



STATEMENT BY

CHG SCHLETTWEIN

MINISTER OF TRADE AND INDUSTRY

**AT THE OCCASION OF THE OFFICIAL LAUNCH OF THE REVIEW
OF THE SME POLICY AND PROGRAMME**

AND

A NEW WEBSITE FOR SMEs

14 October 2013

Nampower Convention Centre

Honourable Ministers and Deputy Ministers
The Director General, National Planning Commission
The Governor of Bank of Namibia
Esteemed invited guests and the Media
Ladies and Gentlemen

I have the pleasure of welcoming you to this occasion earmarked for the launching of the two important initiatives in our continued efforts to create the necessary conditions for the growth and development of the micro, small and medium enterprises sector in our country. The two initiatives are:

- (i) Launch of a review of the existing Policy and Programmes on SME development; and
- (ii) The launch of Website to showcase activities and products manufactured by local SMEs

Ladies and gentlemen

Poverty and unemployment are two of the most serious problems faced by developing countries, including Namibia. Nations, both developed and developing we have come to accept the role of the small and medium industries or enterprises sector as a useful vehicle for creating employment opportunities and self-help economic activities as viable ways of reducing poverty and for bringing about sustained economic growth, a fair distribution of income and wealth and social harmony.

Let me highlight some aspects that support the important role of Small Scale Industry in an economy, including ours.

The first aspect is **employment generation**. The one main basic problem that is confronting the Namibian economy is to create massive employment to the many jobless Namibians, especially the youth and women. This problem can, I believe, be solved to a larger extent by increasing the number and boosting the capacity of small-scale industries as such industries are generally labor intensive in character.

The second aspect has to do with the **mobilization of resources and entrepreneurial skill**. The point that I want to make here is that small-scale entrepreneurs can mobilize savings and entrepreneurial skills from rural and semi-urban areas which remain untouched to the clutches of large industries and put them into productive use by investing in small-scale units. Small entrepreneurs can also improve social welfare of a country by harnessing dormant or previously overlooked talent.

Thirdly, small-scale enterprises ensure **equitable distribution of income and wealth** in our society which is largely characterized by a high concentration of income and wealth in the hands of a few. This is possible mainly because small industries are often more widespread as compared to large industries and also have a large employment potential.

The fourth aspect is that small-scale businesses can help bring about a **regional dispersal of industries and balanced development**. It is common knowledge that our country is characterized by a massive concentration of industries in the urban centres, and people often migrate from rural and semi urban areas to the developed urban centres in search of employment and sometimes to earn a better living which ultimately leads to many undesirable consequences such as over-crowding and creation of slums. This problem, I believe, can be tackled by creating opportunities for small-scale industries in all parts of the country including rural areas, which utilize local resources. This will bring about dispersion of industries and promote balanced regional development.

Furthermore, small and medium-scale enterprises can support the **growth of large industries** by providing, components, accessories and semi-finished goods required by them, if the right backward and forward linkages are developed.

Esteemed ladies and gentlemen

Right Hon Dr. Hage Geingob once remarked that and I quote: “No country in the world has developed with a weak SME sector.” The important point that our Prime Minister is making here is that the desired growth and contribution of the SME sector that we seek cannot come about by itself or through the efforts of the sector alone,

but requires external support from the Government, the business sector especially large enterprise and business service providers, and the public as consumers and supplier of labour. This is to say that it is not enough to simply recognise that SMEs are important but that our conviction must show in the actions that we, Government and other developmental partners, take in creating the conditions necessary for the development and growth of small and medium scale enterprises.

As a demonstration of Government's conviction on the role of the SME sector, a national Small Business Policy and Programme was developed in 1997 and has since been implemented. The Policy identified and was developed to address the various challenges hamper the effective establishment, operation and growth of the SME sector and its contribution to employment, exports and the country's gross domestic product (GDP). The specific challenges identified are in the areas of *finance, marketing, technology, infrastructure and entrepreneurial skills*. Specific interventions were developed and implemented to address each of the identified challenges. The SME support programmes that the Government, through the Ministry of Trade & Industry, is implementing today are born out and in some cases an expansion of the 1997 Policy and Programme.

The programmes consist of targeted interventions in the following focus areas: follows:

- Improving **access to Finance**, whereby we initially established the Small Business Credit Guarantee Scheme (SBGCT), which has been succeeded by the SME Bank;
- The **Business Sites and Premises** development programme, through the Government developed affordable basic business infrastructure for leasing by SMEs across the country;
- Provision of **Production Equipment and Technology**, which mainly started with the development of common facility centres (CFCs) and then the current Aid Equipment Aid Scheme;
- Product **marketing assistance and linkage** to retail outlets; and
- Entrepreneurial **skills development and business mentorship**.

