



NKANGALA DISTRICT MUNICIPALITY



APPOINTMENT OF A SUITABLE SERVICE PROVIDER FOR THE FORMULATION OF THE INFORMAL ECONOMY STRATEGY IN NKANGALA DISTRICT MUNICIPALITY

SCOPE OF WORK

1. BACKGROUND

The informal economy is the part of any economy that is neither taxed nor monitored by any form of government. It comprises activities that have market value and would add to tax revenue and GDP if they were recorded. The informal economy is a globally widespread phenomenon, especially in developing countries. Nkangala District Municipality consists of 160 towns and villages, and its economy is dominated by electricity, manufacturing and mining. These sectors are followed by community services, trade, finance, transport, agriculture and construction. However, the district faces challenges such as poverty, unemployment, inequality, low skills levels, environmental degradation and social unrest. These factors may push many people into the informal economy as a survival strategy to supplement their income. The informal economy in Nkangala may include activities such as street vending, waste picking, home-based work, domestic work, taxi driving, small-scale farming, artisanal mining and others. The informal economy in Nkangala District Municipal area may have both positive and negative impacts on the development and well-being of its people. It may contribute to economic growth, social inclusion and innovation, but it may also undermine tax revenue, labour standards and environmental sustainability. A balanced and integrated approach is needed to address the challenges and opportunities of the informal economy in this region.

2. OBJECTIVES

Nkangala District Municipality is seeking to appoint a suitable service provider for the formulation of the informal economy strategy in Nkangala District Municipality. Nkangala District Municipality recognises the informal economy as a vital source of income and employment for millions of its citizens, especially the poor and marginalised. It also acknowledges the challenges and constraints faced by the informal economy, such as lack of access to finance, skills, markets, infrastructure and social protection. The district seeks to propose a set of policies and interventions to support the informal economy taking into consideration the following principles:

- Promoting a developmental approach that respects the diversity and dynamism of the informal economy, rather than a punitive or regulatory approach that seeks to eliminate or formalise it.
- Enhancing the linkages and complementarities between the informal and formal sectors, rather than creating a dualistic or segmented economy.
- Providing an enabling environment that reduces the costs and risks of informality, while increasing the benefits and opportunities of formality.
- Empowering the informal economy participants to have a voice and representation in policy-making and governance processes.
- Improving the data collection and analysis on the informal economy, using both quantitative and qualitative methods, to inform evidence-based policies and programs.



- Providing targeted financial support to informal enterprises and workers, such as micro-credit, grants, subsidies, tax incentives and insurance schemes.
- Expanding the provision of business development services to informal enterprises and workers, such as training, mentoring, coaching, incubation, networking and market access.
- Improving the physical infrastructure and public services in areas where informal activities take place, such as roads, electricity, water, sanitation, waste management, public transport and security, and others.

The appointed service provider must conceptualise the strategy in the manner that will elevate the above principles and others to assist the district to effectively manage and support the informal economy successfully.

3. DELIVERABLES OR PROJECT OUTPUT AND OUTCOME

Nkangala District Municipality is seeking to appoint a suitable service provider for the formulation of the informal economy strategy in Nkangala District Municipality, and should ensure that the attainment of the following deliverables:

- Inception report: as a follow-up to the initial proposal with a revised plan and detailed methodology and reporting structure for the duration of the project.
- Literature review report: policies, strategies, programmes including benchmarking reports, (local and international best practices within both public and private sectors) focusing on the informal economy. The literature review report will highlight the South African informal economy policy environment.
- Local Municipalities' focus group reports: six focus groups reports reflecting all six local municipal informal economy policies, strategies and programmes.
- Implementation plan/framework: detailing the institutional roles, deliverables, indicators, timeframes reporting mechanisms.
- Monitoring and evaluation framework.
- A draft report to be presented at a workshop for stakeholders to discuss the report
- The final report with recommendations, in hard copy and electronic.
- Provision of all datasets, metadata and survey documentation (including interviews) when data was collected.
- A PowerPoint or audio-visual presentation of the results and other presentations as required.

4. CONTRACT PERIOD

The duration of this project shall be ten (10) months after the signing of a contract by the successful service providers.

5. ANTICIPATED PROJECT STAKEHOLDERS

The appointed service provider is expected to engage stakeholders when executing the project, among others the following stakeholders are key:

- Informal enterprises;
- Informal workers;
- Local Municipality's officials attached to the informal sector;
- Senior municipal officials in the Local Economic Development departments;
- Government Agencies that have a role in regulating and supporting the informal economy;
- International organisations, International Labour Organisation (ILO);
- Civil society organizations;
- Private businesses representatives affected by the Informal Economy;



- National and Provincial Government Representatives; and any other relevant organisations.

6. CONFIDENTIALITY OF INFORMATION

The service provider is expected to safeguard the confidential information disclosed pursuant to content shared with the service provider.

7. CONCLUSION

- All conditions and requirement included in the terms of reference shall serve as a contract between the municipality and the successful service provider. Moreover, the appointment letter will also include conditions and requirements in addition to all included herein the terms of reference. Conditions and requirements in both the terms of reference and appointment letter shall remain fixed and binding for the period of the assignment and unless where stated otherwise.