



REPUBLIC OF NAMIBIA

MINISTRY OF INDUSTRIALISATION AND TRADE

**NATIONAL INFORMAL ECONOMY, STARTUPS AND ENTREPRENEURSHIP
DEVELOPMENT POLICY (NIESED)**



DATE :

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The Policy was developed and drafted in-house within the Ministry of Industrialisation and Trade. Further, the Ministry sincerely acknowledges the inputs provided by the various stakeholders from the public and private sectors as well as the academia during consultations.

DRAFT

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FOREWORD BY THE MINISTER OF INDUSTRIALISATION AND TRADE

The Namibian Constitution, in Article 98 promotes enterprise development across both the public and private spheres. Article 98 on Principles of Economic Order, calls for a Namibian economy that is based inter alia on various forms of ownership inclusive of '*small scale family*' and '*co-operatives*' whilst encompassing also the full value chain for entrepreneurship through various other forms such as '*public*', '*private*' and '*co-ownership*'. The efforts of the successive Namibian governments since Independence has been leveraged to thus ensure policy support and sustenance for enterprise development in Namibia. The 1997 Policy and Programme on Small Business Development and the 2016 National Micro, Small and Medium Enterprise (MSME) Policy are policy pronouncements to give credence to the ambitions of Article 98 of the Namibian Constitution. In addition for larger enterprise and sectoral efforts the 'Growth at Home Execution Strategy' along with a myriad of legislative and regulatory interventions covering aspects such as manufacturing incentives, export processing zones, sector growth strategies and industrial and business infrastructure were introduced.

Albeit these efforts were mostly geared, unintentionally, towards the formal sector. The Namibian economy, given its historical configurations due to past repressive regimes exhibits features of a dualistic economy. A large swathe of the economy, up to a third of the gross national output is estimated to be in the Informal Economy. Moreover a large overlap is evident amongst startups, women and youth-owned enterprises and informality. Yet increasingly and especially within the backdrop of the Covid-19 epidemic these informal enterprises are being recognized by African governments in particular as new sources of growth, innovation, employment creation and even infusing economic dynamisms and diversification. This depends on the right policy environment that can incubate, foster and propel enterprise development across the Informal Economy, Startups and Scaleups as well as general Entrepreneurship.

- This policy document is therefore Namibia's response to this increasing continental and indeed global trend to embrace a policy response that supports and facilitate growth in the Informal Economy, Startups, Scaleups and overall entrepreneurial capacity and capability. To this end the Policy thus propel key interventions at macro, meso as well as micro-levels that should ultimately create a sustainable and inclusive entrepreneurial ecosystem. The policy thus incorporate chiefly the following interventions:
 - A coherent approach towards the formalization agenda.
 - Ensuring definitions that are pervasive across the targeted beneficiaries of the sector;
 - Mainstreaming adequate policy and structural support mechanism to ensure viable mutually outcomes in terms of these sectors growth for development and innovation;

- Providing impetus for enhanced business regulation and the synchronization thereof to enable and not limit business growth in these sectors;
- Providing and embedding requisite institutional support to provide entrepreneurial and startup development, and finally
- Ensuring adequate monitoring and evaluation for effective policy implementation.

It is our firmest commitment and indeed resolve that the work of the Ministry to launch for the very first time ever in the annals of the Namibian economic history, a policy statement on the informal economy, startups and general entrepreneurship will receive our collective sustained support.

In conclusion, I take this opportunity to thank all listed stakeholders for their valuable contribution that led to this policy document. In the same breath, I heartily look forward to sustained collaboration to enable the successful implementation of the policy.

Hon Lucia lipumbu

Minister of Industrialisation and Trade

ACRONYMS AND ABBREVIATIONS

Acronym	Abbreviation
GDP	Gross Domestic Product
GRN	Government of the Republic of Namibia
ICLS	International Conference of Labour Statisticians
IE	Informal Economy
ILC	International Labour Conference
ILO	International Labour Organization
LE	Large Enterprises
LFS	Namibia Labour Force Survey
MIT	Ministry of Industrialisation and Trade
MLIREC	Ministry of Labour, Industrial Relations and Employment Creation
MPESW	Ministry of Poverty Eradication and Social Welfare
MSME	Micro, Small and Medium Enterprises
NAD	Namibian Dollars
Nam	Namibia
NDP	National Development Plan of Namibia
NISO	Namibia Informal Sector Organisation
NSA	Namibia Statistics Agency
SACU	Southern African Customs Union
SADC	Southern African Development Community
SADC	Southern African Development Community
SDG	Sustainable Development Goals
SME	Small and Medium Enterprises
UMIC	Upper-Middle Income Country
UNCTAD	United Nations Conference on Trade and Development
VAT	Value Added Tax
VTC	Vocational Training Centre
WTO	World Trade Organization

