Code of Conduct for the Namibian Informal Economy: Breaking New Grounds

Compiled by: John B. Nakuta
Assisted by: Veripi Kande, Victor Kazonyati and Benedict Nakuta

July 2021
This code of conduct was supported by the Friedrich-Ebert-Stiftung, Namibia Office.

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Publishers: NISO and FES: 2021

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Design, Layout & Printed:
Lexnet Publishing House
P.O. Box 91338, Klein Windhoek, Namibia

Photography supplied by: Walter Kariko

ISBN: 978-99916-991-2-7
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Table of Contents

Foreword 1
Acknowledgements 3

Background of the Code of Conduct 6
I. The status quo of the informal economy in Namibia 6
II. Local governments and the informal economy 9
III. Why a Code of Conduct 12

Definitions 14

Standards of Conduct 16
Principle 1: Multi-stakeholder Governance Body (MSGB) 16
Principle 2: Respect for human dignity 17
Principle 3: Proactive disclosure of relevant information 17
Principle 4: Participatory governance 18
Principle 5: Education and training 18
Principle 6: Law enforcement 19
Principle 7: Inclusive and participatory law-making processes 20
Principle 8: Stock confiscation 20
Principle 9: Abuse of power 21
Principle 10: Safety and Health Practices including Child Abuse 21
Principle 11: Market & Industrial Stalls Development 22
Principle 12: Compliance with the Code 23
Principle 13: Dispute resolution 24
Principle 14: Enforcement of the Code of Conduct 24
Principle 15: Sanctions for infringements of the Code 26
Principle 16: Appeals 27
Principle 17: Record keeping 27
The Namibia Informal Sector Organization (NISO) in partnership with the Friedrich-Ebert-Stiftung has commissioned the Development of the Code of Conduct with the aim of advocating for the integration of informal economy operators into the mainstream economy and to create a safe and conducive environment for operators in the informal economy. The Development of the Code of Conduct which is based on 17 Guiding Principles intends to advocates for the formulation of policies which will enable a conducive environment for operators in the informal economy to conduct their businesses successfully.

In order to achieve the above-mentioned objective, NISO through the support of the Friedrich-Ebert-Stiftung, and other stakeholders came together to draft a code of conduct which will reduce the current tensions, evictions and harassment of informal operators in Namibia’s towns and villages. We believe that such a noble objective will not be attained unless such process is accompanied by intensive capacity building and training. As a result, NISO intends to conduct the following programmes as a way of transitioning the informal economy to a formal economy:

- To enhance knowledge of business skills and financial management
• To assist informal economy operators with registration with various statutory bodies such as municipalities (for the issuing of fitness certificates) and the Social Security Commission.
• To assist the informal economy operators to access micro-finance and capital.
• To promote the development of market stalls and industrial stalls as a way of providing shelter and competitiveness.

It is on this basis that the Namibia Informal Sector Organization (NISO) in partnership with the Friedrich-Ebert-Stiftung wishes to invite government, local authority and the law enforcement agencies to assist with implementing the objectives of the code of conduct, through the development of a memorandum of understanding with various other stakeholders.

We look forward to work with all stakeholders for the empowerment of the informal economy so as to ensure sustainable job creation and decent work conditions for our people.

Yours sincerely,
Freya Gruenhagen
Director
Friedrich-Ebert-Stiftung Namibia

Yours sincerely,
Joseph Veripi Kandenge
Secretary General
Namibia Informal Sector Organisation

Page | 2
The Friedrich-Ebert-Stiftung, Namibia Office has been a reliable and trusted ally and partner in supporting development efforts in the informal economy and civil society organisations in general. The development of this Code of Conduct would not have been possible without the generous support of the Friedrich-Ebert-Stiftung, Namibia Office. Their generous support to this project is hereby acknowledged and appreciated by NISO.

