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Public Administration, Human Resources  
and Social Development Division

**REPORT OF THE NATIONAL WORKSHOP ON  
TECHNICAL INNOVATION AND ENTREPRENEURIAL  
DEVELOPMENT IN THE INFORMAL SECTOR IN  
NAMIBIA**

(Windhoek, Namibia, 11-13 March 1996)

Organized by the Public Administration, Human Resources and Social Development Division of the United Nations Economic Commission for Africa in collaboration with the Ministry of Trade and Industry of the Government of the Republic of Namibia and the University of Namibia

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## **INTRODUCTION**

### **Background**

1. The national workshop on **"Technical Innovation and Entrepreneurial Development in the Informal Sector in Namibia"** was organized by the Public Administration, Human Resources and Social Development Division (PHSD) of the Economic Commission for Africa (ECA) in collaboration with the Ministry of Trade and Industry of the Republic of Namibia and the University of Namibia. The workshop was serviced by Ms. Raj Bardouille, Economic Affairs Officer in PHSD of ECA; and moderators from the University of Namibia and the Namibian Economic Policy Research Unit (NEPRU) made presentations.
2. The workshop was organized against the background of the increasing number of the unemployed including the underemployed in Namibia. The limited and gradually declining capacity of the formal sector in employment generation in Namibia, like in many other African countries, is forcing the job seekers to increasingly turn towards the informal sector. Prospects for increased employment in the formal sector of the Namibian economy are rather limited in the short- to medium-terms. The informal and micro enterprise sector in Namibia, on the other hand, provides the possibility to absorb and train a large number of the urban and rural labour force, particularly the women and youth, including the out-of-school youth. Although official statistics on the size of employment in the informal sector in Namibia are not available, recent estimates suggest that more than 50,000 people or about 20 per cent of the total work force in Namibia is full time employed in the informal sector. This ranks it along side the government sector as the major source of employment in the formal sector in the country. There are indications to suggest that employment creator in the informal sector has been on the increase since Namibia is gaining political independence in 1990.
3. Notwithstanding the commendable efforts of the Government of the Republic of Namibia in providing institutional support programmes for the informal sector, such programmes and facilities are weak and inadequate and do not reach the wide spectrum of the operators in this sector. While some of the activities in the informal sector have the potentials to graduate to micro- and small-scale enterprises, a number of constraints currently inhibit their development and in general the integration of the informal sector with other sectors of the Namibian economy.
4. The main objective of the workshop was to recommend policy measures and programmes aimed at improving the productivity of the informal sector in Namibia and to assist it to graduate into micro-and small-scale enterprises capable of contributing substantially to the generation of productive employment and income. A related objective was to sensitize the policy makers and implementers; financial institutions; the private sector; NGOs and other institutions supportive of the promotion of the informal sector in

Namibia about the dynamics of the informal sector and the needs of micro- and small-scale enterprises in Namibia. The specific objectives of the workshop were to:

- (i) assess the role of the informal sector in the national economy;
- (ii) identify and analyze the problems and constraints that limit the development of the informal sector, and propose policy measures for promoting self-employment and improving productivity of the informal sector in the national economy;
- (iii) review in particular the constraints relating to technical innovations, including in production techniques, organization, management and marketing, in the informal sector and their impact on entrepreneurial development of the sector; and
- (iv) propose policy measures and strategies for improving entrepreneurial skills and capability for entrepreneurial development in the informal sector in Namibia.

### **Participation**

5. The workshop was very well attended and the representation was at high levels of responsibility. More than 30 participants participated at the workshop. They were senior level civil servants responsible for formulation and implementation of policies on the informal sector drawn from the Ministries of Higher Education, Labour and Trade and Industry; researchers and academics from the University of Namibia and the Namibian Economic Policy Research Unit known for their expertise on the informal sector; representatives of the private sector and the Chambers of Commerce and Industry; representatives of non-governmental organizations, and international organizations interested and involved in the development of the informal sector in Namibia.

### **Workshop Themes**

6. The workshop was conducted along the following sub-themes:

- (i) The informal sector in the Africa: An overview;
- (ii) The informal sector in Namibia: Role, problems, constraints and prospects;
- (iii) Education and training for the development of the informal sector in Namibia;
- (iv) Technical innovations for the development of the informal sector in Namibia; and

- (v) Policy measures and strategies for improving entrepreneurial skills and entrepreneurship development in the informal sector in Namibia.

### **Workshop Methodology**

7. The ECA and local resource persons presented their papers and led discussion under the above-mentioned workshop themes. Participatory method was encouraged and used. The participants actively participated both at plenary sessions and group discussions. Participants also decided on the formation of working groups for the purpose of discussing, in detail, certain sub-themes of the workshop, prepared group reports and presented them for discussion at the plenary sessions. The reports were reviewed at the plenary session and appropriate amendments and recommendations were made thereto. These recommendations formed the core of the workshop report.

### **Management and Administration**

8. The office of the Director of the Public Administration, Human Resources and Social Development Division (PHSD) of ECA actively liaised with the University of Namibia, through Dr. Tapera Chirawu, Senior Lecturer, Centre for Public Service Training, and the Ministry of Trade and Industry in Windhoek in the organization and conduct of the workshop. Two local resource persons presented the national papers and led the discussion on their respective presentations at the workshop. In addition, a lead paper was prepared and presented by an ECA resource person for the workshop. On the host country's side, Dr. Chirawu, Senior Lecturer at the University of Namibia and Mr. Kamati Mutilitha, Chief Economist at the Ministry of Trade and Industry, were responsible for the coordination and smooth conduct of the workshop. The host institutions provided the logistical, administrative and secretarial support, including the local expenses, for the workshop. The ECA, on its part, covered the airfare and subsistence expenses of the ECA resource person for the workshop, with no cost to the host country.

### **Venue and Date**

9. The workshop was held at the Polytechnic of Namibia in Windhoek from 11-13 March 1996.

## **II. ACCOUNT OF PROCEEDINGS**

### **Opening Session**

10. In his introductory remarks at the opening session of the workshop, Prof. Keto Mshigeni, Pro-Vice Chancellor (Academic Affairs and Research) of the University of

Namibia, welcomed the participants on behalf of the Vice Chancellor of the University of Namibia, Prof. Peter Ktanjavi, and on behalf of the University of Namibia community and on his own behalf to the national workshop on the informal sector in Namibia. He thanked the United Nations Economic Commission for Africa (ECA) for having taken the initiative to organize this very important workshop in Namibia. He also thanked the collaborating institutions -the Ministry of Trade and Industry and the University of Namibia- and all those who made it possible to hold this workshop in Namibia.

11. He briefly went over the primary objectives of the workshop which included, inter alia, an examination of the characteristics of the informal sector, its viability, sustainability and impact on the socio-economic systems of the economy; the extent to which the sector utilized science and technology; the role of various social partners, including the NGOs, in the promotion of the informal sector; and recommend policy measures in line with entrepreneurial development policies of the Government of the Republic of Namibia.

12. He went on to say that the workshop would benefit from contributions of academics, researchers, international experts, economists, administrators and other specialists, including the representatives of non-governmental organizations, represented at the workshop.

13. He then invited the His Excellency Mr. Hamutenya, Minister of Trade and Industry of the Republic of Namibia, to make a statement at the opening session of the workshop.

14. In his statement, the Honourable Minister of Trade and Industry of Namibia, His Excellency Mr. Hamutenya, thanked the ECA and the University of Namibia for the initiative taken by them in organizing the workshop on the informal sector. He went on to say that the small and micro enterprise (SME) sector was a national priority, in view of its potentials for employment and income generation and the broadening of the economic base of the country. The recent surveys on the informal sector had attested to the increasingly important role of the informal sector in the Namibian economy and that in the light of such findings, government had adopted a strategy for the development of the sector and that an "Action Plan" for the promotion of the sector was in progress.

15. He went on to identify and enumerate a number of constraints facing the informal sector, and among them, Namibia's membership to the South African Customs Union (SACU) was a real problem. He then highlighted some of the major steps taken by government in creating and facilitating an enabling environment for the promotion of the informal sector in Namibia. In addition, government was fostering closer cooperation with all relevant social partners in the field of SME development.

16. He also mentioned about a number of programmes for the development of the SME sector, which were being established in the country. These programmes were designed to address some of the critical problems facing the SME sector, including the informal sector. He particularly emphasized on Namibia's membership in SACU which made imports from



alternative sources expensive. He added that the government was investigating the possibility of launching a programme which would facilitate the acquisition of the needed production inputs and technology through alternative sources of supply.

17. He underscored the important role of non-governmental organizations and the private sector in the implementation of promotional programmes for entrepreneurship development in Namibia. In this regard, he reflected on the mechanisms which had been put in place in Namibia to strengthen interaction between the various social partners. The Honourable Minister reaffirmed the government's commitment to the promotion of the SME sector in Namibia and hoped that this vibrant sector would be able to attract foreign investment.

18. In concluding his statement, the Honourable Minister hoped that the participants would seize this opportunity to benefit from the exchange of experiences of other African countries, other developing countries and the United Nations system in general. He then wished the organizers and participants success in their deliberations and thanked them for their attention.

19. Dr. Bardouille, Economic Affairs Officer in the Public Administration, Human Resources and Social Development Division (PHSD) of ECA, and the workshop coordinator, delivered the statement of Dr. Sadig Rasheed, Director of the Public Administration, Human Resources and Social Development Division of the Economic Commission for Africa, at the opening session of the workshop. In his statement, Dr. Rasheed started by extending the greetings of Mr. K.Y. Amoako, United Nations Under-Secretary-General and Executive Secretary of the Economic Commission for Africa and expressed his pleasure for the collaboration with the Ministry of Trade and Industry of the Republic of Namibia and the University of Namibia in the organization of this national workshops on "Technical Innovation and Entrepreneurial Development in the Informal Sector in Namibia".

20. Against an overview of the socio-economic crisis facing the African continent, Dr. Rasheed alluded to its adverse impact on the human and social condition of the African people, including the increasing levels of under-employment and unemployment. He noted that the structure of employment in Namibia exhibited similar trends to those observed for the African region in that the formal sector employed only a small proportion of the labour force, while the informal non-farm and agricultural sectors employed the vast majority of the labour force. He went to say that the magnitude of employment in the informal sector as well as its share in total employment were believed to be increasing in post-independent Namibia.

21. Notwithstanding its important role and contribution to the economy in general and productive employment generation in particular, the informal sector in Namibia was faced

with a number of constraints which were inhibiting the development potentials of the sector. He underscored the important contribution that the small, micro enterprise and the informal sector could make in employment generation in Namibia, as elsewhere in Africa.

