

7TH NATIONAL ASSEMBLY



REPORT

OF THE

**PARLIAMENTARY STANDING COMMITTEE ON ECONOMICS
AND PUBLIC ADMINISTRATION**

ON THE

**OVERSIGHT VISITS OF INDUSTRIAL PARK AND SME CENTRES IN
OSHANA, OMUSATI, OHANGWENA AND OSHIKOTO REGIONS**

31 JULY TO 04 AUGUST 2023

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LIST OF ABBREVIATION

NIDA	NAMIBIA INDUSTRIAL DEVELOPMENT AGENCY
MIT	MINISTRY OF INDUSTRIALISATION AND TRADE
ODC	OFFSHORE DEVELOPMENT CORPORATION
NDC	NAMIBIAN DEVELOPMENT CORPORATION
SME	SMALL MEDIUM ENTERPRISE
EPZ	EXPORT PROCESSING ZONE
UNIDO	UN INDUSTRIAL DEVELOPMENT ORGANISATION
DBC	DEVELOPMENT BRIGADE CORPORATION
PPP	PUBLIC PRIVATE PARTNERSHIP
NDP5	5 TH NATIONAL DEVELOPMENT PLAN
SOE	STATE OWNED ENTERPRISE
NORED	NORTHERN NAMIBIA'S REGIONAL ELECTRICITY DISTRIBUTOR
VTC	VOCATIONAL TRAINING CENTRE
NSFAF	NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
MOU	MEMORANDUM OF UNDERSTANDING

1. EXECUTIVE SUMMARY

The report highlights the findings of the oversight visit focusing on the achievements, weaknesses, shortcomings and challenges of Industrial Parks and SME Centres in the above-mentioned regions.

The following were some of the findings and observations of the Committee:

- Employees of Namibia Industrial Development Agency (NIDA) do not have employment contracts with NIDA since the transition of Offshore Development Corporation (ODC) and Namibian Development Corporation (NDC) to NIDA. They are employed under the old contracts and some officials are not on NIDA's payroll including the 3 officials stationed at the Ondangwa Northern Tannery.
- The majority of the Industrial Parks and SME Centres in the above-captioned regions has no water and public electricity.
- The structure of the Parks and SME Centres does not suit the modern time, the structure poses challenges for business owners to attract customers.
- No renovations were made since the establishment of the Industrial Parks and SME Centres.
- Majority of the SME entrepreneurs had no information regarding the equipment aid programme being offered by the Ministry of Industrialization and Trade (MIT).
- NIDA does not have an assets portfolio as the assets are either owned by MIT, ODC and NDC.
- There is a communication breakdown between NIDA and the Ministry of Industrialisation and Trade since transition of ODC and NDC to NIDA.
- There is high rate of arrears across the Industrial Parks and SME Centres visited.
- Members observed a huge discrepancy in the rental fees being charged on the business units across the Industrial Parks and SME Centres visited, in terms of the area or nature of business being rendered.
- Members found that the Omahenene SME Park and Export Processing Zone (EPZ) project has been abandoned for almost 10 years and is not budgeted for in the capital project for completion.
- The Ondangwa Northern Tannery used for processing of leather products, has been abandoned with new equipment and has not been operational since 2014.
- The ODC Inland terminal at Oshikango EPZ comprising of an inspector block and offices, has not been occupied since it was constructed in 2014. NIDA started managing the property in 2019.

2. INTRODUCTION AND BACKGROUND

In May 2021, the Standing Committee on Economics and Public Administration held a Stakeholders Consultative Workshop where a myriad of shortcomings and challenges faced by NIDA with regards to Industrialization and trade enhancement were highlighted.

Mindful of all the shortcomings, robust efforts have to be made to reach the ideals of Vision 2023 i.e. **“A prosperous and industrialized Namibia, developed by her human resources, enjoying peace, harmony and political stability.”**

It is against this background and as part of its parliamentary oversight function, that the Standing Committee conducted oversight visits to Industrial Parks and SME Centres in Oshana, Ohangwena, Omusati and Oshikoto regions from 7 to 11 August 2023. The purpose of the visits was to assess the challenges facing the Industrial Parks and SME Centres in the Regions and make meaningful recommendations to the line Ministry on possible ways to address the challenges.

According to the UN Industrial Development Organisation (UNIDO), Industrial parks are designed to attract investment, create employment and boost export by overcoming constraints that hinder industrialization processes, such as limited access to infrastructure, technology, and finance, as well as high production and transaction costs stemming from the lack of infrastructure and weak institutions outside the parks.

NIDA was established in terms of Act 16 of 2016, to advance Namibia's Industrialisation agenda in line with the country's policies and developmental strategies, such as the Growth at Home Strategy, Harambee Prosperity Plan and 5th Namibia Development Plan (NDP5). NIDA came into existence in 2018 when NDC and ODC was merged and NIDA was established. NIDA is a commercial State Owned Enterprise (SOE) resorting under MIT.

3. COMMITTEE MEMBERSHIP

The following Members undertook the visit namely: Honourables Helaria Mukapuli (Leader of the delegation), Johanna Kandjimi, Maria Elago, and Fenni Nanyeni. Members were accompanied by Ms. Theresia Dimba (Parliamentary Clerk), Mr. Lot Helao (NIDA), Ms. Lempie lipinge (NIDA) and Mr Frans Nekuma (MIT).

4. METHODOLOGY

The Committee had briefing meetings with senior officials from NIDA and MIT and occupants of Industrial Parks and SME Centres in the above-mentioned regions. The delegation also conducted physical site visits of the Industrial Park and SME Centres.

5. PURPOSE OF THE REPORT

The purpose of the report is to inform the National Assembly about the outcome of the oversight visits in terms of findings, recommendations as well as to discuss, consider and adopt the report.

6. INDUSTRIAL PARKS AND SME CENTRES VISITED

The Committee visited the following Industrial Parks and SME Centres: Omahenene SME Park, Okalongo SME Park, Oshikuku SME Park, Ondangwa Northern Tannery, Ondangwa Industrial Park, Ondangwa Auto City, Omugongo Industrial Park, Oshakati Industrial, David Shikomba Business Park, Eenhnana SME Park, Ohangwena SME Park, EPZ Oshikango, Ongenga SME Park, Old DBC Houses, Okutopola Community Market, Omuthiya SME Park and the NIDA Regional Office.

