Bank of Namibia

UNITED NATIONS
NAMIBIA

DIAGNOSTIC OF INFORMALITY IN NAMIBIA

Overview of Informality in Namibia

September 9, 2025

Step 01

ACKNOWLEDGEMENT:

This diagnostic was jointly led by the Bank of Namibia, the Ministry Industry, Mines and Energy, the Ministry of Justice and Labour relations, with the support of the United Nations in Namibia.

Special acknowledgement is extended to the consulting partners who undertook the study and produced the diagnostic outputs: Synergy Business Advisory & Consultancy (Synergy BAC), Genesis Analytics, and UN-Habitat/UNITAC Project.

The project was overseen by the National Working Group on Informality, chaired by Dr. Michael Humavindu, and supported by the Secretariat team from the Bank of Namibia: Dr. Emma Haiyambo, Mr. Erwin Naimhwaka, Ms. Sesilia Nekwaya, Mr. Petrus Indji, and Ms. Loise Katanga, together with technical representatives from the partnering Government Ministries and UN agencies: Mr. Festus Oscar (MIME), Ms. Eunice Ajambo (UN RC) Ms. Florence Bonnet (ILO) Ms. Anna Marie Kiaga (ILO), Dr. Luatumezi Abele (MJLR) and Ms. Tuwilika Shaimemanya (UN-Habitat), Ms. Omagano Kankondi (UNDP).

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The Bank of Namibia expresses its appreciation to all institutions and individuals whose contributions made this national diagnostic possible.

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"Informality in Namibia is not just a survival strategy; it is a dynamic economic force that sustains livelihoods, fosters resilience, and reflects the creativity of communities in the face of structural challenges."

Abbreviations

Abbrev.	Meaning
ABA	African Builders Association
ACmHPR	African Commission on Human and Peoples' Rights
AFSUN	African Food Security Urban Network
ALAN	Association for Local Authorities in Namibia
ARC	Association of Regional Councils
ARO	African Reclaimers Organisation
BIPA	Business & Intellectual Property Authority
CPD	Country Programme Document
CPSD	Country Private Sector Diagnostic
COVID-19	Coronavirus disease 2019
ECA	Employees' Compensation Act
ECF	Employees' Compensation Fund
FES	Friedrich-Ebert-Stiftung
GTUC	Ghana Trades Union Congress
HCP	Hungry Cities Partnership
HPP	Harambee Prosperity Plan
ICESCR	International Covenant on Economic, Social and Cultural Rights of 1966
ICSE	International Classification of Status in Employment
IFC	International Finance Cooperation

Abbrev.	Meaning
ILO	International Labour Organization
ISIC	Industrial Classification of All Economic Activities
LAC	Labour Advisory Council
LFPR	Labour Force Participation Rate
MFIs	Micro-finance institutions
MIT	Ministry of Industrialisation and Trade
MLIREC	Ministry of Labour, Industrial Relations, and Employment Creation
MSGB	Multiple Stakeholders Governance Body
MSMEs	Micro-Small and Medium Enterprises
NALAO	Namibian Association of Local Authority Officers
NAMFISA	Namibia Financial Institutions Supervisory Authority
NamRA	Namibia Revenue Agency
NAMSTA	Namibia Small Traders Association
NANLO	Namibia National Labour Organisation
NASA	Namibia Shebeen Associations
NAWIB	Namibia Women in Business
NCCI	Namibia Chamber of Commerce and Industry
NDP	National Development Plan
NEF	Namibia Employers' Federation
NGOs	Non-Governmental Organisations
NHIF	National Hospital Insurance Fund
NIDAWU	Namibia Informal, Domestic and Allied Workers Union

Abbrev.	Meaning
NIESED	National Informal Economy, Startups, and Entrepreneurship Development Policy
NISO	Namibia Informal Sector Organisation
NLFS	National Labour Force Survey
NSSF	National Social Security Fund
NUNW	National Union of Namibian Workers
OHA	Okutumbatumba Hawkers Association
OMAs	Offices, Ministries and Agencies
PABMMA	Panel Beaters and Motor Mechanics Association
SACCOs	Savings and Credit Cooperative Societies
SAP	Structural Adjustment Programme
SDG	Sustainable Development Goal
SHG	Self Help Group
SME	Small and Medium Enterprise
SPIREWORK	Social Protection Plan for the Informal Economy and Rural Workers 2011-2015
SSA	Social Security Act
SSC	Social Security Commission
SSE	Social and Solidarity Economy
TIPEEG	Targeted Intervention Programme for Employment and Economic Growth
TUCNA	Trade Union Congress of Namibia
UNDP	UN Development Programme
UNSDCF	United Nations Sustainable Development Cooperation Framework
VAT	Value-added Tax
WBG	World Bank Group

Executive Summary

Conceptual framework

The informal economy is conceptualised as constituting the informal and household sectors, as well as the informal employment and informal productive activities within enterprises operating in the formal sector. The latter is conceptualised of economic units that are formally recognised as distinct producers of goods and services for external consumption, regardless of the intended destination of their production. The household sector is conceptualised as economic units that are not formally recognised as producers of goods and services for external consumption, where production is primarily for the household's own final use or for other households, without the intention of generating income or profit for the producing household(s) or members of informal non-profit organisations.

Persons engaged in productive activities in the informal economy can be categorised as employees, employers, own account workers and contributing family workers among others. This report follows the Namibian Labour Force Survey to focus on the named four categories. A person involved in productive activities is considered an employee with an informal job if their employment does not offer benefits such as a pension scheme, medical aid, or social security. A person involved in productive activities is defined as an employer if they hire and compensate individuals for their labour. Own-account workers are individuals who, either independently or with one or more partners, hold self-employment jobs and have not consistently employed others to work for them. A person involved in productive activities is considered a contributing household worker with an informal job if they perform work for an informal, unincorporated household enterprise and their job is not registered for statutory social insurance.

The sectoral-industry-specific approach helps to minimise mix-ups in how the word "sector" is used in the report. The report uses the word "sector" in the informal, formal and household sectors sense. It does this in a context where industry classification is also referred to as a sector. Typically, the productive activities of persons and enterprises are measured in the national accounting systems, specifying their classification into either industrial classification or institutional sector classification. Namibia follows the former. Consequently, we specify the sector of the informal economy first and then go on to specify the particular industry-related productive activity in question.

Normative considerations

International and regional standards and guiding frameworks are important, as they give an indication of minimum requirements that should be met as regards protection and coverage, also as regards informal economy workers and informal employees. Relevant standards emanate globally from the UN and ILO, continentally from AU and regionally from SADC instruments – infused by a human rights approach and the sustainable development goals (SDGs). Several of these standards emphasise in particular the protection that should be available in labour and social protection terms, and measures that need to be in place to support transition from the informal to the informal economy. ILO Recommendation on the Transition from the Informal to the Formal Economy (No. 204) holds particular significance for workers, employers and for governments, also given its emphasis on ensuring opportunities for income security, livelihoods and entrepreneurship, the promotion of decent jobs and the coherence of macroeconomic, employment, social protection and other social policies, and the prevention of the informalisation of formal economy jobs. The Namibian Constitution stresses the crucial role and place of international law in the Namibian legal system, by adopting an international law-friendly approach in Article 144.

Spatial perspectives

The spatial perspectives of informality in Namibia are informed by both national statistical data sets, case studies and observations of informal economic activity in "hotspots" . The Namibia Labour Force Survey, 2018, calculates that more than half (57.7 percent) of the employed population are in informal employment. The share of workers in informal employment is close to two times higher in rural areas (78.9 percent) compared to urban areas (41.8 percent). In addition, 31.6 percent of the employed population are in vulnerable employment. And again, the majority (65.1 percent) are in rural areas. At this level of granularity, linkages between informality and rural and urban livelihoods are apparent.

At a sectoral level, informal employment in agriculture, forestry and fishing (146,537 persons, NLFS 2018), subsistence / communal farmers (94,001 persons, NLFS 2018) and unpaid family workers in subsistence / communal farms (17,040 persons, NLFS 2018) are expected to be found in predominantly rural areas. In contrast, domestic workers or informal employment in private households for example (65,674 persons, NLFS 2018) is not restricted to rural or urban areas. For this reason, a spatial analysis of specific sectors will be complementary.

In urban areas in Namibia, informality is most visible and vibrant in urban areas where communities are more densely populated and at prominent transport nodes or "hotspots" which experience significant traffic. The most visible sectors in these "hotspots" include (but are not limited to) informal traders selling goods and services such as fresh produce, cooked food, clothing, hair salons, and dress makers. These trading activities are not grouped as one category in the Namibia Labour Force Survey (NLFS) but fit into the wholesale and retail sector (38,952 persons, NLFS 2018) and accommodation and food services activities sector (56,956 persons, NLFS 2018) among others.

Spatial interventions such as the regulation of street traders and creation of permitted trading bays and open markets, attempt to formalise visible sectors of the informal economy such as street traders, and hawkers. The location and formalisation of Open Markets and permitted trading areas are a highly contested issue where traders feel that they are not consulted. With a process of participatory planning and governance, these spatial interventions can facilitate a transition to the formal economy and promote decent working conditions. Further research at a sectoral level is required to examine the opportunities to implement spatially targeted interventions to reduce decent work deficits and prevent the informalisation of formal economy jobs (this is especially true for less visible sectors such as domestic workers and home based enterprises). It is also imperative to examine the legacy of apartheid spatial policies that prohibited certain entrepreneurial and economic activities in Namibia.

Characteristics of informality

Informality in Namibia is characterised by a significant portion of the population working in informal employment and engaging in informal economic activities, particularly adult women (35 to 64 years) and youth (15 to 34 years) with secondary education and less, both in urban and rural areas. This informality can be assessed from both a "person" and "enterprise" perspective, where the former can be classified into employees, employers, own account workers and contributing household workers. Most of these workers find themselves in poor working conditions, which are often associated with informality in general. These include long working hours without requisite compensation, poor hygiene, and unsafe places of work, lower compared to the national average, unpaid family workers, lack of work contracts and social security as well as no other benefits such as pension or medical aid, and no inspections are carried out by Labour Inspectors. In addition, low levels of productivity and non-fixed places of work often characterize the numerous informal enterprises, including own-account workers.

A number of organisations do represent both informal workers and informal enterprises. Among others, these include the Namibian Informal Economy Organisation, Okutumbatumba Hawkers Association, Namibia Shebeen Association, African Builders Association, Panel Beaters and Motor Mechanics Association, Namibia Small Traders Association and the Namibia Informal, Domestic and Allied Workers Union.

Only one-fifth of the total employees in the country belong to unions, with more females than males. However, for the informal economy, the numbers represented by unions are much lower, being estimated at 7 percent only. These mainly belong to Bus and Taxi Associations. This lack of representation makes them particularly vulnerable to many forms of labour exploitation

Incentives for formalisation should consider that most operators remain in the informal economy for diverse reasons, including that a considerable number of them are in the informal economy not by choice, but because it is the only profession they are familiar with and that a considerable number of others are looking for flexible hours and being one's own boss.

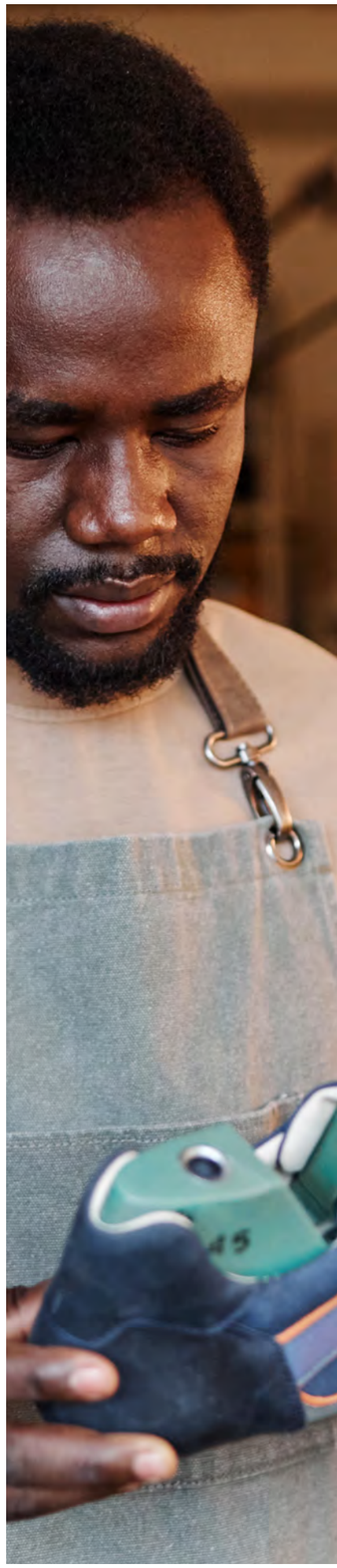
Drivers of informality

Namibia's economy has faced significant challenges in recent years, but signs of recovery emerged in 2023, with economic growth reaching 4.2 percent, driven mainly by the mining sector and oil exploration investments. However, growth is expected to moderate to between 3 and 3.8 percent annually over 2024–2026. Namibia's economic structure is heavily reliant on mining, which contributes significantly to exports but creates few jobs, while agriculture and manufacturing have remained relatively stable. The services sector, however, has seen a sharp decline in its share of GDP over the past decades. The informal economy continues to play a substantial role, contributing 24.7 percent to GDP.

Namibia's labour market also reflects significant disparities, with a labour force participation rate of 71.2 percent, but marked differences between urban and rural areas as well as between men and women. Informal employment remains prevalent, accounting for 57.7 percent of the employed population, with women and rural workers disproportionately engaged in informal work. Vulnerable employment is also common, particularly in rural areas, highlighting the precarious nature of jobs in the country.

Unemployment, particularly among youth and women, continues to pose significant challenges, with youth unemployment reaching 46.1 percent and long-term unemployment affecting over 70 percent of the jobless population.

The COVID-19 pandemic exacerbated these challenges, leading to widespread business closures and job losses, particularly in sectors such as tourism, food services, and construction. Despite government efforts to provide stimulus packages, including N$750 to the most vulnerable, only a small percentage of people reported receiving support. The pandemic also highlighted the vulnerability of informal workers, who were largely excluded



from tax relief and wage subsidies. Furthermore, informality in Namibia is driven by a complex mix of over-regulation, limited financial support, restrictive business requirements, and inadequate access to training. Additionally, weak institutional accountability and a top-down policy approach that excludes input from informal workers exacerbate the challenges, making informality a more accessible option despite its precarious nature.

Moving forward, Namibia must address these structural issues in the economy and labour market while building resilience against external shocks, such as climate change, which continues to threaten key sectors like agriculture and tourism.

Impact of informality

The impact of informality in Namibia is multifaceted, presenting both opportunities and challenges. While the informal economy provides vital livelihoods for many, especially where formal employment is scarce, it also hinders economic growth, reduces job quality, and exacerbates poverty and inequality. Informal sector productivity is significantly lower than that of formal businesses due to limited access to resources like finance, technology, and training, which reduces tax contributions and hampers the government's ability to invest in critical infrastructure. Nonetheless, the sector serves as an important incubator for entrepreneurship, particularly for marginalised populations. To maximise its potential, Namibia must focus on targeted formalisation efforts, improving productivity, and providing access to resources, while also addressing gender and regional disparities that are deeply embedded in the informal economy. With a strategic, inclusive approach, the informal sector can contribute more effectively to sustainable national development.

Regulatory framework

Article 95 of the Constitution of Namibia requires the State to actively promote and maintain the welfare of people, and to create equal opportunities. Its provisions constitute an important basis on which the protection of informal economy actors, in particular informal workers and their dependents, should be cemented in law, policy and practice.

However, with some but limited exceptions, the national legal framework does not provide suitable avenues for recognising and accommodating informal economy actors. The legal instruments investigated for this report contain minimal provisions indicating sensitivity to the needs and context of these actors. This is at times exacerbated by the lack of an obligation to consult with these actors and/or their representatives to ensure a context-sensitive outcome. Instead, there is an overemphasis on unilateral regulation, inspection and control. It is therefore no wonder that already in its legal review undertaken, the UNDP Diagnostic Study indicates that there is no legal framework to support the formalisation of the informal economy in Namibia . Both the sectoral policy and the legal frameworks need to be made more responsive to the needs of the informal economy – whether it be in terms of working conditions; social protection; the business environment, microfinance, public procurement or tax arrangements; and trading at local council level. Based on the identification of demonstrated gaps in the legal instruments, in relation to the needs, challenges and context of informal economy actors, and thorough consultations with these actors and/or their representatives, policy decisions would need to be taken first, followed by required changes to the provisions in the legal instruments.

Institutional environment

Even though the informal economy is not as such incorporated in the Namibian Constitution and other pertinent laws (e.g., Labour Act, Social Security Act), policies, and regulations, the Constitution guarantees the promotion of the welfare of the people that should inform the reform of the prevailing regulatory framework and institutional environment. There are three different branches of National Government, namely the executive branch, the legislative branch, and the judicial branch and there are three levels of government, namely central government, regional government, and local government. The Decentralization Enabling Act 33 of 2000 is in place that provides for and regulates the decentralisation of regional councils and local authority councils of functions vesting in Line Ministries. The Government recognised the significance of the informal economy and has adopted the NIESED (National Informal Economy, Startups and Entrepreneurship Development Policy) to develop the NIESED sectors and their participants into commercially viable and mainstream economic sectors that could contribute to the economic growth of Namibia and its inhabitants in a sustainable manner. There is a need to amend laws, policies, and practices and the provision of education and training, in consultation and with the participation of stakeholders to facilitate the integration of the informal economy. From an institutional perspective, there is a need for (1) the recognition of the value and contribution of the informal economy in law, policy, and practice, (2) followed by amendment of those instruments, (3) consultation, participation, and interest representation at all forums, and (4) education and training.

Policy approaches to reduce work deficits and reductions in informality

Namibia's policy approaches to reducing decent work deficits and addressing informality aim to create a more inclusive economy by transitioning informal workers and economic units into the formal economy. Efforts are centred on promoting decent work principles, which include providing productive, freely chosen employment, ensuring social protection, and fostering social dialogue. The National Informal Economy, Startups, and Entrepreneurship Development (NIESED) Policy marks a significant step toward formalising informal businesses, emphasising gradual formalisation through business registration, financial inclusion, and the creation of an enabling environment for informal enterprises. This includes supporting informal traders with access to credit, simplifying registration processes, and creating market opportunities. Furthermore, the policy seeks to address the challenging working conditions and low wages that dominate the informal sector, aiming to establish decent work standards through organisation, collective bargaining, and social dialogue. It will also be crucial to ensure access to decent working conditions for individuals in informal employment outside the informal sector, such as informal roles within formal enterprises and household employment (e.g., domestic workers). This approach will require coherence and complementarity among actions across various ministries, beyond the Ministry of Industrialization and Trade, along with collaboration among multiple stakeholders, including those represented in the national working group on the informal economy.

However, implementation challenges persist, and Namibia's policies remain fragmented and inadequately coordinated across government ministries, civil society, and the private sector. There is limited evidence of formal mechanisms for interagency collaboration, despite efforts by organisations like the Namibia Informal Sector Organisation (NISO) to promote a self-regulatory code of conduct and establish governance bodies for better coordination. While multi-stakeholder workshops and dialogues have emerged, such as those facilitated by the Taskforce on Informality, they are still in their early stages, and their impact remains to be seen.

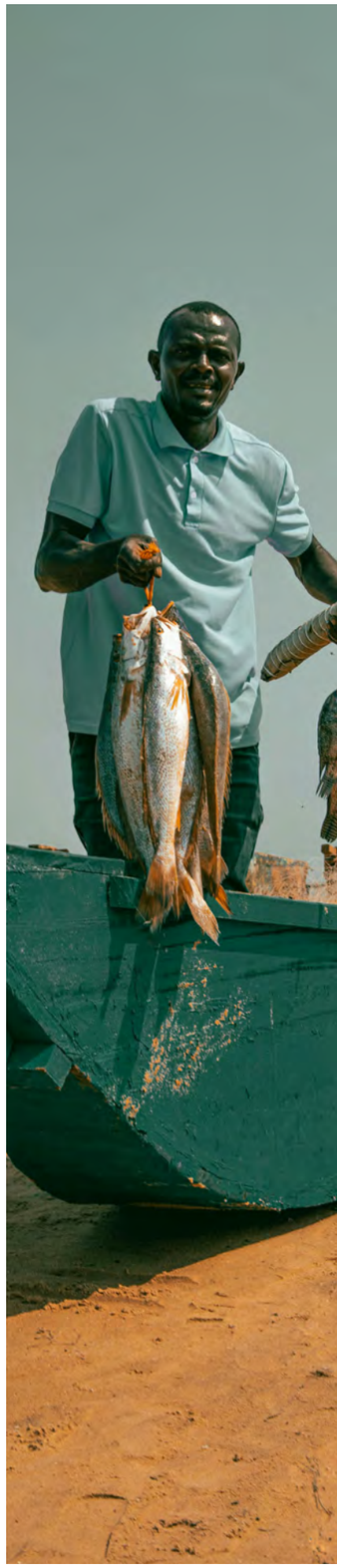
A major gap in Namibia's policy framework is the lack of comprehensive data on informal employment and clear indicators to assess the effectiveness of current strategies. National policy documents, such as the National Development Plans (NDPs) and Vision 2030, mention the importance of decent work but provide minimal coverage on the informal economy, leading to a disconnect between policy intent and actual outcomes. Furthermore, there is a pressing need for more robust enforcement of social protection measures and tailored interventions to address the specific needs of informal workers, especially women and vulnerable groups. Strengthening coordination among key actors and improving the integration of informal economy considerations into broader national strategies will be essential to reducing decent work deficits and facilitating the transition to formality in Namibia.

Comparative approaches

Looking at various literature sources from around the globe, there have been positive developments in addressing informality and challenges experienced by the informal economy. One such case is the unusual process embarked upon by Johannesburg waste pickers or reclaimers to bring the City of Johannesburg municipal authority to the negotiating table for the recognition of reclaimers and their integration into the City's solid waste management system on terms favourable to the reclaimers. This demonstrates that in the informal economy, while the primary counterpart (e.g., at municipal level) may resist engaging in collective negotiations, by entering into a range of local community-based agreements, and by building power through association with allies, organised self-employed workers can start to build a bottom-up process of recognition and integration, thereby making it impossible for the primary counterpart to continue to ignore them. There are good lessons from the USA, Canada, and Australia on collective bargaining for dependent contractors in urban public space which is the workplace for significant percentage workers who are in informal employment. The public space is a site of a class struggle in many cities of the global South. Another example from the Indian context illustrates how the regulatory approach to labour law might be operationalized to realise the function of democratising street vendors' workplace. In Ghana, the Ghana Trades Union Congress (GTUC) adopted a policy on the informal economy to make sure that workers operating in the informal economy could also receive protection, to help them defend their rights, and to ensure safe working conditions. Two forces influenced the Zimbabwean trade unions in their decision to take initiatives in the informal economy with the first one being the decreasing membership base and the second one being the nonapplication of labour laws and international labour standards in the informal economy. In Tanzania, the National Social Security Fund covers employees in the private sector, government ministries and departments employing non-pensionable employees, parastatal organisations employing non-pensionable employees, ministers of religion, the self-employed or any other employed person not covered by any other social security scheme.

There are other specialised arrangements to achieve informal economy worker inclusion and in serving the overarching goal. In particular, a transformed social security system should address the underlying structural and material basis of social exclusion, as well as multidimensional poverty. Social security policy, and system design should be sensitive to the fact that for informal economy workers, meeting immediate needs, and not merely future contingencies, is a priority. Despite manifold challenges, the extension of social protection to workers in the informal economy is a critical element to reduce informality and achieve transition to the formal economy and hence better protection. Several good examples exist of the tailor-made extension of social security to informal economy workers, also in Africa

A holistic treatment of the matters is required, implying that other policy areas need to be adjusted too, in coordination with social protection policies, in particular business registration/formalisation,



labour legislation and tax policies, but also enterprise policies, public procurement and investment policies, access to government credit and business services, labour market and employment policies.

On social dialogue and collective bargaining, the 2002 ILO Resolution concerning tripartism and social dialogue recognises that civil society organisations can participate in tripartite social dialogues. There is need to strengthen voice and representation modalities that go beyond social partner (trade union and, where relevant, employer) participation, and acknowledge and include home-grown representativeorganisations of informal workers (also in the context of the ILO-supported AU's *Ten Year (2023-2032) Social and Solidarity Economy (SSE) Strategy for Africa).*

01

Report objectives, structure, approach and methodology

This report contains the findings of an informal economy literature review, aimed at informing an understanding of informality, its challenges and opportunities, in Namibia but with some reference to comparative experiences, and through the lens of global, continental and regional standards. The literature review relies on secondary information, which has been gathered from a range of primary and secondary literature sources.

A large number of relevant sources, including global, continental, and sub-regional instruments and guiding frameworks, Namibian laws and other regulatory instruments, Namibian policy documents, published reports, unpublished documents, survey documents and comparative literature of relevance for informality in Namibia, have been consulted.

The report describes the current state of affairs concerning informality in Namibia and highlights a range of shortcomings and challenges. It also briefly reflects on approaches that can be adopted, among others to improve the conditions under which informal actors operate and to support their formalisation. It is hoped that gaps in the available literature will be addressed through the inputs of reviewers of this report, and in the course of the survey and key informant interviews to be undertaken.

