



**VOTE 19: MINISTRY OF INDUSTRIALIZATION, TRADE & SME  
DEVELOPMENT**

**BUDGET SPEECH**

**BY**

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MINISTER OF INDUSTRIALIZATION, TRADE AND SME DEVELOPMENT**

**NATIONAL ASSEMBLY, 05 APRIL 2015**

***“Growth at Home”***

Honourable Chairperson of the Whole House Committee

Honourable Members of this August House

First of all, I would like to express my sincere appreciation to the Hon. Minister of Finance and the Hon. Minister of Economic Planning for the excellent budget which they have prepared. Further, allow me to thank His Excellency the President for the confidence and trust placed in me.

I feel indeed honoured to present to this August House, Vote 19: Ministry of Industrialization, Trade and SME Development the 2015/16 Financial Year budget. I am taking over the helm of the re-named ministry at a time when expectations for policy interventions to transform and diversify our economy have become a clarion call to which government has to respond.

It is obvious that the skewed, disjointed and primary resource led economy has not brought about sustainable employment opportunities to meaningfully change the living standards of many Namibians. In this regard it is also an honour to have been assigned the responsibility of implementing the recently approved Growth at Home strategy and the other reforms that the Ministry of Industrialization, Trade and SME Development has been engaged with.

The Growth at Home strategy is aimed at reinforcing the importance of accelerating economic growth, reducing income inequality and increasing employment. It is through some of the programmes and initiatives in this budget that my Ministry will begin the implementation of this strategy with it focus on three areas:

1. value addition, upgrading and economic diversification through a needs oriented and comprehensive approach to industrial development and

structural transformation of the Namibian economy towards more productive economic activities.

2. market access at home and abroad to stimulate the development of local industries, and create conditions that will boost Namibian exports on international markets.
3. creating a favourable investment and business climate for both domestic and foreign investors.

Honourable Chairperson, Honourable Members

Allow me to briefly touch on another important aspect of the mandate of my ministry, namely SME development. It is indispensable that we develop the SME sector to the fullest extent for a number of reasons including a lower demand for technical skills, capital, and higher labour intensiveness compared to larger firms means that more of our people can participate as business owners and employees.

Despite serious commitments to grow the SME sector, we are still faced with a number of obstacles in ensuring that such growth indeed takes place appropriately. We will fast track the reform of our current SME policy in this financial year to ensure that our support to SMEs is effective, integrated, and aimed at creating sustainable businesses with a capacity to grow and diversify.

Honourable Members, the Ministry continues to direct efforts towards the creation of an enabling environment for both foreign and domestic investment and the finalization of an appropriate economic incentives regime for industrialization. Equally important are the processes to finalize initiatives

around Namibia's first national frameworks to cover competition policy and trade policy that are nested within our industrialization ambitions.

Together these initiatives will deliver a new direction for industrial policy as we work more closely and strategically with businesses and enterprises to help the economy prosper in a rapidly changing regional and global economy.

Honourable Chairperson, Honourable Members

Let me now reflect on the details of the budgetary allocations to Vote 19 for the 2015/2016 fiscal year.

The total budget allocation to the Ministry of Industrialization, Trade and SME Development for the financial year 2015/2016 **amounts to Nine Hundred and Ninety Million and Seventy Thousand Namibia Dollars (N\$990,070,000)**. This represents a decrease **of Ten Million Four Hundred and Forty Eight Thousand Namibia Dollars (N\$10,448,000)** or 1% from the 2014/2015 allocation.

This allocation is divided into **Five Hundred and Sixty Five Million Four Hundred and Thirty Five Thousand Namibia Dollars (N\$565,435,000)** for the Operational Budget and **Four Hundred and Twenty Four Million Six Hundred and Thirty Five Thousand Namibia Dollars (N\$424,635,000)** for the Development Budget.

Activities in this ministry are grouped under five (5) main Programmes, namely:

- ❖ Trade Promotion
- ❖ Industrial and Business Development
- ❖ Investment Promotion

- ❖ Special Industrialization Initiatives
- ❖ Supervision and Support Services

The focus of the programmes indicated above and the specific allocations thereto are as follows:

## **1. TRADE PROMOTION PROGRAMME**

An amount of **two hundred and eighty three million, seven hundred and eighty nine thousand Namibia Dollars (N\$283,789,000)** has been allocated to this programme.

This programme consists of two main components, namely Domestic and External Trade Management.

