



**BUDGET MOTIVATION STATEMENT FOR
VOTE 19: MINISTRY OF INDUSTRIALISATION AND
TRADE**

2021/2022 FINANCIAL YEAR

PRESENTED BY

HON. LUCIA IIPUMBU, MP

MINISTER OF INDUSTRIALISATION AND TRADE

NATIONAL ASSEMBLY, 26 APRIL 2021

“Growth at Home”

Honourable Speaker

Honourable Members of this August House

Honourable Speaker

Honourable Members of this August House

It is with much gratitude and privilege that I stand before this August House today, to present the estimates of expenditure for Vote 19: Ministry of Industrialization and Trade for the Financial Year 2021/2022.

The Previous Financial Year of 2020/21 was a very challenging one, as it was preceded by the novel Corona Virus pandemic (*COVID-19*) which engulfed the entire globe and slowed down our work activities, trade and commerce across the region and the globe. The pandemic came when we were already battling with economic headwinds. However, we have to devise new strategies and remodel our activities since the pandemic is still in our midst.

We as a Ministry understand the domestic economic performance and the negative economic outlook which is projected to be significantly lower than the previous FY due to declining revenues in the fiscus. Let me take this time to appreciate the Hon. Minister of Finance, the Director General of NPC and their teams for tabling a budget under the theme "*Boosting Resilience and Recovery*".

Honourable Speaker

Honourable Members of this August House

The mandate of the Ministry of Industrialisation and Trade is "*...To develop and manage Namibia's economic regulatory frameworks that promote economic growth with the aim to increase trade and commerce related activities across the country and abroad, to attract investments, and lastly to develop and expand the country's industrial base...*"

The Ministry have identified industrial sectors that can help us realise industrialisation in the country as contained in our NDP5; HPP and MTEF.

The following sectors were identified under the Growth at Home Strategy as relevant in achieving industrialisation:

"Growth at Home"

- 1) Garment and Textile Industry;
- 2) Automotive Industry;
- 3) Biomass and Biofuel Industry, especially in the Charcoal Manufacturing;
- 4) Pharmaceutical Industry;
- 5) Cosmetic, Sanitary and Hygiene Industry;
- 6) Hides and Skin and Leather Processing Industry;
- 7) Gemstones and Jewellery Polishing Industry

Honourable Speaker

Honorable Members of this August House

The Ministry have laid down some of the policies focused on manufacturing as a transformation of raw materials into value-added products. The key elements of industrial policies are Tariffs, Rules of Origins, Trade Agreements and Economic Partnership, Subsidies to Industry Players and Regulators, Standards and Quality Assurance, International Competition and Franchising, and most importantly, Infrastructure Development.

Let me emphasize here that the Ministry, OR the Government will not develop industry infrastructure in isolation, but we need all other Economic Ministries to pull together with our Ministry in developing much needed infrastructure to enhance industrialisation. Despite the economic challenges, we remain resilient and steadfast to work together with all stakeholders and the fiscus to solicit the financial resources needed in order to make Namibia a competitive and industrialised nation.

Honourable Speaker

Honourable Members of this August House

The Ministry has achieved some milestones of successful policy implementation, multilateral and bilateral trade agreements at global and regional levels, and enhanced service delivery to our fellow Namibians. I would like to highlight and summarise those achievements as follow:

At regional level:

- 1) The ratification of SACU Mozambique Economic Partnership Agreement (*SACUM-EPA*);
- 2) The review of SADC EPA – EU Agreement;
- 3) The finalisation of AGOA Utilisation Strategy;

“Growth at Home”

- 4) The ratification of the African Continental Free Trade Agreement (*AfCFTA*);
- 5) The ratification of SADC Protocol on Industry

The content summaries of the above achievements are attached in Annexure. A at the back of my statement.

At national level:

- 1) The Ministry has drafted the National Trade Policy for goods and services in consultation with various stakeholders across the country despite the COVID-19 pandemic;
- 2) Establishment of GS1 Barcode Centre in Namibia;
- 3) The Ministry has launched the Integrated Client Services Facility (*ICSF*) in December 2020;
- 4) The Ministry together with Namibia Trade Forum one of our Agency have launched “Buy Local / Grow Namibia” campaign.
- 5) The Ministry has capacitated local manufacturers to improve their production and supply chain, efficiency and competitiveness of local enterprises through its Industrial Upgrading and Modernisation Program (*IUMP*);
- 6) The Ministry facilitated the implementation of gemstone cutting and polishing training program at Karibib in the Erongo Region;
- 7) The Ministry have introduced various initiatives to support Micro Small and Medium Enterprises (MSME) that lost income during COVID-19 pandemic (Start – up and survival grants & SDGIF)
- 8) The Ministry facilitated the production of local facial masks for vulnerable people such as pensioners, disabled and orphans during the lockdown stages of the COVID-19 pandemic when the supply chain and importing of goods from elsewhere was disrupted;
- 9) The MIT through the Namibia Standards Institution facilitated the manufacturing of hand sanitisers and standardisation.
- 10)

The content summaries of the above achievements are attached in Annexure. B at the back of my statement.

