



REPUBLIC OF NAMIBIA
MINISTRY OF INDUSTRIALISATION,
TRADE AND SME DEVELOPMENT



NATIONAL POLICY ON MICRO,
SMALL AND MEDIUM ENTERPRISES IN
NAMIBIA
2016 – 2021

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ACRONYMS

FLI	Financial Literacy Initiative
ICT	Information and Communication Technology
IPPR	Institute for Public Policy Research
M&E	Monitoring and Evaluation
MITSMED	Ministry of Industrialisation, Trade and SME Development
MSME	Micro, Small and Medium Enterprise
NCCI	Namibia Chamber of Commerce and Industry
NEPRU	Namibian Economic Policy Research Unit
SADC	Southern African Development Community
SME	Small and Medium Enterprise

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FOREWORD



The Government of the Republic of Namibia acknowledges the vital role that micro, small and medium enterprises (MSMEs) play in income-generation and employment-creation activities nationally. Therefore the Ministry of Industrialisation, Trade and SME Development has been mandated to ensure the development and growth of MSMEs in Namibia in order to facilitate and enhance the process of industrialisation in the country. Indeed, industrialisation cannot be achieved without the contribution of vibrant MSMEs, as they play a key role in bringing innovative products and/or services into the market. An enabling business environment is crucial to generating and supporting private entrepreneurship initiatives. Thus suitable Government policies, and the development of appropriate support services, are priorities for developing advanced and innovative MSMEs that can be an integral part of the mainstream economy and contribute to employment creation and poverty reduction.

The current Policy and Programme on Small Business Development was drafted in 1997. A review was deemed necessary in order to incorporate the newest trends in MSME development and to align the document with national objectives. The Ministry strongly believes that for the MSME Policy to yield the desired results, it has to be relevant, coherent, and fit for purpose. As a consequence, the process of Policy preparation emphasised stakeholder, public and MSME engagement through workshops hosted in all regions countrywide to gather practical inputs that would ensure the effective promotion and strengthening of programmes supporting MSMEs throughout the country.

This National Policy on Micro, Small and Medium Enterprises in Namibia was then drafted by a National Technical Committee. It incorporates the following fundamental aspects:

- A holistic approach catering for micro, small and medium enterprises without sector discrimination.
- Provision for timely modification(s) of the MSME definition as and when local, regional and global dynamics might dictate.
- Focus on MSME development and innovation.
- Creation of an appropriate institutional framework to coordinate interventions for MSME development in Namibia.

- Strong emphasis on monitoring and evaluation to ensure effective implementation of the Policy.

The recommendations made in this Policy will subsequently feed into an Implementation Strategy.

MSME development requires a steady and continuous commitment from all stakeholders, as well as greater cooperation between Government and entities from the private sector and civil society. As a result, the Ministry of Industrialisation, Trade and SME Development actively promotes stronger working relationships between all partners - particularly during the strategy implementation phases - for the ultimate benefit of MSMEs and the Namibian economy nationally.

I hereby reaffirm the Ministry's commitment to fostering the growth of MSMEs and supporting their development into the future, in order to address unemployment and overcome poverty across the nation.



Hon. Immanuel Ngatjizeko

Minister of Industrialisation, Trade and SME Development

EXECUTIVE SUMMARY

The Government of Namibia is committed to ensure economic development and growth for all. Thriving MSMEs are instrumental in contributing to job creation and economic growth, and therefore reducing poverty. The 1997 National Small and Medium Enterprises (SME) Policy and Programme needed to be revised in order to ensure effective utilisation of available national resources and in order to include newest trends and development in business promotion. This led to the creation of a National Technical Committee, chaired by the Ministry of Industrialisation, Trade and SME Development and responsible for the development of the National Policy on Micro, Small and Medium Enterprises in Namibia. The National Policy on Micro, Small and Medium Enterprises in Namibia aims at creating an enabling environment for MSMEs.

The National Policy on Micro, Small and Medium Enterprises in Namibia proposes a new definition for micro, small and medium enterprises as follows:

Category	No. of full-time employees	And/or	Annual turnover (N\$)
Micro-enterprise	1 to 10	And/or	0 to 300,000
Small enterprises	11 to 30	And/or	300,001 to 3,000,000
Medium enterprises	31 to 100	And/or	3,000,001 to 10,000,000

Concrete recommendations were made in the following areas:

- Policy and regulatory framework
- Access to infrastructure
- Culture of entrepreneurship in society
- Access to finance
- Business development services
- Innovation and technology development and adaptation
- Access to local, regional and international markets and
- Enhancing State capabilities to manage and support MSMEs.