22. This workshop, noted Dr. Rasheed, should provide a unique opportunity for a serious exchange of views and experiences among the concerned public officials, representatives of NGOs, the private sector and the informal sector, and academics and researchers on the one hand; and colleagues at the ECA, on the other hand, to examine the role, potentials and prospects of the informal sector in the Namibian economy and to propose policies, supportive measures and programmes that were needed to be put in place to enhance its role in productive employment and income generation through increasing its productivity and enterprise development potentials.

23. He alluded to the importance of entrepreneurship development in coping with the main challenges that African countries, including Namibia, would face in the 1990s and beyond. He emphasized that skills, technical innovation and enterprise development were critical factors in the process of entrepreneurship development. In this context, small businesses, including informal sector enterprises, were important breeding grounds of entrepreneurship development. Dr. Rasheed urged the participants to reflect seriously on this important theme of the workshop and to propose concrete policy measures for upgrading and invigorating the informal sector, particularly by effectively applying technological innovation, fostering entrepreneurship development in the sector and encouraging the public and private sectors of the Namibian economy to work in close collaboration and enhance inter-linkages with the informal sector.

24. In concluding his statement, Dr. Rasheed was optimistic about the seriousness and commitment of the public sector institutions, in particular the Ministry of Trade and Industry; the private sector; NGO's; and the informal sector in implementing the recommendations of the workshop. He then wished the participants fruitful deliberations.

25. The chairman thanked the Honourable Minister for his thoughtful statement and he also thanked Dr. Bardouille for presenting the statement of Dr. Rasheed at the opening session of the workshop. He then invited the Honourable Minister, guests and participants for tea/coffee.

### **Plenary Sessions**

26. Before starting the deliberations of the workshop, the chairman invited Dr. Bardouille to say a few words about the work method to be adopted at the workshop. Dr. Bardouille underscored the importance of active participation of all the participants both at plenary and working group sessions. This was to benefit from the experiences of the various participants as well as to propose policies, strategies and programmes for the

promotion and development of the informal sector in Namibia. The chairman then invited Dr. Bardouille to make her presentation.

**Session 1: The Informal Sector in Africa: An Overview**

27. In introducing her paper, Dr. Bardouille, reminded the participants that the presentation was based on the three background papers prepared by ECA for this workshop. The main objective of the paper was to propose policies and programmes that would assign a more prominent position and recognition to the informal sector in African economies. She went on to say that the proposals were being made in view of the recognition that by removing the problems and constraints and providing an enabling environment for the informal sector, it was possible to enhance entrepreneurship and enterprise development in Africa through the promotion of micro enterprises. The paper argued that the provision of an enabling environment would: (i) foster the creation of new enterprises; (ii) assist in the expansion and growth of existing micro enterprises; (iii) increase profits; and (iv) create additional productive employment and income.

28. She then gave an overview of the evolution of the informal sector and underscored the difficulty in giving a precise definition of the informal sector. This notwithstanding, she pointed out the importance of adopting a working definition of the informal sector. In a nutshell, the informal sector referred to all those non-farm activities undertaken outside the organised formal sector which were socially and economically productive and valuable. She went on to say that informal sector activities in Africa were found in all sectors: manufacturing, services, retail trade, construction, etc.

29. Dr. Bardouille elaborated on the characteristics of informal sector activities and added that the informal sector was not homogeneous. On the basis of the various operational characteristics, informal sector activities may be classified under four categories/layers: (i) itinerant micro enterprises; (ii) indigenous micro enterprises; (iii) traditional micro enterprises; and (iv) informal small businesses. She elaborated on the characteristics of each of the institutional forms of the informal sector.

30. She then went on to discuss the role and importance of the informal sector in African economies in terms of its contribution to GDP; productive employment and income generation; training; provision of goods and services; providing employment and income generating opportunities to women and youth. She then alluded to the major issues and problems, such as low productivity, a whole range of internal and external constraints which militated against the full development of the informal sector. Such constraints and problems inhibited the development of indigenous entrepreneurial capacity in Africa. She went on to say that a consensus had emerged that the development of the private sector, including the informal sector, was critical to achieving and sustaining African economic recovery and

transformation. In this regard, there was a need to pay special attention towards the promotion of the informal sector in Africa.

31. In this regard, the paper made specific recommendations for the promotion of the informal sector. These included: strengthening inter-linkages with the formal sector to overcome the limitations of market size; gain access to information and advice on such matters as improved management and production methods and better design. Such market networks were effective mechanisms for the transfer of know how and assistance. The need to review and examine existing institutional, legal and regulatory framework was also stressed as important for the promotion of the informal sector. Policy and institutional support, noted the paper, were important measures for invigorating the informal sector. This would include three key measures: (i) training, including technical and business management; (ii) credit facilities, specifically designed to meet the needs of entrepreneurs operating on a very small-scale, typically without collateral or an established business track-record; and (iii) enterprise level support systems, such as business advisory centres, small-scale enterprise extension systems and business premises, including utilities, etc.

32. In conclusion, the paper underscored the importance of promoting indigenous entrepreneurship to future growth and development in Africa. The major conclusions of the paper were:

- (i) that the informal sector was a dynamic sector and that there was a need to put in place supportive policy measures, strategies and programmes to enable it to operate more efficiently in the production of socially and economically productive and valuable goods and services;
- (ii) linkages between the informal and formal sectors should be actively stimulated so as to integrate the former with the rest of the African economy;
- (iii) the perceptions of the informal sector as providing goods and services to the poor and disadvantaged should be changed through actively promoting and facilitating its development and tapping its potentials as a harbinger of technical skills, technology development and indigenous entrepreneurship development;
- (iv) government should formulate supportive policies that would create an enabling environment for the growth and development of the informal sector.

33. The chairman thanked the presenter for her lucid presentation and invited Dr. Dirk Hansohm to lead the discussion.

34. The discussion that ensued the presentation focused on the conceptual clarification of the informal sector. Some participants felt that the definition of the informal sector given

in the paper was descriptive rather than analytical. Furthermore, some of the characteristics of the informal sector given in the presentation, such as the size, taxation, etc., did not apply to Namibia. Some participants argued that informal sector operators in Namibia paid taxes, i.e. government and sales tax on the items they purchased for business purposes. The size of an informal sector enterprise was controversial in Namibia as it would appear that there was not a clear distinction between an informal sector enterprise and a small and micro enterprise.

35. The above issues were clarified and a distinction was made between direct and indirect taxation. It was underscored that while it was not difficult to ascertain the level of indirect taxation (linked to direct purchase of goods and services), in the case of direct taxation, it was difficult to assess the turnover of informal sector enterprises to determine the income tax level.

36. The participants also discussed the constraints affecting the operation of informal sector enterprises, such as the lack of access to credit. In this regard, experiences of other African countries in providing access to alternative sources of credit were shared. The participants lauded the efforts of the Government of Namibia in promoting the informal sector in Namibia. The important role played by informal sector enterprises in Namibia had already been recognized by the Government of Namibia which had put in place a number of positive programmes to stimulate the development of the informal sector and enhance its employment generation potentials in the country.

37. Some participants observed that the lack of record keeping by informal sector entrepreneurs was also a constraint to the development of the informal sector. This was partly due to the lack of training of entrepreneurs in book keeping. This state of affairs also made it difficult for tax collectors to assess the level of taxation (direct) from informal sector businesses. The lack of record keeping thus encouraged tax evasion.

38. The chairman summed up the major issues and concerns emanating from the discussion. He then thanked Dr. Bardouille for her presentation and adjourned this session.

## **Session 2: The State of the Informal Sector in Namibia: Role, Problems, Constraints and Prospects**

39. In presenting his paper, Dr. Hansohm, a local resource person, started by saying that the paper provided some background information about the informal sector in Namibia. The information was based on both secondary sources of material as well as the primary data collected and analyzed by the Namibian Economic Policy Research Unit (NEPRU) in Windhoek. He then enumerated a number of studies which were carried out recently on

the informal/small scale sector in Namibia. He also alluded to the projects on the informal sector in Namibia planned for the year 1996.

40. Against an overview of the economic environment in which the informal sector operated in Namibia, Dr. Hansohm alluded to the labour market situation in Namibia which in the near future would become more critical as the labour force was growing due to the high population growth rate and urbanization on the one hand; and the limited growth in formal sector employment, on the other hand, exacerbated by government's rationalization of public sector employment. Under the circumstances, an increasing proportion of the total labour force would have to be absorbed in self-initiated work and employment in the informal sector.

41. He then dealt with the concept of the informal sector and concluded that the sector could not be easily distinguished, notwithstanding the wider use of the term. In the context of Namibia, Dr. Hansohm stated that it was preferable to use the term "small business" rather than the informal sector. He went on to say that the informal/small business sector in Namibia was not uniformly defined and that different organizations/agencies had adopted different definitions based on criteria such as the number of employees and the average capital investment in a business. He felt that the definition of the informal/small business sector as that employing less than 10 employees as proposed in the Commonwealth Secretariat study (Development of Small Scale and Informal Industries, Namibia, 1994) was, under the circumstances, an acceptable definition.

42. Regarding the size, activities and characteristics of the informal sector, Dr. Hansohm confirmed that the number of the smallest enterprises was the highest among total enterprises in Namibia and that there was an inverse relationship between the number of enterprises and the number of employees per enterprise. He went on to say that the majority of small enterprises were concentrated in service activities, while only a small proportion were active in manufacturing. He noted that the inter-linkages between the formal and informal sectors in Namibia, as elsewhere, were rather weak. He alluded to the importance of developing and strengthening inter-sectoral linkages for industrial development and elaborated on the type of important linkages that needed to be developed between the two sectors in Namibia.

43. He went on to discuss the characteristics of informal enterprises in Namibia and emphasized on the low level of efficiency and productivity of the sector due largely to the lack of access to education and training, particularly in the technical areas; limited market for informal sector goods and services; lack of access to credit information on product markets; technical advice and technology; lack of access to financial services; unfavourable legal framework; weak inter-sectoral linkages. Furthermore, the integration of Namibia into the Southern African Customs Union (SACU) did not provide support to the Namibian small enterprises against competition from the superior South African goods and services. Other constraints that affected the development of small enterprises included the land rights

in communal areas which did not allow individual title deeds and this restricted the entrepreneurs' access to credit through formal financial institutions which required collateral; the practice of government lending which excluded small businesses; and that highly subsidised public enterprises posed unfair competition for small entrepreneurs.

