



STATEMENT

BY

HON. LUCIA IIPUMBU

MINISTER OF INDUSTRIALISATION AND TRADE

**ON THE OCCASSION OF THE MULTI STAKEHOLDERS WORKSHOP ON THE
NATIONAL DIAGNOSTIC OF INFORMALITY**

WEDNESDAY, 13 SEPTEMBER 2023

SAFARI HOTEL & CONFERENCE CENTRE

WINDHOEK

The Master of Ceremony: Mr. Ebson Uanguta - Deputy Governor of Bank of Namibia

Hon Utoni Nujoma : Minister of Labour, Industrial Relation and Employment Creation;

Mr. Johannes !Gawaxab: Governor of Bank of Namibia;

Your Excellency Hopolang Phororo: UN Resident Coordinator;

Ms. Annamarie K. Kiaga: Specialist on Informal Economy, ILO Country Office for Namibia and Zimbabwe

All Captains of both the Informal and Informal Industries present,

All Senior Dignitaries Present from the International and National Development Cooperation Community;

Entrepreneurs and Ecosystem Role players present;

Leaders of our Civic Societies present;

All Government Officials present;

Members of the Media;

Ladies and Gentlemen;

Good Morning!

1. It is indeed a distinct honour to be amongst a coterie of our esteemed leadership present to deliver remarks at this important event.
2. The fact that four key speakers are gracing this event is a testimony to the value and appreciation attached to the Informal Economy of Namibia by the Namibian Government and our International Development Cooperation Partner, the United Nations.
3. Resultantly given that there will be addresses from other three speakers, I shall thus confine my remarks briefly to policy dimensions around the Informal Economy.
4. Enterprise Development is a key mandate of the Ministry of Industrialization and Trade (MIT). Moreover major emphasis is placed on appropriate policy solutions segmentation looking at informal and formal economy, micro, small and large enterprises.
5. Much of our policy work has evolved around the formal enterprise development arena as evidenced by numerous policies pertaining to economic incentives, foreign direct investment, formal micro, small and medium enterprises and newer initiatives such as special economic zones.

6. Yet in policy pronouncements such as the MSME National Policy the intent to ensure a standalone policy for the Informal Economy is evidence of our commitment.
7. This commitment to foster, incubate, develop and facilitate the growth of the Informal Economy along with our partners is derived directly from our National Constitution.
8. Namibia's Constitution's Article 98 (Principles of Economic Order) advances a mixed economy which therefore also support explicitly the development of small scale, family and other entrepreneurs in the Informal Economy.
9. Our commitment and resolve is also as a matter of observing how informality is a constant feature of many developing and low - income countries.
10. Global estimates indicate around 50 percent (50%) of global Gross Domestic Product (GDP), more than 60 percent (60%) of the labour force and up to 90 percent (90%) of MSMEs operate in the Informal Economy.
11. Namibia is no different from the global trends as the Informal Economy is estimated at 24 percent of our GDP and contributing to around 56 percent of our labour force.
12. The Informal Economy is therefore a key lever for ensuring sustainable livelihoods, innovative and dynamic entrepreneurship especially to these who are vulnerable or less educated such as segments of women, youth who may have inclusivity limitations into the formal economy.
13. Despite the recognised benefits of the Informal Economy, it is also prudent to recognize the negative externalities present in its growth and development.
14. A key common feature which my counterpart from Labour Ministry is tasked with is social protection as an unguarded Informal Economy may not offer decent work to the multitudes of workers found in it and thus exacerbate poverty.
15. The vulnerability of employment in the Informal Economy may also lead to wage disparities between the formal and informal economies despite comparable skills leading to economic inequality.
16. Another common feature pertains to aspect of lack of formalization and the narrative of tax evasion or perception thereof.

17. Productivity is also a key matter in terms of informality as entities with low levels of productivity combined with a lack of access to affordable and the correct financing will not scale up-with concomitant impact on sustainable development.
18. Finally it is common to observe the exclusion of Informal Economy entrepreneurs from sector value chains development as they do not operate within the legal framework and therefore are not able to access procurement opportunities or be part of supplier development programmes.
19. To ensure a viable developmental approach to the Namibian Informality question, appreciating both the nature, benefits and binding constraints will be key. And that is exactly the aim of this workshop as an effort to allow us all to collectively ventilate on these aspects tackling *formalization philosophy, gender and vulnerable groups mainstreaming, business regulation and cost of compliance, social protection, 'Market Access and Business Linkages, supporting the Decent Work agenda and policy support mechanisms and enhancement such as entrepreneurial training and infrastructure roll out for the sector such as Omatala.*
20. The discussions of the next two days should not only focus on the role of government and the UN alone but also highlight the critical role of the Namibian Private Sector to help onboard one of its biggest segment-the Informal Economy.
21. Therefore our deliberations should look at various strategies pertaining to viable strategies to alleviate administrative and business compliance for the sector, leveraging technology for sectoral facilitation, developing a viable lobbying and network capital and creating an environment that allows scalability to ensure the effective transition from informality and or allow the sector to benefit from formal business supports mechanisms.
22. These strategies are also embellish in the draft National Informal Economy, Startups and Entrepreneurship Policy (NIESEP) which we as a Ministry will table for national stakeholders consultations.
23. Many of the features of NIESEP will be outline in our presentation later in the day but I shall outline some key features.
24. Firstly it is important that the Ministry recognize the Informal Economy to comprise of many and differentiated entities, from street vendors, micro-household business to a wide range of industries in all our economic sectors that are not formalized.

25. Our Policy also makes a clear distinction that it supports productive activities and not illegal and shadowy business that at times may be described as the underground economy. Drug peddling for example is not a policy target for the NIESEP.
26. Thus MIT policy allows for a formalization approach that fosters entrepreneurship as long as one is traceable be at formal structures or through your sector association or having a municipal area's health certificate.
27. The Policy also further looks at enabling environment such as ensuring an effective appreciation of the extent of informality, ensuring entrepreneurial training, supporting business infrastructure for the sector, mainstreaming digitalization and appreciating the development of an incentive regime for the sector.

Ladies and Gentlemen

28. It is opportune time at this juncture to make mention that the NIESEP will be supported by an attendant Act. This requirement comes directly from the Harambee Prosperity Plan II of 2021-2025. This actually demonstrates the Namibian Government resolve to ensure that the Informal Economy is fully embedded within the economic charter of Namibia.
29. Please therefore rest assured of our strong commitment as a Government as well as our readiness to work with you in developing and charting an appropriate roadmap for the Informal Economy of Namibia.
30. Let me therefore take this opportunity to wish all present here to the next two days consultative fruitful deliberations and of course successful outcomes!

I THANK YOU!