



DIAGNOSTIC OF INFORMALITY IN NAMIBIA

Policy Framework and Roadmap

September 9, 2025



Step 03

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Foreword

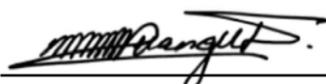
In an era of rapid transformation and widening inequality, understanding the dynamics of our socio-economy is not merely a policy imperative, it is a moral and developmental obligation grounded in the rights of every Namibian. The informal economy, a developmental reality that sustains the livelihoods of many in our nation, represents both a significant challenge and a profound opportunity. To harness its potential, we must first understand it. This Diagnostic of Informality in Namibia Report marks a decisive step in our national journey toward building an inclusive, just, and resilient economy, one in which every Namibian is recognized, protected, and empowered.

This report is more than a technical assessment; it is a collective response to the United Nations' call to action under the Sustainable Development Goals, particularly SDG 8 on Decent Work and Economic Growth, SDG 10 on Reduced Inequalities and SDG 11 on Sustainable Cities and Communities. It is the product of a robust, multi-stakeholder collaboration involving Government Ministries and Agencies, the Bank of Namibia, United Nations agencies, civil society organizations, and, most critically, the voices of informal workers and entrepreneurs themselves. The data, information, conclusions, and recommendations provided herein create the platform to fully acknowledge the worth of the informal economy and its strategic importance to the transformation of Namibia's wider economy.

Informality in Namibia is not a peripheral issue; it is a defining feature of our economy and labor market. It disproportionately affects adult women, youth, and those with limited access to education and opportunity, across both urban and rural settings. While often accompanied by vulnerabilities such as poor working conditions, low wages, and a lack of social protection, it also reflects the resilience, ingenuity, and enduring will of Namibians to make a living against the odds.

Focusing on two key sectors—(1) Agriculture, Forestry and Fishing, and (2) Food and Accommodation Services—this diagnostic provides a detailed, data-driven analysis of the patterns, drivers, and challenges of informality. It goes further to propose a practical roadmap for reform, where policy interventions, institutional partnerships, and targeted investments can gradually support the transition from informality to formality. This approach is firmly anchored in global frameworks, including the United Nations Sustainable Development Cooperation Framework (UNSDCF) 2025 - 2029, the United Nations Human




Mr. Ebson Uanguta
 Deputy Governor, Bank of Namibia



Settlements Programme (UN-Habitat) New Urban Agenda, the International Labor Organization's (ILO) Recommendation No. 204, and aligned with our own national strategies, such as including the National Development Plan 6 (NDP6), the National Informal Economy, Startups, and Entrepreneurship Development (NIESED) Policy, and Namibia's Financial Sector Transformation Strategy (NFSTS) 2025-2035.

Let this document serve not only as a diagnostic but as a blueprint for transformation and advancement. It is a call to coordinated, compassionate, and evidence-based action to build an economy that works for all Namibians, across both formal and informal sectors. Together, we can create a pathway to formality that narrows the gap between informal and formal economies, unlocking the full potential of our nation and its people.


Ms. Hopolang Phororo,
 UN Resident Coordinator, Namibia

Chairperson's Statement

As Chairperson of the National Working Group on Informality (NWGI) in Namibia, it is with great pride and resolve that I present this report, a product of rigorous research and inclusive engagement.

This Diagnostic of Informality in Namibia produced two interrelated reports, namely: Overview of Informality in Namibia Report (Step 1) which includes a Sectoral Analysis Report (Step 2), and a Policy Framework and Roadmap for addressing informality in Namibia.

Namibia, like many developing economies, has long contended with the duality of its economy: a formal economy governed by regulation and protection, and an informal economy where many workers are without contracts, social protection, and recognition amongst others, and most economic units characterized by a low level of productivity, limited access to market and resources. Yet, these informal workers and economic units are not invisible; they are the engine of everyday life for the majority of the population in urban and rural settings. They cook our meals, build our homes, transport our goods, and feed our communities. They are family, workers, employers, and innovators. And they deserve recognition and policies adopted that speak to their reality. Therefore, it is critical that we remove hostilities towards informal business activities and enable their growth and promote their transition to formality, instead of, in some instances, unnecessarily clamping down on their operations and activities.

Our research confirms that informality in Namibia is neither homogeneous nor accidental. It is shaped by a combination of various structural factors and thrives where our systems and institutions have yet to reach. But the findings also reveal a path forward. Transitioning to formality is not about imposing compliance; it is about designing pathways that respect people's choices while expanding their options. It is about removing the barriers that keep people excluded and replacing them with incentives that invite them in.

The informal economy will not disappear; however, we can facilitate positive change in its nature and outlook. Understanding the drivers of informality will allow us to make it safer, more productive, and more connected. It will allow us to identify and address the issues and aspects that hinder and limit the growth and transition of informal businesses and workers to formality. We can bridge the gap between informality and formality by collaborating more and investing where it matters most.

This report is the product of deep collaboration and consultation, and the NWGI wishes to acknowledge the dedication of various stakeholders including the Parliamentary Standing Committee on Natural Resources, Government Offices, Ministries and Agencies, Regional Councils and Local Authorities, United Nations agencies, Sector Specific Bodies, Research and Advocacy Institutions, Labour and Employer Organizations, and Non-Governmental Organizations for insightful input.



Special appreciation is extended to the Ministry of Justice and Labour Relations, the Ministry of Industries, Mines and Energy, the Bank of Namibia, the United Nations agencies and GIZ Namibia, whose co-funding and technical support made this work possible.

I am delighted to express my appreciation to the members of the NWGI for the initiative to undertake the research, cooperation and continuous engagement until the accomplishment.

The NWGI extends its sincere appreciation to the consulting teams from Synergy Business Advisory and Consultancy CC and Genesis Analytics (Pty) Ltd for their contributions to the socio-economic dimension; as well as to the United Nations Human Settlements Programme (UN-Habitat) and the United Nations Innovation Technology Accelerator for Cities UNITAC (Project) for their work on the spatial dimension. Their consistent engagement, collaborative research efforts, and support in compiling and editing the various reports are gratefully acknowledged. The consulting teams were further supported by GIZ Namibia's Inclusive and Sustainable Urban Development (ISUD) project.

On behalf of the NWGI, I reaffirm our commitment to this agenda of enhancing the country's understanding of the informality phenomenon, identifying pathways to addressing the associated challenges, and developing opportunities for intervention. Let us use the information and knowledge gained to fuel progress and development and let us never lose sight of the people behind the data. Together, we can transform informality from a challenge into a cornerstone of inclusive development and growth.

Dr. Michael H. Humavindu
 Chairperson, National Working Group on Informality (NWGI)
 Executive Director, Ministry of Finance



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“In Namibia, informality is the heartbeat of everyday commerce—where innovation thrives beyond formal structures, shaping livelihoods and sustaining communities.”

Abbreviations

Abbrev.	Meaning
AFF	Agriculture, Fishing and Forestry
AU	African Union
BDS	Business Development Services
BEPS	Beneficios Económicos Periódicos
BIPA	Business and Intellectual Property Authority
CFs	Community Forests
DBN	Development Bank of Namibia
DITA	Dynamic Vision Informal Traders' Organization
DPI	Digital Public Infrastructure
DRM	Develop dispute resolution mechanism
GDP	Gross Domestic Product
HAFA	Hanganeni Artisanal Fishing Association
HPP	Harambee Prosperity Plan
ICESCR	International Covenant on Economic, Social and Cultural Rights
IEA	Informal Economy Agency
LAC	Labour Advisory Council
LED	Local Economic Development
MFIs	Microfinance Institutions
MIME	Ministry of Industries, Mines and Energy

Abbrev.	Meaning
NEP	National Employment Policy 2013-2017
NIESED	National Informal Economy, Startups, and Entrepreneurship Development Policy
NISO	Namibia Informal Sector Organisation
NSA	Namibia Statistics Agency
NTB	Namibia Tourism Board
NamRA	Namibia Revenue Agency
OPM	Office of the Prime Minister
OSH	Occupational Safety and Health
ROSCAs	Rotating Savings and Credit Associations
RPL	Recognition of Prior Learning
SSC	Social Security Commission
SSE	Social and Solidarity Economy
SSF	Small-Scale Fisheries
UN-Habitat	United Nations Human Settlements Programme

Executive Summary

The informal economy in Namibia is not a marginal phenomenon but a central pillar of its economic and social fabric, contributing an estimated 25 percent to the national Gross Domestic Product (GDP) and accounting for 57.7 percent of the total workforce. It is the primary source of livelihood for a majority of the population, particularly for women, who constitute 53 percent of its participants, and for youth, for whom it is often the only available entry point into economic activity.

Despite its scale, the informal economy is characterized by profound “decent work deficits.” Workers and entrepreneurs operate in a state of high vulnerability, marked by the absence of formal contracts, job security, social protection, and access to finance. These conditions are exacerbated by a fragmented, often punitive, and historically rooted legal and policy environment that has rendered the sector largely invisible and unsupported. The legacy of apartheid-era spatial planning continues to manifest in restrictive local by-laws and limited access to prime economic spaces, perpetuating cycles of marginalization and low productivity.

The proposed policy framework represents a paradigm shift, moving away from a posture of neglect or punitive enforcement towards a developmental, rights-based, and inclusive strategy. It is built upon eight core strategic objectives: (1) reducing decent work deficits; (2) recognizing and appreciating the informal economy; (3) developing its commercial viability; (4) ensuring social inclusion; (5) facilitating a gradual, evidence-based transition to formality; (6) enhancing social protection; (7) strengthening institutional coordination; and (8) leveraging inclusive digital transformation. These objectives are guided by principles of rights-based development, gender responsiveness, and, critically, a flexible and phased approach to formalization that acknowledges the sector’s heterogeneity.

The framework’s action plan rests on two pillars. The first consists of cross-cutting foundational reforms designed to overhaul the systemic environment. These include comprehensive legal and policy recognition of informality, simplification of business registration, reform of restrictive local by-laws, and the creation of tailored public procurement channels. Crucially, it calls for the design of flexible social protection schemes suited to irregular incomes and the development of inclusive

financial products. These are complemented by investments in skills development, digital public infrastructure, and robust data collection systems to guide evidence-based policy. The second pillar provides targeted interventions for key sectors, namely Agriculture, Fishing, and Forestry (AFF) and Food and Accommodation Services, focusing on strengthening value chains, improving market access, and creating enabling business environments.

Recognizing that past policies have faltered due to various factors including poor coordination and an implementation deficit, the framework proposes two options: (1) the establishment of a dedicated time bound Division within the Ministry of Industries, Mines and Energy, the current policyholder, for the short term, and (2) a robust governance architecture centered on the establishment of a new, central coordinating body: the Informal Economy Agency (IEA), for the long term. The strategic recommendation to place the IEA within the Office of the Prime Minister is designed to provide it with the necessary political authority to overcome inter-ministerial silos and drive a coherent, whole-of-government approach.

The implementation is guided by a detailed, phased roadmap spanning from 2026 to 2035, ensuring a structured, adaptive, and long-term commitment to reform. This is a first roadmap that should be followed by others, recalling that addressing informality and promoting the transition to formality is complex and a long-term process. Informality is evolving and while addressing traditional and new forms of informality, successive roadmaps can decide to adopt targeted and sectoral approaches while addressing cross-cutting drivers of informality, in the process learning from experience and also taking advantage of new developments.

In conclusion, the Policy Framework and Roadmap offers a comprehensive blueprint for integrating Namibia’s informal economy into the mainstream. It correctly diagnoses the multifaceted nature of the challenge and proposes an interdependent set of solutions. Its ultimate success will hinge on sustained political will, the effective operationalization of the IEA, and the translation of its well-articulated strategies into tangible improvements in the lives and livelihoods of the millions of Namibians who constitute the informal economy.



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*Policy Framework
and Roadmap*

1. Purpose of the Policy Framework

1.1 Guiding Frameworks

Namibian Constitution:

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.

NDP6:

According to NDP6, the micro, small and medium enterprise (MSME) and informal sector represent the dominant share of many sectors across the country such as manufacturing; mining; livestock and poultry farming; retailing; transport; hair salon; auto repairs, and other services. The informal economy remains one of the key sectors that is undervalued, unrecognised, and invisible within the mainstream of Namibia's economy and society. The integration of informal businesses into the formal economy is essential for inclusive and sustainable economic growth. By integrating MSMEs and informal businesses into the formal economy, the country can harness the full potential of its entrepreneurial talent; create more sustainable jobs; ensure production of quality goods and services; adherence to local and international standards; and enhance economic resilience. Small enterprises are the most prevalent and employ one-third of Namibia's workforce. This underscores the sector's importance in the Namibian economy and necessitates programmes aimed at promoting the growth and development of small and micro-businesses. MSMEs in Namibia range from unregistered informal operations to a properly regulated firm. MSMEs contributed approximately 16 percent to GDP in 2022, while the informal sector contributed 25 percent to GDP in 2024. The informal sector accounted for 57.7 percent of the workforce in 2018. The nature of businesses in the informal sector hinders it from accessing the necessary financial assistance and support necessary for their growth. The cumbersome process of business registration and the high costs associated with formalisation deterred many informal entrepreneurs from registering their businesses. MSMEs and informal businesses often struggle to reach broader and organised markets due to a lack of resources, knowledge, and market information or connections, which limits their ability to access a wider customer base necessary for growth. The informal economy plays a significant role in

employment creation with over 370 000 people employed in the sector in 2018, signifying strong entrepreneurial activity despite the limited education attainment. The presence of informal businesses in the economy highlights the sector's potential as a driver of inclusive economic development. The MSME Policy prioritises the promotion of entrepreneurial culture through comprehensive training in business management, marketing, and technology, while also recognising the need to expand inclusive financial mechanisms and improve access to modern technologies, advisory services, and market opportunities to unlock further growth and innovation.

The previous 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. However, the NDP6 clearly attempts to fill this critical gap. It notes that the informal economy is one of the key sectors that is undervalued, unrecognised and invisible within the mainstream of Namibia's economy and society, and that it lacks formal policy and legislative support, which hinders its growth and integration into the broader economy, with limited access to essential services such as financial assistance, business development services, and market opportunities that formal businesses benefit from; and that the cumbersome process of business registration and the high costs associated with formalisation deterred many informal entrepreneurs from registering their businesses.

In response, the NDP6 provides important principles and policy guidance and strategic direction for supporting and integrating the informal economy. It formulates as a goal the transformation of the informal economy into productive, competitive and resilient business units of the Namibian economy. This will create a conducive business ecosystem that enables informal businesses to grow and transform into the formal economy. Building on the NIESED Policy, a multi-pronged strategy, funded through various funding mechanisms, is accordingly indicated by the NDP6, encapsulating: (i) Enhance innovative business support and sustainable capacity development; (ii) Develop adequate and conducive MSME and informal business infrastructure; (iii) Enhance the financial and non-financial service ecosystem; and (iv) Develop market-access platforms.

NEP, the NIESED and other policy frameworks:

The National Employment Policy 2013-2017 (NEP) (2013) prioritises decent work, ensuring that all citizens have access to quality, productive, and freely chosen employment that adheres to labour standards. Key decent work objectives include promoting the

growth of informal enterprises and SMEs to create decent employment and support their transition to formality. Strategies indicated in the NEP to achieve this are largely yet to materialise, including 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. As is the case with other policy frameworks like the Blueprint on Wealth Redistribution and Poverty Eradication (2016), the NEP highlights the importance of expanding contributory social protection programmes to workers in the informal economy whether they own or are employed in informal enterprises, or are engaged informally in formal enterprises or households. Implementation of the NEP has, however, proved to be problematic, partly due to the lack of implementation strategies and funding to achieve policy objectives.

One of the most significant policy developments related to the informal economy is the National Informal Economy, Startups, and Entrepreneurship Development Policy (NIESED) (2023), representing Namibia's growing recognition of the need for a policy framework that supports the informal economy, startups, and entrepreneurship. The 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. It further 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. 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.

Overall, the lack of implementation of policy frameworks and enforcement of strategies (such as the extension of social protection to the informal sector, recommended in various

reports) appears to be a significant gap in the effort to transition from informality to formality. There is a need to align the NEP, NIESED, the MSME Policy and sectoral policies, also and in particular with Vision 2030 and NDP6 to ensure long-term integration of informal actors, and to develop sector-specific support frameworks within the context of the said policies. While 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.

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.

Occupational Safety and Health:

Namibia has not yet ratified the **ILO Occupational Safety and Health Convention (No. 155)**. Chapter 4 of the Namibian Labour Act directs that every employer or person in charge of premises where employees are employed must, without charge to the employees, among others, provide a working environment that is safe, is without risk to the health of employees and has adequate facilities and arrangements for the welfare of employees, ensure that the organisation of work, including hours of work and mealtimes, do not adversely affect the safety or health of employees. It also gives employees the right to leave a place of work if an employee has reasonable cause to believe that, until effective measures have been taken, it is neither safe nor healthy to continue work in a place of work, and an employee who leaves such place of work is entitled to the same conditions of service applicable to that employee and to receive the same remuneration during the period of absence. These legal provisions do not mention or make provision for those operating in the informal economy.