### **1.1 Domestic Trade Management**

This activity focuses on improving the efficiency and effectiveness in the registration of companies, close corporations and intellectual property rights; consumer protection; competition matters; standards promotion and quality assurance.

Under this, we intend to:

- consolidate the organizational capacity of the Business and Intellectual Property Rights (BIPA) to perform registration on behalf of the Ministry;
- finalize the drafting of policy and legal framework on consumer protection; and
- provide financial support to strengthen functional capacities of the Namibia Competition Commission on competition matters and the Namibian Standards Institution on standardization.

## 1.2 External Trade Management

Under this programme, the Ministry will continue to support activities geared towards trade promotion and facilitation of Namibian products to regional and international markets as well as to boost market diversification in terms of export destinations and import sources.

Main activities in this regard are:

- Engaging in bilateral, regional, multilateral trade and economic integration arrangements, particularly to finalize negotiations towards the Tripartite Free Trade Area amongst COMESA, EAC and SADC, which will be a stepping stone towards the Continental Free Trade Area, as well as the process leading to the 10th WTO Ministerial Conference geared towards conclusion of the “recalibrated” Doha Development Agenda scheduled for December 2015 in Nairobi, Kenya.
- Developing Namibia’s Trade Policy in collaboration with the United Nations Commission on Trade and Development (UNCTAD), based on the Industrial Policy and the Growth at Home Strategy.
- Securing market access to mitigate the challenge facing Namibia in terms of the small size of its domestic market and small industrial base. The Ministry will continue to lead negotiations and trade missions to markets such as USA, Africa, China, and the United Arab Emirates etc.
- Developing External Trade Centres in neighbouring countries to facilitate exports of Namibian consumer products such as meat, beer and beverages, fish, dairy, cereal and other goods.
- Developing Namibia’s National Convention Centre to provide the much needed infrastructure to promote trade in services and market Namibia as a Meetings, Incentives, Conferences, and Exhibitions (MICE) destination.

- Promoting Trade Facilitation through the National Single Window Project to facilitate and streamline import and export procedures which will reduce transaction costs in the conduct of business and cross border trade.
- Continuing to support SME participation in local, regional and international trade promotion events and other related activities.
- Establishing the Namibia Board of Trade as the national body required under the 2002 SACU Agreement to deal with issues related to unfair trade practices, tariff investigation and tariff setting.

## **2. INDUSTRIAL AND BUSINESS DEVELOPMENT PROGRAMME**

An amount of **five hundred and fifteen million six hundred and twenty eight thousand Namibia Dollars (N\$515,628,000)** has been allocated to this Programme.

This programme consists of two main components, namely Industrial Planning and Development and Small Business Development.

### **2.1 Industrial Planning and Development**

The purpose of this activity is to create conditions necessary for a robust and competitive industrial sector in the country. These activities are aimed at building and boosting the capacity of local industries to efficiently produce and supply goods and services to meet local and export demand. Some of the major interventions will be the following:

- Support to local industries in the process of upgrading their production capacity through the Industry Upgrading and Modernisation Programme (IUMP);

- Research on resource availability in the country and value chains in strategic sectors;
- Funding the NDC on its current development projects, infrastructure upgrading, and its transformation into the Namibia Industrial Development Agency (NIDA).
- These are some of the interventions geared towards effective implementation of the just approved Growth at Home Strategy to ensure economic and structural transformation of our economy.

## **2.2 Small Business Development**

The Ministry in its driving efforts to execute its mandate as directed by the SME Policy of 1997 has formulated a number of Business Support Services. These interventions were directed to promote manufacturing, value addition, and entrepreneurship throughout the country in particular, targeting the rural areas and those who can generate income regardless of their academic background and in turn, creating more job opportunities.

This programme, among others, avails industrial sites/operating space to entrepreneurs to stimulate local economic activities at regional and local levels. It also assists aspiring entrepreneurs in accessing finances to conduct feasibility studies and develop business plans, provision of capacity building interventions to stimulate and nurture entrepreneurship, creativity, and innovation especially amongst the previously disadvantaged Namibians.

Other support services available to SMEs are in the form of provision of productive equipment, machines, and inputs through Equipment Aid and Group Purchasing Scheme to enhance business production capacity, productivity and competitiveness, quality and standards compliance in the world market place.