44. Against a review of the weaknesses and strengths of the small enterprise sector in Namibia, Dr. Hansohm alluded to its prospects for development in the future. This, he added, were bright as Namibia was going through a phase of rapid change such as the difficulty to create employment in the formal sector, the new trade agreements with the World Trade Organization would lower protection on South African industries, decrease the market power of South African industry and increase competition. Similarly, current SACU re-negotiations were aimed to compensate the industries in the SACU countries for the polarisation effect in favour of South African Industries. In addition, government policy increasingly recognised the importance of small business development and that this policy was expected to create an enabling environment for the development of small businesses in Namibia. The positive attitude of black Namibian entrepreneurs towards local business development; and the low level of development and limited nature of current local manufacturing activities provided a great potential for the development of the small business sector in Namibia, subject to the alleviation of some of the critical constraints facing the sector. He, however, hastened to caution that the sector could also face some threats, such as misdirected subsidies, direct involvement in the production of goods through the establishment of the parastatal sector which could undermine the development of the private sector, including the small business sector.

45. The chairman thanked the presenter for his informative paper backed by facts and figures and opened the floor for discussion.

46. The discussion focused on ways and means of developing strategies and programmes for alleviating the critical constraints facing the informal/small enterprise sector in Namibia. These included; access to credit, vocational training, market and technology information, etc. In this regard, some participants felt that the workshop could have discussed the experiences of South East Asian and Latin American countries which had successfully implemented informal sector development programmes. Particular concern was expressed about finding alternative ways of mobilizing finance for the development of the informal sector in Namibia. The example of the Grameen bank was cited as a successful non-formal initiative in Bangladesh for providing credit to informal sector businesses.

47. The following recommendations emerged from the discussion:

- (i) there was a need to explore alternative ways of providing credit facilities to informal sector enterprises. In this regard, the experiences of the Grameen Bank could be useful in initiating a similar scheme in Namibia;

- (ii) the NGOs have an important role in the development of the informal sector in Namibia. Therefore, they should be represented at various planning and implementation fora for the informal/small business sector development in Namibia;
- (iii) there was a need to establish umbrella organizations for the informal/small business sector in Namibia to facilitate and strengthen their involvement and participation in policy and implementation programmes for the development of the sector;
- (iv) access of informal/small business operators to education and skills training needed to be greatly improved. In this regard, NGOs and the private sector had an important role to play in boosting and complementing government efforts and programmes;
- (v) the status of the informal/small business sector needed to be promoted socially and this was an important prerequisite to providing an enabling environment for the development of the sector; and
- (vi) in order to increase its market outreach, the informal/small business sector should be provided with market information services as well as other support services, such as technology information, sourcing of intermediate inputs, etc.

48. The chairman thanked the participants for their contribution and then closed the discussion by highlighting the salient points, observations, interventions and recommendations made by the participants.

### **Session 3: Education and Training for the Development and Improvement of Entrepreneurial skills in the Informal Sector in Namibia**

49. The paper was presented by Dr. Chirawu, a local resource person. He started his presentation by briefly introducing the concept of the informal sector within an African context. He then gave a profile of the sector in terms of the nature of activities and their geographic location.

50. He recalled that the environment for informal entrepreneurial activities in Namibia before independence was not encouraging. This was especially so regarding education and skills training opportunities of those who joined the informal sector. However, this had dramatically changed since independence.

51. He then reviewed the education and training system in post-independent Namibia, and particularly focused on the formal and informal technical and vocational training



programmes. He then detailed on the nature of informal technical and vocational training programmes provided by a number of local and international NGOs which contributed towards human resources development in Namibia. For example, the centre for Research Information Action in Africa (CRIAA) provided common services and facilities, such as workshops and tools, to artisans who wanted to practise their skills and gain experience. Similarly, the National Development Corporation, the Institute for Management and Leadership Training, the Namibian Development Trust, the Ministry of Labour and Human Resources Development, among others, provided and facilitated entrepreneurship training.

52. Dr. Chirawu also alluded to the gender equality policy of the Government of Namibia regarding the provision of access to technical and vocational training. Unfortunately, training facilities at some of the centres, he added, were inadequate to enrol a large number of females for technical skills training. He went on to say that in view of the resource constraints, it was logical to formulate realistic training programmes for entrepreneurial development and enhance the performance of the informal sector. In this regard, the paper made the following policy recommendations;

- (i) strengthening the relationship between formal general education (at primary to secondary level of education) and vocational and technical training. In other words, curricula should combine both education and skills training to equip the school leavers with marketable skills which would make them "job creators" rather than "job seekers";
- (ii) the educational syllabus should be designed to cover all aspects of economic activities at different levels. In this regard, it was imperative to clearly define the objectives, rationalise the scope of the training and determine realistic schedules;
- (iii) the national vocational training policy formulated by the Ministry of Labour and Human Resources Development was aimed to provide training for the widest possible range of citizens, regardless of their level of formal education. Therefore, it was imperative that the policy be effectively implemented;
- (iv) a training needs assessment study involving the end users, the informal and formal sectors, training institutions and NGOs be done. This could be carried out by the Namibian Economic Policy Research Unit and the University of Namibia;
- (v) availability of well trained teachers for the education as well as training institutions and;

- (vi) the instruction should be based on modules that allowed the trainee to combine theory with practical work

53. In concluding his presentation, Dr. Chirawu summed up the major thrust of the paper and commended the government's national vocational training policy which provided a solid foundation for a long term solution in developing the national capacity in terms of creating necessary and adequate skills for the labour market, including the informal sector.

54. The chairperson thanked Dr. Chirawu for his elaborate and succinct presentation and invited the participants to make comments on the paper. The interventions focused around the need for a training needs assessment survey; the need for standardising the training content so as to make the training offered by various development agencies both socially acceptable as well as marketable in terms of finding or creating employment; the effectiveness of existing training facilities and programmes for the needs of informal sector entrepreneurs; coordination of training efforts and programmes to avoid duplication and wastage of resources; and the experiences of various social partners in the provision of training for informal sector entrepreneurs.

55. Regarding the training needs assessment survey, some participants objected to the suggestion in the paper that it should be done by the Namibian Economic Policy Research Unit (NEPRU). In their views, NEPRU was not a training institution. Instead, the Ministry of Trade and Industry in collaboration with the Ministry of Higher Education should initiate the survey. It was also felt that this workshop was not a forum to elaborate on the technicalities nor the agencies to be involved in carrying out the survey. It may, however, be necessary for the Ministry of Trade and Industry to set up a small working group to work out the technical details of the proposed survey.

56. The need for the standardisation of the training curricula was voiced by the participants. They felt that the Ministry of Higher Education in partnership with employers, various social partners, representatives of the informal sector should set up a curriculum advisory committee/group which would take into account the needs of the labour market. However, informal training needed to be standardised and this should be the responsibility of the Ministry of Higher Education.

57. As for the coordination of informal training to increase its effectiveness and efficacy, this could be done by the Ministry of Trade and Industry in collaboration with NONGOF and other social partners. The participants felt that all stake holders should also be involved at the policy and planning levels in addition to their involvement, generally, at the implementation level.

58. Their being no other comments and interventions, the chairperson thanked the participants for their valuable contributions.

**Session 4: Panel discussion on Policy Measures and Strategies for Improving Entrepreneurial Skills for the Growth and Development of the Informal Sector in Namibia**

59. This topic was covered by three panellists. The issues discussed related to the concept of appropriate technology, implying appropriateness in relation to the resource base of a country when developing technology. It was noted that the higher the level of technology, the greater the education and training level of the population. The informal sector utilises simple technology, at the same time the level of education and training of its operators in this sector is also low.

60. Against the background of the constraints facing the informal sector in Namibia, their implications for impeding technology development and its application were discussed. The various initiatives taken in Namibia to promote technology in the informal sector were enumerated. For example, the Katutura Artisans Project financed by the French cooperation, was implemented by CRIAA and supervised by the Ministry of Trade and Industry. A representative of CRIAA gave details on this initiative and the nature of services available to informal sector operators. In addition to providing workshop facilities equipped with machinery and tools, which can be rented by artisans, the project intended to provide skills training to informal sector entrepreneurs.

61. The elements of a strategy to develop appropriate technology for the informal sector were also discussed. The levels of policy interventions for the promotion of informal sector enterprises were proposed as follows:

- (i) increase the demand for informal sector products and services through increasing the purchasing power of the population and providing access to formal markets, including by government institutions;
- (ii) sectoral development by opening up well equipped informal sector sites and parks, easily accessible to consumers improving legal conditions, reviewing investment codes favouring informal sector development, assisting in the establishment and promotion of associations and umbrella organizations and their federations;
- (iii) developing technical aspects of enterprise development through facilitating and assisting with equipment, spare parts, tools and machines and providing technology development consultancy services;
- (iv) entrepreneurship development through providing support services such as consultancy services, training facilities, improving apprenticeship training by enriching it with theoretical contents;

- (v) facilitating access to finance for enterprise development through easing access to credit offered by formal financial institutions, promoting linkages between formal and informal financial institutions, assisting informal sector associations in offering financial consultancy services to their members assisting associations in developing a system of self-financing of their operations.

62. It was underscored that the effective implementation of the policy for the promotion of small businesses in Namibia as outlined above would require:

- deregulation of the economy,
- development of informal markets,
- access to finance/credit,
- vendor development programme,
- availability and affordability of appropriate technology, including a technology data base and the dissemination of technology related information,
- improved sourcing of inputs,
- availability of affordable business premises, with common facilities, etc.

63. It was noted that in providing technological assistance to informal sector entrepreneurs, it would be useful to review the manufacturing enterprise system as a whole with a view to identifying the missing elements; appraise the business needs and problems of male and female entrepreneurs; involve the entrepreneurs themselves in identifying their capacities and constraints regarding increasing their productivity; develop training methods in line with the needs of local producers; and involve the entrepreneurs in the process of technology development and dissemination.

64. For the purpose of entrepreneurship development, the first step would be to have a clear and explicit policy which must articulate the financial basis for supporting the informal/small business sector. It was also necessary to remove some of the constraints to entrepreneurship development, such as limited markets, lack of a technology policy and human resources development, etc. It would be useful to examine the capacities of government and non-governmental organizations in providing appropriate technology for increasing productivity of the informal/small business sector.

65. The chairman thanked the panellists for their contributions and opened the floor for general discussion. The discussion that followed focused on the need to enhance the market outreach of informal/small business products. Some participants observed that one of the critical constraints to the limited markets for informal sector products was their low quality. Therefore, what was needed was to improve the quality of informal sector products to make them more acceptable.