GLOSSARY OF CONCEPTS, TERMS AND JARGON

TERM	DEFINITION
Formal Economy	All economic activities by workers and economic units that are – in law or in practice – covered or sufficiently covered by formal arrangements.
Formal Enterprises	(In Namibia) Businesses that are registered with either a local, regional or national governmental authority irrespective of size.
Informal Employment	All jobs in informal sector enterprises or all persons who, during a given reference period, were employed in at least one informal sector enterprise, irrespective of their status in employment and whether it was their main or a secondary job.
Informal Economy	All economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements.
Informal Enterprises	(In Namibia) Businesses that are not registered with either a local, regional or national governmental authority irrespective of size.
Informal Sector	Large number of small units which are diverse in activity patterns and modes of operation... that are engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned; operate within the household sector or as an unincorporated enterprise; comprising of own-account workers, enterprises of informal employers [also understood as MSMEs], casual workers, and kinship or personal and social employment relations without

	formal contractual arrangements. They are characterised by high fluctuations; lack financial capital investment and resort to precarious means of acquiring finances; involuntarily evade taxation, social security contributions as well as, legislative and administrative responsibilities.
Informal Workers	[Workers that] have informal jobs [where their] employment relationship is, in law or in practice, not subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits.
Kambashu	Informal structures often used for shelter, kiosks or bar establishments (in Oshiwambo)
Kapana	Grilled Meat (in Oshiwambo)
Omatala/Omatara	Informal and formal structures for business trading (Oshiwambo & Otjiherero)
Ongeshefa/Ongetjefa	Business entity (in Oshiwambo & Otjiherero)
Shebeen	Informal liquor outlets
Unit Economics	Direct revenues and costs of a particular business measured on a per-unit basis

EXECUTIVE SUMMARY

The Government of the Republic of Namibia postulate and emphasize that the Informal Economy (IE) and Startups constitute a segment of the private sector with innovative potential. These segments are thus, if facilitated efficiently and with the right framework, be engines for broad based economic growth. Broadly, these segments are not in the formal economy although a substantial part of the Namibian population depends for their livelihoods on them. Unfortunately, an appropriate economic policy framework to safeguard, propel and sustain these segments of the private sector has been lacking. Incidentally the Harambee Prosperity Plan II (HHP II) calls for the introduction of a *National Policy on the Informal Economy, Startups and General Entrepreneurship*.

The Ministry of Industrialization and Trade has thus lead the work in the development of the above-mentioned policy with the aim to create an accommodative and enabling environment for the informal economy, startups and general entrepreneurs.

The *National Policy on the Informal Economy, Startups and General Entrepreneurship* thus build on the definitions of micro, small and medium enterprises as defined in the 2016 *National Policy on Micro, Small and Medium Enterprises in Namibia*. The expanded definitions are thus as follows:

Category	No. of full-time employees	And/or	Annual turnover (N\$)
Micro-enterprise	1 to 10	And/or	0 to 300,000
Small enterprises	11 to 30	And/or	300,001 to 3,000,000
Medium enterprises	31 to 100	And/or	3,000,001 to 10,000,000
Large Enterprises	100 to 250	And/or	10,000,000-50,000,000
Very Large Enterprises	250+	And/or	50,000,000+

This policy provides the following definitions:

Type of Business	Exposition
Informal Economy Business	A business entity, usually not having more than 5 employees but trading in all legal productive economic activities but that may be concealed from public authorities through various reasons such as avoiding paying certain taxes, social security contributions or having to meet certain labour market requirements and other business administrative obligations. ¹
StartUp	A business entity, registered or unregistered which is starting operations in any sector to develop and launch an innovative, replicable and scalable high growth business model that can contribute to economic growth. The business is not more than five years old but for biomedical/bioeconomy businesses they should not be more than 8 years old.
ScaleUp/ High Growth Startup/Enterprise	A company that has validated its product and proven its unit economics by having an average annualized growth at least 20% in the past 3 years.
Social Enterprise	These businesses aim to have an explicit social impact through their economic activities. Such enterprises focuses on introducing new solutions to complex problems 'such as unemployment, poverty and climate change.
Inclusive Entrepreneurship	Entrepreneurship that contributes to social inclusion and gives all people an equal opportunity to start and operate businesses (including youth, women, unemployed people and migrants)

¹ This policy has no intention to support and or embrace illegal business activities both in the formal as well as in the informal sector. Such are mainly pertaining to burglary, drug dealing, robbery and many other insidious activities.

INTRODUCTION

For much of the 20th century, the widespread belief was that the formal economy was extensive and growing while the informal economy was a minor remnant and disappearing. Informal entrepreneurs were thus seen as a leftover from an earlier mode of production and not part of the modern economy. Therefore, its existence signaled “underdevelopment,” “backwardness” and “traditionalism,” while formal entrepreneurship signaled “advancement,” “development” and “progress”. However, since the turn of the millennium, there has been widespread recognition that the informal economy in general and informal entrepreneurship particularly is extensive, enduring and expanding in many global regions (Colin C Williams, 2010).

The informal sector represents an important part of any given economy, and plays a major role in employment creation, production and income generation. In countries with high rates of population growth or urbanisation, the informal sector tends to absorb most of the expanding labour force in both urban and rural areas. Informal employment offers a necessary survival strategy in countries that lack social safety nets, such as unemployment insurance and increased savings/security when older among others. The informal economy has a diversified set of economic activities, enterprises, jobs, and workers that are not regulated or protected by the state. The concept originally applied to self-employment in small unregistered enterprises. It has been expanded to include wage employment in unprotected jobs (WEIGO, 2012).