- In a media release, the then Ministry of Labour and Social Welfare announced in 2022 that occupational safety and health is now recognized as a fundamental principle and right at the workplace and committed the country to comply with relevant conventions, urging all employers to comply with Chapter 4 of the Labour Act.
- One of the most progressive pieces



of legislation in Namibia is the draft **Occupational Safety and Health Bill (2024)** which envisions the establishment of the Occupational Safety and Health Commission. The Bill defines a worker as, among others, someone who “works for himself or herself, in either the formal or informal economy” and mandates the Commission to, inter alia, establish safety and health mechanisms for small and medium enterprises and the informal economy. In addition, the constitution of the Commission makes provision for one person representing the interest of persons in the informal economy, and the Minister is mandated to make regulations pertaining to special protective measures and conditions for workers in situation of vulnerability, including but not limited to workers in small to medium enterprises (SMEs) and informal economy, domestic workers, workers with disabilities, and migrant workers. It is important that this Bill is passed without delay and that measures pertaining to the informal economy are implemented immediately without waiting for formalization, to protect workers’ health and improve their standards of living.

- **International normative framework:**

The Constitution adopts an international law-friendly approach, by stressing the importance of applying and considering international law. In the absence of judicable 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 (ICESCR) (1966), ratified by Namibia. The same applies to the protection of a host of fundamental rights contained in several other international instruments ratified by Namibia – including among others, the UN Universal Declaration of Human Rights (1948).

Global standards and guiding frameworks provide an important yardstick for the protection (including also social protection) of informal workers and others active in the informal economy. 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 (in Target 1.3) 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.” The UN-wide supported and implemented Global Accelerator on Jobs and Social Protection for Just Transitions 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.

ILO Recommendation on the Transition from the Informal to the Formal Economy, 2015 (No. 204). Recommendation 204 holds significance for workers, employers and for governments. Through a variety of strategies, it is aimed at: (a) 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; (b) 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 (c) Preventing the informalisation of formal economy jobs.

These should be informed by a range of important guiding principles. 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, and 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. The General discussion at the International Labour Conference 2025, ten years on from the adoption of Recommendation No. 204, reviewed innovative approaches that have the potential for constituents to accelerate and scale up the operationalization of Recommendation No. 204, with the support of the Office of the ILO. The Conclusions from the discussion identify some key prerequisites and lessons learnt to support any strategy aiming at addressing informality and promoting the transition to formality. They also recommend actions from constituents and the ILO, including to foster more inclusive processes responsive to national circumstances and the diversity within the informal economy.

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). The right to social security has been derived from a joint reading of a number of rights guaranteed under the Charter and imposes the obligation on States parties to take steps to ensure that the social security systems cover those persons working in the informal economy. The Protocol to the African Charter on Human and Peoples’ Rights on the Rights of Citizens to Social Protection and Social Security (2022) 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. 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; and the need to ensure that the special context of women is appropriately accommodated in social protection systems.

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, and requires of Member States to provide compulsory coverage, either through public or private mechanisms or through a combination of both. The SADC Protocol on Employment and Labour (2023) (not yet in force) 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.

- **Links to Vision 2030, Harambee Prosperity Plan, and other relevant frameworks:**

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), do not specifically address the informal economy but instead place greater emphasis on the upgrading and development of informal settlements. Much of what is contained in the MSME Policy regarding policy principles and recommendations, and in relation to the institutional framework and coordination, as well as implementation and monitoring and evaluation, could be usefully applied to the informal economy context.

1.2 Policy Framework Objectives

- **Support the transition from informality to formality:**

- It is of importance to achieve two objectives, namely (a) improving living and working conditions in the informal economy as enabling conditions for the transition and (b) supporting the transition to formality as a condition to achieve other important outcomes including decent work, fair competition and sustainable enterprises, fair society, enhanced government scope of action.

- **Reduce decent work deficits in the informal economy:**

- The need to address decent work deficits and ensure decent work for all appears from the Namibian Constitution (Article 95), Vision 2030 as well as SDG 8 (“achieve full and productive employment and decent work for all women and men”) and ILO Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204). However, there is need for a clear and appropriately implemented policy framework, which ensures the effective roll-out of decent work strategies, as foreseen in the NEP, to informal economy actors in particular – comprehending among others improvement of the business environment, protection against unfair competition, access to markets and financial assistance, simplified registration and compliance requirements, and suitable social protection and occupational safety arrangements and standards.

- **Recognise and appreciate the informal economy and the actors involved therein, and provide for appropriate and effective modalities to achieve this outcome through sensitive and aligned law- and policy-formulation and -implementation at national, regional and local levels:**

- There is need for a fundamental shift in the way stakeholders, law- and policymakers, enforcement institutions, and the legal and policy framework deal with, treat, and respond to the reality context of the informal economy and the actors involved in this economy. This is well-documented and has now also been recognised in the NDP6 and constitutes an indispensable pillar of effective law- and policy-making and -implementation, and is a precondition for successful transition to formalisation, to the extent that this is achievable.

- **Develop the informal economy into a commercially viable and mainstreamed contributor to the Namibian economy:**

Appreciating the considerable contribution of the informal economy to the Namibian economy, the focus of recent policy expressions in Namibia, in particular the NDP6, is on strengthening the informal economy. The NDP6 formulates the policy intent as one of increasing the contribution of the informal sector, to economic growth, through formalisation and provision of business support services. The processes and strategy to achieve this involve development and strengthening support, empowerment of businesses, solidifying skills, instincts, abilities, processes and resources that informal enterprises need to survive, adapt, and thrive in a fast-changing world. According to the NDP6, this will significantly enhance the overall efficiency and productivity of the informal sector leading to job creation, income generation and economic growth.

- **Ensure that informal economy participants are socially supported and are reaping the benefits of social development:**

- It is of paramount importance to ensure



the social inclusion and support of informal economy actors. The unregulated nature of the informal economy and often suboptimal working conditions potentially lead to the exploitation of workers, and the ability of the government to provide social services, impacting overall economic development and public welfare. The Harambee Prosperity Plan II for 2021-2025, under its third pillar concerning Social Progression, emphasises the government's objective to enhance the overall quality of life for all Namibians with a particular focus on vulnerable segments of society, which would include those engaged in the informal economy. Social (and economic) inclusion is also specifically indicated as an objective of the Urban and Regional Planning Act (2018), which should be of particular significance to planning arrangements affecting informal economy actors. Also, the NIESED Policy stresses gender equality and social inclusion, specifically targeting women and vulnerable entrepreneurs to promote inclusive economic development.

- **Facilitate gradual, context-sensitive and evidence-based transition to formality:** The advantages of formalisation, indicated in a host of Namibian national documents as well as ILO Recommendation 204 of 2015, include enhanced access to protective regimes, safe working conditions, sustainability of informal enterprises and prevention of further informalisation characterised by limited legal protection. To determine the nature and extent of formalisation to be achieved, an authoritative evidence base reflecting informal economy diagnostics and decent work deficits in the informal economy is indispensable. Yet, formalisation is insufficiently addressed in the Namibian legal and policy frameworks: there is need for coherent, operationalised and inclusive policy and legal regimes. Targeted formalisation efforts are required, supported by strategies focused on enhancing bargaining forums, protection against exploitation and competition, access to markets and finance, simplified registration processes and dedicated arrangements in relation to, among others, social protection coverage and procurement processes and criteria. Realistic targets and objectives need to be set, and key cross-sectoral and -cutting issues, requiring a coordinated and multi-sector response framework, be attended to in holistic fashion, including access to land, gender disparities, low digital adoption, and poor financial inclusion, and supported by cross-sector monitoring and evaluation systems to track formalisation efforts, achievements and challenges.

Formalisation needs to be implemented gradually, as also advocated for in the NIESED policy, and needs to reflect a number of key factors or considerations, including a realistic appreciation of whether formalisation is actually required in all cases of informal economic activity. There may be a need to differentiate

between scenarios where formalisation would make little sense and instances where compliance with requirements applicable to the formal economy would be most appropriate. Other factors and considerations include: (i) Compliance with formal requirements enshrined in law, policy and programmes would have to happen gradually and would, naturally, take time to achieve; (ii) Simplified processes and requirements to support informal economy actors in the formal economy; and (iii) A range of support services and programmes should be available to informal economy actors to help facilitate transitioning into the formal economy. This includes the provision of subsidies, and safe and secure trading places, and access to land, market and (micro)-finance, among others. It also includes public-private partnerships, including partnerships with formal economy actors. Interconnected and multi-actor interventions are needed to ensure coordination across different policies and institutions (e.g., land reform, gender equality laws, digital skills training, financial regulation).

- **Enhance social protection and resilience of informal economy actors:**

Despite the Constitutional promise to promote and maintain the welfare of the people, the national legal and policy framework does not provide suitable avenues for recognising and accommodating those operative in the informal economy in social protection terms. The shortcomings in the current contributory and non-contributory social security system are legion and have been well-documented. Several government, sectoral and research reports have suggested modalities for better inclusion of informal economy actors in the social security system, but little progress has been made. This is of serious concern, as a transformed and accommodating social security system should be able to address the underlying structural and material basis of social exclusion, as well as multi-dimensional poverty, and help to build resilience of those active in the informal economy. 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. It is of critical importance that social security policy and system design should be sensitive to the reality context of the informal economy, in particular in relation to its contributory capacity, the need for flexibility arrangements as regards the conditions and eligibility criteria to qualify for social security entitlements, and the nature and type of benefits that informal economy actors are specifically in need of. Related policy areas need to be adjusted too, in coordination with social protection policies, in particular business registration and 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. Several good examples

exist of the tailor-made extension of social security to informal economy workers, also in Africa.

- **Strengthen institutional coordination:** The institutional landscape pertaining to the informal economy is fragmented and uncoordinated. There is a need to strengthen coordination and collaboration among key actors. In order to give effect to a streamlined and adjusted policy and legal regime applicable to the informal economy, there may be a need for a central, coordinating body or agency to serve as the key coordinating, planning, and monitoring institution. Policies affecting informal economy actors are often developed in isolation. Critical stakeholders, including social partners and representatives of the informal economy, should be specifically engaged to ensure context-sensitive policy-making and -execution. 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). It is important to rely on the value that the private sector could add as well. The 2002 ILO Resolution concerning tripartism recognises that civil society organisations can participate in tripartite social dialogues.

- **Inclusive digital transformation:** Digital transformation—anchored by Digital Public Infrastructure (DPI)—offers a catalytic opportunity to empower informal economy workers in Namibia. DPI enhances financial inclusion by enabling accessible digital payments and identity systems, allowing informal workers to open bank accounts, access credit, receive social protection, and benefit from efficient government-to-person (G2P) transfers. It also expands economic opportunities by facilitating access to market information, reducing transaction costs through secure digital exchanges, and fostering private-sector innovation—allowing informal enterprises to scale and engage with broader customer bases. Crucially, DPI lays the foundation for formalisation by generating verifiable digital footprints that increase the visibility of informal workers and enterprises to the state. This visibility enables better targeting of training, financial services, workers and enterprise support, while contributing to job creation, productivity gains, and improved tax administration.

Namibia stands at a pivotal juncture in its digital transformation journey, backed by strong political will and a coherent national policy agenda. Strategic frameworks such as Vision 2030, NDP6, Harambee Prosperity Plan II, and the Digital Namibia Strategy signal a clear commitment to inclusive digital development, prioritising e-governance, innovation, and data-driven service delivery.

Key DPI advancements—such as the introduction of biometric e-IDs, the rollout of NamPay and a UPI-style instant payments platform, and the development of Nam-X (a national data exchange infrastructure)—reflect significant progress in building the digital foundations for inclusion and growth.

However, persistent challenges remain: digital and electricity access gaps, system fragmentation, weak citizen-facing interfaces, and siloed, uneven implementation continue to constrain the potential of DPI to deliver inclusive outcomes. Addressing these requires a whole-of-society approach—convening state and non-state actors to improve coordination, ensure affordability, integrate international safeguards, and embed core principles of data privacy, user consent, and accountability into all DPI applications.

By taking this approach, Namibia's digital reform agenda can accelerate initiatives like Tambula and adapt other country examples such as Gambia's MyLumo, while enabling the design of new, inclusive digital solutions for informal workers. Done right, DPI can be a cornerstone for equitable economic transformation—expanding opportunity, strengthening resilience, and ensuring no one is left behind in the digital economy.

1.3 Guiding Principles

- **Rights-based and inclusive development and implementation of legal, policy and operational frameworks:** As is the case with all other Namibian individuals, those engaged in the informal economy enjoy the entitlements and protections provided for in the Namibian Constitution, laws and policies, informed also by the international human rights framework, to which Namibia subscribes. There is therefore no room for disparate and unequal treatment. This applies to both individual and institutional actors in the informal economy, vis-à-vis their counterparts in the formal economy. All areas relevant to informal economy engagement are affected, including among others procurement, social protection, decent working conditions, treatment by authorities and access to facilitated business opportunities. Cognizance is taken that entitlement is created and that would not be enough without aiming at the effective access to protection i.e., entitlement transformed into the accessibility to benefits and advantages. While some protections are accessible to some in the informal economy, others will be accessible through their transition to formality.
- **Gender responsiveness and youth inclusion:** Considering the impact that the transition to formality has especially on women and youth, dedicated gender- and youth-sensitive arrangements need to be adopted that would cater for these vulnerable groups in particular.



Regard should be given to the emphasis in the NIESED policy on gender equality and social inclusion, specifically targeting women and vulnerable entrepreneurs to promote inclusive economic development.

- **Ensuring a Just transition:** Promoting the transition to formality and advancing a just transition towards environmentally sustainable economies and societies are mutually reinforcing objectives, both essential for achieving sustainable and inclusive development. Workers and economic units in the informal economy are often highly vulnerable to climate change and environmental risks, particularly in sectors such as agriculture, fisheries, forestry, waste management, transport, and construction. Targeted interventions — such as improving access to green finance, providing opportunities for reskilling and upskilling, strengthening social protection, and fostering business linkages — can support informal workers and enterprises to adopt sustainable practices. In doing so, these measures can help reduce environmental vulnerabilities, while simultaneously boosting productivity, resilience, and long-term economic viability.

- **Flexibility and phased formalisation, and key pillars of an integrated and coherent approach to address informality and promote transition to formality:** Considering the case made earlier for a gradual approach to formalisation, compliance with formal requirements enshrined in law, policy and programmes would have to happen gradually and would, naturally, take time to achieve. A structured graduation may imply the need for pilot interventions first. Flexibility also entails that the envisaged formalisation should be designed in a way which accommodates the actual context and requirements of informal economy actors.

The ILO recently identified four pillars that could be considered prerequisites for any integrated and coherent approach to address informality and promote the transition to formality significantly and sustainably: (i) good governance and an adequate regulatory framework combined with political will and commitment; (ii) organisation, voice and representation of workers and economic units in the informal economy and inclusive social dialogue; (iii) an enabling environment for sustainable enterprises to make productive and full employment a reality; and (iv) better working and living conditions through the transition to formality and leaving no one behind.

- **Legislative and policy reform and alignment:** Several reports and policy frameworks have repeatedly pointed out that Namibian legal instruments contain minimal provisions indicating sensitivity to the needs and context, and protection of informal economy

actors. Regulatory shortcomings are multi-faceted. Constrained mandates and silo regulatory instruments adopted by a diverse range of regulators are further complicating factors. 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. Overregulation is a serious concern, also for the long-term viability of informal economy operators. Municipal by-laws in particular need to be developed and enforced, considering the real-life context of informal economy actors. This also applies to programme roll-out, and to legal and policy formulation and -implementation at national 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, and the operational implementation of these frameworks. This should be supported by appropriately designed awareness and sensitisation campaigns.

- **Institutional strengthening, coordination and streamlining, including multi-stakeholder collaboration:** The need for institutional coordination and streamlining, indicated above, implies critical investment in capacity-building and strengthening, in terms of human resources, systems and financing. There is need for consultation, participation, and interest representation at all forums engaged in designing and implementing interventions pertaining to the informal economy. Multi-stakeholder involvement is in particular required, stretching beyond tripartite participation, to bring on board also the private sector, informal economy-specific representative institutions, and relevant civil society organisations.
- **Policy coherence and alignment with regional/international frameworks (e.g., ILO Recommendation 204, UN, AU and SADC instruments):** The limited range of policy approaches dealing with the context of informal economy actors and formalisation interventions operate in silo and are mostly not yet supported by dedicated legislative arrangements. Considerable effort is required to develop and implement coherent policy and legislative frameworks, while ensuring that these frameworks are aligned with the Namibian Constitution, Vision 2030, and the NDP6, as well as with the global, continental and regional international law framework applicable to Namibia.



