

**Statement of Hon. Erkki Nghimtina, Minister of Labour, Industrial Relations and
Employment Creation
in support of the Motion of Hon. A. Kafula on the Social Protection of the Informal
Economy
24 October 2018**

Honourable Speaker

Honourable Members

I rise to support the Motion of Hon. Agnes Mpingana Kafula on the Social Protection of the Informal Economy

All women and men who are able to work should have the opportunity to realise their potential to perform productive work under safe conditions and to earn an income that can support a decent standard of living for themselves and their families. This requires, among other things, that they are protected against the risk of loss of income throughout their working lives and upon retirement. It also requires that workers and their families are able to enjoy a decent standard of living with respect to their health, sanitation, access to proper nutrition, education, housing and access to electricity. All of these objectives can fit within the rubric of social protection.

The Social Protection Core Team chaired by the Ministry of Poverty Eradication and Social Welfare, of which my Ministry is a member, is of the view that *“social protection is composed of social assistance, social insurance, social welfare services, and, in some cases, labour market policies as well as a broad range of public, and sometimes private, instruments to tackle the challenges of poverty, vulnerability and social exclusion through managing related risks.”*

The importance of ensuring social protection to persons working in the informal sector has been recognized world-wide. An inclusive and multi-dimensional approach to social protection and decent work can be found in key policy documents of the **African Union, SADC, the Millennium Development goals and in ILO Recommendation 202 on National Social Protection Floors (2012); and Recommendation 204 on the Transition from the Informal to the Formal Economy (2015).**

The Principles of State Policy contained in **Article 95** of the **Namibian Constitution** also provide important policy directives for the State in the area of Social Protection.

The many facets of social protection contribute to the goal of decent work and a decent standard of living. The Social Security Commission's Maternity, Sickness and Death Benefit Fund and the Employees' Compensation Fund afford a measure of social protection to those employees covered by Social Security, as do the Basic Conditions of Employment contained in the Labour Act. The scope and coverage of these existing measures do not fulfill the directives of the Principles of State Policy. Notably, there is no national health insurance scheme. Nor do the existing measures reach the majority of workers, particularly those in vulnerable and informal employment. Through non-compliance, non-enforcement or limitations in their design, these protections and benefits are limited to workers in the formal sector. Therefore, the workers who arguably need the protection the most are not covered. This means that at present, the majority of eligible Namibian workers lack health and safety protection, medical coverage, maternity benefits, unemployment insurance and salary-related disability benefits. Moreover, a large number of workers and their families will not, under the present circumstances, enjoy decent housing, including sanitation and electricity, decent health care or adequate nutrition.

Extension of Social Security and Employee Compensation coverage to these workers and compliance with the labour laws can protect workers and their dependents from loss of income due to sickness, maternity, unemployment, disability, old-age and death. I have asked the Social Security Commission to devise strategies to extend the existing coverage to the informal economy workers. Although they have taken some initiatives over the years to extend coverage much more can be done. I can also inform you that I have insisted that the design of the National Pension Fund, which the Social Security is working hard to put into operation, should also cover informal workers. The Social Security Commission has also conducted research on the introduction of an Unemployment Insurance Fund and A Return to Work Programme for persons injured at work. However, much more is needed.

There are alternative measures that can be considered by Government to extend social protection. Social assistance can also supplement wages and living standards of the working poor by providing the same or equivalent benefits to workers and their families in the form of grants or other benefits, such as maternity grants, child grants or basic income grants, or the provision of childcare or elder care. Labour market measures, such as public works, health and safety protection, minimum wages and training schemes can also contribute to decent work.

I must take note also of the considerable number of unpaid care workers who are unable to enter the labour market because of their responsibilities to look after children and elderly family members. Unpaid workers, primarily women, also contribute to family work in the area of subsistence farming. In some countries, such work is recognized for the purpose of social security coverage. Namibia should explore the possibility of such an approach.

Namibia's tri-partite alliance consisting of Government, Employers and Workers Organisations, and the ILO will finalise the details to implement Namibia's new and ambitious 2018-2022 Decent Work Country Programme (DWCP). 7. The programme includes the development of a strategy to facilitate the transition from informality to formality will be developed The interventions will include:

- Extending coverage of labour administration and social protection systems to the informal economy;
- Conducting a national diagnostic on the informal economy which takes account of gender;
- Building the capacity of constituents and stakeholders to effect the transition to formality
- Creating incentives for informal operators to formalise, for example tax incentives.
- Integrating the informal economy into value chains.

At the same time, the Programme will promote the integration of SME's into the mainstream economy This programme will:

- Identify challenges and opportunities for enterprise formalisation and design capacity development programmes, including skills training for informal enterprises and their workers;
- Provide capacity development for established SMEs to increase productivity and enterprise growth through improvements in working conditions and improved environmental management practices;

Another aspect of the Decent Work Country Programme high relevant to the informal economy workers is the plan to develop a strategy aimed at eliminating violence and harassment at work, including the conduct of a situational analysis on violence and harassment at work and the drafting of Code of conduct on violence and harassment in the world of work.

Honourable Speaker

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The plans that I have reported upon require implementation across Ministries, sectors and branches of the State. If implemented, they will contribute not only to the well-being of individual workers and their families, but also to the strengthening of economic development, particularly the expansion of productivity and employment.

I support the motion wholeheartedly. I recommend that the matter be referred to an appropriate committee to concretize and prioritize actions that the Parliament, regional and local authorities, and elected officials at various levels can contribute to the upgrading of the informal economy and its workers and their inclusion in the mainstream economy.