



REPUBLIC OF NAMIBIA

MINISTRY OF INDUSTRIALISATION AND TRADE

**RESPONSE BY HON LUCIA IPUMBU, MINISTER OF
INDUSTRIALISATION AND TRADE**

IN RESPONSE TO:

**A MOTION BY HON. BY HON. MAXIMALLIANT KATJIMUNE OF
PDM**

(MOTION: 27 FEBRUARY 2024)

DATE: TUESDAY, 05 MARCH 2024

**Honourable Speaker,
Hon. Members,**

1. I rise to contribute to a motion as moved by Hon. Maximalliant Katjimune (27 February 2024).
2. Hon Katjimune has asked this August House to investigate the bottlenecks around small and medium enterprises (SMEs) financing in Namibia in an effort to unleash greater access and economic potential; for this sector of our economy.
3. I thus wish to respond to the motion as follows as moved by the Hon. Member.

Allow me at the onset to thank Rt. Hon Prime Minister for presenting various MSMEs interventions as approved by Cabinet to ease the operations and support SME and business environment in general.

The mandate of the Ministry of Industrialisation and Trade (MIT) amongst others is to develop a dynamic local micro, small, and medium enterprise (MSMEs) in Namibia. MIT primarily drive this important task through appropriate legislative framework development and provision of fiscal and non-fiscal support mechanisms.

As the Hon. Member may be aware, the SMEs promotion component was moved to the Namibia Investment Promotion and Development Board (NIPDB) in 2020 in order to give a special attention distinctively to this important sector. The NIPDB therefore has a Division responsible for MSME Innovation, Acceleration, and Development, which play a strategic role in coordinating and targeting support for the establishment and scalability of MSMEs and Start-ups.

Since the then 1997 SME National Policy and extended through the 2016 MSME National Policy various support programmes have been facilitated by the Ministry of industrialisation and Trade to support the MSMEs both in the formal and informal sector. Notable of these are the support programmes spearheaded by MIT such as the **Equipment Aid Scheme, Business Infrastructure Support Programme (Sites and Premises to house SMEs at up to 30% off market discount rates), Industrial Upgrading and Modernisation Programme (IUMP) as well as SDG Impact Facility and EMPRETEC NAMIBIA** (which provides entrepreneurial training).

In terms of the resource envelope, although we experienced funding constraints since 2015, we worked with our development cooperation partners to ensure that we were able to deliver on our mandate. Suffice to say that the National Treasury has since 2022 availed funding to continue with Equipment Aid Scheme, EMPRETEC NAMIBIA, SDG Impact Facility and the Industrial Upgrading and Modernization Programme. Allow me at this juncture take you through these SMEs support initiatives in details.

The IUMP was established as a national extension of the sub-regional IUMP for the Southern African Development Community (SADC), with the objectives to; improve the competitiveness of local industries; contribute to the strengthening of industrial capacities of Namibian Small and Medium-sized Enterprises (SMEs); diversify national value-addition; enhance capacities for job creation; support efforts that reduce poverty and to achieve long-term presence in the international marketplace.

The programme provides targeted support to MSMEs in areas such as supply and value chain and product and market development, standards and quality conformity, among others. The IUMP's Industry grant scheme was set out to ameliorate Namibia's level of Industrialisation by targeting 11 growth sectors. Namely; Game Meat and value added Wildlife products ; Hides, Skins, Leather and Wool products; Metal Fabrication; Charcoal and other value added bush products; Gemstones and Jewellery; Cosmetics and Pharmaceuticals; Fish processing and value added Blue Economy products; Forest related manufacturing (inclusive of Handicrafts); Agro Horticultural food processing; Dimension Stones processing and the Refrigeration & Air-conditioning (RAC) Sector.

The Ministry through its Equipment Aid Scheme provides assistance in the form of equipment and other technology as per requirement to SMEs in order for them to effectively run their business and subsequently create employment. MIT has thus far reviewed the implementation of this programme to ensure that it speaks to the current realities while ensuring that the monitoring and implementation component is strengthened. There was an impasse on funding through the EAS since 2016, however we have revived it 2023 with successful beneficiaries expected to be announced during March/April 2024.

Another SMEs support intervention is the EMPRETEC Namibia, which is a collaboration with UNDP Namibia with the explicit aim to avert the very low entrepreneurial outcomes of our country. The aim is to train our MSMEs and larger enterprises into appropriate entrepreneurial behaviour to ensure that they can create sustainable business going forward. So far we have trained over 1000 entrepreneurs of which about 30% were vulnerable categories (disabled, poverty stricken etc.).

During 2022, such trainings were conducted in all 14 regions and thereby benefiting 228 MSMEs while in 2023, the Ministry through EMPRETEC NAMIBIA trained 1400 MSMEs. This intervention was delivered by our trained 25 business mentors and coaches consisting of half Ministry's regional staff and the rest from the Private Sector and Academia.