The report addresses, in sequence, the following dimensions pertaining to informality:

- Conceptual framework
- Normative considerations: global, continental and regional perspectives
- Spatial perspectives
- Characteristics of informality in Namibia
- Factors of informality
- Consequences of informality
- Regulatory framework
- Institutional environment
- Policy approaches to reduce work deficits and reduction of informality
- Comparative approaches

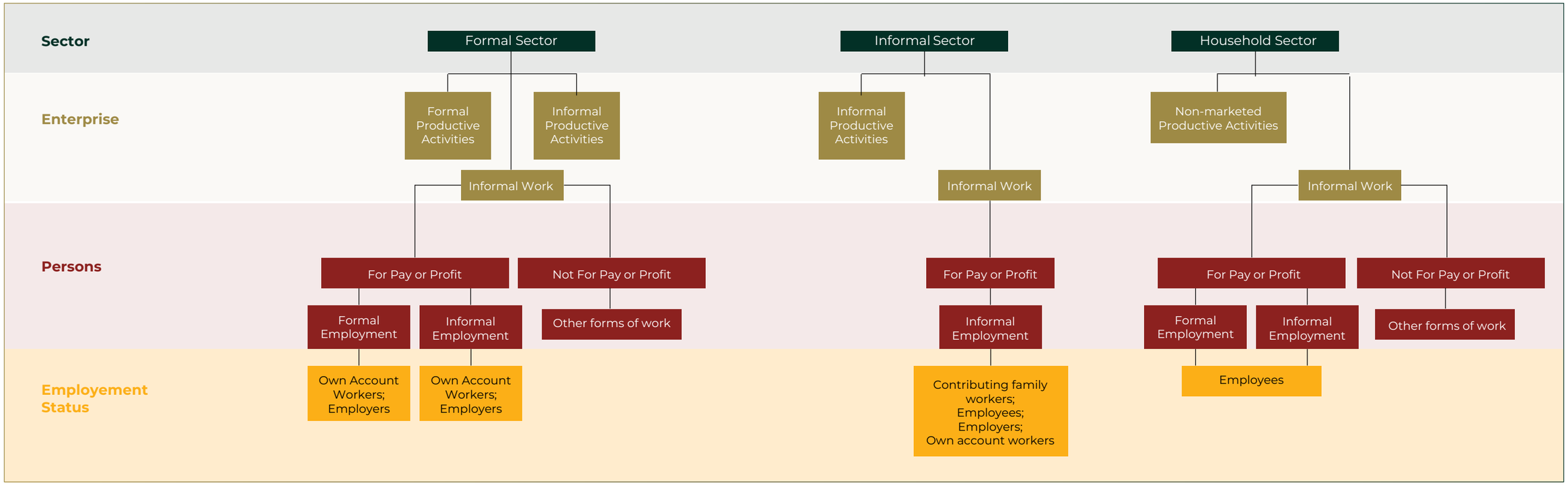
- Then, overall conclusions are drawn.

02

Conceptual framework

Informality has evolved into a multifaceted phenomenon, both as a concept and in practice (La Porta and Shleifer 2014). This section of the report provides a conceptual framework that sets the scope of informality as used in the report, making use of figure 1 as the point of departure.

Figure 1. Informality Conceptual Framework



Informal Economy

A plethora of literature on informal economy can be divided into three, namely conceptualisations, measurements and cause and effects of informality (see for instance Hart , Rauch , OECD , Kanbur , Chen , Charmes , ILO). This section primarily concentrates on the conceptualization of the informal economy and utilizes this framework to guide the assessment of how informality can be diagnosed.

The concept of the informal economy can be understood as comprising of informal productive activities of persons and economic units. We unpack this concept by attempting to answer the questions, who are these "persons" and in which part of the economy are they found? Which are these "economic units" and where are they found?

The location of persons and economic units engaged in informal productive activities is crucial, as there's a tendency to overlook informality located within formal arrangements. We conceptualise the informal economy as encompassing the informal sector and the household sector, and also includes informal employment and informal productive activities within the formal sector. Following the ILO's reasoning, we recognise that informal productive activities and informal work can occur within each of these three sectors, which are now explained separately below.

The formal sector

The formal sector is defined as comprising economic units that are formally recognised as distinct producers of goods and services for the consumption of others, irrespective of the intended destination of the production [corporations, quasi-corporations, government units, formal non-profit institutions serving households and formal household unincorporated market enterprises].

This definition is based on "economic units" and therefore does not address a "persons" based perspective. Incorporating a focus on "persons" would reveal the potential for informality within the formal sector. For instance, in the context of Namibia, if a person is employed in an economic unit that is located or operates within the formal sector but lacks a pension scheme, medical aid and/or social security then that person is considered as informally employed. This demonstrates that informality, when defined from a "persons" perspective, can also exist within the formal sector.

The same analogy applied to the "persons" perspective can also be extended to informal productive activities, which may exist among economic units operating within the formal sector. For instance, economic units in the formal sector may perform activities that do not fully comply with formal regulations such as unreported income and other shadow activities that are a proxy of noncompliant behaviours. However, this view is a source of misunderstanding as it has a different meaning to the concept of informality used by statisticians in national accounting, under the notion of non-observed economy activities, and ILO statistics, which does not cover illicit activities (according to the ILO Recommendation No. 204). We follow the approach of the OECD , which recognises that informal productive activities can be found both in the formal jobs and economic units, because it is more suitable for the Global South where some productive activities and income may not be recorded and reported by formally registered enterprises in the formal sector for various reasons.

The informal sector

The term "informal sector" was coined by the British anthropologist Keith Hart in his ILO's report on Kenya, which contributed to its widespread adoption. The definition has evolved to keep pace with dynamic economies, which vary in composition, size, and regional characteristics.

The current definition of the informal sector as provided by the ILO is that it comprises economic units that are producers of goods and services mainly intended for the market to generate income and profit and that are not formally recognised by government authorities as distinct market producers and thus not covered by formal arrangements.

Three issues on the provided definition are worth noting when conceptualising the informal sector. One, the definition is based on "economic units" and has nothing to do with the "persons", although, as we show later, all persons employed in the informal sector are informally employed. Two, given that these economic units are not formally recognized, their productive activities are considered informal and cannot be classified as formal. Three, the intended destination of the produced goods and services by economic units under consideration is

key. If the destination is not the marketplace, then the sector in question is the household sector, which we turn to in the next subsection.

The household sector

The household sector is defined by the ILO as comprising economic units that are not formally recognised as producers of goods and services for the consumption of others, whose production is either mainly for the household's own final use, or for the use of other households, without the purpose of generating income and profit for the producing household(s) or the members of the non-formal non-profit organisations.

It is crucial to note that when own-use production originates from a formally registered economic unit, then such types of activities cannot be located in the household sector but are to be classified in the formal sector.

The Economic Units (Enterprises) and their Productive Activities

The standard conceptualization of economic units in economics literature identifies them as producers of goods and services, categorised into three groups: firms, government, and households. Firms are market oriented and thus would comprise all market-oriented economic units. In line with the 2008 System of National Accounting , market-oriented economic units will include legal entities such as incorporated and unincorporated enterprises. Governments (and non-governmental organisations) are non-market-oriented economic units while households are economic units that produce goods and services for their own final use.

The government is unlikely to be a source of informality of economic units and is therefore excluded from the conceptual framework guiding this study. Enterprises, either incorporated or unincorporated, and those that are home-based, producing for own final use, are thus the focus of the report. Consequently, economic units are mainly referred to as enterprises and are conceptualised as such.

Enterprises can be formally recognised as either formal or informal as well as whether they are involved in formal and informal productive activities. For reasons of brevity, we mainly focus on informal enterprises and their informal productive activities.

An informal enterprise in Namibia is mainly characterised by not having a formal status as a market producer and is characterised by not being registered with the Social Security Commission, Ministry of Trade and Industry, Ministry of Finance or any other formal institution. There are also other characteristics that can define an informal enterprise, which are provided by the ILO. These include not being a separate legal entity from the owner, not keeping a complete set of accounts for tax purposes, not employing one or more persons to work as an employee with a formal job.

Informal enterprises can also be understood through their production of goods and services that fall outside formal arrangements (i.e., informal productive activities). Formal arrangements include regulations, procedures and laws that stipulate the responsibilities, obligations and protection of the enterprises. This description can easily mean that the informal sector is typically associated with the enterprises that violate these regulations, procedures and laws. Yet non-compliance is not always the case in the Global South, with Namibia included, but the issue often appears to be the absence of an appropriate legal framework accommodating these enterprises. A grey area arises when formal enterprises identified within the formal sector also violate these regulations through unreported productive activities and unrecorded productive activities.

Persons, Informal Work and their Employment statuses

Persons, like enterprises, can engage in both formal and informal productive activities, with the latter typically referred to as informal work. They can do so through formal and informal employment as well as other forms of work. Informal employment is defined as any activity of persons to produce goods or provide services for pay or profit that is - in law or in practice - not covered by formal arrangements such as commercial laws, procedures to report economic activities, income taxation, labour legislation and social security laws and regulations providing protection against economic and personal risks associated with carrying out the activities. These persons can be categorised by their employment statuses as follows:

Employees

A person engaged in productive activities is conceptualised as an employee with an informal job if their employment does not provide them with a pension scheme, medical aid and/or social security. The ILO provides a broader view of such an employee by indicating that the employment relationship is not, in practice, effectively covered by formal arrangements such as labour legislation, social protection, income taxation or entitlement to employment benefits. These employees may be hired permanently, on fixed-term or short-term contracts, on a casual basis, or as paid apprentices, trainees, or interns and can be found in enterprises located in formal, informal and household sectors. They are also referred to as dependent workers.

Employers

A person engaged in productive activities is conceptualised as an employer if they are an individual that hires and pays people for their work. According to the ILO, employers are owners of economic units in which they work on their own account or with one or a few partners in this capacity, on a regular basis have engaged one or more persons to work for them in their business as employee(s), excluding their partners and family helpers. These can be found in enterprises located in the formal and informal sectors and are not conceptualised to exist in enterprises located in the household sector. They can also be referred to as independent workers (i.e., self-employed workers and employers).

Own account worker

Own account workers are those persons who, working on their own account or with one or more partners, hold the type of job defined as a self-employment job, and have not engaged on a continuous basis any employees to work for them. Like employers in the informal economy, they are referred to as independent workers. They operate their own enterprises or engage in freelance work, typically managing all aspects of their work themselves. Own-account workers do not have employees but may collaborate with others or hire employees on a non-continuous basis as needed. They can be found in enterprises located in the formal and informal sectors and are not conceptualised to exist in enterprises located in the household sector.

Contributing household worker

A person engaged in productive activities is conceptualised as a contributing household worker with an informal job when they carry out work for an informal household unincorporated enterprise and their job is not registered for statutory social insurance. If they have a formal job, the enterprise for which they work will be formal and they will be registered for a pension scheme, medical aid and/or social security. Just like own account workers, they can be found in enterprises located in the formal and informal sectors and are not conceptualised to exist in enterprises located in the household sector. However, unlike their own account workers, these are dependent workers.

Framing the Sectoral Approach of Informality

The productive activities of persons and enterprises are measured in the national accounting systems, which are designated to represent the economy in a simplified way. This is done by using specific classifications, bifurcated into industrial classification and institutional sector classification. The former defines persons and enterprises engaged in productive activities based on their technical-productive profile while the latter is defined according to their economic behaviour, typically grouping them into non-financial corporations (for example, manufacturing companies, construction and real estate), financial institutions (for example, banking, insurance and investment management), general government, household and non-profit institutions serving households. Namibia adheres to the industrial classification system, and consequently, this report also follows this classification.

Productive activities and industry-specific approach

Namibia follows the International Standard Industrial Classification of All Economic Activities (ISIC), which is a standard classification of productive activities grouped together into industries in terms of a set of inputs, a production process and a set of outputs. Therefore, an industry is defined as a group of enterprises engaged in the same, or similar, kinds of production activities.

The hierarchical structure of ISIC for classifying productive activities includes sections, divisions, groups and classes, with the latter representing the most detailed level. There is also a norm of referring to these classifications as sectors, as is done in the Annual National Accounting Reports in Namibia. For instance, where ISIC would refer to the Agriculture, Forestry and Fishing as a section, the National Accounting Report would refer to this as a sector. Consequently, a sectoral analysis in the context of Namibia basically means an industry-specific analysis.

Sectoral-industry-specific approach

In this report, we aim to minimise mix-ups in the way we use the word "sector", given that we are discussing the informal, formal and household sectors in a context where industry classification is also referred to as a sector classification. We do this by conceptualising a sectoral analysis of informality to mean that we must first identify a specific sector of the informal economy (for example, formal sector, informal sector or household sector), followed by specifying the particular industry-related productive activity in question. We refer to this as an informal economy sectoral-industry-specific approach. For instance, to analyse the extent of informality within food-related productive activities, we would refer to this as informal-food-sectoral analysis if the sector under consideration is the informal sector, or household-food-sectoral analysis if focusing on the household sector.

03

Normative Considerations: Global, Continental And Regional Perspectives

The Namibian Constitution stresses the importance of applying and considering international law. The Constitution stresses the crucial role and place of international law in the Namibian legal system, by adopting an international law-friendly approach. Article 144 stipulates:

"Unless otherwise provided by this Constitution or Act of Parliament, the general rules of public international law and international agreements binding upon Namibia under this Constitution shall form part of the law of Namibia."

Global standards and guiding frameworks provide an important yardstick for the protection of informal workers and others active in the informal economy. International and regional standards and guiding frameworks are important, as they give an indication of minimum requirements that should be met as regards protection and coverage, also as regards informal economy workers and informal employees. Several of these standards emphasise in particular the protection that should be available in social protection terms.

UN instruments adopt an essentially human rights approach to the protection of all people, including therefore also informal economy actors. For purposes of this report, three instruments/ sets of standards are briefly mentioned, given their particular relevance for the Namibian context –

- **UN Declaration of Human Rights of 1948:** The following articles are of particular importance:
  - Article 22: right to social security and linkage with dignity and personality development
  - Article Art 25(1): adequate standard of living
  - Art 25(2): protection of mothers and children
  - Art 25(3): employment benefits

- **International Covenant on Economic, Social and Cultural Rights of 1966 (ICESCR):** This instrument was ratified by Namibia in 1994 and is therefore of binding effect on Namibia. The ICESCR contains several SP rights, including –
  - The right to social security and to social insurance (Article 9)
  - The right to family assistance and maternity protection (Article 10)
  - The right to an adequate standard of living – with reference to adequate food; clothing and housing; and the continuous improvement of living conditions
  - The right to the enjoyment of the highest attainable standard of physical and mental health (Article 12)

  The ICESCR requires States Parties to guarantee that the rights enshrined in the Covenant will be exercised without discrimination (Article 2(2)). It further provides for the progressive realisation of the rights, to the maximum of its available resources (Article 2(1)).

  Of particular importance is the prioritisation of the plight of the marginalised and the excluded. For example, General Comment No 4 (on Article 11(1) of the ICESCR (concerning adequate standard of living)) requires States Parties to give "due priority to those groups living in unfavourable conditions by giving them particular consideration". It has also held that "... policies and legislation should correspondingly not be designed to benefit already advantaged groups at the expense of others." This is confirmed in General Comment No 19 of 2008 (on the right to social security), which also emphasises in particular the rights of an extension of protection to migrant workers and informal sector workers.

  Finally, General Comment No. 19 (on article 9 ICESCR) requires a ratifying country to cover informal economy workers, and expects governments to respect and support social security schemes developed within the informal economy, such as micro-insurance schemes. Despite limited financial capacity, countries should consider lower-cost and alternative schemes to provide for marginalised groups, and they should ensure the progressive inclusion of informal economy workers in social security arrangements.

- **Sustainable Development Goals (SDGs):** Adopted in 2015, these SDGs set goals for countries to achieve by 2030. Namibia is clearly committed to giving effect to the SDGs, as is apparent from the reliance on the SDGs by the Harambee Prosperity Plan (HPP). Most of the SGDs are directly relevant for the informal economy context in Namibia, for example the following goals:
  - No poverty (Goal 1)
  - Zero hunger (Goal 2)
  - Good health and well-being (Goal 3)
  - Quality education (Goal 4)
  - Gender equality (Goal 5)
  - Clean Water and Sanitation (Goal 6)
  - Affordable and Clean Energy (Goal 7)
  - Decent Work and Economic Growth (Goal 8)
  - Reduced Inequalities (Goal 10)
  - Climate Action (Goal 13)
  - Peace, Justice and Strong Institutions (Goal 16)

  Building on the premise of ending poverty in all its forms everywhere, and that no one should be left behind, UN Sustainable Development Goals 2030 stipulates specifically that countries should "implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable."

In addition, mention should be made of the UN-wide supported and implemented **Global Accelerator on Jobs and Social Protection for Just Transitions.** This programme is aimed at fast-tracking much-needed global actions to promote a job-rich recovery, as well as just ecological, technological, and societal transitions to more sustainable and inclusive economies. The Global Accelerator operates through three complementary and mutually supportive pillars:

- The development of in-country integrated and coordinated employment and social protection policies and strategies to facilitate just transitions.
- The establishment of national financing frameworks and the mobilisation of public and private domestic and international resources to support the implementation of integrated policies and strategies.
- Improved multilateral cooperation on jobs and social protection for just transitions, including with the international financial institutions and multilateral development banks.

In a note on an informal economy roadmap in the context of the Global Accelerator, it is indicated that an in-depth understanding of the informal economy is required, if one were to consider strategies that may support transitions to formality *(see Roadmap: Informality - Global Accelerator on Jobs and Social Protection for Just Transitions | International Labour Organization).* In 2012, ILO Recommendation 202 (National Floors of Social Protection) made specific reference to the social security plight of informal economy workers. It mentions, as one of the principles to be applied, 'social inclusion including persons in the informal economy' (paragraph 1(e)). Paragraph 15 in turn suggests that '[S]social security extension strategies should apply to persons both in the formal and informal economy'. However, the key ILO instrument is ILO Recommendation on the Transition from the Informal to the Formal Economy (No 204). Recommendation 2014 holds significance for workers, employers and for governments. Through a variety of strategies, it is aimed at:

- 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;
- Promoting 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
- Preventing the informalisation of formal economy jobs.

Par 7 of the Recommendation refers to a number of important guiding principles, which we have extracted below:

a. the diversity of characteristics, circumstances and needs of workers and economic units in the informal economy, and the necessity to address such diversity with tailored approache

b. the specific national circumstances, legislation, policies, practices and priorities for the transition to the formal economy;

c. the fact that different and multiple strategies can be applied to facilitate the transition to the formal economy;

d. the need for coherence and coordination across a broad range of policy areas in facilitating the transition to the formal economy;

e. the effective promotion and protection of the human rights of all those operating in the informal economy;

f. the fulfilment of decent work for all through respect for the fundamental principles and rights at work, in law and practice;

g. the up-to-date international labour standards that provide guidance in specific policy areas (see Annex);

h. the promotion of gender equality and non-discrimination;

i. the need to pay special attention to those who are especially vulnerable to the most serious decent work deficits in the informal economy, including but not limited to women, young people, migrants, older people, indigenous and tribal peoples, persons living with HIV or affected by HIV or AIDS, persons with disabilities, domestic workers and subsistence farmers;

j. the preservation and expansion, during the transition to the formal economy, of the entrepreneurial potential, creativity, dynamism, skills and innovative capacities of workers and economic units in the informal economy;

k. the need for a balanced approach combining incentives with compliance measures; and

l. the need to prevent and sanction deliberate avoidance of, or exit from, the formal economy for the purpose of evading taxation and the application of social and labour laws and regulations.

The Recommendation affirms that the transition from the informal to the formal economy is essential to achieve inclusive development and to realise decent work for all. Paragraph 18 suggests that ILO members should progressively extend, in law and practice, to all workers in the informal economy, social security, maternity protection, decent working conditions and a minimum wage that takes into account the needs of workers and considers relevant factors, including but not limited to the cost of living and the general level of wages in their country. With particular reference to employment policies, the Recommendation confirms that countries should pay special attention to the needs and circumstances of those in the informal economy and their families (paragraph 19). Coverage of social insurance should progressively

be extended to those in the informal economy, and administrative procedures, benefits and contributions should be adapted in accordance with the contributory capacity of those in the informal economy (paragraph 20). In relation to the need to consult appropriately with institutions representing the interests of informal economy workers, the Recommendation requires "Consultation with the most representative employers' and workers' organisations, which should include in their rank, according to national practice, representatives of membership-based representative organisations of workers and economic units in the informal economy" (emphasis added) (see in particular paragraphs 6, 34, 38 and 39 of the Recommendation).

More recently, ILO Convention 190 (2019) concerning the elimination of violence and harassment in the world of work indicates that the Convention applies to all sectors, whether private or public, "both in the formal and informal economy, and whether in urban or rural areas" and protects "persons working irrespective of their contractual status". Article 6 requires, as one of the core principles of the Convention, that "Each Member shall adopt laws, regulations and policies ensuring the right to equality and non-discrimination in employment and occupation, including for women workers, as well as for workers and other persons belonging to one or more vulnerable groups or groups in situations of vulnerability that are disproportionately affected by violence and harassment in the world of work." Article 8(a) in turn expects ratifying ILO Member States to take appropriate measures to prevent violence and harassment in the world of work, including: "(a) recognizing the important role of public authorities in the case of informal economy workers." Mention should also be made of the rights protection accruing to domestic workers who, although often working for an employer, may nevertheless be working as informal employees in the formal economy – as provided for in the 2011 ILO Domestic Workers Convention (No. 189).

The ILO Centenary Declaration for the Future of Work (2019) calls upon all ILO Member States to further develop its human-centred approach to the future of work by –

"Strengthening the institutions of work to ensure adequate protection of all workers, and reaffirming the continued relevance of the employment relationship as a means of providing certainty and legal protection to workers, while recognizing the extent of informality and the need to ensure effective action to achieve transition to formality. All workers should enjoy adequate protection in accordance with the Decent Work Agenda, taking into account:

i. respect for their fundamental rights;
ii. an adequate minimum wage, statutory or negotiated;
iii. maximum limits on working time; and
iv. safety and health at work."

Finally, both the ILO Resolution concerning inequalities and the world of work (2021) and the ILO Follow-up on the Resolution concerning inequalities and the world of work (2022) emphasise the causal link between inequality and informality and stress the importance of addressing the underlying causes and drivers of informality.

African Union instruments also stress the need to extend protection to informal economy workers. The foundational human rights instrument of the African Union is the African Charter on Human and People's Rights (1982) (also known as the Banjul Charter; ratified by all 55 AU Member States). While the right to social security is not specifically protected in the Charter, nevertheless, as noted by the African Commission on Human and Peoples' Rights (ACmHPR) in its Principles and Guidelines on the Implementation of Economic, Social and Cultural Rights in the African Charter on Human and Peoples' Rights, this right can be derived from a joint reading of a number of rights guaranteed under the Charter including (but not limited to) the rights to life, dignity, liberty, work, health, food, protection of the family and the right to the protection of the aged and the disabled, in addition to be strongly affirmed in international law. The ACmHPR stresses that the right to social security imposes, amongst others, the obligation on States parties to take steps to ensure that the social security systems cover those persons working in the informal economy. In fact, in relation to the right to work, it states that it is incumbent upon States parties to "establish a system of social protection and insurance for workers in both the formal and informal sector, including those performing home-based work ....." The premise for pursuing these interpretive approaches seems to be influenced by the fact that the ACmHPR regards workers in the informal sector and in subsistence agriculture as a vulnerable and disadvantaged group.

The AU *Social Protection Plan for the Informal Economy and Rural Workers 2011-2015 (SPIREWORK)* focuses on the extension of social protection coverage to workers in the informal economy, with reference to existing and innovative models for extension, the development of a minimum package of social protection and ways to facilitate such a package.

Building on the guidance provided in the AU's key visionary document, i.e., Agenda 2063: The Africa we want – Framework Document, the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Citizens to Social Protection and Social Security (2022), in Article 5, comprehensively deals with the social security position of informal workers, and suggests among others the adoption of a regulatory framework promoting appropriate and adequate social security of informal workers, through the inclusion of these workers in general social security schemes adapted to suit the context of these workers as well as the provision or recognition of appropriate formal and informal social insurance and micro-insurance mechanisms, universal schemes, social assistance measures, and dedicated savings instruments. It further requires the participation of representatives of the informal and rural economy in the design, development and implementation of social protection policies and programmes; access to a minimum package of social protection to informal and rural workers and their families; the need to ensure that the special context of women is appropriately accommodated in social protection systems; facilitation of access to markets and credit for informal and rural workers to sustain their livelihood support and income-generating potential; and the progressive formalisation of the informal economy through enabling a legal and regulatory environment for sustainable enterprises, skills development, and progressive extension of labour and social protection. Also, the AU's Ouagadougou + 10 Follow-up Declaration on Employment, Poverty Eradication and Inclusive Development in Africa and Action Plan (2014) stress the importance of rights-based protection of informal economy workers across a wide range of sectors.

Social protection for informal economy workers is also a priority emanating from key SADC instruments. The 2007 Code on Social Security in the SADC acknowledges the right of every person in SADC to social security (Article 4.1). SADC Member States are required to provide compulsory coverage, either through public or private mechanisms or through a combination of both. In particular, Article 6.5 stipulates that Member States should provide and regulate social insurance mechanisms for the informal sector. The SADC Protocol on Employment and Labour (2023) (not yet in force), in Article 14, stresses that State Parties shall consider taking measures, at national level, to promote the transition of workers and enterprises from the informal to the formal economy, while respecting workers' fundamental rights and ensuring opportunities for income security and social dialogue. In implementing these measures, the State Parties shall promote the creation and preservation of decent jobs in the formal economy and adopt integrated strategies facilitating the coherence of macroeconomic, employment and social protection policies, among others.

04

Spatial perspectives

This desktop research explores spatial perspectives of informality in Namibia from both national statistical data sets, case studies and observations of informal economic activity in "hotspots". An assessment of the spatial characteristics, dynamics and determinants of informal economic activity is limited by the granularity of data and visibility of informal economic activities. Some sectors and types of informal economic activity (such as persons employed in private households) are less visible than others

What spatial patterns can be seen from the distribution of informal economic activity in Namibia?

The Namibia Labour Force Survey (2018) compares formal and informal employment in urban and rural areas and per region. 57.7 percent of the employed population are in informal employment (employer does not provide at least a pension scheme medical aid and/or social security.) This is worse in rural areas (78.9 percent) than in urban areas (41.8 percent), and the sectors with the most informal employment are agriculture, forestry and fishing (87.6 percent of all employees in this sector are informally employed) and private households (91 percent of all employees (domestic workers) of private households are informally employed).