The International Labour Organisation/Office (ILO) has been one of the leaders in the analysis of informality ever since its conceptual ‘discovery’ in the 1970s. Over the past four decades the informal economy has been subjected to much research and policy debate, and the understanding of its dimensions has evolved considerably from the earlier narrow terminology of ‘informal sector’. Theories which had envisaged it as a temporary phenomenon which would dissipate with economic development have given way to more modulated views in light of its growth and persistence in developing – and even developed countries (ILO, 2011).

The 2002 International Labour Conference (ILC) Resolution on Decent Work and the Informal Economy marked a breakthrough in analysis, providing a framework which

recognised the diversity and heterogeneity of actors and activities in the informal economy and broadening the understanding of its parameters. It established that informality exists across a wide range of sectors and, importantly, also includes casualised and precarious work within the formal economy (ILO, 2011).

While recognising the resilience and dynamism of workers and entrepreneurs in the informal economy, ILO tripartite constituents (Workers' organisations, Employers' organisations and Governments) at the 2002 ILC developed a broad consensus on the need to address their vulnerabilities. Actors in the informal economy are often not recognised, registered or counted in national statistics. And even where they are registered, they may be outside the reach of social protection, labour legislation and protective measures at the workplace. Their employment status may be ambiguous - further reinforcing their limited protection under the law. They are often unorganised, and for this and other reasons they are often unable to articulate their rights. Workplaces may be unsafe and unhealthy with serious and sometimes life-threatening hazards. Despite long working hours, productivity and incomes are usually low. Moreover, limited access to productive resources such as finance, land, property, technology and markets may be compounded by low levels of skills, information and literacy, confining many in the informal economy to marginalised and survivalist activities (ILO, 2011).

Whilst, entrepreneurship plays an influential role in the economic growth and standard of living of the country. Many startup founders or small business owners, may think that they are simply working hard to build their own businesses and provide for themselves and their families. But they are actually doing a whole lot more for their local communities, and the country as a whole. Hence, the process of improving the skills and knowledge of entrepreneurs through various approaches is very critical for any economy.

Some entrepreneurs receive formal training and skill development, while others have a natural flair for it. Still, others break every rule or devise very unusual approaches, but still succeed. There are many skills that entrepreneurs must develop continually and improve overtime, usually by necessity but there are a few entrepreneurial skills that are needed even before starting the business. Being in business is extremely rewarding and there will be challenges to overcome, otherwise the business and dream will die. In today's world,

success in business or as a business entrepreneur is certainly a continuous evolutionary process that all must undertake. In other words, there are entrepreneurial skills that each must practice, learn, and re-learn in order to thrive in today's business world. As the business environment changes, the entrepreneur needs to be able to adapt those skills to the surroundings (Journal of Business Management and Accounting, Vol. 5 2015).

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BACKGROUND

It is acknowledge the entrepreneurial contribution to the economy by the traders including survivalists, vendors, market users, and crafters to mention but a few. It further provides a national definition of the informal economy and entrepreneurship in Namibia. Additionally, the chapter provides the overview of the informal sector and entrepreneurs to the Namibian economy, institutional settings and the main challenged faced by the sector.

1. Definition

In 2002, the International Labour Organisation (ILO) proposed the concept of 'informal economy' as opposed to the 'informal sector'. Other efforts that followed in defining the term was by the 2002 Resolution and Conclusions on Decent Work and Informal Economy adopted by the International Labour Conference (ILC), defined the term 'informal economy' as "all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements." In 2003, the International Conference of Labour Statisticians (ICLS) adopted an international statistical definition, which includes informal wage employment outside informal enterprises (Informal Employment Report, LaRRI & MANWU, 2020).

According to the ILO (1972), Employment mission to Africa, the mission observed that informal sector is described as activities that are unrecognized, unrecorded, unprotected or unregulated by public authorities and was not confined to marginal activities but also included profitable enterprises. The mission further express that informal sector can be defined from two perspectives namely (i) economic units or enterprises and (ii) households. Economic or enterprise perspective, postulates that within the informal sector there are businesses that are profitable but their existence are not documented, nor regulated by relevant authorities. At the household level, informal activities are often what sustain families living in poorer conditions. The informal economy provides low-cost labor, input, goods and services to both formal and informal businesses, as well as low-cost goods and services to the public especially to the people living in poorer sections of

the country. These informal businesses beyond reasonable doubt are responsible for creating huge numbers of informal jobs.

The general definition of informal sector is not an exception in a Namibian content, as the Namibian informal economy is also characterized by numerous undocumented and unregulated businesses and employments similar to all other developing countries. A business can be regarded as informal if it is not registered with appropriate national registering authority which is the Business and Intellectual Property Authority (BIPA)². Moreover, an informal business can create both formal and informal jobs as businesses registered with Local Authorities can formalize their employees with Social Security Commission even though such businesses are not registered with BIPA.

The informal economy in Namibia comprises of the rural agricultural sector, small scale mining (precious and semi-precious stones), wide categories of traders including street vendors, hawkers as well as market traders who sell anything from groceries to building hardware (bricks projects etc). The retail store in most rural and informal settlements in the country is dominated by informal sector. Private unregistered taxi operators (including inter-town commuter services), small loan and saving scheme operator forms part of the informal economy.

