimbabwean cross-border traders are a 'cosmopolitan, footloose group of cultural and economic entrepreneurs, they are a highly gendered group, as they comprise mostly women. These women cross-border traders are characterised by emergent, multiple, shifting and negotiated identities. In Zimbabwe, cross-border trade as an occupation had given rise to the image of a strong, independent and mobile class of women involved in long distance transborder business. A new identity marking women cross-border traders from others appeared to be emerging. (Cheater 1998; Muzvidziwa 1999, 2000 and 2005; and Zinyama 2000). However,

according to Musoni 2010 and Muzvidziwa 2005, it is important to stress that despite the seeming successes of cross-border women traders, highly successful outcomes remained a preserve of the few. The majority of women in the urban populace continued to live in poverty.

This proposed framework posits that, if properly regulated, the small traders on the sidewalks can considerably add to the comfort and convenience of the public, by making available ordinary articles of everyday use for a comparatively lower price. The new government must recognise the fact that urban vending is not only a source of employment but provides 'affordable' services to much of urban population. An ordinary person, not very affluent, while hurrying towards his home after a day's work, can pick up these articles without going out of his way to find a regular market.

2.1 Classification of the Informal Sector

Heterogeneity of the informal sector is a controversial issue in many economies. Due to the different definitions of the informal sector in different countries the data comparison between them is a questionable issue from the onset. This therefore explains some of the difficulties that authorities face in developing sustainable and inclusive policy interventions for such a diverse entity which creates much more complexity. However, this paper posits that the Government of Zimbabwe need to appreciate different needs of each type to ensure sustainable interventions at all levels.

According to Amin et (2000) all the classification of the informal sector can be as follows:

- a. **On the basis of labour categories/employment status perspective:** employers, self-employed, own- account workers, wage workers, unpaid family labour, and piece rate workers.
- b. **Industrial classification perspective:** trade, service, manufacturing, construction, and Transportation
- c. **Location perspective:** mobile, semi-mobile, and fixed,
- d. **Size classification perspective:** 1-person units (own-account worked), 2-4-person units (micro intersperses), and 5-9-person units (small-scale enterprises)
- e. **Age group perspective:** < 15 years (Child labour), 15-24 years (Youth), 25-45 years (Prime working) and 45+ years (Higher age)

Broadly, these represent some main common classification under different perspective of informal sector activities.

3. DEFINITIONS

► **Street Vendor**

A street vendor is broadly defined as a person who offers goods or services for sale to the public without having a permanent built up structure but with a temporary static structure or mobile stall. Street vendors may be stationary by occupying space on the pavements or other public/private areas, or maybe mobile in the sense that they move from place to place carrying their wares on push carts or in cycles or baskets on their heads, or may sell their wares in moving bus etc. In this policy document, the term urban vendor is inclusive of both traders and service providers, stationary as well as mobile vendors and incorporates all other local/region specific terms used to describe them, such as, hawkers, sidewalk traders, etc¹.

► **Cross Border Trading**

According to the International Labour Organisation (ILO) Cross Border Trading refers to the buying and selling of goods and services between businesses in neighboring countries².

► **Small and Medium-Sized Enterprises**

Small and medium-sized enterprises (SMEs) are non-subsidiary, independent firms which employ fewer than a given number of employees. This number varies across countries. The European Union has defined an SME as a legally independent company with no more than 500 employees.

► **Informal Trading**

Unorganized small-scale, self-employment creating activities which might involve individuals or unremunerated relatives of the business owner, small number of hired workers or totally without any hired workers which the resource-poor engage in for the purpose of increasing household income generation opportunities³.

► **Informal Economy**

This refers to a system of trade or economic exchange used outside state controlled or money-based transactions. Practiced by most of the world's population, it includes barter of goods and services, mutual self-help, odd jobs, street trading, and other such direct sale

¹ Min of Urban Employment and Poverty Alleviation, Government of India

² International Labour Organisation (ILO)

³ The Nature of Informal Trade Sector in Zambia and Its Implications for Government's SMEs Regulatory Framework

activities. Income generated by the informal economy is usually not recorded for taxation purposes, and is often unavailable for inclusion in gross domestic product (GDP) computations⁴. According to the International Labour Organization (ILO), the expression “informal economy” encompasses a huge diversity of situations and phenomena. The informal economy comprises more than half of the global labour force and more than 90% of Micro and Small Enterprises (MSEs) worldwide. Informality is an important characteristic of labour markets in the world with millions of economic units operating and hundreds of millions of workers pursuing their livelihoods in conditions of informality.

4. OBJECTIVES OF THE FRAMEWORK

- To develop a model framework for the inclusion of informal sector in economic transition from low income to upper middle-income status.
- To develop alternative but explicit policy framework that encourage the development of the informal sector.
- To promote informal – formal sector linkages in economic policy frameworks.
- To encourage for the provision of safety nets for informal workers in macroeconomic policy planning.

5. RECOGNIZING THE CONSTITUTION OF ZIMBABWE

This proposed Informal Sector Inclusion Framework recognizes some of the provisions and the 2013 constitution of Zimbabwe and argues that, if followed to the letter and spirit, the envisaged. '2030 Upper-Middle Income Economy' (U-MIE) Agenda (Vision 2030) can be realized with huge benefit to the country if the citizens that are contributing to the economy are included rather than excluded. The right to carry on trade or business is provided for under Section 64 of the Constitution which provides for the right to freedom of choice and practice of a trade or profession. Section 24 of the Constitution provides for the national objective of removing restrictions that inhibit people from working or otherwise engaging in gainful economic activities. Section 13 of the constitution obliges the government to promote private initiatives

⁴ www.businessdictionary.com/definition/informal-economy.html

and self reliance. The right to human dignity, right to food and right to life can all not be realized if people are denied opportunities to earn livelihoods. Informal traders, in particular, street vendors and cross borders provide valuable services to the urban population while trying to earn a livelihood and it is the duty of the state to protect the right of this segment of population to earn their livelihood. This Informal Sector Inclusion Frameworks (ISIF) aims to ensure that this important section of the urban population finds recognition for its contribution to society, and is conceived of as a major initiative for urban poverty alleviation, a key pillar of government's envisioned '2030 Upper-Middle Income Economy' (U-MIE) Agenda (Vision 2030).