Table 1. Employed persons in informal employment by industry and by location

Industry	Informal employment	Total employment	%
Agriculture, forestry & fishing	146537	167242	87.6
Mining and quarrying	2030	12087	16.8
Manufacturing	4048	8705	46.7
Electricity & related industries	408	3178	12.4
Water supply & related industries	14	1221	1.2
Construction	29438	45075	65.3
Wholesale and retail trade	89452	130852	68.4
Transportation and storage	30939	47100	65.7
Accommodation and food service activities	56956	83405	68.6
Information and communication	1930	7141	26.6
Financial and insurance activities	1536	13861	11.1
Real estate activities	575	3983	14.4
Professional, scientific and technical activities	1488	8592	17.3
Administrative and support service activities	9459	29941	31.6
Public administration, defence, compulsory social security	3108	43928	7.1
Education	7501	49623	15.2
Human health and social work activities	3469	19527	17.8
Arts, entertainment and recreation	2797	9410	29.7
Other service activities	13983	20865	67
Private households	65674	72185	91
Extraterritorial organization & bodies	328	1035	31.7
Not recorded	17	37	46.9
Namibia	418674	725742	57.7

Region	Informal employment	Total employment	%
Namibia	418674	725742	57.7
Urban	173835	415588	41.8
Rural	244839	310154	78.9
!Karas	10949	30899	35.4
Erongo	32456	79326	40.9
Hardap	13072	26708	48.9
Kavango East	19198	29418	65.3
Kavango West	19072	27293	69.9
Khomas	64266	165385	38.9
Kunene	17049	24846	68.6
Ohangwena	50721	61827	82
Omaheke	12354	20575	60
Omusati	61078	77375	78.9
Oshana	38993	61223	63.7
Oshikoto	39185	54078	72.5
Otjozondjupa	21054	47616	44.2
Zambezi	19290	25925	74.4

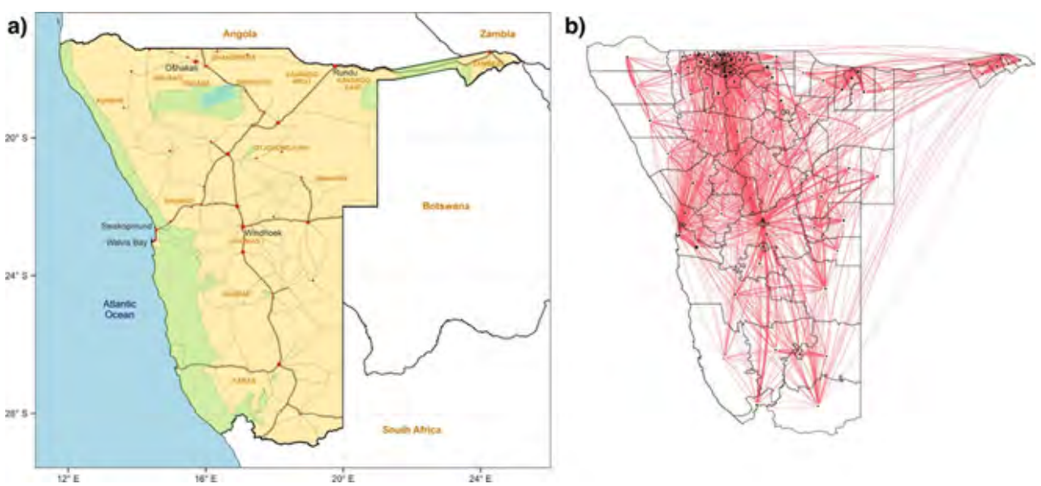
In addition, 31.6 percent of the employed population is in vulnerable employment (this is the sum of subsistence / communal farmers, own account workers and contributing (unpaid) family workers). And again, the majority (65.1 percent) of people in vulnerable employment are in rural areas. At this level of granularity, linkages between informality and rural and urban livelihoods are apparent. Informal employment in agriculture, forestry and fishing (146,537 persons, NLFS 2018), subsistence / communal farmers (94,001 persons, NLFS 2018) and unpaid family workers in subsistence / communal farms (17,040 persons, NLFS 2018) are expected to be found in predominantly rural areas. In contrast, informal employment in private households for example (65,674 persons, NLFS 2018) is not restricted to rural or urban areas. For this reason, a spatial analysis of specific sectors will be complementary.

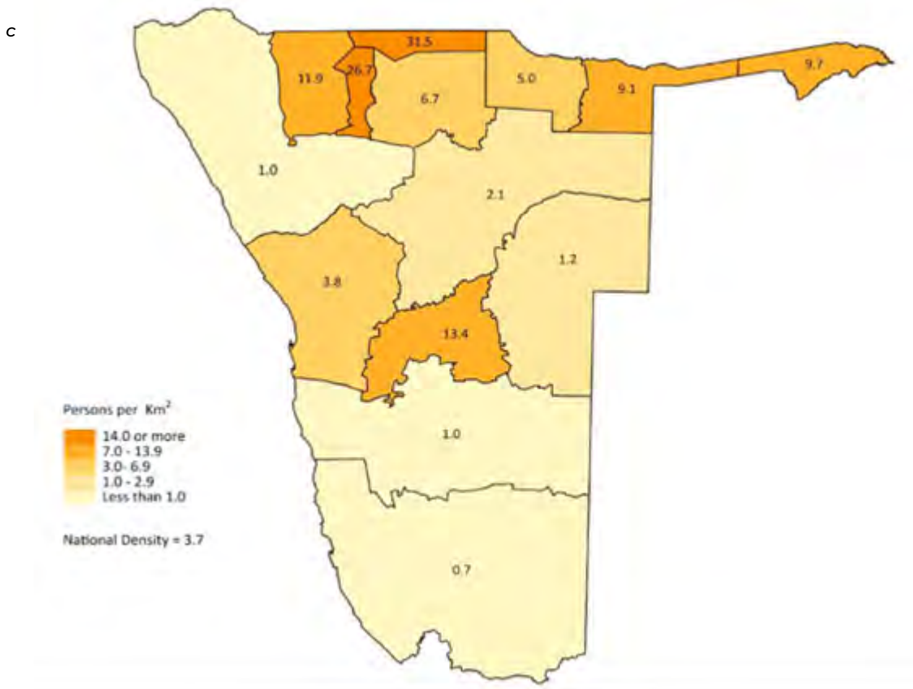
Literature on rural-urban migration and livelihoods observe a strong reciprocal social link between households in urban and rural areas. People who move to the city or urban centres look for better employment and education opportunities benefit from the produce of their relatives in the rural areas, who practised subsistence / communal farming. And if successful in finding employment or income, urban relatives can reciprocate with remittances to their rural relatives. Namibia is also described to have a highly mobile workforce with *"circular migration of labour to mines, ports, farms, urban areas, and tourism nodes"*.

In urban areas in Namibia, informality is most visible and vibrant in urban areas where communities are more densely populated and prominent transport nodes or "hotspots" experience significant traffic. These "hotspots" have the potential to develop into economic spines, fostering business growth. However, the spatial allocation for business activities has typically been restricted to peripheral areas, characterized by standardized or homogenous infrastructure that is often disconnected from pedestrian flow. The three maps below show the mobility patterns and population density at a national level.

Informal economic activity is visible along the major road transport corridors. The B1 national highway is the country's most significant road, running north to south. This highway experiences the highest volume of road freight and passenger travel within Namibia and forms part of the Trans Kunene Corridor in the north (Tsumeb – Lubango) and connects the Trans Oranje corridor in the south (Cape Town to Windhoek). Traffic from Walvis Bay and Swakopmund via Okahandja to Windhoek and traffic from Windhoek via Gobabis to Botswana's Trans Kalahari corridor run west to east. In the north-east the Trans Caprivi corridor connects with B1 via Rundu and Katima Mlilo. The capacity of road corridors in the SADC Regional Infrastructure Development Plan 2019 shows traffic volumes from Walvis Bay Windhoek in excess of 2,500 annual average daily traffic (AADT).

Figure 2. Maps of mobility patterns and population density in Namibia





a) Map of Namibia, main cities, towns and road network (Valdano et al 2021)
b) Map of mobility network, constructed from call detail records (CDRs) from mobile phones. Redlines show travel between constituencies. (Valdano et al 2021)
c) Population density (persons per km2), Namibia 2023 Census

In the North, both Helao Nafidi and Rundu experience a combination of high population density and cross-border trade with Angola. This has a significant impact upon local economies and informal trade. During a study to support open markets and street traders during COVID-19 lockdown, GIZ mapped the sites of informal street traders and mobile hawkers in several towns: Rundu, Helao Nafidi Nkurenkuru, Okongo, Opuwo and Oshakati. Traders at the Open Markets in Nkurenkuru explained that most of their customers are bus/taxi drivers and pedestrians going to the big shops and towards the informal settlements. To access customers, it is important for traders to be visible and located in economic corridors and near long distance transport ranks/terminals.

Figure 3. Informal trading hotspots in Rundu (Source GIZ COVID-19 Reports 2021)

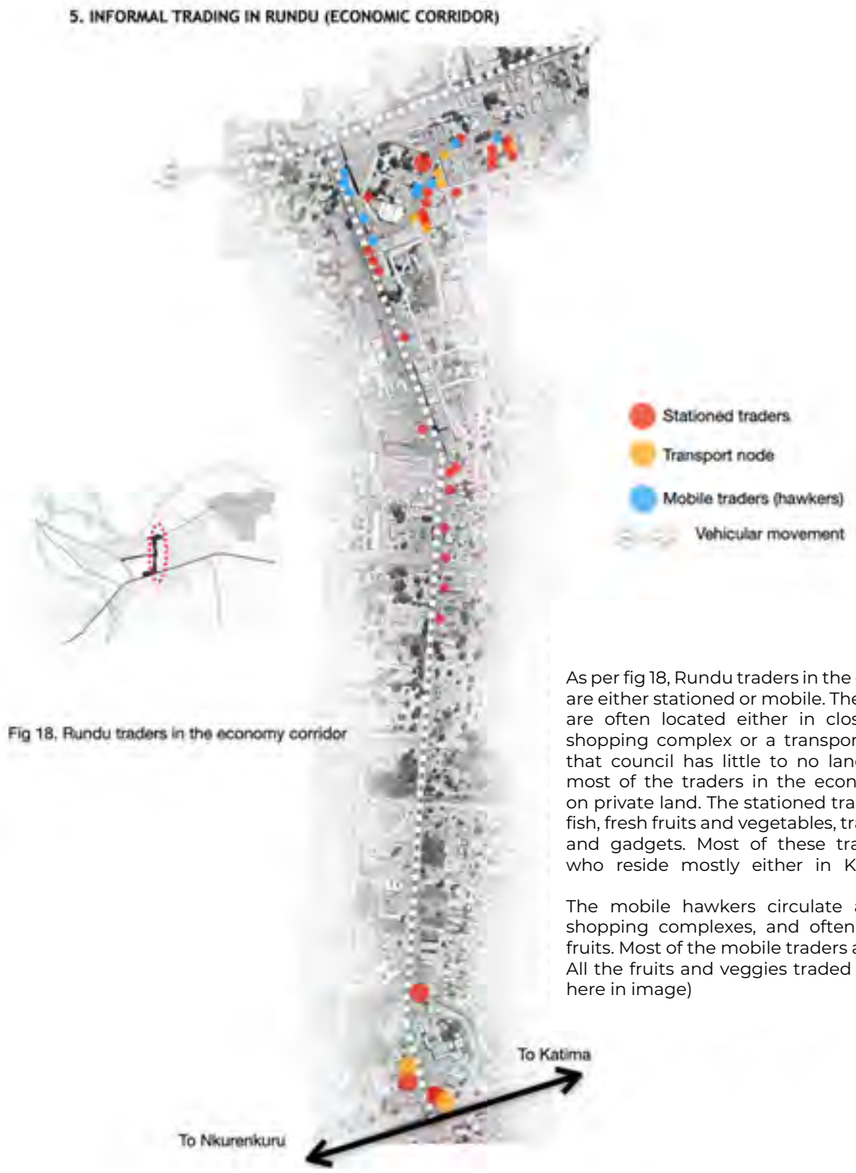


Fig 18. Rundu traders in the economy corridor

As per fig 18, Rundu traders in the economic corridor are either stationed or mobile. The stationed traders are often located either in close proximity to a shopping complex or a transportation hub. Given that council has little to no land in this corridor, most of the traders in the economic corridor are on private land. The stationed traders trade cooked fish, fresh fruits and vegetables, traditional dry foods and gadgets. Most of these traders are women who reside mostly either in Kaisosi or Ndama.

The mobile hawkers circulate around the large shopping complexes, and often sell veggies and fruits. Most of the mobile traders are young women. All the fruits and veggies traded are... (text cuts off here in image)

The most visible sectors in these "hotspots" include (but are not limited to) informal traders selling goods and services such as fresh produce, cooked food, clothing, hair salons, and dress makers. These trading activities are not grouped as one category in the Namibia Labour Force Survey (NLFS) but fit into the wholesale and retail sector (38,952 persons, NLFS 2018) and accommodation and food services activities sector (56,956 persons, NLFS 2018) among others.

Figure 4. Informal trading hotspots in Helao Nafidi (Source GIZ COVID-19 Reports 2021)

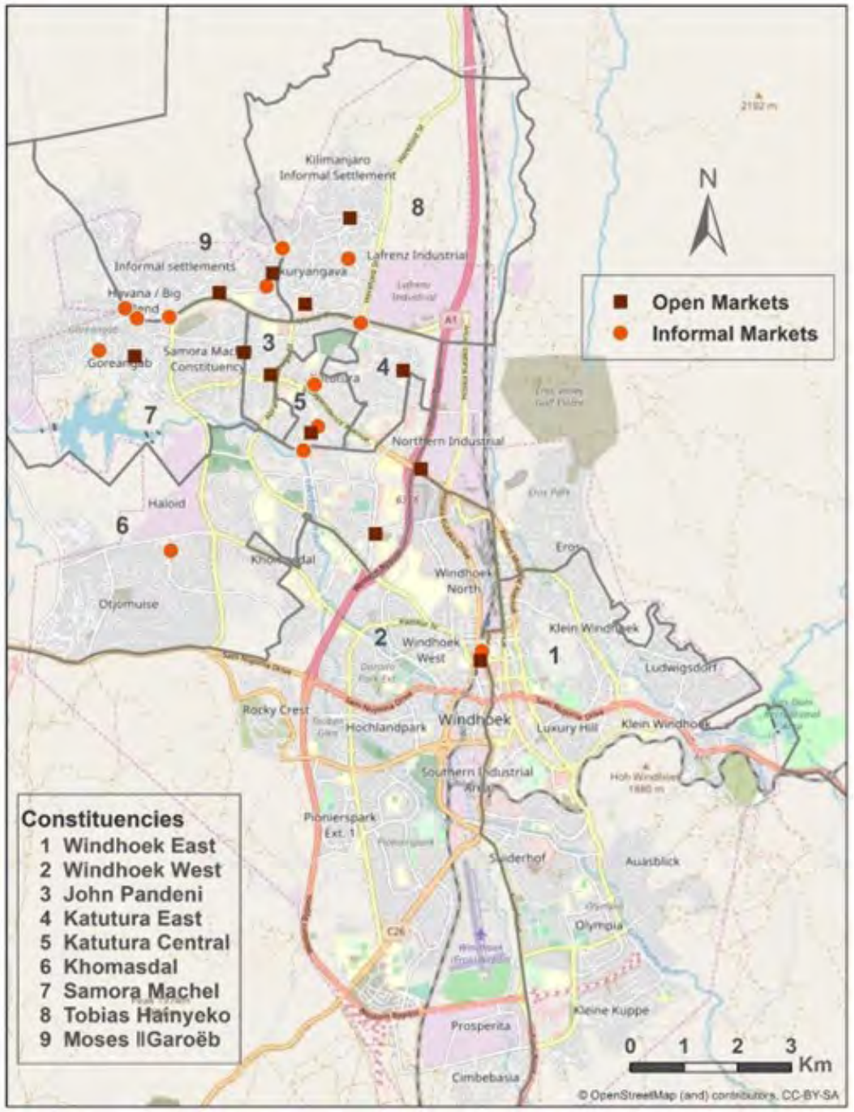
Informal trade at the town is concentrated at the different settlements, and can be categorised in 2 types. The mobile hawkers who buy their goods often fruits from the wholesalers. These traders are mostly young men carrying buckets or using their wheelbarrows. The other types of traders are stationed in front of shops or along transportation routes. These traders are often women who trade cooked food, fresh veggies, traditional dry foods and clothes. ***NB: It is worth noting here that most of the street vending at the town was conducted by the Angolan informal traders who crossed the border daily.***

Fig 9. Street hawkers along the B1 road

Fig 10. Traders going to purchase stock fro wholesalers

In the City of Windhoek and surrounding settlements, informal markets and Open Markets are visibly more numerous in informal settlements. From a city-wide household survey of Windhoek in 2016 by the African Food Security Urban Network (AFSUN) and the Hungry Cities Partnership (HCP), Kazembe et. al analysed the relationship between households, food insecurity and the informal food sector. The survey showed a high dependence of low-income households on informal food vendors and "that easy access to informal vendors is critical for the poorest and most food-insecure households."

Figure 5. Map of open and informal market locations in Windhoek, 2016 5



Which spatial conditions attract informal economic activities?

In the identified hotspots of informal economic activity, several spatial conditions are attractive for informal economic activities. The most critical factor is access to customers, and this means the location of traders, their visibility and the convenience to customers have a significant impact on their livelihoods.

Relocating town centres, diverting traffic, and/or establishing new commercial shopping centres or service stations has the perverse effect of reducing foot traffic from informal and open markets. See, for example, the case of Nkurenkuru (figure 6), where the new Shoprite diverted foot traffic away from the old town centre. As a result, the traders have proposed moving the open market to a new location opposite the Shoprite.

Figure 6. Informal trading hotspots in Nkurenkuru (Source GIZ COVID-19 Reports 2021)

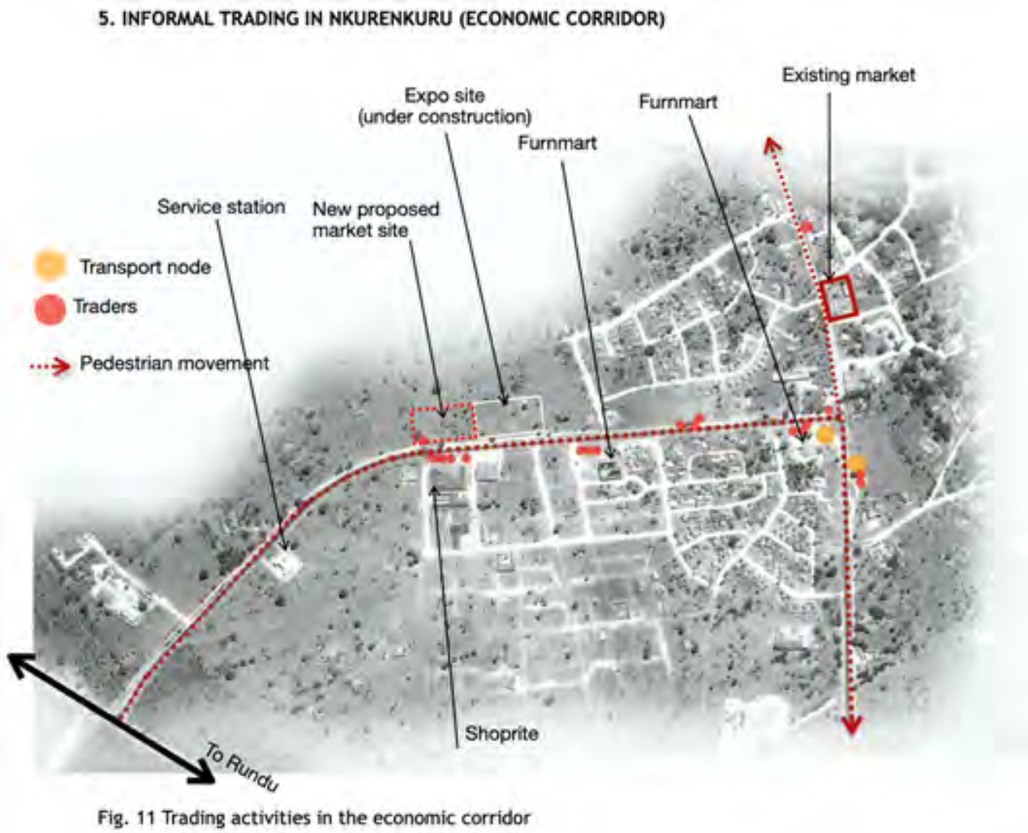


Fig. 11 Trading activities in the economic corridor

Traders in Nkurenkuru were aggrieved during the COVID-19 restrictions, which closed the large retailers and limited cross-border movements of Angolans into Namibia, reducing foot traffic and decreasing sales. Access to customers can also be impacted by a change in migration patterns and laws.

Other spatial factors that attract informal economic activities include:

- Permitted trading bays give traders security and confidence to trade in public areas. In Nkurenkuru, hair salons, and informal other service providers operate from home due to the lack of trading bays.
- Infrastructure: Access to water, ablutions, shaded areas, wind and dust-protected spaces, access to electricity / safer energy sources, Lock up storage.
- Permitting special activities such as informal abattoir and slaughtering of animals for preparation of kapana (a meat delicacy prepared on an open fire).
- Security from theft.
- Access to wholesalers/inputs.
- Affordability of permitted trading bays or rent. (Cooked food traders in Nkurenkuru indicated that the yearly N$2,000 fitness certificate is too expensive given the current status of income).

How can informal economic activities in hotspots be formalised / what decent work interventions can be applied to such spaces?

In Namibia, a common response from Local Authorities is to relocate informal market areas and street traders to a designated and fenced off area or Open Market with facilities such as ablutions, shading, storage space, water supply points and wastewater drainage. Kazembe et al (2019) describe this model of governance as the enclose-and-container model and requires investment in the provision of infrastructural incentives to locate or relocate traders to designated zones, as well as resources for the policing of forbidden spaces. “The enclosure model of informal sector governance means that vendors operating outside officially sanctioned markets are vulnerable to official

harassment, raids, fines, and confiscation of goods."

This "carrot and stick" approach is a form of spatial engineering and does not necessarily formalise informal economic activities. Similarly, Charman et al. (2020) argue that the township economy remains a space primarily exploited for surplus value extraction, with businesses and corporations focusing on extracting profits from the economy rather than contributing to its growth. Drawing on Ananya Roy's concept of "insurgence," they highlight how marginalized groups within such economies often resist these structures through alternative economic practices, pushing back against the economic extraction and spatial containment that limits their agency. Local Authorities, according to the Local Authorities Act, are empowered to develop bylaws to regulate street trading with the support of law enforcement. In many towns, local authorities simply acquire Council approval to make investments in Open Markets and create policies or policy areas to promote certain types of employment. These policies can guide how economic activities are integrated into the spatial fabric of a locality. However, they are not legally enforceable.

Local Authorities provide investment, general maintenance and cleaning of Open Markets and in many cases, they keep a register of traders, collect rents or permit fees. In Windhoek, the "Municipality assumes responsibility for rent collection, security, cleaning, sanitation and maintenance. Rents charged vary considerably, depending on what products are being sold (from as low as N$40 [US$2.75] to as much as N$400 [US$27.50] per month in one of the major markets)."

The process of establishing Open Markets and relocating informal traders from informal markets is a highly contested issue. From focus group discussions with the traders in the GIZ COVID Response Case Studies in 2021, traders expressed frustration with the process and felt that they were not consulted. At present, urban planning and land zoning does not accommodate informal activities or the interests of informal traders in any way. To reduce the conflict between informal and formal traders, the City of Windhoek is exploring how to adjust building codes such that buildings and retail spaces catering for formal trade could benefit from specific building permission if they accommodate informal traders by providing facilities such as ablutions and lock-up storage spaces.

How can spatially targeted interventions contribute to the operationalization of the ILO Recommendation 204?

Spatial interventions such as the regulation of street traders and creation of permitted trading bays and open markets, attempt to formalise visible sectors of the informal economy such as street traders, and hawkers. These spatial interventions can facilitate a transition to the formal economy and promote decent working conditions.

Best practice spatial policies for formalizing informal economic activity emphasize the need for flexibility, location, and coherence in addressing the unique dynamics of informal economies. Informal economies, particularly in countries like Namibia, differ widely across urban and rural settings, with significant contrasts between cities, settlements, and villages. Public space plays a crucial role in the livelihoods of street vendors, waste pickers, and home-based entrepreneurs, where space availability and adaptability are key factors. Informal economic activities often thrive in mixed-use areas, offering a blend of residential and economic functions, which supports local economies and enhances livelihood opportunities. Upgrading settlements through participatory approaches, improving tenure security, and empowering communities are essential for strengthening economic potential and facilitating local development. Policy coherence across various sectors is also critical for the successful transition to the formal economy. International examples like Lima, Peru, and Mexico City demonstrate successful initiatives: Lima's 2014 street trade ordinance, developed through city-wide consultations, promoted gradual formalization by providing licenses, capacity-building, and market relocation for vendors. Similarly, Mexico City's recognition of the "right to the city" and the establishment of designated Inclusive Public Spaces for informal workers, particularly street vendors, reflects a progressive approach to integrating informal economies into the urban fabric, in alignment with ILO Recommendation 204. These examples highlight the importance of participatory governance and policy frameworks that respect the organic nature of informal economies while guiding them towards formalisation.

Further research at a sectoral level is required to examine the opportunities to implement spatially targeted interventions to reduce decent work deficits and prevent the informalisation of formal economy jobs. For instance, it is worth examining the impact of the Red Line - a veterinary fence prohibiting the movement of livestock and animal products from north of the Red Line to the south. This is a spatial policy that has implications for the opportunities to formalise certain agricultural sector activities but also implies a cost of regulatory presence and vaccination controls. It is also imperative to examine the legacy of apartheid spatial policies that prohibited certain entrepreneurial and economic activities in Namibia. During apartheid, wealth was redirected through the allocation of low-cost labor to urban industries and services. This practice continues to support the accumulation of wealth outside of informal economies. Similarly, Mbembe (2015) notes that in the postcolony, state frameworks control power and employ various techniques to distribute the products of labor, either ensuring abundance or managing poverty and scarcity. This distribution is often deeply spatial, with the legacy of colonial spatial practices continuing to shape the geographic and socio-economic inequalities in postcolonial societies. The postcolony thus involves not only the redistribution of wealth but also the management of spaces - through urban planning, infrastructure, and land use - that reflect ongoing patterns of exclusion and control. For example, in Windhoek, certain policies ensured the segregation of communities. Under Pretoria's rule, The Odendaal Plan created distinct groupings that dictated where residents of Windhoek could live, while also segregating spaces for entertainment, recreation, and dining.