Honourable Speaker

Honourable Members of this August House

It is now, therefore, my singular honor and distinct pleasure to introduce to this August House the budget allocation estimates for Vote 19 for the 2021/2022 Financial Year for which I am seeking your diligent support and approval.

The total budget allocation to this Ministry for is **ONE HUNDRED AND FIFTY-NINE MILLION, SEVEN HUNDRED AND NINETY-SEVEN THOUSAND NAMIBIA DOLLAR [N\$159, 797,000]**

This allocation is divided into Operational Budget amounting to **ONE HUNDRED AND TWELVE MILLION, TWO HUNDRED AND THREE THOUSAND NAMIBIA DOLLAR (N\$112,203,000)**; AND Development Budget amounting to **FORTY-SEVEN MILLION, FIVE HUNDRED AND NINETY-FOUR THOUSAND NAMIBIA DOLLAR (N\$47,594,000)**.

This allocation represents reduction of 9% from 2020/2021 budget of **FIFTEEN MILLION, SIX HUNDRED AND EIGHTY-NINE THOUSAND NAMIBIA DOLLAR (N\$15,689,000)**

The total Operational Budget is allocated as follows:

Personnel Expenditure	N\$ 64 418 000
Goods and Other Services	N\$ 18 810 000
Subsidies and Other Current Transfers	N\$ 28 975 000

The total Development Budget is allocated as follows:

Construction of Sites and Premises for Industrial Estates	N\$ 16,527,000
Construction of Garment Factories	N\$ 12,000,000
Special Industrialisation Program	N\$ 5,000,000
Agro Processing Development	N\$ 3,220,000
Product Development and Group Purchasing Project	N\$ 2,000,000
Gemstone and Jewellery Development Programme	N\$ 1,000,000
Construction of Testing and Inspection Centre	N\$ 7,847,000

The activities of this Ministry are packaged under four [4] main Programmes and I will now present the budget allocations for each programme as follow:

- | | | |
|---|----------|------------------------|
| 1) Trade Promotion Programme | - | N\$ 56 681 000; |
| 2) Industrial Development Programme | - | N\$ 40 800 000; |
| 3) Special Industrialisation Programme | - | N\$ 17 486 000; |
| 4) Policy Supervision and Support Services | - | N\$ 44 831 000; |

The content summaries of the above programmes are attached in Annexure. C at the back of my statement.

Honourable Speaker

Honorable Members of this August House

A total budget of **Nineteen Million Namibia Dollar (N\$ 19,000,000)** is allocated to the Agencies as follow:

- | | | |
|---|----------|------------------------|
| a) Namibian Standards Institution (NSI) | - | N\$ 10,000,000; |
| b) Namibia Competition Commission (NaCC) | - | N\$ 7,000,000; |
| c) Business Intellectual and Property Authority (BIPA) | - | N\$ 2,000,000; |

At this juncture, allow me to thank the entire MIT team, the Deputy Minister, the Executive Director and the entire management and staff for their continued support.

Honourable Speaker

Honorable Members of this August House

In conclusion, I humbly request this August House to consider and approve the sum of **ONE HUNDRED AND FIFTY-NINE MILLION, SEVEN HUNDRED AND NINETY-SEVEN THOUSAND NAMIBIA DOLLAR (N\$159, 797,000)** for both the operational and development budget of Vote 19 - Ministry of Industrialisation and Trade:

I THANK YOU FOR YOUR KIND ATTENTION AND SUPPORT; AND I SO SUBMIT, HONOURABLE SPEAKER.