6. UNPACKING VISION 2030

The Policy Document seeks to share with the international community at large, as well as domestic stakeholders, the new government's key reform initiatives and commitments, on rebuilding and transforming Zimbabwe to become an Upper-Middle Income Economy by 2030. The document further outlines an update of the "Lima Agenda", giving milestones and progress attained so far, as well as our next steps envisaged by the new government. The formation of the new government therefore, provides an opportunity for reconstruction and transformation of the economy to one which is capable of creating maximum opportunities for people to live a full and dignified life, taking advantage of the immense and diverse domestic resource endowments, tapping into investment prospects from international markets.

The document further outlines what it calls the transformation process that will be required for the fixing of broken relations and rebuilding bridges with cooperating partners both at home and abroad. It also entails restoring and establishing essential principles and systems, which enhance the country's democracy and development agenda.

7. RELOCATION AND REHABILITATION

Informal traders are most vulnerable to forced eviction and denial of basic right to livelihood. It causes severe long-term hardship, impoverishment and other damages including loss of dignity. Therefore, this framework proposes the suspension of all forced evictions of informal traders. They would be relocated with adequate rehabilitation only where the land is needed for a public purpose of urgent need.

Therefore:

- Eviction should be avoided wherever necessary unless there is clear and urgent public need in the land in question.
- Where relocation is absolutely necessary, notice of 90 days minimum should be served to the concerned informal traders.
- Affected informal traders/representatives must be involved in planning and implementation of the rehabilitation project.
- Affected informal traders should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms to pre-eviction levels.
- Loss of assets should be avoided and if possible compensated.
- State machinery must take comprehensive measures to check and control the practice of forced evictions.

No street trader should be arbitrarily evicted in the name of *'beautification of the cityscape'*. The beautification and clean up programs undertaken by the cities or towns should actively involve informal traders in a positive way as part of the beautification program.

Global Economy and the Informal Sector

Informal employment is a widespread feature of today's global economy. On average, informal workers have lower earnings and face higher risks than formal workers. Policies should seek to increase the earnings and reduce the risks of the working poor in the informal economy. In its 2002 report, *Decent Work and the Informal Economy*, the ILO said the goal is to reduce the “decent work deficits” of informal workers, who tend to experience greater deficits than formal workers in four dimensions: *Opportunities Rights, Protection, and Social Dialogue*.

Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204)⁵

In 2015 ILO adopted the “Transition from the Informal to the Formal Economy Recommendation” commonly known as “Recommendation 204” which the government of Zimbabwe is signatory to. The Recommendation is built on a shared understanding and experience of ILO member states that it is through an integrated strategy, a policy mix and institutional coordination to promote the employment and income opportunities, the rights and social protection of the millions involved that transition to the formal economy can be best facilitated.

International Labour Organisation (ILO) R204 - Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204)

The Recommendation No. 204, of universal relevance, acknowledges the broad diversity of situations of informality including specific national contexts and priorities for the transition to the formal economy and provides practical guidance to address these priorities. It clearly defines a broad and detailed scope of application to all workers and economic units - including enterprises, entrepreneurs and households in the informal economy. Such informal work may be found in all economic sectors and in public and private spheres.

This new Recommendation is of strategic significance for the world of work and for the future of work. This framework proposes the speedy implementation of the Recommendation by the government as it pursues the ambitious '2030 Upper-Middle Income Economy' (U-MIE) Agenda (Vision 2030). On top of being holistic, the recommendation concerns half of the global labour force and more than 90 percent of small and medium enterprises worldwide who are working and operating in conditions of informality and the government can easily tap into this huge market for sustainable economic development. This is the first international labour standard to focus on the informal economy in its entirety and diversity and to point clearly in the direction of transition to the formal economy as a means to realize decent work to all and for achieving inclusive development.

The Objectives of Recommendation No. 204

Recommendation No 204 provides guidance form to members to pursue a three fold objective:

- Facilitate the transition of workers and economic units from the informal to the formal economy, while respecting workers' fundamental rights and ensuring opportunities for income security, livelihoods and entrepreneurship,
- Promote the creation, preservation and sustainability of enterprises and decent jobs in the formal economy and the coherence of macroeconomic, employment, social protection and other social policies and
- Prevent the informalization of formal economy jobs.

8. POLICY ALTERNATIVES

8.1 The Formal Regulatory Environment

It is vital for the government to note that over-regulation creates barriers and costs to those operating informally, just as it does to those operating formally. Deregulation, whether in financial, product or labour markets, can lead to increased informalization.

According to the Women in Informal Employment Globalizing and Organizing (WIEGO)'s Working Paper 1 of 2012⁶, many wage workers are caught between contradictory trends: rapid flexibilization of the employment relationship (making it easy for employers to expand or contract workforces as needed) and slow liberalization of labour mobility (making it difficult for workers to move easily across borders).

Lack of a regulatory environment, common in the informal economy, can also be costly. This can be exemplified by the fact that in Zimbabwe, few cities/towns have adopted coherent policies or bylaws that govern the operation of street vendors, choosing either to ignore it or to try to eliminate it. Both stances have a punitive effect: eviction, harassment, and the demand for bribes by police, municipal officials and other vested interested parties.

It is essential for policymakers to determine what commercial and labour regulations are appropriate to informal self-employment and informal wage employment, respectively.