05

Characteristics of informality in Namibia

Introduction

Informality in Namibia can be characterised from both a "person-centred" and "enterprise-centred" perspective, with the two being inter-related. The former profiles workers mainly in terms of their size, composition and geographical distribution while the latter profiles the enterprises mainly in terms of location, access to markets and finance.

Size and geographical distribution of informal workers

The figure below, derived from data in the National Labour Force Survey (NLFS) Report (2018), gives the number of persons in informal employment in Namibia, their sex, and how they are geographically distributed between the urban and rural areas. For each worker in informal employment in urban areas, there are 1.4 workers in rural areas and for each male in informal employment, there are 1.2 females in urban areas and 1.1 in rural areas.

Figure 7. Size, Sex and Urban-Rural Distribution of Informal Employment as at 2018

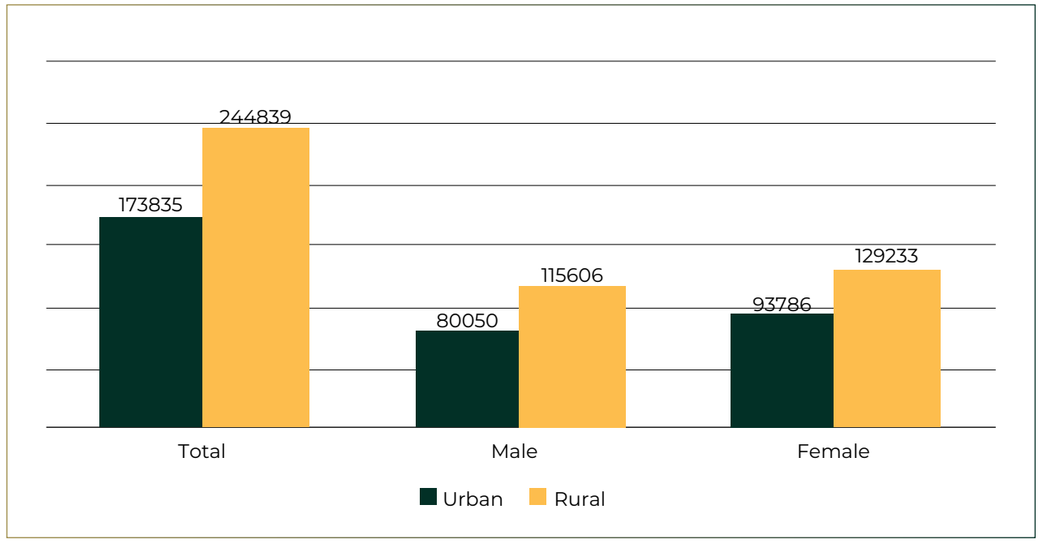


Figure constructed based on data from NSA 2019

The higher male-to-female ratio in urban areas is noteworthy and raises questions as to why this ratio is smaller in rural areas. There could be a number of reasons for this that can be pursued further. For instance, it could be that urban areas may be offering more opportunities in industries that traditionally employ more men, such as construction, mining, and heavy industries. In rural areas, agriculture, which is the predominant form of productive activity, involves both men and women, resulting in a more balanced gender ratio compared to urban areas.

In urban areas, informal economy operators are most prevalent in Oshikoto region (72.5 percent percent) and Oshana region (63.7 percent), whereas in rural areas their dominant presence is in Kavango West (90.5 percent) and Ohangwena region (82.7 percent), respectively (NSA 2019).

As shown in figure below, over 90 percent of informal workers have a secondary education or less. There is a higher percentage of men with no education than women and a higher percentage of women with secondary education than men in informal employment.

Figure 8. constructed based on data from NSA 2019

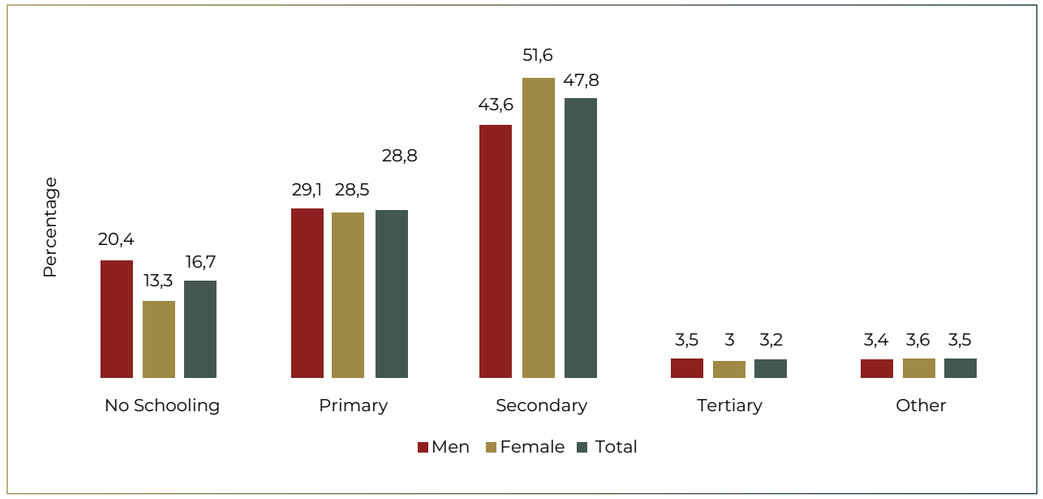


Figure constructed based on data from ILO (2018)

While the overall participation of women as informal workers is notable in figure 9, there are more males in informal work than females at youth level, and more women than males at adult level. In total, women in informal employment are older than men in informal employment.

Figure 9. constructed based on data from NSA 2019

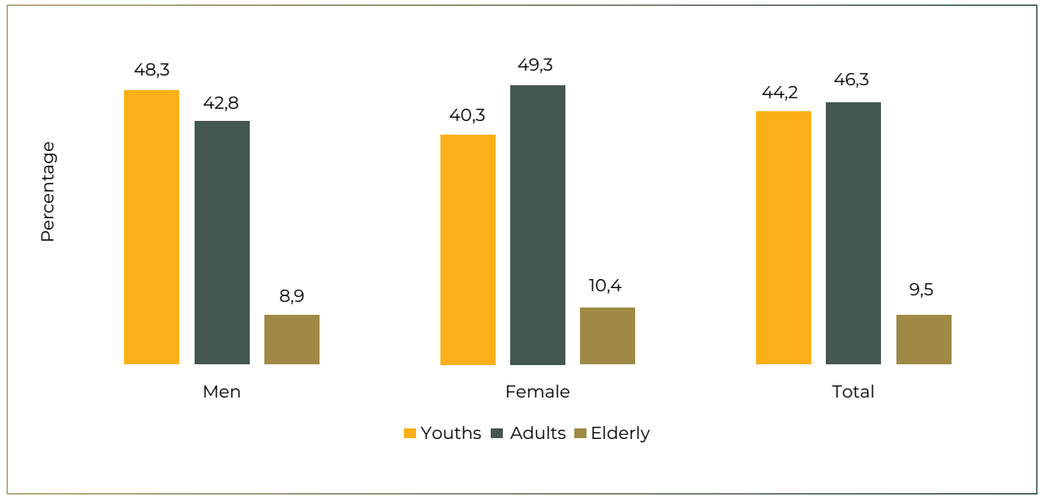


Figure constructed based on data from (ILO 2018)

Industry-specific informal employment

The data in the NLFS Report (2018) shows that the primary industry in Namibia consisted of Agriculture, Forestry and Fishing and Mining and Quarrying. The secondary industry consisted of Manufacturing, Electricity and related industries, Water Supply and related industries and Construction. The tertiary industry has the most varied classifications, including Wholesale, Transportation, Accommodation and Food, Education and many others.

Figure 10. Informal Employment by Industry as at 2018

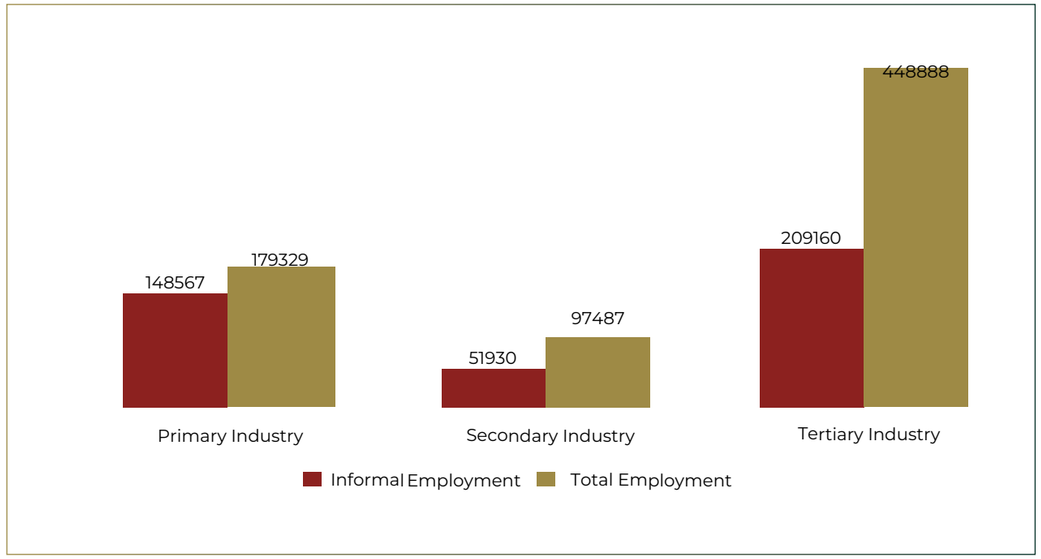


Figure constructed based on manipulated data from NSA 2019

As seen in Figure 8, the tertiary industry employs the most workers, followed by the primary industry. It has the lowest percentage of informal to total employment (47 percent), whereas the primary industry has the highest (83 percent). There are slightly more than half of informal workers in the secondary industries (53 percent).

Sector, vulnerability and status in employment

Figure 9 presents the composition of informal employment based on the three sectors of the informal economy as well as the status in employment. There are about 6280 persons in the formal sector who are informally employed. This highlights the importance of recognizing that informality can exist within the formal sector.

Figure 11. Status in Employment by Sector

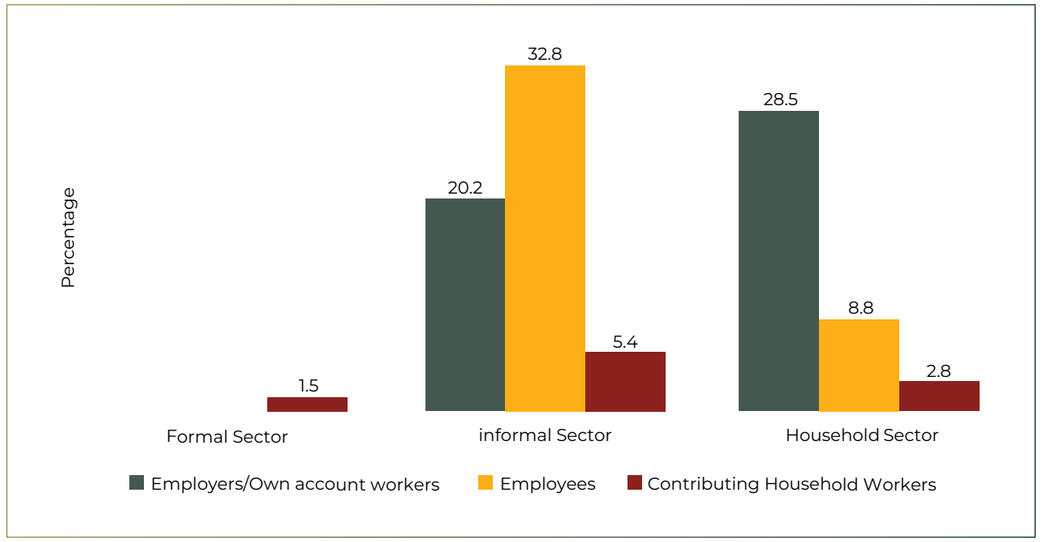


Figure constructed based on data from (ILO 2018)

The NLFS (2018) collected data on vulnerable employment and analysed these according to the status in employment. Three status groups were considered as more vulnerable than others because they had more precarious working situations (NSA 2019), namely own account workers, subsistence/communal farmers and contributing household workers. Figure 10 gives a pictorial view of these workers, breaking them down by sex. The vulnerability is more pronounced for female workers than it is for male workers.

Figure 11. Status in Employment by Sector

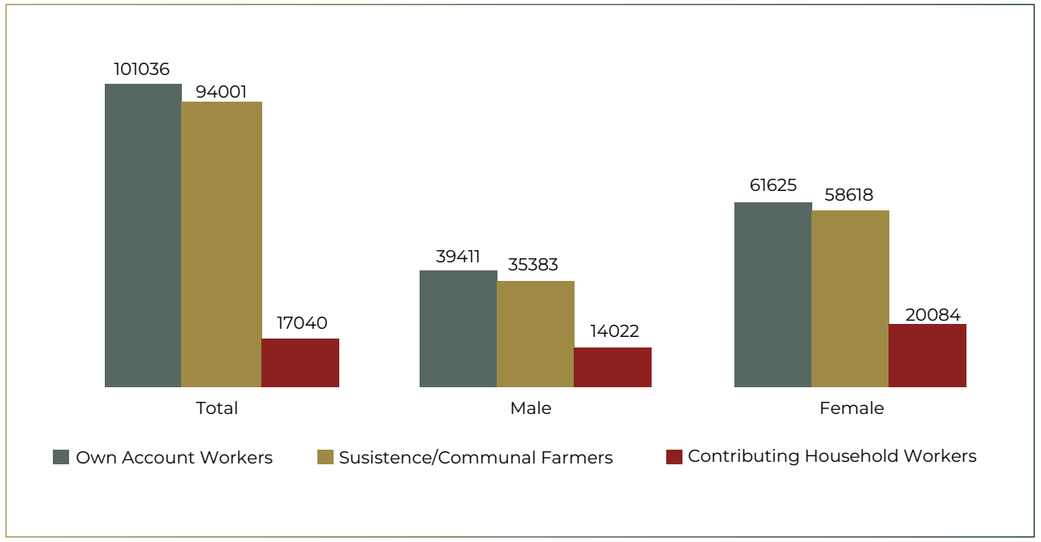


Figure constructed based on manipulated data from NSA 2019

Profile of informal enterprises

The UNDP (2021) focused on characteristics of informal enterprises that have not been captured in any of the conventional surveys in Namibia. Based on a sample of 867 informal enterprises obtained through a national purposive survey, three points of interest regarding their characteristics emerge.

First is that over 95 percent of informal enterprises are owned by the youth, aged between 15 and 34 years. Second is that over 90 percent of informal enterprises employ less than five persons, and thus are classified under Small and Medium Enterprises (SMEs) when the tertiary industry is the reference point (Mukata and Swanepoel 2017). They are estimated to provide employment to 160,000 people and are considered to add significant value to the country's GDP and to the realisation of the Harambee Prosperity Plans (2021 – 2025). Third is that many informal enterprises operate on the sidewalk of the street or public place, followed by municipal open marketplaces and own homes. More than half of the informal enterprises in the survey conducted by UNDP (2021) do not operate from fixed locations. Informal enterprises with fixed locations are most likely to register their business. Those registering mainly do so through the municipal business licenses or permits. Less than one percent are registered with the Social Security Commission, meaning that 99 percent of them do not have any social security scheme in place.

Challenges of informal enterprises

Mukata and Swanepoel (2017) posit that enterprises in Namibia suffer from a high failure rate, which is four times higher than those provided in the Global Entrepreneurship Monitor. Access to market information, loans and assistance with development of business plans were some of the support needs identified to be relevant for these enterprises.

UNDP (2021) provides other challenges faced by informal enterprises, namely, in order of priority, severe competition leading to insufficient customers to sustain the business, lack of space or premises to operate from, lack of machines and equipment, lack of raw materials, lack of organisational management skills, too many tariffs and fines and workers salary. In a context where harassment by police is noticeable, it is a surprise result that fines are not so much an issue compared to lack of space to operate on, for instance. This is also reflected by the absence of the reduction of fines when informal enterprises were asked to indicate the help they needed. Access to information on the market and inputs (raw materials) seem key for the informal enterprises. A number of them also indicated that they need assistance with registering their businesses.

Working conditions (earnings, decent working time, safe working environment, social protection) and identification of some of the main decent work deficits and other risks (compared to those in the

formal economy).

To ensure decent working conditions for workers, the Namibian Constitution under Article 95 (Promotion of the Welfare of the People) states the following, amongst others: *"The State shall actively promote and maintain the welfare of the people by adopting, inter alia, policies aimed at the following:*

a. enactment of legislation to ensure equality of opportunity for women, to enable them to participate fully in all spheres of Namibian society; in particular, the Government shall ensure the implementation of the principle of non-discrimination in remuneration of men and women; further, the Government shall seek, through appropriate legislation, to provide maternity and related benefits for women;

b. enactment of legislation to ensure that the health and strength of the workers, men and women, and the tender age of children are not abused and that citizens are not forced by economic necessity to enter vocations unsuited to their age and strength;

c. active encouragement of the formation of independent trade unions to protect workers' rights and interests, and to promote sound labour relations and fair employment practices;

d. enactment of legislation to ensure that the unemployed, the incapacitated, the indigent and the disadvantaged are accorded such social benefits and amenities as are determined by Parliament to be just and affordable with due regard to the resources of the State;

e. insurance that workers are paid a living wage adequate for the maintenance of a decent standard of living and the enjoyment of social and cultural opportunities."

The informal economy in Namibia, as is the case in other countries, is characterised by poor working conditions (which include working long hours without requisite compensation), poor hygiene, and unsafe places of work. The average wage paid to employees in this sector is N$1,554.95 monthly. compared to the national average of N$7,935 paid to employees in the formal sector. The low earnings made by operators play a big role in the operator's ability to employ other people and pay them decent salaries. The other dynamic in the informal economy is that of unpaid family workers, which creates another layer of vulnerability.

Social protection deficits are greatest in the informal economy due to the absence of schemes and services designed specifically to meet the needs and challenges of operators and workers in this sector and the inability of existing schemes to extend effective coverage to the informal economy as the coverage rate remains extremely low (0.69 percent). The peculiar nature of the informal economy may necessitate the design of an alternative mechanism through which coverage can be extended. Characteristically, the majority of these employees do not have employment contracts, are not registered for social security, and have no other benefits such as pension or medical aid, and no inspections are carried out by Labour Inspectors. Despite being legally covered under social security laws which are applicable to all employees, own account workers, subsistence/communal farmers, and contributing (unpaid) family workers are considered to be the most vulnerable workers in the informal economy because they are unlikely to have formal work arrangements or access to social protection programmes, and they are more at risk of adverse economic cycles. Under section 20(2)(5) of the Namibian Social Security Act 34 of 1994, own-account workers (self-employed persons) may voluntarily register themselves as employers and employees simultaneously, which requires that they pay a double contribution. This may be a deterrent to registration as LARRI & SSC (2016) found the lack of money to be the primary reason why informal sector businesses were not registered.

The NIESED Policy highlighted some constraints that are hampering the informal economy and startups in running day-to-day businesses regarding location and operating space, regime, and security and sanitation facilities.

Rights to organise and to bargain collectively, and social dialogue: enabling environment

Under Article 95, sub-Section (c) of the Namibian Constitution, it is stated that the State shall actively encourage the formation of independent trade unions to protect workers' rights and interests, and to promote sound labour relations and fair employment practices.

It is estimated that only 20.6 percent of the total employees in the country belonged to trade unions. The highest rate of trade union membership is among females with 24.0 percent compared to their male counterparts with 17.9 percent. In the informal economy, this rate is significantly lower, with only 7 percent of them belonging to trade unions, mostly to the Bus and Taxi Association. This low participation makes them particularly vulnerable to all forms of labour exploitation as they do not have representation at social dialogue platforms.

Unions can play a crucial role in conjunction with other stakeholders in developing targeted, yet comprehensive social protection programmes for workers in the informal economy. They can also play a role in extending coverage to informal workers through organising for action and articulating issues affecting the informal economy more strongly.

Considering the peculiar nature of challenges and characteristics of informality, there are trade unions formed specifically for the informal economy in countries such as Sierra Leone, Kenya, Zimbabwe, and Malawi). For trade unions wishing to organise the informal economy, they would have to adopt new organising strategies to deal with the different types of employment relationships that exist in the informal economy. They would also have to work with operators and workers through their structures, in order to educate them on workers' rights and how to improve their businesses. They have to do this without expecting immediate results as "returns" for organising in the informal economy are not immediate. Organising in the informal economy is also very expensive as it requires training for unions in order to change their organising strategies. The National Union of Namibian Workers (NUNW) commenced with an initiative to intervene in the informal economy, which entailed a campaign for trade union intervention. A committee was formed in 2003 to drive this but never became operational but their efforts continue.

The principal form of tripartite dialogue is the Labour Advisory Council (LAC) established by Section 7 of the Labour Act No. 6 of 1992, on a tripartite basis, with functions to amongst others carry out investigations and to advise the Minister of Labour on (a) the formulation and implementation of a national policy relating to basic conditions of employment, including health, safety, and welfare at work of employees, and (b) the promotion of the relationship between employer and employee, including matters relating to collective bargaining. A study commissioned by the Trade Union Congress of Namibia (TUCNA), concluded that the LAC is inadequate as a means for achieving a social contract. It also found that LAC is of limited value in its current operational form, even as a mechanism of meaningful consultation between the Ministry of Labour and social partners, satisfying the technical requirements of ILO Recommendation 138 and Convention 144, rather than the spirit and intent of these instruments. To its disadvantage, the LAC is beset by functional and resource-related difficulties. The LAC faces many challenges, including but not limited to the premise that its purpose is to advise a single ministry, the Labour Ministry, which isolates the impact of the tripartite dialogue and devalues any consensus that may be reached by the social partners on broader socio-economic issues. Social dialogue does take place at various levels and platforms beyond the LAC but does so in an ad hoc and uncoordinated way. The labour movement is highly fragmented and many trade unions have competing positions on issues.

Representative organisations in the informal economy

Several organisations operate in the informal economy in Namibia. Pertinent amongst them are:

a. **Namibia Informal Economy Organisation (NISO)** is a strong and visible feature in the informal economy in Namibia, established to build the capacity of the informal economy, which includes representing and developing informal enterprises by recognising the legitimacy of informality, providing assistance to firms willing to move from informality to formality, and addressing the concerns of small formal enterprises, and compliance with the regulatory environment. It was born out of an acute need to protect members from harassment in the form of evictions and to enable them to improve on their survival strategies. Additionally, it was meant to address key problems of informal economy operators. These include i) lack of proper operating premises and ii) lack of access to wholesales for buying their stock of alcohol and other goods due to lack of licenses required.

b. **Okutumbatumba Hawkers Association (OHA)** and the **Namibia Shebeen Associations (NASA)** have been instrumental in negotiations with regard to the provision of shelter for the operators and ending harassment by the authorities. OHA was established in 1989 (i) as a governing body that promotes the interests of the micro and small business community, and (ii) be a link between the formal and informal economies with the view to effect business growth. NASA was the first informal economy association to be formed by shebeen owners living in Katutura in 1987. It organises shebeen business owners only.

c. **African Builders Association (ABA)** was formed in 2001 by small building contractors to build the capacity of its members.

d. **Panel Beaters and Motor Mechanics Association (PABMMA)** was formed in 2002 and its members are panel beaters and mechanics to whom it offers training on business, negotiations on discounts with suppliers, advertisements, and HIV/AIDS awareness.

e. **Namibia Small Traders Association (NAMSTA)** is a national alliance of informal economy organisations from several sectors, such as those listed here. It promotes the interests of the informal sector through the support of informal sector associations and operators in the informal economy. It endeavours to protect the informal sector and members and to address the problems of informal businesses and stallholders.

f. **Namibia Informal, Domestic and Allied Workers Union (NIDAWU)** is a structure put in place by the Trade Union Congress of Namibia (TUCNA) to organise in the informal economy but needs strengthening.

Representation in the informal economy is low, despite the notable benefits of such organisations. Some of the factors inhibiting membership are (i) a lack of trust in unions/associations, and (ii) time constraints to attend meetings as they work long hours. Collecting membership fees from the informal economy is a challenge across the globe and financial returns are low, leaving unions with no choice but to subsidise such fees at least in

the short-term. This is because informal economy members have a low appreciation of the benefits of union membership in relation to the fees payable (ILO, 2019). Most respondents (60 percent) were not members of any informal economy association helping them with day-to-day challenges, while 37 percent belonged to at least one informal economy association. This perpetuates vulnerability and affects the pace of any formalisation efforts. It may also result in formalisation policies which are not in sync with their needs and priorities (UNDP, 2021).

Micro-level determinants of informality and incentives for formalisation.

Operators and employees find themselves in the informal economy due to a myriad of factors. UNDP (2021) found that for some surveyed operators, being in the informal economy was not a matter of choice but rather a survivalist strategy for gainful employment and to earn a living, but for 27.91 percent of operators, it gives them better income/higher profits and for 24.68 percent, it is the profession they know. However, 21.11 percent of operators indicated that the lack of formal employment forced them into informality.

A World Bank 2012 report on MENA countries argue that countries where agricultural employment constitutes a large share of overall employment are associated with higher levels of overall informality. This may hold true for Namibia as Agriculture, Forestry & Fishing and Private Households are among the top four sectors that absorb the largest amounts of employment, but these two sectors have the highest share of informality (NSA, 2019).

Furthermore, UNDP 2021 found that informal operators battle fierce competition and must fight for limited customers. Thus, a key desirable incentive for most informal economy operators (77.94 percent) is access to information on the market, followed by assistance with obtaining supplies (74.02 percent), finance, organisational and management training (73.09 percent), and then access to large business orders (71.48 percent).