Ladies and gentlemen

From our assessment and on the basis of the positive feedback that we have received especially from the SMEs, our programmes delivered and continue to deliver tangible results. Thousands of SMEs have been established and have decent premises to set up and do business from as a result of our Sites and Premises Development Programme. Through the Programme a total of 41 industrial and business parks have been constructed since the inception of the programme and the 980 businesses that are operating from these facilities employ some 4,369 people on permanent employment basis. The construction of these facilities created jobs for some 6,702 Namibians. New related business infrastructure projects, 44 in total, are being implemented for other needy areas in the country, and the construction and the activities of the businesses to be housed there will create a further thousands of jobs.

Another intervention that has had a positive impact of the start-up and emerging small businesses is our equipment aid scheme, which has enabled many small business operators to adopt technology and equipment to enhance their efficiency and ability to produce goods for the market and to supply large businesses. To date, a total of 2,445 SMEs, particularly those in manufacturing and value adding activities, have secured appropriate production equipment through the Scheme.

On access to finance, we are happy to record that even the now defunct Small Business Credit Guarantee Scheme has helped a number SMEs to secure start-up capital from commercial banks through its loan guarantee facility, and we have no doubt that once fully established, the successor SME Bank will equally make a positive impact.

The Government through the Ministry of Trade and Industry has also implemented other business support services in the areas of project conceptualisation and development, business management skills, product development and marketing.

Ladies and gentlemen

Notwithstanding the positive impact of our existing and programmes, you will agree that it is important to pause and take stock of whether our policy and programmes are still adequately responsive and effective as tools for facilitating the starting-up and expansion of small businesses in the country under the current and future environments. This is necessary not only because of the 15 years that have passed since when the current policy and programme was developed but also given the dynamic environment in which SMEs operate, and above all because we continuously need to ensure that our interventions are still delivering the desired results. Besides realising a growth in the number of small businesses, it is also our desire to see micro businesses succeeding and graduating into small-scale and the small-scale enterprises into medium and large scale industries.

This is particular important given our belief that SMEs critical in our quest to bring about **Growth at Home**, and to boost our domestic industry and supply side capacity. The emphasis of our Growth at Home strategy is on increased manufacturing and value addition to the country natural resources, the development of value chains, linkages complementarities between the various sectors our economy, including the SME sector. The expected outcomes of these are sustainable growth, jobs, wealth creation and tangible improvements in the social welfare of our people.

In its effort to ensure continuous effectiveness, the Ministry of Trade and Industry, in partnership with the Bank of Namibia, has decided to carry out a review of the existing SME policy and programmes. As partners and stakeholders, I have also invited you here to formally inform you of our planned policy review because your participation and contributions will enrich and guarantee the success of this exercise and its outcome. The Review will be spearheaded by a Technical Team consisting of Technical Members from my Ministry, other relevant Ministries, agencies and the Bank of Namibia assisted by a technical expert.

You will shortly be given more details about the scope of the review by my officials.

While the review will catalogue all the shortcomings that may be there in detail, a few of such are already known, such as:

- (i) That the current definition of SMEs is too narrow and not inclusive of all small business categories that exist in our economy. There is also a need for a single o common definition or classification of the various categories of small businesses in the country and the corresponding requisite interventions.

- (ii) And that the current Policy has also not provided for a proper co-ordination and a monitoring and evaluation mechanism As a result, there is multiple and often duplicating SME support initiatives being carried out by various institutions, in Government, private sector and donors in an uncoordinated manner. It is my wish to see more synergy and an integrated approach as required under NDP 4 and our Industrial Policy and to reduce over-laps and wastage of resources.

Ladies and Gentlemen

As part of our continuous effort to create conditions for the growth of SMEs, I have also invited you to witness the launch of website that will showcase SMEs and their products to other businesses, institutions and consumers at home and abroad. Besides providing information on SMEs uploaded and their products, the portal also has an interactive function that will enable tie-ups and linkages between SMEs, other businesses, service providers and buyers. The portal has been developed with in partnership with JICA, and I wish to thank JICA and the JICA expert who have been working with the Ministry for the generous support.

This is initiative is being implemented on a piloting basis, and the outcome of its implementation will inform us on how to best expand and integrate further. I wish to encourage SMEs to take advantage of this marketing tool.

In conclusion, I would like to express my gratitude to all those institutions and individuals who continue to make a meaningful contribution in different ways and at different levels, to the growth and development of entrepreneurship and the SME sector in our country. I look forward to your continued support and partnership during

the review that I will be launching today and during the implementation of the policy and programmes that will come out of the review.

It is now my honour to launch the review of Namibia's SME Policy and Programme and the SME website. I thank you!