The *National Policy on the Informal Economy, Startups and General Entrepreneurship* thus build on the definitions of micro, small and medium enterprises as defined in the *2016 National Policy on Micro, Small and Medium Enterprises in Namibia*. The expanded definitions are thus as follows:

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This policy provides the following definitions:

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StartUp	A business entity, registered or unregistered which is starting operations in any sector to develop and launch an innovative, replicable and scalable high growth business model that can contribute to economic growth. The business is not more than five years old but for biomedical/bioeconomy businesses they should not be more than 8 years old.
ScaleUp/ High Growth Startup/Enterprise	A company that has validated its product and proven its unit economics by having an average annualized growth at least 20% in the past 3 years.
Social Enterprise	These businesses aim to have an explicit social impact through their economic activities. Such enterprises focuses on introducing new solutions to complex problems 'such as unemployment, poverty and climate change.
Inclusive Entrepreneurship	Entrepreneurship that contributes to social inclusion and gives all people an equal opportunity to start and operate businesses (including youth, women, unemployed people and migrants)

³ This policy has no intention to support and or embrace illegal business activities both in the formal as well as in the informal sector. Such are mainly pertaining to burglary, drug dealing, robbery and many other insidious activities.

1.1 Adoption of NIESED Definition

To ensure effective implementation of the policy, the NIESED policy is to be adopted by all stakeholders, both from the public and private sectors. As such, all stakeholders are expected to align their definition of NIESED sectors to the national definition.

1.2 Modification

The Government may from time to time modify the definition of the NIESED enterprises with the view to reflect micro and macro-economic changes in the country. Any modification shall be informed by the outcome of the monitoring and evaluation (M&E) systems to ensure that identified shortcomings are addressed.

2 Situational Analysis

Entrepreneurship is very nascent in the country and with a domestic private sector heavily depended on the state as well as prevalent much more in the non-tradable sectors. In general global entrepreneurship indices shows a relatively weak entrepreneurial ecosystem with an average GEI of 29.4 which is below the global average for efficiency driven economies of 31%. Namibia also exhibits a phenomenon common to other developing economies in that there exists a high entrepreneurial activity but with little impact on GDP per capita. At 37% Namibia has a higher rate of necessity entrepreneurs than the regional average. There is thus a need to ensure that upgrading skills, networks and hubs for startups develop a broad entrepreneurship ecosystem. Specifically the following tabulation shows exactly the areas needed to be concentrated on by policy makers:

Pillar	Required Increase in Pillar	Percentage of total new effort
Opportunity Perception	0.00	0%
Startup Skills	0.16	44%
Risk Acceptance	0.00	0%
Networking	0.00	0%
Cultural Support	0.00	0%
Opportunity Startup	0.00	0%
Technology Absorption	0.07	19%
Human Capital	0.00	0%
Competition	0.00	0%
Product Innovation	0.00	0%
Process Innovation	0.07	19%
High Growth	0.00	0%
Internationalization	0.00	0%
Risk Capital	0.06	17%

In addition there is a need to ensure the strengthening of a coordination mechanisms among multiplicity of stakeholders that can support an inclusive entrepreneurship ecosystem resulting in smart partnership.

3. Contribution of Informal Sector to the Namibia Economy

The size of Namibia's informal economy is estimated to be 24.7%, which represents approximately \$8 billion at GDP PPP levels. According to Namibia Labour Force Survey of 2018, Namibia had a total number of 725, 742 employed population of which 418 674 people are in informal employment, which is 57.7 percent of total employment in Namibia. On average, more females were in informal employment than males. The Agriculture, forestry & fishing industries constitute 35 percent of this employment (NSA, 2018).

4. Institutional Framework

Support from both public and private sectors is critically required if the NIESED policy is to achieve its objectives. However, this support need to be coordinated to avoid duplication of efforts and promote efficiency through institutional accountability. Furthermore, an appropriate legal framework need to be established to guide and enforce legal requirements both from the law enforces as well as the informal traders. There is therefore a need for institutional coordinated efforts towards mainstreaming informal traders into the formal economy.

5. Constraints and Opportunities for Development

Although there are combined efforts from public and private sectors towards addressing challenges hampering NIESED sector to thrive. The sector is still faced with numerous challenges in running their day to day businesses. Many players in these sectors are constrained by:

5.1 Location and Operating Space

In most cases informal traders would move around urban or rural areas, following several projects especially construction site and along roadside in seeking for customers. In an event where there are proper market for them to operate, it is likely that there are no clients as most of such spaces are elected far from their potential clients. Informal traders also experience hash (windy, misty and sunny) weather condition to protect themselves and their products. Most open markets are not tourist attractive. Operating hours is another challenge facing vendors' businesses. Various local authorities are non-responsive to peak trading hours for the informal sectors. Vendors perceive a starting time of 07h00am when people are going to work and a period between 17h00-19h00 when working class are knocking off to be an ideal time for generating sales.

In terms of the startup subsector the country does not have an adequate regime that promotes incubators and accelerators. This effectively undermine efforts to ensure scaling of startups to scale-up stages.

