



Call for expression of interest: country research paper on analysis of framework for the formalization of economic units in Guyana

The ILO Decent Work Team and Office for the Caribbean in Port of Spain is pleased to launch a call for the Expression of Interest (EoI) for national or international consultants/companies interested in carrying out national studies on formalization of economic units in Guyana. Full details can be found in the attached terms of reference.

WHEN and HOW?

The call for EOI is being launched on 12 July 2016. The timeline from the selection of consultants is as follows:

- Reception of expression of interest: 20 July.
- Conference call with Q & A: 22 July
- Receive fully fledged proposals: 29 July
- Selection of Winning proposals: 4-8 August
- Start of work; 15 August
- Conclusion of work: 15 September

Interested persons will be requested to submit a proposal including:

- CV of the researcher/s and respective proposed role in the research exercise;
- Cover letter;
- Availability

To: HRDPOS@ilo.org by 20 July at 12:00 noon (Port of Spain Time)

Any requests for additional information will be addressed during the conference call to be held on 24 June with participants satisfying the minimum eligibility criteria. During such call, elements of the research proposal will be explained in details.

Proposals received by 29 July at 12:00 noon Port of Spain time at HRDPOS@ilo.org will be assessed and selected parties will be notified within the week of 4-8 August. Criteria for assessment will be:

- Proposal relevance, quality and coherence (60%)
- CVs and experience (30%)
- Other (cost) 10%

Work is expected to start on 15 August and terminate on 15 September.

Annex 1. Terms of Reference for country and sub-regional study analysing the framework for the formalization of economic units, Guyana.

Background and Justification

In June 2015, the International Labour Conference adopted Recommendation 204 “Concerning the transition from the informal to the formal economy”. The latter calls for member states to: (a) facilitate the transition of workers and economic units from the informal to the formal economy (..); (b) promote the creation, preservation and sustainability of enterprises and decent jobs in the formal economy (..); and (c) prevent the informalization of formal economy jobs (..). Implementing such commitment within the countries of the Caribbean must start from a deeper understanding of what the country framework is and how the informal economy is defined and appears at the national level.

For the purpose of designing and implementing suitable advocacy tools and policy interventions in the Caribbean region, the ILO is interested in commissioning a comparative study which will help to identify existing legal instruments and definitions, their actual application and compliance with and the extent to which they contribute to ensure achievement of the goals of Recommendation 204.

Objective

The objective of the undertaking is to provide ILO constituents, national stakeholders and scholars with a detailed overview of the existing situation in the Caribbean region regarding:

- legal provisions and their impact on the registration/formalization of economic units;
- elements impacting compliance with such provisions;
- the overall situation regarding informality of economic units.

An inventory of the regulatory environment for economic units, of the elements which facilitate or hinder compliance with it and the main features of the informal economy is to be produced to obtain a full comparable description of the situation in selected countries and to identify areas of future intervention.

Methodology, deliverables and timeline

Research question and definitions.

The research questions to be answered are the following:

- 1) What is the current regulatory framework for economic units and could it lead to decent work deficits?

Economic units are defined as: (a) units that employ hired labour; (b) units that are owned by individuals working on their own account, either alone or with the help of contributing family workers; and (c) cooperatives and social and solidarity economy units.

What needs to be studied is whether existing law and regulation applies to all economic units and, if this is *not* the case, what is the rationale behind such choice and whether this situation could lead to a decent work deficit. What needs to be understood is if there are economic units which are *de jure*, not required to abide certain legal obligations and if this may entail disadvantage for the unit itself (in terms of non-access to a certain number of services and opportunities such as exposure, credit, subsidies, support services, or in terms of limiting the unit's productivity) or for its workers, whether self-employed or salaried, in terms of non-access to social protection or non-application of legal rights and practices otherwise applied to other workers.

Specifically the analysis should cover elements such as:

- a) Fiscal policy and obligations. Are certain economic units exempted from paying taxes on revenue or Value Added tax (VAT) or others¹? What are their characteristics? Why is this the case? What are the decent work/productivity implications of not being obliged to pay taxes?
- b) Social security. Are certain economic units exempted from paying social security contributions (pension, health, accident, unemployment, or a number of them). What are their characteristics? What are the performances related to these payments which economic units and their workers forgive by not paying?
- c) Labour Administration. Are certain economic units exempted from undergoing labour administration practices (labour inspection, registration of employees, declarations). Why is this the case? What are the services/advantages economic units and their workers forgive by not undergoing those practices?
- d) Business operation. Are certain economic units exempted from undergoing certain business operations practices, e.g. registration, operating licences, phytosanitary? What are their characteristics? Why is this the case? What are the implications of not being obliged to comply with such regulation, specifically in terms of missed opportunities to increase productivity²?
- e) Labour law coverage. Are certain labour law provisions not applicable to certain economic units (e.g. contract type, working conditions, minimum wage, working hours)? What are their characteristics? Why is this the case? What are the decent work/productivity implications of not being obliged to pay taxes?