Regarding access to finance, the NIESED Policy concludes that the sector is seriously constrained by this debilitating factor as there is no appropriate risk capital facility for the startup sector, and business angels (high net-worth private individuals) are not adequately incentivised to provide seed capital. Addressing this can offer another layer of incentives to operators.

06

Drivers of informality

Namibia's economy has faced significant challenges in recent years but showed signs of recovery in 2023. After experiencing a recession since 2016 due to declining commodity prices and reduced industrial and agricultural production, the country saw stronger than expected economic growth of 4.2 percent in 2023, primarily driven by the mining sector and investments in oil exploration. Looking ahead, the economy is projected to moderate to 3 percent - 3.8 percent growth annually over 2024 - 2026. The economic structure of Namibia is characterised by a heavy reliance on mining, which forms the backbone of exports but creates few jobs. The manufacturing sector contributes 7 percent - 11 percent to GDP, while agriculture has remained stable at 8 percent - 9 percent. Notably, the services sector has seen a significant decline in its share of GDP, from 54.2 percent in 1990 to 26.1 percent in 2022. The informal economy is estimated to contribute about 24.7 percent to GDP.

According to the NLFS (2018) there were 1,090,153 people in the labour force, with an overall labour force participation rate (LFPR) of 71.2 percent. This indicates that nearly three-quarters of Namibians aged 15 and above were either employed or actively seeking employment. This national figure, however, masks significant disparities between urban and rural areas. Urban regions reported a higher LFPR of 75.4 percent, compared to 66.2 percent in rural areas. This difference of 9.2 percentage points suggests that urban dwellers were more likely to be economically active, possibly due to greater job opportunities in cities and towns. Gender disparities in labour force participation were also evident. Men had a higher LFPR at 73.5 percent, while women's participation rate was 69.1 percent. This gender gap of 4.4 percentage points indicates that women faced more barriers to entering or remaining in the labour force, which could be attributed to factors such as traditional gender roles, childcare responsibilities, or differential access to education and employment opportunities.

The employment landscape in Namibia presents a complex picture. The employment absorption rate, also known as the employment-to-population ratio, stood at 47.4 percent for Namibia overall. This represented a slight increase of 1.6 percentage points from the 45.8 percent reported in 2016. There were notable disparities in absorption rates across different demographics. Males had a higher absorption rate (49.6 percent) compared to females (45.3 percent). Urban areas showed higher employment absorption (50.2 percent) than rural areas (44.1 percent). Education levels also played a significant role, with higher levels of education generally corresponding to higher absorption rates. For instance, those with postgraduate qualifications had the highest absorption rate at 83.8 percent, followed by those with university degrees at 76.4 percent. In terms of occupational distribution, elementary occupations account for the largest share of employment (29.1 percent), followed by skilled agriculture (15.2 percent) and service workers & sales (14.6 percent).

The overall broad unemployment rate for the country stood at 33.4 percent, a slight decrease of 0.6 percentage points from 34.0 percent reported in 2016. However, a more recent figure from 2022 shows an unemployment rate of 29.9 percent, suggesting a potential improvement. Unemployment disproportionately affects the youth and women. The youth unemployment rate (for those aged 15 to 34) was alarmingly high at 46.1 percent, an increase from 43.4 percent in 2016. Female youth experienced an even higher unemployment rate of 48.5 percent compared to 43.7 percent for male youth. Overall, women had a higher unemployment rate (34.3 percent) compared to men (32.5 percent).

The nexus between education and employment revealed some insights. The largest group within the employed population (51.8 percent) had completed either junior or senior secondary education. Those with primary education accounted for 20.1 percent, while 11.8 percent had no formal education. Tertiary education graduates (including technical/vocational certificates, university degrees, and postgraduate qualifications) made up 14.6 percent of the employed population. This distribution highlights the importance of secondary education in the Namibian job market while also indicating potential for increasing higher education attainment to boost employment prospects. However, the lower percentage of tertiary graduates as a share of employed people in Namibia (14.6 percent) could potentially be attributed to limited access to higher education and a mismatch between the skills provided by tertiary education and the needs of the job market. The high levels of informal employment (57.7 percent) and the predominance of elementary occupations (29.1 percent) suggest that many jobs in Namibia do not require tertiary education. Paradoxically, the high unemployment rate (51.6 percent) among those with post-school education indicates that even when people attain higher education, they face challenges in finding suitable employment, pointing to a complex interplay between education, skills, and job market demands in Namibia's economy.

The analysis of unemployment issues above underscores the complex nature of Namibia's labour market, characterised by significant informal and vulnerable employment, particularly in rural areas and among women and youth. They also highlight the positive correlation between education and employment. While specific data on productivity growth is not provided, the slow growth in manufacturing and decline in services' share of GDP suggest challenges in boosting productivity. Job creation in the formal economy has been limited, with the informal economy absorbing much of the growing labour force. The government has attempted to stimulate job creation through programmes like the Targeted Intervention Programme for Employment and Economic Growth (TIPEEG), which focused on accelerating infrastructure development.

The COVID-19 pandemic had a severe impact on Namibian businesses and employees. According to a survey conducted by Survey Warehouse in 2020, 19 percent of surveyed enterprises had stopped operating due to COVID-19. The worst-affected enterprises were primarily small businesses with between 1 and 10 employees, and businesses from the hotel and tourism, food and beverages, construction, and restaurant sectors.

The impact of COVID-19 on formal businesses was multifaceted. Only 44 percent of businesses were fully operational working on-site at the time of the survey, while 34 percent were partially operational, and 19 percent were not operating at all. Hotels and tourism were greatly affected, with 47 percent of businesses partially operating and 31 percent not operating at all. Restaurants were in a similar position with 37 percent closed and 42 percent operating only partially . Businesses took various measures to cope with the economic downturn. About 26 percent of enterprises had to lay off staff, and a further 8 percent planned to do retrenchments within the next 30 to 60 days. Of those who retrenched, 43 percent laid off more than 41 percent of their staff. The sectors driving COVID-19 related retrenchments included restaurants (74 percent), hotels and tourism (45 percent), food and beverage (43 percent), transportation (41 percent), and construction (31 percent). In addition to retrenchments, 39 percent of businesses implemented wage cuts, and a further 8 percent planned to do so in the near future. The wage reductions were broad-based, with 75 percent of businesses that implemented wage cuts reporting that it applied to more than 40 percent of their workforce. Most businesses (77 percent) affected wage cuts of more than 40 percent, with 27 percent cutting wages by more than 50 percent. Furthermore, 44 percent of businesses reduced working hours or shifts, 11 percent asked staff to take unpaid leave, and 18 percent asked employees to take annual leave, all of which directly impacted employees' income and job security. The sectors most affected (restaurants, hotels and tourism, food and beverage) typically employ more women, suggesting that female workers may have been disproportionately impacted.

Additionally, it is also noted that the tourism sector tends to employ husbands and wives from the same household to work in different operations of the same business (or sector more broadly). This means that entire households were at risk of losing their incomes due to pandemic-related economic shocks. With many businesses struggling to survive and the pandemic's effects lingering, it is likely that employees faced job insecurity, reduced wages, and limited job opportunities in the near future. During the lockdown period, one of the government's responses to the pandemic was the introduction of large stimulus packages aimed at supporting the country's most economically vulnerable. This included a provision of N$750 to eligible individuals. However, according to a UNDP report, only a small percentage of respondents (3.34 percent) reported receiving this assistance. Tax relief and wage subsidies, typically directed toward formal enterprises, failed to reach informal businesses, which employ the majority of the workforce. Additionally, bailouts for small informal enterprises were scarce and were not included in the government's stimulus package. If formal businesses that received government assistance faced significant struggles during COVID-19, it is crucial to recognize that the impacts on informal businesses, which typically lack such support, would have been even more severe.

In addition to the pandemic, climate change, particularly through changing weather patterns and droughts, poses an ongoing risk to sectors like agriculture, impacting both formal and informal employment in rural areas. Changing weather patterns and increased frequency of droughts directly impact agriculture. This affects commercial farming operations, potentially leading to reduced crop yields, livestock losses, and decreased export earnings. The tourism industry, a key contributor to the formal economy, may also suffer as climate change alters ecosystems and wildlife patterns, potentially making Namibia less attractive to eco-tourists. In the informal sector, the impacts are even more pronounced. Subsistence farmers and pastoralists, who make up a significant portion of informal workers, are particularly vulnerable to climate-induced changes in rainfall patterns and increased water scarcity. This can lead to crop failures and loss of livestock, threatening food security and livelihoods. Additionally, climate change exacerbates rural-urban migration as people seek alternative income sources, potentially increasing pressure on urban informal economies. The fishing industry, both formal and informal, may also be affected by changes in ocean temperatures and fish stock movements.

The persistence of informality is rooted in a complex interplay of structural, institutional, and socio-economic factors. A fundamental challenge lies in the lack of policy coherence and coordination across different institutions, ministries, and levels of government. This institutional fragmentation, coupled with corruption and a lack of accountability, erodes public trust in formal systems and weakens incentives to transition into formality. In certain contexts, organised crime, trafficking, and exploitation further shape an environment where formalization becomes difficult, while the stigmatization and harassment of specific informal economy activities discourage efforts to integrate them into the formal economy.

Gaps in social protection systems also play a critical role. Limited coverage, inaccessibility, and inadequate benefits reduce the perceived value of formality, while in the long term, they disincentivize workers and enterprises from formalizing. At the same time, some individuals and enterprises perceive—rightly or wrongly—advantages to operating informally, such as avoiding taxes, regulatory burdens, or compliance costs, which can lead to a deliberate choice to remain outside formal structures.

On the supply side of labour, low levels of education, training, and relevant skills restrict upward mobility and make it difficult for informal economy workers to access formal employment opportunities. Migrant workers face additional barriers linked to their migration status, nationality, length of stay, work permits, recruitment processes, and sector of employment, as well as the non-recognition of their skills and qualifications. Discrimination and gender inequality compound these challenges, disproportionately affecting women and other vulnerable groups, limiting their access to decent work in the formal economy.

From the enterprise perspective, many informal economic units operate with low productivity and have limited access to essential resources such as land, finance, technology, and markets, as well as insecure property rights. These constraints limit their ability to grow, innovate, and generate decent work, making the transition to formality less viable. Broader structural economic conditions exacerbate the situation: the inability of the economy to generate sufficient formal jobs and business opportunities, combined with slow or insufficient shifts in production towards higher value-added and higher productivity activities, both within and across sectors, constrains pathways for formalization.

Multiple regulatory, financial, and capacity-related barriers continue to hinder the transition from informality to formality. A heavily regulated business environment imposes complex and burdensome requirements that discourage formal registration and compliance, especially for small and emerging businesses. Additionally, financial systems in Namibia often lack support for informal entrepreneurs, presenting barriers such as limited access to affordable funding and restrictive lending criteria. Formal business requirements, including high registration fees and costly compliance demands, further inhibit the transition to formality. Compounding these issues is the limited availability of training and capacity-building opportunities, which stifles the development of essential skills needed for growth within the informal economy. Vocational interventions, when available, are often insufficiently tailored to the needs of informal workers.

Furthermore, weak institutional accountability and lack of transparency erodes trust and creates an exclusionary environment. Government-led initiatives frequently employ a top-down approach, making decisions on behalf of informal business owners and employees without meaningful consultation, leading to policies that may not align with the actual needs of those in the informal economy. Additionally, stakeholders have also noted weak public institutions who are responsible for monitoring and supporting informal activities as a key driver of informality. Such institutions may struggle with reaching rural areas and informal settlements due to inadequate labour inspectorates and municipal regulators. This leads to low compliance, allowing informal business owners to operate with little or no fear of penalties. These combined factors contribute to a landscape where informality persists as a viable, albeit precarious, alternative to formal employment.

07

Impact of informality

Informality, characterised by economic activities that operate outside the formal regulatory framework, is a ubiquitous feature of many developing economies, including Namibia. While informality provides livelihoods for many, it presents challenges that impact economic growth, employment, poverty, and inequality. The impact of informality is complex and widely debated throughout the literature, with several arguments which hold both pessimistic and optimistic views of a growing informal economy. This section of the report highlights both the pros and cons of the informal economy, noting how core indicators of sustainable development including economic growth, employment, poverty, and inequality, are impacted.

Productivity in the informal sector is typically lower than in the formal sector, primarily due to limited access to essential resources like finance, technology, and training, as well as the prevalence of unregulated and unsafe working conditions. A study reveals that labour productivity in informal economic units is significantly lower than that of formal firms in many countries, a trend also observed in Namibia. On average, informal economic units exhibit only about one-fourth of the labour productivity of formal firms. Moreover, formal businesses that compete with informal enterprises have roughly 75 percent of the productivity of those without such competition. This suggests that informal sector competition can erode the market share of formal firms, reducing their capacity to invest in productivity improvements, especially since formal firms must also absorb the additional costs of regulatory compliance.

The informal sector reduces the tax base while benefiting from public services without making a substantial contribution to their funding. Its unregulated nature results in minimal tax revenue, which limits the government's ability to invest in critical infrastructure and social services necessary for sustainable economic growth. However, in Namibia and other countries, many informal enterprises do contribute to the tax system, paying VAT on inputs like stock and materials, as well as registration, compliance, and municipal fees, such as hawker and vending charges. While these informal businesses may not face the higher tax burdens imposed on the formal sector, they are not entirely outside the tax framework.

A more optimistic perspective on informality acknowledges the critical role Namibia's informal economy plays as an incubator for entrepreneurship. This sector serves as a vital launchpad for aspiring business owners, especially those who face barriers to formal employment or lack access to the financial resources needed to start a business within the formal economy. For many individuals, the informal sector is not merely a fallback option but a strategic entry point into the business world, offering a lower-risk environment where they can experiment with business ideas, gain practical experience, and gradually build a customer base.

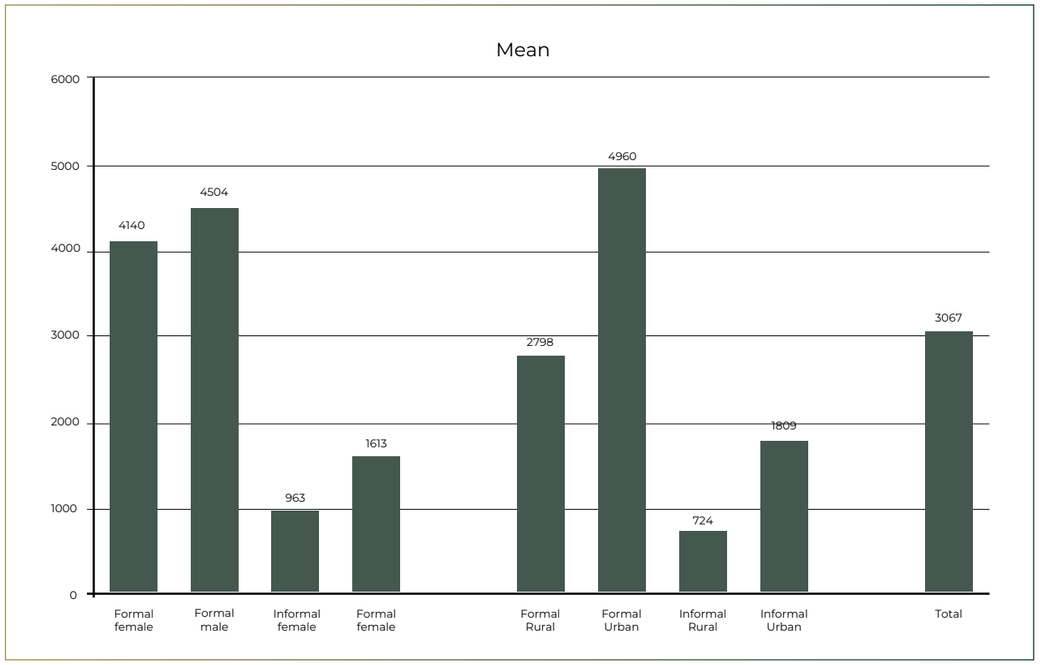
The informal economy is characterised by its low barriers to entry, which makes it accessible to a wide range of people, including those who may not have formal education or professional networks. This accessibility is crucial in a country like Namibia, where formal job opportunities may be limited, particularly in rural areas or among marginalised groups. By providing a platform for economic participation, the informal sector enables individuals to take control of their financial futures, often with limited initial investment and minimal overhead costs. In essence, Namibia's informal economy is not just a temporary stopgap for those unable to secure formal employment. It is a crucial starting point for many of the country's future business leaders, offering them a platform to learn and ultimately lay the groundwork for their economic participation. By recognizing and supporting the potential of the informal economy, Namibia can nurture the entrepreneurial spirit that drives economic development and inclusivity across the nation.

Research highlights the significant role that Namibia's informal economy plays in wealth and job creation. For instance, World Economics (n.d.) reports that the informal economy accounts for 24.7 percent of the country's gross domestic product. The NLFS (2018) further reveals that 57.7 percent of the workforce is engaged in the informal economy, underscoring the extent to which both the economy and a substantial portion of the population rely on this sector for survival. However, despite its crucial contribution to livelihoods, the informal economy is hindered by various inefficiencies and challenges that limit its potential. These challenges include unregulated business environments, inconsistent or low incomes, extended working hours, and inadequate technical and business skills, including a lack of financial literacy among entrepreneurs. Additionally, there is limited access to information, markets, finance, training, and technology, as well as a shortage of suitable and visible operating spaces. Informal business owners and own-account workers often face unsafe working conditions, vulnerability to crime, lack of transportation for goods, inadequate municipal services, and harassment from authorities (police). The absence of job security, social protection, and benefits further exacerbates the vulnerability of informal workers, making them more susceptible to economic shocks and perpetuating a cycle of low income and precarious employment. Addressing these inefficiencies and constraints is essential for enabling the informal economy to become a more sustainable and productive contributor to the livelihoods of many Namibians.

While the informal economy provides a critical source of income for many Namibians who might otherwise face unemployment, it often confines them to low-wage, unstable jobs that offer little opportunity for escaping poverty. A stark disparity exists in welfare and wages between workers in the formal and informal economy, a dynamic that can perpetuate existing poverty levels. According to the ILO, the average wage of informal sector workers in Africa is just one-fifth of that earned by their counterparts in the public sector. In South Africa, informal sector employees earn 62 percent less than those in the formal sector, with the self-employed earning 30 percent less. Similar patterns are observed in studies from Cotonou (Benin), Dakar (Senegal), and Ouagadougou (Burkina Faso), where wages in the formal sector significantly outpace those in the informal sector, and poverty rates are higher among households led by informal sector workers in Benin and Burkina Faso. In Namibia, although the most recent estimates are based on outdated data (2008 Labor Force Survey), they reflect similar income challenges seen across other African nations (see figure below). The figure clearly illustrates the significantly lower earnings of informal employees across all categories. Analysing gender differences, women consistently earn less than men among both formal and informal employees, though the gender disparity is more pronounced in both absolute and relative terms within those in informal employment. When examining location, the urban-rural gap is wider in relative terms among informal employees, though not in absolute terms.

Given this intersection between poverty and informality, it is crucial to support the migration of informal operators and businesses into the formal economy. Research in Namibia indicates that informal employment —such as street vending and domestic work, which typically offer minimal job security or benefits—contributes to economic instability, exacerbates poverty, and restricts individuals' capacity to improve their living conditions. The transition from informal to the formal economy would enable businesses and individuals to benefit from the advantages of formalisation while also contributing to broader societal gains, including the creation of high-quality jobs that can drive poverty reduction. Firms may see increased revenues as a result of higher productivity, enabling them to afford and potentially hire more staff to expand their operations. However, it is important to note that in the short term, productivity gains can also lead to a reduction in employment, as new technologies may decrease the need for labour.

Figure 13. Employees - Mean monthly earnings by formality, sex and location



Source: 2008 Labour Force Survey

The widening wage gap between formal and informal workers in Namibia exacerbates inequality, manifesting in various forms such as income disparities between socio-economic groups, gender pay gaps, and regional imbalances. This growing divide is particularly concerning as it worsens social and economic inequalities across the country. The income disparity between formal and informal workers reflects not only the difference in wages but also the stark contrast in job security, benefits, and opportunities for advancement. These disparities contribute to a broader economic inequality, where those employed in the informal sector remain trapped in low-paying, unstable jobs with limited prospects for improvement.

Gender inequality is a critical aspect of this issue, as women are disproportionately affected by

the inequities in Namibia's labour market. With women comprising 53 percent of those in informal employment in Namibia, they are significantly more vulnerable to the negative consequences of income inequality. The gender pay gap within the informal economy further deepens this divide, limiting women's ability to achieve financial independence and economic empowerment. Addressing this issue is not only a matter of fairness but also a strategic necessity for promoting broader economic growth and stability.

Regional disparities in Namibia further compound the issue, as informal economic activities are heavily concentrated in certain areas, leading to uneven economic development across the country. For example, the Kavango West and Ohangwena regions have the highest percentages of informal employment, at 90.5 percent and 82.7 percent, respectively. In contrast, the Karas region has the lowest percentage of informal employment, at 35.4 percent. These regional imbalances highlight the unequal distribution of economic opportunities, with some regions more dependent on informal employment, and therefore more susceptible to the challenges associated with it.

To break the cycle of inequality, it is imperative to focus on creating equal opportunities for all, with a particular emphasis on advancing gender equality. Empowering women who work in the informal economy is essential for reducing gender disparities and fostering inclusive economic growth.

The dual role of the informal economy in Namibia presents both opportunities and challenges. While it serves as a vital source of income and sustenance for many households, providing employment where formal opportunities are scarce, it also exerts negative pressures on economic growth, the quality of jobs, poverty reduction, and inequality. The sector's limited productivity, lack of regulation, and exclusion from formal structures contribute to inefficiencies that hinder overall economic progress.

Efforts toward formalisation must be approached cautiously. A rigid push for formalisation, without addressing the specific needs and vulnerabilities of those working in the informal economy, could inadvertently worsen their economic situation. Instead, targeted support is essential, focusing on enhancing productivity, improving access to resources, and creating pathways for informal workers to transition into the formal economy without jeopardising their livelihoods. By adopting an inclusive and supportive formalisation strategy, Namibia can leverage the potential of its informal sector to drive more sustainable economic growth, create higher-quality jobs, and further reduce poverty and inequality. In this way, the informal economy can evolve into a stronger contributor to national development, while ensuring that those who rely on it are not left behind.

08

Regulatory framework

Scope of enquiry.
In this part, we review legal/regulatory frameworks and their application, to assess limitations or enhancements of transitions to formality. According to the ToR, the scope of work includes an "inventory of what is in place and what are the gaps within the legal frameworks". Considering this, a range of legal instruments (laws and other regulatory instruments) have been consulted, covering a review of enforcement systems, issues of transparency and accountability, access to social transfers, and incentives/disincentives to access/enter the formal economy.

Constitutional context.
As noted in the Social Protection Policy, Article 95 of the Constitution of Namibia requires the State to actively promote and maintain the welfare of people, and to create equal opportunities. The Constitution exhorts the State to safeguard the dignity of people, create equal opportunities for women, protect children, support the unemployed and indigent, ensure decent work and provide regular pensions to the elderly. These provisions constitute an important basis on which the protection of informal economy actors, in particular informal workers and their dependants, should be cemented in law, policy and practice.

The Namibian labour law and employment service frameworks largely exclude persons and economic units in the informal economy. Persons, other than employees, are not included within the scope of the Labour Act (Act 11 of 2007). The "employee" notion presupposes the existence of an employment relationship, even though this notion is expansively defined to also include certain individuals who are presumed to be employees (until the contrary is proved), for example, in the case where they are economically dependent on another person. The "employee" notion also specifically excludes a person who is an "independent contractor", a term which is defined to mean a "self-employed individual who works for or renders services to a user enterprise or customer as part of that individual's business, undertaking or professional practice". While workers informally employed in the formal sector may be included within the employee notion, others (including own account workers and workers in the household sector) are essentially excluded.

Serious implications flow from this state of affairs: workers in the informal economy not covered by the Labour Act fall outside the scope of the Act's protective provisions regarding remuneration and other conditions of service, including conditions of service directly associated with social protection, such as sick leave and maternity leave. They are also not covered by the Act's provisions regarding occupational health and safety, unfair labour practices and termination of employment, and labour dispute resolution. They are furthermore excluded from the provisions of the Act regarding the exercise of collective rights, including freedom of association, the right to organise and the right to strike. In fact, legally speaking they cannot be represented by a trade union, since the latter concept is defined with reference to the employee notion as used in the Act. As persons/workers not covered by the provisions of the Act, their own representative organisations also do not qualify to be trade unions for purposes of the Labour Act, and are therefore, legally speaking, not included in any bipartite and tripartite structure foreseen in the Act.

It is possible that the Minister responsible for Labour may, after consulting the Labour Advisory Council and by notice in the Gazette, deem any individual to be an employee for the purposes of the whole or any part of the Act. As far as could be established, this power has not been used to include excluded workers in the informal economy under the scope of the Act; it may in any event be doubtful whether this could be done in relation to informal economy workers who do not operate in a subordinate relationship.

The Employment Service Act (Act 8 of 2011) is also not tailored towards accommodating informal employees and other actors in the informal economy. The provisions of the Act regarding the rendering of employment services are essentially focused on employers and employees in the formal economy, and the licensing and regulation of private employment agencies serving the interests of employers and employees. This follows from the reliance on the definitions of the Labour Act as regards the "employee" and "employer" notions, and the content of the Act's provisions. Informal economy actors also have no official representation at the level of the Employment Services Board, as provision is only made for registered trade unions, defined in accordance with the Labour Act's understanding of the term.

The contributory social protection legal framework barely extends coverage to informal business owners and own account workers. The Social Security Act (SSA) (Act 33 of 1994) applies to employees and their employers, employees (defined as in the Labour Act) are indicated as members of the various funds under the jurisdiction of the Social Security Commission and are compelled to make social security contributions. Therefore, to the extent that informal workers in the informal or formal sector could be indicated as being employed by an employer, they are meant to be covered by the Act. Other informal workers, whether they are own account workers or household sector employees, would not be covered, subject to the limited coverage extended to self-employed persons (see below). Informal business owners would only be covered if as employers they employ persons.