Furthermore, the National Policy on Micro, Small and Medium Enterprises in Namibia recommends a re-engineering of the support programmes offered to MSMEs and the creation of an appropriate institutional framework to oversee such programmes.

The recommendations made in the Policy will feed into an Implementation Strategy.

INTRODUCTION

The Namibian Government is strongly committed to fostering economic growth and development in order to overcome poverty and unemployment nationally. Vision 2030 describes "A prosperous and industrialised Namibia developed by her human resources, and enjoying peace, harmony and political stability". Vision 2030 puts further emphasis "...on the welfare of the people, aiming at human development, equitable and balanced growth, resulting in a growing industrial sector, a modernised agriculture sector, and an enabling macro-economic and political environment".

Micro, small and medium enterprises (MSMEs) play a key role in job creation and income generation, and thus contribute to improving the living conditions of many Namibian people. Thriving and growing MSMEs are therefore a key factor in achieving national development goals. This has long been recognised by the Namibian Government, which adopted a Policy and Programme on Small Business Development in 1997 as a framework to create an enabling regulatory environment in which small and medium enterprises (SMEs) could be developed and promoted by the public and the private sectors. This SME Policy and Programme was aimed at addressing challenges facing SMEs in the areas of finance, marketing, technology, infrastructure, skills development, and institutional support.

The SME Policy and Programme hasn't been reviewed since its inception, despite a number of changes with regard to SME enterprise development since that time, as well as shifts in the macro- and micro-economic environment of Namibia in the intervening years. Furthermore, the Policy and Programme on Small Business Development did not address the needs of micro-enterprises; nor did it deal with the coordination, implementation, and monitoring and evaluation (M&E) of small business development programmes. The 1997 SME Policy and Programme also failed to take into consideration a viable and appropriate institutional framework for the attainment of its stated objectives. As a result, relevant Government institutions - as well as organisations from the private sector or civil society - have been offering a wide range of development support programmes in a fragmented and uncoordinated manner, with the obvious potential for duplication of effort and a suboptimal allocation of resources. Efficient support to MSMEs has undoubtedly been hampered as a consequence.

The Ministry of Industrialisation, Trade and SME Development recognised the need for a review of the current Policy and Programme on Small Business Development to take these structural changes and needs into account. This new National Policy on Micro, Small and Medium Enterprises in Namibia is therefore aligned to the national objectives as expressed in Vision 2030 and the National Development Plans, as well as to other national policies and strategies - such as Namibia's Industrial Policy (2012) and its recently adopted implementation framework and strategy ('Growth at Home') and the Namibia Financial Sector Strategy: 2011 - 2021.

Moreover, this 2015 Policy now proposes an updated definition for MSMEs; addresses specific challenges faced by Namibian MSMEs; and incorporates key recommendations to MSME development. Finally, this Policy emphasises stronger implementation guidelines; defines the appropriate national institutional framework; and advances suggestions for a comprehensive monitoring and evaluation system.

OBJECTIVES OF THE NATIONAL POLICY ON MICRO, SMALL AND MEDIUM ENTERPRISES IN NAMIBIA

1.1 Vision Statement

The Vision of the MSME Policy is:

Thriving MSMEs that ensure effective utilisation of available resources and that contribute significantly to the economic development of Namibia through sustained job creation and economic growth.

1.2 Mission Statement

The Mission of the MSME Policy is:

To devise programmes and interventions aimed at developing MSMEs across key economic sectors and creating synergies with public, private and related civic stakeholders in Namibia.

1.3 Goal

The goal of the MSME Policy is to create an enabling business environment for Namibian MSMEs, thus fostering sustainable employment creation and income generation through training; improved access to finance, technology and markets; enhanced capacity to innovate; and improved entrepreneurial skills. The MSME Policy thus aims to provide the requisite policy and implementation frameworks to ensure the development of competitive, dynamic and innovative Namibian MSMEs.