66. The issue of the constraints such as capital/credit, appropriate technology, skills, training and market information were reiterated as impediments to producing quality products in the informal sector. Some participants felt that there was a bias against locally produced goods in Namibia and this constrained the demand for informal sector products. A number of proposals were made regarding improving the quality and enhancing the marketability of and demand for informal sector products:

- (i) the need to develop and provide appropriate and productive technology;
- (ii) the need to identify the products to be produced by the informal sector so as to secure a niche for it;
- (iii) need for an overall government support policy;
- (iv) establishing a Bureau of Standards in Namibia and assisting informal sector entrepreneurs by providing/facilitating quality control services;
- (v) the issue of marketing of informal sector products was being tackled through the Vendor Development Programme. However, similar programmes needed to be strengthened and established widely throughout the country;
- (vi) government institutions should take a leading role in purchasing informal sector products through tendering and reserving certain proportion of government purchases from the informal sector. For example, the government policy in Zimbabwe stipulated that any construction work costing less than Zimbabwe \$2 million must be allocated to the informal sector. A similar policy could be adopted by Government of Namibia for reserving purchases from and contract work to the informal sector;
- (vii) informal sector entrepreneurs should be encouraged to diversify their products so as not to saturate the market but at the same time widening their outreach;
- (viii) a marketing structure for informal sector products could be set up. For example, cooperative arrangements or production consortia could be established which would serve to increase the outreach of informal sector products;
- (ix) entrepreneurs themselves should take the initiative and be innovative in exploring diverse markets for their products. But these efforts would need to be supported by government and non-governmental organizations;

- (x) there was a need to provide common quality control services to informal sector entrepreneurs before the products could go through the Bureau of Standards for approval for marketing. The Chambers of Commerce could facilitate such quality control services;
- (xi) there was a need to establish umbrella organizations to support the small and micro enterprise sector. The Joint Consultative Committee (JCC) which had already been established in the country could be strengthened to spearhead small and micro enterprise development programmes;
- (xii) the division established in the Ministry of Trade and Industry to support the small and micro enterprise sector should be strengthened and adequately resourced to enable it to carry out its SME promotional mandate;
- (xiii) potential SME entrepreneurs should be encouraged to undertake feasibility studies of their projects before establishing a business activity. This would assist in ascertaining the marketability of products to be produced;
- (xiv) SME entrepreneurs should be encouraged to pool their resources through voluntary savings and credit associations to raise capital and credit for establishing/expanding businesses;
- (xv) there is a need to identify the type of SMEs that the government should promote and thereby provide supportive services for their growth and development.

67. In summing up the deliberations of the session, the chairman underscored the importance of improved technology in the informal sector. This, he added, was an important element in enterprise development. Furthermore, improved technology was needed to:

- (i) improve the quality of informal sector products for widening their marketability;
- (ii) make informal sector competitive;
- (iii) increase efficiency by reducing production costs and increasing the profit margin;
- (iv) strengthen inter-industry linkages;
- (v) improve the scale of production and encourage the informal sector to graduate out of the low level and subsistence-oriented production to high level of productivity and incomes;

- (vi) diversify production techniques and products with a view to enhancing their marketability.

#### **Session 5: Field Trip**

68. The purpose of the field trip to selected informal sector operations was to gain first hand information about the nature of activities pursued by informal sector entrepreneurs; the problems faced by and the views of the operators themselves on what could be done for the development and promotion of the sector in Namibia. The participants visited three sites in Windhoek:

- (i) Horse's shoe Market in Katutura;
- (ii) Soweto Market in Katutura; and
- (iii) Menarovandu Market.

69. The general impressions of the market places visited were that the informal sector activities were found in almost all the sectors: manufacturing such as clothing, shoe making, burglar bars, window frames, cooked food, furniture, services such as mechanical, electrical auto repair, retail trade, etc. The premises were provided by the municipality on a rental basis. Some utilities and services, such as water, electricity, refuse disposal, were provided on the business premises. All the three markets were centrally located so as to attract customers from different social strata, though largely from the low to middle income levels.

70. The entrepreneurs cited the difficulty of penetrating the formal market for their products and competing with the established suppliers and businesses as a major problem facing them. This was particularly the case with the entrepreneurs in the manufacture of window frames, burglar bars and other metal based products. Others cited the lack of linkages with the formal sector in terms of providing intermediate inputs, and relatively high rents in the newly constructed municipal markets as real constraints to realizing adequate incomes from their businesses. Some reported operational losses due largely to the high production cost and low sales.

71. It is appropriate to mention here that the government is trying its best in providing an enabling environment for the informal/small business sector, through, for example, the provision of business premises with a certain amount of utilities and services, rents were considered to be very high, thereby making it difficult for some small business operators to realize adequate profit from their businesses. Therefore, while the idea of providing business premises for SME operations is laudable, access to such premises must be affordable and this therefore called for a review of the rental charges by the municipality.

72. It was noted that the informal sector was providing apprenticeship training to students from the formal technical and vocational schools. In this regard, the informal sector was contributing to skills development in the country. Such apprenticeship was formally recognized by the technical and vocational schools under the Ministry of Higher Education in Namibia. This was one of the effective mechanisms for creating and strengthening inter-sectoral linkages.

73. The participants also visited the Katutura Artisans Project implemented by CRIAA. The project, established in 1993, provided the artisans with services such as workshops, tools, machinery, etc. which could be hired on a cost covering basis. In addition, the project also provided raw materials at lower prices compared to commercial places and transport services on a cost-recovery basis. The common services had proved to be beneficial for the artisans and similar initiatives could be set up in other areas and localities to benefit the operators who did not have access to such workshop facilities.

74. The discussion with some entrepreneurs suggested that they were doing well both in terms of their profit margin as well as expanding and diversifying their businesses. The majority of them started off as very small businesses and had grown into micro enterprises. However, there was a need to upgrade the training of some entrepreneurs as well as providing them with complementary resources and inputs for the growth and development of their businesses. The entrepreneurs made a number of proposals regarding the development of informal sector activities as these had the potentials to absorb and generate income for the growing labour force.

#### **Session 6: Working Groups**

##### **Working Group I: Measures for Improving Skills for Entrepreneurial Development and Enterprise Development in the Informal Sector in Namibia.**

75. Education and training are critical elements for entrepreneurial and enterprise development in the informal sector, just as credit and technical innovations are considered to be essential in the process of development as a whole. The main objective of the working group was to analyze the issues of education and training relating to the informal sector in Namibia. In addition, it was expected to propose policies, strategies and programmes for skill development and upgrading for entrepreneurial development in the informal sector in Namibia.

76. Based on the terms of reference provided to the members of the group and the recognition that the informal sector operated at low levels of production and productivity, the group recommended the following:



- (i) the need to broaden the educational base by integrating technical and vocational training into the school curricula at the primary and secondary school levels;
- (ii) review the educational curricula to incorporate technical and vocational subjects and adapt the teaching methods and content conducive to creating, among the students, positive attitude towards entrepreneurship development;
- (iii) provide skills training to enable the products of the education system to become "job creators" rather than mere "job seekers";
- (iv) the skills for the informal sector should be developed in, among others, the following areas:
  - building and construction,
  - motor mechanical services,
  - electrical services,
  - administration and business management,
  - textiles design, printing, sewing,
  - metal and steel works,
  - art and craft,
  - marketing and sourcing of inputs,
- (v) a declared policy of increasing the share of technical and vocational enrolment to total enrolment;
- (vi) expand literacy and adult education programmes for informal sector operators through the combined efforts of government and private sector institutions and NGOs;
- (vii) the need to conduct a training needs assessment study for the informal sector;
- (viii) increasing and facilitating access of informal sector operator to technical skills;
- (ix) accrediting technical and vocational education acquired through non-formal sources to enhance the opportunities of trainees to gainful employment;
- (x) encouraging the role of NGOs and the private sector in facilitating (through funds) and providing the required technical and business management training to informal sector entrepreneurs;

- (xi) upgrading of skills among informal sector entrepreneurs through refresher courses;
- (xii) creating a data base for training programmes for the informal sector and the dissemination of the information to all social partners;
- (xiii) coordination and dissemination of information on the informal sector throughout the country;
- (xiv) strengthening the role of NGOs and IGOs to enhance the training outreach of informal sector operators. In this regard, the government should encourage the efforts of and liaise with the appropriate institutions already involved in providing skills training;
- (xv) government should encourage the establishment of centres and institutions for technological development and support their programmes through providing resources;
- (xvi) there is a need to provide industrial extension service to informal sector operators to improve and upgrade their production related skills;
- (xvii) informal sector operators should be encouraged to set up a training fund which could be operated through their associations. Additional funds could be mobilized by such associations through voluntary contributions by individuals, the private sector in Namibia; and
- (xviii) the Ministry of Education/Higher Education should assist with providing information on the available skills training for small/informal sector businesses in Namibia.

77. In addition, the group proposed some general recommendations for the promotion and development of the sector:

- official and legal protection of the informal sector;
- provision and creation of markets and marketing expertise for the informal sector;
- centralizing the data base on informal sector activities, e.g. sources of supply of inputs, expertise, counselling and advisory services, finance, markets, etc.;
- establishment and coordination of information centres concerning the informal sector across the country;

- expand credit schemes throughout the country to assist informal sector entrepreneurs.

**Working Group II: Measures and Strategies for Facilitating and Increasing Access to and Applicability of Technical Innovations for the Development of the Informal Sector in Namibia**

78. Cognisant of the important role of the informal sector in absorbing the growing labour force in Namibia in the 1990s and beyond, the need to raise productivity of the sector could not be over-emphasized. One of the ways of doing so in Namibia was through improving appropriate production technology and encouraging and facilitating its application in the informal sector. Against the justification for the need for improved technology, the group started by defining appropriate technology (AT) with the following characteristics:

- simple technology,
- adapted production techniques reflecting local conditions and resource base,
- use of largely local materials, and
- affordability by users.

79. The group then reflected on the concept of technical innovation and concluded that it referred to any change, however small, in skills, techniques, processes, equipment, etc., to enable the people to better cope with particular circumstances. This definition underscored the importance of the process of problem identification and solution as an important element of technological innovation as is the process of product or service technology which is usually the centre of attention, when considering technical innovations.

