

► **Identification** of barriers and opportunities to formalize women-led small economic units and their workers in Lagos and Rivers State, Nigeria

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Terms of Reference for a National Consultant

**Promoting Gender Equality and Formalization through Women's Entrepreneurship Development in Nigeria Project**

March 2022

## 1. Background

### 1.1 Nigeria

The ILO Recommendation on the Transition from the Informal to the Formal Economy, 2015 (No. 204)<sup>1</sup> calls on member States to design coherent and integrated strategies to facilitate the transition from the informal to the formal economy, and recognizes the need for tailored approaches to address the diversity of situations and the specificity of national circumstances. Supporting enterprise formalization as a means of creating decent work opportunities for workers and economic units in the informal economy is a prominent pillar of the policy recommendations formulated in Recommendation 204.

In line with this, the ILO has recently launched the “Promoting Gender Equality and Formalization through Women’s Entrepreneurship Development in Nigeria” project. One of the objectives of this project is to support the government and social partners to formulate and pursue locally adapted, evidence-based and strategic recommendations to promote women’s entrepreneurship development and facilitate the formalization of their legal status and the status of their workers, in order to improve working conditions and the resilience of the businesses.

#### How is enterprise formalization defined?

Enterprise formalization means bringing enterprises under the regulation with the advantages and obligations that this entails. It includes the extension of the scope of fiscal, labour and social security regulation to all enterprises, the legal recognition and registration of enterprises and compliance with legal requirements. In order to measure informality among economic units, it is necessary to determine 1) to what extent economic units are registered with the relevant agencies at the national level, and 2) to what extent they comply with the regulations that apply to them (e.g. on business, tax, social, labour issues).

Source: [Theory of Change: Enterprise formalization for decent work.](#)

In 2021, the ILO has piloted a [Business Formalization Coaching Initiative](#). This is a participatory training activity aimed to equip a group of coaches, based in Nigeria, Rwanda and Uganda, to support a pool of young agri-entrepreneurs to formalize their enterprises. The initiative has supported coaches to identify business formalization requirements and incentives in their country and document them in a national coaching framework. The coaching framework contains information about business registration procedures in Nigeria, tax registration processes, social security registration and other issues related to employees as well as some preliminary information on existing incentives for business formalization (e.g. financial support, public procurement opportunities and access to government support). The coaching initiative has also capacitated the coaches to assist entrepreneurs along their formalization journey. It was implemented in partnership with JR Farms Africa and the Food and Agriculture Organization (FAO). Information and lessons from this coaching initiative will feed into the project on gender equality and formalization through women’s entrepreneurship development in Nigeria.

Against this background, an identification of the barriers and opportunities to formalize these women-owned informal enterprises and their workers will be undertaken. The study complements the assessment of the framework conditions on women’s entrepreneurship and of barriers to formalization of women enterprises in Nigeria (“WED assessment”)

### 1.2 Promoting Gender Equality and Formalization through Women’s Entrepreneurship Development in Nigeria Project

The International Labour Organisation has a long history of supporting entrepreneurship development in Nigeria. Promoting Gender Equality and Formalization through Women’s Entrepreneurship Development in Nigeria’ Project is a 20-month project and is scheduled to run from August 2021 to April 2022. The overall **objective** of the project is to support key actors in the business ecosystem to adopt approaches and policies that respond to the needs of women entrepreneurs in Nigeria, particularly in the informal economy. The project is expected to support partners in three main areas: 1. Supporting Government and social partners to address the barriers for women’s entrepreneurship development and

<sup>1</sup> The complete text of the Recommendation is available [here](#).

formalisation. 2. Strengthening Government and other business environment actors to expand their actions on WED and formalization focusing on legal and policy issues/framework, monitoring mechanism for learning, advocacy efforts and direct support to women-entrepreneurs. 3. Supporting Nigeria's Employers Consultative Association (NECA) to adopt gender-responsive measures by employer organisation to better target, serve women entrepreneurs, and widen its representation.

## 2. Methodology

The assignment will take place as follows:

### 2.1 Desk research (5 days):

1. Identify the business formalization actors and processes in Lagos and Rivers states, Nigeria through a review and adaptation of the existing enterprise formalization coaching framework (as mentioned above, see section 3). The coaching framework contains information on relevant registration and compliance requirements and the official agencies/institutions implicated in different steps of formalization (of enterprises and workers). The coaching framework contains information on national formalization actors and processes, which needs to be checked and corrected or complemented to bring it in line with the requirements and processes that apply in Lagos and Rivers State. Based on referrals by the ILO, the consultant will share the enterprise formalization coaching framework with the relevant official agencies/institutions implicated in the different formalization steps, collect their comments, and integrate the required changes in the coaching framework to bring it in line with the actual formalization requirements and procedures that apply in Lagos and Rivers States.
2. Identify barriers and opportunities to formalize women-owned micro and small enterprises in Nigeria in general and in Lagos and Rivers States in particular, based on a review of existing information studies and publications, including the coaching framework. The latter contains some information on incentives to formalize, which will be further identified through desk research and for which eligibility criteria will be documented. In terms of formalization barriers, the enterprise formalization team at ILO HQ will share some initial feedback that has been collected through a training of enterprise formalization coaches initiative. This will be the basis for a further review of barriers to formalize women-owned enterprises in Lagos and Rivers State.
3. Identify relevant stakeholders with a clear mandate to facilitate and/or stakeholders that may have a role to play in positivity or negatively impacting entrepreneurs' intentions, efforts towards and actual growth, development, and formalization of women-owned enterprises in Lagos and Rivers States. The ILO will provide documents to support this process, such as a long-list of potential 'enterprise formalization stakeholders' and relevant materials that may become available through the WED Assessment process in Nigeria. In other words, the relevant stakeholders may include Government ministries, institutions, agencies (national or subnational level) with a mandate in the area of enterprise development, including women's entrepreneurship development and/or the formalization and compliance of enterprises and the workers they employ; those that support women's entrepreneurship development, social partners, organizations of the informal economy, women's associations and non-governmental actors that work on women's entrepreneurship development and/or formalization (including those that provide business development services, financial services).