¹ The analysis should focus on exceptions warranted because of size, geographical location or sector of activity rather than on incentives such as tax holidays warranted to attract investment.

² Productivity to be intended in the broad sense. Production or actual sales (the numerator of the productivity measure) may be hindered from such situation.

2) The other side of the analysis is meant to understand the compliance issue. Why economic units choose or are not in the position to comply with regulation sub (a)-(e) even if they are legally called for? What needs to be studied is whether existing laws and regulation are not complied with by some economic units and why. The key is to understand the rationale for such choice allowing to rank the causes/motives. Specifically, ILO would like to understand:

f) Why are economic units not complying (or partially complying) with regulation under (a)-(e)?

Possible causes could include:

- i. Excessive costs (red tape, fiscal pressure, corruption, abuses, etc.);
- ii. Lack of incentives (no benefit, actual or perceived, from complying including no services provided);
- iii. Lack or non-enforcement of controls and penalties;
- iv. Lack of labour administration services facilitating compliance (provision of information, promoting compliance, capacity building for informal units).

The analysis should be targeted to understand the relative importance of each of those causes and whether there are:

- v. Cases of only partial compliance (only few regulations are abode to/only for a certain type of units or employees, while others are left out e.g. special contract, atypical/non standards contracts or part time workers not benefitting from employers' payment of social security);
- vi. Implications from non-compliance in terms of productivity or formalization of jobs. If an economic unit does not comply with regulation this may hinder their productivity or may affect the possibility for their workers to benefit fundamental labour rights.

3) What are the common features of economic units not complying with regulation sub (a)-(e)? How many are they? Specifically, ILO would like to understand:

g) According to available data, how could we quantify how many economic units are exempted from abiding to certain regulations? Conversely, how many are legally obliged but do not comply? Total numbers, ratios and trends on what are their observable characteristics (size, number of employees, turnover, sector of operation, ownership by gender) are to be analysed. Proxies are to be identified using available sources from Household Surveys (self-employed) and Establishment surveys. The references below present some of the data sources to consider.

Countries and areas of study

The final study will regroup in a single document the analysis carried in four different countries: **Barbados, Guyana, Jamaica and St. Lucia**. At present ILO is looking for expression of interest to carry out the study in Guyana.

Research methodology and profiles sought

The national studies will include:

- 1) **The analysis of Laws and regulations regarding dimensions: a to e above;**
- 2) **Interviews with relevant stakeholders** and focus groups/small surveys with business associations, relevant owners of economic units. A cross check/correspondence with the existing measures describing the situation in the country (E.g. World Bank doing business database, World Economic Forum competitiveness report, etc) is warranted (ref: f, above);
- 3) **Analysis of data and size of the informal economy by economic unit.** Indicators such as the size of the enterprises, their informal/formal nature and the rate of formal vs informal enterprises broken down by sector and geographical location will need to be actively sought through analysis of data from existing enterprise surveys and analysis of labour force surveys (the latter will concern, specially self-employed workers and questions related to their enterprise) (ref: g, above).

The consultant can propose additional methodological approaches.

Profiles

In light of the proposed research methodology, two profiles seem to be necessary for each study: analysis of legal texts and qualitative and quantitative social science research. While ILO understands the challenges related to such need, consultants are encouraged to join forces while submitting proposals, so as to split the analysis of the legal, the qualitative and the statistical part amongst themselves. Also, proposals suggesting that the same multidisciplinary team covers more than one country could be considered, although such approach is not preferred.

Duration

The national studies are expected to start as soon as possible and finish no later than 15 September, 2016.

Deliverables. Remuneration and Schedule of payments

The selected consultant will have to present:

Deliverable 1: inception report including relevant methodology, list of policies to be analysed list of stakeholders to consult, and preliminary analysis of data availability and indicators to be used.

Deliverable 2: Draft Final report

Deliverable 3: Final report

The compensation for such studies is the following:

USD 6,000 for the national study.