7. FINDINGS, OBSERVATIONS AND DISCUSSION

7.1 COURTESY CALL ON THE GOVERNOR OF OMUSATI REGION

The delegation paid a joint courtesy call to the Office of the Honourable Governor of Omusati Region together with the Parliamentary Standing Committee on Constitutional and Legal Affairs and the Parliamentary Standing Committee on Human Resource and Community Development. Members were welcomed and briefed by Hon. Erginus Endjala, Governor of Omusati Region.

The Honourable Governor expressed the following sentiments with regards to the social-economic issues facing the region and the world: high unemployment rate, food crisis, climate change and conflict, proposed strategies to resolve the issues of unemployment; and food crisis including increased support for agriculture production.

The Governor was of the opinion that although the country is moving towards Industrialisation, limited attention is paid on vocational and technical training stating that the sector is not well funded. Members were urged to emulate from other countries such as South Korea, where the requirement for employment is 60% vocational and 40% university. This practice he believes will contribute to the industrialisation of the country.

He was further of the opinion that the National Research Institution is also not well funded to be able to carry out their mandated.

With regards to SME development, the Honourable Governor expressed the need to provide entrepreneurs with equipment instead of funding. Young entrepreneurs have skills but lack equipment to do the work.

He emphasizes the need to solicit the view of the public before implementing laws and advised the Members to pay attention to detail when conducting oversight visit and that their contributions during budget debate should include information gather during oversight activities.

The Honourable Governor further proposed that a motion on Economics Reform be table to address the shortcoming on the industrialisation policies and map strategies to guide the country on industrialisation.

Member were informed that the Omusati region will launch its first plantation of grapes very soon and proposed that a similar project be introduced in all the other thirteen regions.

In his closing remarks, the Governor raised a concern regarding the Omahanene SME Park project that has been abandoned and incomplete for more than ten years and requested the delegation to visit the site and engage the Officials from MIT and NIDA on the way forward with regards to the completion of the project.

7.2 OMAHENENE SME PARK (INCOMPLETE ABANDONED PROJECT)

The Omahanene SME Park has two parts, the first part is a SME Park inclusive of business units and the second part is an EPZ Centre which was built meant to enhance trade between Namibia and Angola, however the construction of the SME park and EPZ was abandoned in 2017 due to the budget cuts when the monitorium on capital project was implement 2015.

During the visit to the site, the Committee observed that some building materials have been abandoned at the premises which is being guarded by the security, however the warehouse building is completed. Members were informed that the project is not budgeted for in the capital project, but the Ministry is working on Public Private Partnership (PPP) agreement to revive the project.

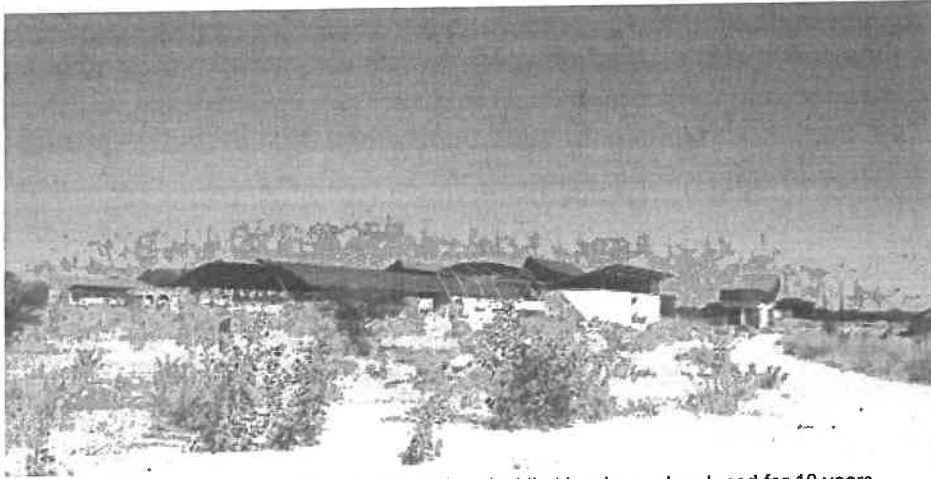


Image of Omahenene SME Park and EPZ project that has been abandoned for 10 years

7.3 OKALONGO SME PARK

The Park was inaugurated in 2013 and comprises of 10 Units. Some of the major businesses include, Standard Bank, Nampost and a Mini Market. Before covid-19, businesses were doing well, however after covid-19, business is very slow, customer prefer to buy food items, therefore other businesses are struggling.

Members found that when the Park was build there was no other building, therefore the Park was structure in the current design due to security reason, however currently the structure poses challenges because there is other business build around the Park, and the tenants find it difficult to get customer.

7.3.1 CHALLENGES AT THE OKALONGO SME PARK

- The sewerage line connection is constantly blocked.
- Due to the reduce number of customers and loss of revenue, tenants are struggling to pay their monthly rental fees.
- The structure/design of the park poses big challenges for tenants to get customers, some units are behind and does not attract customers.
- The park has no lights and no water, tenants bring their own water from home.
- The SME Park wall is dirty, the bugler door for the ablution facility is broken and not operation due to the lack of water at the Park.
- There is a lot of illegal informal traders trading outside the Park.
- Majority of tenants are on arrears with the monthly rental fees, and some business have been closed due to the areas. One of the tenants owing N\$ 45 918.80, while her monthly rental fees is N\$ 3409.00 complained that she cannot afford the monthly fee

because the business is not doing well and requested for weaving of arrears. **Please see the attached letter as annexure A.**

- The Park does not have security, during the night the park is left unattended, robbers can break in at night to steal the goods.

7.3.2 COMMITTEE OBSERVATIONS AT OKALONGO SME PARK

- The park had a bed and breakfast, due to the lack of customers, the bed and breakfast has been converted to an office which is being rented by the Settlement Office.
- Since the establishment of the Park no renovation has taken place and the air conditioner is not connected.
- Okalongo settlement does not have an open market, therefore there is a lot of illegal traders trading outside the Okalongo SME Park, as a result, traders inside the park are struggling to get customers thus affecting trade. The design of the Park does not suit the currently situation, it needs to be redesign to be modern.
- Members found that there was a proposal for NIDA to construct an additional structure at an available open space to accommodate the illegal traders trading outside the units for a fee, however there hasn't been any feedback regarding the proposals.
- NIDA does not have an exit rule policy, if a business is not doing well, officials cannot replace the tenants and also NIDA rules does not specify how many months a tenant can be on arrears before the units can be repossessed.
- Tailor businesses at the Park have been assisted by the MIT Ministry in term of paying for them to attend trade fair and also to buy material to grow their businesses.