ANNEXURE. A – ACHIEVEMENT OF 2020/2021 FINANCIAL YEAR – AT REGIONAL LEVEL

<p>1) <u>At Regional level:</u></p>	<ul style="list-style-type: none"> • The Ministry managed to ratify SACU Mozambique (SACUM) United Kingdom Economic Partnership Agreement in order to secure market access for Namibian products to the UK market in the future, because of the ‘BREXIT’ from the European Union and the effect it has regionally; • Under United Nations Conference on Trade and Development (UNCTAD), Namibia secured funding to further support the efforts of its National Trade Facilitation Committee of which various meetings have been held through online platforms with the purpose to meet our national obligations in accordance with WTO Trader Facilitation Agreements. • The Ministry of Industrialization and Trade has finalized the AGOA Utilization Strategy which is aimed at strengthening the trade and investment relations between the United States and the sub-Saharan African region through the promotion of free-market systems. Overall, such reforms are envisioned to increase exports from sub-Saharan Africa to the United States. • Namibia through the National Planning Commission signed a Financing Agreement with the EU amounting to EUR 6 000 000 to be funded under the EDF11 in order to contribute to the successful implementation of the EU-SADC EPA. The intervention areas identified are Sanitary and Hygiene Measures, Technical Barriers to Trade, Rules of Origin and Quality Standards.
	<ul style="list-style-type: none"> • African Continental Free Trade Agreement (AfCFTA) Namibia is among the 36 African countries that have ratified the treaty on the 04th December 2020. African countries that ratified the AfCFTA have agreed on the Rules of Origin on over 81 per cent of tariff lines. African countries opened their markets on the 01st January 2021 under AfCFTA which include also duty-free trading of goods and services across borders. Was it not for the COVID-19 pandemic, trading would have started six months earlier in July 2020. This is not just a trade

agreement, but our hope for Africa to be lifted out of poverty as our president, His Excellency Dr. Hage Geingob declared war against poverty in Namibia. The AfCFTA is expected to boost intra-African trade, promote industrialisation, create jobs, and improve competitiveness of African industries on the global stage.

- **SADC Trade Protocol on Trade in Services and SADC Protocol on Industry**

Namibia has ratified the SADC Protocol on Trade in Services on the 27th June 2020. The Ministry of Industrialisation and Trade continues to coordinate SADC trade and economic activities. The Protocol on Industry was tabled in Parliament on the 25th February 2021 that will culminate in driving of regional industrialisation agenda.

ANNEXURE. B – ACHIEVEMENT OF 2020/2021 FINANCIAL YEAR – AT NATIONAL LEVEL

<p>2) <u>At national level:</u></p>	<ul style="list-style-type: none"> <p>• National Trade Policy</p> <p>During the financial year 2020/2021, Namibia has drafted her Trade Policy in Goods and Services, to guide her engagements on trade issues with the other parties. The Ministry has successfully conducted country wide stakeholders’ consultation on the Policies despite the COVID-19 pandemic.</p> <p>• Establishment of a GS1 Barcode Centre in Namibia</p> <p>Namibia submitted the application for bar code license to GS1 in Brussels in September 2020. Five Namibian businesses applied for about 1000 barcodes for different products through Namibian Barcode Center Office. All applications were approved and clients received their barcodes.</p> <p>• Integrated Client Service Facility (ICSF)</p> <ul style="list-style-type: none"> • <p>ICSF which is aimed at enhancing the ease of doing business in Namibia was launched in December 2020 and is a one –stop-shop to register business through one single point. This facility is to improve the Namibia Global Competitiveness ranking across the globe. On the Growth Competitiveness Index (GCI), Namibia is ranked 104 with the score of 54.46 GCI and growing at average of 1.96% annual rate in comparison to 107 in the year in 2019.</p> <p>• Launched the “Buy Local / Grow Namibia”</p> <p>We (the Ministry) together with Namibia Trade Forum and various stakeholders have launched successfully ‘Buy Namibia Grow Namibia’ Campaign during October 2020; and the second phase of the campaign will start between May – June 2021 which will incorporate more SMEs to enhance the capability to access retail shelf space; It is expected to have regional representation focus on women and SMEs;</p>