According to the SSA, self-employed persons may be covered on a voluntary basis. However, three areas of concern should be raised, from the perspective of legal consequence and practical implications. Firstly, the Act is quite restrictive with regards to when a self-employed person would be covered, and when not. Secondly, the Act contains little incentive for them to be covered. Thirdly, many of the Act's provisions are not appropriate for their context.

In fact, especially in the past, many developing countries, in particular in Africa, have required self-employed persons to pay a double contribution; the comparative evidence in Africa clearly indicates that there are problems with this approach, in that it has not led to any significant measure of coverage of self-employed persons. Uptake has been notoriously low, as is reportedly also true of Namibia. In the absence of alternative/additional funding mechanisms, it might be difficult to impose a contribution obligation on self-employed persons who do not have the means to contribute. Based on increasing evidence, also in Africa, successful extension of coverage to self-employed persons (and informal workers) might require the adoption of specialised tailor-made solutions and modalities. Specialised or targeted arrangements, as is evident from comparative experience, should ideally relate to the following areas: (a) eligibility criteria; (b) contribution flexibility, both in terms of contribution levels and periodicity of contributions; and (c) benefit packages. It would appear that the SSA provides for only one of these, namely in the area of contributions, and then only to a limited extent.

A perusal of the provisions of the Act leaves one with the clear impression that these were developed with the "mainstream" worker, i.e., an employee working for an employer, in mind. Examples abound – including provisions in the Act on compulsory record-keeping; the possibility of sequestration of the employer's estate or winding up of the employer, as the case may be, in the event of non-payment of contributions or interest; and interest on late payments.

Workers in the informal economy are also not covered by the provisions of the Employees' Compensation Act (ECA) (Act 30 of 1941), unless they are working for an employer (e.g., informal employees in the formal sector). Coverage for occupational injuries and diseases is restricted to a person who works for an employer under an employment contract, a contract of apprenticeship or learnership. Furthermore, outworkers and casual employees are specifically excluded, which may affect these employees if they work informally in the formal sector.

Neither the SSA nor the ECA provides for the (automatic) right of (non-trade union) representative organisations of informal economy workers to represent them in an inquiry (SSA) or formal hearing (ECA). They could only do so if prescribed by regulation for this purpose, or if the Commission grants written permission to such a representative, in their capacity as "any other person".

Finally, currently there is no mandatory health insurance to meet health costs by individuals (only 18 percent of individuals in Namibia are covered by insurance arrangements); there are also presently no SSA provisions in this regard in place.

Non-contributory social protection programmes lack a statutory basis and do not specifically target persons in the informal economy. Namibia has a range of non-contributory social protection programmes, including the old-age grant, a funeral benefit, disability, children and veterans' grants, marginalised communities support, disaster relief, social housing, food bank and school feeding. Although the existing programmes have had a considerable influence on poverty reduction, they are characterised by low coverage of potential beneficiaries and low grant amounts. Even though those operating in the informal economy may benefit from the universal old grant, the social protection programmes do not specifically target informal economy actors. In addition, they are not provided for by law.

Public procurement legislation is not aimed at accommodating informal economy actors. The Public Procurement Act (Act 15 of 2015) regulates the procurement of goods, works and services in Namibia for public entities. Some of its objects include job creation and empowerment of, among others, women and youth. However, open national bidding is restricted to, among others, a cooperative registered under the laws regulating cooperatives. It also gives the Minister responsible for Finance the power to grant preferential treatment in procurement, in pursuance of the developmental and empowerment policies of the Government. Yet, the Act's provisions regarding the margins of national preference are narrow, from the perspective of informal business owners and own-account workers – in particular, registered entities, partners and individuals trading as suppliers are targeted. In addition, the bidding process is highly technical and the associated documents cumbersome and complicated. It is evident that a major revision of the Act would have to be undertaken to accommodate informal business owners and ensure they are equipped to understand and use its provisions effectively.

The current banking and tax regulatory environment do not address the context and plight of informal business owners and own-account workers in any meaningful way. Both the Banking Institutions Act (Act 13 of 2023) and the Income Tax Act (Act 24 of 1981) make no specific provision for informal business owners and own-account workers in the informal economy context. For example, these regulatory instruments contain no provisions specifically encouraging access to and use, on the part of those engaged in the informal economy, of banking facilities and services, and registering for and paying taxes.

Regional and national spatial planning authorities, as well as local authorities, have a limited legal mandate to accommodate and serve informal business owners and own-account workers. Urban and regional planning is the subject matter of the Urban and Regional Planning Act (Act 5 of 2018). The Act has as its object to provide a regulatory framework for spatial planning and lists specifically the need to ensure equity in the spatial planning system, and that spatial planning

promotes social and economic inclusion. These provisions could in principle be used to reach out to and include informal business owners and own account workers. Yet, the Act does not require consultation with these or any other actors; in fact, it contains no provisions aimed at including those affected by planning.

The Local Authorities Act (Act 23 of 1992) vests extensive powers and functions in local authorities – in terms of both the provision of a range of services (including supply of water; sewerage and drainage; streets and public spaces; electricity and gas; public transport; and housing schemes); and the exercise of wide-ranging regulatory powers, for example in relation to the erection of buildings or other structures and the imposition of rates, and the power to make regulations, after consultation with the Minister. Non-compliance with the provisions of the Act and the regulations imposed by local authorities constitutes criminal offences. The Act does not display a deliberate focus on the context and needs of informal business owners and own-account workers, and does not require prior or ongoing consultation with affected actors or their representatives.

Some local authorities have had regulations promulgated aimed at regulating informal trading – for example, Windhoek municipality and Ongwediva town council. Registration of informal traders, implying the need to hold a permit or certificate issued by the local authority is required. The permit or certificate typically grants permission to trade subject to conditions and restrictions imposed on trading. Lease agreements may be concluded between the authority and traders. Fees are imposed, and inspection services are provided for in the Regulations, non-compliance with which could hold severe implications for traders. Offences and penalties are stipulated. While the Regulations display some understanding of the context and needs of (different categories of) informal traders, no provision is made for consultation with informal traders and/or their representatives, or accommodating their concerns and requests.

Concluding observations.
With some but limited exceptions, the national legal framework does not provide suitable avenues for recognising and accommodating informal economy actors. The legal instruments investigated for this report contain minimal provisions indicating sensitivity to the needs and context of these actors. This is at times exacerbated by the lack of an obligation to consult with these actors and/or their representatives to ensure a context-sensitive outcome. Instead, there is an overemphasis on unilateral regulation, inspection and control. It is therefore no wonder that already in its legal review undertaken, the UNDP Diagnostic Study indicates that there is no legal framework to support the transition to formality of the informal economy in Namibia. Both the sectoral policy and the legal frameworks need to be made more responsive to the needs of the informal economy – whether it be in terms of working conditions; social protection; the business environment, microfinance, public procurement or tax arrangements; and trading at local council level. Based on the identification of demonstrated gaps in the legal instruments, in relation to the needs, challenges and context of informal economy actors, and thorough consultations with these actors and/or their representatives, policy decisions would need to be taken first, followed by required changes to the provisions of the legal instruments.

09

Comparative approaches

Framework

In the institutional environment, some entities influence the functioning of the informal economy, and these include the national government, national-level private sector entities such as national employers and workers organisations, international and national NGOs, national associations for informal economy workers' rights, academic institutions, and other civil society bodies. At this level, stakeholders provide an enabling environment that is conducive to both productivity and decent work and legal, policy, and planning frameworks are of importance. Stakeholders are actively involved in activities that create the enabling environment to stimulate a growth-oriented informal economy such as organising informal economy activities, supporting formal registration, and providing education and training.

The Namibian informal economy is plagued by low productivity, competitiveness, and higher levels of income insecurity and vulnerability. The Government recognised the significance of the informal economy and has thus approved the NIESED Policy to develop the NIESED sectors and their participants into commercially viable and mainstream economic sectors that could contribute to the economic growth of Namibia and its inhabitants in a sustainable manner. Namibia has a Social Protection Policy (2021- 2030). There is a need to amend laws, policies, and practices and the provision of education and training, in consultation and with the participation of stakeholders to facilitate the integration of the informal economy.

Namibia is a unitary democratic republic. The Namibian Constitution of 1990 as amended creates three different branches of government (National Government), namely (1) the executive branch, (2) the legislative branch, and (3) the judicial branch. The executive branch is made up of the President, Vice-President, Cabinet, and Ministries. The legislative branch is bicameral consisting of the National Assembly and National Council. The judicial branch consists of the Supreme Court, High Court, Magistrates' Courts, and Community Courts. There is a kind of separation of powers and each branch of government monitors and limits the others.

The Government also operates at three different levels, with each level having its own powers and duties: (1) national (President, Parliament, Cabinet, and ministries), (2) regional (Regional Councils and Governors), and (3) local (Local Authority Councils and Mayors).

Traditional authorities also have certain powers and duties in respect of their communities. Power is often divided between different levels of government in a democracy. Another form of check and balance in a democracy is an active civil society.

Civil society includes all groups that work independently from the government to influence what happens in Namibia. It includes the press, faith-based organisations, human rights groups, trade unions, charities, and other non-governmental organisations.

Constitutional rights like freedom of speech and freedom of association protect the right of people in Namibia to come together to consider, criticise, monitor, and influence government actions.

Article 95 of the Constitution (Promotion of the Welfare of the People) states amongst others that the State shall actively promote and maintain the welfare of the people by adopting, inter alia, policies aimed at the following: (a) enactment of legislation to ensure equality of opportunity for women to, in particular, to provide maternity and related benefits for women; (b) enactment of legislation to ensure that the health and strength of the workers; (c) active encouragement of the formation of independent trade unions to protect workers' rights and interests, and to promote sound labour relations and fair employment practices; (d) membership of the International Labour Organization (ILO); (e) ensurance that every citizen has a right to fair and reasonable access to public facilities and services; (f) ensurance that senior citizens are entitled to and do receive a regular pension; (g) enactment of legislation to ensure that the unemployed, the incapacitated, the indigent and the disadvantaged are accorded such social benefits and amenities; (h) ensurance that workers are paid a living wage adequate for the maintenance of a decent standard of living;

The Namibian Constitution establishes three levels of government: (1) central government (2) regional government, and (3) local government.

Article 102 of the Namibian Constitution establishes the Structures of Regional and Local Government, divided into regional and local units, which shall consist of Regional and Local Authorities. Article 103 provides for the establishment of regional councils and the Regional Councils Act 22 of 1992 as amended provides for the establishment of regional councils in respect of regions determined in accordance with Article 103 of the Constitution and sets forth the rights, powers, duties, and functions of such councils. It also provides for the election of National Council members by regional councils. The Local Authorities Act of 1992 as amended provides for the establishment of local authorities. Regional and local governments have similar structures, set by the Namibian Constitution.

There are 14 regional councils and 57 unitary local authorities, classified as follows: three 'Part I' municipal (city) councils, 15 'Part II' municipal councils, 26 town and 18 village councils. Both regional councils and local authorities are empowered to levy local taxes. Each local authority must transfer 5 percent of its rate income to its regional council. In parallel, the central government provides subsidies to village councils, regional councils, and newly established town councils. Regional councils do not generally provide services directly, but local councils' responsibilities include water and sanitation, waste management, electricity, and economic promotion. Three associations operate in the local government sphere that are all voluntary bodies funded through membership subscriptions and are not recognised by law. They are the Association for Local Authorities in Namibia (ALAN), the Association of Regional Councils (ARC), and the Namibian Association of Local Authority Officers (NALAO).

Further, the Namibian Government enacted the Decentralization Enabling Act 33 of 2000 to provide for and regulate the decentralisation of regional councils and local authority councils of functions vesting in Line Ministries and established the Trust Fund for Regional Development and Equity Provisions.

The Traditional Authorities Act 25 of 2000 as amended provides for the establishment of traditional authorities. Traditional authorities cover the entire Namibian territory and traditional leadership is a governing structure based on the ethnicity of the indigenous people of the territory. The Namibian Constitution establishes a Council of Traditional Leaders which advises the President on the control and use of communal land. Currently, there are 51 recognised traditional authorities and further pending applications.

Institutional Environment

Looking at the institutional environment, the UNDP's Report on National Diagnostic Study of the Informal Sector in Namibia indicates that at the national level, some entities influence the functioning of the informal economy, and these include the national government, national-level private sector entities such as national employers and workers organizations, international and national Non-Governmental Organisations (NGOs), national associations for informal economy workers' rights, academic institutions, and other civil society bodies. At this level, stakeholders provide an enabling environment that is conducive to both productivity and decent work and legal, policy, and planning frameworks are of importance. Stakeholders are actively involved in activities that create the enabling environment to stimulate a growth-oriented informal economy such as organising informal economy activities, supporting formal registration, and providing education and training.

Sub-national systems, which depend in part on the level of decentralisation, comprise local government structured and various decentralised NGOs that may facilitate or impede the local informal economy depending on the type and quality of the local situation level. Several factors are of key importance including local bylaws and plans and institutional and transparent competent agencies. Government services for business development include those oriented towards Micro-Small and Medium Enterprises (MSMEs).

The International Finance Cooperation (IFC) Country Private Sector Diagnostic (CPSD) of July 2022 states that the Namibian informal sector is plagued by low productivity, competitiveness, and higher levels of income insecurity and vulnerability. It highlighted that a 2017 IFC study on MSMEs estimated that there were approximately 71,000 MSMEs in Namibia and the Ministry of Industrialisation and Trade (MIT) suggested that about half of MSMEs were formally registered, though this was an outdated estimate.

The domestic private sector struggles with a range of structural challenges, including (1) lack of access to land, skills, markets, and affordable finance, (2) an uncompetitive business environment that increases the cost of doing business, especially for small businesses, (3) low rates of digital technology adoption despite significant investments in digital infrastructure, (4) inadequate access to affordable and reliable infrastructure and business support services, (5) low rates of entrepreneurship and business creation because of the dominance of a few established market actors and the lack of a level playing field, (6) lagging levels of financial inclusion despite a well-developed financial sector, and (7) the dominance of state-owned enterprises, which effectively crowds out private participation and contributes to inefficiencies in key sectors of the economy. The binding constraints identified in the World Bank Group (WBG) systematic country diagnostic are (1) highly segmented input and output markets, (2) poor quality educational and health systems, (3) highly skewed distribution of productive asset and land, and (4) increasing vulnerability to climate change.

At the policy level, the main objective of the National Informal Economy, Startups, and Entrepreneurship Development (NIESED) Policy is to develop the NIESED sectors and their participants into commercially viable and mainstream economic sectors that could contribute to the economic growth of Namibia and its inhabitants in a sustainable manner. The policy seeks to address challenges faced by startups and the informal economy including infrastructure, entrepreneurial development, and institutional support.

The policy stands to further guide the interventions geared to uplift informal trading and a viable startup ecosystem and establish the basis for monitoring and evaluation systems with the main aim of transforming the NIESED sector players into innovative entrepreneurs focusing on sustainable business activities. The policy further seeks to collaborate with relevant institutions to establish integrated capacity transformation programmes in entrepreneurship and enterprise development to change the mindset of entrepreneurs by providing them with the competencies and behaviours associated with successful entrepreneurs worldwide. NIESED, on institutional framework and coordination, states that the approach should be designed to meet identified categories of targeted beneficiaries as outlined under the policy scope. It should further seek to combine management and support services at all levels of NIESED businesses' trading. The policy aims to promote

institutional coordination by placing all Ministerial entrepreneurship, and development programmes under the established EMPRETEC Namibia Centre under the MIT and opined that achievement of the ideals under the various initiatives by different stakeholders would be realised more effectively through the integrated and comprehensive entrepreneurship and enterprise development programme of the EMPRETEC model.

Namibia has a Social Protection Policy (2021- 2030) that is aligned to Chapter 4 of Namibia's Vision 2030 on people's quality of life, the social transformation pillar of the fifth National Development Plan (NDP5), and the social progression pillar of the Harambee Prosperity Plans (I & II). Furthermore, the policy is aligned with all the strategies in the Zero Hunger Road Map (2016-2020), the BluePrint on Wealth Redistribution and Poverty Reduction (2017/18-2019/20), National Health Policy Framework (2010-2020), Education Sector Plan (2017/18-22), National Climate Change Strategy (2013-2020), Namibian National Gender Policy (2010-2020), and Cabinet Resolution 9th/17.06.14/001, which abolished compulsory payment by parents to the School Development Fund. Under Objective 3 of Strategies, the Policy intends to enhance the institutional framework for the delivery of social protection.

In a presentation made on 27 April 2024, the Secretary General of NISO, Veripi Kandenge, summarised the legal and institutional environment in Namibia stating that: (1) The informal economy and informal sector do not feature in the legislative framework, including the Constitution; (2) The Social Security Act (No. 34 of 1994) does not acknowledge the existence of the informal economy or informal sector in Namibia in any shape or form; (3) As a result, some of the social security benefits are not available to those operating in the informal economy; (4) The Labour Act (No. 11 of 2007) does not in any way refer to the informal economy and/or give legal recognition to the sector; (5) As a result, both informal employers and informal employees are disadvantaged. On the National Development Plans (NDPs), he elaborated that there was no mention of how to address challenges in the informal economy in Vision 2030 and all NDPs. Due to the lack of a national policy on the informal economy, there were increases in conflicts in terms of fines, confiscations, impoundment of goods, harassment, etc. The tripartite representative structures provided for in both the Labour Act and the Social Security Act do not accommodate representatives from the informal economy. Concerning the Social Protection Policy (2021-2030), he mentioned that there was an acknowledgment but none of the Strategies in the Policy is aimed at addressing the vulnerabilities specific to the informal economy because the informal economy was not consulted. Conclusively, from an institutional perspective, there was a need for (1) the recognition of the value and contribution of the informal economy in law, policy, and practice, (2) followed by amendment of those instruments, (3) consultation, participation, and interest representation at all forums, and (4) education and training.

Addressing the decent work deficits in the informal economy is essential for fostering inclusive economic growth, reducing poverty, and improving living standards. This section examines the current policy approaches in Namibia aimed at reducing these deficits and facilitating the transition to formality. It analyses the key measures in place, the roles of various actors, and the effectiveness of these policies within the context of national development strategies.

Mapping of Actors

Addressing the challenges associated with informality in Namibia requires coordinated efforts among multiple actors. The key stakeholders involved include government Offices/Ministries/ Agencies, regional councils and local authorities, non-governmental organisations (NGOs), and regional international bodies, employers and workers organisations and associations, employers' organisations and the private sector.

The figure 12 & 13 below show the output of a sensitization workshop held in Namibia on mapping and positioning actors of informality. The table that follows defines the role of some of these key institutions involved in addressing the challenges associated with informality, reducing decent work deficits in the informal economy, and their respective roles and responsibilities. A list of key actors for informality in Namibia can be found in the Annex.

Figure 14. Mapping of Actors on Informality in Namibia

GOVERNMENT STAKEHOLDERS Actors that were mentioned the most	EMPLOYERS' ORGANIZATIONS AND PRIVATE SECTOR Actors that were mentioned the most
• Ministry of Labour (MLIREC) [4] • Ministry of Industrialization and Trade (MIT) [4] • Ministry of Finance & Public Enterprises [3] • Ministry of Works & Transport [2] • Social Security [5], including the Social Security Commission • Law enforcement agencies incl. NAMPOL [3] • Business and Intellectual Property Authority (BIPA) [3] • Namibia Revenue Agency (NAMRA) [3] • Local authorities [4] • Ministry of Urban (MUNI) • Ministry of Justice • Ministry of Higher Education • Ministry of War Veterans • Ministry of Safety & Security • Ministry of Gender & Child welfare • Ministry of Basic Education, Sports, Arts & Culture • Ministry of Youth and Sport • Ministry of Fisheries • Ministry of Mines and Energy • Ministry of Environment & Tourism • Ministry of Poverty Eradication • Health inspectors • Labour inspectors • Municipalities • Quasi-government actors • TVET institutions • National Disability Council of Namibia • Namibia Training Authority (NTA) • Meat Board • Agro-Marketing and Trade Agency (AMTA) • Namibia Agronomic Board	• Bank of Namibia [4] • Financial institutions [5], including banks [3] and finance institutions [2] • Employers' organizations [2], including Employer Federations • Namibia Local Business Association (NALOBA) • Namibia Chamber of Commerce and Industry (NCCI • Construction Industry Federation (CIF) • Meat Corporation of Namibia (MEATCO) • Consultants • Investors • Namibia Agronomic Board **WORKERS' ORGANIZATIONS, INFORMAL WORKERS' ASSOCIATIONS, SECTORAL AND NON-GOVERNMENT ASSOCIATIONS** Actors that were mentioned the most • Workers' organization [6], including the Trade Union Congress of Namibia (TUCNA) [2] • Informal sector representatives [2], including Namibia Informal Sector Organization (NISO) • Namibia Bus and Taxi Association (NABTA) [3] • Namibia Food and Allied Workers Union (NAFAU) • National Union of Namibia Workers (NUNW) • Namibia Retail Workers Union • Namibia Fishing Association • Panel Beaters association • Informal Traders' Association • Namibia Domestic Workers Allied Union (NDWAW) • Vendors Association of Namibia • Agriculture cooperatives and associations • Disability organizations • CSOs and NGOs

Figure 15. Mapping of Actors on Informality in Namibia

INFORMAL WORKERS AND SECTORAL ASSOCIATIONS Actors that were mentioned the most	OTHERS Actors that were mentioned the most

• Farm workers [2], including subsistence farm workers
• Enterprises [2], including traders and owners
• Informal workers
• Domestic workers
• Street vendors
• The youth
• Shack Dwellers
• Informal taxis
• Namibia Bus and Taxi Association (NABTA)
	• Academia [2], including IHL (Universities), colleges
	• Traditional authorities [2]
	• International level
	  ▫ Development partners: UN, GIZ, USAID, etc
	  ▫ International Partners (provide financial support; provide technical support)
	  ▫ International community (set standards, influence local policies, competition)
	• ICT; Media; Families/community; Suppliers; Customers

Despite the involvement of several actors in managing informality, there is limited coordination among them. The lack of a formal, structured mechanism for collaboration often leads to fragmented efforts, diminishing the effectiveness of policies targeting the informal economy. Establishing a cohesive framework to link these actors could significantly enhance the impact of initiatives aimed at the informal economy. This report will be critical in developing a support framework for the development or strengthening of coordination mechanisms to ensure the effective and coordinated participation of the various actors addressing the drivers of informality.

There are signs of emerging coordination mechanisms among key actors addressing informality in Namibia, but formal interagency frameworks remain limited. In September 2023, the Government of Namibia, in collaboration with UN agencies and the Bank of Namibia, hosted a multi-stakeholder workshop aimed at deepening the understanding of the informal economy. This event brought together 126 stakeholders from various sectors and is intended to be the first of many facilitated by the Taskforce on Informality, which includes the Ministry of Industrialisation and Trade (MIT), the Ministry of Labour, Industrial Relations, and Employment Creation (MLIREC), the Bank of Namibia, the UN Resident Coordinator's Office, the International Labour Organization (ILO), the UN Development Programme (UNDP), and UN-Habitat. The existing working group on the informal economy, responsible for conducting this diagnostic on informality, could serve as a strong foundation for establishing a more formalized coordination mechanism. Furthermore, a multi-stakeholder framework is currently under development within the Global Accelerator for Jobs and Social Protection, which aims to enhance integration and coordination across initiatives, promoting comprehensive and collaborative approaches to address informality.

The Namibia Informal Sector Organisation (NISO) has been leading efforts to mediate with government departments and municipal authorities on behalf of informal economy operators. Civil society organisations have also been mobilising to advocate for reforms. NISO has developed a code of conduct to indicate the rights, obligations, and responsibilities of all stakeholders within the informal economy. NISO believes that many of the challenges in the informal economy could be addressed through the design, adoption, implementation, and enforcement of a self-regulatory code of conduct involving the national government, local authorities, informal economy operators, and their representatives.

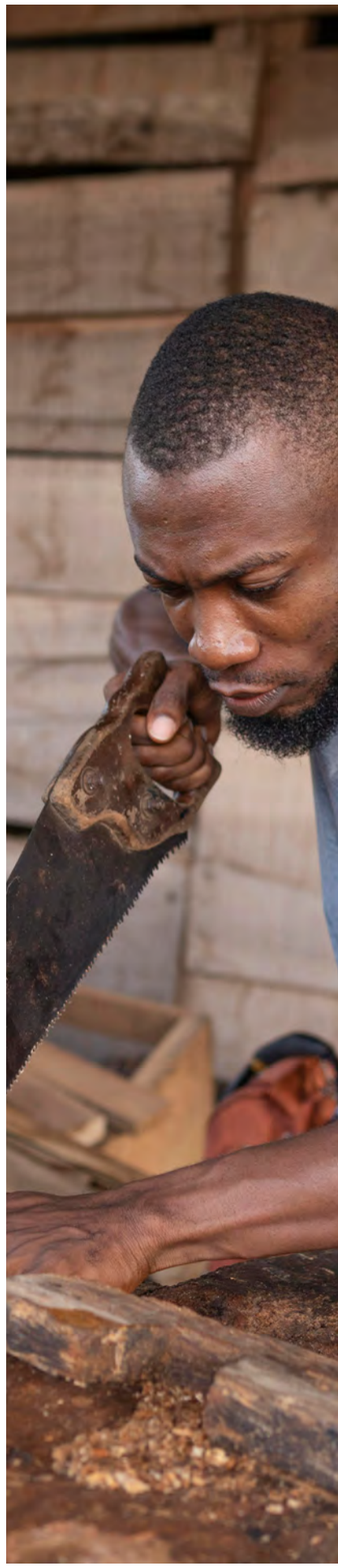
A core principle of the code is the creation of a Multiple Stakeholders Governance Body (MSGB) at the national, regional, and local levels. The MSGB would bring together multiple stakeholders to engage in dialogue, decision-making, and the implementation of responses to issues in the informal economy. The code outlines the following principles for the MSGB:

- The MSGB will be apolitical and establish strong working relationships with the government at all levels (national, regional and local).
- The MSGB will seek partnerships with sub-regional, continental, and international bodies with similar objectives.
- The MSGB will serve as a vehicle to facilitate the transition from an informal to a formal economy through social dialogue.
- The MSGB will adhere to the right to meaningful participation as recognised under international and regional human rights law.