1.4 Objectives of the MSME Policy

The objectives of the MSME Policy are:

- To develop a comprehensive framework of support services for MSME development, given the importance of the sector to the overall Namibian economy.
- To ensure the acceptance (and thereby promotion) of MSMEs as indispensable agents of economic growth and poverty eradication.
- To ensure that the MSME Policy recommendations contained herein are embedded in Government planning frameworks in a broad-based and integrated manner.
- To suggest changes to existing fiscal policies, regulatory frameworks, and Government support institutions with the aim of facilitating the attainment of the goals of the MSME Policy.
- To nurture and promote MSME support institutions and organisations in terms of the delivery of necessary services.
- To advocate for the development of appropriate platforms to prepare MSMEs for the challenges of globally integrated markets and the attendant high levels of competition.
- To foster the development MSMEs by adopting international good practices for the modernisation and upgrading of technology.
- To promote women's entrepreneurship and ensure gender-balanced economic development.
- To reduce regional and spatial imbalances with regard to industrial development within the Namibian economy by facilitating the establishment of MSMEs in rural settings and in previously underserved urban areas.

1.5 Scope of the MSME Policy

The MSME Policy covers the following key areas:

- Reviewing the MSME definition;
- Highlighting constraints and challenges facing Namibian MSMEs;
- Formulating clear development strategies and policy recommendations;
- Creating synergies among MSMEs support institutions and improving the institutional framework; and
- Laying the groundwork for a sound monitoring and evaluation (M&E) system.

1.6 Alignment of the Policy

The MSME Policy is based on the key guiding policies established by the Namibian Government, namely:

- Vision 2030;
- The National Development Plans (NDP 4 and beyond);
- The Local Economic Development White Paper of 2011;
- Namibia's Industrial Policy of 2012;
- The National Rural Development Strategy of 2012;
- Harambee Prosperity Plan of 2016
- The Namibia Financial Sector Strategy 2011 - 2021 of 2012; and
- The Growth at Home Execution Strategy (2014).



MSMES IN NAMIBIA

This chapter provides an overview of the current MSME environment in Namibia. It proposes a revised version of the definition for small and medium enterprises that was adopted in 1997. It also highlights the current contribution of MSMEs to the Namibian economy, their institutional setting, and the main challenges that they face.

2.1 Definition of MSMEs

The definition for the sector under discussion was last officially enunciated in the 1997 Policy and Programme on Small Business Development. This definition has remained constant over the years, despite shifting regional and global dynamics that have led to worldwide economic changes, as well as to structural changes in the types of businesses the definition embraces. Moreover, the 1997 definition fails to include the concept of micro-enterprises and only differentiates between SMEs engaged in manufacturing activities and all other businesses. No provision was made for appropriate modifications to the definition as and when local, regional and global dynamics would dictate.

It is for the abovementioned reasons that this MSME Policy proposes a revised version of the definition for Namibian MSMEs. The proposed national definition complies with internationally acknowledged standards and defines MSMEs according to two sets of criteria: number of employees and annual turnover. The overall definition therefore incorporates the following categories of businesses:

Criteria for MSMEs categories

Category	No. of full-time employees	And/or	Annual turnover (N\$)
Micro-enterprise	1 to 10	And/or	0 to 300,000
Small enterprises	11 to 30	And/or	300,001 to 3,000,000
Medium enterprises	31 to 100	And/or	3,000,001 to 10,000,000



This definition is to be seen as a guideline only. It should be noted that in the event of an enterprise falling under two categories, the final categorisation will depend on the support requested, and additional information might be required to determine the category of the enterprise in question.

NB: the MSME Policy only applies to formally registered entities.

2.1.1 Flexibility Principle

The Flexibility Principle allows stakeholders to apply narrower criteria in order to better serve the specific objectives of their individual support programmes, and to guide the way that sectoral programmes are designed, provided that the modified criteria remain within the framework given by the national definition.

2.1.2 Adoption of the National MSME Definition

The national MSME definition is to be adopted by stakeholders from the Namibian public and private sectors. A one-year timeframe is to be allowed for all stakeholders to align their current MSME definitions with the national definition as outlined in this Policy.