8.2 A Comprehensive Policy Framework

Both economic and social policies have a direct impact on the informal economy. WIEGO Paper further states that, while no single prescription can address the concerns of all categories of informal enterprises, activities, or workers, there is a growing consensus that a comprehensive policy framework should entail four broad goals:

- **Register informal enterprises & regulate informal jobs** – Registering and taxing informal enterprises should be done by simplifying bureaucratic procedures and offering benefits and incentives in return for paying taxes. Concurrently, appropriate regulations should discourage employers from hiring workers informally—or informalizing existing jobs. Employers should be encouraged to contribute to health coverage and pensions for their workers, and extend other benefits.
- **Extend state social protection and legal protection to the informal workforce** – There is a growing consensus that universal health care and pensions coverage are needed, though little agreement on the appropriate role of government regulation and public expenditure, and the mix of public versus private provision.

⁶ Women in Informal Employment Globalizing and Organising (WIEGO)'s Working Paper 1 of 2012, The Informal Economy: Definitions, Theories and Policies, Martha Alter Chen

- **Create more descent jobs, preferably formal jobs, through labour-intensive growth**
 - Some argue this can be done through employment policies alone whilst others believe that employment goals must be integrated into development strategies. Some also contend that the overall structure of employment opportunities must be transformed to allow the working poor to take advantage of available opportunities. An accruing developmental stake in job creation is that as the government creates more jobs, it also increases its income tax base and increase its ability to provide for social service delivery.

Furthermore, there is need for the extension of legal protection to informal workers. The United Nations Commission on Legal Empowerment for the Poor⁷ has prioritized three areas: property rights, labour rights, and business rights. In most countries, this will require reforming existing legal regimes as informal workers are not covered under existing labour regulations or commercial/business laws. But many informal activities are governed by industry-specific regulations (e.g. those governing trade in fresh food) and undermined by local regulations that discourage or ban informal activities.

- **Increase productivity of informal enterprises & incomes for informal workers –**

This framework proposes two ways of achieving this. The first is to increase the positives through supportive measures to improve assets and market access to provide legal identity and rights, to raise productivity and to improve terms of trade or employment. The second is to reduce the negatives: through measures that reduce risks and address market power imbalances, as well as reduce policy or institutional biases which work against informal enterprises. This requires recognizing how market power imbalances and policy biases favour large formal enterprises over smaller informal enterprises, formal workers over informal workers, and men over women within these categories. The challenge is to monitor the impacts of different policies on different categories of the informal workforce and to address negative impacts.

9. EXPLORING ALTERNATIVE POLICY INTERVENTIONS THAT ENCOURAGE THE DEVELOPMENT OF THE INFORMAL SECTOR

Overall Objective

The overall objective of the proposed policy is to:

Provide and promote a supportive environment for the growth and economic development of

⁷ Social and Legal Protection for the Informal Workforce

the informal sector, as well as ensure absence of congestion and maintenance of hygiene in public spaces and streets.

Specific Objectives

- **Legal-** To give informal traders legal status by amending, enacting, repealing and implementing appropriate laws and providing legitimate operating spaces/zones in urban development plans.
- **Facilities-** To provide facilities for appropriate use of identified space including the creation of vending sites in the urban development plans.
- **Regulation-** To eschew imposing numerical limits on access to public spaces by discretionary licenses and instead moving to nominal fee-based regulation of access, where market forces like price, quality and demand will determine the number of vendors that can be sustained. Such a demand cannot be unlimited.
- **Role in distribution:-** To make informal traders a special component of the urban development plans by treating them as an integral and legitimate part of the urban distribution system.
- **Selfcompliance-** To promote self-compliance amongst informal traders.
- **Organization-** To promote organizations/associations representing informal traders to facilitate their empowerment.
- **Participation-** To set up participatory mechanisms with representation by urban vendors' organizations, (Unions / Co-operatives/ Associations), voluntary organizations, local authorities, the police, residents associations and others for orderly conduct of urban vending activities.
- **Rehabilitation of child informal traders/vendors-** To adopt measures for promoting a better future for child vendors by making appropriate interventions for their rehabilitation, schooling and other care and support services.
- **Social security & financial services-** To facilitate/promote social security e.g. pension, insurance, access to inances for informal traders through co-operatives/Micro Finance Institutions (MFIs) etc.

The Broader Elements of the Policy

1. Self-Regulation

While monitoring by external authorities is important, it is extremely vital for the informal traders, in particular street vendors, to practice self- regulation especially with respect to the following:

- **Hygiene and Quality control:** It is most important in food vending especially in sensitive areas like near schools, parks etc. where there is considerable exposure to children. Though quality control is essential, the practice of 'health inspector' may not necessarily be suitable or productive or always available. To maintain hygiene and quality assurance, informal traders should be trained on hygiene and quality assurance regularly.
- **Cleanliness:** The informal traders should assume responsibility to keep the environs clean – by properly disposing waste all the time. In this regard this Informal Sector Inclusion Framework proposes a programme on Clean Cities whose aim is to encourage informal traders to work in clean domains. It is further proposed that, every city or town should have trained self-regulation ambassadors who will monitor and educate other informal traders in their areas of operation to practice self-hygiene and cleanliness.