7.4 OSHIKUKU SME PARK

The park has been in operation since 2009. There are 14 units, 7 are occupied and 7 are vacant due to lack of tenants to occupy the units and some are closed because of the unaffordability to pay the rental fees. The Park comprises of different type of business, the biggest being Shoprite Usave and Kambwa Trading.

7.4.1 CHALLENGES AT OSHIKUKU SME PARK

- Majority of the tenants are on areas with their monthly rental fees, they are either unable to pay or refused to pay their monthly fees.
- The structure of the Park poses big challenges for tenants to get customers, some units are behind and does not attract customers.
- SME fail to start up business, because they are required to register the company and the processes is cumbersome.

- Tailor businesses, during the month of February to April, face challenges of lack of customers, as a result some close their businesses for that period, customer inflates are only experienced during December because of the festive season and January to February when the school opens. Although business closes temporarily during the period of February to April, tenants are still required to pay their monthly rental fees.
- Tailor businesses sometimes receive request for job attachment to train students but are unable to conduct training because of the lack of equipment and some units are too small to accommodate a number of people.
- There is no ablution facility in some units which poses challenges when working overtime, the issue was raised with NIDA's offices several times.
- Since establishment, renovation has taken place for example one unit has broken window since 2016.
- Lack of ablution facility for the Public.

7.4.2 COMMITTEE OBSERVATIONS AT OSHIKUKU SME PARK

- The Park does not have ablution facility for the public, only the business units have, however one business being used by a tailor does not have a toilet ablution facility, she is relieving herself under the bridge.
- The Doctors consulting room does not have a wash basin and tap to wash the hands.
- The Park is not arranged according to the type of business being rendered, the units are mixed, because they are allocated randomly.
- Some units have been closed due to tenants' inability to pay the monthly rental fee. The price range from \$1200 upwards.
- Although some tailor businesses close during February to April due to the lack of customers, tenants are still required to pay the monthly fees.
- Machinery such as the machine to make logo is very expensive, tailors are facing challenges to acquire the machinery.

7.5 COURTESY CALL ON THE GOVERNOR OF OSHANA REGION

The delegation paid a joint courtesy call to the Office of the Honourable Governor of Oshana Region together with the Parliamentary Standing Committee on Human Resource and Community Development. Members were welcomed by Honourable Elia Irimari, Governor of Oshana Region. The purpose of the courtesy call was to brief him about the purpose of the visit.

In his remarks, the Governor briefed the members on the issues of service delivery with regards to NIDA and highlighted some of the issues as such the unethical usage of money, failure to pay salary, high arrears and the structures of the Industrial Parks and SME Centre as contributing factors affecting NIDA operations.

The Honourable Governor expressed his disappointment with regards to NIDA bureaucracy in terms of service delivery and explained that there was an investor who wanted to lease the Ondangwa Northern Tannery that has not been operational since 2014 to produce leather products, the Minister of Industrialisation and Trade gave authorization for the project to go ahead, however the proposal was turned down by NIDA officials for reasons unknown.

The Governor further mentioned that the rental prices for the Industrial Parks and SME Centres in the region is very high as a result business premises such as David Shikomba SME Park is closing down because of the unaffordable rental prices.

In his closing remarks, the Governor called on the Ministry of Industrialisation and Trade under the equipment aid project to provide machinery based on the regional needs or demands and called for a regulatory body to inspect Government Buildings.

7.6 ONDANGWA NORTHERN TANNERY

The tannery was used for processing of leather products and has not been operational since 2014. About 70 million was spent to build the tannery, excluding the machinery. The tannery used to employ around 115 people currently there are only three workers stationed at the tannery serving as caretakers, cleaner and security guards. The 3 workers are not on NIDA's payroll since 2014 and are only paid N\$10 000 as allowance which is divided among the 3 and is only paid around the 15th of every month.

The tannery does not have water neither electricity. The water and electricity was disconnected not to incur costs, therefore the caretakers carry water from home.

The previous Indiana occupant left the Tannery because of the transport cost to transport the finished goods from Ondangwa to Walvisbay and the difficulties in getting the cattle skin to make the leather during the period of foot and mouth disease.

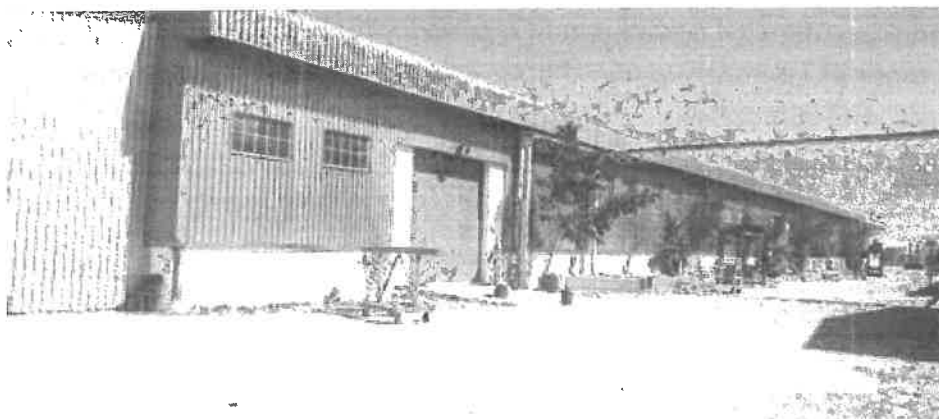
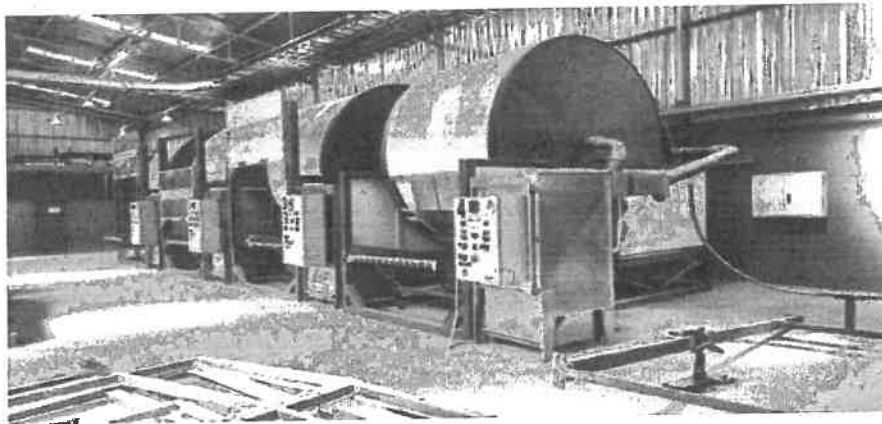