2.1.3 Modification of the National MSME Definition

The Government of the Republic of Namibia may, from time to time, modify the national MSME definition adopted in this Policy in order to ensure that it is continuously aligned with national economic aspirations. Moreover, modifications of the national MSME definition may be needed in order to reflect structural changes affecting the Namibian economy. Any modifications to the national MSME definition must be informed by the monitoring and evaluation (M&E) system in place and must be officially announced through publication in a Government Gazette.

2.2 Situational Analysis

This section looks at the current situation with respect to MSMEs in Namibia. It describes the current contribution of MSMEs to the Namibian economy; looks at the current institutional framework; and outlines ongoing constraints and challenges hampering MSME development.

2.2.1 Contribution of MSMEs to the Namibian Economy

Micro, medium and small enterprises are key contributors to employment creation, income generation, and poverty eradication for the people of Namibia, both in rural and urban areas. Indeed, strong, independent and expanding MSMEs are the drivers of growth, innovation, development and job creation in our emerging economy, where the scale and diversity of large businesses are insufficient to meet the demand for new investment and employment opportunities.

MSMEs are by nature flexible enterprises and thus are at the forefront of technological innovation. MSMEs can evolve into growth-oriented businesses that provide much-needed jobs. Furthermore, a deeper integration of MSMEs into the national economy, and the participation of MSMEs in key value and supply chains of major national industries, will have a knock-on effect on many larger businesses in the formal sector, and hence benefit the Namibian economy as a whole.

In Namibia, the latest figures show that an estimated 33,700 MSMEs (of which around 15,000 are formally registered) provide some form of employment and income to 160,000 Namibian citizens, accounting for approximately one third of the nation's workforce; MSMEs' contribution represents

approximately 12% of the Namibian GDP. However, these figures are outdated, which speaks to the need to conduct continuous quantitative research on Namibian MSMEs. According to a 2010 research paper, there is a higher rate of job loss among MSMEs than among large businesses, but the number of jobs created overall by MSMEs tends to mitigate this effect, resulting in a higher net job creation for MSMEs than for larger enterprises. Namibian MSMEs operate in a variety of economic sectors, with the majority of them being retail traders; a further 25% are involved in food processing or other manufacturing, or in the creation of craft; the remainder are engaged in the provision of services.

2.2.2 Institutional Framework

Currently, many institutions from the public and private sectors, as well as from civil society, support MSMEs through a variety of vehicles and development programmes. There is a lack of coordination among these institutions supporting MSMEs, however, leading to duplications of interventions and wastage of scarce resources - thus efficient support to MSMEs is hampered currently. There is a pressing need to map all the efforts targeting MSMEs and to explore effective ways to coordinate these interventions.

2.2.3 Constraints and Opportunities for Development

A number of MSME support programmes have been put in place to address the challenges facing Namibian MSMEs. Nevertheless, entrepreneurs still face challenges in implementing their business ideas; due to their size, MSMEs are particularly constrained by:

- **Access to finance:** MSME financing is unattractive to traditional financial institutions since such enterprises are perceived to represent high-risk investments that do not yield commensurate returns. Even if they offer promising, commercially viable investment opportunities, MSMEs are often not backed by adequate collateral. As a result, only a few such businesses use financial services; the majority of MSME businesspeople rely on their own financial resources and contributions from family members or friends. The limited use of financial services by MSMEs is also strongly correlated with poor financial literacy (the majority of MSMEs make use of private saving accounts or private cheque accounts to run their businesses for instance). As a result, 97% of Namibian MSMEs are considered non-bankable. According to the 2014 World Bank Enterprise Survey for Namibia, 40.9% of small enterprises and 28.6% of medium enterprises identified access to finance as a major constraint to their operations, whereas only 1% of large enterprises see access to finance as a challenge for their development.
- **Access to land:** for historical reasons and as a result of the skewed distribution of land in Namibia, there are limited affordable business premises available throughout the country for MSMEs, and high rental costs jeopardise the success of start-up companies. Moreover, the high cost of serviced land further hinders investment.
- **Access to utilities, and their high cost:** with Namibia being a semi-arid country, access to water throughout the year can be problematic for businesses. Furthermore, Namibia currently relies on imported electricity to cover its power consumption. Steadily increasing energy prices coupled with insufficient energy and water supplies threaten the further development of the economy as a whole. Because of their small size, MSMEs are more exposed to rising prices as they cannot realise any economies of scale.
- **Skills:** lack of entrepreneurial skills - such as those pertaining to management, accounting, and creativity - in tandem with limited personal commitment among entrepreneurs can lead to

poor business proposals and a lack of viable projects. In the global marketplace, the ability to create, acquire and adapt new technologies has become a critical requirement for competing successfully against other economic players.