5.2 Security and sanitation facilities

Most open markets do not have toilet facilities as well as security guards. As such, loss of personal items due to crime as well as general health hazards posed by the lack of sanitation facilities remain a serious challenge facing the informal traders.

5.3 Access to finance

The NIESED Sector is seriously constrained by this debilitating factor. There is no appropriate risk capital facility for the startup sector. Business angels are not adequately incentivized if any. The Informal sector falls back on saving as most vendors operate on hands to mouth principles. As a result, there is little or no security on business continuity as most vendors have no access to loans facilities particularly those that requires collateral. Additionally, credit facility institutions base their credit appraisals on financial history which poses the biggest challenge due to the fact that informal traders do not keep financial records nor do they bank their business revenues. On the other hand, those who bank their revenues do that on their personal accounts.

CHAPTER 1

1 PRINCIPLES OF THE NIESED POLICY AND APPROACH

The NIESED sectors distinctly premised on key characteristics notably including economic, social and spatial. The NIESED policy shall therefore be premised on the following key principles:

1.1 Economic Integration

Identify the mechanics/guidance on how to facilitate economy growth within the NIESED sectors namely:

1.1.1 Integrated Value Chain

Linking business development and growth of trading areas to commercial zones that would create a feasible hubs of business activities to benefit both the formal, informal and startup businesses.

The policy shall consist of conceptual framework of integrated value chains for the informal economy and transforms traditionally oriented economy to modern economy. The policy will aim to eliminate the hard working conditions and low pay that prevail in the sector and come up with a decent work conditions through organization, bargaining and social dialogue. The policy will aim at influencing the supply of input factors of entrepreneurship. In addition, the policy shall create business linkages to resolve problems of informal traders and exploration in the context of informal workers. Particular attention is to focus on the mechanisms through which linkages reconfigure institutional systems in the creation of transnational value chains, realigning labor regimes, livelihoods, and local commercial systems, followed by a consideration of the social tensions created by the economic and organizational realignment needed to make national value chains work. Hence, call for a closer examination of the mechanisms of chain governance in a context of routine linkages with informal workers.

1.1.2 Entrepreneurship Business Support Services

The policy shall seeks to link agents to various facilities and capacity building which caters for all levels of Informal economy. The policy will support and facilitate entrepreneurial intellectual property right protection. Additionally, the policy shall seek to support innovative entrepreneurs, product development and market access.

1.1.3 Operational Space

Ensuring conducive environment for the traders. Industrial infrastructure development should aim at building properties within various Local authorities in order to maximize social and economic development of its inhabitants. In the same vein infrastructure both digital and nondigital should be prioritized to support the startup environment.

1.1.4 Location and operating hours

Visible and accessible sites are recommended for the promotion of tourist related business activities in order to maximize benefit for informal traders from the tourism sector. Suggest considerable hours that could enable the traders to generate sale leads.

1.2 Social Integration

The promotion of equity across all 14 regions of Namibia to create a dignified NIESED sector through:

- Equitable public investment at local authority level, with emphasis on previous disadvantage regions.
- Enhancing informal trading infrastructural development as an opportunity to improve business environment of the poorest sections of informal trading.
- Provision of basic services including sanitations facilities, water, and security where traders' safety is at risk.
- Social protection programmes including social insurance, savings/pension and other social assistance

1.2.1 Legal Regulation and Social Protection System

The policy encompasses a range of programmes including social insurance, savings/pension and other social assistance, as well as public employment programmes that are promoting basic social protection for informal traders such as basic health care benefits, income security and support for the poorest workers as well as promoting measures to reduce labour accidents and hazards. Narratives of inclusion must be underpinned by techniques of governance that incorporate informal labor into regulatory systems.

1.2.2 Skill enhancement

The policy shall encourage strategies that promote skills development through entrepreneurship training and the provision of comprehensive business development services, training, coaching and mentorship. This is to be done through

1.2.3 Upgrading informal activities

The policy targets upgrading production processes for informal traders and enhance their primary products impacts in the economic system.

1.2.4 Coherence and Coordination

The NIESED policy shall serve to strengthen the cooperation amongst all stakeholders to pursue policy agenda, enhance coordination and create an environment for sustainable development for informal sector at all levels and by all actors.

1.2.5 Incentives for upgrading/ formalisation with compliance measures

The policy shall facilitate the establishment of incentives programs to encourage the informal sector to full/partly formalise their businesses and adhere to set regulations, this should include informal economy participants gradually paying tax.

1.2.6 Promotion of gender equality and non-discrimination

The policy shall aim for fair and equitable empowerment indigenous Namibian citizens and responsive to gender equality and social inclusion. Thus, places a special emphasis on women and vulnerable entrepreneurs with the aim to redress current inequalities for inclusive economic development

1.3 Spatial Integration

Informal trading activities are often strategically situated in areas with significant traffic (pedestrian flows) and has potential to be a catalyst to public space development. This can be achieved through:

- Inclusive growth: Considering informal trading activities when undertaking spatial planning within various Local Authorities.
- Structural change for resilience: Providing marginal infrastructure for informal traders depending on business activity undertaken
- Upgrading informal activities: Developing strategic areas to ensure conducive business environment.