02

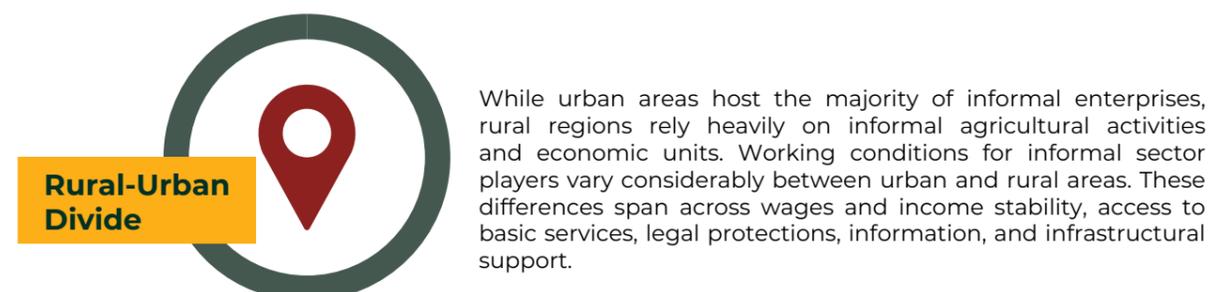
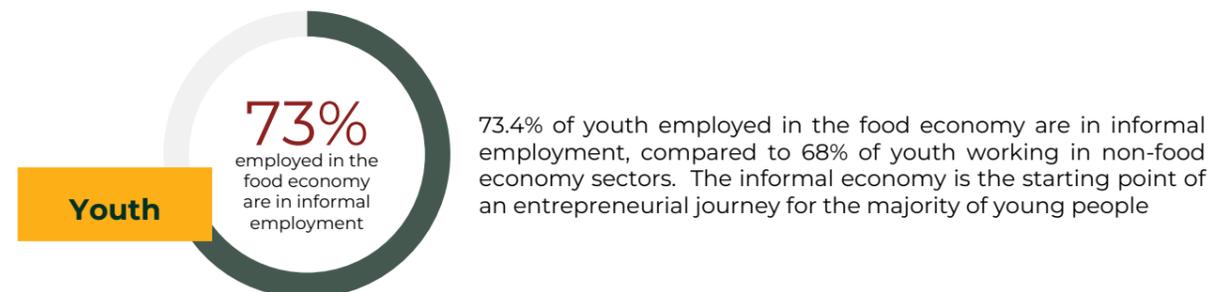
*Introduction and
Background of
Informality*

2.1 Overview of Informality in Namibia

Informality plays a critical role in livelihoods, employment, and survival for a significant portion of the population in Namibia. Despite its importance, the informal economy remains largely under-recognised in the legal and policy framework and under-supported in practice.

Contribution to GDP	24.70%
Informal employment	57.70%
Informal employment in agriculture, forestry & fishing	87.60%
Informal employment in food and accommodation services	68.60%
Informal employment in rural areas	41.80%
Informal employment in urban areas	78.90%

Demographics and Employment Dynamics



Features of Informality

- A common feature of informal economic activity in Namibia is its vulnerability.
- Most informal enterprises (and their owners) operate with limited access to finance, infrastructure, and social protection. They are often excluded from regulatory and support frameworks, which leaves them exposed to market volatility, climate shocks, and regulatory enforcement.
- Informal workers typically lack formal contracts, job security, and access to health insurance, pensions and social security benefits.

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 (numbers), composition - classified into employees, employers, own-account workers and contributing household workers - and geographical distribution while the latter profiles the enterprises mainly in terms of location, access to markets and finance. Figures derived from the NLFS of 2018 show that 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. In urban areas, informal economy operators are most prevalent in Oshikoto region (72.5 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). 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.

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 (35-64 years) and youth (15 to 34 years) with secondary education and less, both in urban and rural areas. 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 characterise the numerous informal enterprises, including own-account workers.

Several organisations do represent both informal workers and informal enterprises. 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. This lack of representation makes them particularly vulnerable to many forms of labour exploitation.

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 NLFS 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 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.

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 NDP6 states that the Micro, Small and Medium Enterprise (MSME) approximately contributed 16 percent to GDP in 2022, while the informal sector contributed 25 percent to GDP in 2024. The informal sector accounted for 57.7 percent of the workforce in 2018. This comprises 54.1 percent of males and 61.2 percent females. On average, more females were in informal employment than males. In addition, 41.8 percent of the employed population in urban areas and 78.9 percent of employees in rural areas were in informal employment. The distribution of persons in informal employment by industry shows that the industries with the highest level of informal employment were Private households and Agriculture, forestry and fishing with 91.0 and 87.6 percent respectively, while the lowest level of informal employment was found in public administration, defence, compulsory social security which accounts for about 9.1 percent of employees (NLFS 2018).

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.

2.2 Why addressing informality is critical

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.

2.3 Alignment with National Strategic Frameworks and Policy

Frameworks

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 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. For those working as informal employees in the formal sector, formalisation requires the effective implementation and enforcement of existing regulatory provisions and the monitoring thereof which, given the existence of an employment relationship, imply coverage under both labour and social security laws.

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 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.

The Namibian Constitution stresses the importance of applying and considering international law. 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, including informal employees. The SDGs set goals for countries to achieve by 2030, and Namibia is clearly committed to giving effect to the SDGs, as is apparent from the reliance on the SDGs by the Harambee Prosperity Plan (HPPP). Most of the SDGs are directly relevant to the informal economy context in Namibia. Some progress has been made concerning the UN-wide supported and implemented Global Accelerator on Jobs and Social Protection for Just Transitions. The African Union (AU) instruments also stress the need to extend protection to informal economy workers. Social protection for informal economy workers is also a priority emanating from key SADC instruments.

The NSPP is aligned to Chapter 4 of Namibia's Vision 2030 on people's quality of life, the social transformation pillar of the NDP5, and the social progression pillar of the HPPs I & II. Furthermore, the policy is aligned with all the strategies in the Zero Hunger Road Map, 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. However, there are gaps and poor linkages in that, in many instances, the informal economy and informal sector do not feature in the legislative framework, including the Constitution, NDPs, etc.

The NDP6 recognizes that Namibia's Micro, Small and Medium Enterprise (MSME) and informal sector represents the dominant share of many sectors across the country and that informal economy remains one of the key sectors that is undervalued, unrecognised, and invisible within the mainstream of Namibia's economy and society. It further states that the integration of informal businesses into the formal economy is essential for inclusive and sustainable economic growth, and by integrating MSMEs and informal businesses into the formal economy, the country can harness the full potential of its entrepreneurial talent, create more sustainable jobs, and ensure production of quality goods and services, as well as adherence to local and international standards and enhance economic resilience. One of its sub-sub goals is "Informal enterprises transitioned and MSME upscaled into productive, competitive and resilient business units", with the policy intent to "create a conducive business ecosystem that enables MSMEs and informal businesses to grow and transform into the formal economy, contribute to improved income and economic growth. The goal also aims to increase the contribution of the MSMEs and informal sector to economic growth."

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. Notably, the informal economy is not comprehensively addressed in Vision 2030. 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. The NSPP, anchored on Article 95, also lacks clear references to work deficits in the informal economy or specific strategies to address them.

Decent work in Namibia is captured as a key principle in the National Employment Policy (NEP). 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. 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. 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.

Namibia's policy approaches to managing informality remain fragmented, leave out some forms of informality and lack comprehensive, coordinated strategies for addressing the key issues of decent work deficits and transitioning workers

from the informal to the formal economy.

2.4 Legal, policy and operational challenges of informality

Even though the informal economy and informal sector are 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. The Decentralization Enabling Act 33 of 2000 is in place that provides for and regulates the decentralisation of power and responsibilities vesting in the central government to regional and local authority councils. 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.

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.

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 to promote a self-regulatory code of conduct and establish governance bodies for better coordination. 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. 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.

Legal clinics play an important role to protect the rights of informal actors and also serve as a platform to resort to when they are abused by more powerful actors. University law faculties and other non-governmental organisations providing legal aid should be encouraged to specifically take on these roles.



Finally, dispute resolution mechanisms for the informal economy do not exist. There is a critical need for such mechanisms and related institutions to be developed; this should from a governance perspective be integrated in the governance model proposed for engagement with the informal economy.

2.5 Spatial Dimension

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”. Certain informal economic activities and sub-sectors are more visible than others. In urban areas in Namibia, informality is most visible and vibrant 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. Less visible informal economic activities such as domestic work are also prevalent in urban areas.

In rural areas, the share of workers in informal employment is close to two times higher (78.9 percent) compared to urban areas (41.8 percent) . And the share of persons in vulnerable employment is also higher in rural areas (65.1 percent) than urban areas. Although the exploratory survey targeted both rural and urban areas in all 14 regions of Namibia, the more visible sectors such as food and retail were more abundant and accessible in all settlement types. There were fewer interviews with respondents in the agricultural sector, and this was the case in both urban and rural areas.

Spatial policies should take care to not only focus on the most visible informal economic activities, or the sectors where data is most readily available. Subsistence farming and other informal economic activities that are less visible, are not necessarily less prevalent. For instance, a key informant explained, “Almost every second house where you find a person employed, you find a cattle herder, you find a person selling in a cuca shop, that’s informality.” At a sectoral level, spatial policies can improve decent work and opportunities for formalisation upstream

Image: Mobile street trader in Opuwo (left) in Lüderitz (right)



and downstream of different supply chains.

In the accommodation and food services sector, street traders in Windhoek and secondary towns in Namibia are a critical source of food security for low-income households and income generation in the informal food sector. Visibility and convenience are essential for informal traders selling food to access customers and which compete with formal wholesalers, bars or restaurants. Open Markets managed by local authorities provide basic services such as shade and ablution areas. Traders request other necessary infrastructure such as storage and electricity access. At the actor level, these basic services and spatial needs are important for improving decent working conditions for informal workers.

At the neighbourhood or district level, spatial interventions such as the regulation of street traders and creation of permitted trading bays and open markets in prime locations can support the formalisation of street traders and hawkers selling cooked food and other food items. 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. Affordable rental and digital registration processes should be considered for opportunities to formalise and secure decent working conditions in this sector.

The informal food sector offers both a launch pad for entrepreneurs and fall back for generating livelihoods. The important role of local authorities in providing the space for Open Markets and street trading, needs recognition and continued support from national agencies and authorities. A national database of Open Markets with the number of registered traders updated annually would be a useful source of information to monitor and support opportunities for formalisation of individuals in the informal food sector. And at a regional level, this information alongside spatial policies about development corridors, mobility patterns and settlement planning can improve the opportunities for formalisation and protect the livelihoods generated by these sectors.

In addition to visible street traders and Open Markets, the leisure and high street economies of townships, such as Eveline Street in Katutura, Windhoek, have transformative potential. Local authorities have an important role to play in the spatial management, delivery of services and promotion of economic development in township economies. A strong case is made for the adoption of an experimental trial-by-error approach to reforming township economies. Sheba and Turok (2020) highlight that in some townships an incremental adjustment to particular norms and standards might be suitable, whereas in other settlements, simplifying administration procedures or a one-stop-shop might be better for micro-enterprises to access all the services and complete all their licensing requirements.

There are many formal and informal linkages in the food and accommodation sector. For instance,

Image of Egg or layer farming



Informal Restaurant selling Fish in Helao Nafidi



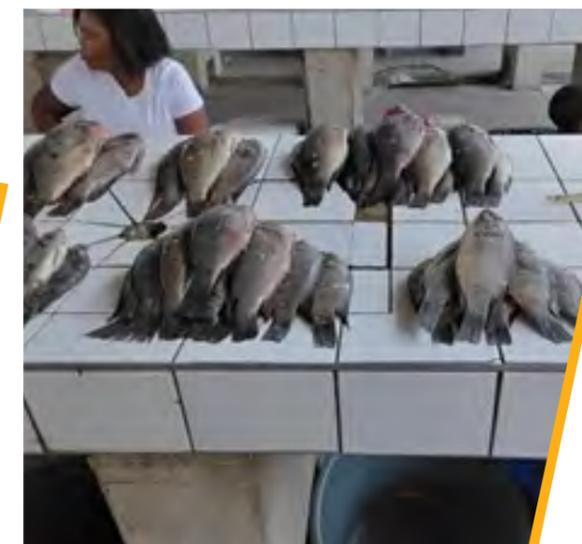
informal traders in the food, retail and construction sectors, in particular, benefit from being located near the entrance of large formal wholesale retailers. There is demand for space to trade near or in front of such formal businesses, and this is not to compete with them, but to add value. Informal street traders, who purchase their stock from the retailers, add value by cooking the food or packaging in smaller more affordable quantities.

Also, in the tourism and hospitality sector, formal lodges in tourist destinations promote local experiences and trade with local communities, as well as local tour guides. There are opportunities to engage the formal sector in extending benefits and support to the informal sector to reduce the decent work deficit and support formal registration of such informal economic activities.

7 km from Mzungu, Watermelons sold in Katima Mulilo



Women selling fish at Open market in Rundu



In the agriculture, forestry and fishing sector, informal employment and enterprises are evident in the following subsectors:

- **Smallholder farmers** in Namibia are at a disadvantage because of their small-scale, distance to market and competition from commercial farmers and imports. North of the “Redline”, cattle farmers have limited access to markets. Food gardens and urban agriculture are another form of subsistence agriculture, with the potential to provide food security and nutrition in urban areas.
- **Charcoal production** activities primarily refer to the production, and export of charcoal from invasive bush species harvested from farmland. Due to attractive export markets the FSC programme promotes self-regulation of decent working conditions in this sector.
- **Wood or timber harvesting** in Namibia, is mainly done for subsistence use in building homes, local sales, tourism and lodge construction, furniture and crafts, as well as for export. Harvesting from Community Forests (CFs) is permitted at a very small scale. As a result, uncontrolled informal harvesting of timber and non-timber products occurs.

- **Fishing** is a heavily regulated sector, making it difficult for small operators to scale their business. They operate under recreational fishing permits and use small boats.

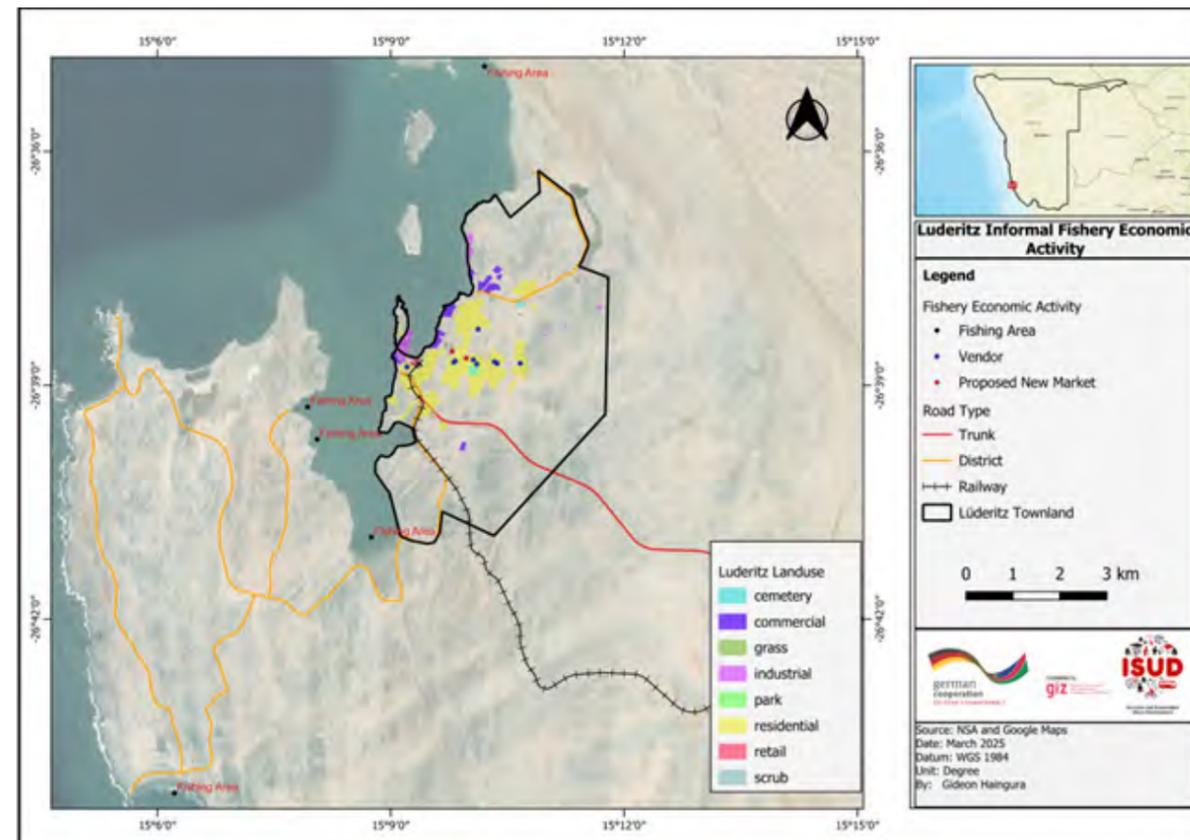
In each subsector of the agricultural, forestry and fishing sector, relevant spatial policies can promote formalisation opportunities and reduce decent work deficits of informal workers. For example, in a case study of Lüderitz, the informal fishing sites and markets were identified and mapped. At the actor level, many traders expressed that access to affordable cold storage solutions, such as small deep freezers preferably solar powered, would allow them to expand their businesses by selling larger volumes and establishing distribution points in their home villages.

At the district or neighbourhood level, spatial policies that recognise and accommodate fishing at identified sites can secure livelihoods and promote formalisation of the informal sector. Digital methods for applying and paying for fishing quotas would also reduce the long distances people need to travel to obtain the licenses. At the urban or regional level, spatial policies promoting cold storage logistical transport corridors could consider spaces for cooperatives to participate in cold storage supply chains and reach further markets.

In both sectors, the legacy of apartheid spatial policies needs to be acknowledged and addressed. In the food and accommodation sector, entrepreneurial and economic activities were prohibited in urban townships. All punitive measures to prohibit leisure and high street economies and bureaucratic hurdles such as the cumbersome processes to legally trade or formalise are symptoms of this legacy. In the agriculture, forestry and fishing sector, farmers north of the Redline are not permitted to sell livestock in the largest local markets even after quarantine. This protective measure for commercial farmers south of the Redline is a legacy of apartheid spatial policies. In 2024, it was announced that

the Cabinet approved the phased removal of the Redline and would embark on a Feasibility study to assess the impacts of removing the Redline. The opportunities and opportunity costs for informal, small-holder and commercial farmers need to be examined during this study.