The progress on forming an MSGB for Namibia remains unclear, and there is no evidence that such a body currently exists to engage in dialogue and decision-making on informality issues.

Alignment with National Strategic Frameworks and Policy Approaches

Namibia's main national strategic policy documents reflect a general awareness of the challenges facing the informal economy, but there is a significant variation in the depth of coverage across different frameworks. While some documents propose interventions to reduce decent work deficits and facilitate the transition to formality, others either provide minimal attention to the informal economy or overlook it entirely. More concerning is the lack of documented evidence regarding the implementation of these



strategies and their tangible impact on facilitating formalisation. There is limited available data to assess the effectiveness of these policies in addressing the challenges of the informal economy, making it difficult to gauge progress or identify areas needing further improvement. This gap between policy intent and actionable outcomes highlights the need for a more coordinated, data-driven approach to managing informality in Namibia.

Notably, the informal economy is not comprehensively addressed in Namibia's National Development Plans (NDP) 1 to 5 and the Namibia Vision 2030. The NDPs do not reference the informal economy, its contribution to national development, or policies to support the large number of informal workers. The issue of reducing decent work deficits and transitioning to formality is also absent from this critical strategic framework. Similarly, while Namibia's Vision 2030 does not specifically address the informal economy, it expresses the goal of ensuring decent work for all willing and able individuals by 2030. The proposed strategies include creating job opportunities across all worker categories, providing targeted skills training, encouraging disadvantaged individuals to utilise their abilities, and fostering self-employment by creating a supportive environment for SMEs, including access to loans for both micro and macro enterprises, among other measures. Other policy documents, like the Harambee Prosperity Plan II (2021-2025), also do not specifically address the informal economy but instead place greater emphasis on the upgrading and development of informal settlements.

While Namibia's Constitution enshrines the right to "decent work" for its citizens, the definition of what constitutes decent work in the Namibian context, and how it should be enforced, is not clearly articulated. Article 95 mandates the State to promote the welfare of its people by creating equal opportunities, protecting human dignity, and ensuring access to employment, decent work, and social protection, particularly for vulnerable groups. However, the Constitution does not specifically address how these rights apply to the informal economy. A more detailed definition of decent work is provided in the National Employment Policy, which is elaborated further below.

Namibia's Social Protection Policy (2021-2030), anchored on Article 95, also lacks clear references to work deficits in the informal economy or specific strategies to address them. Although the policy highlights the importance of creating employment and empowering women and youth, it does not outline clear actions to secure decent earnings or improve working conditions in the informal sector. Moreover, the policy was developed based on consultations with Offices, Ministries and Agencies (OMAs) responsible for social protection at national and regional level, but there is no evidence of input from other informal economy stakeholders, despite the sector's crucial role in poverty and inequality reduction.

Decent work in Namibia is captured as a key principle in the National Employment Policy (NEP 2013 -2017). The National Employment Policy in Namibia prioritises decent work, ensuring that all citizens have access to quality, productive, and freely chosen employment that adheres to labour standards. This is essential for job satisfaction, security, and dignity. The policy is built on four key values: rights at work, productive employment, social protection, and social dialogue. These principles are reinforced in the Namibian Decent Work Country Programme (2010-14), which focuses on employment promotion, enhanced social protection, and strengthened social dialogue. The programme aims to support job creation across all sectors and reduce income inequality.

Under the decent work section of the NEP, key objectives include promoting the growth of informal enterprises and SMEs to create decent employment and support their transition to formality. Strategies to achieve this include conducting a survey to assess the size and needs of the informal economy, establishing regional and local bargaining forums to improve the business environment, protecting small businesses against unfair competition from transnational corporations, providing support through marketing areas, financial assistance, and advice, simplifying registration processes for formalisation, improving adherence to social protection and occupational safety standards, and helping informal businesses establish marketing links with retailers. Some of these strategies such as assessing the size of the informal economy have been achieved through the NLFS (2018). However, progress on others is yet to be ascertained. Other policy frameworks, like the Blueprint on Wealth Redistribution and Poverty Eradication, also highlight the importance of expanding contributory social protection programmes to workers in the informal economy. This includes introducing a National Pension Scheme and a National Medical Aid Scheme.

One of the most significant policy developments related to the informal economy is the National Informal Economy, Startups, and Entrepreneurship Development Policy (NIESED). This document represents Namibia's growing recognition of the need for a policy framework that supports the informal economy, startups, and entrepreneurship. The NIESED policy includes various programmes designed to extend social insurance, pension schemes, and public employment opportunities to informal workers, addressing issues such as health benefits, income security, and workplace safety. It emphasises gender equality and social inclusion, specifically targeting women and vulnerable entrepreneurs to promote inclusive economic development.

The NIESED policy acknowledges that unfair labour practices are prevalent in both the informal and formal sectors, leaving room for labour exploitation without adequate protections for workers. The Policy calls for educating both employers and employees in the informal economy about labour laws and advocates for the formation of unions to represent their interests. Additionally, it highlights the need for reforming the Social Security Act and other labour-related laws to extend social protection to informal workers, addressing critical gaps in Namibia's existing legal framework.

While these recent initiatives, such as multi-stakeholder workshops and the formation of a taskforce on informality, indicate growing recognition of the need to manage the informal economy, they are still in the early stages and have not been fully integrated into the broader policy landscape. In conclusion, while there is increasing attention being paid to the informal economy, the reduction of decent work deficits and the transition to formality remain insufficiently addressed in Namibia's key national policy frameworks. There is a pressing need for more coherent, operationalised, and inclusive policies that specifically tackle these issues.

Moreover, the policy measures currently being implemented to manage informality are not well documented in the existing literature. While various reports have proposed policy solutions, the actual enforcement and implementation of these strategies remain unclear. Several reports have recommended extending social protection to the informal sector, but there is little evidence of follow-up actions. The lack of implementation appears to be a significant gap in the effort to transition from informality to formality.

The NIESED Policy outlines several high-level strategies to address informality in Namibia, but there is limited clarity regarding which interventions are currently being enforced or their effectiveness. Some key strategies mentioned in the policy include:

- Encouraging gradual formalisation of businesses through various methods such as business registration, forming associations and cooperatives, and registering with regulatory institutions like the SSC and NamRA.
- Establishing a comprehensive registration system that uses consistent variables, is accessible to all stakeholders, and reduces duplication of efforts and resource wastage.
- Planning new operating spaces and trading opportunities within local authorities, considering the economic needs of informal traders, spatial and transport planning, and health and safety.
- Ensuring law enforcement powers related to inspection and compliance remain intact, while delegating additional authority to regional MIT officials to act as business inspectors, especially to address the issue of foreign-owned businesses displacing local informal traders.
- Developing a method for valuing informal trading sites based on factors such as size, proximity, and trading activity.
- Promoting entrepreneurship development through business pitching and training initiatives, which are seen as catalysts for economic growth.
- Encouraging Namibia's banking and non-banking financial institutions to offer inclusive financial products for informal traders, allowing them access to funding even through personal accounts and banking records, without requiring formal business registration.
- Advocating for the creation of a database of informal economy agents at both micro and macro levels to aid in planning and facilitate targeted support and interventions.
- Educating employers and employees within the informal economy on existing labour laws and the ways in which they can adhere to and benefit from these regulations.

In 2023, the Ministry of Industrialisation and Trade (MIT), supported by the United Nations Development Programme (UNDP), organised a two-day public-private engagement aimed at fostering dialogue, partnership, and collaboration across various business sectors, including the informal economy. The event sought to support the government's structural transformation efforts, industrialisation, employment creation, and the development of the informal economy. During the meeting, the private sector shared insights, challenges, and recommendations to enhance awareness of opportunities and encourage private sector participation in national development initiatives. The key recommendations for the structural transformation of the informal economy included:

- Facilitating stakeholder engagement and coordination to raise awareness and ensure the implementation of policies and strategies.
- Supporting access to finance by amending the Banking Act, implementing an SME Financing Strategy, and promoting innovative financial mechanisms (such as insurance, pension, and savings).
- Centralising and synchronising data related to the informal sector.
- Developing policies and legal frameworks to support the informal economy and incentivise formalisation.
- Raising awareness of the codes of conduct related to the informal sector and enhancing the capacity of actors to interpret legal frameworks.

The MIT committed to presenting the outcomes of the discussions to the Cabinet for review. However, there is limited evidence to suggest that these recommendations have been implemented since the meeting.

A previous report on social protection in Namibia titled "Strengths, Weaknesses, Future Challenges, and Reforming Options for the Governance of the Social Protection System in Namibia" also provided recommendations for extending social protection to the informal economy. The report highlights that the SSC is exploring the possibility of extending benefits to all qualifying individuals, including those working in the informal economy. However, as explained elsewhere in this report, the current Social Security Act makes insufficient provisions for this. Most operators in the informal economy are self-employed and, under the existing legislative framework of the Social Security Act, fall under voluntary coverage. Additionally, as explained elsewhere in this report, all self-employed individuals are excluded from coverage under the Employees' Compensation Fund (ECF) due to the absence of an "employer-employee relationship." This relationship is often hard to establish or prove in the informal sector, making it difficult to validate compensation claims from informal economy workers.

Given the complexities of extending social protection to the informal economy the report recommends conducting a comprehensive study to: (i) better understand the informal economy in the Namibian context, (ii) assess the specific social protection needs of this sector, (iii) explore how SSC's contributory schemes could be redesigned to accommodate informal economy workers, and (iv) identify ways in which SSC and other relevant Ministries/Offices/Agencies (M/O/A) can provide social protection benefits to informal workers and other vulnerable employees. This recommendation will be partly achieved through the delivery of this project on the diagnostic of informality in Namibia.

In conclusion, Namibia's policy approaches to managing informality remain fragmented and lack comprehensive, coordinated strategies for addressing the key issues of decent work deficits and transitioning workers from the informal to the formal economy. While recent initiatives, such as the NIESED Policy and multi-stakeholder workshops, reflect a growing recognition of the importance of the informal economy, the implementation and enforcement of these strategies remain unclear and underdeveloped. A key challenge is the absence of comprehensive data on informal employment and the lack of clear indicators for measuring policy impact. The informal economy continues to account for a significant portion of employment, with little change in recent years, highlighting the need for more robust interventions. Overall, while policy frameworks acknowledge the importance of managing informality, there is a pressing need for coordinated action, clearer enforcement mechanisms, and a deeper integration of informal sector considerations into national strategic frameworks.

10

Overall conclusions

Overall lessons.
Several of the comparative lessons highlight the manifold challenges to extension of social security in particular, including (i) legal barriers; (ii) weak enforcement of laws and regulations; (iii) lack of policy coherence and integration among social protection policies and between social protection and other policy areas; (iv) burdensome and lengthy administrative procedures and processes; (v) limited contributory capacity; (vi) weak governance structures; (vii) limited institutional capacities and supply-side constraints; (viii) lack of incentives or a weak perception of value for money; (ix) limited public awareness and information of social protection; (x) lack of organisation and representation as well as (xi) knowledge gaps about workers in informal employment. All of these need to be addressed.

A holistic treatment of the matters is required, implying that other policy areas need to be adjusted too, in coordination with social protection policies, in particular business registration/formalisation, labour legislation, and tax policies, but also enterprise policies; public procurement and investment policies; access to government credit and business services; labour market and employment policies.

Specific social protection extension modalities are indicated: (a) expansion and adaptation of existing schemes; (b) creation of separate schemes; (c) enhancing governance and strengthening awareness and access to information; (d) addressing other policy areas outside the scope of SP (see previous paragraph). This should be embedded in a comprehensive government-led approach, also considering the different situations of various/particular vulnerable groups (e.g., MSME workers; domestic workers; agricultural workers; self-employed workers, including own-account workers). This should be preceded/accompanied by: (i) identification of social protection coverage gaps and priority needs; (ii) formulating strategies based on an evidence-based and participatory approach; (iii) achieving universal coverage through a combination of contributory and non-contributory provision, with several policy choices to be made.

Recommendations for extending social protection should be aligned with the ILO *Social Security (Minimum Standards) Convention,* 1952 (No. 102), ILO Social *Protection Floors Recommendation*, 2012 (No. 202) and ILO *Transition from the Informal to the Formal Economy Recommendation,* 2015 (No. 204).

Ghana and Zimbabwe.
In the "Namibia's Informal Economy - Possibilities for Trade Union Intervention" Report of 2006, the experiences of Ghana and Zimbabwe were captured. The Ghana Trades Union Congress (GTUC) and its affiliates responsible for organising in the informal economy adopted an approach to organise workers, employers, and the self-employed on an industrial basis. The GTUC adopted a policy on the informal economy to make sure that workers operating in the informal economy could also receive protection, to help them defend their rights, and to ensure safe working conditions. The inability to expand the formal economy made the informal economy the primary source of membership for the GTUC. Some of the benefits of organising in the informal economy were that the GTUC had increased its numerical strength as the formal economy was very small compared to the informal economy. By organising in the informal economy, the GTUC also benefited from the vast experience of informal economy operators as most of them were previously employed in the formal economy. The strategy used by the GTUC in organising the informal economy was the formation of the informal economy desk. The most important aspect was to approach the associations that already existed in the informal economy to get to the operators and workers and thus offered the informal economy associations membership. Through the informal economy desk of the GTUC, services were provided to the informal economy operators.

Concerning Zimbabwe, at Independence in 1980, Zimbabwe had a small informal economy that had been restricted by the colonial regime's laws which limited free migration between urban and rural areas and informal economic activities. This created a situation where those in urban areas were employed in the formal economy whilst the unemployed stayed in the rural areas. In 1998, the informal economy employed significantly more people (3,826,873) than the formal economy (1,348,500). The manufacturing industry accounted for 69.7 percent of all informal economy activities, with the majority of operators being females (66.6 percent). The study further revealed that the income obtained from the micro-enterprises was supplementary. This means that it was additional income for those who were underpaid in their formal jobs. The working conditions in the informal economy were characterized by long working hours of more than 8 hours a day with an average of 6 or more working days per week and on-the-job training as the means through which workers obtained their skills. After independence, the Zimbabwean government's first economic policy statement entitled 'Growth and Equity' provided a clear policy position on the informal economy which declared that it would provide the informal economy with the necessary infrastructure and assistance to promote productive employment. The Government further set up an inter-ministerial Deregulation Committee to identify laws and bylaws that prevented the growth of small enterprises. The government took many initiatives under various Ministries. Specifically, the Ministry of Youth took the following initiatives: work shelter programme, business linkages programme, people's markets initiative, development of entrepreneurship, promotion of co-operatives, and overall programme thrust. Two forces influenced the Zimbabwean trade unions in their decision to take initiatives in the informal economy. The first one was the decreasing membership base, which was exacerbated during the period of Structural Adjustment Programmes (SAPs) in the 1990s, which led to job losses for many workers who were members of the trade unions. The second reason was the non-application of labour laws and international labour standards in the informal economy.

Tanzania and Kenya.
The "Namibia Informal Economy Case Study Report 2016/17" considered the case of Tanzania. The National Social Security Fund (NSSF) established under the National Social Security Fund Act of 1997, covers employees in the private sector, government ministries and departments employing non-pensionable employees, parastatal organisations employing non-pensionable employees, and ministers of religion, the self-employed or any other employed person not covered by any other social security scheme. Temporary employees and the majority of those in the informal sector are excluded. However, section 8(1) of the National Social Security Fund Act of 1997, empowers the Minister to declare any category of temporary employees as registrable under the NSSF.

In Kenya, two types of contributory schemes stand out. The first is the National Hospital Insurance Fund (NHIF), which targets both formal and informal sector workers. The second is the National Social Security Fund (NSSF), which also targets formal and informal sector workers. Other forms of protection include micro-financing. Micro-finance institutions (MFIs) were formally recognised as an integral part of the financial sector in 1991 which recognition came because of the financial policy reforms. Examples include Savings and Credit Cooperative Societies (SACCOs) – they make use of a formal mechanism whereby financial resources are mobilised from members. Specific informal financial services providers emerged, and they include Rotating Savings and Credit Associations (ROSCA's), accumulated savings credit associations, burial associations (micro-insurance services), money lenders and traders, Self Help Group (SHGs), and Village Community Banks (VICOBA/VSLA). These are neither legally constituted nor regulated by any institution; they provide savings, credit, and micro-insurance services.

Waste reclaimers in Johannesburg.
In a study titled "Informal waste reclaimers organising to get the stage ready for collective negotiations with the local state: A case study of Johannesburg reclaimers 2018 – 2022", the author documents the unusual process embarked upon by Johannesburg waste pickers or reclaimers to bring the City of Johannesburg municipal authority to the negotiating table for the recognition of reclaimers and their integration into the city's solid waste management system on terms favourable to the reclaimers. The paper documents how in the period 2018 to 2022, the African Reclaimers Organisation (ARO) established formalised relationships with four Residents Associations, and created alliances with artists and chefs, and established a solidarity organisation of supporters. The paper demonstrates that in the informal economy, while the primary counterpart (in this case the City of Johannesburg) may resist engaging in collective negotiations, by entering into a range of local community-based agreements, and by building power through association with allies, organised self-employed workers can start to build a bottom-up process of recognition and integration, thereby making it impossible for the primary counterpart to continue to ignore them.

USA, Canada and Australia.
Lessons from the USA, Canada, and Australia on collective bargaining for dependent contractors suggest that urban public space is the workplace for a significant percentage of the 2 billion workers who are in informal employment. These workers include street vendors and hawkers (who sell food, products, and services); waste pickers; informal transport operators; and traditional musicians, to name a few. It was argued that in many cities of the global South, public space is a site of class struggle. Despite the clear pronouncements by the ILO's supervisory bodies that member states are obliged to realise rights to freedom of association and collective bargaining for all workers, irrespective of their status of employment, informal self-employed workers remain legally and socially excluded. Labour law scholars have gestured toward the inclusion of the informal sector within the ambit of labour law, but the conceptual basis for their inclusion remains unclear. It was argued that Friedland and Kountouris' theory of labour law as personal work relation is sufficiently broad to include informal, self-employed workers. It was also argued that the legal relationship between workers and the state is rights-based. Workers are addressing the state as worker-citizens for access to property for livelihood purposes. In the absence of judiciable human or constitutional rights at the national level, workers could arguably address the state on the basis of rights (such as the right to work, the right to equality, the state's duty to not discriminate) contained in the (UN) International Covenant on Economic, Social and Cultural Rights (1966), to which most states are signatories. Organisations of street vendors have organised, mobilised, and pursued different strategies to establish collective relations with local authorities. The paper argues that the Indian case illustrates how the regulatory approach to labour law might be operationalised to realise the function of democratising street vendors' workplace, but that it also illustrates the risks. Its implementation has been uneven, and the statute has none of the built-in mechanisms of a collective bargaining relationship-pressure tactics should negotiations break-down, and a mechanism to enforce collective agreements.

The 2002 ILO *Resolution concerning tripartism* recognises that civil society organisations can participate in tripartite social dialogues. Also, the ILO recognises international framework agreements between global union federations and multinational enterprises as social dialogue i.e., social dialogue has evolved both in terms of scale – from national to transnational – and in terms of recognising new bargaining counterparties, in this case multinational enterprises. There is need to strengthen voice and representation modalities that go beyond social partner (trade union and, where relevant, employer) participation, and acknowledge and include home-

grown representative organisations of informal workers (also in the context of the ILO-supported AU's *Ten Year (2023-2032) Social and Solidarity Economy (SSE) Strategy for Africa).*

Informal vending and OHS protection by problematising public space as the workplace and the implications for labour law.
Organisations of street vendors have organised, mobilised, and pursued different strategies to establish collective relations with local authorities. In India, they pushed for the co-regulation of the workplace through creating statutory bodies – street vending committees – which include vendors. In Monrovia, vendors concluded a collective agreement, and in Zimbabwe, ZCIEA and local authorities concluded what can be described as framework agreements. It is argued that the Indian case illustrates how the regulatory approach to labour law might be operationalised to realise the function of democratising street vendors' workplace, but that it also illustrates the risks. Its implementation has been uneven, and the statute has none of the built-in mechanisms of a collective bargaining relationship—pressure tactics should negotiations break-down, and a mechanism to enforce collective agreements. Street vendors have fought for co-regulation of their workplace through statutory workplace cooperation and collective agreements. The next frontier is to conceptualise collective bargaining laws to institutionalise collective bargaining rights. There is a significant difference in the bargaining power of workers that bargain against the backdrop of statutory rights that provide a minimum floor and an institutionalised collective bargaining regime backed by the state on the one hand, and self-employed workers that bargain against the background of the common law rules of contract. Drawing on (proposed and existing) collective bargaining laws for self-employed workers from different industries in the USA, Canada, and Australia, the paper has made some concrete suggestions for the statutory protection of street vendors' collective rights. Future labour law research questions surely include identifying and theorising sources of countervailing power for street vendors and other self-employed workers; re-theorising labour law's concept of the state; and reimagining collective bargaining to include new actors, including the state.

Social security protection for informal economy workers from the developing world perspectives.
Another study considered other specialised arrangements to achieve informal economy worker inclusion and argued that in serving the overarching goal that a transformed social security system should address the underlying structural and material basis of social exclusion, as well as multi-dimensional poverty, social security policy, and system design should be sensitive to the fact that for informal economy workers, meeting immediate needs, and not merely future contingencies, is a priority. Apart from the needed emphasis on sufficient health protection, there is evidently a need to provide for, and protect, the means by which informal workers earn a livelihood. It is significant to note that several Indian state governments (e.g., Karnataka and Odisha) make provision in their social security schemes for among others assistance for the purchase of working tools, which (at least in the case of Karnataka) has resulted in considerable take-up.

Regarding social security for informal economy workers in Tunisia, the country has employed an innovative gradualist approach that has achieved high levels of social security coverage, especially within the informal economy. The expansion of social security in Tunisia has been successful at targeting large portions of the informal economy, including craftspeople, petty traders, and small farmers, although levels of coverage still remain low in these industries in comparison to other industries. Efforts were made to avoid minimal contributions by the self-employed based on the lowest income brackets. A realistic income scale which determines the lowest income bracket relevant to the occupation of the insured person (physician, architect, shopkeeper etc.) and the size of the firm or farm was introduced. Through the application of this scale, each insured person must contribute equal to the bracket employed on the scale, unless they can prove that their real income is lower, while they are free to contribute on a higher scale. These changes to the social security system had a positive influence which resulted in coverage extension. Educational and promotional programmes have also coincided with a change in attitude by many Tunisians which has seen them embrace income protection for old age, and protection against illness as a priority. This change in attitude is borne out of rising medical costs, an educational role played by trade unions and the government, and positive experiences of the benefits of social security. These aspects have combined to legitimise social security. The new measures combined with the awareness and education campaigns had led to almost 70,000 new affiliations in 1996 and 1997 alone. However, the reforms to the social security system have not been successful in extending coverage to everyone in the informal economy.

In conclusion, the political commitment that underlies the recent extension of social security entitlements to and coverage of those operating in the informal economy is reflective of economic considerations and shifting social, cultural, and conceptual perceptions. Changing values in Asia, Latin America, and Africa confirm a new appreciation of the import of social security, and the social contract between the state/government and its citizens, based on dialogue, serving the welfare interests of the people, and moving away from an exclusive focus on economic growth; and a realisation that welfare enhancement is good for economic growth. Modernising society in emerging economies and its interest in appropriate social security arrangements imply that the state is no longer able to rely on the assumption that familial and community support would fill the void left by inadequate social security provision and regulation. Simultaneously, these developments are seemingly informed by human rights considerations, which came to question increasingly the social security-concerned exclusion and marginalisation of the overwhelming majority of workers in most of the developing world.

The developments described in this contribution are indicative of a conceptual understanding and operational framework of social security which transcend traditional approaches and boundaries. And yet, challenges remain. One such area relates to the representative capacity of stakeholder institutions in the informal economy to exert appropriate influence on social security policy development to the advantage of informal workers. In this area of agency, voice, and representation, there is some indication of innovative attempts to ensure that cooperatives, trade unions, and other (often community-based) institutions represent the interests of informal workers. However, the efficiency of these interventions remains limited due to (at times) the lack of scale, and the absence of recognition in the regulatory and policy realm of the status, role, and capacity of these institutions – both in domestic and international systems. A second challenge relates to identifying the workers concerned and their registration. Another concern is the determination of their income. And, as already mentioned, a fourth challenge has to do with the need to involve, consult, and liaise with these workers/persons – in the wake of weak representation and voice.

1. Addressing informality concerns in Namibia requires an understanding of the variety of formal and informal economy actors. Persons engaged in productive activities in the informal economy can be categorised as employees, employers, own-account workers and contributing family workers (there are also dependent contractors, which are currently not considered separately for reasons already provided).

2. A response framework to informality should be aimed at improving decent work outcomes and the reduction as well as avoidance of informality, and the transition to formality.

3. In designing and implementing the response framework, it is important to appreciate and utilise international, continental and regional standards and guiding frameworks, as these emphasise protection and coverage, and a human rights-based approach. Importantly, the Namibian Constitution adopts an international law-friendly approach. Of specific importance is ILO Recommendation on the Transition from the Informal to the Formal Economy (No. 204), which holds particular significance for workers, employers and for governments, also given its emphasis on ensuring opportunities for income security, livelihoods and entrepreneurship, the promotion of decent jobs and the coherence of macroeconomic, employment, social protection and other social policies, and the prevention of the informalisation of formal economy jobs.

4. From a spatial perspective, more than half (57.7 percent) of the employed population are in informal employment; and additional 36.1 percent are in vulnerable employment. In both categories, the share is greater in rural areas than in urban areas. Visible sectors such as street traders in retail and food sectors are commonly targeted by local authorities who implement designated trading bays and open street markets with associated law enforcement, but less visible sectors such as domestic workers or home-based enterprises are also impacted by spatial policies. Further research at a sectoral level is required to examine the opportunities to implement spatially targeted interventions to reduce decent work deficits and prevent the informalisation of formal economy jobs. It is also imperative to examine the legacy of apartheid spatial policies that prohibited certain entrepreneurial and economic activities in Namibia.