- **Crime:** according to the World Bank Enterprise Survey (2014), only 43% of small enterprises pay for security services - compared with 73% of medium enterprises and 83% of large enterprises. Moreover, small and medium enterprises in Namibia experience more losses due to theft and vandalism than larger enterprises nationally; in this regard they are also affected more than the average small and medium enterprises in sub-Saharan Africa. As a result, 16% of small enterprises and 20% of medium enterprises in Namibia identify crime and theft as major constraints to their development, compared with only 5% of larger enterprises.
- **Global competition:** expanding markets and lower tariffs contribute to increased competition from imports. As new foreign investors enter the Namibian economy and large domestic firms consolidate their positions, traditional, local MSMEs suffer. Globalisation is also linked to a short-life cycle for products and technology, making it difficult for MSMEs to catch up.
- **Access to technology and research and development:** due to insufficient investments in research and development (R&D), Namibian MSMEs depend strongly on imported skills for the maintenance and operation of their imported technologies. According to the 2014 World Bank Enterprise Survey, close to 40% of medium enterprises use technology licensed from foreign companies. Furthermore, there is insufficient knowledge in Namibia on the availability of suitable technologies, with the result that the technology employed does not always match the needs of the enterprise using it.
- **Access to markets:** the majority of Namibian MSMEs do business only locally. The Namibian Economic Policy Research Unit Small Business Impact Assessment showed that only 4% of the MSMEs sampled export their goods or services, while 16% sold their goods or services only within the administrative region where they operate. Only 12.7% do business throughout the whole of Namibia. The remaining 67% of the interviewed MSMEs do business only locally. Due to the limited size of the domestic market in Namibia, MSMEs need to export their products or services if they want to grow.
- **Lack of accurate information on MSMEs:** although many studies have been conducted on MSMEs over the years in Namibia, there is still a lack of accurate, quantitative information on these enterprises - for example, there is no database in place. The lack of data poses a problem for the monitoring of MSMEs' development and the design of relevant support programmes.
- **Cumbersome administrative processes:** according to the 2015 World Bank 'Doing Business' ranking, Namibia remains a country with lengthy and costly administrative procedures. Registering a business requires going through ten different steps and can take more than two months. Moreover, there are costs involved in this process and MSMEs do not always have the technical and financial capacities to comply with these procedures.
- **Lack of a structured and regulated business development services market:** certain business consultants have identified the need for business development services in the country and have made use of this opportunity by offering costly trainings and consultancy services targeting MSMEs. There is a need to regulate this market in order to ensure quality and value for money to the MSMEs making use of such services.

POLICY PRINCIPLES

The MSME Policy is premised on the following key principles:

3.1 Viable Economic Development Strategy

The MSME Policy is premised on the principle that the establishment and graduation of MSMEs comprise a viable economic strategy for supporting poverty eradication and employment creation, as well as engendering an ethos of competitiveness at national, regional and global level. The MSME Policy hence promotes and supports the establishment and graduation of MSMEs.

3.2 Differentiated Approach

The MSME Policy acknowledges the diversity of Namibian MSMEs and the myriad challenges, constraints and opportunities they face. As a consequence, the MSME Policy incorporates an understanding that 'one size fits all' development approaches might not yield the desired results. Hence different or separate policy recommendations are proposed that target MSMEs according to their size, how long they have been operational, and the sector in which they operate, to mention just a few differentiation criteria.

3.3 Empowerment Strategy: Gender Equality, Social and Regional Inclusion

The MSME Policy is sensitive to the need of empowering indigenous Namibian citizens and responsive to gender equality and social inclusion. It thus places special emphasis on women's and vulnerable groups' economic empowerment and entrepreneurial advancement in order to redress current disparities and to further reduce the impact of colonial era policy effects. Disparities include geographic disparities between rural and urban areas as well as intra-urban differences.

3.4 Cultural and Environmental Accountability

The MSME Policy respects all social groups and their cultures. The MSME Policy hence states that MSME development should not be promoted at the cost of traditional ways of living, cultural values, and/or the environment.