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 transitioning to informality of formal economy jobs (this is especially true for less visible sectors such as domestic workers and home-based workers and enterprises).



The map above identifies potential market expansion zones in Lüderitz and informal fishing sites.



03

*Key Areas of
Intervention*

There is no one-size-fits-all solution to transitioning from informality to formality. Each country's context presents unique challenges and opportunities that shape the pathways available. In Namibia, a range of longstanding and emerging factors—from structural economic constraints to regulatory barriers and evolving labour market dynamics—continue to influence the persistence of informality. At the same time, new opportunities are emerging through digital innovation, inclusive policy reforms, and targeted support mechanisms. While the path may be complex, there are well-established guiding principles (described above) that can inform coherent, context-specific strategies to support a more inclusive and sustainable transition to the formal economy.

3.1 Cross-cutting Interventions

3.1.1 Legal, Policy, and Regulatory Reform

The existing legal and regulatory landscape in Namibia often presents significant obstacles rather than support for informal economy actors. A fundamental shift is required to recognise, accommodate, and appropriately regulate the informal economy.

3.1.1.1 Comprehensive Legal and Policy Recognition of the Informal Economy

Challenge Addressed: A core challenge identified is the “invisibility” and lack of recognition of the informal economy within current Namibian laws and policies. Key informants consistently pointed out that “the laws in Namibia do not recognise the informal economy” and that it is not reflected in the various acts and national frameworks. For those who work informally but qualify as “employees”, in the sense that they work in accordance with an employment relationship for an identifiable employer, considerations of implementation and enforcement, and the monitoring of compliance thereof, are paramount.

Intervention: This intervention calls for systemic amendments to Namibia's foundational legal instruments, including potentially the Constitution (i.e., through referencing the informal economy), and key statutes such as the Labour Act and the Social Security Act. The objective is to explicitly acknowledge the existence, legitimacy, and economic contribution of the informal economy, its diverse workers (employees, own-account workers, contributing family workers), and its economic units. This formal recognition should then serve as the bedrock for developing tailored legal protections, rights, and support mechanisms specifically designed for informal actors. This may require the adoption of, among others, legislative provisions to accommodate informal economy workers in suitable social security arrangements, which are sensitive to the context of these workers, including with

reference to their contributory capacity; benefits aligned with the priority and other needs they experience with reference to the social risks they are exposed to; and (relaxed) conditions to access/qualify, tailored to the reality of their context. For others, who qualify as “employees”, as indicated above, implementation and enforcement of current regulatory provisions, and the monitoring thereof, are apparent.

How it Supports Informal Actors: Formal legal recognition is a transformative first step. It legitimises the livelihoods of millions of Namibians, providing a crucial foundation for them to claim rights and access justice. It can significantly reduce harassment by authorities, such as police, which is a common experience for informal traders due to the perceived illegality of their operations. Most importantly, it enables the government and other stakeholders to design and implement appropriate regulatory frameworks and support programmes that are context-specific and effective, thereby fostering an environment more conducive to business stability, gradual formalisation, and ultimately, improved livelihoods and decent work. Without this foundational recognition, other interventions may lack legal backing and struggle for widespread, consistent implementation.

3.1.1.2 Simplification and Adaptation of Registration and Compliance Procedures

Challenge Addressed: The current processes for business registration and compliance are widely perceived as excessively complex, prohibitively expensive, and extraordinarily time-consuming. Such regulatory burdens, including high formal costs of tax compliance and social security contributions, act as powerful disincentives for formalisation, particularly for small-scale operators with limited resources and education. Many informal actors rationally choose to remain outside the formal system to avoid these perceived “ridiculous” regulations.

Intervention: This involves a concerted effort to overhaul current registration and compliance systems, making them significantly simpler, more accessible, and less costly for informal businesses. Key actions include introducing streamlined, user-friendly registration processes, potentially through one-stop-shops or digital platforms, for entities like the Business and Intellectual Property Authority (BIPA), Namibia Revenue Agency (NamRA), Social Security Commission (SSC), and local authority permits. Reducing associated fees and minimising bureaucratic hurdles are central to this intervention.

How it Supports Informal Actors: Simplifying these procedures directly lowers the barriers to entering the formal system. By reducing the “cost of formality” in terms of time, money, and complexity, this intervention makes

formalisation a more attractive and achievable prospect for a larger segment of the informal economy. This, in turn, can unlock access to a range of benefits associated with formality, such as formal financial services (loans, banking), broader market opportunities, and eligibility for social protection schemes.

3.1.1.3 Reform of Local Authority By-laws and Spatial Planning Regulations

Challenge Addressed: Existing local authority by-laws are often described as “draconian and old and ancient and don't apply”, outdated, overly restrictive, and a primary source of conflict between informal traders and authorities. These regulations frequently lead to harassment, confiscation of goods, fines, and forced evictions. Furthermore, current urban and regional spatial planning often fails to allocate appropriate, accessible, and economically viable spaces for informal businesses, sometimes adopting an “enclose-and-contain model” that displaces traders from prime locations.

Intervention: This intervention advocates for a comprehensive review and amendment of municipal by-laws and urban/regional planning regulations. The goal is to make these frameworks more inclusive and accommodating of informal economic activities, especially for street vendors, open market traders, and other businesses operating in public spaces. A critical component of this reform is the incorporation of participatory planning processes, ensuring that informal traders and their representatives are actively involved in decisions regarding the location, design, and management of markets and trading spaces.

How it Supports Informal Actors: Reformed, context-sensitive by-laws can transform the relationship between informal traders and local authorities from adversarial to supportive. By providing secure, designated operating spaces in locations with good customer traffic, these reforms can significantly reduce conflict and enhance tenure security for traders. This stability allows informal entrepreneurs to invest in their businesses with greater confidence, improve their operating environments (e.g., hygiene, shelter), and contribute more effectively to local economies. Participatory planning ensures that new market infrastructure meets the actual needs of traders and their customers, preventing the creation of “white elephants”.

3.1.1.4 Tailored Public Procurement Policies.

Challenge Addressed: Currently, public procurement processes in Namibia are largely inaccessible to informal economy business owners. The complex technical requirements, cumbersome documentation, and the need for formal registration and tax compliance effectively exclude most informal businesses

from participating in government tenders. There is a perception among some stakeholders that these processes are “infiltrated by a few elites,” further marginalising small and informal players.

Intervention: This involves amending Namibia's Public Procurement Act, 2015 and its associated regulations to specifically include provisions for preferential treatment of informal enterprises and cooperatives that achieve a certain level of certification or registration. This could take the form of reserved quotas for small contracts, simplified bidding procedures, and reduced administrative requirements for eligible informal sector suppliers.

How it Supports Informal Actors: Tailored public procurement policies can provide a significant and stable market opportunity for informal enterprises. Access to government contracts can act as a powerful incentive for formalisation, as businesses would need to meet certain registration and compliance standards to become eligible. This intervention can stimulate the growth of informal enterprises by guaranteeing a level of demand from the public sector, enabling them to scale up operations, create more jobs, and improve their financial stability. It directly links formalisation to tangible economic benefits, making the transition more appealing.

3.1.2 Skills Development, Productivity Enhancement, and Access to Services

Enhancing the capabilities of informal workers and entrepreneurs, improving their productivity, their employability and professional mobility, and ensuring access to essential services and infrastructure are crucial for their growth and resilience.

3.1.2.1 Expansion of Tailored Skills Development and Vocational Training

Challenge Addressed: A significant portion of the informal workforce has limited formal education and lacks specific vocational, business, or financial literacy skills. This skills deficit directly impacts their productivity, the quality of their goods and services, their ability to innovate or scale their operations, their capacity to access formal systems (like finance), and their ability to meet the quality standards often required by formal markets. Informal employees also lack the entrepreneurial mindset needed to navigate and thrive in more structured formal economic environments. This mindset is not just about running a business; it is about initiative, problem-solving, adaptability, and understanding value creation. For those seeking entry into the formal economy as employees, these traits are critical for meeting workplace standards, contributing to innovation, and seizing opportunities for advancement. Without them, workers may struggle to integrate into formal systems, meet market expectations,



or position themselves for upward mobility.

Intervention: This intervention focuses on the design and widespread implementation of practical, demand-driven skills development programmes. These programmes should be sector-specific, covering areas such as food hygiene and processing for food vendors, sustainable fishing techniques, technical skills for charcoal production, digital marketing for small businesses, and general business management and financial literacy. To ensure accessibility, training should be delivered through various channels, including mobile platforms, community-based centers, and on-site workshops, particularly for those in remote areas or with inflexible work schedules like farm labourers.

How it Supports Informal Actors: Tailored skills development enhances the human capital of informal workers and entrepreneurs. Improved technical skills lead to better quality products and services, while business management and financial literacy training empower them to run their enterprises more efficiently and sustainably. Digital skills open up new avenues for marketing and accessing information.

3.1.2.2 Improving Access to Business Development Services (BDS) and Mentorship

Challenge Addressed: Many informal businesses operate in a survivalist mode, lacking strategic planning, operational efficiencies, and access to the kind of expert advice that could help them transition to growth-oriented enterprises. Key informants noted that some existing mentorship programmes do not typically extend to informal units. A dependency mindset, where some informal unit beneficiaries expect “direct handouts” rather than focusing on sustainable business practices, also needs to be addressed through such support.

Intervention: This involves extending and adapting existing Business Development Services (BDS) and mentorship programmes, which are often geared towards formal Small and Medium Enterprises (SMEs), to cater specifically to the needs of informal economic units and own-account workers. Such services should offer practical guidance on business planning, financial management (including record-keeping), production efficiency, quality control, marketing strategies, and navigating regulatory requirements. Mentorship should connect experienced business professionals with informal entrepreneurs for ongoing support.

How it Supports Informal Actors: BDS and mentorship provide crucial hands-on, individualised support that goes beyond general skills training. This helps informal entrepreneurs to apply learned concepts to their specific business contexts, overcome operational challenges, develop a stronger entrepreneurial

mindset, and make informed decisions about scaling up and potentially formalising. This practical guidance can be instrumental in transforming survivalist activities into viable and sustainable micro-enterprises.

3.1.2.3 Establish Recognition of Prior Learning (RPL) and Targeted Vocational Training for Informal Employees

Challenge Addressed: A significant barrier for employees in the informal economy is the lack of opportunities for professional growth. Employment is often viewed as a means of immediate survival rather than a long-term career. This “skills trap” is caused by several factors: informal employers typically cannot afford to invest in formal training for their staff; the work itself is often repetitive, providing little chance to acquire new, transferable competencies; and there is no structured system for mentorship or advancement. As a result, employees remain stuck in low-productivity, low-wage roles with no clear pathway to better jobs, either within the informal sector or by transitioning to a formal enterprise. Their existing skills, though valuable, remain unrecognised and uncertified, rendering them invisible to the formal job market.

Intervention: This intervention focuses on making existing skills visible and building new ones. Develop and promote a system to formally assess and certify the skills that workers have gained through years of on-the-job experience. This could involve practical assessments at community-based centers, where a mechanic, for instance, could demonstrate their ability and receive a formal qualification. Additionally, partnership between government and formal industry associations and vocational training institutes to offer short, flexible, and subsidised training courses could contribute to skills development for informal employees. These modules should be designed to fill specific skills gaps (e.g., digital literacy for retailers, advanced welding techniques for metalworkers) that are in high demand in the formal economy.

How it Supports Informal Actors: This strategy directly empowers the employee. For employees, an RPL certificate is a powerful tool; it enables individuals without formal qualifications to obtain certification that reflects their existing knowledge and skills. This, in turn, can enhance their employability, mobility, commitment to lifelong learning, social inclusion, and self-esteem. The targeted training equips them with modern, in-demand skills, increasing their marketability. For informal employers, having certified and upskilled employees can improve the quality of their products or services, enhancing their business's reputation and competitiveness, which itself is a step toward formalisation.

3.1.3 Coordination and Governance

Effective support for the informal economy hinges on coherent and coordinated actions among the various institutions involved. Fragmented efforts can lead to duplication, gaps in service delivery, and confusion for informal actors.

3.1.3.1 Enhancing Capacity of Local Authorities

Challenge Addressed: Local authorities are often the primary interface between the state and informal businesses. However, they may lack the specific capacity, financial resources, or appropriate legal frameworks (by-laws) to support these businesses effectively. Their approaches can be inconsistent across different localities, sometimes overly restrictive, or focused on enforcement rather than facilitation. This can create an unpredictable and often hostile operating environment for informal traders.

Intervention: This involves providing targeted capacity-building programmes, adequate financial and human resources, and clear operational guidelines to local authorities (municipalities, town councils, and village councils). The aim is to equip them to manage and support informal economic activities within their jurisdictions in a manner that is developmental and enabling, rather than purely regulatory or punitive. This includes training on participatory planning, inclusive by-law formulation, and strategies for integrating the informal economy into local economic development plans.

How it Supports Informal Actors: Empowered and well-resourced local authorities can play a crucial role in creating a more enabling local environment for the informal economy. They can develop and implement supportive by-laws that provide for secure and well-located trading spaces, ensure access to basic services like sanitation and waste management in markets, and facilitate constructive dialogue with informal trader associations. By integrating the needs of the informal economy into local development planning and budgeting, they can ensure that infrastructure projects and service delivery are inclusive. This shift from a control-oriented to a facilitation-oriented approach at the local level can significantly improve the daily operating conditions and growth prospects for informal businesses.

3.1.4 Evidence, Data, and Monitoring Systems

Sound policy and effective interventions require a solid foundation of evidence. Currently, significant data gaps hinder a comprehensive understanding of Namibia's informal economy.

3.1.4.1 Investment in Comprehensive Data Collection and Research.

Challenge Addressed: A critical impediment

to effective policymaking for the informal economy is the significant lack of reliable, up-to-date, and sufficiently granular data. This “data deficit” means that the true scale, nature, and contribution of the informal economy are often underestimated or poorly understood. The most recent comprehensive dataset on the informal economy is from the 2018 Namibia Labour Force Survey. The 2023 Labour Force Report by the Namibia Statistics Agency (NSA) primarily focused on employment and unemployment figures, without delving into key aspects such as informal employment, working conditions, hours worked, or types of jobs. Consequently, policies may be based on assumptions rather than empirical evidence, and resource allocation may not be optimally targeted. The “invisibility” of the informal economy in statistical systems contributes directly to its neglect in policy circles.

Intervention: This intervention emphasises the need to significantly strengthen the capacity of the NSA and other relevant research institutions. The goal is to ensure regular collection, rigorous analysis, and wide dissemination of detailed, disaggregated data specifically on the informal economy. This data should cover its size, the characteristics of its workers and enterprises, its sectoral and geographical distribution, and its economic contributions (e.g., to employment and GDP).

How it Supports Informal Actors: Robust and regularly updated data provides policymakers, development partners, and informal economy representatives with the accurate information needed to understand the diverse needs, dynamics, and contributions of the informal sector. This evidence base is crucial for designing targeted, effective, and responsive interventions. It allows for better advocacy, as the socio-economic importance of the sector can be clearly demonstrated. Furthermore, good data enables the tracking of trends over time, helping to identify emerging challenges and opportunities for supporting informal workers and facilitating their gradual integration into more formal structures.

3.1.4.2 Establishment of a National Monitoring and Evaluation (M&E) Framework.

Challenge Addressed: The absence of a systematic M&E framework makes it exceedingly difficult to assess the effectiveness of current strategies and interventions aimed at the informal economy. Without such a system, it is challenging to determine which policies are working, which are not, and why. This lack of evaluative capacity hinders learning from past experiences, prevents evidence-based adjustments to ongoing programmes, and makes it difficult to ensure accountability for the resources invested in supporting the informal economy.



Intervention: This involves developing and institutionalising a comprehensive, cross-sectoral Monitoring and Evaluation (M&E) system specifically designed to track the progress of formalisation initiatives and the impact of various support programmes targeting informal economy enterprises and workers; as well as those aiming to prevent the informalisation of formal jobs and enterprises. This framework should include a set of clear, measurable, and relevant indicators to assess outcomes related to decent work deficits (e.g., changes in income levels, working conditions, access to social protection), the rate of business registration, access to finance and markets, and overall improvements in the livelihoods of informal actors. Regular reporting and feedback loops should be integral to this system to inform adaptive management.

How it Supports Informal Actors: A robust M&E framework enables adaptive management of support programmes, ensuring that interventions are refined over time to become more effective and responsive to the evolving needs of informal workers and businesses. It helps to identify successful approaches that can be scaled up and unsuccessful ones that need to be revised or discontinued. By providing concrete evidence of impact (or lack thereof), M&E systems also contribute to greater transparency and accountability in the use of public and donor funds. Ultimately, this leads to more efficient resource allocation and interventions that are more likely to achieve positive and sustainable outcomes for the informal economy.

3.1.5 Enhancing Social Protection for Informal Actors

A significant deficit in the informal economy is the lack of access to comprehensive social protection, leaving workers and their families vulnerable to various shocks. What is required, in essence, is supporting access to universal, comprehensive, sustainable, effective and adequate social protection by: (i) providing for and enhancing social protection for informal actors operating independently in the informal economy; and (ii) supporting the recognition of employment relationships for all dependent workers and giving effect to the employment relationships so recognised through implementation and enforcement of the legal provisions regulating access to social security for employees, and monitoring the compliance thereof. Transitioning to the formal economy is a key consideration in this regard.