5. Informality can be assessed from both a "person" and "enterprise" perspective (which are both interrelated), where the former can be classified into employees, employers, own account workers and contributing family workers. Most of these workers find themselves in poor working conditions, which are often associated with informality in general. These include long working hours without requisite compensation, poor hygiene, and unsafe places of work, lower wages compared to the national average, unpaid family workers, lack of work contracts and social security as well as no other benefits such as pension or medical aid, and no inspections are carried out by Labour Inspectors.

6. Key to developing and implementing an appropriate response framework is the need to allow informal workers to be properly represented and be engaged in consultations in matters affecting them. Even though many of them belong to informal worker organisations (only 7 percent are members of official trade unions), their representative institutions are essentially excluded from social dialogue and negotiations.

7. From a macro-economic perspective, the informal economy continues to play a substantial role, contributing 24.7 percent to Namibia' GDP.

8. However, participation in Namibia's labour market reflects significant disparities, with a labour force participation rate of 71.2 percent, but marked differences between urban and rural areas as well as between men and women. Informal employment remains prevalent, accounting for 57.7 percent of the employed population, with women and rural workers disproportionately engaged in informal work. Vulnerable employment is also common, particularly in rural areas, highlighting the precarious nature of jobs in the country. Unemployment, particularly among youth and women, continues to pose significant challenges, with youth unemployment reaching 46.1 percent and long-term unemployment affecting over 70 percent of the jobless population. The COVID-19 pandemic exacerbated these challenges, with limited access to government support programmes accessible to those in the informal economy.

9. The impact of informality in Namibia is multi-faceted, presenting both opportunities and challenges. While the informal economy provides vital livelihoods for many, especially where formal employment is scarce, it also hinders economic growth, reduces job quality, and exacerbates poverty and inequality. Informal sector productivity is significantly lower than that of formal businesses due to limited access to resources like finance, technology, and training, which reduces tax contributions and hampers the government's ability to invest in critical infrastructure. Nonetheless, the sector serves as an important incubator for entrepreneurship, particularly for marginalised populations.

10. To maximise its potential, Namibia must focus on targeted formalisation efforts, improving productivity, and providing access to resources, while also addressing gender and regional disparities that are deeply embedded in the informal economy. With a strategic, inclusive approach, the informal sector can contribute more effectively to sustainable national development.

11. Despite the Constitutional promise to promote and maintain the welfare of the people, the national legal framework does not provide suitable avenues for recognising and accommodating informal economy actors. The Namibian legal instruments consulted contain minimal provisions indicating sensitivity to the needs and context of these actors. This is at times exacerbated by the lack of an obligation to consult with these actors and/or their representatives to ensure a context-sensitive outcome. Instead, there is an overemphasis on unilateral regulation, inspection and control. Both the sectoral policy and the legal frameworks need to be made more responsive to the needs of the informal economy – whether it be in terms of working conditions; social protection; the business environment, microfinance, public procurement or tax arrangements; and trading at local council level. Through consultations also with informal economy actors and/or their representatives, policy decisions would need to be taken first, followed by required changes to the provisions in the legal instruments.

12. Institutionally, the government-initiated NIESED (National Informal Economy, Startups and Entrepreneurship Development Policy) holds much promise for a consolidated institutional response – also given its emphasis on developing the NIESED sectors and their participants into commercially viable and mainstream economic sectors that could contribute to the economic growth of Namibia and its inhabitants in a sustainable manner. From an institutional perspective, there is a need for (1) the recognition of the value and contribution of the informal economy in law, policy, and practice, (2) followed by amendment of those instruments, (3) consultation, participation, and interest representation at all forums, and (4) education and training.

13. Namibia's policies remain fragmented and inadequately coordinated across government ministries, civil society, and the private sector, while implementation challenges persist. The NIESED Policy marks a significant step toward formalising informal businesses, emphasising gradual formalisation through business registration, financial inclusion, and the creation of an enabling environment for informal enterprises. This includes supporting informal traders with access to credit, simplifying registration processes, and creating market opportunities.

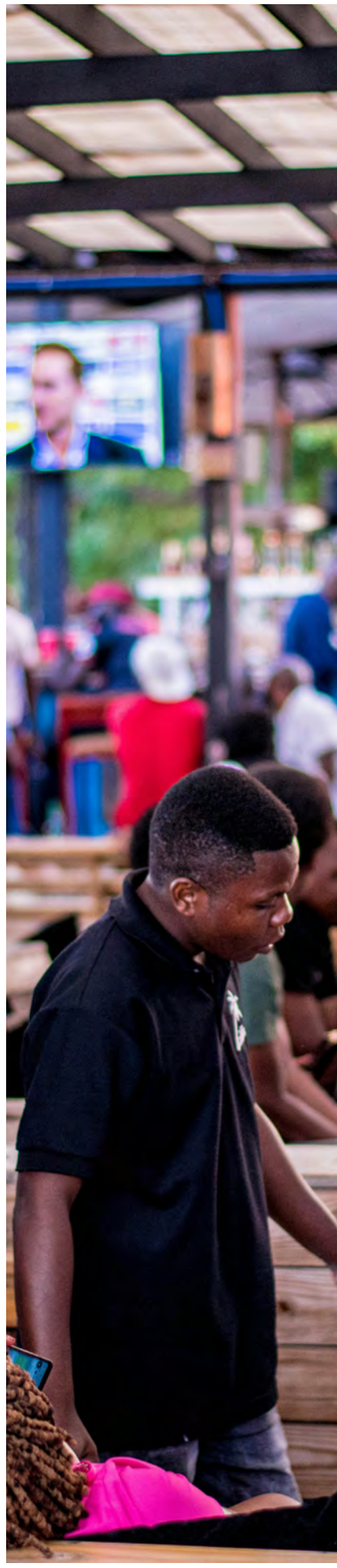
14. A major gap in Namibia's policy framework is the lack of comprehensive data on the informal economy in its multiple dimensions: informal employment and work activities and informal enterprises and their contribution to the economy. It is also the lack of clear indicators to assess the effectiveness of current strategies. Furthermore, there is a pressing need for more robust enforcement of social protection measures and tailored interventions to address the specific needs of informal workers, especially women and vulnerable groups. Strengthening coordination among key actors and improving the integration of informal economy considerations into broader national strategies will be essential to reducing decent work deficits and facilitating the transition to formality in Namibia.

15. There is great value to be obtained from comparative approaches to dealing with informality, also in Africa. This includes interventions to strengthen negotiation at municipal level, involving representative associations of informal economy workers, also as regards engagement in the context of public spaces. There are some examples of trade union support.

16. A transformed social security system should address the underlying structural and material basis of social exclusion, as well as multi-dimensional poverty. Social security policy, and system design should be sensitive to the fact that for informal economy workers, meeting immediate needs, and not merely future contingencies, is a priority. Despite manifold challenges, the extension of social protection to workers in the informal economy is a critical element to reduce informality and achieve transition to the formal economy and hence better protection. Several good examples exist of the tailor-made extension of social security to informal economy workers, also in Africa.

17. A multi-sectoral approach is required. This implies that related policy areas need to be adjusted too, in coordination with social protection policies, in particular business registration/formalisation, labour legislation and tax policies, but also enterprise policies, public procurement and investment policies, access to government credit and business services, labour market and employment policies.

18. There is need to strengthen voice and representation modalities that go beyond social partner (trade union and, where relevant, employer) participation, and acknowledge and include home-grown representative organisations of informal workers (also in the context of the ILO-supported AU's Ten Year (2023-2032) Social and Solidarity Economy (SSE) Strategy for Africa). Also, in relation to social dialogue and collective bargaining, the 2002 ILO Resolution concerning tripartism and social dialogue recognises that civil society organisations can participate in tripartite social dialogues.



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Annex: ***Key Actors in addressing Informality in Namibia***

Key Actors in addressing Informality in Namibia

Type of Institution	Name	Role
1. NATIONAL LEVEL		
1.1 Parliamentary Portfolio Committees	Standing Committee on Economics and Public Administration	Monitor, enquire into and make recommendations to the National Assembly on matters that may directly or indirectly affect the economy, natural resources and public administration
	Standing Committee on Natural Resources	Monitor, enquire into and make recommendations to the National Assembly on matters that may directly or indirectly affect the natural resources.
	Standing Committee on Gender Equality, Social Development & Family Affairs	Monitor, enquire into, and make recommendations to the Assembly on matters related to the provision of health and social services. Address gender issues across party lines and promote gender equality to improve the status of women
1.2 Government Offices & Ministries	Office of the Prime Minister (OPM)	Leading the government business and coordinating the work of the cabinet.
	Ministry of Agriculture Water & Land Reform (MAWLR): now Ministry of Agriculture, Fisheries, Water, and Land Reform (MAFWLR)	Promote the sustainable and equitable development, management and utilisation of agriculture, living aquatic, water and land resources.
	Ministry of Environment, Tourism & Forestry (METF)	Ensuring environmental sustainability, biodiversity conservation and tourism growth.
	Ministry of Finance and Public Enterprises (MFPE): now Ministry of Finance	Responsible for central government finances, including coordination of the national budget, financial markets, consumer legislation and tax policy
	Ministry of Fisheries and Marine Resources (MFMR): now amalgamated with MAFWLR	
	Ministry of Industries, Mines and Energy (MIME)	Lead agency in attracting private investment in resources exploration and development. Responsible for regulating extractive industries and dangerous goods in the country. Leads the NIESED Policy and coordinates efforts to address informality.
	Ministry of Industrialisation and Trade (MIT): now split into: • Ministry of Industries, Mines and Energy (MIME) • Ministry of International Relations and Trade (MIRT)	
	Ministry of International Relations and Trade (MIRT)	Formulate and implement policies to attract investment, increase trade, develop and expand the country's industrial base.
	Ministry of Justice (MJ): now Ministry of Justice and Labour Relations (MJLR)	Involved in policy development and implementation related to informal employment
	Ministry of Justice and Labour Relations (MJLR)	Provide legal and labour services and access to justice Involved in policy development and implementation related to the informal economy.
	Ministry of Labour, Industrial Relation and Employment Creation (MLIREC): now amalgamated with (MJLR)	
	Ministry of Urban & Rural Development (MURD)	Involved in urban planning and development issues related to informal settlements
	National Planning Commission (NPC)	Plan, prioritise and direct national development through effective coordination, monitoring and evaluation by providing advisory services to achieve sustainable socio-economic development.
1.3 Agencies / State-owned Enterprises	Agricultural Bank of Namibia (Agribank)	Advance loans to persons engaged in agriculture and activities related to agriculture.
	Bank of Namibia (BoN)	Collaborate on financial inclusion initiatives and policy development for the informal economy.
	Benguela Current Commission (BCC)	Multi-sectoral inter-governmental initiative of Angola, Namibia and South Africa. Promote the sustainable management and protection of the Benguela Current Large Marine Ecosystem
	Business & Intellectual Property Authority (BIPA)	Protect intellectual assets and make doing business possible in Namibia
	Development Bank of Namibia (DBN)	Participate in agri-industry to add value to the produce of the agricultural sector. Provide apex microfinance for onlending to microlenders

Type of Institution	Name	Role
	Environmental Investment Fund (EIF)	Sustainable source of funding for the development and implementation of environmentally sustainable development projects and programmes in partnership with both public and private sector organizations.
	Livestock & Livestock Products Board of Namibia (LLPB)	Provide for control over the grading, classification, sale, import and export of and the imposition of levies in respect of livestock or livestock products.
	Namibian Agronomic Board (NAB)	Promote the agronomic industry and to facilitate the production, processing, storage and marketing of controlled products in Namibia.
	Namibia Financial Institutions Supervisory Authority (NAMFISA)	Responsible for the regulation and supervision of all non-banking financial institutions and activities in Namibia
	Namibia Fish Consumption Promotion Trust (NFCPT)	Familiarise Namibians with their fish and nutrients found in fish as well as to improve the accessibility and affordability of fish.
	Namibia Revenue Agency (NamRA)	Tax collecting authority responsible for administering Namibian tax laws, and customs and excise services.
	Namibia Statistics Agency (NSA)	Mandated to constitute the central statistical authority of the State and to collect, produce, analyze and disseminate official and other statistics.
	Namibia Tourism Board (NTB)	Promote Namibian tourism and travel to and within Namibia. Implement measures to ensure that tourist facilities and services meet specified standards. Vet applications for registration, and grading of accommodation providers and regulated businesses.
	Namibia Wildlife Resorts (NWR)	Run the tourism facilities within the protected areas of Namibia
	National Youth Council of Namibia (NYC)	Undertake training of members. Commercialize production and services.
	National Youth Service (NYS)	Policy formulation and implementation on issues bordering on youth development
	Social Security Commission (SSC)	Provides a foundation of social security on the principles of solidarity for workers in Namibia and their dependents

Type of Institution	Name	Role
2. SUB-NATIONAL LEVEL		
	Council of Traditional Leaders	Advise the President on the control and utilization of communal land.
	Regional Councils (14)	Work together with the National Planning Commission to make a development plan which will guide growth and development in each region. Help local governments in the regions.
	Local Authorities (including Municipalities, Town Councils, Village Councils) (57)	Responsible for the organisation of housing and utilities and the provision of the relevant services.
	Association for Local Authorities in Namibia (ALAN) Officers	Ensure stability within the local authority fraternity to advance sustainable development in all local authorities.
	Association of Regional Councils in Namibia (ARC)	Ensure stability within the local authority fraternity to advance sustainable development in all local authorities
	Namibia Association of Local Authority (NALAO)	Represent the interests of the administrative branch of local authorities
3. TRADE UNIONS & EMPLOYERS ORGANISATIONS		
	Namibia Employers Association (NEA)	Representative body for employers.
	Namibia Employers' Federation (NEF)	Advocates on public policy and endeavours to influence the laws and regulations with respect to labour relations and in the interest of the economy.
	Namibia Farm Workers' Union (NAFWU)	Organise and represent workers on commercial farms only.
	Namibia Fisherman United Association (NFUA)	Organise and represent fishermen in the fishing industry.
	Namibia Food and Allied Workers Union (NAFAU)	Organise and represent workers and educate members.
	Namibia Informal, Domestic & Allied Workers' Union (NIDAWU)	Organise and represent domestic workers.

Type of Institution	Name	Role
	Namibia National Labour Organization (NANLO)	Conduct and coordinate and publish research into matters affecting workers and the country. Promote and advocate for national and international solidarity among workers organisations and other civil society movements.
	Namibia Seaman and Allied Workers Union (NASAWU)	Organise and represent workers in the fishing industry.
	National Union of Namibia Workers (NUNW)	An umbrella federation. Protect and defend the economic, social, educational, cultural and political interest of workers.
	Trade Union Congress of Namibia (TUCNA)	An umbrella federation. Influence trade policy and ensure social justice for workers.
4. TRADE ASSOCIATIONS & ORGANISATIONS		
	Namibia Chamber of Commerce and Industry (NCCI)	Support and serve the private sector. Advocate for a fair, equal, conducive, and competitive business environment through policy negotiations, stakeholder engagements, capacity building, and other membership services.
	Namibia Women In Business (NAWIB)	An NGO to spearhead and tackle challenges faced by women in business.
5. SUB-SECTORS ASSOCIATIONS & UNIONS		
	Dynamic Informal Traders' Association (DITA)	Represents the interests of informal traders of the association.
	Namibia Domestic and Allied Workers Union (NDAWU)	Represents domestic workers, many of whom are in the informal sector.
	Namibia Informal Sector Organization (NISO)	Promote the rights of informal traders, while at the same time trying to turn the informal sector into a formal economy by addressing the traders' concerns.

Type of Institution	Name	Role
	Namibia Informal Traders and Shebeen Workers Union (NITSWU)	Represent the interests of workers in the informal sector who have low wages and poor work conditions.
	Namibia Rural Women's Assembly (NRWA)	Build linkages, strengthen the self-organization of rural women.
	Vendors Initiatives for Social Economic Transformation (VISET)	NGO established as a regional chapter to promote the participation of vendors in economic, policy and legislative processes for the sustainability of their livelihoods.
6. SUB-SECTOR BODIES / ORGANISATIONS		
6.1 Agriculture	Charcoal Association of Namibia	Represents the Namibian charcoal industry, fostering sustainable production practices and facilitating market access.
	Namibia Agricultural Union (NAU)	Represents commercial or non-subsistence farmers.
	Namibia Biomass Industry Group (N-BIG)	Explore market opportunities and support members in accessing new markets and expanding on the existing ones for competitiveness. Facilitate commercialisation and market development for bio-based products.
	Namibia Emerging Commercial Farmers' Union (NECFU)	Contribute to the creation of an agricultural environment conducive to full participation of farmers in the agricultural value chains.
	Namibia Grape Growers Association (NGGA)	Represent grape producers on agricultural issues and concerns
	National Association of Horticulture Producers (NAHOP)	Represent the interests of all horticulture farmers in the country.
	Potato and Onion Producers Association (POPA)	Create and increase opportunities for potato and onion growers. Provide consumers with the highest quality and most competitive price of products.
	Poultry Producers Association (PPA)	Protect and promote the interests of the poultry producers.

Type of Institution	Name	Role
	Previously Disadvantaged Namibian Farmers Union (PDNFU)	Focus on service provision for its members and policy advocacy.
6.2 Forestry	Community Conservation Fund of Namibia (CCFN)	Raise, administer, manage, grow, and disburse funds to promote the sustainable development of communal conservancies, community forests, and related community-based natural resource management (CBNRM) entities.
	Namibian Association of Community Based Natural Resources Management (CBNRM) Support Organizations (NACSO)	Consortium of civil society organizations that work together to support, promote and strengthen community-based natural resource management (CBNRM)
	Namibia Development Trust (NDT)	Empower communities across by promoting sustainable development, enhancing livelihoods, and advocating for social equity.
	Namibia Nature Foundation (NNF) (partnership with WWF)	Provide technical support, capacity building, and policy development for impactful, sustainable conservation projects.
	Namibia Professional Hunting Association (NAPHA)	Promote Namibia as a hunting destination internationally and protect the right to hunt locally.
	National Conservancy and Community Forests - Alliance	Representative voice of the conservancies, community forests and other community-based natural resources' management institutions on issues affecting them.
	Nyae-Nyae Foundation	Support the San community in development and resource management.
6.3. Fishing	Confederation of Namibian Fishing Associations (CNFA)	Represent the interest of the associations.
	Fisheries Observer Agency (FOA)	Actively monitor compliance to legislation and collect quality scientific data.
	Horse Mackerel Association of Namibia	Represent the interest of the association.
	Large Pelagic Association	Represent the interest of the association.
	Namibia Maritime and Fisheries Institute (NAMFI)	Provide maritime and fisheries training.

Type of Institution	Name	Role
	Namibian Crab Association	Represent the interest of the association.
	Namibian Hake Fishing Association	Represent the interest of the association.
	Namibian Mariculture Association	Represent the interest of the association.
	Namibian Monk & Sole Association	Represent the interest of the association.
	Namibian Rock Lobster Fishing Association	Represent the interest of the association.
	The Namibian Line Fish Association	Represent the interest of the association.
	Wet Landed Small Pelagic Association	Represent the interest of the association.
6.4 Accommodation/ Hospitality & Food services	Accommodation Association of Namibia (AAN)	Represent the interest of the hospitality industry.
	Association of Namibian Travel Agents (ANTA)	Represent the interest of the association.
	Federation of Namibian Tourism Associations (FENATA)	Represent the interest of the associations.
	Hospitality Association of Namibia (HAN)	Represent the interest of association.
	Namibia Community Based Tourism Association (NACOBTA)	Broker partnerships between local communities and private sector investors.
	Namibian Academy for Tourism and Hospitality (NATH)	Assist the industry in developing a highly professional workforce.
	Namibian Chefs Association (NamChefs)	Represent the interest of association.
	Nutrition and Food Security Alliance of Namibia (NAFSAN)	Share information, enhance networking and collaboration among members and stakeholders, support coordinated actions and reporting mechanisms, and strengthen advocacy efforts.

Type of Institution	Name	Role
	Tour and Safari Association (TASA)	Represent the interest of association.
	Tourism Related Namibian Business Association (TRENABA)	Promote Namibia's national interests internationally.
7. INTERNATIONAL DEVELOPMENT AGENCIES / ORGANISATIONS		
	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	Work on behalf of the German Government and the European Union, among others. It is cooperating with its local Namibian partners on over 20 projects and supporting the country's sustainable economic and social development. The priority areas of GIZ's work in Namibia are sustainable economic development, natural resource management, and inclusive urban development
	Food and Agriculture Organization (FAO) (UN	Support Namibia through Technical Cooperation Programmes, regional initiatives, and partnerships to build resilience against climate change and enhance food security and nutrition. Focus on agriculture, fisheries, forestry, and rural development.
	Friedrich-Ebert-Stiftung (FES)	Private, non-profit educational institution, 'think tank' and platform for political dialogue. Promote democracy, development, social justice and peace through capacity-building, policy research, public dialogue and international exchange. Aim to address Namibia's political, social, and economic challenges through these working lines: Forum for Experts on Social Protection, Gender Justice, Just Transition, Land and Housing, Labour Relations in the Informal and Formal Economy, Political Reform Dialogue, The Colonial Past in Today's Namibia and Youth Matters
	International Labour Organization (ILO) (UN)	Works with the Namibian Government to promote the Decent Work Agenda, Global Accelerator Programme, and supports technical cooperation programmes aimed at improving labour standards and addressing informality.

Type of Institution	Name	Role
	International Organization for Migration (IOM) (UN)	Assist the Government of Namibia in its full compliance with international standards on labour migration through the development of a comprehensive labour migration policy.
	Konrad Adenauer Stiftung (KAS)	Helps to consolidate the democratic constitution and the political and socio-economic participation of citizens, especially women in Namibia through social-political and educational programmes.
	United Nations Development Programme (UNDP)	Works in helping to eradicate poverty, reduce inequalities and exclusion, and build resilience so countries can sustain progress. As the UN's development agency, UNDP plays a critical role in helping countries achieve the Sustainable Development Goals (SDGs).
	United Nations Educational, Scientific and Cultural Organization (UNESCO) (UN)	Seek to support the Government of Namibia to achieve its own National Development Plan (NDP) in line with the Sustainable Development Goals (SDGs). As part of the United Nations Country Team (UNCT) in Namibia, UNESCO Windhoek works in synergy with the United Nations Sister Agencies to implement UNPAF (United Nations Partnership Framework) for 2019-2023. UNESCO is leading Outcome 2 – "Education and Skills" within Pillar 2 on "Social Transformation".
	United Nations Human Settlements Programme (UN-Habitat)	UN-Habitat works with the Government of Namibia to build inclusive, safe, resilient, and sustainable cities. Its mission is to promote transformative urban change through policy advice and capacity development - leaving no one and no place behind.
	United Nations Resident Coordinator Office (UNRCO)	Work closely with all UNSDCF Pillars and other Theme Groups to coordinate and monitor the implementation of UNSDCF 2019 – 2023. Act as a first port-of-call to provide services and support to the Government and other stakeholders, such as the private sector, civil society organisations and other development partners. Furthermore, the RCO, together with the relevant government counterpart, provides secretarial support to the Joint Steering Committee (JSC).

Type of Institution	Name	Role
	United States Agency for International Development (USAID)	Major partner in funding and implementing development programmes in Namibia spanning critical sectors such as healthcare, agriculture and environmental conservation.
	World Bank in Namibia (WB)	Priorities in Namibia include support for renewable energy, green hydrogen, more efficient education and health services, improved housing and urban services, and better access to and affordability of digital services.
	World Food Programme (WFP) (UN)	Focus on ensuring people can meet their food and nutrition needs in times of crises; strengthening national social protection systems and national food systems; and deploying our services and expertise to the Government and other partners, especially in supply chains.
	World Wildlife Fund (WWF)	Work closely with the Namibian Government and other partners to monitor, research and protect its wildlife.
8. NON-GOVERNMENTAL ORGANISATIONS (NGOS)		
	IntraHealth Namibia	Provide training, mentoring, and supportive supervision to help Namibia's health workers deliver high-quality, comprehensive health services.
	Namibian Federation of the Visually Impaired (NFVI)	Provide services needed by persons with visual impairments including rehabilitation, support programmes and awareness.
	Namibian Non-Governmental Organizations' Forum Trust (NANGOF Trust)	Umbrella organization of Civil Society Organizations (CSOs) constituted by Non-Governmental Organizations (NGOs), Community-Based Organizations (CBOs), and Faith-Based Organizations (FBOs).
	Namibian Organization of Youth with Disabilities (NOYD)	Advocate for the rights, empowerment, and full inclusion of young people with disabilities in all aspects of society.

Type of Institution	Name	Role
	Namibia Networks of AIDS Service Organisations (NANASO)	Training, Advocacy, Libraries, Distribution hubs, Community fora and networks, building AIDS Competent communities and bridging the gap between local and national communities.
	National Disability Council of Namibia (NDCN)	Serve to improve the lives of persons with disabilities and to make recommendations in law and policy that will ensure equal protection.
	Namibian Organization of Youth with Disabilities (NOYD)	Advocate for the rights, empowerment, and full inclusion of young people with disabilities in all aspects of society.
	National Federation of People with Disabilities in Namibia (NFPDN	An umbrella body of organisations of people with disabilities in Namibia, which is to lobby for the rights of people with disabilities
	Ombetja Yehinga Organisation Trust	Advocate for the protection of the rights of persons with disabilities.
	Out-Right Namibia (ORN)	Lesbian, Gay, Bisexual and Transgender (LGBTI) human rights organisation
	The Namibian Red Cross Society	National humanitarian organization.
9. RESEARCH & ADVOCACY INSTITUTIONS		
	Economic Social Justice Trust (ESJT)	Lobby and advocacy group promoting struggles for economic and social justice.
	Labour Resource & Research Institute (LaRRI)	Research and education institute.
	Namibia University of Science and Technology (NUST)	Institution of higher learning.
	University of Namibia (UNAM)	Institution of higher learning.

Type of Institution	Name	Role
10. COMMUNITY-BASED ORGANISATIONS (CBOs) & STAKEHOLDERS		
	Community Leaders Organizations	
	Conservation Organizations	
	Informal Economy Business Owners	
	Informal Economy Workers Organizations	
	Local Cooperatives & Trade Associations	
	Volunteer Groups	

Source: Created by the authors

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