	<ul style="list-style-type: none"> <p>• Industrial Upgrading and Modernisation Program (IUMP) The Ministry have improved the competitiveness of local enterprises in the production and supply chain capacity through its IUMP Grants. A Total of 45 entrepreneurs have benefited under this program from all 14 regions.</p> <p>• Gemstone Cutting and Polishing Our Regional Offices facilitated the implementation of gemstone cutting and polishing training program and 25 participants were selected and are currently undergoing training at Karibib Gemstone Cutting and Polishing training centre.</p> <p>• COVID 19 grants The Ministry have introduced various initiatives to support entrepreneurs hard hit by the pandemic in collaboration with development partners and other stakeholders, these includes providing of Covid-19 grant to Micro Small and Medium Enterprises (MSME) that lost income during Covid-19 lockdown. The total number of 200 entrepreneurs have benefited from this grant. During the second intervention which is Covid-19 survival, a total number of 396 entrepreneurs have benefited from this grant;</p> <p>• Production of facial masks for vulnerable people such as pensioners, Disabled and orphans. The Ministry was able to ensure production of 454,894 masks for the most vulnerable members of our society including pensioners, children receiving disability grants and hospitalized patients in public hospitals. This exercise 57 Small and Medium Enterprises were contracted and the domestic economy was boosted with a total of Nine Point Two Million Namibia Dollar (N\$ 9,207,500);</p>
--	---

ANNEXURE. C – PROGRAMMES

<p>1. TRADE PROMOTION</p> <p>N\$ 56,681,000 (FIFTY-SIX MILLION, SIXTY HUNDRED AND EIGHTY-ONE THOUSAND NAMIBIA DOLLAR)</p> <p>is allocated to this Programme.</p> <p>The programme consists of two main components, namely Domestic and External Trade Management.</p>	<p>1.1 <u>Domestic Trade Management</u></p> <p>This Activity focuses on the development and adoption of an appropriate legal, regulatory and institutional framework for effective registration, establishment and operation of businesses; the registration, protection and enforcement of intellectual property, standards conformity assessment and franchises, as well as promotion and safeguarding of consumer welfare and market competition as important conditions for a vibrant and robust domestic economy.</p> <p>The following Enabling Policy frameworks will be launched in 2021/22:</p> <p>(a) Consumer Protection Policy (CPP)</p> <p>The Policy aims to protect consumers against Unfair, Discriminatory and Abusive Practices. The consumer protection policy is due to be launched in June 2021.</p> <p>(b) Amendment of National Quality Policy (NQP)</p> <p>The Policy strives to improve the quality of life for all Namibians reflected in the quality of all types of products and services available in order to accelerate the social and economic development of Namibia. As a result, improve national productivity through enhances resource utilisation in all sectors of the economy and improve export performance of the country for Namibia to be highly competitive internationally. The policy was launched on 23 April 2021.</p>
--	--

(c) Amendment of Trade Metrology Act, 2005 (Act No. 17 of 2005)

The Namibia Standard Institution is working on the finalization of the Amendment of Trade Metrology Act, 2005 in order to alleviate technical barriers to trade associated with measurements aimed at increase human health and protection of the environment. The bill is in its final drafting stage and listed for tabling in Parliament during the current FY.

(d) Amendment of Industrial Property Act, 2012 (Act No. 1 of 2012)

In compliance with the Industrial Property Act 1 of 2012, the Ministry has commenced the process of establishing an Industrial Property Tribunal. To this end, we constituted a Tribunal Rules Board which is chaired by the Judge President, Petrus Damaseb. The expenses of the Tribunal will be defrayed from the money appropriated to the Ministry. Currently the Rules for the Tribunal are undergoing legal scrutiny.

(e) Amendment of the Merchandise Marks Act, 1941 (Act No. 17 of 1941)

The current status quo on the Merchandise Act, 1941 pose a serious challenge to BIPA as there is no register of the marks approved in terms of the Act. The Ministry is working on amending the Merchandise Marks Act, 1941.

d) Finalization of the Namibia Property Practitioners Bill

The Namibia Property Practitioners Bill aims to repeal the outdated Estate Agents Act, 1976 (Act No. 112 of 1976) once promulgated. The bill is currently awaiting discussion at the Cabinet Committee on Legislation.

(e) Finalization and implementation of the Namibia Investment Promotion Act, 2016 (Act No. 9 of 2016) (NIPA) and its regulations

This Act aims to provide for the promotion of sustainable economic development and growth through the mobilization and attraction of foreign and domestic investment to enhance economic development and reduce unemployment. The Bill is currently at the legal drafters for final scrutiny as it was temporarily withdrawn for inclusion of inputs from Namibia Investment Promotion and Development Board (NIPDB).