3.1.5.1 Design Flexible, Incentivized Social Protection Products for Informal Actors.

Challenge Addressed: Namibia's current contributory social protection framework—delivered through the SSC—is not configured to meet the realities of informal work. Key informants emphasized that the current voluntary framework/model is ineffective for

informal actors and continuing to promote it without adaptation is impractical. Most informal employees operate without stable labour incomes, formal contracts, or employer linkages, making enrolment in traditional schemes impractical. Yet, many of them are excluded from social safety nets as they are deemed not poor enough to benefit. The legislative framework currently does not formally recognise informal workers, and past voluntary enrolment initiatives have underperformed due to rigid contribution rules, limited benefit visibility, and inaccessible service delivery channels. Continuing to promote formal-centric models without systemic adaptation risks entrenching exclusion.

Policy Objective: To extend contributory social protection coverage to informal workers through the adaptation of existing mechanisms and the establishment of a tailored scheme that is adaptive, accessible, and attractive to diverse informal economic actors, under the institutional leadership of SSC.

Intervention: A dedicated unit within the SSC should be established to design and coordinate informal worker coverage strategies that would include the extension of social protection to employees currently not covered in practice but also independent workers, including the numerous own-account workers who do not have an employer to share the cost of social security contributions. Working with the proposed Division within the Ministry of Industries, Mines and Energy initially and Informal Economy Agency (IEA) later on once established, the SSC's dedicated unit should as its first task, design a scheme specifically aimed at informal workers, and anchored on five core design principles:

- **Flexibility** – Contribution schedules and registration procedures must align with variable and seasonal income flows. Group-based enrolment via cooperatives or associations should be enabled. Enrolment through formally employed household members is another flexible way which helps with extending coverage to informal employees, including the many own account workers involved in subsistence agriculture.
- **Incentivisation** – Participation must offer immediate utility, not only future protection. Potential incentives include non-contributory elements, government co-contributions and/or waiving employer/co-financier contributions for specified own-account workers/independent contractors, access to emergency and short-term benefits (e.g., health coverage or cash grants), and eligibility for microfinance, training, or public procurement benefits. A government subsidy will also ensure scheme sustainability. It must also include access to scheme/state-funded childcare

facilities to parents who carry children to their workplaces, which impacts productivity and restricts participation in skills training programmes. Once-off cash transfers should also be offered as income replacement during periods of inability to earn an income due to hospitalisation.

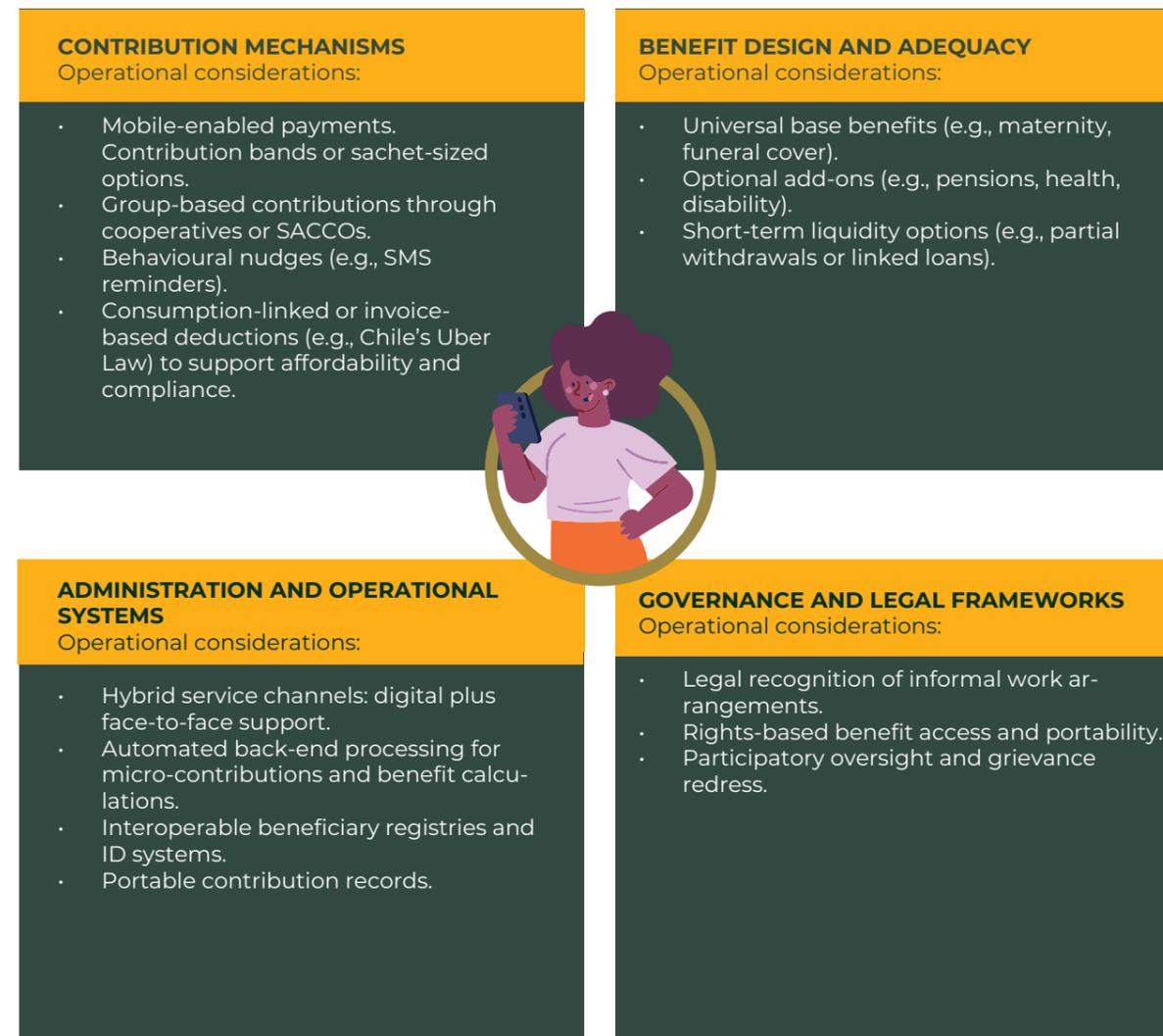
- **Accessibility** – Mobile money, agent-based payments, and simplified ID-linked registration should be incorporated. Technology should reduce, not add, to the administrative burden.
- **Relevance** – Benefits should address the real risks faced by informal workers—

such as illness, maternity, old-age poverty, and income interruption.

- **Awareness** – Uptake will depend on proactive outreach using trusted networks, local languages (including braille and sign language), and segmented messaging that clarifies eligibility and benefits.

With government support ensuring the scheme's sustainability, these principles should be operationalised through four interdependent design pillars, illustrated below with relevant developing country examples:

Figure 1. Four interdependent design pillars



(1) Contribution Mechanisms: Extending contributory social protection to informal workers in Namibia, including undocumented migrant workers particularly in agriculture, requires a system that reflects the realities of non-standard, variable income flows. Traditional payroll-based deductions are not feasible, making flexibility central to reform. Successful schemes across Africa illustrate

the importance of enabling small, frequent, and voluntary contributions through mobile platforms, with incentives and behavioural nudges to sustain participation. For example, Kenya's Mbao Pension Plan allows daily contributions via M-Pesa starting from as little as KES 20, while Rwanda's Ejo Heza scheme matches mobile contributions for low-income earners. Ghana's SSNIT Informal Sector



Fund integrates savings and credit access to provide both immediate liquidity and long-term value, and Tunisia has successfully expanded coverage by introducing income-based contribution tiers and simplified enrolment, enrolling over 70,000 informal workers in just two years.

Colombia's Beneficios Económicos Periódicos (BEPS) scheme offers a 20 percent government savings subsidy on voluntary pension contributions made by low-income individuals. Many countries, including Brazil, Cabo Verde, Ghana and Thailand, have thus managed to extend social protection coverage through a combination of contributory and non-contributory schemes, often combining social insurance with universal or categorical schemes and social assistance.

(2) Benefit Design and Adequacy: Beyond how contributions are collected, the design of benefits plays a critical role in driving enrolment and retention. A modular package approach—offering a universal base (e.g., maternity, funeral support, health coverage) with optional add-ons (e.g., pensions, health insurance, disability cover)—ensures schemes are both affordable and relevant. Importantly, benefits must provide short-term utility as well as long-term security. Kenya's Mbao allows lump-sum access after three years; and Rwanda's Ejo Heza includes survivor and disability benefits with options for emergency withdrawal. These configurations enhance perceived value and help shift preferences away from informal saving mechanisms like Rotating Savings and Credit Associations (ROSCAs) or burial societies.

(3) Administrative and Operational Systems: Delivering these schemes effectively requires hybrid service delivery models that are inclusive and trusted, particularly in rural and low-literacy environments. Rwanda has combined digital registration with in-person education campaigns to boost confidence, while Ghana enables enrolment through both mobile and physical agents. Operational infrastructure should include interoperable ID-linked registries, automated processing, and portable contribution records.

(4) Governance and Legal Frameworks: Finally, legal and governance frameworks must evolve to formally recognise informal work arrangements, ensure rights-based access and portability, and include participatory oversight mechanisms. Tunisia's unification of fragmented CNSS schemes improved clarity and enrolment; Ghana and Kenya have responded to low trust through transparency and simplified communication; and all three countries demonstrate the value of engaging cooperatives and grassroots groups in scheme co-design. Together, these pillars provide a roadmap for Namibia to extend contributory protection while building trust, improving access, and empowering informal workers.

Strengthening of informal social protection mechanisms

The development of a fit-for-purpose contributory

social protection scheme for informal workers would represent a critical step toward universal coverage in Namibia. However, this must not come at the expense of the informal arrangements that currently sustain many workers. According to key informant interviews, kinship and community networks, faith-based institutions, and informal savings mechanisms like stokvels remain the primary sources of support during periods of illness, unemployment, or bereavement. In rural areas especially, extended family support—often supplemented only by the government's old-age pension—continues to be the most reliable safety net.

As such, the policy response must adopt a dual approach: strengthening and, where appropriate designing, formal contributory systems under the leadership of SSC, while also recognising and supporting non-state, community-based mechanisms, and considering the extension of non-contributory benefits in a way that targets inclusion of impoverished informal economy workers as well. Including informal social protection mechanisms in the overall social protection framework could involve measures such as linking stokvels to formal micro-insurance products, facilitating registration through churches or burial societies, and ensuring that SSC outreach strategies explicitly build on existing social solidarity systems rather than bypassing them. In addition, there is a need to ensure overall consistency of the different components of the Namibian social protection system (i.e., contributory and non-contributory), ensuring calibration but also sustainability, while preventive disincentives to contributing should also be considered.

Combining contributory and non-contributory social protection has in many countries proven to be an effective intervention in extending protection to the informal economy. This is done to provide a springboard to the "missed middle" or the large number of workers in the informal economy who are deemed not poor enough to qualify for social assistance while they do not earn enough to afford contributions paid by workers in the formal economy. Examples include cash transfers under the Pakistani BISP to supplement low wages while universal health insurance provides maternity cover to women workers. The Dominican Republic created an entity which stood in as a "virtual employer" for self-employed and informal workers who are eligible for a subsidized contributory scheme but are in practice excluded. It collects social security contributions from its members and transfers them (minus a 1 percent fee for operating expenses) to the social security agency, using simplified and cost effective procedures. This has given them and their families access to social security for health insurance as well as other benefits such as workplace accident insurance and a pension fund. Similarly, Costa Rica extends coverage to farmers through collective insurance agreements, giving them the same rights as those established for employed workers but sets contribution levels according to the contributory capacity of the registered group. Such approaches can enable Namibia to extend coverage far and

wide, including to own-account communal farmers.

A phased rollout of a formal scheme (contributory and subsidised) —paired with engagement of traditional networks and local leadership—will ensure reforms are grounded in trust, relevance, and the actual coping strategies of informal workers.

3.1.6 Improving Financial Inclusion

Access to appropriate financial services is a critical enabler for the growth and formalisation of informal economic units.

• *3.1.6.1 Development of Tailored Financial Products and Services.*

• **Challenge Addressed:** Informal actors face significant barriers in accessing formal financial services. They often lack the formal documentation, credit history, and fixed asset collateral typically required by traditional financial institutions. Standard financial products are often not suited to their irregular cash flows, small transaction sizes, or specific business needs. This financial exclusion severely limits their ability to invest in their businesses, manage liquidity, save for the future, or mitigate risks.

Intervention: This intervention encourages commercial banks, Microfinance Institutions (MFIs), and other financial service providers to design and offer a range of financial products and services that are specifically tailored to the needs and circumstances of informal businesses and workers. These products should include micro-loans with flexible collateral requirements (e.g., using movable assets, group guarantees, or cash-flow based lending assessments instead of traditional property collateral), accessible savings accounts with low transaction costs, and micro-insurance products covering relevant risks. The Development Bank of Namibia (DBN) is particularly highlighted as an institution that should adopt a more active and tailored role in supporting informal businesses.

How it Supports Informal Actors: Providing access to appropriate financial products empowers informal entrepreneurs to make critical investments in their businesses, such as purchasing equipment, buying raw materials in bulk, or expanding their operations. Accessible savings mechanisms help them build financial resilience and manage cash flow fluctuations. Micro-insurance can protect them against unforeseen shocks that could otherwise cripple their enterprises. Overall, tailored financial services enhance business sustainability, foster growth potential, and can be a steppingstone towards greater economic stability and formalisation.

• *3.1.6.2 Expansion of Financial Literacy Programmes.*

Challenge Addressed: Low levels of financial literacy are prevalent among informal economy workers and economic units. This lack of financial knowledge and skills prevents them from effectively managing their personal and business finances, making informed decisions about borrowing or saving, and confidently navigating the formal financial system. Even when financial products are available, a lack of understanding can lead to misuse, over-indebtedness, or an inability to leverage these products for business growth.

Intervention: This involves the widespread implementation of financial literacy programmes specifically designed for informal traders, small-scale farmers, artisans, and other informal workers. These programmes should cover practical topics such as basic bookkeeping, budgeting, separating business and personal finances, understanding credit and managing debt, the benefits and risks of various financial products, and how to effectively engage with formal financial institutions. These programmes should be delivered in accessible formats and local languages.

How it Supports Informal Actors: Financial literacy programmes empower informal actors with the knowledge and skills needed to make sound financial decisions. This can lead to better cash flow management, increased savings, more responsible borrowing, and a greater ability to plan for the future. Enhanced financial literacy can also build their confidence in dealing with formal financial institutions, thereby improving their access to and effective use of financial services. This, in turn, contributes to the overall financial health and sustainability of their households and enterprises.

3.1.7 Leveraging Technology for Informal Economy Support

Technology holds significant potential to bridge various gaps faced by the informal economy, from financial inclusion to market access and skills development.

4.1.7.1 Expanding Digital Public Infrastructure, Digital Services, and addressing Foundational challenges like Connectivity, Affordability and Digital Literacy

Challenge Addressed: Namibia's digital transformation journey holds immense promise for enhancing inclusion and resilience across the informal economy. However, persistent gaps in digital infrastructure and digital literacy continue to undermine the potential of Digital Public Infrastructure (DPI) and digital services to empower informal workers and offer pathways to formalisation—through tools like mobile money, expense tracking, and access to credit. High data costs, limited mobile and broadband coverage, unreliable electricity, and unaffordable devices create substantial barriers



to participation—particularly in rural and peri-urban areas where informal employment is concentrated. Even where infrastructure exists, digital literacy remains low. Many informal entrepreneurs are unable to fully leverage tools like mobile money, e-commerce, or digital IDs due to limited exposure and training. While youth often use social media for informal selling, most lack the structured skills to transition into scalable or formal economic participation.

Intervention: Realising DPI's inclusive promise will require a dual investment in connectivity infrastructure and digital capability-building, backed by institutional coordination. Public-private partnerships should be leveraged to extend high-speed, affordable, and reliable internet and mobile coverage, particularly in high-density informal work zones. Priorities include lowering mobile data tariffs, strengthening 4G/5G coverage and fibre connectivity, and integrating off-grid power solutions for digital reliability. Namibia's foundational platforms—such as NamPay, Nam-X, and the forthcoming biometric e-ID system—must be deployed equitably and made interoperable with informal-sector relevant platforms.

Simultaneously, a national digital skills development programme should be launched, tailored to the realities of informal workers. Drawing from global best practice (e.g., India's PMGDISHA), the programme should offer modular training in local languages on mobile money, social media commerce, secure digital ID usage, and basic e-commerce. To ensure uptake, it should be delivered through trusted intermediaries such as cooperatives, churches, youth hubs, and community radio—supported by user-friendly, audio-visual content.

To institutionalise this agenda, it is recommended that a national working group on digital transformation be established—coordinated by institutions currently mandated to accelerate digital inclusion, DPI and digital services. This working group should formally include the private sector, civil society, and the proposed Informal Economy Agency (IEA) under the Office of the Prime Minister, ensuring alignment between national DPI infrastructure and the needs of informal economy actors. This platform would facilitate joint planning, data-sharing, and policy coherence—advancing Namibia's digital transformation in a manner that is inclusive, interoperable, and rights-based.

How it Supports Informal Actors: Equitable access to DPI-enabled services can significantly enhance the productivity, inclusion, and resilience of informal workers. With foundational infrastructure and skills in place, informal actors can participate in digital G2P schemes (e.g., Tambula), access markets online, receive digital payments, build credit histories, and benefit from targeted training or public procurement opportunities. It also enables better state

visibility of informal livelihoods, unlocking tailored support and policy alignment.