**Namibia Informal Sector Organisation (NISO) appreciates and thanked the following organisations and individuals for their constructive participation on the development of the code of conduct.**

1. State House, Republic of Namibia: Amb. Claudia Grace Uushona, Executive Director
2. Ministry of Industrialisation, Trade and SME Development: Dr. Michael Humavindu, Deputy Executive Director
3. Ministry of Labour, Industrial Relations and Employment Creation: Mr. Albius Mwiya, Director: Labour Market Services
4. Ministry of Urban and Rural Development: Ms. Lahya Hipondoka, Deputy Director, Ms. Foibe Amadhila, Chief Development Planner and Ms. Ester /Nanus, Development Planner
5. Ministry of Works and Transport: Mr. H. Amushembe, Engineer
6. Khomas Regional Council: Mr. Platini Katjaoha, Personal Assistant to Governor
7. City of Windhoek: Ms. Mary-Anne Kahitu, Chief Health Inspector; Mr. Abraham Camm, Food Safety; Ms. Leonora Joodt, Economic Department;
8. Namibian Police Force: Chief Inspector Foibe Kashokulu
9. Windhoek City Police: Mr. P. K. Boois, Superintendent, City Police; Sergeant R. R. Ganchab
10. Ministry of Gender, Poverty Eradication and Social Welfare: Mr. Alex Shinana, Community Liaison Officer
11. Katutura Industrial Stalls: Ms. T. Tchisiku, Informal Economy Operator’s Committee
12. Namibia Domestic and Allied Workers Union: Ms. Monalisa Gariseb, National Organiser
13. Namibia Employers’ Federation: Mr. Dan Strauss, Secretary General
14. Street Vendor Committee, Ms. Adeline Mukuve,
16. Gobabis Municipality: Ms. Thaimy Matthews, Assistant Local Economic Development Officer and Mr. Eustace Ntonda, Local Economic Development Officer
17. Walvis Bay Municipality: Ms. Tulimekondjo Iishitile, Manager: Economic Development
18. Grootfontein Municipality: Mr. Luke Salomo, Public Relations and Marketing Officer and Local Economic Development Coordinator
20. Dr. Fanuel Tjingaete, Consultant
21. Mr. Victor Kazonyati, Consultant
22. Mr. Benedict Nakuta, Consultant
23. SME’s Complete: Mr. Danny Meyer, Director
24. Metal and Allied Namibian Workers Union: Mrs. Justina Jonas, General Secretary
25. Mr. Stalin Maharero, Consultant
26. Gerson Uaripi Tjihenuna Consultant
I. The status quo of the informal economy in Namibia

Literature reveals that the informal economy is a recent development in Namibia and was reportedly an unknown phenomenon prior to independence as such activities were essentially prohibited and suppressed during the colonial period.

The lack of adequate formal sector employment has led to the emergence of an informal economy in the country. In Namibia, as is the case in other parts of the world, the informal economy lacks formal recognition in policies, is unregulated and suffers from a lack of interventions such as formal training, infrastructure, and access to markets. This explain why others such as Kamwanyah can argue that the informal economy does not feature high on Namibia’s national development agenda.¹ The informal economy is stigmatised as ‘the shadow economy’, ‘the off the book economy’ and as ‘the underground economy’.² It is also viewed as troublesome and unmanageable.

² Ibid.
The informal economy does not feature in the legislative framework nor the Constitution. No express mentioned is made of the informal sector or informal economy in the Namibian Constitution as pointed out in the 2016/17 Namibia Informal Economy Case Study Report produced by the Ministry of Labour. The concept of ‘informal sector’ or ‘informal economy’ similarly does not feature in the Social Security Act (No.34 of 1994). The Act does not acknowledge in explicit terms the existence of the informal sector or informal economy in Namibia in any shape or form. The terms ‘informal sector’ or ‘informal economy’ are conspicuously absent from the provisions of the Act.5 The Labour Act (No.11 of 2007), similarly, does not in any way refer to the informal economy and/or give legal recognition to the sector.

The message from the Ministry’s case study findings regarding the legal framework for the informal economy is a serious indictment. The Report essentially confirms that in Namibia, as elsewhere in the developing world, informality equates to a lack of social protection, rights at work and decent working conditions, and for enterprises it means low productivity and lack of access to finance.6

4. Ibid.
5. Ibid.
6. See “More than 60 per cent of the world’s employed population are in the informal economy” at https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_627189/lang--en/index.htm
The Ministry of Labour’s 2016/17 Report gives a glimpse of the demographics of the informal economy in Namibia. The Report reveals that most informal economy operators - called ‘own account workers’, are found in urban areas in the Erongo region (90.1%), followed by Khomas (88.8%) and Oshana region (84.6%). In rural areas informal economy operators are mostly found in the Ohangwena region (61.3%) and Kavango East region (43.4%) respectively. The majority of informal economy operators are reportedly in the 35-39 (18.4%) age groups followed by the 30-34 (16.9%) and 40-44 (16.3%) year olds. Only a small number of young persons aged between 15-19 years (0.6%) reportedly operate as informal traders.