I am pleased to report that for example:

- Eight hundred and ninety five (895) entrepreneurs were assisted to acquire productive equipment under the Equipment Aid Scheme where they have created one thousand and eight hundred and ten (1810) jobs;
- Over three hundred and fifty three (353) SMEs were provided with financial assistance and other related services through the capitalization of the SME Bank;
- Twenty two (22) business premises are under planning and construction of which nine hundred and thirty six jobs were created during construction; and
- Over forty five SME Industrial parks are in operation country wide, which accommodate six hundred and seventy six tenants (676). These 676 tenants have created over five thousand and eighty eight (5088) jobs in these occupied parks;
- A related intervention, the Industrial Upgrading and Modernization Programme (IUMP) is aimed at improving production and supply capacity, efficiency and competitiveness of Namibian-owned manufacturing firms. To date 26 beneficiaries were assisted in ten regions of Namibia, in four sectors. These interventions have created job opportunities and increased export sales.

A further crucial intervention to support small business development has been the creation by Government of the SME Bank, which is in the process of rolling out and expanding its services. Further capitalization of this bank is required in this financial year and is provided for in this budget.

Finally, as mentioned already, despite these major achievements we have engaged in the review of the current SME policy with the aim of making further improvements.

### **3. INVESTMENT PROMOTION PROGRAMME**

An amount of **forty seven million two hundred and seventy four thousand Namibia Dollars (N\$47,274,000)** has been allocated to this Programme.

The purpose of this programme is to achieve an increase in number, value and nature of domestic and foreign direct investment in Namibia. This objective is to be achieved by, among others, creating an enabling environment for investment, which involves having in place an appropriate legal and regulatory framework; a proper plan and strategy for marketing Namibia as a preferred investment destination and enhancing a positive competitiveness ranking of Namibia.

The activities under this Programme which will be pursued in the current fiscal year include:

- Finalisation and implementation of the Investment Promotion Bill and its regulations to replace the existing Foreign Investment Act, 1990, once approved by Parliament;
- The revision of current incentives to ensure their continued relevance as an effective tool for attracting the required quantity and quality of investments especially into the priority sectors of manufacturing, agro-processing, transport and logistics and tourism;
- Marketing Namibia to ensure its competitiveness as an investment location of choice;
- Organisation and facilitation of inward and outward investment missions as well as business linkages and partnerships;

#### **4. SPECIAL INDUSTRIALIZATION INITIATIVES**

An amount of fifty million Namibia Dollars (N\$50,000,000) has been allocated to this programme.

In order to fast track the attainment of Vision 2030, the Ministry has decided to support research and implementation of projects. This activity is aimed at the implementation of the manufacturing strategic initiative in NDP4, through expansion of industrial capacity and value chain development. The Growth at Home initiative aims to develop local and regional value chains on the basis of the raw material resources available in Namibia.

The rationale for this programme is to give effect to the implementation of industrial development priority projects identified in the Growth at Home Strategy, Namibia's execution for industrialization and the 4th National Development Plan and other planning processes of the Ministry of Industrialization, Trade and SME Development.

In this regard, the Ministry has, in addition to two overview scoping studies done on value addition of Namibia's mineral resources together with the Ministry of Mines and Energy and the Chamber of Mines, commissioned sector wide studies under the following sectors:

- Agro food processing
- Chemicals and salt products
- Semi-precious stones and jewellery processing
- Leather and leather products

Our focus in this coming year is to in parallel with these ongoing studies establish a further meat processing facility in northern Namibia to target the neighbouring market in processed meat products and also a diamond jewelry factory, both subject to favourable feasibility studies.

## **5. POLICY SUPERVISION AND SUPPORT SERVICES**

An amount of ninety three million, three hundred and seventy nine thousand Namibia Dollars (N\$93,379,000) has been allocated to this programme. This programme consists of two main components, namely Policy Supervision and Coordination and Support Services.

### **5.1 Policy Supervision**

This activity gives ministerial leadership and overarching oversight with respect to the design and implementation of the various policies and programmes on trade, investment promotion, SME development, and industrial development as well as to ensure coordination and alignment to Ministerial and national development plans.

**Coordination and Support Services** The activity entails oversight roles by the Accounting Officer as well as the rendering of support functions of Human Resource management and development, financial management, Internal Audit; Procurement and asset management.

Honourable Chairperson of the Whole House Committee  
Members of this August House

In conclusion, I move by requesting this August House to consider and approve the sum of NINE HUNDRED AND NINETY MILLION AND SEVENTY THOUSAND NAMIBIA DOLLARS only (N\$990,070,000) for the current and development budgets of the Ministry of Industrialization, Trade and SME Development: Vote 19.

**THANK YOU FOR YOUR ATTENTION**