Technology Problem

80. The technology problem in Namibia as it affected the informal sector may be categorized as:

- lack of or relatively underdeveloped technical skills;
- lack of technology institutes/centres and tertiary level engineering schools for research and development as well as for the training of high level technical manpower;
- lack of focus/orientation of school curricula in inculcating attitudes towards technical innovations and skills for entrepreneurship development, ;

- lack of information on available technology; and
- absence of a clear and explicit national science and technology policy.

81. After having outlined the constraints impeding the possibility of technical innovations and entrepreneurial development in Namibia, the group discussed the various steps for developing appropriate technology in Namibia as:

- analysis of the current situation with regard to the technology used in the informal sector;
- examine the relevance and appropriateness of the technology available to local conditions;
- setting guidelines/criteria of appropriate technology;
- importance of appropriate technology, if this was not available locally, with a view to developing it in the long run;
- after the acquisition of appropriate technology, its availability should be known to potential users;
- facilitating access of informal sector operators to utilizing appropriate technology, taking into account the affordability of such technology.

82. The development of appropriate technology through technical innovations and creating entrepreneurship development would require the building and strengthening of linkages between the formal sector training and research institutions and the informal sector. With regard to technical innovations and entrepreneurship development, the group made the following recommendations:

- (i) there should be a national science and technology policy and the informal sector technology policy should be part of such a national policy;
- (ii) there is an urgent need to develop a small/micro enterprise promotion policy in Namibia;
- (iii) undertake a technological needs assessment study to assess the perceptions of informal sector operators regarding their needs and this information should be analyzed and classified by type and level of enterprises. This could be done under the auspices of the Ministry of Trade and Industry in collaboration with the Ministry of Higher Education (Science and Technology Department);

- (iv) there is a need to develop a data base on the sources of appropriate technology. This could be set up in the department of the Small and Informal Industries in the Ministry of Trade and Industry;
- (v) there is a need to set up umbrella organizations by occupational and activity group to assist the informal sector in its access to technology. Such umbrella organizations could assist the informal sector in:
  - the choice of appropriate technology,
  - sourcing of technology,
  - acquisition and application of technology,
  - assimilation and dissemination of technology, including the sharing of successful technology related experiences;
- (vi) encouraging and strengthening linkages between the small/informal sector enterprises and the formal sector in terms of exchange and acquisition of technology. While some inter-industry linkages already existed in Namibia regarding the transfer of technology, such as the industrial attachment scheme of the vocational training centres with the informal sector, they were currently weak and needed to be strengthened;
- (vii) the recently established Vendor Development Programme of the government for the promotion of the informal sector is laudable. This could be used as a mechanism for promoting the development and application of technical innovations for entrepreneurship development in Namibia;
- (viii) establishing research institutes for the development and promotion of appropriate technology for the informal sector. In this regard, future research institutes and industrial research laboratories could be sensitized about the technological needs and priorities of the informal sector;
- (ix) use of local expertise, technology and technical know how to strengthen the development of a national technological and innovative capacity;
- (x) upgrading of training programmes for informal sector entrepreneurs to encourage them to apply improved technology;
- (xi) unleashing the talent of young men and women through organizing competitive entries, exhibitions, science and technology fairs, the local media, exchange of visits to countries in the region and outside of the region, etc.;

- (xii) in the development and application of technology, efforts should be directed towards those areas or sub-sectors of the informal sector which were relatively disadvantaged in terms of their needs for improved and productive technology.

Enabling environment for entrepreneurship development

83. The group recommended the following:

- (i) review of macro economic policies, such as fiscal, monetary and trade, so as to take into account the needs and interests of the informal sector;
- (ii) facilitating access of informal sector entrepreneurs to productive resources through loans, renting of equipment, tools, training and technology. In this regard, special programmes needed to be developed particularly for the women and youth, who were generally more disadvantaged, to facilitate their access to challenging and productive enterprises. The role of the National Development Corporation and NGOs in facilitating access to productive resource, while commendable, needed to be strengthened;
- (iii) provide a flexible, less bureaucratic and favourable institutional, regulatory and legal environment for the promotion of the informal sector. Some efforts had already been made in this direction by government. However, there was a need to review and revisit some of the legal framework which was not conducive to informal sector development;
- (iv) the Hawkers Association was doing a commendable job in promoting the development of the informal sector in Namibia. There was, however, a need to establish similar associations covering different activities of the informal sector;
- (v) the Chambers of Commerce should be encouraged to play a greater role in the promotion of the informal sector, particularly through facilitating the sector's access to improved technology through training, refresher courses, marketing of products through arranging exhibits and trade fairs, facilitating quality control services and assisting with export of informal sector products;
- (vi) the National Chamber of Commerce could be encouraged in strengthening partnerships between the formal private sector and the informal sector;
- (vii) protection of certain goods produced in the informal sector against competition from imports and the formal sector;

- (viii) creating markets and marketing information for informal sector outputs;
- (ix) providing support services, such as advisory and consultative services, infrastructure, for improving the productivity of the sector to enable it to compete with the formal sector.

### III. CONCLUSIONS AND RECOMMENDATIONS

84. This section presents the main conclusions and recommendations emanating from the workshop papers and deliberations in the plenary and working group sessions of the workshop on "Technical Innovation and Entrepreneurial Development in the Informal Sector in Namibia".

#### Conclusions

85. The conceptual and definitional aspect of the informal sector generated a lot of discussion and the difficulties of clearly defining it were recognized by the participants. This difficulty notwithstanding, there was nonetheless a clear understanding among the participants that the informal sector referred to small and micro businesses operating with limited/low assets and utilizing low level of production techniques. The informal sector businesses in Namibia were found in almost all the economic sectors, such as manufacturing, construction, trade and services.

86. The workshop affirmed the important role of the informal sector in the social and economic development of Namibia, for example, it generates productive employment and incomes for the labour force and provides support to the dependents. It provides goods and services for all strata of society, in particular the poor and the marginalized, who are generally not catered for by the formal sector. In the context of Namibia, informal sector has the potential to grow and it is expected to play even a greater role in Namibia's development.

87. Despite its importance and notwithstanding the laudable initiatives and programmes of the Government of the Republic of Namibia in the promotion and development of the informal/small enterprise sector, it suffers from a number of structural, institutional, legal and administrative constraints.<sup>1/</sup> These are: the lack of or limited access to credit and

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<sup>1/</sup>A number of recent studies concurred with this conclusion, see for example:

Norval, Dixon and R. Namaya (1992) The Informal Sector within greater Windhoek. A Profile Study and Needs Assessment of the Informal Sector

start-up capital; education, training and skills; productive technology and production techniques; marketing outlets and information; infrastructure; restrictive legal and administrative regulations, which negatively impact the growth, development and entrepreneurial capabilities of the informal sector in Namibia.

88. The major conclusions of the deliberations of the workshop may be summarized as follows:

- the informal sector is an important sector in Namibia, though its development was not overtly encouraged during the colonial domination of the economy;
- the post-independent Namibian authorities have explicitly recognized the viability and importance of the sector in the national economy;
- the needs and problems of the vulnerable and special groups of the population, such as the women, youth, etc. require special action, programmes and resources to integrate them into the main stream of development in Namibia;
- the promotion and development of the informal sector in Namibia should be the shared responsibility of all social partners, government, non-governmental organizations, the private sector, the international community, etc.;
- the commitment of the social partners to the development and promotion of the informal sector may be assessed in relation to the resources provided by the various stake holders for the development of the sector; and
- the development and promotion of the small/informal enterprise sector would depend upon putting in place and strengthening a supportive policy environment which would remove the constraints militating against the development of the sector.

#### Recommendations

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as an Employment Creator. Windhoek: FNDC.

NNRCCI Survey of Small Formal and Informal Sector Businesses in Ovamboland.

Commonwealth Secretariat (1994) Namibia; Development of Small Scale and Informal Industries. London.

Namibian Economic Policy Research Unit/GOPA (1995) Namibia: Feasibility Study for the Small Scale Park Project.



89. Taking cognisance of the important role of the informal sector in Namibia's development, the workshop proposed a number of recommendations concerning the need to formulate and implement appropriate policies and measures for promoting productive employment generation and incomes; invigorating and strengthening the sector; and graduating it into small and medium scale enterprises. In this regard, the following were recommended:

(a) Supportive macro economic policy environment

90. The colonial macro economic policies of the recent past were unfavourable to the development of the informal sector in Namibia. In other words, fiscal, monetary and trade policies did not support the development of small/informal sector enterprises. The sound macro economic conditions in a country are those which must create the business confidence, particularly for the development of micro and informal sector enterprises. Therefore, sound macro economic policies would include the effective management of public revenues, stimulating aggregate savings, investment and consumption; holding down inflation; and maintaining a favourable balance of payments with the rest of the world. The expressed policy of the Government of the Republic of Namibia in providing a supportive and favourable macro economic policy environment for the informal sector is laudable and its implementation should be encouraged and sustained.

(b) Education, training and skills improvement

91. The lack of or limited access of the informal sector to education, training and skills development has been found to constrain the development of the informal sector in Namibia. In addition, the education and training systems also need to create positive attitudes towards work, be that manual or mental, as well as develop the attributes of entrepreneurship and enterprise development among the students/trainees. In this regard, appropriate measures need to be directed at those who are already in the informal sector and those who may join the sector in the future. The following recommendations were made:

- need to carry out a training needs assessment study for the informal sector so that appropriate intervention programmes may be developed and implemented. This could be done under the auspices of the Ministry of Trade and Industry in collaboration with the Ministry of Higher Education. The technical details of the survey and the implementation strategy could be worked out by a task force which could be set up by the Ministry of Trade and Industry;
- expand and improve access to adult literacy programmes for all in the country. This is essential in view of the high rate of illiteracy in the country;

- develop tailor-made and focused training programmes on enterprise development for informal sector operators. These could include training in basic business skills, such as book keeping, business management, marketing, information sourcing, etc.;
- providing and improving access of the informal sector to industrial extension service. The proposed establishment by the government of industrial parks and technology demonstration centres could provide useful extension service and such facilities should be extended to increase their outreach;
- need to review the formal educational curricula by the Ministry of Education to develop the curricula which provide skills training in conformity with national development objectives. In this regard, appropriate support in terms of personnel and resources would need to be provided;
- integrate technical and management related educational programmes into the general educational curricula for the development of entrepreneurial skills and enterprise culture;
- encourage private and NGO training institutions to play a greater role in providing and widening training opportunities for the informal sector;
- notwithstanding the important role of NGOs, the private sector and grassroots organizations in providing training for the informal sector, there is a need to coordinate the training programmes to avoid duplication, increase its relevance and outreach. This could be done by an appropriate department in the Ministry of Education/Higher Education in collaboration with other organizations dealing with human resources development;
- encourage informal sector organizations or associations and other organizations supportive of the development of the informal sector to establish a training fund for skills development and improvement of informal sector entrepreneurs;
- need to accredit the training given to informal sector entrepreneurs by NGOs and other private sector organizations. The accreditation and certification could be done by the Vocational Training Department of the Ministry of Higher Education. This is aimed to standardise the level and quality of the training given and to enhance the employability of trainees in the formal and informal sectors;
- need to develop and provide special training programmes for the vulnerable groups of the population, such as the women and youth; and

- the education system should produce "job creators" rather than "job seekers", by creating among the students positive attributes of entrepreneurship development, including the needed skills and attitudes.