The Report further shows that informal economy operators in the country:

- are predominantly Namibians (96.5%)
- mainly women (69.3%) and
- mostly hold junior secondary education levels (41.1%).

Due to insufficient data, it is extremely difficult to ascertain the true size of the informal economy in Namibia. However, there is consensus that Namibia’s informal economy accommodates a large number of the country’s work force. The 2018 Labour Force Survey shows that some of the sectors with a large presence of informal sectors include

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8. Ibid.
9. Ibid., pp. 7-9.
agriculture, forestry, fishing, construction, retail trade, restaurants, local transport and real estate while some manufacturing activities like garments, furniture, footwear, leather, sporting goods, gems & jewellery, etc. are also common in the sector.

II. Local governments and the informal economy

While there are positive examples of a few local governments taking a more developmental and inclusive approach towards the informal economy, the majority, however, have not yet embraced the potential offered by the informal economy in terms of job creation and the creation of sustainable livelihoods. UN Habitat explained this tenuous relationship as such:

“National governments and municipal authorities in many countries generally treat the urban informal economy as undesirable and often target punitive or restrictive policies specifically at informal enterprises”.10

Susanne David and others observed that local governments, which show an interest in embracing and promoting their informal economy, often find themselves overwhelmed by the challenge of how and where

to best include the informal economy in terms of local government policy and planning processes.\textsuperscript{11} At a universal level, some of the key challenges local governments experience in respect of the informal economy, include:

- **Acknowledging the importance and presence** of the informal economy (as a key stakeholder or sector in development and local economies) and facilitating changes in attitude towards the informal sector;

- **Dealing with the complexity and diversity** within the informal economy or having the right skills, capacity and structures within the local government sector to engage with the informal economy;

- **Bridging the relationship and communication gap** between local government and the informal economy;

- **Including informal sector issues into local government policies**, regulations and planning processes;

- **Developing local economic development (LED) friendly policies and by-law guidelines** for the informal economy;

- **Actively engaging** the informal economy in LED; and

- **Involving national departments** in supporting the efforts of local government to develop and implement a more developmental approach towards the informal economy.\textsuperscript{12}

\textsuperscript{11} David, S et al. MANAGING INFORMALITY: Local government practices and approaches towards the informal economy – Learning examples from five African countries, p. 13.

\textsuperscript{12} Ibid.
Strikingly, key informant interviews and focus group discussions conducted in the preparation of this Code of Conduct highlighted similar challenges confronting the informal economy operators in Namibia. Challenges cited included:

- Lack of structural relationships and communication channels with local authorities
- A general lack of access to information
- Non-participation and exclusion in decision-making processes affecting the informal economy
- Police harassment
- Evictions and stock confiscation
- Abuse of power by law enforcement officials
- Indiscriminate and arbitrary charging of fines
- Excessive bureaucracy
- Lack of understanding of municipal bylaws, rules and regulations
- Inhumane and degrading treatment of informal economy operators by municipal officials
- Institutional barriers demonising or restricting the informal economy and
- Government’s inaction and indecisiveness on policy guidelines regarding the informal economy.

Efforts to address these challenges have been ad hoc thus far. There is need to invest in a more effective and sustainable model for informal economy management. One such option, is the development and implementation of code of conduct for the informal economy in
the country. Such a code of conduct must be inclusive, incorporating a consensus-building process and should be responsive to local needs and context.13

III. Why a Code of Conduct?

The Namibia Informal Sector Organisation (NISO) has been spearheading efforts to mediate and intercede with government departments and municipal authorities to address issues plaguing the sector on behalf of the informal economy operators. Civil society organisations have also been mobilising to advocate for change as there is need to address the challenges listed above in a holistic and sustainable manner. NISO strongly believes that most of challenges identified could be overcome by the design, adoption, implementation, and enforcement of a self-regulatory code of conduct between the national government, local authorities, informal economy operators and representatives of the informal economy.