2. De-congestion of the CBD.

Informal economy has become the biggest employer and refuge occupation for many Zimbabweans employing over 94% of the economic active population and 60 % being in street vending. Of great concern is that, the demand for vending sites far exceeds the available spaces leading to congestion of pavements and sidewalks. Given this imbalance between available space and the number of vendors willing to occupy these spaces, an alternative model which enables the livelihood – congestion trade-off must be adopted. The demand for vending in a particular area can be matched with the supply without over-congestion if zoning plans provide adequate vending spaces both with respect to location and time. A system of registration of vendors and non-discretionary regulation of access to public spaces in accordance with the planning standards and nature of trade/ service should be adopted. In this regard big cities and towns are encouraged to upgrade infrastructure to assist street vendors and create better functioning and more aesthetically pleasing urban environments. Pedestrianization of vending stalls, for example, can create space for vending while simultaneously mitigating the negative effects that street vendors' use of space has on traffic flow. Constructing high-quality stalls, lockers, and common roofs over street vendor areas increases the street vendors' legitimacy and eliminates the need to transport their wares to and from home each day. A good example is the city of Bhubaneswar in India which demonstrates the impact of vendor engagement. In Bhubaneswar, the city fathers created a series of vending zones through a participatory mapping process. The city then built fixed kiosks in these zones. Street vendors have benefited greatly, with 67% reporting an increase in the number of customers and 61% reporting increased sales. Of vendors who reported increased sales, more than 70% reported increases of at least 10%.

3. Scale of Operation:

(Number of informal traders operating in a specified area). Every land use has a ceiling and it is true for street vending also. Overuse can cause complications drawing stringent actions, which can be avoided if the specifications are adhered to. Therefore, the quantitative norms should be respected by vendors as a measure of self-regulation in terms of the number of players in a particular trade to be allowed in a place. Registration system in consultation with informal traders, vendor's unions and associations may be used to regulate the scale of operation so that the ceiling limit is not crossed. In such cases as when the ceiling has been reached, measures must be put in place to incentivize vendors to go to such areas that would have been deemed none natural markets. Such measures include supporting economic activities in these areas e.g. Coca-Cola Open Space Area (along Seke Road), Coventry Holding Bay etc to promote the low of human traffic which would translate to markets.

10. PROPOSED INTERVENTIONS ON THE INCLUSION OF THE INFORMAL SECTOR

10.1 The Small and Medium Enterprises Sector

This section will first identify some of the challenges faced by informal sector players, taking into consideration their diverse characteristics and then explore on the possible strategies to address the identified challenges. The paper will first focus on the SMEs component of the sector and then street vendors. The biggest challenge that SMEs players doing business in Zimbabwe face is lack of access to capital from financial institutions and the causes of this scenario are multiple and these include the perception by financiers that financing individuals and SMEs constitute a higher risk, lack of collateral which bankers insist on having if they are to give loans to SMEs. Banks do not have departments that are adequately resourced to deal with the financial needs of SMEs, who are either serviced through the retail banking staff who do not have enough skills to deal with business banking or through banks' micro finance departments which by and large are treated as social responsibility projects by banks. It is therefore vital for the government to ensure that the SMEs component of the informal sector gets the necessary support in as far as financing is concerned. This can be achieved through group financing and other strategies that will ensure compliance with the terms and conditions spelt out by the financiers. There is also a general perception that SMEs lack business management skills and know-how of how to raise capital from banks. In instances where SMEs do get the loans from banks the terms (which include interest rates) are usually very stringent. Due to lack of access to finance from deposit taking institutions SMEs end up borrowing from money lenders

whose average interest rate are too high for any business' cash flows to carry hence subduing SMEs to unnecessary financial burden and distress. Related to the foregoing obstacles are the twin evils of lack of access to credit terms from suppliers and insistency of large corporate clients on getting credit terms from small businesses. Getting credit from suppliers is the cheapest source of finance for a business. The paper has already highlighted that it is difficult for SMEs to get finance from banks and loans to SMEs are usually expensive.

10.2 Standardisation of Products & Services

Barriers to entry into the SME business sector are very few, a situation which breeds intense business competition which gives customers of SMEs a strong bargaining base. Some customers take advantage of that and bargain for low prices and long credit terms which they usually do not respect putting a further strain on the cash flows of SMEs. Small transport operators are some of the SMEs that have been victims. Large companies can hire one small operator, delay paying them for months while utilizing the services of other small operators. To mitigate this challenge SMEs players must insist on legally binding contracts before entering into an agreement with individuals or corporates.

Furthermore, there is need for the standardization of contracts for SMEs. This will ensure that all the relevant players in the informal economy adhere to set principles and, in the process, ensure efficiency, greater returns and more importantly innovation.

10.3 Reserved Quarter for SME Supply

Government should consider reserving a special quarter for SMEs in its annual procurement budget. This will work as an incentive for improving productivity and empower entrepreneurs. To control and guarantee quality of goods and services supplied, qualifying SMEs should be registered and certified with a standards board. This approach worked well in India as part and parcel of the formalization and regularization of the operations of the informal economy. The government of India ensured that at every level, binding contracts are used by SMEs and are enforceable at law.

10.4 Devolution

In the southern half of Zimbabwe, SMEs also have to contend with the issue of over centralisation of decision making in Harare. To get a route permit for an emergency taxi or a

license for a village bottle store, one has to travel to the capital city. To get tender documents to supply a government even for departments that are in Bulawayo, Masvingo, Gweru and other major cities and towns, one has to go to Harare. The convenience and cost of doing business for an SME operating outside Harare is thus escalated several folds. This paper therefore urges the Government of Zimbabwe to implement devolution as stipulated by the country's 2013 constitution.

10.5 Training

This paper posits that SMEs need tailor made business and technical training. The level of business management skills and knowledge that is required by a textile manufacturing SME that supplies Edgars and Power Sales is certainly different from that required by a vegetable vendor selling his/her wares at an undesignated vending site in the central business district of Masvingo hence the need for specifically designed training programmes that address the knowledge needs of their target audiences.