Image of the Ondangwa Northern Tannery that has been in operation since 2014

7.6.1 COMMITTEE OBSERVATIONS AT ONDANGWA NORTHERN TANNERY

- New machinery that has been abandoned at the tannery since 2014. Machinery such as boiler, spray line, freshing and split machine are among the machinery that has been abandoned. Although the Tannery has not been operational since 2014, there was an expansion done on the finishing areas workshop in 2016.
- New materials and a new boiler machinery parts that was purchase which has been abandoned.
- One of the workshop with machinery has 4 open areas in the roof which was covered with plastic, however due to strong winds, the plastic has tired, as a result the dust through the holes is causing damaged to the machinery.
- The battery that was purchased for the panels, are very small and it does keep up with the capacity of the Tannery and the tank for diesel is not operational due to the lack of power.
- The officials' accommodation does not have water and electricity and the drum operator house has been vandalized.
- The Tannery has a pond at the premises, although the production capacity does not fill up the pond which is at the premises, NIDA constructed 5 other new ponds between 2018 and 2019, which is 7 kilometers away from the premises. During the site visit to the ponds, Members found that there is no supervision of the ponds, as a result the ponds have been vandalized and some of the materials such as the pipes has been stolen.



Some of the new machinery abandon at the Tannery

7.7 ONDANGWA INDUSTRIAL PARK

The park has 17 units and only 3 are vacant. One unit which was owned by a Zimbabwean National has been closed since 2020 because the tenants went back to Zimbabwe during

covid-19 period and never came back. The dry cleaner has also been closed due to a legal matter that is in court and the 3rd unit is closed because the owner died of Covid-19 on 20 July 2023. All the 3 units cannot be leased because the owner goods are still inside the units. The monthly fees for the business units at the Park range from N\$ 1 500 00 to N\$ 5 000.

7.7.1 CHALLENGES ONDANGWA INDUSTRIAL PARK

- The Park has no water for 3 years now due to the arrears with the Town Council, tenants bring own water from home.
- Lack of maintenance and renovation of the park for almost 10 -12 years.
- The park has no public lights, which is a security risk especially during knock off hours.

7.7.2 COMMITTEE OBSERVATION ONDANGWA INDUSTRIAL PARK

- NIDA does not have a guiding policy to deal with situation such as if a tenants dies. Members proposed that the business should not be keep close but be made available for the next person to occupy immediately. With regards to legal matters, the delegation was of the opinion that the matter be resolved outside without interfering with the business operations.
- Members observed that some of the customers' goods are keep in the business premises of the owner who passed on in 2021 and the tender was only advertised a week before the Committee visit to the Park.
- During the visits, Members found that the tailor businesses with 12 employees who are paid a salary ranging from N\$ 1 400 – N\$ 2 000, plan's to employee more people but have a challenge of lack of space and machinery to accommodate more employees. Sometimes the business is unable to meet the demands due to the lack of machinery such as a button hole machine and cutting machine.

7.8 ONDANGWA AUTO CITY

The Park has 18 units which is occupied mainly by mechanics. The structure is very old and it was never renovated.

7.8.1 CHALLENGES AT ONDANGWA AUTO CITY

- The premises do not have a security guard for protection, during the night there is no security to protect the equipment.
- Some of the business unit, is very dirty, NIDA official do not conduct supervision of the Parks because of the lack of man power.
- Ablution facility have been closed due to the lack of water.
- Some owners indicated their willingness to train graduate or volunteers, however they face challenges of lack of machinery, because majority of the owners purchase their own machinery and it's very costly, the price for machinery range from N\$ 180 000 to N\$ 230 000 and can take up to 1 year to be delivered. They do not get assistance from the Ministry however, they do take students for job attachment who are paid e.g. N\$70 per day.
- They also face challenges such as customers who refused to pay for services rendered or either abandoned the goods to avoid paying for services.
- The Park is faced with challenges of illegal trader trading outside the Park, and sometimes their grab customers.

7.8.2 COMMITTEE OBSERVATIONS AT ONDANGWA AUTO CITY

- Almost 2 years the premises are without water, tenant bring their own water from home, and some bought their own tank of water that was connected to the water meter but the excise is very costly.
- No renovation has been done since the establishment of the Park, some walls have cracks and some ablution facility pipes have big hole that have been covered with sand to avoid the water from overflowing.
- Some business owner paid for their individual water at the Town Council, at the same time NIDA also made payment for the same units, resulting in double payment.
- Members observed that majority of the SME entrepreneurs had no information regarding the equipment aid programmes being offered by the MIT Ministry.

7.9 OMUGONGO INDUSTRIAL PARK

The park was built in two phase. Phase 1 consist of 5 warehouses which was completed in 2023 and phase 2 was completed in 2018 also made of 5 warehouses. All the units are occupied. Members visited one of the toilet paper manufacturing warehouse. The business monthly rental fee is N\$ 11 000, and have 8 employees who are paid between N\$ 1 000 and N\$ 2 500 monthly. Employees were promised an increasement within 6 months but they haven't received any increasement since 2018. Employees are deducted 2 days instead of one day for staying one day away from work.

7.9.1 COMMITTEE OBSERVATIONS AT OMUGONGO INDUSTRIAL PARK

- The toilet manufacturing warehouse has no window for ventilation and staff lacked protective gears, such as safety boots for the employee working with the machinery, hand glove and strong musk.
- Although employees are deducted social security monthly, they however do not have social security numbers, employees were not aware whether they are indeed register with Social Security Commission.
- Members observed that there are acacia trees planted in the Park which is not safe for the environment and proposed that NIDA official conduct preventative maintenance by cutting off the trees.
- A discrepancy in the rental prices for example the business units supplying Nutri Food to the Government Institutions such as hospital, the business owner used to pay N\$ 19 000 rental fees but currently is only paying N\$ 5 000. NIDA officials explained that there was a 50% reduction fee on the rental fees during Covid-19, when business where struggling, therefore the amount was reduced from N\$ 19 000 to N\$ 5 000.
- Members found that for some businesses visited, although there were struggling during covid-19, and some business closes for the period of February to April due to lack of customers, they were still required to pay their full rental fees.

7.10 OSHAKATI INDUSTRIAL PARK

The park comprises of different Erven namely: erf 1304, 1306,1307,1308 and1309. The rental fee is charged according the square meter of the unit. The park is occupied by mechanics, except one which is an office block.