1.3.1 Inclusive growth,

The policy that shall enhance the inclusive of the informal sectors in economic mainstream by allowing informal traders to have access to entrepreneurial skills, access to markets, access to operation spaces/premises and access to support programs. In addition, the policy shall aim for fair and equitable empowerment indigenous Namibian citizens and responsive to gender equality and social inclusion.

1.3.2 Structural changes for resilience

The policy that shall be a guidance for the informal traders to adopt to unpredictable economic shocks, provide information and invest in building capacities to overcome whatever situation they find themselves in and put in place measures that can help

informal sector with long-term reliable resilience programmes for survival and sustainable growth.

CHAPTER 2

GUIDING FRAMEWORKS AND VISION STATEMENT, MISSION, GOALS AND OBJECTIVES

1. GUIDE FRAMEWORKS

The Namibian Constitution provides and cater for the development of entrepreneurship and the informal economy. Article 98 on Principles of Economic Order calls for a Namibian economy that is based inter alia on various forms of ownership inclusive of '*small scale family*' and '*co-operatives*' whilst encompassing also the full value chain for entrepreneurship through various other forms such as '*public*', '*private*' and '*co-ownership*'. These provisions are clear endorsement of the Informal Economy and overall Entrepreneurship Development to be central pillars in the Namibian economy system.

The Informal Economy and Entrepreneurship Development Policy shall be guided by:

- Vision 2030 (2002)
- NDP V 2017-2022 (2017)
- HPPII 2021-2025 (2021)
- MSME Policy 2016-2021 (2016)⁴
- The Local Economic Development White Paper (2011)
- The National Rural Development Strategy (2012)
- The Namibia Financial Sector Strategy 2011-2021 (2012)
- The Growth at Home Execution Strategy (2014)
- WIEGO Working Paper- The Informal Economy: Definitions, Theories and Policies (2012)
- ILO Recommendation 204 (2015)

2. GUIDING PRINCIPLES OF A POLICY

This section seeks to identify the categories of informal economy and entrepreneurship development in Namibia.

The different types of informal trading taking place across the 14 regions of Namibia should be covered by the policy including (*list to be expanded*):

- Street and village vendors
- Trunk road side vendors
- Mobile traders such as pick-up, Mobile Vans, Food Carts and newspaper vendors
- Open market traders
- Parking bay traders]
- Special events trader

The NIESED policy covers the following areas:

- Define Informal Economy and Entrepreneurship Development
- Highlight challenges faced by informal traders in Namibia and remedial
- Laying the groundwork for a strong coordinated institutional support mechanism build on a sound monitoring and evaluation (M&E) system
- Clearly defined operating environment and parameters.
- Clearly defined class of informal traders by trading activities and establishment level.

3. THE VISION STATEMENT, MISSION, GOALS AND OBJECTIVES

3.1 Vision statement

- To develop and mainstream the Namibian Informal Economy as a key pillar of our national development strategy,
- To acknowledge and enhance the development of a Namibian entrepreneurship system in our efforts for inclusive and sustainable economic growth.

3.2 Mission statement

To enable and optimize the participation of Namibian citizens in all the economic opportunities offered by the informal economy;

- To achieve a viable entrepreneurship development system for Namibia in an effort to ensure dynamic and diversified economy,
- To provide policy guidelines that will create an enabling policy and regulatory environment that can ensure efficient entrepreneurial development and informal economy growth and sustenance.

3.3 Goals

The NIESED Policy aims to provide the requisite policy and implementation frameworks to ensure the attainment of inclusive entrepreneurship in Namibia.

3.4 Overall objectives

The main objective of this policy is to develop the NIESED sectors and its participants into commercially viable and mainstream economy sector which could contribute to the economic growth of Namibia and its inhabitant in a sustainable manner. The policy seeks to address challenges faced by startups and the informal economy including infrastructure, entrepreneurial development, and institutional support. The policy stands to further guide the interventions geared to uplift informal trading and an viable startup ecosystem and establish basis for monitoring and evaluation system with the main aim to transform the NIESED sector players into innovative entrepreneurs focusing on sustainable business activities. The policy further seeks collaborate with relevant institutions to establish an integrated capacity transformation programmes in entrepreneurship and enterprise development to change the mindset of the entrepreneurs by providing them with the competences and behaviors associated with successful entrepreneurs worldwide.

Specific objectives of the NIESED Policy

- To promote formalization mainly through associations and cooperatives

- To serve as a basis for the by-law that could regulate, promote and develop the NIESED sectors in Namibia
- To serve as a national policy and the regulatory framework which strives to encourage new ventures while simultaneously promoting growth opportunities for existing traders and entrepreneurs
- To develop a defined assimilated and holistic approach for all institutional support
- To develop a strategy on resource allocation decision
- To facilitate access to entrepreneurship capacity development programmes in the country
- To ensure the collection, analysis and dissemination of reliable informal economy statistics
- To create a concrete foundation for Monitoring & Evaluation systems

CHAPTER 3

POLICY STRATEGIES

The NIESED Policy envisages, in lieu of the stated objectives the following high level strategies:

Objective	Strategy/ies
Formalisation	Mainstreaming informal trading into formal economy requires businesses to be conducted in an organised manner. A consideration on how registration should be undertaken among stakeholders, authorisation to operate as well as offering access to support and services is crucial. Calling for coordination of data on traders

	<p>with respect to where traders’ activities are taking place, sector of operation, type of registration, rental status and enforcement in place. Traders should be encouraged to gradually formalise their business through any of the following approaches:</p> <ul style="list-style-type: none"> ● Business registration ● Associations and Cooperatives ● Register with regulatory institutions e.g. (SSC and Income Tax as an individual) ● A comprehensive registration system using the same variables, and which is accessible to all sector/stakeholders thereby cutting out on time and resource utilisation and minimising duplication of efforts
<p>Regional and Local Authorities Planning and by-Laws</p>	<p>Outline a clear planning for new operating spaces and trading opportunities within local authority in cognition of the economic needs of the informal traders, spatial and transport planning, and health and safety. Majority of informal traders are making an honest living through sales of their products and services on many street corners and villages. However, law enforcers, compliance officers and traders are always at loggerhead. The policy shall aim to make the environment conducive</p>

	<p>by formulation of by-laws pro informal trading and advance development of this sector.</p> <p>Not undermining the existing powers of law enforcement officials when it comes to Inspection and Compliance, NIESED complimented by other regulatory frameworks shall propose for delegated powers to MIT regional officials to also work as Business Inspectors (to validate investments and trading activities) with specific focus on foreign owned businesses invading trading space at the expenses of the locals including informal traders.</p> <p>Local authority needs to agree on what is considered to be illegal practices in terms of trading activities and trading spaces and document them (clear regulation and guidelines on the trading of alcohol, illicit drugs/narcotic weapons in municipal/government funded infrastructure).</p>
Labour Laws	<p>Unfair labour practices have been experienced even in formal sector, this is attributed to limited labour laws practiced in informal economy, and it has left a room of labour exploitation with no organised arrangement in place to safeguard the employees. There should be rigorous</p>

	<p>efforts to educate informal economy employers and employees of the existing labour laws and how they can uphold and benefit from such laws. There should be established unions which serve the interests of informal economy players.</p>
<p>Vendors Operating Space Allocation Procedures</p>	<p>Allocation procedures should aim at enhancing sustainability and serve as a motivation for new entrants in an economically sustainable and social manner. The allocation procedures should be used as a tool to create possible partnerships between recognized vendors and new entrants.</p> <p>Most regional and local authorities have designated informal sector trading areas but inadequate and not strategically located. There should be an adopted approach of inclusive planning which enhance the presence of well-organized informal traders within Central Business Districts, Shopping Malls, Commuters Terminals, Residential areas and office buildings where influx of potential customers are observed.</p> <p>This will not only assist local authority in provide adequate trading infrastructure but it will also fast track the incorporation of informal business into the formal business fora. The arrangement should also come</p>

	<p>with the request for mentoring programmes for the accommodated entrepreneurs with a very detailed/strict performance evaluation programme. This need to be preceded by a strict competitive selective programme which enable entrepreneurs to win a space in such prime business premises and all the mentorship and other benefit that might be associated with it.</p>
<p>Right to operate</p>	<p>Establish value to be placed on informal trading site or location. This can be done using a differential method and should be linked to size, location proximity and trading activity.</p> <p>There will be a need to ensure the design possible tariff structures that supports the NIESED sector targeted beneficiaries.</p>
<p>Entrepreneurship Development</p>	<p>Entrepreneurship Development is a catalyst to an economic advancement, hence the policy calls for more intervention from all players to impart knowledge and necessary skills to informal traders. This can be done through business pitching and trainings. Further, informal traders with no formal education but have known track record/ vast experience of running business should be evaluated and be awarded recognised qualifications.</p>

There is a need for local authorities to start facilitating the provision of specific training for informal traders to excel in their area of trade and to also assist them in understanding the regulation and guideline that applicable to their types of trading thereby enhancing the operating environment between the entrepreneurs, local authority, and the law enforcement agencies. The training and education also assist the entrepreneurs understand land use and municipal regulations concerning business conducts.

The other good opportunity of providing entrepreneurial development and knowledge transfer is creating networks and linkages, partnership/mentorship with established business especially the one where the traders are sourcing their raw material or stock. This will bring about a concerted effort of information sharing, business information sharing that create a retail/production value chain creating a win-win solution for the established businesses as suppliers and the informal traders as the end users (as the established businesses would want to protect their brands while making sure that they reach a larger part of customers which the informal trader might have more access to).

	<p>In addition legislation for the NIESED sector should support the creation and incetivisation of the interventions such as incubators and accelerators.</p>
<p>Financing Informal Traders</p>	<p>The biggest challenge for informal traders is separating the business finance from personal finance. There is a need to educate entrepreneurs that every business undertaking should be expenses, revenues or reinvestment and the operators must have a set salary no matter how small it is.</p> <p>The Namibia banking and non-banking financial intuitions should have inclusive financial products which can support the informal traders' endeavors. Traders should be funded even in personal capacities/personal accounts and banking records without necessarily registered businesses.</p>
<p>Data Management</p>	<p>The policy should advocate for the creation of a database for informal economy agents in a particular locality either at micro or macro level. This will be essential not only for planning purposes but it will also make it easier to channel any support or targeted intervention for the informal economy. It further advocate for the inclusion of informal economy</p>

	statistics in the national account (GDP) by the Namibia Statistics Agency (NSA)
Social Safety Nets	Reform the Social Security Act to enable extension of social protection to the informal economy and the labour and employees compensation act to be responsive to the needs of informal economy, this should also include pension fund act.