### 2.2 Primary data collection (16 days):

1. Conduct key informant interviews with selected stakeholders identified during the mapping process to gather additional information on barriers and opportunities to formalize women-owned enterprises in Lagos and Rivers State
  - a. Option a): Support the design of a guide for a Focus Group Discussion (FGD) on enterprise formalization barriers and opportunities, which may be used as part of the WED assessment process. The objective of this activity is to support the facilitator of the FGD to further assess particular enterprise formalization barriers and opportunities among women entrepreneurs. The guide will consist, amongst others, of a questionnaire and criteria to select women entrepreneurs that may participate in the FGD.

**Note:** This activity depends on the extent to which the Women's Entrepreneurship Development (WED) assessment process and timing can be aligned with the study to identify barriers and opportunities to formalize.

► **Identification of barriers and opportunities to formalize women-led small economic units and their workers in Lagos and Rivers State, Nigeria**

- b. Option b). If option a) is not feasible, the consultant will conduct interviews with sixteen women entrepreneurs who run an informal enterprise (8 per State) to discuss the identified barriers and opportunities to formalize.

## 2.3 Report writing and updating of coaching framework (7 days)

## 3. Responsibilities and Sequence of Activities

The Consultant is responsible for the coordination and supply of all deliverables as well as a finalized mapping report and coaching framework.

	<b>Sequence of Activities</b>	<b>Timeline</b>
1	Desk research <ul style="list-style-type: none"><li>Identify the business formalization actors and processes in Lagos and Rivers states.</li><li>Identify barriers and opportunities to formalize women-owned micro and small enterprises in Nigeria.</li><li>Identify relevant stakeholders</li></ul>	5 days
2	Primary data collection	16 days
3	Report writing and updating of coaching framework	7 days

## 4. Expected deliverables and payment calendar

- Deliverable 1:** Inception report which reflects an understanding of the assignment, a draft list of relevant literature and an outline for the mapping report.
- Deliverable 2:** Draft report, based on desk research, including a mapping of stakeholders that are involved in the formalization process in the two states and preliminary information and the links between the different actors. This report will also include either a guide for a FGD (option a) or a summary of findings from the interviews with the women entrepreneurs (option b). The draft report will include comments and revisions as requested by the ILO. 30% payment will be made upon submission of deliverable No 2.
- Deliverable 3:** Second draft report and updated coaching framework, based on desk research and stakeholder engagements. The second draft report includes a mapping of potential opportunities and barriers to formalization that may come from either internal factors of the women entrepreneurs (sector, size, education, location) or from external factors (e.g. lack of coordination or orientation of certain actors to communicate procedures). The coaching framework is updated with the acquired information and adapted to the two states (in general and with a specific focus on women entrepreneurs). 30% payment will be made upon submission of deliverable No 3.
- Deliverable 4:** Finalized mapping report and finalized coaching framework, to the satisfaction of the ILO. 40% payment will be made upon submission of deliverable No 4.

## 5. Duration

Level of effort required from the consultant is estimated at 28 workdays, between May and June 30, 2022.

## 6. Required profile

- Minimum of a Master's degree or equivalent in Economics, Political Science, Social Science, Law or a related field.
- Minimum relevant work experience of 5 (five) years in Nigeria including in the areas of women entrepreneurship, informality, formalization and compliance in entrepreneurship or related field.
- Proven expertise and track record in the conducting research and assessments in the areas of women entrepreneurship, formalization, the informal sector, regulatory compliance and/or related fields would be an advantage.

► **Identification of barriers and opportunities to formalize women-led small economic units and their workers in Lagos and Rivers State, Nigeria**

- Experience in design and implementation of assessments including qualitative and quantitative data collection, interpretation, and analysis.
- A good understanding of the Nigerian (informal) economy, formalization, and women entrepreneurship.
- Previous working relations with women entrepreneurs and the informal sector in Nigeria would be an advantage.
- Relevant international work experience will be an advantage.
- Proven capacity to deliver the assignment. Sample of past research reports may be asked during the selection process.

## **7. Supervision and coordination**

The consultant will be under the supervision of the Project Coordinator of the Promoting Gender Equality and Formalization through Women's Entrepreneurship Development in Abuja. The Project Coordinator in turn will work in close collaboration with the Enterprise Formalization Team and the Women's Entrepreneurship Development Programme at ILO headquarters in Geneva for the review of deliverables and guidance to the consultant.

## **8. Application procedure**

We welcome applications from individual qualified consultants. All applications must be submitted to [abujareg@ilo.org](mailto:abujareg@ilo.org) no later than 11 April 2022; and contain the following:

- a. A technical proposal clearly describing how they will approach and undertake the task. The technical proposal should also contain a non-edited report of similar completed task which outlines the target groups, methodologies employed (whether a combination of qualitative, quantitative and triangulation methods) as well as CV of Consultant (s) must be attached to the technical proposal.
- b. A financial proposal containing the details on the number of days allocated per task, consultancy fees/charges as well as travel expenses and other costs as envisaged by the applicant for the execution of the consultancy.

Proposals will be ranked based on understanding of the assignment, technical quality, feasibility, proven experience in a relevant field and cost efficiency of proposed approach. Proposals with a budget below USD 10,000 will score additional points.