7.10.1 CHALLENGES AT OSHAKATI INDUSTRIAL PARK

- The Park does not have water since 2017.
- The Park does not have a security guard, as a result, there is a lot of illegal traders trading outside the units, causing competition with the legal business owners, who are paying rental fees, while the outside traders are trading without paying a fee.
- NIDA Officials do not conduct supervision of the Park due to lack of man power and only appear when it's time to lock business due to arears.
- The Park has an old ablution facility, however business owners and customers are unable to use it because of the lack of water at the Park, when nature calls, they make use of the bushes.

- Sometimes customers' vehicles are left outside unattended due to lack of space to keep them. The lack of security guard at the Park poses challenges because vehicles can be stolen.
- There has been no renovation since 2000 and the Park is very old.
- Most of the prominent business moved out due to the lack of water and conditions of the Park.

7.10.2 COMMITTEE OBSERVATIONS AT OSHAKATI INDUSTRIAL PARK

- The structure of the Park is very old, there is a need to build a new structure.
- There is a lot of Erven allocated at the Park, Members proposed consolidation of the erven to avoid high rate and taxes fees and for better control.
- The majority of the business owners with a 9 years lease agreement are paying more than the new owners, NIDA official explained that this is because the new owners are charged the new rates which is N\$ 30 per square meter.
- Members found that there was a proposal for NIDA to construct a structure at an available open space to accommodate the illegal traders trading outside the units for a small fee and also a proposal to put up gate at the entrance together with a security to address the issues of illegal traders, the proposals were shared with the head office, however there has been no feedback regarding the proposals.

7.11 DAVID SHIKOMBA BUSINESS PARK

The Park has been in operation since 2005. There are 43 units and only 3 units are vacant. The full equipped restaurant closed down due to lack of water the Park. The salon businesses are charged N\$ 7 000 and the tailor businesses are charged between N\$900 and N\$950 which is inclusive of the water. The Park has no water, however Members found that the water was paid on the 1 August 2023 the same day Members visited the Park.

7.11.1 CHALLENGES AT DAVID SHIKOMBA BUSINESS PARK

- The Park has no water neither public electricity. Tenants have been using water from the fire extinguisher.
- The ablution facility has no water and electricity; however, tenants are charged N\$ 100 per month to use the ablution facility.
- When Shoprite was in the premises, other businesses were getting customers, now they are struggling to get customers.

- The premises have no public light and no Security Officer which is not safe for the tenants because the complex gets very dark during knocking off hours.
- Despite the lack of water at the Park, NIDA agency continues to increase the rental fees yearly.
- Some units are being vandalized, e.g. broken window.
- Some of the units does not have window neither air conditioner for ventilation.

7.11.2 COMMITTEE OBSERVATIONS AT DAVID SHIKOMBA BUSINESS PARK

- Although the Park does not have water neither public lights, there were no reduction made on the rental prices.
- Big businesses such as Shoprite moved from the Park due to the lack of water and refusal from NIDA agency to expand the unit.
- For 8 months since last year the Park is without water and again this year from April 2023. One of the printing business owner informed the members that a letter was sent to NIDA regarding the issues of lack of water at the Park, which is affecting the business because the printing machinery required water, without water it can damage the machine, although without water, tenants are required to pay the full amount and when they default on the payment there are threaten with eviction from the Park by the NIDA Officials.

7.12 EENHANA SME PARK

The Park has been in operation since 2003 and has 26 units which are all occupied. During the visit Members found that from 2013 to 2014 renovation was done at the Park and the tenants were notified to vacate for a period of 3 months so that renovation could take place, however the renovation lasted for 7 months.

Although the tenants were requested to vacate during the period of renovation, they were however still required to pay their full monthly rental fees for that period. This arrangement resulted in majority of the businesses to be on arrears. Furthermore, during the period of renovation, some business owners had to rent other place so that their businesses could continue which resulted in paying rental fees for two business units.

7.12.1 CHALLENGES AT EENHANA SME PARK

- During the period of lock down as a result of Covid-19 businesses where closed however tenants were still required to pay their full monthly rental fees, no arrangements were made with regards to the rental payments. A complaint was shared with NIDA official but to date there is on feedback.

- High arrears among business owners
- High percentage of tax being charged on local suppliers. For example, the owner of Tuuli garment, a uniform manufacturing company informed the Members regarding the 32 percentage tax being charged for local suppliers and further stated that in 2018 with the assistance of the Ministry of Industrialisation and Trade, she applied for tax exemption of 18 % but still waiting for feedback.
- Low volume of customers and high rental fees. For example, the restaurant business owner requested for a reduction in the monthly rental price of N\$ 10 000. According to the owner, the food business is not doing well, the maximum customers per day is 10 customers, which translate into \$ 500 to \$600 per day. The business is not profitable and the rental price is too high. The previous business owner left the businesses with high electricity debts of +- \$300 000 with Northern Namibia's Regional Electricity Distributor (NORED).

7.12.2 COMMITTEE OBSERVATIONS AT EENHANA SME PARK

Members found an entertainment area that was built at the Park next to the restaurant which is not being used because of the lack of daily rate price for the area. The area is sometimes used for community gathering for free.

7.13 OHANGWENA SME PARK

The Park consists of 11 units which are all occupied. Nampost and Odga Vocational Training Centre (VTC) are among the units occupied.

The units that is being occupied by Odga VTC was in a dilapidated stated and the owner entered into an agreement with NIDA to renovated the units.

The VTC was allocated 4 units at a fee of \$ 10 000 per month however the VTC is facing challenges with Hostel accommodation. The centre accommodates student from Otjopzondjupa, Kharas, Kunene and Kavango East and West and requested to be allocated land to build a hostel for the learners. Some learners are from disadvantage group and cannot afford to pay the fees of \$ 800 - \$ 900. The centre requested assist with machinery, tractors and car for practical exercise. Some of the machinery are too expensive the VTC owner cannot afford to buy it. Only grade 12 students with 20 points are funded by Namibia Students Financial Assistance Fund (NSFAF).

7.14 OSHIKANGO EPZ AND ODC INLAND TERMINAL

The ODC Inland Terminal comprising of an inspector block and offices and has not been occupied since it was built in 2014, although it was inaugurated by the founding father. When NIDA agency took over the management, the terminal was advertised but no one showed interested in occupying the Terminal. The Oshikango EPZ comprises of 11 warehouses but only 2 is occupied at a cost of \$11 000 per month.



New ODC inland terminal inspector block that has been occupied since it was built



The new ODC Inland terminal office block

7.15 ONGENGA SME PARK

The Park consists of 5 Industrial Parks and 10 SME units which was completed in 2014.