3.1 Scope of the NIESED

The NIESED Policy promotes and covers all informal economy agents, startups, scaleups and general entrepreneurships as well as those labelled interconnectors (vaccilitating between informal and formal economy in terms of their trading.

CHAPTER 4

INSTITUTIONAL FRAMEWORK AND COORDINATION

The NIESED policy approach should be designed to meet identified categories of targeted beneficiaries as outlined under the policy scope. It should further seek to combine management and support services at all levels of NIESED businesses ‘trading.

The policy aims to promote institutional coordination by placing all Ministerial entrepreneurship, development programmes under the established EMPRETEC Namibia Centre under the Ministry of Industrialisation and Trade. Achievement of the lofty ideals under the various initiatives by different stakeholders would be realized more effectively through the integrated and comprehensive entrepreneurship and enterprise development programme of the EMPRETEC model.

4.1 Ministerial oversight and Accountability

The Minister of Industrialisation and Trade is responsible for and take accountability for the development and implementation of the policy, strategic framework and regulatory oversight for the development of the NIESED sectors.

4.2 Policy Administrative Governance Arrangement

The Minister of Industrialisation will appoint a National Advisory Council on the NIESED Sector. The Advisory Council will be primed to advice 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.

4.3 Legal and Regulatory Arrangement

The Minister of Industrialisation and Trade will table, for enactment, a NIESED Act. The Act's proposed provisions will include (not exhaustive):

- The objects of the Act
- The Powers and Functions of the Minister of Industrialisation and Trade
- The Creation of an NIESED Advisory Council
- The role and responsibilities of the NIESED Advisory Council
- Definitions of the NIESED sectors
- Institutionalization of the EMPRETEC Namibia mechanisms
- The type of incentives and criteria for the NIESED Sectors.
- Defining alternative forms of collateral for the NIESED Sectors

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CHAPTER 5

RESOURCES MOBILISATION

Early stage financing is a critical funding gap for the Namibian NIESED sector. The development of a National Risk Capital Facility (to complement the National Venture Capital Fund) through the draft Financial Sector Strategy 2023-2033. The further development of key MIT's funding and financing instruments such as the Equipment Aid Scheme, SDG Impact Facility and the IUMP into endowment and revolving fund mechanisms would ensure a much more sustainable finance strategy for NIESED sector.

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CHAPTER 6

IMPLEMENTATION, MONITORING AND EVALUATION

1. Implementation

The implementation is led by champions identified for each strategic initiative of this policy. The Ministry of Industrialisation and Trade (MIT) is not expected to be the only role player in the implementation, rather this should be a concerted effort from all stakeholders identified. However, MIT is expected to be the facilitator, coordinator, mediator and capacity builder, playing a leadership role to other stakeholders. The starting point therefore is for the key identified institutions to gain a full comprehension of the policy and organise themselves to carry out tasks ensuring that the set milestones are reached within given time frames.

2. Monitoring and Evaluation

Monitoring and Evaluating (M&E) of this NIESED framework will require the development of specific strategies linked to the operational strategic priorities and objectives of the policy, which shall serve as a process of maps out interventions for improving demands of informal economy players in the informal sector value chain. The overall goal of M&E will be to improve current and future management of outputs, outcomes and impact of informal economy and startups in the Namibian Economy.

The impact of the policy during its implementation will be periodically assessed by the responsible institutions like MIT in consultation with relevant stakeholders, abroad UNCTAD and UNDP for to mention a few. Operational plans have to be developed on an annual basis indicating the O/M/A's responsibility in addressing issues aimed at promoting informal economy with budget estimates. The activity, timelines for the completion of the activity, should be presented in following manner: inputs (targets, indicators), outputs /outcomes and the impact it has on society at large. A whole system approach which involves the design of systems outlying the role of stakeholders on monitoring, information management and dissemination/ reporting and the usage of information generated to inform decision making will be adopted during the M&E period.

3. Policy Implementation

The MIT shall be responsible for the implementation of this Policy. The MIT will develop a Policy Implementation Framework to enable regular progress monitoring

4. Policy Review

The NIESED policy is to be reviewed every five years by the MIT. However, MIT may provide interim reviews and amendments but only after sanctioned by Cabinet.

5. Communication Strategy

The MIT and its agencies will be primarily responsible for the advocacy and information dissemination with regard to the Policy and associated regime.

6. Stakeholder Consultations

THIS IS COMPLETED AFTER STAKEHOLDER CONSULTATIONS.

7. Implementation Action Plan

Reform the Social Security Act to enable extension of social protection to the informal sector and the labour and employees compensation act to be responsive to the needs of informal economy, this should also include pension fund act.

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