3.1.8 Representation, Social Dialogue, and Advocacy

Ensuring that the voices of informal economy actors are heard, and their interests represented is fundamental to creating effective and equitable policies.

3.1.8.1 Strengthening Voice and Representation of Informal Economy Actors

Challenge Addressed: Informal economy actors often lack a unified, powerful collective voice and are frequently excluded from decision-making processes that directly impact their livelihoods and working conditions. Existing representative organisations may be fragmented, under-resourced, or lack formal recognition, diminishing their advocacy capacity. The current structure of the Labour Advisory Council (LAC) for example, does not adequately accommodate representatives from the informal economy, leading to a disconnect between policy formulation and the realities on the ground.

Intervention: This intervention focuses on supporting the formation, organisational strengthening, and formal recognition of membership-based organisations (MBOs) representing various segments of the informal economy. This includes trader associations, worker cooperatives, sector-specific groups (like the Hanganeni Artisanal Fishing Association (HAFA)), and broader informal sector organisations like the Namibia Informal Sector Organisation (NISO) and the Dynamic Vision Informal Traders' Organization (DITA). Efforts should be made to facilitate their inclusion and active participation in formal social dialogue structures, such as the LAC, and in all stages of policy-making processes that affect them. This might require legal reforms to allow, for instance, trade unions to officially represent informal workers who are not in traditional employment relationships. Other, more flexible modalities, should also be considered, such as the development of alliances between informal economy members-based organisations and representative employers' and workers' organisations. In this way, the potential of the social and solidary economy should be explored and enhanced.

How it Supports Informal Actors: Strong and recognised MBOs can effectively articulate the needs, concerns, and priorities of informal workers and entrepreneurs. Their inclusion in social dialogue and policy processes ensures that interventions are more relevant, context-specific, and legitimate. This participation enables them to advocate for their rights, negotiate for better working conditions and access to W resources, and contribute to the design and implementation of supportive

policies and programmes, ultimately leading to more equitable and sustainable outcomes for the informal economy.

3.1.9 Advancing Gender Equality and Empowering Women

3.1.9.1 Targeted Support and Empowerment Programmes for Women in the Informal Economy

Challenge Addressed: Women dominate Namibia's informal economy, comprising 53 percent of the total informal workforce and an even higher proportion in key sectors like food and accommodation services (approx. 77 percent). Despite their prevalence, they face significant gender-specific barriers. These include a substantial gender pay gap, with women in the food and accommodation sector earning significantly less than men. They are also disproportionately affected by gender-based exploitation, harassment, and abuse, particularly in isolated settings like domestic work or on farms. Furthermore, an estimated 43 percent of women workers, mostly in informal employment, lack access to maternity protection. Women are also overburdened by their care responsibilities with limited access to affordable childcare facilities, which forces some to go to their workplaces with their babies. These challenges are compounded by limited access to finance, leadership opportunities, and the heavy burden of unpaid care responsibilities, which restricts their economic participation and growth potential.

Intervention: This intervention involves designing and implementing a comprehensive suite of programmes specifically aimed at addressing the unique challenges faced by women, who constitute the majority of the informal workforce in Namibia. Key actions include: developing and strictly enforcing policies against gender-based violence and harassment in workplaces, including informal markets and private homes; availing funded or subsidised child care facilities closer to their places of work, creating targeted financial products, business development services, and mentorship programmes for women entrepreneurs; ensuring women's access to social protection, with a particular focus on reforming and extending maternity benefits to all female workers regardless of their employment status; promoting women's leadership and representation in informal economy organizations and policy dialogues; and investing in supportive infrastructure such as safe, well-lit marketplaces and accessible childcare facilities to reduce the burden of unpaid care work. Special measures should be considered to ensure that care work, including unpaid care work, is sufficiently included in the labour and social security legal framework. This may require the adoption of dedicated measures to ensure and enforce leave provisions, as well as social security coverage

even during periods when women and others involved in care work are unable to contribute to social security schemes. Measures to accommodate the latter matter could include a dedicated non-contributory benefit, and/or provisions in social security law that deem such periods to be periods during which the affected persons have contributed, even though they have not actually done so - i.e., through the operation of a solidaristic framework of support.

How it Supports Informal Actors: This intervention directly addresses the structural inequalities that hinder women's economic advancement. By creating safer working environments, it reduces their vulnerability to exploitation and abuse. Targeted financial and business support can unlock their entrepreneurial potential, leading to higher incomes, business growth, and greater financial independence. Ensuring access to social protection, including maternity benefits, and childcare support enhances their economic security and allows for more consistent participation in the workforce. Promoting their leadership ensures that policies and programmes are designed to be gender-responsive and effectively meet the needs of the majority of informal economy participants, fostering a more equitable and inclusive economic landscape.

3.2 Agriculture, Fishing and Forestry (AFF) Interventions

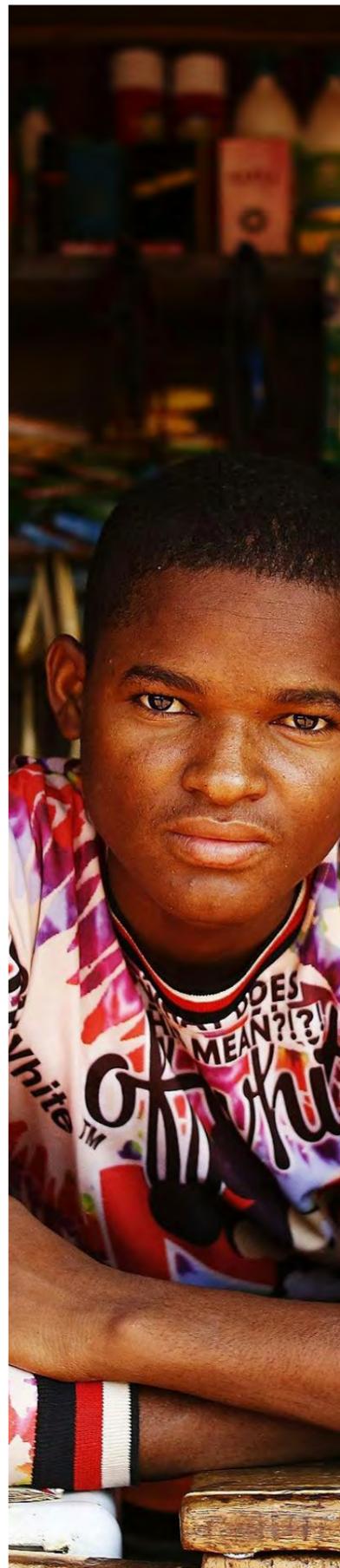
4.2.1 Enhancing Market Access and Value Chains

Improving the links between informal AFF producers and viable markets is crucial for enhancing their incomes and fostering sector growth.

3.2.1.1 Strengthening Cooperatives and Joint Ventures for Market Aggregation.

Challenge Addressed: Individual small-scale informal producers in the AFF sector typically struggle to access formal markets due to their limited output, inability to ensure consistent supply, and difficulties in meeting stringent quality standards. They also face high individual transportation costs and often receive low prices from informal buyers or middlemen who exploit their weak negotiating position. A significant issue highlighted is the "disconnect between production and aggregation," leading to substantial post-harvest losses, with one estimate suggesting 47 percent of agricultural output does not reach the market.

Intervention: This involves actively promoting and providing robust technical, managerial, and financial support for the establishment, development, and strengthening of farmer, fisher, and forestry cooperatives and other producer associations. The focus is on building their capacity to effectively pool produce



from many small-scale informal members, collectively meet the volume and quality standards required by formal markets, improve their joint bargaining power with buyers, and manage shared resources or services.

How it Supports Informal Actors: Well-functioning cooperatives and joint ventures enable informal producers to overcome the limitations of scale. By aggregating their products, they can collectively access larger, more stable, and often more profitable markets. This collective strength also allows for better price negotiation, potentially leading to higher and more stable incomes. Furthermore, cooperatives can facilitate bulk purchasing of inputs at lower costs, access to shared infrastructure (like cold storage or processing equipment), and easier access to training and extension services, thereby improving overall productivity and market readiness.

3.2.1.2 Developing a Small-Scale Fisheries Licensing Framework and Community-Based Permits

Challenge Addressed: Many small-scale fishers in Namibia currently operate in a regulatory grey area, often using recreational fishing permits which legally restrict their ability to sell their catch commercially. This forces them into informal and unregulated sales channels, making their livelihoods precarious and exposing them to potential conflicts with enforcement agencies. Access to formal commercial fishing licenses and quotas is often very difficult and costly for these individuals or small groups, particularly for youth and emerging entrepreneurs in the sector.

Intervention: This involves designing and implementing a specific licensing framework tailored to the operational realities of small-scale fishers, covering both marine and inland (freshwater) fisheries. This framework should include provisions for community-based fishing permits, which would allow groups of fishers within a defined community to operate legally while adhering to agreed-upon sustainability guidelines and management practices. The development of such a framework should be done in close collaboration with fishing communities and regulatory bodies. The National Plan of Action for Small-Scale Fisheries (SSF) 2022–2026 outlines several initiatives aimed at addressing this challenge. These include recognising the socio-economic value of SSF, developing dedicated legislation for small-scale fisheries, supporting climate adaptation efforts in fishing communities across all 14 regions, amongst others. It is essential that the responsible actors take concrete steps to ensure these initiatives are effectively implemented.

How it Supports Informal Actors: A dedicated small-scale fisheries licensing framework and other support mechanisms in the National

Plan will provide a clear legal pathway for these fishers to engage in commercial activities. This legitimises their operations, reduces the risk of harassment or confiscation of catch, and can enable them to access formal markets and potentially better prices. Community-based permits can foster local co-management of resources, promoting sustainable fishing practices while securing livelihoods. This approach can help balance the economic needs of fishing communities with the conservation requirements of fish stocks.

3.2.2 Improving Productivity and Access to Resources

Low productivity is a common challenge in the informal AFF sector, often linked to insecure access to fundamental resources.

3.2.2.1 Improving Access to Affordable Inputs and Extension Services

Challenge Addressed: High input costs and limited access to timely and relevant technical advice and extension services are major constraints on the productivity of small informal players in the AFF sector. Many cannot afford essential inputs, leading to suboptimal yields and inefficient production methods. The reach of public extension services is often limited, particularly in remote communal areas.

Intervention: This involves developing and implementing mechanisms to improve the access of small-scale and informal producers in the AFF sector to affordable and quality inputs. These inputs include appropriate seeds, fertilizers, animal feed, veterinary services, and basic farming or fishing equipment. Strategies could involve targeted subsidies, input voucher schemes, or support for cooperative bulk purchasing. Concurrently, agricultural and forestry extension services need to be expanded, better targeted, and made more accessible to these producers, providing them with relevant technical advice, training on sustainable practices, and information on new technologies. Particular attention should be given to reaching farm labourers, who often miss out on training opportunities due to their work commitments.

How it Supports Informal Actors: Improved access to affordable inputs can directly lower production costs and enable the adoption of practices that lead to higher yields and better quality products. Effective extension services can disseminate knowledge on improved farming, fishing, or forestry techniques, climate-smart practices, pest and disease management, and post-harvest handling. This combination can significantly boost productivity, enhance resilience to shocks (like drought), improve incomes, and contribute to the overall sustainability of their livelihoods.

3.3 Food & Accommodation Services Interventions

3.3.1 Addressing Regulatory and Policy Challenges

Navigating the regulatory landscape is a major hurdle for informal operators in this sector, often characterised by high costs and complex procedures.

- 3.3.1.1 *Simplification of Licensing and Health & Safety Compliance.*

- **Challenge Addressed:** Informal operators in the food and accommodation sector face significant regulatory burdens. Licensing fees for establishments like small restaurants or guesthouses are a major deterrent. The process of obtaining various permits, such as liquor licenses for taverns (which can involve complex zoning requirements, building plan approvals, and police consent), is often described as “Kafkaesque in complexity” and prohibitively expensive. Similarly, meeting stringent health and safety regulations without adequate guidance or resources is a major challenge for street food vendors and small caterers. These barriers often push businesses to operate outside the legal framework.

Intervention: This intervention focuses on streamlining the processes and reducing the costs associated with obtaining licenses for small-scale food and accommodation establishments. This includes operations like informal taverns, guesthouses, bed-and-breakfasts, and street food vendors. It also involves providing clear, easily understandable guidelines and practical support to help these small operators meet essential food safety standards (as required by the Public and Environmental Health Act, 2015) and other relevant regulatory requirements, such as registration with the Namibia Tourism Board (NTB) for tourism-related businesses. Support could include simplified checklists, subsidised training on hygiene, or assistance with developing basic compliance plans.

How it Supports Informal Actors: Simplifying licensing procedures and reducing associated costs lowers a critical barrier to legal operation. This makes it more feasible for informal businesses to formalise, reducing their risk of fines, harassment, or closure. Providing clear guidance and support for health and safety compliance not only helps businesses meet legal requirements but also improves public health outcomes and can enhance customer trust and confidence in their products and services. Legal status can also enable access to formal markets, financial services, and government support programmes.

3.3.2 Enhancing Market Access and Business Environment

Creating conducive physical and economic spaces

for informal food and accommodation businesses is key to their viability.

3.3.2.1 Establishment and Strategic Management of Designated Informal Trading Spaces/Markets.

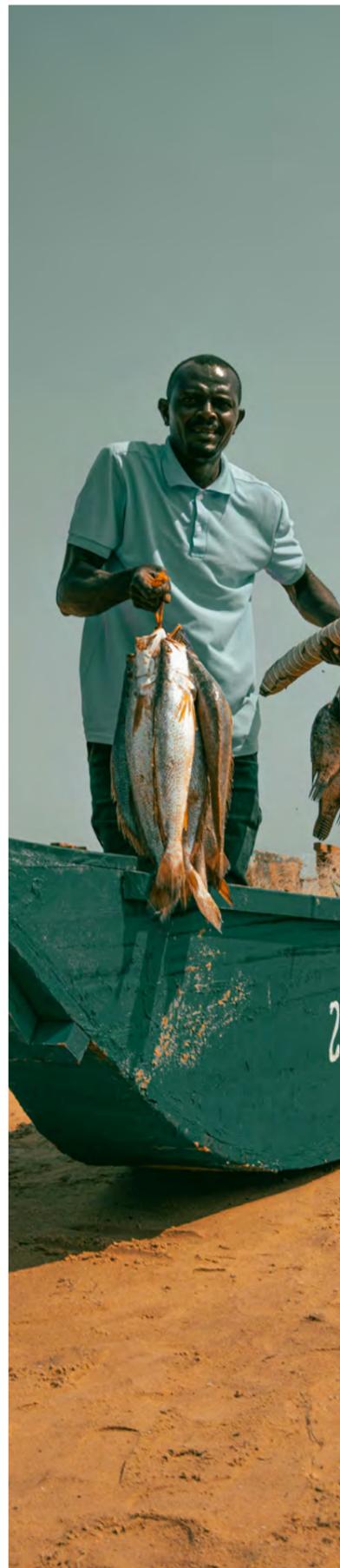
Challenge Addressed: A primary challenge for informal food vendors and traders is the lack of secure, suitable, and well-serviced locations to conduct their business. Operating in undesignated areas often leads to inconsistent sales, exposure to harsh weather conditions, lack of hygiene facilities, vulnerability to theft and violence, and frequent conflicts with local authorities resulting in evictions or confiscation of goods. Furthermore, poorly located or designed markets fail to attract sufficient customers, undermining the viability of the businesses within them.

Intervention: This involves expanding and replicating successful models of dedicated informal markets, such as those observed in Windhoek, to other towns and regions across Namibia. These designated spaces should be strategically located to ensure high visibility and access to customer flows (e.g., near transport hubs, commercial centers, or large retail outlets like the Shoprite in Nkurenkuru where traders expressed a desire to relocate). Essential infrastructure such as shade, ablution facilities, clean water, waste disposal, secure storage, and possibly electricity points should be provided at affordable, potentially subsidised, rental rates. The management of these markets should involve trader representatives to ensure responsiveness to their needs.

How it Supports Informal Actors: Well-planned and managed designated trading spaces provide informal vendors with a stable and secure operating environment. This improves their access to customers, enhances their visibility, and reduces operational risks associated with street trading. The provision of basic infrastructure improves working conditions, hygiene standards (critical for food vendors), and product safety. Affordable rents make these spaces accessible even to survivalist enterprises. Such markets can also serve as hubs for accessing other support services, information, and peer networks, fostering a more professional and dignified trading environment.

3.3.2.2 Support for Informal Arts, Crafts, and Souvenir Trade in Tourist Hotspots

Challenge Addressed: Informal traders catering to tourists often operate in precarious physical conditions, with limited visibility or insecure access to prime tourist locations where customer traffic is high. They may lack proper stalls or protection from the elements. Specific trades, like the selling of semi-precious gemstones, can also be legally complex and unregulated, making operators vulnerable.



Intervention: This intervention focuses on improving the operating conditions and market access for informal traders who sell arts, crafts, souvenirs, and other local products (like semi-precious gemstones) primarily to tourists in key tourist destinations. Actions include improving the physical conditions of informal handicraft markets, as suggested by the National Policy on Tourism for Namibia, by providing better shelter, display areas, and amenities. It also involves facilitating better access for these informal traders to tourist flows, potentially through the establishment of designated, well-serviced vending areas near popular attractions, lodges, or transport terminals. Support for the formation of cooperatives, for instance among gemstone miners and sellers, could also help with organisation, quality control, and marketing.