1.2 External Trade Management

This programme is meant to push high volumes, increase value and deliver an assortment of Namibian goods and services for export as well as sourcing external markets and preferential market access conditions for Namibian products landing in regional, continental and global markets. In line with its mandate, the Ministry will continue to participate and coordinate Namibia's engagement in the following:

- **Under WTO**, Namibia will continue to participate in the Negotiating Group on Rules of Origin. Namibia is a strong proponent of the Doha Development Agenda, and we will participate in the preparatory negotiations at an upcoming WTO Ministerial Conference (MC12) in November 2021.
- **At Continental level**, Namibia will continue to participate in the AfCFTA programmes to finalize outstanding work related to Rules of Origin and increasing the level of ambition in trade liberalisation.
- **At regional and bilateral arena**, Namibia will continue to participate in all the trade negotiations and work programmes both SADC and SACU levels.

	<p>(a) National Trade Policy Instrument</p> <p>Under this activity, Namibia will continue to protect and to promote the rights and interest of Namibia regarding International Trade. In this regard, the Ministry will endeavour to finalize the national Trade Policies in Goods and in Services to support Namibia’s agenda in all trade related negotiations, both regionally and at the multilateral level. Furthermore, the Ministry will fast-track the finalization of the legal framework for the envisaged National Body in accordance with Article 14 of the SACU Agreement.</p> <p>(b) Trade Promotion</p> <p>In line with the High Level Panel recommendations, the Ministry will endeavor to develop Namibia Export Strategy with the objective to have a coordinated approach for export promotion activities. Consultations are ongoing on the best approach to implement this activity and depending on the funding model, the International Trade Centre (ITC) in Geneva is ready to provide some technical assistance and advisory services. In the same vein, the Ministry through NIDA endeavors to advance work on the External Trade Centers through the Public Private Partnership Modalities.</p>
--	--

<p>2. INDUSTRIAL DEVELOPMENT PROGRAMME</p> <p>N\$ 40,800,000 (FORTY MILLION AND EIGHT HUNDRED THOUSAND NAMIBIA DOLLAR)</p> <p>is allocated to this Programme.</p>	<p>The purpose of this programme is to develop a robust and competitive industrial sector in the country. The activities that are carried out under this Programme are aimed at building and boosting the capacity of local industries to efficiently produce and supply goods and services that meet both local and export demand, as well as the ability of local industries to withstand global competition.</p> <p>The activities under Industrial programme are as follow:</p> <p>(a) Garment Factories and School uniform projects</p> <p>Cabinet has directed the Ministry in conjunction with the Ministry of Education, Arts and Culture to phase out, the</p>
--	--

	<p>import of public schools' uniforms into Namibia, over a period of 2 years, in favour of locally manufactured attire without compromising on quality and competitive prices. This intervention among others will address unemployment in the country, outflow of capital and expertise to foreign countries.</p> <p>In this regard, the Ministry embarked on the implementation of this Cabinet Directive and has appointed a Textile and Garment Expert to assist with the assessment of existing SMEs in the garment industry in terms of the production capacity. The Ministry assisted various SMEs with different types of tailoring/sewing machines under the Equipment Aid Scheme [EAS] in all the fourteen [14] Regions who were assessed to ensure their participation in the Programme. The purpose of this assessment is to ensure that local clothing manufacturers are adequately empowered in terms of skills and production technology to be able to participate in the production of quality school uniforms</p>
<p>The next programme is:</p> <p>3. SPECIAL INDUSTRIALISATION PROGRAMME</p> <p>N\$ 17,486,000 <i>(SEVENTEEN MILLION, FOUR HUNDRED AND EIGHT-SIX THOUSAND NAMIBIA DOLLAR)</i> is allocated to this Programme.</p>	<p>The main objective of the policy is to develop the informal economy and its participants into commercially viable and mainstream economy sector which could contribute to the economic growth of Namibia and its inhabitant in a sustainable manner. The policy seeks to address challenges faced by informal economy including infrastructure, entrepreneurial development, and institutional support.</p>
<p>The last programme is:</p> <p>4. POLICY SUPERVISION AND SUPPORT SERVICES</p> <p>N\$ 44,831,000 <i>(FORTY-FOUR MILLION, EIGHT HUNDRED AND THIRTY-ONE THOUSAND NAMIBIA DOLLAR)</i> is allocated to this Programme.</p>	<p>This programme is divided into two activities, namely:</p> <p>The activity giving leadership in the ministry with overarching oversight ensuring that the requisite policy and legal framework are formulated and implemented for the attainment of the ministry's mandate through proper alignment of other National Development Goal (NDGs) and the Harambee Prosperity Plan (HPP). It oversees the oversight function discharged by the</p>

	Accounting Officer and the rendering of administrative/support services to other directorates/departments and agencies under the mandate of the Ministry to facilitate the implementation of programmes and projects.
--	---