10.6 Regularisation and Formalisation of SMEs

There is dire need for each stakeholder in the SME sector to play its role fully. To begin with, SMEs should formalize and regularise their businesses. This means business registration, licensing, opening of bank accounts, business record keeping, joining associations that look after their common interests and so on. On the other hand, banks need to consider minimising or removing operating bank charges on accounts held by small businesses to encourage SMEs to come into the formal banking system. The government needs to create and/or capacitate financial institutions that are supportive of small businesses. The government should make SME financing mandatory to institutions like NSSA, Pension Funds and People's Own Saving Bank (POSB). This can be done through giving loans to SMEs a prescribed asset status (a prescribed asset is one which by law must be included in the investment portfolio of a financial institution). There is also need to deal with the issue of lack of collateral through setting up of an institution that will guarantee viable small businesses so that they can borrow from banks and access credit from suppliers.

10.7 SME Support Policy

Deliberate policies should be crafted to enhance SME growth and empowerment. Government should support SMEs in its procurement through buying its consumables and offering tenders to

SMEs. A quota of goods and services can be reserved for SMEs in public procurement of goods and services. Purchasing from SMEs should also be made one of the benchmarks for measuring economic empowerment credentials of all organisations and corporates. Furthermore, local authorities should formulate SME supportive by-laws, charge reasonable license fees and levies and adopt policing methods that are progressive and sustainable.

11. STREET VENDORS AND SMALL AND MEDIUM ENTERPRISES (SMEs)

11.1 Organizing the Street Vendors and SMEs

In Zimbabwe, street vendors and in some cases SMEs are part of the unorganized sector. The main objective is to assist the street vendors and SMEs to get organized and transformed to formalized micro entrepreneurs for them to provide the following services which are key to the transformation of vendors to be active players in the government's '2030 Upper-Middle Income Economy' (U-MIE) Agenda (Vision 2030):

- Access to group insurance for a variety of insurance products
- Access to financial services
- Development of small and medium enterprises
- Access to housing schemes
- Vocational training and capacity building for awareness as well as skill up-gradations.

In addition, it is also important to organize them for creation of a united front for negotiation/bargaining for the protection of their rights. In this regard, it is required to promote organizations of street vendors' such as VISET and others to facilitate their empowerment. The organization should build adequate systems for managing finances/investment to be handled by professionals.

11.2 Planning Norms

Following the pronouncement by the then Minister of Local Government, Public Works and National Housing in April 2015 that there be a relook at the bylaws, some cities/towns drafted guidelines for regulating urban vending activities. However, the provisions made so far do not generally recognize the fact that demands for vendors' wares/services is highly specific and varies as to location and time, manifesting as a natural propensity of informal traders to locate in various places at particular times. On the contrary, the present urban planning norms

completely disregard the formation of such natural markets. Again they do not have implementation systems in place. Planning norms should be supportive of such natural markets.

11.3 Spatial Planning Norms- Demarcation of Trading Zones.

It is suggested that the demarcation of informal trading/vending sites be city/town specific. To make the plans conducive and adequate for informal traders of the respective city/town, the following should be adhered to:

- It should take into account the natural propensity of the informal traders to locate in certain places at certain times in response to patterns of demand for their goods/services.
- City authorities should provide sufficient spaces, designated as 'informal trader's markets' in layout plans at locations of such natural markets, for the number of vendors (static and mobile) which caters for the demand of their wares/services. If aspirants to such location exceed the number of spaces available, excess may be regulated by fees or lottery and not discretionary licenses. In any case, market forces relating to price, quality and demand will automatically curtail the number of vendors to sustainable levels.
- The 'No-Trading Zones' may be notified both in terms of location and time. Locations should not be designated as "No Trading Zones" for frivolous reasons; the public benefits of declaration of a No-Trading Zone should clearly outweigh the potential loss of livelihood and non-availability of goods and services that it would involve.
- With the growth of a city/town, every new area should have adequate provisions for informal traders.

Designation of traders' markets/No-Trading Zones should not be left to the sole discretion of local authorities but must be accomplished by a participatory process by a Town Informal Trading Committee (which for large towns/cities may be constituted on the basis of wards) whose membership may comprise the following:

- Local Authorities
- Municipal and Zimbabwe Republic Police
- Ministry of SMEs and Local Government
- Associations/Organizations representing informal traders
- Representative of leading financial institutions
- Associations representing formal business/private sector

The informal sector representatives should preferably constitute at least 50 % of the total

number of members of the committee and at least two thirds of the representatives of street vendors should be women. The process for selection of street vendors' representatives should be based on membership based organizations and financial accountability.

The committee should ensure that provisions for space for informal traders' markets are pragmatic, consistent with formation of natural markets and sufficient for existing demand for vendor's goods and services. Provisions of space may include temporary sites designated as vendors' markets for example weekly markets whose use at other times may be different for example Public Parks and, parking lot. Timing restriction on urban vending should correspond to the needs of ensuring non-congestion of public spaces / public hygiene. The committee should ensure continuation and up-grade of weekly markets.

11.4 Other Committee Functions:

- **Quantitative Norms-** This refers to the norms on amount of space to be provided for informal traders' markets. At town / city level, enough space should be designated for vendors' markets. Each town/city may evolve its own quantitative norms, but after proper surveys and consultations.
- **Qualitative Guidelines-** This refers to facilities to be provided for informal traders' markets by the local authorities. These include, provisions for solid waste disposal, public toilets to maintain cleanliness, aesthetic design of mobile stalls/push carts, provision for electricity, provision for drinking water, provision for protective covers to protect their wares as well as themselves from heat, rain, dust and storage facilities including cold storage.
- Set the terms and conditions (planning) for trading and take corrective action against defiant hawkers.
- **Collection of Revenue** – The traders should be charged a reasonable monthly fee for access to various services. The committee will also collect registration fee, monthly maintenance charges and fines, if any.
- Making available a proportion of revenue generated from registration fees and monthly fees to run their operations subject to a minimum grant from the local authority.
- **Monitoring Mechanism** - The Town Trading Committee/Ward Committee would be entrusted with adequate powers and resources to monitor the vending activities of a particular street and the quality of the services provided, take corrective action when required, report to City Level Committee, if required recommend revaluation/changes in specified norms for vending and report to the central ministry on the functioning of street vendors.