How it Supports Informal Actors: Providing better and more secure selling environments directly improves the working conditions and dignity of these traders. Increased visibility and strategic placement in tourist hotspots can significantly enhance their sales and income opportunities. For niche trades like gemstone selling, organisational support through cooperatives can help with navigating legal complexities, improving product quality, and ensuring fairer trade practices. Overall, these measures help integrate informal craft and souvenir traders more effectively into the tourism value chain, benefiting both the traders and the local tourism economy.

3.3.2.3 Addressing Poor Working Conditions for Informal Employees

Challenge Addressed: Workplaces in the informal sector often fail to meet basic Occupational Safety and Health (OSH) standards, leading to a high and often unrecorded rate of accidents, injuries, and work-related illnesses. This is driven by several factors: employers may

lack the financial resources or awareness to invest in safety measures; the physical locations (e.g., private homes, temporary market stalls) are not designed for commercial activity; and there is an absence of regulatory oversight. Employees are consequently exposed to hazards such as inadequate ventilation, unsafe electrical wiring, lack of personal protective equipment (PPE), and excessive working hours leading to fatigue, all while having no formal mechanism to report these dangers without risking their livelihood.

Intervention: Fast-tracking the finalisation and passing of the Occupational Safety and Health Bill. Investing in enforcement agencies to enhance the capacity of Namibia's labour inspectorate to broaden its coverage in the informal economy. This includes training inspectors on the specific realities of informal workplaces and equipping them with the resources to conduct inspections, starting with high-risk sectors like informal construction, manufacturing, and transport. Simultaneously, rolling out a massive public education campaign on OSH guidelines tailored for small businesses. This should be a supportive, not just punitive, measure, offering free workshops, simple visual guides, and checklists to help informal business owners understand risks and implement low-cost safety improvements.

How it Supports Informal Actors: This balanced approach benefits both employees and employers. For employees, it directly reduces their exposure to physical harm, affirming their right to a safe work environment and making their job fundamentally more decent. It provides a formal channel to address safety concerns. For informal employers, the educational support demystifies OSH requirements and helps them comply without fear of immediate, harsh penalties, leading to better worker morale, higher productivity, and a reduction in costs associated with accidents.

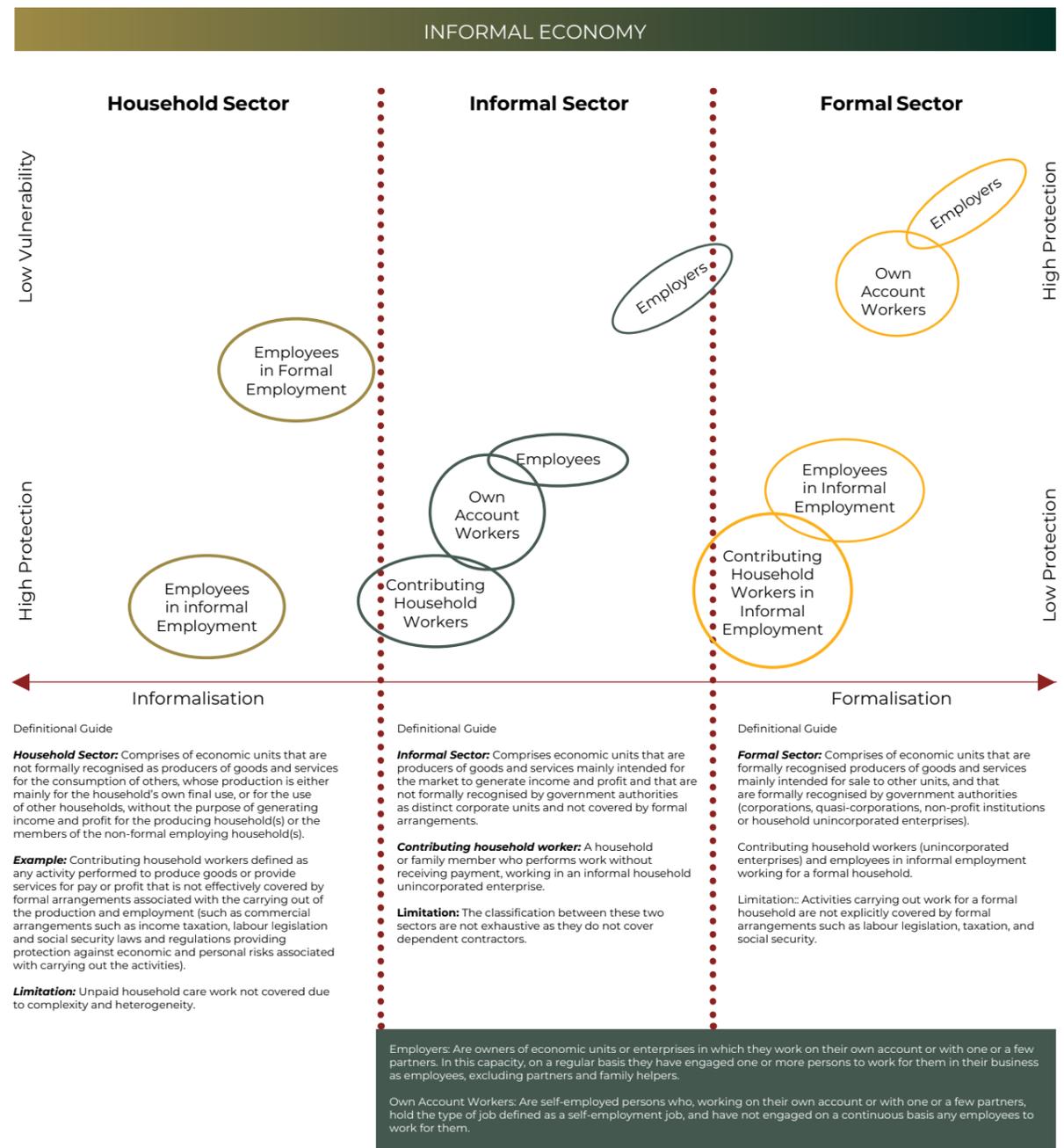


04

*Implementation
and Monitoring
Mechanism*

The agriculture, fishing, and forestry sector in Namibia is characterised by persistently high levels of informality. This informality is largely driven by the employment status of workers—particularly own-account and contributing household workers—who are not registered for essential social protection schemes such as pensions and medical aid schemes. Under the prevailing binary classification, these individuals and enterprises are labelled as informal due to the absence of formal registration. However, a more nuanced examination reveals that many actors operate in semi-formal spaces, particularly those working in horticulture within municipal or government open markets. Semi-formal environments offer a strategic entry point for targeted regulatory, policy and operational responses as illustrated in the figure below and in the table that follows.

Typology Of Informal Economy Workers, Their Vulnerability, Employment, (In)Formalisation And Protection Status



Informal economy is understood as including all informal productive activities of persons and economic units found in household, informal and formal sectors.

Employees are persons engaged in productive activities with an employment relationship, and in this informality economy context the relationship is not, in practice, effectively covered by formal arrangements such as labour legislation, income taxation, entitlement to employment benefits or social security laws and regulations providing protection against economic and personal risks associated with carrying out the activities.



Table 1. Namibia Typology of informal workers & regulatory, policy and operational responses

Worker Category	Sectors	(In) formalisation	Vulnerability / Protection	Regulatory Response	Policy Response (Step-wise)*	Operational Response (Step-wise)*
Employees in Formal Employment e.g., contracted domestic workers, security guards	Household Sector	Borderline of informality/ formalisation	V - Medium to high; P - Low to medium.	Enforce labour law, OSH, and social insurance compliance (where applicable).	Immediate: Strengthen compliance with labour codes and social security contributory schemes; extend non-contributory social protection. Transition: Expand portable benefits and adapt laws to new work forms (platform/gig). *Introduce gender, disability, and youth-sensitive employment standards.*	Immediate: Ensure grievance redress, strengthen representation; Financial inclusion measures (savings accounts, financial literacy). Transition: Develop portable benefits and flexible contributory schemes across careers. *Digital payslip and e-contract systems via DPI to reduce disputes.*
Employees in Informal Employment e.g., uncontracted gardener, day labourer in construction, domestic cleaners paid in cash	Household Sector	High informalisation; no contracts or statutory coverage	V – High; P – Low	Implement labour laws and regulations to extend labour and social protection (e.g., via SSC) to informal household workers; tackle disguised self-employment.	Immediate: Policies for improving employment relations (contracts, protections); guarantee minimum wages, extend contributory and non-contributory social protection. Transition: Incentivise formal contracts via tax reliefs and compliance support.	Immediate: Introduce labour inspections tailored to household work; promote financial literacy, voice and representation; facilitate access to grievance redress systems. Transition: Develop flexible contributory social protection schemes, implement structured labour inspections. *Community-based paralegal support for dispute resolution.*
Employees in Informal Employment e.g., uncontracted Uber driver within a formal economic unit, call centre temporary worker, piece-rate factory worker	Formal Sector	Work relationship informalised within a formal unit	V – Medium to high; P – Low to medium	Implement labour laws, Social Security Act, Public Procurement Act, and accompanying regulations to reduce coverage gaps for platform and atypical workers.	Immediate: Ensure minimum protections for platform workers; Adopt strategies recognising varied protection levels across informal workers in formal enterprises. Transition: Formalisation via social protection contributory schemes and adapted labour codes. *Align procurement criteria with fair labour standards.*	Immediate: Support procedures that prevent fallback into informality; promote digital literacy and grievance redress. Transition: Develop portable benefits and flexible social protection contributory schemes across careers. *Prioritise workers into digital ID and payment system rollouts (NamPay, Nam-X).*

Worker Category	Sectors	(In) formalisation	Vulnerability / Protection	Regulatory Response	Policy Response (Step-wise)*	Operational Response (Step-wise)*
Employees (e.g., uncontracted Uber driver, shebeen bar worker, car wash attendant)	Informal Sector	High informalisation; limited or no binding contracts	V – High; P – Very Low	Implement labour law and regulations to acknowledge and protect informal employees in enterprises. *Participatory by-law reform to reduce harassment.*	Immediate: Develop targeted strategies addressing informality, including contract enforcement and access to benefits; minimum wage and basic social protection. Transition: Incentivise contracts and social insurance extension.	Immediate: Simplify registration/licensing procedures; improve access to legal aid and worker organisations. Transition: Organise workers into associations, integrate into social protection schemes. *Cold storage and trading site access for food vendors and fishers.*
Own Account Workers e.g., street vendor, hair salon operator in township	Informal Sector	Fully informal;	V – High; P – Very Low	Review informality regulations; simplify licensing; strengthen rights of informal entrepreneurs.	Immediate: Extend non-contributory social protection; microfinance. Transition: Formalisation pathways (tax ID, simplified registration).	Immediate: Map and improve market access; facilitate collective organisation; promote financial inclusion; simplify permitting etc. Transition: Enterprise upgrading programmes, scaling into SMEs.
Own Account Workers e.g., street vendor in constructed marketplaces, charcoal producers	Formal Sector	Partial formalisation via structured marketplaces	V – Medium; P – Low to medium	Strengthen local government regulation of marketplaces to ensure fair access and social protection. *Introduce fair valuation methods for stalls and sites.*	Immediate: Promote market development policies and simplified tax/licensing regimes. Transition: Enterprise upgrading and integration into value chains.	Immediate: Improve infrastructure and grievance systems. Transition: Link to finance, digitalisation, and SME growth programmes. *Facilitate solar-powered cold storage for fishers.*
Contributing Household Workers e.g., a person working in a family business, subsistence farmer's child labourer, informal caregiver	Informal Sector	Fully informal; unregistered and unpaid	V – High; P – Very Low	Legal recognition; prohibit child labour. *Include unpaid care workers in labour force surveys.*	Immediate: Social protection floors (cash transfers, health cover, pension cover). Transition: Support exit into own-account/cooperatives; women's empowerment. *Targeted gender-sensitive grants.*	Immediate: Community programmes, financial literacy. Transition: Cooperative membership, targeted skills training.

Worker Category	Sectors	(In) formalisation	Vulnerability / Protection	Regulatory Response	Policy Response (Step-wise)*	Operational Response (Step-wise)*
Contributing Household Workers in Informal Employment e.g., a person working in a state-recognised family business, informal tourism guide in lodge	Formal Sector	Semi-formal; family worker in recognised unit but not formally covered	V – Medium to high; P – Low	Implement labour and social security laws to formally include contributing family workers in recognised businesses.	Immediate: Social protection floors (cash transfers, health cover, pension cover). Transition: Extend flexible contributory social protection schemes.	Immediate: Ensure access to extension services, grievance systems, and financial inclusion. Transition: Cooperative membership, targeted skills training. *Support integration into tourism/hospitality supply chains.*
Employers e.g., a person owning a state-recognised enterprise and employing others like a restaurant owner.	Formal Sector	Fully formalised	V – Low; P – High	Simplify compliance; fair taxation (NamRA). *Link to public procurement reserved quotas.*	Immediate: Incentives for compliance; protect against unfair competition. Transition: SME upgrading, integration into procurement and value chains; incentivise compliance with social protection scheme.	Immediate: Improve access to finance and extension services, training, and market linkages. Transition: Digitalisation and integration into formal value chains; Develop flexible contributory schemes, implement structured labour inspections. *Adopt DPI platforms for e-invoicing and tendering.*
Employers e.g., a person owning an enterprise and employing others like a shebeen owner, garage operator.	Informal Sector	High informalisation; enterprises unregistered	V – Medium to high; P – Low	Simplify registration (BIPA) and licensing for SMEs; ensure fair taxation (NamRA). *Develop one-stop digital registration centres.*	Immediate: Provide access to microcredit, protect from unfair competition. Transition: Incentivise compliance with taxation and employee's social security contributions. *Provide transitional tax holidays.*	Immediate: Simplify registration/licensing procedures; improve access to finance and extension services, training, and market linkages. Transition: Digitalisation and integration into formal value chains; Develop flexible contributory schemes, implement structured labour inspections.

Note: The prioritization of a tailored response, whether regulatory, policy, or operational, is first guided by the level of vulnerability or need for protection, and thereafter by the degree of formalisation, as illustrated in the figure above.

Such interventions should not only focus on moving workers and enterprises into the formal economy but also on improving living and working conditions within the informal economy—reducing income insecurity and expanding access to productive resources, markets, and other means of sustaining livelihoods. This is also true for the food and accommodation services sector in Namibia, which is characterised by high levels of informality, primarily involving employees, own-account workers, and contributing household workers. The majority of these workers are not registered as independent workers or as employees as relevant and are not affiliated to pension schemes and medical aid schemes and tend to face high levels of income insecurity. While some own-account workers operate informally out of necessity, others remain informal due to administrative barriers, such as the geographical distance from administrators concerned. Additionally, contributing household workers, though often overlooked, play an essential role across diverse operational spaces but are frequently excluded from social protection schemes and financial systems. Addressing these dual challenges requires a comprehensive and results-oriented framework. The following results framework outlines a structured approach to reduce informality and enhance worker protections through targeted outcomes, measurable outputs, and strategic activities.

Table 1. Namibia Typology of informal workers & regulatory, policy and operational responses

	Statement	Monitoring Indicator	Means of Verification	Assumptions
Activities	Develop policy for tiered formalisation, accounting for varying levels of vulnerability and protection as well as degrees of informality	Policy for tiered formalisation drafted and adopted	Policy launch Policy announcements	Offices/Ministries/ Agencies/Regional Councils/Local Authorities sector (OMAs/RCS/LACS)- Labour Unions -Employers Organisations -Civil Society Organisations - -Private Sector Organisations) All collaborate effectively, and data is reliably collected and shared.
	Target, map and profile enterprises, own-account workers and contributing household workers operating in constructed public marketplaces	Number of enterprises, own-account workers and contributing household workers targeted, mapped and profiled	Regional Councils & Local Authorities reports	
	Provide incentives for enterprises, own-account workers and contributing household workers to register	Number and type of incentives (e.g., training, space access) provided	Programme administrative data Labour inspection reports Labour force surveys constructed marketplaces in place and can provide real-time data	
	Targeted support provided and registration improved	Number of enterprises, own-account workers and contributing household workers operating in constructed marketplaces accessing support	Programme implementation reports Labour inspection records Labour Market Surveys	Relevant authorities have capacity and resources to provide support Enterprises, own-account workers and contributing household workers are receptive to incentives and reform

	Statement	Monitoring Indicator	Means of Verification	Assumptions
	Financial literacy and access programmes for contributing household workers launched	Percentage increase in bank saving accounts ownership	Financial institutions' reports Promotional leaflets	Financial institutions are willing and find it feasible to market least costly saving accounts
	Policy and regulatory gaps on labour laws, social security, public procurement, representation frameworks and informality regulations identified and addressed	Number and type of policy and regulatory changes to address identified gaps	Government gazettes	Political will exists to address regulatory gaps
	Mobile or decentralised labour and registration services introduced	Number of mobile outreach units deployed	GIS and programme administrative data	Rural areas are accessible for mobile outreach Network access is incrementally rolled out in rural areas
Outcomes	Enhanced integration of enterprises, own-account workers and contributing household workers operating in constructed marketplaces into Improved worker protection in Namibia	Percentage of enterprises, own-account workers and contributing household workers operating in constructed marketplaces formally registered Percentage increase in workers with access to social protection and written employment contracts	Municipal registration records Workplace audits Data from SSC Labour force surveys	Enterprises, own account workers and contributing household workers operating in constructed marketplaces are willing to engage Institutional support for templates of written contracts

This results framework provides a structured roadmap for addressing informality in Namibia. By targeting the semi-formal own-account workers, contributing household workers and formal enterprises with informal labour practices, the strategy promotes inclusive growth and decent work. Through a combination of tiered policy development, direct support to workers, and stronger yet incentivised compliance mechanisms, the framework seeks to advance a more equitable and sustainable labour market across these critical sectors.