It is on this basis that NISO is taking the lead to spearhead efforts to develop a code of conduct that would regulate the rights, obligations, and responsibilities of all stakeholders in the informal economy. The ultimate objective of the code of conduct will be to support the informal sector to be a conducive and profitable labour market that

can contribute to Namibia’s social and economic development in a meaningful and positive manner.\textsuperscript{14} As such, the Code will serve as a tangible transitional tool of the informal economy to the formal economy as propagated in Recommendation 204 of the International Labour Organisation (ILO). Recommendation 204 is built on the shared understanding and conviction that the transition to the formal economy can best be facilitated through an integrated strategy, a policy mix and institutional coordination built on social dialogue to promote the employment and income opportunities, the rights and social protection and an enabling environment for formal enterprises.\textsuperscript{15}

NISO is of the view that a code of conduct for the informal economy will provide urban policymakers with an opportunity to experiment, innovate and collaborate on public space management.\textsuperscript{16} With the Code as an additional toolkit one can create cities, towns and villages where informal economy operators can work in dignity for their livelihoods, and where public spaces “work” for everyone.\textsuperscript{17}

\begin{flushleft}
\textsuperscript{14} Kamwanyah (2018:10), footnote 1 above.
\textsuperscript{17} Ibid.
\end{flushleft}
Definitions

“Code” means the Conduct for the Namibian Informal Economy

“Informal economy” means:
(a) all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements; and
(b) does not cover illicit activities, in particular the provision of services or the production, sale, possession or use of goods forbidden by law, including the illicit production and trafficking of drugs, the illicit manufacturing of and trafficking in firearms, trafficking in persons, and money laundering, as defined in relevant international treaties.\(^{18}\)

“Law enforcement agencies” mean the Namibian Police, the Namibian Defence Force, municipality police, private security operators and security guards.

“Multi-stakeholder Governance Body” means the multiple stakeholders governance body specifically established at national, regional and local authority level to discuss and oversee issues affecting the informal economy.
“Ombudsman” means the Informal Economy Ombudsperson established and created to enforce this Code.

“Stakeholders” include relevant government ministries, parastatals, state-owned enterprises, local authorities, law enforcement agencies, informal economy operators, trade unions, employer federations and business associations.

Standards of Conduct

The principles listed below shall constitute the operational standards of conduct of the Code of Conduct for the informal economy and shall be binding on all stakeholders in the informal economy.

Principle 1: Multi-stakeholder Governance Body (MSGB)

1.1 There shall be a multiple stakeholders governance body constituted at national, regional and local authority level bringing together multiple stakeholders in the informal economy to participate in dialogue, decision making and implementation of responses to jointly perceived problems.

1.2 The MSGB shall be apolitical and will strive to establish sound working relationships with government at the national, regional and local levels.

1.3 The MSGB will strive to forge relationships with sub-regional, continental and international bodies sharing similar objectives.

1.4 The MSGB shall serve as a vehicle to facilitate the process of transition from an informal economy to a formal economy in the context of social dialogue.

1.5 The MSGB shall adhere to the right to meaningful participation as recognised and guaranteed under international and regional human rights law.
Principle 2: Respect for human dignity

2.1 The Namibian Constitution, including international, regional and sub-regional human rights instruments binding on Namibia, guarantees the inalienable right to human dignity of all persons.

2.2 The right to human dignity also applies to informal economy operators.

2.3 All decisions and actions affecting informal economy operators shall respect, protect, fulfil and promote the right to human dignity of informal economy operators.

Principle 3: Proactive disclosure of relevant information

3.1 Ministries, parastatals, local authorities and all public bodies operating or involved in the informal economy shall be required, even in the absence of a specific request, to proactively publish information concerning the informal economy, including information about their functions, powers, structure, officials, decisions, budgets, expenditure and other information relating to their activities relevant to the development of the informal economy.

3.2 The process of accessing information held by relevant stakeholders shall be simple, prompt and affordable.

3.3 Such information shall be provided in easily accessible format and must consider the needs of its intended users.
Principle 4: Participatory governance

4.1 Public authorities, namely, ministries, parastatals, local authorities and other public bodies operating or involved in the informal economy, shall consult with and promote the active and meaningful participation of the representative organisations in all decisions affecting the informal economy.

4.2 Governance models and structures to obtain optimal interest representation of informal economy operators shall be established at all relevant levels and structures.

Principle 5: Education and training

5.1 Literature reveals that people who work in the informal economy mostly have limited access to formal education.

5.2 Nonetheless, many of the informal economy operators do manage to acquire most of the basic skills and competencies that are necessary to carry out their activities.