11.5 Regulatory Process

Traditionally, issuing licenses to informal traders was seen as an instrument to give some of them 'legal' status, in an environment where urban vending is ipso facto illegal, which would in turn remove the very basis of their harassment, extortion and eviction by the concerned authorities. However, the difficulties in obtaining such licenses, which are sought to be justified on the argument that congestion in public places would thus be avoided, has given rise to space baronism and partisan allocations.

It is important that the regulatory system in terms of policy and legislation be not only restrictive but be also enabling and supportive. The policy and legislation should protect the rights of people working in the informal sector so that they can be productive and contribute to the national development of the economy.

11.6 Registration System

The power to register would be vested in the Town Trading Committee according to the following standards;

- All traders in each city should be registered at a reasonable nominal fee to be decided by the Town Trading Committee.
- Registration should be renewed at intervals to be decided by the Town Trading Committee.
- The registration process must be simple.
- The traders will be issued Identity Cards which would contain valuable personal details, nature of business etc.

11.7 Training and Development

Informal traders are small businesses/micro enterprises. They should thus be provided with training to upgrade their technical and business skills to increase their income and grow their businesses. The government must establish an Informal Sector Skills Development Fund or a subsidy fund to assist vendors and informal players who wish to enhance their business skills for them to be productive and contribute to the national economy development.

12. LINKAGES BETWEEN THE INFORMAL SECTOR, FORMAL SECTOR, & FORMAL REGULATIONS

There is a general consensus that there is a negative gap between the two economies. If the government is to achieve the objectives of the '2030 Upper-Middle Income Economy' (U-MIE) Agenda (Vision 2030), sustainable strategies must be put in place to kick start inclusive engagement between the two economies. Research should be conducted as soon as possible to ascertain whether and how the informal economy is linked to the formal economy on one hand and to the formal regulatory environment on the other.

12.1 Informal Enterprises

Few informal enterprises, except perhaps some survival activities, operate in total isolation from formal firms. Most of them source raw materials from and/or supply finished goods to formal firms either directly or through intermediate (often informal) firms. Sourcing and supplying goods or services can take place through individual transactions but are more likely to take place through a sub-sector network of commercial relationships or a value chain of subcontracted relationships. This can be exemplified by the fact that there are informal home industries in Glen View 8 that manufacture furniture. These obtain the majority of their inputs from established formal businesses and supply their products to formal organizations.

To understand these linkages between informal enterprises and formal firms it is important to consider the nature of the production system through which they are linked. This is because the nature of the linkage, specifically the allocation of authority and risk between the informal and formal firm varies according to the nature of the production system as highlighted by Martha Chen (2012)⁸ as follows:

- **Individual transactions:** Some informal enterprises or own account operators exchange goods and services with formal firms in what might be characterized as open or pure market exchange (in the sense of independent units transacting with each other). In such cases, the dominant firm in terms of market knowledge and power, usually the formal firm controls the exchange or transaction. The government needs to move in quickly and address the imbalances that manifest at the individual level.

⁸ Martha Alter Chen is a Lecturer in Public Policy at the Harvard Kennedy School and International Coordinator of WIEGO. She is author of the Working Paper 1 of 2012, The Informal Economy: Definitions, Theories and Policies

- **Sub-sectors-** Many informal enterprises or own account operators produce and exchange goods and services with formal firms in what are called sub-sectors, that is, networks of independent units involved in the production and distribution of a particular product or commodity. In such networks, individual units are involved in a series of transactions with suppliers and customers. The terms and conditions of these transactions are governed largely by the dominant firm in specific transactions (as above) but also by the “rules of the game” for the sub-sector as a whole, which typically are determined by dominant firms in the network.
- **Value chains-** Some informal enterprises and own account operators and, by definition, all subcontracted workers produce goods within a value chain. The terms and conditions of production in value chains are determined largely by the lead firm, in domestic chains, a large national firm, in global value chains and a large transnational company. The major suppliers to the lead firm and often formal firms also help determine the terms and conditions of subcontracts to informal firms and workers down the chain.

Take the case of sofa manufacturers at Glen View 8 market in Harare. Some of the manufacturers produce for the open market selling sofas to individual customers or to firms in the specific furniture manufacturing subsector they operate in. These furniture manufacturers operate with some authority or control and assume all of the risks of production. Others produce goods under a subcontract for a supply firm linked to a lead firm, domestic or multinational. These Glen View 8 Sofas manufacturers have little, if any, authority or control over what they produce but assume much of the risk in form of non-wage costs (workspace, equipment, and electricity), rejected goods, and delayed payments. There should a deliberate policy intervention by the government that speaks to these backward and forward linkages both at micro and macro levels.

What is needed, most fundamentally, is a new economic paradigm, a hybrid economic model that embraces the traditional and the modern, allowing the smallest units and least powerful workers to operate alongside the largest units and most powerful economic players.

