

NAMIBIA SMALL TRADERS ASSOCIATION (NAMSTA)

INFORMAL SECTOR REPRESENTATION CONSULTATIVE WORKSHOP

REPORT AND RECOMMENDATIONS

NOVEMBER 2008

1 INTRODUCTION AND BACKGROUND

NAMSTA was established to represent and serve businesses in the informal sector through their own associations. The initiative started with a close cooperation of informal traders in the hawking and shebeen sub-sectors. The Okutumbatumba Hawkers Association (OHA) and the Namibia Shebeen Association (NASA), both of who have been in existence for over a decade, felt that there is a need for joint representation of their concerns and thus, established NAMSTA as an umbrella organisation of informal traders. Soon other organisations representing small builders (ABA), panel-beaters (PABMA) and taxi and bus transport operators (NABTA) sought affiliation to NAMSTA. Their common concern has been predominantly the relationship with local authorities in carrying out their business in a conducive legal and regulatory environment and their respective organisational capacities to serve their members.

Whilst NAMSTA has responded to the needs of its affiliated members and has demonstrated results of influence to some extent, it is now felt that this could have also been achieved without the formation of an umbrella organisation by going through existing organisations such as OHA and NASA. In addition, there are clear limitations to the effective functioning of an umbrella organisation for the following reasons:

- Not all informal sector operators are organised in an association and NAMSTA is not established to admit individual membership, thus representing and serving only a part of the informal sector;
- The objectives and areas of operation of the affiliated members of NAMSTA are too diverse to represent and serve them in an effective manner. Simply, some of the affiliated members have too little in common (e.g. builders and taxi operators). This has made it difficult for NAMSTA to divide its attention and assistance in an equitable manner and do justice to the aspirations of all its affiliated members;
- The payment of affiliation fees to NAMSTA by its affiliates has not been forthcoming. It is doubtful whether the member associations, who struggle to collect membership fees from their own members, will ever be in a position to create sufficient capacity in NAMSTA. If association fees were to be

collected, this would weaken the operation of the respective affiliated associations.

These limitations were discussed by the leadership of NAMSTA and it was resolved to review the purpose and operation of the organisation. NAMSTA requested the *Friedrich-Ebert-Stiftung (FES)* to assist with reviewing its purpose and organisational set-up to become more responsive to the needs and demands of the greater informal sector in Namibia with a view to:

- ❖ Adopt mechanisms to reach out to all informal sector operators, regardless whether they are organised in an association or not. In doing so, NAMSTA could become the ‘voice of the informal sector’ and take up concerns of informal sector associations and individuals alike.
- ❖ To achieve this would require a review of the organisational structures, which allows it to speak on behalf of the sector and not a particular association;
- ❖ Become an organisation that undertakes research and provides a platform or forum for informal sector concerns as a whole and creates effective linkages to Government, its agencies, Labour Unions and Business Representative Organisations;
- ❖ Provide effective on-demand services to organised private sector associations with a view to improve their respective services to members.

In order to respond to the above, NAMSTA brought representatives of informal sector associations, including those that are currently not affiliated, with informal sector operators who are not organised and Union representatives together to map out a strategic approach to transforming NAMSTA into the ‘voice of the informal sector’. Strategic direction included a review of the vision, mission and programme thrust of the organisation, a possible change of name, mandating processes and adoption of an agenda for action.

The two-days workshop under the theme ‘**Unlocking the potential of the informal sector**’ created the foundation for the eventual establishment of an informal sector organisation.

2 COMMON GROUND

For most participants the concept of an organisation representing informal sector interests as proposed by the leadership of NAMSTA was new. Therefore, it was essential to create a common understanding and common ground for further discussion and action.

It was noted that –

- ❖ Not all enterprises that are affiliated through their Associations are informal. Particularly in the construction, panel beating and transport operation sectors many enterprises are formal, and have to be formal in order to function (e.g. taxi licenses, access to tenders, etc.).
- ❖ Very few common denominators have been identified among NAMSTA member organisations.

- ❖ NAMSTA has in the past mainly dealt with specific informal sector concerns related to the operation shebeens and hawkers (street trading and open markets).
- ❖ NAMSTA has successfully responded to specific demands of some member organisations (particularly OHA and NASA) without an overall agenda to address informal sector issues.