7.15.1 CHALLENGES AT ONGENGA SME PARK

- Lack of street lights, the electricity was cut off due to non-payment and some lights have been vandalized and stolen.
- High arrears on monthly rental payment. Majority of the tenants are on arrears because NIDA official stopped collecting money due to security reason, as a result tenants find it difficult to travel to Oshakati for a payment of \$100, while the transport from Ongenga to Oshakati going and returning is N\$ 200, it is not economical.
- Lack of cleaning material, the cleaner/caretaker buys the cleaning material from her monthly payment of N\$ 1000.
- The ablution facility has no lights and has been leaking since December 2022, without being repaired.
- The park does not have a boundary wall or fence, neither a security. To avoid goods from being stolen, business owners carry their goods home daily. The stalls do not have ceiling, there are only poles as a result robbers pass through the ceiling to steal the goods.
- During raining season, the rain water goes through the stall.
- The structure of the building poses challenges to get customers.
- The trees behind Shoprite are being used to break in the shops, they proposed that the trees be removed.
- During raining season water goes into Shoprite through the door and roof.
- Lack of renovation and maintenance.

7.15.2 COMMITTEE OBSERVATIONS AT ONGENGA SME PARK

Members observed livestock roaming around the market due to the lack of boundary wall or fence and illegal traders trading outside the park.

7.16 OLD DBC (DEVELOPMENT BRIGADE CORPORATION) HOUSE

Members undertook site visit of the old DBC houses and found that the houses are being occupied by officials from National Youth Services. The houses have no electricity but water is available.



The old DBC houses

7.17 OKUTOPOLA COMMUNITY MARKET

The Park is managed by Ms Selma Nankudhu, who has a contract with NIDA to manage the Park. The rental fee is N\$ 2 100 monthly. Ms Nankudhu rents out the units to the tenants. Currently there are about +-40 tenants, in the past there were about 70 tenants. Some tenants moved from the Park because of unaffordable rental fees.

The Park has prepaid water meter and electricity, with own security and a cleaner. The monthly fee for each business owner is N\$ 70 except the meat markets that pays, N\$ 200 monthly. From the money generated each month, they pay the security, N\$2 200, water and electricity. The rate and taxes is paid by NIDA agency.

7.17.1 CHALLENGES AT OKUTOPOLA COMMUNITY MARKET

- During raining season, tenants are left without electricity because the electrical cable are in the open, and the water goes into the cables.
- The Park has no public lights.
- High arrears on the monthly rental fees

7.17.2 COMMITTEE OBSERVATION AT OKUTOPOLA COMMUNITY MARKET

Members found that the tenants are on arrear, the last time they paid the monthly fees was in 2019.

The Park has an upstairs stall made of a restaurant with a bakery and salon, which is vacant and being vandalized. Members found that considering the area where the SME Park is situated with no school neither a shop, the rental price of N\$2 600 and a deposit of N\$2 600 being charged on the restaurant and N\$1 100 for the salon is very expensive.

7.18 OMUTHIYA AND OMUHAMA SME PARK

Omuthiya SME Park has 11 units and only 2 units are vacant and Omuhama SME park has 9 units. The two parks are at the same premises. Some of the bigger business and offices operating at the Park is Nampost, Ministry of Industrilisation and Trade and Kambwa trading.

7.18.1 CHALLENGES AT OMUTHIYA AND OMUHAMA SME PARK

- For the past 1 year and 8 months, the Park has no water and neither street lights.
- No maintenance has taken place.
- The ablution facility is broken.

7.19 NIDA OSHAKATI REGIONAL OFFICE

There is only two staff members running the NIDA regional office, in Oshana, Omusati, Ohangwena and Oshikoto. In the past there were 4 officials each running one region, after the two officials for Oshikoto and Omusati resigned, the regions were assigned to the two remaining officials however although the duties have increased, the officials' salaries remained the same, they are not paid even allowance.

7.19.1 CHALLENGES AT NIDA OSHAKATI REGIONAL OFFICE

- Property Officers at the region are not allowed to negotiate rental prices for the stall, prices are negotiated by the head office allocation Committee based in Windhoek
- Lack of petty cash at the Regional Office for minor maintenance.
- The office has the challenge of on and off water and lack of electricity since August 2022.
- Lack of communication between the head office and regional office, head office does not reply to requests neither emails from the regional office.
- The waiting period for allocation of business units/stalls to tenants take up to 2 to 4 months and sometimes applicant change their mind because the waiting period is too long.

- NIDA legal department which is based in Windhoek does not deal with deceased person cases and default cases on time, this practice is preventing business from continuing, because the unit can only be given to the next person when the case is closed.
- Officials struggle to receive working order from the head office, whenever something needs to be fixed.
- The regional office is not linked to the Head office rental financial system, payment processes are manual, as a result officials find it difficult to keep proper record of rental payment and sometimes they request the information from the head office.
- Lack of plumbers and electricians at the regional office to do maintenance work at the Parks.
- Lack of finance personnel at the regional office to capture payments on the system and reconcile payment, the practice is hindering proper record keeping of the finances.
- Property Officers at the regional office do not have access to the regional asset register, in terms of monitoring, officials find it difficult to determine which assets are under NIDA.
- The regional office does not have an emergency fund for emergency cases such as fixing of water pipe and electricity. They follow the normal procurement process; the process takes up to 5 months to fix emergency cases.
- NIDA financial system is not accurate for example the system generates two different amounts for the same client.

7.20 MAIN FINDINGS OF THE COMMITTEE

- NIDA reports under the Ministry of Industrialization and Trade. However, the Board of Directors are appointed and report to the Ministry of Finance and Public Enterprise formerly known as the Ministry of Public Enterprise.
- There is no proper coordination and communication between NIDA head office and the regional office in terms of service delivery.
- The structures of the Industrial Parks and SME Centres do not suit the modern time, it poses challenges for business owners to get customers.
- Majority of the Industrial Park and SME Centres have no water and public electricity.
- No renovation has taken place since the establishment of the Industrial Park and SME Centres.
- There are only 2 staff members running the NIDA office in Oshana, Omusati, Ohangwena and Oshikoto. In the past, there were 4 officials each running one region, however, after the officials for Oshikoto and Omusati resigned, the regions were assigned to the two remaining officials, although the duties increased, their salaries remained the same, they are not paid even allowance.
- Member found that NIDA does not have an assets portfolio, the assets are either owned by MIT, ODC and NDC.