(c) Improved access to credit and financial resources

92. The workshop affirmed the lack of access of the informal sector to capital as a constraint to the development of the informal sector in Namibia. While the efforts of the government in providing credit to SMEs are laudable, the micro informal sector operator, particularly without collateral, finds it difficult to avail of such services and facilities. The participants strongly felt that access of the informal sector to credit and capital should be increased through the established formal financial institutions and non formal arrangements, including exploring alternative credit systems, along the lines of the Grameen Bank. In this regard, the following were recommended;

- formal financial institutions should relax and simplify some of their lending terms and conditions, relating to collateral requirements, administrative procedures, etc., to facilitate access of the informal sector to credit and capital;
- encourage the establishment of institutions designed to meet the needs of the informal sector. The efforts of NDC should be extended to cover the informal sector;
- explore and use the Grameen Bank type financial arrangements to improve access of the informal sector to credit and capital;
- need to strengthen the existing programmes and introduce special programmes for improving access of the vulnerable groups such as the women, youth, etc. to credit and capital;
- the issue of the land rights in communal areas needs to be reviewed to allow legal/ownership of land. This could provide collateral/ security for loans through the established financial institutions;
- NGOs and the private sector should be encouraged to extend credit to informal sector operators.

Improved access to tools, equipment and technology

93. One of the factors depressing the productivity of the informal sector in Namibia is its lack of access to improved production technology, including working tools, equipment and

machinery. The limited capacity of the entrepreneurs in applying and assimilating productive technology (when it becomes available) is also a constraint to entrepreneurship and enterprise development in Namibia. In this regard, the following were recommended:

- need to formulate an explicit national science and technology policy, including for the informal sector;
- a technology needs assessment study for the informal sector;
- need to develop appropriate technology in line with the conditions and circumstances of the informal sector in Namibia. In this regard, efforts should be made to learn from the successful experiences of other countries;
- NDC and other social partners, should be encouraged to play an important role in facilitating access to and application of appropriate technology, including:
  - sourcing of technology,
  - technology choice,
  - acquisition of technology,
  - assimilation and application of technology,
  - dissemination and innovation of technology;
- need to source appropriate technology and establish data bases for the purpose of disseminating the information to users;
- dissemination of technology through the proposed technology demonstration centres;
- need to encourage and strengthen linkages between the formal and informal sectors through training programmes, industrial attachments, adaptation of technology, acquisition of technology through such programmes as Vendor Development programme, etc.;
- create common facilities centres for use by informal sector entrepreneurs. In this regard, NGOs have an important role to play. CRIAA is an example of an NGO providing workshop facilities at a nominal charge to artisans;
- promote and enhance the potentials and entrepreneurial capacity of young men and women through setting up science and technology clubs in schools, expositions, exhibitions, and displays of appropriate technology. In this regard, the sharing of experiences through exchange programmes and visits to successful model enterprises in the country and within the region should be encouraged and facilitated;

- technical innovations among informal sector entrepreneurs should be encouraged and promoted through facilitating and increasing their access to education, skills training and upgrading, and providing them with necessary workshop facilities;
- utilising local research capacity-researchers and institutions- for developing and designing appropriate technology; and
- strengthening national science and technology capacity by establishing research institutions and training of scientists and engineers.

Enabling institutional, regulatory and legal environment

94. Some of the current institutional and legal regulations were inhibiting the growth and development of the informal sector. While government efforts in reviewing such institutional and regulatory framework were commendable, these needed to be strengthened and implemented in a sustained manner. In this regard, the following were proposed:

- examine, review and rationalize the existing institutional and legal framework to support enterprise development, including that in the informal sector in Namibia. However, such a re-examination should not compromise the quality and standards of informal sector goods and services at the cost of health and welfare of the people;
- review and rationalize the existing administrative procedures for establishing businesses. The relaxation by government of such procedures is commendable and it should be sustained;
- provide appropriate incentives for the promotion of the informal sector, through tax incentives, procurement of business inputs and materials; etc.

Strengthening inter-industry linkages

95. Establishing and promoting inter-industry linkages between the formal and informal sectors can encourage enterprise development. These, at present, are weak and need to be strengthened. However, the informal sector is expected to be competitive to forge and strengthen such linkages through:

- sub-contracting arrangements,
- utilizing the informal sector inputs into formal sector production activities,
- industrial attachments and training programmes,
- reviewing and rationalizing the existing procedures for government tendering with a view to accommodating the interests of the informal sector,

- reserving a certain proportion of government purchases from the informal sector.

Supportive services

96. The effective development of the informal sector also calls for providing supportive services to complement other policies and measures. In this regard, the group recommended the following:

- need to provide information on credit facilities;
- expand existing credit schemes such as the revolving fund to support the operations of the informal sector;
- creating markets and marketing information for informal sector products;
- providing advisory, consultative and technical services for improving productivity of the sector to enable it to compete with the formal sector;
- providing and increasing access to basic infrastructural facilities such as business premises, water, electricity, refuse collection, etc. The facilities and infrastructure provided to the informal sector by the municipality in the Katatura area are commendable. However, rental of such premises needed to be rationalized so that they become affordable. Similar initiatives and programmes should be established in other areas as well;
- the Hawkers Association was doing a commendable job in providing various services to its members. Similar informal sector associations should be established to enable them to provide the required services to their members;
- facilitate and encourage the export of informal sector goods abroad;
- provide or facilitate quality control services to enable informal sector entrepreneurs to have their products assessed before marketing them. The Chambers of Commerce could assist in this regard;
- need to establish a bureau of standards for the purpose of standardising the quality of goods and services produced in the country;
- the Chambers of Commerce should be encouraged to play a greater role in promoting the development of the informal sector;

- protection of certain goods produced in the informal sector against competition from imports and the formal sector.

### **Proposed implementation**

97. For the successful implementation of the above recommendations, it would be necessary to establish and strengthen a national machinery for the promotion of the informal/micro enterprise sector. In this regard, a focal point in the Ministry of Trade and Industry needed to be established, if one was not already in place. The focal point should be also responsible for the monitoring and evaluation of the progress made in the implementation of the recommendations.

98. Another important factor in the successful implementation of the recommendations is the effective involvement of all social partners -- government, non-governmental organizations, community organizations, international community -- both at the planning as well as implementation levels of the programmes and activities for the informal sector in Namibia.

99. It was proposed that the Ministry of Trade and Industry, in collaboration with other social partners, should set up a task force for the implementation of the recommendations of the workshop. Furthermore, the Department of Small and Informal Industries of the Ministry of Trade and Industry should be strengthened and provided adequate resources -- personnel and financial -- to enable it to carry out its activities relating to the promotion of the sector.

100. In order to ascertain the extent to which the above recommendations have been implemented, there is a need to monitor the progress and provide a feedback on this. In this regard, the proposed focal point in the Ministry of Trade and Industry should be responsible for monitoring the implementation of the recommendations and reporting the progress made in this regard to all social partners in Namibia.

## **IV. EVALUATION OF THE WORKSHOP**

101. This is based on the analysis of the responses given by participants to structured as well as verbal evaluations of the workshop. A total of 20 participants completed and returned the questionnaire. The evaluation given below is, therefore, based on the 20 responses, representing the participants from government ministries, research and training institutions, the private sector and non-government organizations. The respondents were senior level professionals with most of them having between 1-5 years of experience in their respective areas of work and expertise.

102. On the whole, the participants were favourably disposed to the deliberations of the workshop. They were pleased with the outcome of the workshop and found the topics and content relevant to their work. Some participants were particularly pleased that the workshop included the topical areas, of technology and technical innovations, as these were critical for Namibia's development. The detailed evaluation of the workshop is presented below.

103. On the question of how the participants rated the scheduling, organizational and administrative arrangements for the workshop, the responses were as follows:

**Scheduling:** The majority (65%) of the participants stated the duration of the workshop to be adequate. Some 20 percent thought that it was too long, while 3 participants felt that it was short and that more time was needed to deliberate in depth on the subject matter;

**Administrative and organizational arrangements:** About 70 per cent of the respondents rated these to be excellent; 25 percent as average/good and only one respondent said that they were poor. Some participants reported that they did not get adequate information about the workshop beforehand. This was largely the case where the participants were representing those who were initially invited for the workshop. Some participants felt that not all stake holders were invited to the workshop. For example, the representatives of the informal sector and some key NGOs were not invited to the workshop. However, the general feeling was that the participants represented the various sectors and organizations involved in the promotion of the informal sector in Namibia.

104. The majority (55%) of the participants stated that the working hours for the workshop were adequate and suitable, some 40 percent felt that they were too long, while only one participant thought they were not appropriate.

105. **Relevance and usefulness of background papers:** On the question of the relevance and usefulness of the content of the background papers to the participants work, the majority (65%) thought that they were very useful/relevant; 30 percent as useful/relevant; and only one participant, who was a business trainer felt that they were not useful at all. Those who rated the relevance/usefulness of background papers as between very useful/relevant and useful and relevant were directly or indirectly involved in the promotion of the informal sector in Namibia. Most participants rated the overall presentation of the background papers satisfactory, though some thought that they were too theoretical. Some participants felt that additional topics could have been included in the workshop programme, for example:

- sharing of (successful and otherwise) of Asian and Latin American countries in the promotion of the informal sector;
- integration of entrepreneurial development in school curricula;



- mobilizing credit for the informal sector through non-formal financial systems;
- role and contributions of NGOs in the development of the informal sector in Namibia;
- concrete case study results on the education and training facilities and the level of financing for the informal sector in Namibia.

106. Regarding the coverage of the topics presented at the workshop, all the participants rated this to be satisfactory. In their comments on this question, some participants felt that the papers did not generate adequate discussion and that the presenters or the chairpersons should have guided or led the discussion. This, however, was not the general impression of the workshop.