Issues that NAMSTA vigorously addressed through OHA and NASA included:

- Guarding and protecting against harassment and defending the right of informal sector traders
- Identification of trading localities in line with community demands and local regulations
- Setting and adhering to trading hours
- Assisting with licensing and fitness certification
- Educating members to comply with local and national regulatory requirements
- Cooperation and strategic partnerships with law enforcement agencies, municipalities, decentralisation committees and NGOs on issues such as health, safety and HIV/AIDS through regular forums and joint action
- Facilitating horizontal and vertical business linkages between informal and small enterprises with large suppliers (e.g. bulk-buying)
- Organizing and conducting social responsibility programmes on health issues, alcohol and drug abuse and violence
- Providing advice and support for basic business management (saving, credit, budgeting, costing and pricing)

The workshop observed that the informal economy has to be defined much wider than has been the case with NAMSTA. In both rural and urban areas people fight against poverty as subsistence farmers, domestic workers, service providers (such as car wash, hairdressers) and small-scale manufacturers (such as dress makers, brick makers) and food vendors to name but a few. Most of these informal sector operators are not represented by the existing organisations.

Issues that need to be addressed, include:

- Informality as a legitimate option to do business and to get out of poverty
- Perception and acceptance of informality in the community
- Government's role in recognizing informality as one of the gatekeepers for enterprise development and the need to address the enabling legal and regulatory environment (including local by-laws) and access to land
- Definition of the informal sector (levels of formality and informality)
- Ways and means to move into formal business

3 ROLES OF AN INFORMAL SECTOR ORGANISATION

In response to the identified issues four possible roles for an organisation were identified:

- i. Capacity building of member organisations (technical and financial)
- ii. Addressing concerns related to the informal sector environment (research and advocacy)
- iii. Providing opportunities for networking (information dissemination, exchange of ideas and practices, adoption of advocacy agendas, provision of mandates)
- iv. Addressing specific issues raised by informal sector organisations and individuals (assistance with interest representation and provision of services)

The different roles were discussed in detail in order to clarify the benefits for participation in the organisation. A difference was made between direct and indirect benefits:

Direct benefits for either individual members of an organisation or of organisations that are affiliated to apex bodies accrue with the delivery of services, such as technical and financial capacity building and business development advice and support. These type of services require an organisation to create the necessary delivery capacity and/or work in strategic partnerships with other service providers.

Indirect benefits reach the entire constituent (informal sector) and not an individual member of an organisation alone. They are brought on by changes in the enabling environment and conditions to do business. It is up to the individual to make use of new opportunities. Interest representation, advocacy and lobbying are the basis for the creation of an enabling environment. Active voluntary participation is required to make this work.

Participants at the workshop voted on what they perceive should be the future role of NAMSTA. None voted for i. (capacity building) and iv. (services) but rated research and advocacy and networking as the highest priority (10 and 9 votes respectively).

4 ORGANIZATIONAL MODELS

Organisations may either serve a membership base or a market (constituent). This differentiation is important when it comes to mandating processes. Service organisations (such as foundations, research institutes, service providers) do not need members but deliver services on demand or a perceived need through a central or unilateral vision. However, they also can act on broad mandates from members in membership organisations (chambers, unions, federations, associations). Mandating processes, particularly when it comes to advocacy requires broad consultation, tacit approval and compromise.

The advantages and disadvantages of both models were discussed in detail to identify the best match for NAMSTA's new roles. It was decided to choose a hybrid between the two models:

A section 21 company (company not having a share capital and not for distributable profit/not for gain) with a company membership as opposed to open, broad membership. The company members are appointed and should represent a wide

section of the informal economy/sector. They should include stakeholders from the following organisations:

NASA, OHA, NABTA, PADMA, NSCA, NUNW, LAC, Koshi Yo Muti, NANASO, NNFU, ALAN, ARC, NYC and others to be identified.

As a first step it was recommended to start as an informal forum rather than create the organisation in a top-down approach. This will allow stakeholders to identify with the roles and functions of a future organisation and create ownership for its purpose.

5 RECOMMENDATIONS

- ✓ Creation of a forum for networking, using NAMSTA as the organiser with assistance from FES. At least 3 forum meetings should be organised in the first half of 2009.
- ✓ Establishment of cooperation with other organisations at national and international levels, such as the ILO.
- ✓ Resource mobilisation.
- ✓ Position paper on the state of the informal economy and sector. A consultancy to be undertaken in November / December 2008 with the assistance of FES should provide input into the agenda for the forum meetings.
- ✓ Defining roles and linkages of forum / network participants.
- ✓ Establishment of a Section 21 Company.
- ✓ Adoption of a new name ('Namibia Informal Sector Organisation – NISO' was proposed).

6 THE WAY FORWARD

Action	Time
Drafting of proposed restructuring of NAMSTA to become 'NISO' (documentation of the outcome of the consultative meeting)	Beginning November 08
Adoption of proposed changes by current NAMSTA membership and leadership	End November 08
Study on scale, character and size of the informal economy	November / December 08
Drafting of a funding proposal for the establishment of a forum / network (including coordination capacity)	January 09
Election of a Steering Committee (Forum) and adoption of the new, proposed name	Beginning February 09
Organizing a series of forum meetings to enrich the agenda	March – June 09
Drafting of Memorandum and Articles of Association	July 09
Adopt constitution and elect Board	August 09