Schedule of payment is the following: 20% upon submission of inception report including relevant methodology, list of policies to be analysed and preliminary analysis of data availability. 80% upon finalization of report incorporating comments and observations from the ILO. Such comments will be sent no later than ten calendar days after receipt of the final draft.

Profiles and Minimum Qualifications Required

The ILO is to recruit one consultant to carry out the study in each individual country. Where time and preferences allow, consultants could engage in the study of more than one country, provided this does not entail any delay with respect to the set timeline. It is possible to recruit consultants to carry out more than one country study where suitable coverage of the two main domains of investigation (legal/qualitative and quantitative) is warranted.

In addition, the ILO is to recruit one leading consultant in charge of consolidating the individual country studies. Such consultant must preferably be the author of one of the national studies.

Education

First level university degree in social sciences and/or economics and/or commercial law, is the minimum qualifications required for the job. Other relevant quantitative and qualitative research experience in the field of informality and enterprise promotion is an asset. Capacity to analysis legal text and data is a must.

Experience

At least three years of professional experience in the field of economic and social research.

Language

Excellent command of English

Competencies

Knowledge of quantitative and qualitative research techniques. Capacity to carry out research on multi-disciplinary themes. Ability to interpret information and to identify and analyse problems with implementation. Ability to communicate effectively, both orally and in writing. Good drafting and computer application skills. Ability to clarify information. Must be able to interact with local actors and community leaders.

Annex II: Suggested starting references:

Papers

- Bosch et al. (2013) “Better pensions better jobs: towards universal coverage in Latin America and the Caribbean, IADB.
- Central Statistics Office St. Lucia “Measurement of Informal Sector and Informal Employment in St.Lucia”. Report of the 2008 Survey on Household Unincorporated Enterprises & Informal Sector.
- Compete Caribbean (2011) “Barbados Enterprise Survey Country Bulletin”.
- Franklin, 2010 : “Facilitating informal sector traders in the Caribbean: the case of Guyana, Dominica and Jamaica”
- Freije, S. (2001). Informal employment in Latin America and the Caribbean: causes, consequences and policy recommendations. Washington, DC: Inter-American Development Bank. [online].
- Gallin, Dan. 2007. The ILO Home Work Convention: Ten years later. Paper presented at “Women Work and Poverty: SEW/UNIFEM Policy Conference on Home Based Workers of South Asia”, New Delhi, 18–20 Jan.
- Gasparini, Leonardo; Tornarolli, Leopoldo. 2007. Labor informality in Latin America and the Caribbean: Patterns and trends from household survey microdata. CEDLAS Working Paper No. 46. La Plata, Centro de Estudios Distributivos, Laborales y Sociales.
- Greenidge, K. C. Holder and St Mayers (2009) “ Estimating the size of the informal economy in Barbados”. UWI Working paper
- ILO (2014): “ Thematic Labour Overview: Transition to Formality in Latin America and the Caribbean. Lima: ILO, Regional Office for Latin America and the Caribbean.
- ILO (2015a) “Políticas para la formalización de las micro y pequeñas empresas en América Latina. Experiencias, avances y desafíos”.
- ILO (2015b) “Informal employment in Saint Lucia” Unpublished paper.
- Perry, Guillermo E.; Maloney, William F.; Arias, Omar; Fajnzylber, Pablo; Mason, Andrew D.; Saavedra-Chanduvi, Jaime. 2007. Informality: Exit and exclusion. Washington, DC, World Bank
- Sookram Sandra & Patrick Watson (2007) “The Informal Sector and Gender in the Caribbean: The Case of Trinidad & Tobago”. Working paper, UWI St. Augustine Trinidad & Tobago
- Sookrama Sandra, Patrick Kent Watsona,1, Friedrich Schneiderb (2006). “Characteristics of households in the informal sector of an emerging economy” . Working paper, UWI St. Augustine Trinidad & Tobago

- Vuletin. G (2008) “Measuring the Informal Economy in Latin America and the Caribbean”. IMF Working Paper WP/08/102

Databases

- Guyana Population & Housing Census 2012 (only for status in employment)
- LACES and PROTEQUIN Enterprise survey Databases
- Notas FORLAC sobre experiencias recientes de formalización
- Notas FORLAC sobre políticas para la formalización de las micro y pequeñas empresas
- World Bank Doing Business database and reports
- World Economic Forum. International Competitiveness index database and reports
- World Bank Governance Indicators. Database and report