5.3 Public authorities, in conjunction with organisations operating in the informal economy, shall make a concerted effort to educate informal economy operators on the relevant laws, by-laws, and public health issues such as on food, personal and environmental hygiene, and occupational safety and health policies.
5.4 Public authorities, in conjunction with organisations operating in the informal economy, shall design relevant programmes and courses to improve access to entrepreneurship training and skills development with a view to facilitate their transition to the formal economy.

**Principle 6: Law enforcement**

6.1 The maltreatment and harassment of informal economy operators by law enforcement agencies is a fact and not fiction.

6.2 Law enforcement agencies should be educated to exercise their powers in a manner that respects and promotes the rights and freedoms of informal economy operators.

6.3 Informal economy operators, likewise, should be educated and empowered on their rights, responsibilities and the bounds of law enforcement within the context of the rule of law as underpinned by the principle of legality.

6.4 Appropriate governance structures shall be designed to effectively address complaints of police intimidation and harassment.
Principle 7: Inclusive and participatory law-making processes

7.1 Globally a trend has begun to emerge toward greater transparency, inclusion, participation and national ownership.19

7.2 Law-making processes now tend to have greater levels of citizen participation.20

7.3 Public authorities shall accordingly invest time and resources to implement inclusive and participatory law and policy-making processes.

7.4 Laws, rules and regulations created for the informal economy shall be consistently applied irrespective of whether the informal trading activities are conducted within the central business district, or within informal settlement areas of cities, towns, or settlements throughout the country.

Principle 8: Stock confiscation

8.1 In the South African case of Makwicana21 it was held that depriving the traders of their goods and livelihoods was ‘invasive’ of their property rights in that it impacted on their welfare and that of their families. Importantly,

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20. Ibid.
21. Makwicana v Ethekwini Municipality 2015 (3) SA 165 (KZD); in this case John Makwicana courageously challenged the Ethekwini Municipality Council’s confiscation of street traders’ goods on behalf of Durban traders.
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8.2 The impoundment, confiscation and disposal of street vendors’ property, as a rule, shall therefore only happen where it is strictly necessary for the preservation of public hygiene and the protection of life.

Principle 9: Abuse of power

9.1 The abuse of power shall be strictly prohibited. Officials who misuse their official position for personal gain, nepotism, political expedience or corrupt practices shall be liable to disciplinary action including prosecution.

Principle 10: Safety and Health Practices including Child Abuse

10.1 All informal economy operators shall commit to an injury-free, illness-free and hygienic workplace in compliance with all relevant laws and regulations that protect them, their families, their workers, their clients’ safety and the environment.

\(^{22}\) Ibid, par. 97.
10.2 Child labour shall be strictly prohibited.

10.3 Child labour should, however, not be confuse with child work.  

**Principle 11: Market & Industrial Stalls Development**

11.1 Government ministries and local authorities shall avail land, develop and build new markets and industrial stalls in consultation with the representatives of the informal economy operators.

11.2 Such lands should, on request, also be availed to organisations, associations, and private developers on an equitable and non-discriminatory basis.

11.3 The land and industrial stalls provided must be affordable and strategically located in areas suitable for business in consultation with the informal operators.

23. The International Labour Organisation (ILO) defines “child labour” as work that deprives children of their childhood, their potential and their dignity, and that is harmful to their physical and mental development. However, not all work done by children should be classified as child labour. The ILO clarified that children’s or adolescents’ participation in work that does not affect their health and personal development or interfere with their schooling, is generally regarded as being something positive. This includes activities such as helping their parents around the home, assisting in a family business, or earning pocket money outside school hours and during school holidays. These kinds of activities contribute to children’s development and to the welfare of their families; they provide them with skills and experience and help to prepare them to be productive members of society during their adult life. See [https://www.ilo.org/ipec/facts/lang--en/index.htm](https://www.ilo.org/ipec/facts/lang--en/index.htm)
Principle 12: Compliance with the Code

12.1 It is the personal responsibility of every informal economy operator to understand and comply with the Code of Conduct.

12.2 Every informal economy operator shall sign the Code as a public declaration to adhere to it.

12.3 Public authorities must ensure that administrative officials under their jurisdiction understand and comply with the standards and requirements stated in the Code.

12.4 Any doubts of interpretation or problems encountered, as well as any suggestions for improvement, shall be addressed to the Multi-stakeholder Governance Body for consideration and advice.

12.5 Any informal economy operator and/or administrative official who violate any provision of the Code will be subject to disciplinary action.