The SDG Impact Facility is a collaboration with UNDP Namibia and Standard Bank Namibia as well as the Environmental Investment Fund. The aim is to support and fund sustainable social enterprises as access to finance continue to hamper our efforts at business development. So far, since 2021 we have funded over 95 enterprises under this facility and aim to grow the fund into an endowment fund with other interested partners. We have now finalised a new design which was reviewed by stakeholders last year.

Charcoal trainings for SMEs in collaboration with the Namibia Charcoal Association. The series of training on sustainable charcoal production aimed at enhancing human capacity development by empowering MSMEs with new skills and technology, and equipment utilization through practical sessions on sustainable charcoal production. So far, 40 MSMEs has received training in the charcoal value chain.

With regards to the Gemstone cutting and polishing Trainings, a considerable number of about 300 youths, are so far trained under this programme at our centre in Karibib with at least 90% of this group having found employment in the diamond polishing and cutting sector. We recently awarded the Keetmanshoop Centre to a local company to operate in terms of gemstones cutting and polishing.

Through the "Pitching for Resilience" program a collaboration with GIZ, participating MSMEs receive advice, support and a grant for the economic recovery of their company as post-Covid-19 support. Pitching for Resilience distributed grants of between N\$6000.00 and N\$ 60, 000.00 to 840 MSMEs in all 14 regions of Namibia by December 2021.

The Start-up Namibia programme is another key intervention to ensure that we promote and develop our Namibian start-ups. The Ministry is at advanced stage of integrating this programme in order to ensure that we incubate our StartUps until they reach a self sustenance level. The equipment were recently handed over to the Ministry by GIZ.

The School Uniform Import Replacement Programme is another key intervention relevant to the discussion here. The Ministry is working with various stakeholders and leveraging on our garment centres that we built to develop the key intervention to ensure that our MSMEs can supply school uniforms in all the regions of our country.

I want to pause here and confirm to this August House that a classic example of an enterprise which has grown from the humble beginning through the support of MIT is Dinapama. This entity is operating as a result of the support of the Ministry through Equipment Aid and provision of operating premises is currently one of the major player in the garment industry. My colleagues from the Ministries of Defence and Safety and Security can attest that the current Army, Police and Namibia Correctional Services uniforms are proudly manufactured in Namibia by Dinapama. As if that is not enough, Dinapama has collaborated with a local company called Pure Plaas, which has ensured that specific farming and hospitality industry garments from Dinapama finds market space in the local retailers such as Agra, Wecke & Voights and many others.

Additional key interventions by other OMAs include the Income Generating Activity Grant offered by the Ministry of Gender Equality, Poverty Eradication and Social Welfare. This grant is in the form of materials and equipment given to small community members to start up small businesses/projects and it encourages community members to embark on economically viable projects that could be sustained in the long run. The projects supported include, but not limited to Brick making, Skin and Leather Tannery, Tailoring, Salon, Mining, Catering, Garden Upholstery, Carpentry. Welding, Poultry and Knitting. The supported Projects are expected to provide the Ministry with progress reports on an annual basis.

Regional Councils across the country further provide grants to support small and medium enterprises (SMEs) in the regions, aiming to stimulate economic growth and generate employment opportunities.

All these programmes are implemented countrywide so that all enterprises across the country may apply through various platforms and especially through our regional offices in all 14 regions.

Indeed Private Financial institutions, which include banking institutions as well as development financial institutions, continue to be the most important source of external funding for businesses in Namibia, accounting for more than 90% of total SME financing in recent years, according to the International Finance Corporation (IFC, 2017). Let me therefore call up on the private sector to offer to device funding mechanisms especially for the lowest category of business and review their requirements to be tailor made to the specific needs of this group of our MSMEs.

Hon. Speaker,

Hon. Members

On the issue of access to credit, I would first reiterate that the problem is marked by duality. It is not only access to credit but also availability of appropriate credit. During the period of 2019 - 2022, the MIT carried out Private Sector Development Surveys, which consistently showed that access to, and cost of finance remained a perennial problem especially amongst the MSMEs.

Given that the question from the Honourable Member Katjimune pertains mostly to collateral, the Ministry aims to table a National Policy on Informal Economy, Startups and Entrepreneurship and its Attendant Act soon as well as the review of the 2016 MSMEs Policy to address some of the key impediments related to access to credit by our SMEs. In the Policy and law, we will work on extensions of definition of collateral. Further, we can still rework and reintroduce formal funding mechanisms through consolidating our current grant efforts as Government and private sector. The consultations on the Informal Economy policy will provide us with requisite guidance. I therefore wish implore up on all of us to attend consultations and give all our inputs before the law is finalised.

It's important for the Hon. Member to note that the Ministry works closely with the private sector, industry associations, and other stakeholders to address these challenges and leverage opportunities effectively.

I so submit!