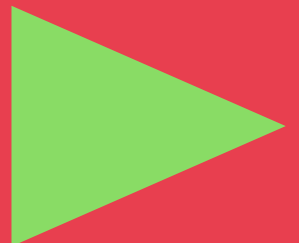


BULAWAYO SME CENTRE

Bulawayo SME Centre Workspace



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Zimbabwe has one of the largest informal economies out of 158 countries estimated at 60.6 per cent of GDP.¹ The 2019 Labour Force and Child Labour Survey estimates that around 2.2 million of the employed population in Zimbabwe are employed in the informal sector constituting about 76 per cent of total employment.

Small and Medium Enterprises (SMEs) in Zimbabwe complement the efforts of large corporations in the production of goods and services. They fill the gap that is not covered by large firms. SMEs account for more than 90 per cent of the economy.² Zimbabwe Revenue Authority (ZIMRA) defines a small enterprise for capital allowance purposes as a company with six to forty employees, annual turn-over of US\$50,000 to US\$500,000 and assets valued at between US\$50,000 to US\$1 million. A medium sized enterprise is one with 41 to 75 employees, annual turnover of between \$1 million and US\$2 million and assets valued between US\$1 million and US\$2 million.



Better Workspaces and Decent Work

Informal businesses in Zimbabwean cities, including Bulawayo, favour five operating spaces or business workplaces: covered markets; residences; shop pavements; roadsides, and private sector premises (Chirisa, 2009; Gumbo, 2005; Kamete, 2007). Better workspaces have the potential to improve productivity, access to markets, access to funding, access to technology and access to capacity development. In an effort to promote decent work in Zimbabwe, ILO launched the project to improve the conditions of work, particularly workspaces in the informal sector.

In 2019, the International Labour Organization (ILO) and the Bulawayo City Council entered an agreement as part of the (EPLMGP) to develop programmes for economic development, promoting consensus building and democratic involvement among the main informal economy stakeholders and collaborating on the improvement to the workspaces.

The availability of appropriate workspaces is a key ingredient to encourage the transition from informality to formality. Working conditions are key dimensions of decent and productive work. Workers place their wages, working hours, safety, and ability to



¹ IMF Working Paper January 2018

² Gibbet Murambiwa Magaisa, Lovemore Matipira: Small and medium enterprises development in Zimbabwe: June, 2017. pp. 11-20



accommodate their personal and family needs, among their chief concerns regarding the dignity and quality of their working life. These aspects of working life are also important determinants of workplace productivity and competitiveness.

The programme developed a partnership with a local authority (City of Bulawayo); a private company (Old Mutual); and an organization representing workers in the informal economy to promote higher productivity and better working conditions at a workspace in central Bulawayo.

SMEs generally struggle to access affordable and appropriate workspace. In as much as Bulawayo is a former industrial hub, the factory spaces are too large and costly, making them inaccessible to SMEs - the majority of which comprise survivalist businesses. As a result, SMEs rely on home industries which have limited space and facilities to enable growth of their businesses.

The initiative aimed to facilitate the transition from the informal economy to the formal economy through a renovation of a workspace in the City of Bulawayo that houses informal businesses in a safe and secure manner.

About EPLMG

The ILO's Employment Promotion and Labour Market Governance Programme (EPLMGP) - a partnership of the Government of Zimbabwe, Employers Confederation of Zimbabwe and the Zimbabwe Congress of Trade Unions - seeks to improve working conditions for those participating in the informal economy, while deepening the respect for workers' fundamental rights and ensuring opportunities for income security, livelihoods and entrepreneurship.

The programme ran from February 2019 to August 2021. It was funded through the ILO's Regular Budget Supplementary Account (RBSA) with a budget of USD 1,064 million.

The programme contributed to efforts to addressing the challenge of the growing informal economy, through building and sharing knowledge on the conceptual framework to better understand and account for informality and how to promote and create more and better jobs in Zimbabwe. In addition, the programme contributed to the development of evidence based, gender responsive and non-discriminatory legislation, policies and strategies for facilitating the transition to formality. Some pilot formalisation interventions were also rolled out as a way to demonstrate "what-works."

The programme mainstreamed the promotion of social justice and decent work in all its activities. Several actions were delivered to bring the concept of Decent Work to the people who most urgently need to understand its importance and relevance. Actions focused on promoting understanding and buy-in to the concept of mainstreaming Decent Work into national policy as well as an exploration of potential avenues to tap into to mobilize resources.

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Why Bulawayo?

The project site was selected through a competitive process. The most important criteria for selection were an ability to demonstrate an integrated approach in executing the project in two ways.

1. Policy interventions with key institutions and capacity-building and concrete action at the community level, enterprise level, as well as the quality of an individual job.
2. An ability of the site to allow the programme to pursue several decent work-related objectives including:

Pro-employment policies at local level

Enterprise development

Improvement of work quality through the extension of social protection

Improvements in occupational safety

The promotion of tripartism and social dialogue and strengthening the capacity of workers and employers organization to represent those in the informal economy more effectively.