13. FORMALIZATION OF THE INFORMAL ECONOMY: PROVISION OF SAFETY NETS FOR INFORMAL WORKERS IN MACROECONOMIC POLICY PLANNING

At the heart of policy debates on the informal economy is the question of whether and how to formalize the informal economy. Different observers have different notions of what

formalization of the informal economy means. To some, it means shifting informal workers to formal wage jobs however this requires creating more formal wage jobs. To many, this refers to registering and taxing informal enterprises. For informal workers and operators, many of whom already pay taxes or fees of various kinds, for example license fees to operate and/or site fees to operate in specific locations or are willing to pay taxes or fees in return for benefits, it means gaining access to legal and social protection as well as support services (e.g. skills or business training) and being allowed to organize and to be represented in relevant rule-setting, policymaking, and collective bargaining processes. The formalization of the SMEs may include the following elements:

13.1 Formalization of Small and Medium Enterprises

Registration and taxation:

- simplified registration procedures
- progressive registration fees

Appropriate legal and regulatory frameworks including:

- enforceable commercial contracts
- private property rights
- use of public space
- occupational health and safety regulation

Benefits of operating formally:

- access to finance and market information
- access to public infrastructure and services
- enforceable commercial contracts
- limited liability
- clear bankruptcy and default rules
- access to government subsidies and incentives, including procurement bids and export promotion packages
- membership in formal business associations
- access to a formal system of social security

13.2 Formalization of Informal Jobs

Legal recognition and protection as workers rights and benefits of being formally employed:

- freedom from discrimination
- minimum wage

- occupational health and safety measures
- right to organize and bargain collectively
- membership in formal trade unions

According to Chen (2006), it is important to understand that formalization has different meanings and implications for different categories of informal workers. In Zimbabwe, the formalization conversation has focused primarily on the self-employed in informal enterprises; and often, more specifically, on informal entrepreneurs who hire others. At a minimum, the formalization debate needs to distinguish between wage workers in informal jobs and self-employed in informal enterprises. Ideally, it should further distinguish between different segments of the self-employed and wage-employed in the informal economy as each segment has its own particular needs and constraints.

Furthermore, it is important to ensure that formalization offers benefits and protections that come with being formal and does not simply impose the costs of becoming formal. In the spirit of job creation and security, for the self-employed, formalization should not mean just obtaining a license, registering their accounts, and paying taxes. These represent, to them, the costs of entry into the formal economy. What they would like is to receive the benefits of operating formally in return for paying these costs, including enforceable commercial contracts, legal ownership of their place of business and means of production tax breaks and incentive packages to increase their competitiveness membership in trade associations, protection against creditors, clear bankruptcy rules and social protection.

In as far as informal wage workers are concerned, formalization means obtaining a formal wage job—or formalizing their current job—with a secure contract, worker benefits, membership in a formal trade union, and employer contributions to their social protection. It is important to highlight that formalizing wage work requires a focus on employers, as employers are more likely than employees to avoid compliance with labour regulations. In this context, it should be noted that many informal wage workers work for formal firms and households, not just for informal enterprises.

It is therefore important to note that formalization has different dimensions beyond just registering and paying taxes, including receiving the legal and social protections enjoyed by formal firms and formal workers receiving the tax holidays incentive packages enjoyed by formal firms being allowed to organize and to have representative voice in rule-setting and policymaking processes and more. Policymakers should recognize these various dimensions of formalization and the fact that formalization is not, therefore, a one-step process rather its an ongoing process of extending benefits of formalization incrementally to informal workers. In asking informal workers to register and pay taxes, they should offer informal workers one or more benefits of formalization, asking each group of workers which benefit/s of formalization

would be most important in securing their livelihoods. In short, policymakers should consider the optimal dimensions and sequence of formalization from the perspective of different categories of informal workers.

14. COMPARATIVE ANALYSIS: A CASE OF GLOBAL BEST PRACTICES

This part of the frame work provides a comparative study of informal sector, in particular street vending policies adopted by jurisdictions throughout the world. This comparison is organized into five categories: **(1) relationships between the licensing regimes of national and municipal governments; (2) licensing structures; (3) identification of vending sites; (4) environmental, sanitation, and safety regulations and (5) enforcement and accountability mechanisms.** The policy description in each category lists points of similarity and difference between jurisdictions in order to offer a range of options for drafters of Zimbabwean Informal Sector regulations or law

14.1 India

In October 2010, the Indian Supreme Court decided the case of *Gainda Ram v. MCD*⁹ affirming that street vending is a fundamental right under the Indian Constitution and mandating Parliament to enact national legislation to ensure this right no later than June 30, 2011. This Informal Sector Framework holds that the government of Zimbabwe has a lot to learn from other countries in terms of how they managed to deal with the issue of the informal sector. As in many developing countries, Indian street vendors constitute a substantial proportion of the informal sector, providing affordable goods to the urban poor and filling a valuable economic and social role in the urban cityscape. There are an estimated 10 million street vendors in India and 350,000 in New Delhi alone. Contrary to previously held assumptions, the number of informal sector workers in India has been growing rather than shrinking. Yet street vendors struggle at the margins of the economy, facing police harassment, arbitrary restrictions on their work, and local officials hostile to informal markets. India, just like Zimbabwe, is party to a number of international human rights and labor treaties relevant to the regulation of the informal sector/street vendors. While these international instruments are not directly enforceable in Indian or Zimbabwean courts without implementing legislation, Indian courts have held that judges should interpret domestic legislation, where ambiguous, in the manner most consistent with treaties to which India is party.

⁹ *Gainda Ram v. M.C.D.*, (2010) 10 S.C.C. 175, available at <http://courtnic.nic.in/supremecourt/temp/wc%20169987p.txt>

Indian courts have used international treaties to read laws expansively to avoid ruling such laws unconstitutional. Thus drafting street vendor legislation offers the opportunity to directly incorporate international human rights norms and best practices into the national law. The Gaiinda Ram decision marked a significant shift in the way in which India has regulated the informal sector/street vendors. Previously, national regulation was pursued through the non-binding National Policy on Urban Street Vendors (“National Policy”). The National Policy aims to formalize and legalize street vendors, to provide protection from harassment and exploitation through a licensing system and to create a system of local management and self-government that provides opportunities for street vendors to redress violations of their rights (primarily harassment). Zimbabwe, being a signatory to a number of instruments at ILO and other bodies has a glorious opportunity to go with the Indiana model and push for radical legislative changes that promote the growth and development of the informal sector.

