

REPUBLIC OF NAMIBIA



**STATEMENT BY HON. LUCIA IIPUMBU, MP
MINISTER OF INDUSTRIALISATION AND TRADE**

**ON THE OCCASION OF PRIVATE SECTOR DEVELOPMENT
SURVEY (PSDS) 2020/2021, NATIONAL AUTOMOTIVE ASSEMBLY
DEVELOPMENT POLICY (NAADP) 2019-2021, AND THE MINERAL
BENEFICIATION STRATEGY 2021**

AT

LEMON TREE RESTAURANT

**Friday, 29 JULY 2020
@ 09:00**

Director of Ceremony

Hon. Kornelia Shilunga – Deputy Minister: Ministry of Mines and Energy

Senior Government Officials Present

Representatives of GIZ Namibia

Invited Stakeholders present

Members of the Media

Ladies and Gentlemen,

Good Morning

It is my great honour to be here to officially launch the Private Sector Development Survey 2020/2021, the National Automotive Assembly Development Policy Framework 2019-2021, and the Mineral Beneficiation Strategy 2021. Gathered here today are stakeholders and colleagues representing the private and public sectors involved in the implementation of our Growth @ Home Strategy.

Today's launch of the three publications might evoke the question of "What do they have in common?". However, a closer look reveals that it all brings together important elements for the industrialisation efforts of an economy such as information on the economic and business environment, availability of information for all stakeholders involved as well as adequate, improved and accelerated service provision.

Let me start with the Private Sector Development Survey 2020/2021

- The Survey is the second consecutive PSDS carried out. This survey is an important tool to gauge the business sentiments as well as to identify major strengths and weaknesses in the policy framework
- It is against this background that the Ministry of Industrialisation and Trade (MIT) and the Gesellschaft für Internationale Zusammenarbeit (GIZ) joined forces under the umbrella of the Promotion of Business and Transformational Services Project (ProBATS) to revive the business climate survey in Namibia.

- One of the intentions of the PSDS was to complement international surveys therefore the PSDS 2020/2021 provides extensive overview of the general business climate in Namibia.
- The latest survey was carried out between 01 October to 15 November 2020 when the social and economic impact of restrictions imposed to contain the spread of the Covid-19 pandemic became evident. It included a total sample of 900 businesses across all sectors and the whole country. Two - third of this sample was randomly selected from the previous PSDS for the 2019/20. We added one third from our database of more than 3,800 businesses for the survey of 2020/2021. We then adjusted the final sample slightly to ensure that at least ten businesses are included for each region.
- **The four main areas covered were Economic conditions, Regulatory environment, Main general challenges, Public Private Dialogue and the results revealed the following:**
 - 60.1% of all businesses did not invest in 2020. Those who invested, focused mainly in the replacement of equipment and in Research and Development (R & D) rather than the expansion of their operations.
 - The prospects for investments in 2021 look rather bleak. The ratings of the intention to invest in the expansion of their business, replacement of equipment or R&D indicate that below average investment levels can be expected.
 - Looking at the Covid-19 Impact the survey ascertained that the worst hit sectors were the hospitality industry, followed by retail trade and business services while the least affected industries include mining and agricultural activities.
 - 81.1% of companies have experienced a decline in turnover of at least 50%. In addition, 11.6% experienced a decline of up to 49% while more than a third of all companies (36.1%) had to reduce employment levels by between 50% and 100%.

- The distance to markets was ranked the most important barrier followed by a lack of demand for products and in third place access to and cost of finance. The quality of service delivery by public officials and the cost of utilities were ranked fourth and fifth respectively.
- Large companies are more concerned about the demand for their products than about distance to access markets, while small businesses are apprehensive with the service delivery of public officials. On the other hand, micro and large enterprises ranked access to finance as the second most relevant barrier
- The time and complexity of registering a business also received a less favourable rating in 2020 compared to 2019 with MSMEs being more critical regarding the whole process than larger companies.
- Generally, with the introduction of the online business registration system in December 2020, it is our hope that this will bring about much needed improvements.