107. Sharing of experiences: Regarding the sharing of experiences and views, the overwhelming majority (95%) rated this as between satisfactory and fair, only one participant stated that it was unsatisfactory. The reason given was that more time was needed for the plenary as well as group discussion. However, almost all the participants (99%) felt that they were given an opportunity to express their views on the various issues discussed. This enabled them to effectively participate at the workshop.

108. The majority (99%) of the participants found the working group session to be pertinent and useful. They appeared to have benefitted from their participation in the working groups and they felt that the working group session permitted an in-depth discussion on the pertinent issues relating to the development of the informal sector in Namibia. On the whole, all participants stated that they found their participation at the workshop very useful.

109. When asked if they would recommend a similar workshop to their colleagues who did not get the chance to participate at this one, almost all (90%) replied in affirmative. One respondent was not sure about his reaction to this question and another replied in negative. Some of the participants who replied in affirmative commented that they learnt a lot from the workshop deliberations as it improved their understanding of the concept of the informal sector, its role and importance to the overall economy, particularly its role in productive employment and income generation, and the need to provide an enabling environment for the development of the informal sector in Namibia.

110. Suggestions: The participants were asked to state their main recommendations of the workshop. A number of additional recommendations and suggestions were made and these essentially focused on the need to establish alternative non-formal financial systems; empowerment of informal sector operators through increasing their access to productive resources, including land; the need to review the current regulatory and legal framework so

as to make it clear and unambiguous; put in place SME policies and provide the necessary resources for their implementation; and a speedy implementation of the recommendations of this workshop and to provide feedback on follow-up action.

111. Other recommendations related to providing special programmes for the women and youth in Namibia because they were vulnerable groups of the population and needed special support and assistance. It was underscored that the role of government should be essentially a facilitative one through creating an enabling environment, while encouraging and involving at the same time all stakeholder and partners in the development of the informal sector in Namibia.

112. **General impressions:** The general reaction of the participants to the workshop was satisfactory: 45 per cent of the participants were very pleased; and some 55 percent were somewhat pleased. Some participants felt that the background papers should have been distributed before hand to enable the participants to review them and thus make a more meaningful contribution to the discussion.

## **V. ADOPTION OF THE WORKSHOP REPORT**

113. Dr. Chirawu, Senior Lecturer at the University of Namibia, introduced the draft report and proposed that it be considered page by page and then adopted. In inviting comments on the draft report, Dr. Chirawu suggested that substantive comments thereto should be passed on to the secretariat for inclusion in the final report. The draft report was adopted subject to the comments and amendments made thereto by the participants.

114. Dr. Chirawu thanked the participants for their invaluable comments on the draft report and assured them that these would be incorporated in the final report. Dr. Bardouille, an ECA resource person, also commended the participants for their comments on the draft report.

## **VI. CLOSURE OF THE WORKSHOP**

115. The chairman once again thanked the participants for their keen interest and participation in the workshop. He then invited Mr. Arnold Tjiuiko, Deputy Director of the Small and Informal Industries Department of the Ministry of Trade and Industry, to officially close the workshop.

116. In his closing address, Mr. Tjiuiko started by thanking the organizers of the workshop, in particular the Economic Commission for Africa, in organizing this important and timely workshop on the informal sector in Namibia. He also thanked the resource

persons and Dr. Bardouille of ECA, and the participants for their excellent contributions during the course of the workshop.

117. He asserted that the success of the workshop was due largely to the dedicated efforts of the participants themselves and the high quality of their interventions throughout the duration of the workshop. He, however, hastened to add that the recommendations of the workshop had come from the participants themselves and their implementation must, therefore, be the responsibility of the Namibian people. He once again thanked all the participants for their dedication and seriousness demonstrated at the workshop. The challenge, he reiterated, was to implement some of the recommendations emanating from this workshop. He then declared the workshop officially closed.

118. The chairman thanked Mr. Tjihuiko for his closing remarks and invited Dr. Bardouille to say a few words. On behalf of Dr. Sadig Rasheed, Director of PHSD of ECA, Dr. Bardouille thanked the organizers for the excellent organization and smooth conduct of the workshop. In this regard, she extended special thanks and appreciation to the staff of the University of Namibia, in particular to Dr. Chirawu, and the Ministry of Trade and Industry, especially Mr. Kamati Mutilitha, for the organization of the workshop. She also thanked the local resource persons, facilitators and panellists for the high quality of their presentations and interventions. She thanked the participants for their active participation and interventions which resulted in the drafting of the recommendations.

119. She underscored the importance of setting up a mechanism for the implementation of the recommendations of the workshop. In this regard, the Small and Informal Industries Department of the Ministry of Trade and Industry should be strengthened to enable it to effectively carry out their functions to support the development of the informal sector in Namibia.

120. Dr. Bardouille went on to say that ECA would be very much interested in receiving feed back regarding the implementation of the recommendations. She then thanked the chairman for giving her the opportunity to make a few remarks and thanked the participants for their kind attention.

**Annex I: Welcoming Remarks and Statement made at the Official Opening Session of the Workshop by:**

**(i) Dr. Keto Mshigeni, Pro-Vice Chancellor, (Academic Affairs and Research), University of Namibia**

- Honourable Minister, Mr. Hidipo Hamutenya, Minister of Trade and Industry
- Members of the International Community, in particular, our distinguished delegates from the Economic Commission for Africa, and the United Nations system, in general,
- Permanent Secretaries and other dignitaries from the Republic of Namibia
- Workshop participants,
- Members of the University Community, and of the Polytechnic,
- Members of the press,
- Invited Guests,
- Ladies and Gentlemen

On behalf of the Vice Chancellor of the University of Namibia, Professor Peter H. Katjavivi, on behalf of the University Community, and on my own behalf, I wish to take this opportunity to welcome you all to Namibia, and to this important workshop, in particular.

It is a universally accepted fact that education, research, science and technology application, planning, formal and informal sector interaction spearhead development. It is, therefore, very gratifying to note that this workshop will focus on these and related issues, in the context of Namibia's socio-economic development.

Honourable Minister, Ladies and Gentlemen,

The planning for this workshop started some two years ago. On the forefront of this process were: the United Nations Economic Commission for Africa, your own Ministry, Comrade Minister, and our University, the University of Namibia.

After a series of meetings and discussions, the organisers of this workshop agreed that the primary aims of the workshop would be:

- a) to examine the attributes of the informal sector in the country: its viability, sustainability, impact in society, and the systems supporting it;
- b) to discuss the extent to which this sector is exploiting science and technology advances of the day;

- c) to examine the role of NGO's and of the Government in providing specific training and/or skills to those involved in the informal sector; and
- d) to offer advice to public economic policy formulators, on how to promote the informal sector, to be in line with entrepreneurial development policies of the Ministry of Trade and Industry, and of the Republic of Namibia, in general.

Honourable Minister, Ladies and Gentlemen, I am delighted to inform you that this workshop will benefit from contributions of international stature: economists, researchers, academics, administrators, and other specialists. These include Dr. Sadig Rasheed, from the United Nations; Dr. Dirk Hansohm, from the Namibian Economic Policy Research Unit (NEPRU); Dr. Tapera O. Chirawu, Senior Lecturer in the Faculty of Economic and Management Science, University of Namibia; a number of experts from the Ministry of Trade and Industry; and from non- governmental organisations.

With those introductory remarks, Ladies and Gentlemen, I now wish to take this opportunity to invite the Honourable Minister of Trade and Industry, Mr. Hamutenya, to make a statement.

- (ii) **H.E.Mr. Hidipo Hamutenya, Minister of Trade and Industry, Government of the Republic of Namibia**

**Mr. Chairman,  
Ladies and Gentlemen**

At the outset, I would like to thank the United Nations Economic Commission for Africa (UNECA) and the University of Namibia for the initiative taken by them in organising this workshop. We, in the Government, see this and similar brain storming, as a critical input into our policy making mechanism. The small and informal enterprise sector (I prefer to call it the small and micro sector) is a national priority sector, considering its vast potential for employment creation, income generation, broadening of the economic base and reaching out to rural areas.

During the last few years, we have had a national survey of SMEs which was conducted with the help of the Commonwealth Secretariat. The results of the survey revealed that more than 40% of the informal sector businesses surveyed had actual picked up after independence. The trend is bullish! Based on the findings of the survey, we have adopted a strategy for development of this vital sector and have even drawn up an "Action Plan," which, despite odds, I am happy to say, is progressing satisfactorily.

We identified that there was a need for finance, a need for technical, entrepreneurial and management skills, a need for market surveys, information systems, technology transfer, creation of an institutional framework etc. We found that there are other constraints, such as Namibia's membership of the South African Customs Union. This, too, needed to be attended to. Similarly, the legal impediments to the growth of SMEs needed to be looked into.

The outdated laws of yester-years, which would put a stigma to informal businesses, are on their way out. We have already simplified the procedures for registration of small businesses. We have also made amendments to the Close Corporation Act in order to make it formal and micro informal enterprises to register without the assistance of lawyers. The course of action to get rid of other restrictive laws is in hand. But as you know, changing age-old laws however irrelevant they may be, is not easy!

The problem of availability of finance to those who had no collateral to offer was addressed by the setting up of a Revolving Fund for extending loans to SMEs. This scheme is in operation and more than 350 loans have been disbursed to the micro sector alone! Similarly, more than 50 loans have been granted to the "small" sector. The repayments have been good and we are sure that these shall improve as we gain more experience. We have also started working on the setting up of a Credit Guarantee Scheme for the SME sector. The details are being worked out. We hope to launch it in the coming year.

We have established Regional Offices in 6 regions and the officers at these regional centres have been trained in SME development. These officers have conducted surveys of raw materials, skills, technologies, etc., that are available in their regions and studied the market prospects. On the basis of these surveys, projects have been identified, which would be viable even in very remote areas. The NDC, which serves as the development project implementing arm of the Ministry, is also busy promoting small scale businesses in the regions. Their regional offices are helping to bring the entrepreneurs in contact with the right sources for training, financing, technical information and even conduct extension work in the field. We thus are fostering closer co-operation with all relevant public agencies in this field of SME development.

Another problem that the small entrepreneur faces is the lack of serviced and suitable accommodation for business. In response to this constraint, the Government is busy setting up 10 SME development parks, at various locations throughout the country. The NDC, as an implementor of Government policy, is overseeing the practical realization of this important initiative.