- Members also found that NIDA employees do not have employment contract with NIDA since the transition of ODC and NDC to NIDA.
- Omahenene SME Park and EPZ project has been abandoned for 10 years. Building material have been abandoned at the premises which is being guarded by the security and the project is not budgeted for in the capital project
- Ondangwa Northern Tannery that was used for processing of leather products has not been operational since 2014. Some of the materials and new machinery have been abandoned at the Tannery.
- Lack of manpower to conducts inspections of the properties.
- There is a significantly high rate of arears at most of the Parks.
- Discrepancy in the rental fees for the business units.
- Officials at the regions are not included in the completion of NIDA Strategic Plan, officials only sent through complains to the head office through the division head, the last retreat they attend was in 2017.
- Members found that 11 Million was transfer to NIDA from the Ministry of Industrialization and Trade for operation, to resolve the issues of arears, however only partly payment was made.
- NIDA rental fees is inclusive of water although majority of the Parks have no water. The rental fees are still inclusive with water and there has been no reduction in the rental prices.
- The majority of the business units have pre-paid electricity; tenants pay for their own electricity.
- The process of allocating units to the tenants take long and at time clients change their mind, the process takes 3 to 4 months because the allocation committee only meets once a month.
- ODC terminal with an inspector and office block at Oshikango EPZ has not been occupied since it was constructed in 2014, although it was inaugurated by the founding father.
- Majority of the SME entrepreneurs had no information regarding the equipment aid programme being offered by the Ministry of Industrialization and Trade and Ministry.
- Members found that majority of the tenants at Ongenga SME Park are on arrears because they find it difficult to travel to Oshakati for rental payment of \$100, while the transport from Ongenga to Oshakita is N\$200 which is not economical.
- The Ministry of Industrialisation and Trade is renting an office from NIDA however some offices has been damaged by termite. The Office was built in 2014 and there is a dispute between NIDA and MIT on who is responsible for maintaining and renovation of the building.
- There is a communication breakdown between NIDA and the Ministry of Industrialisation and Trade since transition of ODC and NDC to NIDA
- SME entrepreneur lack machinery and the machinery are very expensive.

8. CONCLUSION

Despite the good intention by the Government of the Republic of Namibia to construct the Industrial Parks and SME Centre to empower the SME entrepreneurs and to Industrialise the country by 2030, Member found that there are many factors hampering the success of Industrial Parks and SME Centres. These factors are as follows:

- Lack of coordination and communication between NIDA agency and Ministry of Industrialisation and Trade since the transition of ODC and NDC to NIDA,
- Lack of coordination and communication between NIDA head office and the regional offices,
- The structures of the Parks and SME Centres that does not suit the modern times causing challenges for business owners to attract customers,
- Impact of Covid-19 which left majority of the business owners with high arears,
- the process of allocating units to the tenants take up to 3 to 4 months,
- the issues of manpower to conduct inspection of the Parks and SME Centre,
- lack of water, public lights, and renovation across majority of the Parks and SME Centres.

In conclusion, Members observed that the Parks and SME Centres are poorly managed it is imperative that Government project are managed professional to avoid collapsing.

9. RECOMMENDATIONS

The Standing Committee on Economics and Public Administration recommends to the National Assembly as follows:

- 9.1 Ministry of Industrialization and Trade must facilitate the review of the country's policies on industrialization to determine whether the policies are in line with the current situation and facilitate Namibia's Economic Reform to lead the country into Industrialization as contemplated in Vision 2030.
- 9.2 Ministry of Industrialization and Trade must reinstate the equipment fund aid to assist SME entrepreneurs facing challenges of lack of machinery and unaffordability to purchase machinery or equipment.
- 9.3 Ministry of Industrialisation and Trade and Ministry of Finance and Public Enterprises must ensure proper placement of NIDA under the correct Ministry, because currently the agency falls under the MIT but the Board of Directors are appointed and report to the Ministry of Finance and Public Enterprises.
- 9.4 Ministry of Industrialisation and Trade and NIDA must renovate and redesign Industrial Parks and SME Centres structures to be modern.

- 9.5 Okalongo Settlement through the Ministry of Urban and Rural Development must establish an open market to avoid the illegal trading occurring outside the Okalongo SME park.
- 9.6 NIDA must review the rental fees at Oshakati Industrial Parks for the owners that have the 9 years lease agreements to be in line with the currently rental fee structure of N\$ 30 per square meters to avoid the discrepancy of rental fees. This exercise must be conducted on all NIDA regional Industrial and SME Centres in the 14 regions. Reviewing of the rental structure to be in line with the current economic situation to address the issue of price discrepancy being charged on the business units.
- 9.7 NIDA must allocate individual prepaid water meters at all the Industrial Park and SME Centres at each business unit so that owners pay directly to the Town Council to avoid water arrears issues with the Town Council. NIDA must also address the issue of the current rental fees being paid by the tenants that includes water, while the majority of Parks and SME Centres have no water. Therefore, NIDA must reduce the rental prices until the water issues with the Town Councils are addressed.
- 9.8 Ministry of Industrialisation and Trade together with NIDA must conduct education and awareness sessions on equipment aid being offered by MIT to SME entrepreneurs.
- 9.9 NIDA must open a Nampost account at Ongenga SME Park where tenants can pay their monthly rental fees to avoid the issues of business owners from travelling to Oshakati for rental payments and the issues of arrears.
- 9.10 Ministry of Industrialisation and Trade, NIDA and Ministry of Work and Transport must decide which institution is responsible for the maintenance and renovation of the MIT office at Omuthiya SME Park and commence with the maintenance.
- 9.11 NIDA offices must be decentralized to the regions to improve public service delivery and proper management of Industrial Parks and SME Centres.
- 9.12 NIDA Regional offices must be linked to the rental financial system and allocation of financial votes for each department for proper management of finances.
- 9.13 NIDA must sign a Memorandum of Understanding (MOU) agreement with Vocational Training Centres in all the regions as well as Namibia Training Authority to make use of students from VTC for maintenance of Industrial Parks and SME Centres.
- 9.14 Ministry of Industrialisation and Trade and Ministry of Finance and Public Enterprises must facilitate the transition process from NDC and ODC to NIDA, to resolve the issues of lack of employment contract by the NIDA officials and also to

address the issues of lack of enough Human Resource at the above-mentioned regions.