As part of the project, the ILO commissioned a capacity needs assessment of the Bulawayo City Council (BCC). The objectives were to conduct an institutional capacity needs assessment for the City of Bulawayo and to strengthen the City's ability to design and deliver

services that help people move into the formal economy.

ILO also commissioned a capacity needs assessment and business planning process for the Bulawayo Chamber of Small and Medium Enterprises (BCSME) as part of a nationwide effort to provide a framework for organizing the informal economy associations.

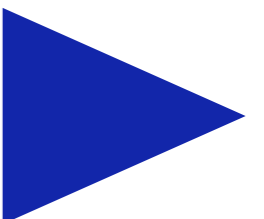
Project Participants

The ILO identified entrepreneurs who are members of the Bulawayo Chamber of Small and Medium Enterprises (BCSMEs) housed at OK Mart for support in improving access to workspace and other areas of service provision that contribute to formalization and business growth. As part of stakeholder consultations, 60 of the current tenants of the OK Mart centre were interviewed to collect baseline information on the status of their businesses.

The factory shell entrepreneurs were asked to complete a semi-structured questionnaire providing some information about their business operations and the challenges they faced.

Businesses in the OK Mart Centre are mainly owner managed with 40.4 per cent having started operations more than six years ago. 158 people including the owners (85 of whom are male and 73 of whom are female) are employed by the businesses. More than 80 per cent of the workers do not have signed contracts. The majority of businesses (74.6 per cent) are into manufacturing various wares followed by the services sector at 16.4 per cent. Almost half (44.6 per cent) of the businesses operating from OK Mart factory shell are not registered/sole proprietorships and one-third (32.3 per cent) are registered as Private Limited Companies.

One third of the enterprises complies with ZIMRA, 11 per cent with NSSA, 18 per cent with PRAZ and 21 per cent with local authorities. Virtually all but two entrepreneurs financed their business start-ups from personal savings. Thirty three per cent of the enterprises who completed the questionnaire have supplier contracts whilst the rest just make or retail products and services on the open market. Fifty-two percent (52 per cent) of the enterprises housed at the OK Mart factory shop indicated that their annual turnover is less than US\$1,000.



Highlights of the Intervention

1

Infrastructure

A factory shell housing micro-enterprises was refurbished using sustainable approaches to ensure the workspace is safe, more attractive and allows for more sustainable production. The site was previously partitioned using make shift materials. The partitions used were predominantly iron sheets, which created problems in the management of light, temperatures and humidity.

2

Beneficiaries

The initiative benefitted 60 enterprise and their 90 employees.

3

Labour Market Diagnostic Analysis

Zimbabwe's labour market. https://www.ilo.org/africa/countries-covered/zimbabwe/WCMS_819125/lang--en/index.htm

4

Dialogue on inclusive growth and decent work

The programme provided enterprise support for informal economy businesses: The programme rolled out the *"Start and Improve Your Business (SIYB)"* training programme targeting the informal economy.

5

Bulawayo SME Centre

The programme developed a partnership with a local authority (City of Bulawayo); a private company (Old Mutual); and an organization representing workers in the informal economy to promote higher productivity and better working conditions at a workspace in central Bulawayo.

6

SIYB Trainings

The SIYB trainer development process resulted in the training and mentoring of 14 SIYB trainers, who had various competences to train informal economy entrepreneurs. A total of 81 entrepreneurs were trained and assisted to develop action plans on how to improve their business management systems.

7

Impact of Covid 19

The programme collaborated with the National Social Security Authority (NSSA) to implement a COVID-19 Safe Return to Work programme.



The National University of Science and Technology (NUST) partnered the ILO on the academia side to do the refurbishment of the Bulawayo SME Centre. The University developed preliminary and detailed architectural designs, bills of quantities, related cost estimates and tender documents for the refurbishment of the factory shell, whose design included basic principles of industrial health and hygiene and conducted the supervision services of the refurbishment.

Conclusion

The partnership with the City of Bulawayo has been widely recognised as a viable, comprehensive and practical model to strengthen the capacity of local authorities to design and deliver services that create an enabling environment to promote the transition from the informal economy to the formal.

Facilitating 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 is vital to the decent work agenda.

The decent work agenda is key in realizing the sustainable development goals, achieving the imperatives of the national development plan and addressing decent work deficits within the informal economy.

The workspace was built through a process of co-creation involving the tripartite partners.



A woman with dark hair in a bun, wearing glasses and a black face mask, is seated at a sewing machine. She is wearing a light-colored, patterned blazer over a dark blue top. A yellow measuring tape is draped around her neck. She is using a pair of scissors to cut a piece of reddish-brown fabric. The sewing machine is a white, industrial-style machine on a table. On the table, there are several spools of thread in various colors (pink, blue, red), a bottle of liquid, and a small container. In the background, there are white curtains and a blue apron hanging on a stand.

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