
**Remarks by the UN Resident Coordinator
Hopolang Phororo**

Multistakeholder Workshop: Setting the Stage for a National Diagnostic on Informality

**Safari Conference Center, 9.00.am
Wednesday, 13 September 2023, Windhoek - Namibia**

Director of Programme.... (BON)

Honourable Mr. Utoni Nuyoma, Minister of Labour, Industrial Relations and Employment Creation (MLIREC)

Honourable Ms. Lucia Lipumbu, Minister of Industrialization and Trade (MIT)

Mr. Johannes !Gawaxab, Governor of the Bank of Namibia (BON)

Senior Government Officials

Honorable and Distinguished Guests and Experts

Members of the private sector, academia, and civil society

UN Colleagues present

Members of the media

Ladies and Gentlemen,

It is my pleasure to deliver these few remarks today, during this multistakeholder workshop, for a National Diagnostic on Informality in Namibia. The workshop is aimed at building a common understanding of the phenomenon.

Allow me to express my sincere gratitude, on behalf of the United Nations System in Namibia for being here today. The diverse representation present here today is testament to the importance placed on the issue of informality in Namibia, and it speaks to the opportunity that lies ahead of us, to really make a difference on poverty, unemployment and inequality, by including the voices of the most vulnerable and at risk of being left behind.

Ladies and Gentlemen,

We are behind on reaching the SDGs and this is due to the financing gaps, the result of COVID-19 and new conflicts, such as the Ukraine war. It is imperative, therefore, to reduce decent work deficits and vulnerabilities in the informal economy and facilitating pathways to formality in order to enhance the capacity of women and men in the informal economy to contribute to and benefit from inclusive and green economic development, to reduce poverty and address social inequalities is required.

Informality is a constitutive feature of labour markets in developing countries, and its central role for achieving several SDGs. The transition to formality contributes to achieving SDG 8 by promoting inclusive growth and access to decent work; SDG 1 through higher incomes, reduced poverty and

extended social protection coverage; SDG 4 by promoting a better access to skilling and re-skilling while contributing to address low levels of education; SDG 5 by supporting the economic empowerment of women; SDG 10 by reducing inequality, in particular between women and men in the world of work and by facilitating orderly, safe and responsible migration; SDG 16, through higher respect for the rule of law; and SDG 17 through effective integrated strategies based on revitalized global partnership.

There are four undisputable facts about informality in Namibia today. First, despite the country's commitment to job creation articulated in its macroeconomic policies, the informal economy has gradually expanded to become Namibia's greatest employer. The available data from the National Labour Survey of 2018 shows that the proportion of informal to total employment in the country stood at 55.8%.

Second, the causes of informality of jobs, enterprises, and activities in Namibia, like in most countries, are varied and complex. One major cause is the lack of formal job opportunities, particularly in rural areas. Many rural Namibians lack access to education and training, making it difficult for them to find formal employment or to create formal enterprises.

Third, despite the challenging working conditions for those operating in the informal economy, they contribute significantly to Namibia's GDP. According to the 2016 report by Namibia Statistical Agency, the informal sector accounts for around 16.2% of the country's GDP.

Fourth, 41% of Namibia's urban population live in informal settlements (World Bank, 2016). These settlements are hotspots of informality and characterized by inadequate access to basic services, poor infrastructure, and limited formal employment opportunities. The spatial concentration of informal settlements reflects the prevalence of informality and the limited access to formal employment opportunities.

Moreover, understanding the spatial dimensions of informality in Namibia—the silver houses— is not only important for effective policymaking, but also for inclusive development, and strategic investments. In urban areas such as Windhoek and Walvis Bay, the concentration of informal economic activities, such as informal markets and street vendors, presents opportunities for sustainable growth and financial inclusion. By recognizing the spatial patterns of informality, policymakers and financial institutions can identify areas with high potential for business development and target investment in infrastructure, access to finance, and regulatory frameworks to support the integration of informal economic activities into the formal sector.

Ladies and Gentlemen,

Countries often lack appropriate data, means, and tools to understand their informality dynamics. As a result, they operate in an environment of uncertainty, allocating resources to projects and activities based on criteria which are not comprehensively based on a data driven assessment of needs.

Thus, the main goals of the diagnostic of informality in Namibia are:

- i) To gain a comprehensive understanding of informality, incorporating both the social, economic and spatial dimensions. This includes analysing the situation of informal workers and enterprises

- in their diversity, as well as introducing spatial perspectives to uncover relevant spatial patterns, hotspots, and urban-rural dynamics.;
- ii) To build a large domestic consensus about the situation through a transparent and participative process in order for the relevant stakeholders to be in the best possible position to discuss and agree on priorities and responsibilities to contribute to define an evidence-based strategy and action plans for the reduction of informality.
 - iii) To support the ongoing work of the Ministry of Industrialisation and Trade to finalize a National Informal Economy, Startups and Entrepreneurship and an attendant Act as per Harambee Prosperity Plan II of 2020-2025.

Ladies and Gentlemen,

As you already know, the multifaceted nature of informality also requires an inter-sectoral approach. On behalf of the UN in Namibia, I wish to congratulate the Government of the Republic of Namibia for having convened the various Ministries here today and who comprise the National Working Group on Informality (NWGI).

In the same spirit, I am pleased to note the presence of UN colleagues from various Agencies, who are being coordinated by my Office and who supporting this work through the National Working Group on Informality (NWGI). I'd especially like to acknowledge the ILO, UNDP and UN Habitat, who are jointly delivering on this project and whose efforts have contributed to our progress thus far under the Chairmanship of the Bank of Namibia.

Ladies and Gentlemen,

This is only the beginning of our work. And informality is a dynamic phenomenon given its very core link to human beings. Thus, while we have accomplished a great deal since the inception of this idea for the National Diagnostic, and while today's workshop is indeed a milestone, work lies ahead of us.

The UN under the leadership of the UN Resident Coordinator (my Office) remains committed to support the Government of Namibia, in line with the Vision 2030 and beyond.

I wish you fruitful deliberations and I thank you for your attention.