As a part of the effort to expose people to technologies and new productive possibilities, an Appropriate Technology Demonstration Centre is being set up. The Government of India has kindly offered to set up such a Centre. We are assured that the implementation of this project shall start this year. Similarly, an information data base is

being developed to provide the entrepreneur access to information on sourcing of raw materials, technologies, markets, etc.

Considering the lack of linkages between the large buyers and the SME sector in the country, a Vendor Development Programme has been designed to ensure successful linkages. We plan to formally launch the programme soon. The implementation of this programme shall also be done through the NDC.

As I already mentioned, one of the constraints to the development of the SME sector in Namibia is the fact that we are a member of the South African Customs Union. One of the results of our membership in SACU is that sourcing of technologies, raw materials and components from countries other than South Africa is virtually impossible. The high tariff walls of SACU make imports from alternate sources too expensive and, therefore, uncompetitive. We have, therefore, launched a sourcing programme, under which alternate sources of supply are being investigated.

Mr. Chairman, while the Government is doing its bit, we are aware that the Government cannot be an implementor on the ground. We have, therefore, taken the assistance of NGOs and a Joint Consultative Committee (JCC) has been set up with the Government, parastatals, NGOs and the business community as equal partners. The committee acts as a go-between the Government/parastatals and the entrepreneurs. This healthy interaction, on the one hand, equips us with information to formulate policy and to transmit it to the people through the JCC and, on the other, gives the business community a forum to bring out their views, criticisms and suggestions to the Government and parastatals..

Mr. Chairman, I cannot over-emphasize the point that we see a great potential in the SME sector. Actually, a great deal has taken place and is taking place all the time. We think it is the most vibrant section of the economy at this stage. This is not surprising because it is the trend all over the world. SMEs not only create more jobs, but have also become active in the exports game, given their greater flexibility and innovation. We, therefore, look forward even to the day when our SMEs are targets for foreign investors and participate in new initiatives, such as the EPZ programme.

I wish that the workshop will take advantage of the fact that so many people, who have a common interest in the development of the sector are here together, and could disseminate information and encourage an on-going process of cross fertilization of ideas. We would like to benefit from the experience of other African countries, developing countries all over the world and the UN in going further with our policies.

With these words, I wish the organisers, participants and, indeed, the deliberations of this workshop all success.

- (iii) **Dr. Sadig Rasheed, Director, Public Administration, Human Resources and Social Development Division of the Economic Commission for Africa**

**Mr. Chairman,  
Hon. Minister of the Ministry of Trade and  
Industry of the Government of the Republic of Namibia,  
Distinguished Participants and Guests,**

I would like at the outset to convey to you the greetings of Mr. K.Y Amoako, United Nations Under-Secretary-General and Executive Secretary of the Economic Commission for Africa and to express our delight at ECA for the collaboration with the Ministry of Trade and Industry of the Government of the Republic of Namibia and the University of Namibia in the organization and hosting of this National Workshop on Technical Innovation and Entrepreneurial Development in the Informal Sector in Namibia.

The socio-economic crisis in Africa since the beginning of the 1980s has had an adverse impact on human and social conditions and has contributed to the dramatic increase in the levels of unemployment and underemployment in the continent. The government sector and other sectors of the modern economy have experienced negative growth and employment in these sectors has remained constant or in some cases has even fallen. The implementation of structural adjustment programmes has exacerbated this trend. The agricultural sector, the major employer, suffers from low productivity and low incomes. It is not uncommon for subsistence farmers to depend on non-farm activities for cash income. Faced with rather the limited prospects in the formal sector employment and low levels of incomes in the agricultural sector, an increasing proportion of newcomers to the labour force in urban and rural areas in Africa are turning to what is now known as the "informal sector".

The structure of employment in Namibia exhibits a similar trend observed for the African region. For example, the formal sector employs not only a small proportion of the labour force, (less than 10%), its share in total employment is also declining. While the unemployment rate is estimated to affect about 20 per cent of the labour force, underemployment, found in all the sectors of the economy, is widespread.

Prospects for employment growth in the formal sector of the Namibian economy are rather restricted in the short- to medium-terms. The informal sector currently absorbs more than 50 per cent of the urban labour force and about 25 per cent of the national labour force. The magnitude of employment in the informal sector as well as its share in total employment are believed to be increasing in Namibia.

**Mr. Chairman,**



**Distinguished Participants,**

Despite the importance of the informal sector, in terms of generation of productive employment and incomes to the growing labour force, providing training to the large number of the urban and rural labour force, particularly the women and youth, a number of problems and constraints are currently inhibiting the development potentials of the sector and its integration with other sectors of the economy. The informal sector in Namibia currently operates at very low levels of productivity. Yet it is the small, micro enterprise and the informal sector which will need to make a major contribution to employment generation in Namibia, as elsewhere, in Africa.

This national workshop provides a unique opportunity for a serious exchange of views and experiences among the concerned public officials; academics and researchers; NGO representatives; the private sector, including the representatives of the Chambers of Commerce; trade unions; employer's federation; and the informal sector operators on the one hand, and colleagues at the ECA, on the other hand, to examine the role of the informal sector in the Namibian economy and to propose policies, supportive measures and programmes that need to be put in place to enhance its role in productive employment and income generation through increasing its productivity and enterprise development potentials. In this vein, the workshop would, inter alia:

- assess the role of the informal sector in the Namibian economy;
- identify and analyze the problems and constraints that limit the development of the informal sector, and propose policy measures for promoting self-employment and improving productivity of the informal sector in Namibia;
- review in particular the constraints relating to technical innovation, including in production techniques, organization, management and marketing, in the informal sector and their impact on entrepreneurial development in the informal sector in Namibia; and
- propose policy measures and strategies for improving entrepreneurial skills and capability for entrepreneurial/entrepreneurship development in the informal sector in Namibia.

**Mr. Chairman,  
Honourable Minister,  
Distinguished Participants and Guests,**

The importance of entrepreneurship development can not be overemphasized in coping with the main challenges that African countries, including Namibia, will face in the 1990s and beyond, namely increasing efficiency and productivity, efficient mobilization and utilization of scarce human and financial resources, generation of productive employment and acceleration of growth, reducing and eventually alleviating poverty, and increasing the overall well-being of the masses of the population.

In the process of entrepreneurship development, skills, technical innovation and enterprise development are critical factors. In this regard, small businesses, including informal sector enterprises, are important breeding grounds of entrepreneurial development. Therefore, the extent to which their development has been encouraged in a country demonstrates an important measure of government support for private sector entrepreneurial development. In the context of the development of the small-scale enterprise sector, the issue of upgrading the informal sector poses itself as a crucial element.

I would like to urge all the participants to reflect seriously on this important theme of the workshop and to propose concrete policy measures on what needs to be done to upgrade and invigorate the informal sector, particularly by applying technical innovation, fostering entrepreneurial development in the sector and encouraging the public and private sectors of the modern economy in Namibia to work in close collaboration and enhance inter-linkages with the informal sector.

I have no doubt in my mind that the Ministry of Trade and Industry, other public institutions and ministries; the University of Namibia and other institutions of higher learning and research centres in Namibia; the Chambers of Commerce and Industry, the NGOs, the private sector and the informal sector operators will give the recommendations emanating from your workshop the serious attention they deserve.

I wish you every success in your deliberations and thank you for your attention.

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**Annex II: Work Programme**

**11 March 1996**

- |               |                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 08:00 - 08:45 | Arrival and Registration of Participants                                                                                                                                                                                                                                                                                                                                                                                          |
| 08:45 - 09:30 | Opening Session <ul style="list-style-type: none"><li>- Welcoming Remarks by Dr. Keto Mshigeni, Pro-Vice Chancellor (Academic Affairs and Research) University of Namibia</li><li>- Statement by H.E. Mr. Hidipo Hamutenya, Minister of Trade and Industry, Republic of Namibia</li><li>- Statement by Dr. Sadig Rasheed, Director of the Public Administration, Human Resources and Social Development Division of ECA</li></ul> |
| 09:30 - 09:45 | Tea/Coffee Break                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 09:45 - 09:50 | Introductory Remarks on the Work Method to be Adopted at the Workshop                                                                                                                                                                                                                                                                                                                                                             |

**Sub-theme I: Definition, Role and Importance of the Informal Sector**

**Session 1**

- |               |                                                                                       |
|---------------|---------------------------------------------------------------------------------------|
| 09:50 - 12:30 | The Informal Sector in Africa: An Overview<br>by an ECA Resource Person<br>Discussion |
|---------------|---------------------------------------------------------------------------------------|

12:30 - 14:00	Lunch
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**Session 2**

- |               |                                                                                                                                    |
|---------------|------------------------------------------------------------------------------------------------------------------------------------|
| 14:00 - 15:30 | The State of the Informal Sector in Namibia: Role, Problems, Constraints and Prospects by Dr. Dirk Christian Hansohm<br>Discussion |
|---------------|------------------------------------------------------------------------------------------------------------------------------------|

15:30 - 15:45            **Tea/Coffee Break**

**Sub-theme II:            Technical Innovations and Entrepreneurial Development in the Informal Sector**

**Session 3**

15:45 - 17:30            **Education and Training for the Development and Improvement of Entrepreneurial Skills in the Informal Sector in Namibia by Dr. Tapera O. Chirawu**  
**Discussion**

**12 March 1996**

**Session 4**

08:30 - 10:00            **Panel Discussion on Policy Measures and Strategies for Improving Entrepreneurial Skills for the Growth and Development of the Informal Sector in Namibia**  
**Plenary Discussion**

10:00 - 10:15            **Tea/Coffee Break**

10:15 - 13:00            **Field Trip**

13:00 - 14:30            **Lunch**

**Sub-theme III:            Measures and Strategies for Technical Innovations and Entrepreneurship Development in the Informal Sector in Namibia**

**Session 5**

14:30 - 17:00            **Working Groups**

**Group I:** Policy Measures and Strategies for Developing Realistic Training Approaches for Entrepreneurial and Enterprise Development

**Group II:** Measures and Strategies for Facilitating and Increasing Access to and Applicability of Appropriate Technology and Technical Innovations for the Development of the Informal Sector in Namibia: How, Where and When?

17:00 - 19:00 Preparation of Working Group Reports

**13 March 1996**

**Session 6**

8:30 - 10:00 Presentation and Discussion of Working Group Reports; and the Wrap-up, including General Recommendations, of the deliberations of the Workshop

10:00 - 11:00 Evaluation of the Workshop

11:00 - 17:00 Drafting of the Workshop Report

18:00 - 18:30 Adoption of the Workshop Report and Closure of the Workshop

**ANNEX III: List of Participants**

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