As part of recommendations the survey pointed to the need to:

1. Establish public-private sector dialogue platform as the ongoing economic and social challenges requires coordinated approaches by the public and private sectors. The Namibia Trade Forum must continue to champion regular, structured, substantive discussions.
2. Capacitate e-service providers and expand the reach of e-services. One of the lessons learned from Covid-19 is the need for a robust ICT infrastructure and qualified personnel.
3. The ease of business registration and the ease of paying taxes has declined despite the establishment of digital platforms. This could suggest a lack of human resources to provide the necessary guidance and assistance to users of the platforms. Overall, e-services need to be rolled out more speedily to ease access and affordability of services as well as increase flexibility.

4. Design specific administrative support programmes for Micro and Small Enterprises. Micro and small enterprises provided in general a more critical assessment of the bureaucratic procedures than medium and large companies. The results suggest that there is a need for dedicated Micro and Small business desks at the various institutions that can provide targeted assistance.

I will then turn to the National Automotive Assembly Development Policy Framework (NAADP) 2019-2021

The Namibian Government recognise the importance of developing a fully-fledged automotive assembly industry in order to optimise contribution to Gross Domestic Product (GDP), employment creation, technology transfer, value addition, fostering of backward and forward linkages and most important the immersion of Micro, Small and Medium Enterprises (MSMEs). Optimal policy development is therefore vital to ensure the promotion of such a strategic sector in the country's industrialisation ambitions.

Namibia currently has a promising motor assembly sector whilst the sector policy development is benign and not fully optimised. Regionally the sector major anchor programme - the Automotive Production Development Programme (APDP) is set to end in 2021, which could accentuate the policy vacuum more markedly.

The NAADP framework (2019-2021) is therefore designed as a measure to provide adequate transitory policy provisions in terms of promoting and sustaining investment in local assembly and component manufacturing. The NAADP also aim to promote the exportation of locally produced or assembled motor vehicles as well as increasing the capacity utilisation of automotive assembles.

The NAADP promotes the utilisation of locally and regionally available inputs to ensure that Namibia and the rest of the region increase local content in locally assembled vehicles. Finally, the NAADP provides policy consistency and predictability in terms of its provision for the development of a comprehensive automotive industry masterplan. The

masterplan is intended to ensure that the policy vacuum that could result due to the expiration of the APDP is duly negated for the Namibian automotive assembly sector.

Director of Proceedings

Let me finally highlight the Mineral Beneficiation Strategy

The Mineral Beneficiation Strategy was developed as an inclusive long-term modernization and economic transformation programme that enables substantive and sustained raising of living standards, intensifying structural change and accelerating Namibia's industrialization. The strategy aims to facilitate the realisation of full social and economic potential that can be derived from Namibia's vast mineral endowment and to promote investment, trade, and industrial development.

The absence of a national Mineral Beneficiation Strategy (MBS) has been a major handicap for the Government in the implementation of policies that promote value addition particularly in the mining industry. It is against this background that the Government of the Republic of Namibia (GRN), through the Ministry of Mines and Energy (MME), constituted a Joint Value Addition Committee (JVAC) to oversee the development of a mineral beneficiation strategy (MBS) for Namibia.

Considering the factors such as the availability of domestic and regional resources, projected impact and required levels of investment, this document provisionally identifies a selection from diamonds, coloured gemstones, zinc, industrial minerals (gypsum, dimension stone, limestone), iron and steel foundry products, battery minerals (lithium and graphite) and salt as pilot projects for mineral beneficiation in Namibia. This implies that the identified commodities have the potential to be successfully processed into end-products and/or feedstock for manufacturing with relative ease, considering the identified factors.

With these few words, I thank our Namibian - German development cooperation through GIZ - ProBATS for their continued support.

I thank you