4.1 Roadmap for Addressing Informality in Namibia

4.1.1 Objective of the Roadmap

The following roadmap outlines a phased and practical set of actions that Namibia can implement to enhance the productivity and resilience of informal economy actors, in line with the core pillars of the Global Accelerator on Jobs and Social Protection for Just Transition. For each priority intervention identified, the roadmap specifies the short-, medium-, or long-term horizon for implementation, along with key timelines and the roles of relevant stakeholders in driving delivery.

4.1.2 Roadmap Actions (Phased Approach)

Table 3. Roadmap Actions

Categorisation	Phase	Priority Actions	Timeframe	Responsible Stakeholders
Cross-sectoral	Short-term	<p>Establish a Division of Informal Economy within the Ministry of Industries, Mines and Energy</p> <p>Develop and adopt a formalisation strategy that recognises different vulnerabilities and protection of different categories of workers and hybrid and graduated forms of informality</p> <p>Provide incentives for financial inclusion especially for contributing household workers and for enterprises to register employees with SSC, and businesses with BIPA and NamRA</p>	2026 – 2027	<p>Ministry of Industries, Mines and Energy</p> <p>-Ministry of Justice and Labour Relations</p> <p>Supported by Offices/Ministries/Agencies (O/M/As)</p>
	Medium-term	<p>Establish the Informal Economy Agency (IEA)</p> <p>Pilot a tiered classification of formality in selected constructed marketplaces</p> <p>Evaluate tiered classification and identify scalable pathways</p>	2028 – 2030	<p>-Office of the Prime Minister</p> <p>-Ministry of Industries, Mines and Energy</p> <p>-Ministry of Justice and Labour Relations</p> <p>-Ministry of Urban & Rural Development</p> <p>-Regional Councils and Local Authorities-Sub-sector Organisations</p> <p>-Informal Economy Agency</p>

Categorisation	Phase	Priority Actions	Timeframe	Responsible Stakeholders
	Long-term	<p>Hybrid nature of informality integrated into key national policies and plans</p> <p>Institutionalise and rollout tiered formalisation nationally</p>	2031 – 2035	<p>Office of the Prime Minister</p> <p>-Ministry of Industries, Mines and Energy-</p> <p>Ministry of Justice and Labour Relations</p> <p>-Informal Economy Agency</p> <p>-Offices/Ministries/Agencies/Regional Councils/Local Authorities sector (OMAs/RCs/LACS)</p>
Agriculture, forestry and fishing	Short-term	Draft template for employment contracts tailored to encourage adoption by farmers and other enterprises	2026	<p>-Ministry of Justice & Labour Relations</p> <p>-Labour Unions</p> <p>-Employers Organizations</p>
	Medium-term	<p>Awareness drive of “informality within formality”</p> <p>Pilot deployment to commercial farms and fishing hubs of on-spot registration tied to employment contracting</p> <p>Draft legal amendments to allow flexible contracting for farm, fishing and forestry workers</p>	2027 – 2029	<p>-Ministry of Justice & Labour Relations</p> <p>-Ministry of Agriculture, Fisheries, Water & Land Reform</p> <p>-OMAs/RCs/LACs</p> <p>-Informal Economy Agency</p>
	Long-term	<p>Institutionalise and rollout contracting and registering farm, fishing and forestry workers by enterprises</p> <p>Target enforcement at “informality within formality” through random audits</p>	2030 - 2034	<p>-Ministry of Justice & Labour Relations</p> <p>-Ministry of Agriculture, Fisheries, Water & Land Reform</p> <p>-Informal Economy Agency</p>
Food and Accommodation	Long-term Short-term	Financial literacy and advocacy for savings bank accounts for contributing household workers	2026 - 2027	<p>-Ministry of Finance</p> <p>-Informal Economy Agency</p> <p>- Financial institutions</p>



Categorisation	Phase	Priority Actions	Timeframe	Responsible Stakeholders
	Medium-term	Secure long-term funding via national budget and donor partnerships Pilot subsidised schemes for contributing household workers, linked to their savings abilities and refine scalable models	2028 - 2030	-Ministry of Finance -National Planning Commission -Ministry of Environment & Tourism -Informal Economy Agency
	Long-term	Expand successful models and embed formalisation into national and sub-national systems	2031 – 2035	OMAs/RCs/LACs -Informal Economy Agency

4.1.3 Governance Structures for Implementation

Introduction

LED Policy: If consideration is given to the Local Economic Development (LED) Policy, “the LED initiative is designed to involve various stakeholders, such as the private sector, community organisations, and government entities. Given this multi-faceted involvement, the governance structure for LED will need to be unconventional and tailored to accommodate the needs and perspectives of these diverse stakeholders. This non-traditional approach to governance is essential for ensuring effective collaboration and participatory decision-making within the initiative.”

NIESED: The NIESED under “Policy Administrative Governance Arrangement” states that “the Minister of Industrialisation will appoint a National Advisory Council on the NIESED Sector. The Advisory Council will be primed to advise the Minister on matters of policy. In addition the MIT’s Regional Officers will be designated as Business Inspectors to ensure policy and regulatory compliance of the sectors.” The consulting team considered the appointment of a National Advisory Council, and its findings and conclusions from the study are not aligned to the NIESED proposal and instead support the establishment of the Informal Economy Agency (as opposed to a National Advisory Council).

Validation workshop: The minutes of the validation workshop held on 23 June 2025 reflect the following: “*The meeting reached consensus on adopting a balanced, option-based approach to institutional arrangements, recommending either the establishment of a dedicated division within an existing ministry or, alternatively, a new standalone agency to implement the policy framework. While participants acknowledged the long-term value of an agency, they emphasized the immediate feasibility, lower cost, and faster*

operationalization of a division — particularly given Namibia’s fiscal constraints and historical delays in setting up agencies. There was broad agreement that a committee model would be insufficient, lacking the authority and structural capacity needed to drive implementation. To support government decision-making, the consulting team will articulate both options in the final report, outlining their respective pros, cons, resourcing requirements, and timelines, while also drawing on relevant international examples. Importantly, these recommendations will be framed as guidance rather than prescriptions, leaving the final choice to policymakers and allowing for a phased evolution — whereby a division could later transition into a fully-fledged agency if warranted.”

The effective implementation of the roadmap priority areas to realise formalisation in Namibia requires a robust and well-coordinated governance structure. The multiple stakeholders identified to be responsible in the roadmap priority areas demonstrate that the formalisation of the informal economy is a complex and multi-sectoral process that involves legal, institutional, economic, and social dimensions. As such, its success depends on a clearly defined and collaborative governance framework to harmonise efforts, reduce fragmentation, and drive implementation and this can be achieved in the form of **the establishment of a Division in the short term, evolving into an Informal Economy Agency (IEA) in the long term.**

Nature of Composition of Stakeholders

Considering the cross-cutting nature of informality, to be able to contemplate the governance structure of a body, key characteristics identified include:

- a. diverse, broad-based engagement and participation involving representatives from different sectors i.e., government (O/M/

As), private sector organizations, including employers’ organizations, civil society organizations, workers unions, informal economy organizations, advisory representatives (i.e., regional and international multilateral organizations, selected development partners, think tanks and research institutions), etc.;

- b. collaborative decision making in which stakeholders work together to identify problems, develop solutions and implement actions;
- c. shared responsibility; and
- d. focus on common goals.

The benefits of the multi-stakeholder approach are increased legitimacy, greater innovation, improved sustainability, enhanced impact, and reduced conflict

Nature of the Executing Body: A Division within a Ministry versus an Agency Consideration

When contemplating the recommendation, the consulting team considered that the difference between a Division within a Ministry and an Agency lies mainly in their structure, autonomy, and function, as demonstrated below:

A. Division within a Ministry

- Definition: A division is an internal unit of a ministry that carries out

B. Agency

- specialized functions under the direct authority of that ministry.
- Control & Oversight: Fully controlled and managed by the ministry; part of the ministry’s internal structure.
- Autonomy: Has limited or no autonomy; decisions, budgeting, and staffing are overseen by the parent ministry.
- Legal Status: Not legally separate from the Ministry.
- Definition: An agency is a semi-autonomous or autonomous government body, often created by law or regulation, to perform specific tasks or services.
- Control & Oversight: Operates independently or semi-independently; may report to a ministry but has its own management and governance (e.g., board, CEO). It also has its own budget.
- Autonomy: Greater operational and financial autonomy than a division.
- Legal Status: Often has a separate legal identity (can enter contracts, sue/be sued, manage its own funds).

Table 3. Roadmap Actions

Feature	Division	Agency
Location in government	Inside a ministry	Often outside but reports to a ministry
Legal status	Not separate, internal	Often legally distinct (with its own legal identity)
Autonomy	Limited	Higher (can make independent decisions) Create improved efficiency and flexibility
Main role	Policy coordination	Performs implementation, regulation, or service delivery roles
Budgeting	Through the ministry	Own budget (may receive public funds)
Staffing	Governed by ministry rules	Can have independent hiring rules
Accountability	Directly to the ministry	To ministry, parliament, or governance board



Short term Governance Structure/Framework: A Division within a Ministry

Consideration was given to the fact that the processes to develop legislation and regulations for the establishment of an Agency would take time, and that there is no current budget provision and personnel to run the operations of an Agency in the short term.

The creation of a Division within the Ministry would not require the development of a separate legislation for implementation, and it would fast-track the implementation of some of the recommendations covered in the proposed policy framework and facilitate the creation of an Agency.

Additionally, the nature of composition of stakeholders, required engagements and participation of multiple stakeholders, and activities to be undertaken would not fit and cannot be properly executed within a Division of a Ministry. This means that the purpose of the creation of a Division would be to serve as an interim structure to establish the IEA.

Leveraging on the existing institutional mandate of the Ministry of Industries, Mines and Energy (MIME), it is recommended that a Division be created within that Ministry, as the current policyholder, for the short term, evolving into an Informal Economy Agency (IEA), reporting to the Office of the Prime Minister (OPM), for the long term.

Long term Governance Structure/Framework: Informal Economy Agency

The core mandate of the IEA would include:

- Functioning as a one-stop shop for all matters relating to the transitioning to formality of the informal sector.
- Streamlining registration and compliance processes for informal economy workers and entrepreneurs.
- Providing advisory and technical support services.
- Facilitating access to social protection and financial inclusion mechanisms.
- Coordinating pilot formalisation initiatives and monitoring their scalability.
- Overall monitoring and evaluating progress on informal economy actors and transition to formality to inform evidence-based policy and programming.
- Providing dispute resolution mechanisms for the informal economy.

Stakeholder Advisory Forum of the Agency

It was mentioned by a participant at the validation

workshop that *“The implementation of any policy and coordination thereof is a major challenge in Namibia. Hence, having genuinely multi-sectoral, multi-stakeholder platforms, including civil society (and ensuring they are able to participate, given the severe funding challenges in this sector) is crucial and should be highlighted as a key component for making any coordination mechanism work more effectively.”*

To support the IEA’s mandate, a Stakeholder Advisory Forum is proposed. This Forum would operate as a multi-stakeholder governance body comprising both state and non-state actors, to provide strategic oversight, technical input, and policy direction.

The state institutions, which include Government Departments (e.g., Ministries of Industries, Justice and Labour, Trade, Finance, etc.) and Agencies (e.g., SCC, NSA, NamRA, BIPA, etc.) will mostly be responsible for the development and adoption of a formalisation strategy that recognises hybrid and graduated forms of informality. It would approve and review key monitoring and evaluation frameworks (using data from pilot sites and national rollouts to assess progress), recommend adjustments, and scale effective practices and identify and mitigate potential risks. In addition, it will ensure the alignment with NDP6, Vision 2030 and other national policies. The Stakeholder Advisory Forum would, therefore, act as a strategic enabler, ensuring that transition to formality is not only technically implemented but also politically and institutionally supported at the highest levels.

The non-state institutions would provide strategic advice, insights and technical expertise based on both evidence and normative approaches to the formalisation of the informal economy. To ensure tripartite participation, trade/labour unions and employers’ organisations are key stakeholders that should form part of this Forum to ensure that the creation of policies and implementation of formalisation approaches are through cooperation, consultation, negotiation and compromise. However, the composition of the Forum should also reflect a Tripartite Plus approach. In particular, informal economy associations have enormous knowledge of their members, which is crucial for policy-makers as they determine rules and regulations to govern the scheme. Also, think tanks and research institutes are recommended to be part of the Forum because the Informal Economy Agency may be faced with a lack of data and evidence that may easily be provided by think tanks and research institutions. Also, the Informal Economy Agency may be faced with information overload, which may be a risk and an opportunity. In both cases, the think tanks and research institutes can translate dense ideas into understandable policy briefs and be filters to information pollution in ways that may help the Informal Economy Agency to make sound decisions concerning the operation of the schemes.

The multilateral development institutions, such as the ILO, UN and GIZ, could be invited to provide

an advisory role from regional and international perspectives. This is key if the IEA is to learn from other experiences, as this becomes helpful in decision making. Multilateral development institutions could also be used as a sounding board, given that they typically have a high interest in providing technical and financial assistance.

Institutional Placement and Political Oversight of the Agency

The informal economy in Namibia contributes an estimated 25 percent to the GDP and accounts for 57.7 percent of the total workforce. In the NDP6, the percentage share of the MSME sector contribution to GDP is stated as 16 percent targeted to grow to 19.4 percent by 2030, and the number of informal enterprises transitioned into the formal economy is given as 310 targeted to grow to 950 by 2030. It is envisaged that the overall efficiency and productivity of the MSMEs and informal sector will be significantly enhanced leading to job creation, income generation and economic growth ensured by following the strategy aimed at integrating MSMEs and transitioning the informal businesses into the formal economy for inclusive and sustainable growth. Given the afore-stated, the Agency’s mandate would cut across multiple ministries and agencies (state-owned enterprises) and would be of a high national importance.

Considering (a) the cross-cutting role (cross-cutting across multiple OMAs/RCS/LACs), (b) strategic national role; (c) political sensitivity considering the national political landscape in that the IEA may require greater independence from political interference especially considering the multiple stakeholders’ participation; (d) national prioritisation of the informal economy and the transitioning to formality of the informal sector; and (e) the special mandate to drive the reform agenda and special initiatives, it is recommended that the IEA reports directly to the OPM. This high-level institutional placement underscores the strategic importance of transition to formality as a national development priority.

The OPM’s central coordinating mandate across ministries will:

- Enhance Offices/Ministries/Agencies/Regional Councils/Local Authorities sector (OMAs/RCS/LACs) interagency collaboration;
- Reduce the impact of fragmentation of interagencies;
- Improve interagency coordination;
- Ensure high level oversight;
- Provide the necessary political clout and legitimacy; and
- Ensure coherence with national policies and development priorities across interagencies.

In addition, reporting to the OPM would elevate the visibility of the Agency, instil confidence in stakeholders and development partners, and mobilise sustained human, technical and financial support from various national, continental and international sources. This would ensure that the transitioning to formality agenda is not relegated to a marginal or sectoral concern but embraced as a whole-of-government initiative that is essential to Namibia’s inclusive and sustainable economic transformation.

Resources demands for the establishment of an Agency

The establishment of a new agency is often considered as a strategic response to governance, regulatory, or service delivery gaps. However, successful institutionalization depends not only on political will but also on the availability and management of adequate resources. Resource constraints at inception can weaken the agency’s effectiveness, delay operations, and reduce stakeholder confidence.

The establishment of a new agency is often constrained by critical resource issues that undermine its effectiveness from inception. Limited and irregular funding restricts the agency’s ability to operationalize its mandate, while gaps in human resources — particularly in attracting and retaining skilled professionals — weaken institutional performance. Inadequate physical infrastructure and information communication technology (ICT) systems further reduce efficiency and accessibility. Additionally, the absence of a strong legal framework and clear governance structures creates overlaps with existing institutions, leading to duplication and inefficiencies. Without sufficient political will and stakeholder buy-in, the agency risks lacking legitimacy, coordination, and long-term sustainability.

For a start, it is envisaged that the Division to be established will leverage and rely on the resources of MIME, as the budget-holder. The Division, with the assistance of stakeholders, e.g., NWGI, will then undertake work to determine specific resource requirements for the Agency and prepare the necessary motivation for allocation.

To ensure long-term sustainability and effectiveness of the new agency, it is recommended that resource issues be addressed at the design and inception stages. These include the following: (a) secure sustainable financing, (b) strengthen human capital, (c) enhance physical and ICT infrastructure, (d) build robust institutional frameworks, and (e) mobilize political and stakeholder support.

International comparison

Our search has established that there is not a single universal “Informal Economy Agency” that exists but in some countries and regions specialised agencies, departments or units have been established to



address issues of informal work and help transition workers or businesses into the formal sector. Responsibility is often shared between ministries, local governments, specialised units, boards or taskforces.

Conclusions

It is believed that the proposed IEA would go a long way in addressing current challenges of

fragmentation and lack of coordination, and synergy identified in the study and ensuring adequate institutional capacity and effective coordination of formalisation approaches, and implementation of the envisaged reforms. The proposed Governance Framework/Structure would ensure that the IEA develops innovative approaches with an emphasis on cross-cutting issues that beset informality in Namibia.



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