- 9.15 Ministry of Industrialization and Trade and Ministry of Finance and Public Enterprises must consolidate and facilitate the transferring of assets that are under MIT, ODC and NDC to NIDA agency and come up with an asset register which should be audited yearly according to the general auditing standards.
- 9.16 Ministry of Industrialisation and Trade and NIDA must find solutions to the issue of communication breakdown between the two Institutions, to improve service delivery.
- 9.17 MIT and NIDA must address and find solutions to the issues of high arears and lack of public electricity at the Parks and SME Centres. MIT and NIDA must also write-off arears accumulated as the result of the Covid-19 lock down at all the industrial Parks and SME Centres as well as the accumulated arears for renovations without occupancies at Eenhana during 2013 to 2014 renovations.
- 9.18 Ministry of Industrialisation and Trade must allocate a budget to finalise the Omahenene SME Park and EPZ project that have been abandoned for the past 10 years and update the committee on the project.
- 9.19 NIDA must review the process of allocating business units to tenants to avoid delay and fast track service delivery.
- 9.20 Ministry of Industrialisation and Trade together with NIDA must update the National Assembly on the following:
- Ondangwa Northern Tannery that has been abandoned since 2014;
 - The five new ponds that was constructed between 2018 and 2019 which is 7 kilometers away from the Tannery and have been vandalized and some materials such as the pipes have been stolen;
 - The EPZ warehouses and ODC Inland Terminal at Oshikango EPZ;
 - Old DBC houses in Ondangwa nearby Toivo Ya Toivo Airport;
 - The N\$11 million which was transfer to NIDA by the Ministry of Industrialisation and Trade to resolve the issues of arears but only a partly payment was made.
- 9.21 NIDA must construct a public ablution facility at Oshikuku SME Park and all industrial parks and SME centers that do not have ablution facilities.

10. SIGNATURE


Hon Ithete Natangue
Chairperson

4/10/2023
DATE



Hon. Mathias Mbundu
Deputy Chairperson

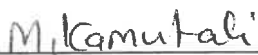
Hon. Apius !Auchab

Hon. Bertha Dinyando



Hon. Maria Elago

Hon. Hamunyera Hambyuka



Hon. Maria Kamutali

Hon. Joseph Kauandenge

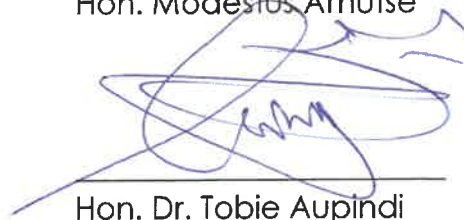
Hon. Patience Masua

Hon. Jan Mukwiilongo



Hon. Nico Smit


Hon. Modestus Amutse



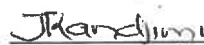
Hon. Dr. Tobie Aupindi

Hon. Elifas Dingara

Hon. Reginald Diergaardt



Hon. Gotthard Kasuto



Hon. Johanna Kandjimi

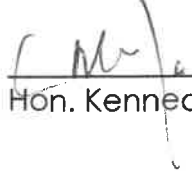


Hon. Sebastiaan Karupu



Hon. Helalia Mukapuli

Hon. Fenni Nanyeni



Hon. Kennedy Shekupakela

Annexure: A

Laimi Nanyeni
P.O. Box 18098
Okalongo
SME Park
Account Number: 10001-006

04 September 2023

To: Parliamentary Standing Committee on Economics and Public Administration
Windhoek
Attention: Honorable Mukapuli

Dear Sir/Madam,

I am writing to kindly and respectfully request a waiver for the remaining balance of N\$45,918.74 on my NIDA tenant account number 10001-006 for the SME building in Onandjaba-Okalongo, where my boutique is located. On July 7, 2023, I entered into a payment agreement with NIDA to settle the outstanding amount in installments, which currently adds up to approximately N\$6,500.00, including the ongoing monthly payments. I genuinely intend to fulfill my commitments, but the financial challenges I am facing are making it increasingly difficult. I would like to outline some of the difficulties I've encountered that have hindered my ability to meet my monthly rental obligations. These challenges include:

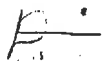
1. **The COVID-19 pandemic:** the pandemic has had a significant impact on my business, leading to a substantial decrease in my income. During the lockdowns and restrictions imposed to control the virus's spread, my boutique experienced a sharp drop in customers and sales. This prolonged period of reduced economic activity directly affected my ability to generate income and meet my financial obligations, including rent.
2. **Inconsistent account management:** Despite my efforts to make regular monthly payments, my account records were not consistently updated to reflect the payments I had made. This created confusion and uncertainty about whether my payments were being received and allocated correctly, leading to a loss of confidence in the payment process.
3. **Business difficulties:** The market and economy are taking a long time to bounce back from the pandemic's impact, and we are still struggling with sales. I have hired five permanent employees, all of whom are young individuals that I've trained in tailoring. However, paying their salaries would become unfeasible if I commit to the current monthly payment of N\$6,500.00.
4. **Responsibility for orphans:** I am also responsible for caring for five orphans in my home, which places an additional financial burden on me. Balancing this responsibility with my business, which is my sole source of income, is challenging.

In light of these circumstances, I would like to express my sincere commitment to paying a monthly rental of N\$3,000.00, meaning that my current monthly rental fees of N\$2400.00 I will be able to add N\$600.00 which will total to N\$3000.00. This amount is one that I can afford without compromising my ability to sustain my business, support my employees, and provide for the orphans in my care. This commitment reflects my genuine intent to fulfill my financial obligations while gradually working towards improving my financial situation.

I sincerely wish to fulfill my responsibilities and maintain a positive working relationship with NIDA. However, these challenges have made it extremely burdensome to meet the current rental fee. I respectfully implore the Ministry of Industrialization & Trade and NIDA to consider my plea for either waiving the outstanding rental amount or revising the rental fee from N\$6,500.00 to N\$3,000.00. In this case, I commit to reducing my outstanding balance by N\$600.00 each month. This proposal would provide me with the necessary breathing space to recover from the financial setbacks caused by the pandemic and stabilize my business. I am committed to increasing my boutique's revenue and gradually improving my financial situation to ensure I can fulfill my monthly rental obligation onward.

I understand the importance of contracts and agreements, but I believe that in exceptional circumstances like those caused by the pandemic, compassionate consideration can make a significant difference in supporting small businesses like mine to recover. Thank you for taking the time to consider my appeal. I am hopeful for a positive resolution and look forward to the opportunity to discuss this matter further. Please feel free to contact me at 0812683177 or ndeunyema@gmail.com to arrange a suitable time for a conversation.

Sincerely,



Mrs. Laimi Nanyeni (0812683177)
The Owner of Dolly Boutique- Okalongo