12.6 A Memorandum of Understanding (MOU) will be entered into between the respective public bodies and the representative body of the informal economy to signify a commitment to adhere and implement the Code in a given jurisdiction.
Principle 13: Dispute resolution

13.1 In many instances alternative modalities of justice are more accessible than formal courts.\textsuperscript{24}

13.2 Alternative modalities of justice often operate directly within the communities they serve and are adjudicated by local people who hold the trust of residents.\textsuperscript{25}

13.3 Certain issues may be more effectively adjudicated through local procedures such as mediation and arbitration.

13.4 Stakeholders in the informal economy shall actively work towards institutionalising mediation and arbitration as the preferred ways of resolving disputes arising in the informal economy.

Principle 14: Enforcement of the Code of Conduct

14.1 The Conduct for the Namibian Informal Economy shall be enforced by the Informal Economy Ombudsperson.

14.2 The Informal Economy Ombudsperson shall be appointed by the Multi-stakeholder Governance Body.

14.3 The Informal Economy Ombudsperson shall be independent and impartial in the exercise and performance of his/her powers and functions.


\textsuperscript{25} Ibid.
14.3 The Informal Economy Ombudsperson shall serve on a part time basis.

14.4 The Informal Economy Ombudsperson shall be a Namibian citizen with a high level of integrity and sound knowledge of the Namibian informal economy landscape.

14.5 The dispute resolution mechanism of the Informal Economy Ombudsman shall be locally based.

14.6 Three (3) assessors shall be appointed by the Multi-stakeholder Governance Body for the duration of the term of office of the Informal Economy Ombudsperson to assist in the resolution of disputes.

14.7 The assessors shall be appointed from amongst the relevant stakeholders within the city, town, village or settlement.

14.8 At least one (1) of the assessors shall be a woman.

14.9 The dispute resolution process shall be provided free of charge.

14.10 The Informal Economy Ombudsperson shall not accept a complaint unless the complainant in writing waives any right to claim civil relief of whatsoever nature directly or indirectly related to or arising out of the complaint.
Principle 15: Sanctions for infringements of the Code

15.1 The Informal Economy Ombudsperson shall take prompt and appropriate remedial action in response to violations of the Code.

15.2 Any informal economy operator or administrative official who engages in conduct prohibited by the Code will be subject to disciplinary actions and sanctions as prescribed in the Code.

15.3 Once a complaint has been placed, the Informal Economy Ombudsperson will first analyse it.

15.4 The Informal Economy Ombudsperson shall then hold discussions with the parties involved on an informal basis with the object of achieving a speedy settlement.

15.5 The decision of the Informal Economy Ombudsperson should be issued in writing, dated and signed.

15.6 All decisions/rulings of the Informal Economy Ombudsperson shall indicate a summary of the facts, reference the specific violation and shall provide reasons for said decision.

15.7 All decisions/rulings of the Informal Economy Ombudsperson shall be delivered within a reasonable period.

15.8 The Informal Economy Ombudsperson may make any one or more of the following sanctions:

15.8.1 Issue a warning;
15.8.2 Issue a private or public letter of reprimand;
15.8.3 Impose a fine;
15.8.4 Suspension from trading;
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15.8.2 Issue a private or public letter of reprimand;
15.8.3 Impose a fine;
15.8.4 Suspension from trading;
15.8.5 Banning from trading.
15.8.6 Any other appropriate and suitable sanction.

15.9 The Informal Economy Ombudsperson shall report serious violations to appropriate government or legal authorities including the Multi-stakeholder Governance Body.

Principle 16: Appeals

16.1 The Multi-stakeholder Governance Body shall appoint a three (3) member Appeals Committee to hear all appeals against decisions of the Informal Economy Ombudsperson.

16.2 At least one (1) member of the Appeals Committee shall be a woman.

16.3 The Appeals Committee shall be appointed for two (2) years subject to reappointment and shall serve on a part time basis.

Principle 17: Record keeping

17.1 The Informal Economy Ombudsperson shall keep on record all findings and reasons for findings made by him/her or the Appeals Committee on the Informal Economy Ombudsperson’s website.

17.2 The records referred to above shall be public documents unless otherwise provided.
Code of Conduct for the Informal Economy: Breaking new grounds

Compiled by: John B. Nakuta
Assisted by: Veripi Kande, Victor Kazonyati and Benedict Nakuta