14.2 South Africa

South Africa provides an instructive example of a comprehensive national approach to street vending. In 1991, the South African national government passed the Businesses Act which recognized street vendors as proprietors of legitimate businesses. The Act details the process by which local administrators may issue licenses to vendors and imposes significant constraints on the actions of local authorities. It further outlines the conditions that local authorities may impose upon licenses, legitimate justifications for rejection of licenses, an appeals process, and penal provisions that may be imposed on vendors who violate government regulations. In 1993, the South African government amended the Businesses Act to provide municipalities with substantially more freedom to regulate vending practices, including the adoption of bylaws and local regulations¹⁰

Specifically, the amended Businesses Act endows provincial administrators with the authority to decide, consistent with the Act itself, “the constitution of anybody appointed as a licensing authority,” the “powers, duties and functions” of a licensing authority, the application of the Businesses Act’s vending provisions and the responsibility of individuals for reasonable expenses incurred through inspections¹¹. Additionally, the 1993 amendments provide local authorities with the ability to restrict areas within which vendors may operate but detail a public and consultative process which authorities must utilize in-order to do so. Several municipalities (Johannesburg in 2004⁵⁵ and Durban in 2010) recently adopted by-

¹⁰ Businesses Act 71 of 1991 (S. Afr.), available at <http://www.bloemfontein.co.za/docs/Business%20Act.pdf>

¹¹ Id. at (1)(a)(i)-(xi); (b)(i)-(ii). This list is not exclusive.

laws in accordance with the Businesses Act. The devolution of authority to the provincial and local levels has had mixed results. Local governments are frequently accused of failing to adopt regulations that are consistent with the letter and spirit of the Businesses Act and implementation problems have limited the effectiveness of the Act's ability to protect the rights of street vendors.

14.3 Northern Ireland

Northern Ireland presents a similar example of national-level regulation. For the better part of the twentieth century, street trading regulations in Northern Ireland were governed by the Street Trading Act of 1929. Due to a marked increase in traders, and because the 1929 Act was considered obsolete in many respects, Northern Ireland enacted the 2001 Street Trading Act to provide district councils with greater authority and legal mechanisms to control unlicensed vending. The policy objective of the Act is “to enable district councils to control and regulate street trading in their districts in such a way that prevents undue nuisance, interference and inconvenience to persons and vehicles.” As such, locations at which street vendors are allowed to sell and the enforcement of the rules are left to local district councils.

The comparative survey revealed a number of considerations pertinent to the Zimbabwean context. First, although it was common to require that vendors pay a licensing or registration fee to help cover costs of the regulatory scheme, it is important that these fees not be excessively high. This is not only because informal traders/street vendors in Zimbabwe tend to be economically disadvantaged, but also because high fees can foster instability that threatens the regulatory scheme as a whole. This can be exemplified by the fact that an increase in street vendor rents by some South African municipalities led vendors to protest in recent years. In 2012, when Durban increased the cost of renting a stall from 10 rand to 40 rand, over 1000 traders marched through the city center in protest. One important decision in the Zimbabwean legislative process, then, will be the decision on how strictly the national legislation will constrain municipal governments in the setting of fees. Second, requirements that informal traders/street vendors be self-employed, and that applicants be allowed to apply for only one permit, have generally been looked upon favorably by most vendors and their advocates. These requirements serve to prevent licenses and vending spaces from being monopolized by what have become to be known as space barons in Harare and other towns.

Furthermore, local decision-making, particularly with a participatory mechanism, offer greater flexibility for local governments to identify market sites. In theory, because local governments may be more aware of traditional vending patterns, they may be better placed to meet two civil society goals; proximity to natural markets and a number of sites that equals the number of informal traders/street vendors. However, local authorities may also be more susceptible to

pressures from other local interest groups and the relative power of informal traders/street vendors in decision-making bodies is likely to vary in response to changing local politics. To ensure that the civil society goals of market location and size are met, whilst allowing for local flexibility and the ability to react to changing numbers of vendors, drafters of the Zimbabwean legislation could use national legislation to set certain guidelines about informal

trading/street vending site selection for example, locations must be within a certain distance of natural markets and be sufficient to accommodate all traders, while allowing more specific guidelines to be set locally. Legislation might also mandate minimum levels of street vendor participation in the decision-making process to ensure that administrative decisions accurately reflect understandings about natural markets and trader needs, or it might use an administrative body with existing participatory mechanisms, such as the town vending councils.

15. RECOMMENDATIONS

This proposed framework's recommendations are anchored on the steps proposed the ILO's 2015 "Recommendation 204"¹² which provides guidance for member states to:

- Facilitate the transition of workers and economic units from the informal to the formal economy, while respecting workers' fundamental rights and ensuring opportunities for income security, livelihoods and entrepreneurship,
- Promote the creation, preservation and sustainability of enterprises and decent jobs in the formal economy and the coherence of macroeconomic, employment, social protection and other social policies, and
- Prevent the informalization of formal economy jobs.

16. CONCLUSION

Informal employment is the main source of employment and income for the majority of the workforce in the developing world. Both informal enterprises and the informal workforce need to be valued for their contributions and integrated into economic planning and legal frameworks. To ensure policy responses are appropriate to the constraints and risks faced by informal workers, they must attain greater visibility in official labour force statistics and greater

¹² International Labour Organisation Recommendation 204 on the Transition from informal to formal

representative voice in rule-setting and policymaking processes. Efforts to strengthen organizations of informal workers must be increased and sustained. What is needed, most importantly, is a new economic paradigm, a hybrid economic model that embraces the traditional and the modern, allowing the smallest units and least powerful workers to operate alongside the largest units and most powerful economic players. A macroeconomic policy framework that harnesses every effort in the informal economy through encouragement and progressive

www.zimcodd.org



Twitter: Zimbabwe Coalition
on Debt and Development
Handle: @zimcodd1



Facebook: Zimbabwe Coalition
on Debt and Development
Account: Zimcodd Zimbabwe