3.5 Economic Integration

The Government acknowledges the importance of vibrant, dynamic and competitive MSMEs for the competitiveness of the Namibian economy as a whole. For this reason, the MSME Policy aims at making Namibian MSMEs an integral part of the national economy, i.e., integrating Namibian MSMEs into larger networks of producers or supply chains.

3.6 Levelling the Playing Field

The MSME Policy recognises that optimal MSME development will require sustained public support mechanisms to offset the inherent disadvantages of MSMEs - such as lack of economies of scale and high operational inefficiencies - as compared against larger enterprises.

The MSME Policy further acknowledges the importance of civil society organisations and social enterprises in enhancing the culture of entrepreneurship in Namibian society.

3.7 Integrated Coordination rather than Fragmentation

The MSME Policy advances and supports an integrated, coordinated approach to the MSME sector in terms of both financial and non-financial support measures, as opposed to a fragmentary approach. Ensuring appropriate institutional frameworks are in place is thus a prerequisite for supporting the integrated coordination principle.

3.8 The Private Sector as a Key Stakeholder

The MSME Policy recognises the critical role of the private sector in ensuring effective implementation of the Policy measures, as well as in resource mobilisation. The MSME Policy thus recognises the need for the continuous involvement of the private sector as a key stakeholder.

3.9 Shared Responsibility for Resource Mobilisation

The MSME Policy advances and supports the principle that the mobilisation of financial resources for the MSME sector is a shared responsibility among all stakeholders, including the intended MSME beneficiaries.

3.10 Sustained Government Commitment and Monitoring

The MSME Policy states that a comprehensive set of systemic measures in various policy areas - such as labour, public procurement, economic incentives, fiscal policy, business regulations, commerce, competition, trade policy, education, monetary policy, and quality standards - is required. As a consequence, the successful implementation of the MSME Policy necessitates the sustained commitment of the Government.

The MSME Policy therefore postulates that for optimal and effective implementation of the Policy measures and overall framework, ownership, commitment and monitoring is entrenched at the highest, i.e., Government, level.



POLICY RECOMMENDATIONS

The MSME Policy makes recommendations aimed at overcoming the constraints identified in Chapter 2, in order to create an environment conducive to the development, promotion and graduation of Namibian MSMEs. The recommendations cover the following strategic areas:

- Policy and regulatory framework;
- Access to infrastructure;
- Culture of entrepreneurship in society;
- Access to finance;
- Business development services;
- Innovation and technology development and adaptation;
- Access to local, regional and international markets; and
- Enhancing State capabilities to manage and support MSMEs.

4.1 Policy and Regulatory Framework

The legal environment in which MSMEs must operate remains very centralised and costly, as well as burdensome to negotiate. MSMEs need to meet a large number of requirements arising out of the laws and regulations affecting their operations, such as those relating to tax and VAT, environmental regulations, labour laws, business registration procedures, etc.

The Government recognises that MSMEs are disadvantaged in comparison to larger businesses due to their comparatively higher costs of compliance. Hence the Government aims at making the legal framework for MSMEs more flexible in order to minimise their bureaucratic costs and foster MSME development. At the same time, the legal framework shall protect MSMEs and their employees and ensure their working conditions are safe.

4.1.1 Corporate Registration

Despite the continuous efforts of Government since the inception of the Policy and Programme on Small Business Development in 1997, business registration remains a lengthy, challenging and costly process for MSMEs. Furthermore, not all MSMEs are familiar with the detailed procedures necessary for business registration. For these reasons, certain MSMEs never register as businesses in Namibia. The registration of businesses shall be encouraged for monitoring and assistance purposes, as well as to increase the potential for increased tax returns for Government.

Recommendations:

- (a) Maintain a one-stop registration centre dealing with all application forms, namely the Business and Intellectual Property Authority (BIPA). Eventually, BIPA will be a fully-fledged agency.
- (b) Create and disseminate information materials on business registration procedures through the BIPA and the regional Ministry of Industrialisation, Trade and SME Development (MITSMED) offices and other support institutions, such as the Namibia Chamber of Commerce and Industry (NCCI) as well as the Financial Literacy Initiative (FLI).
- (c) Continue efforts to streamline corporate registration procedures in order to reduce the length and costs of the process.

- (d) Sensitise, prepare and provide guidance to MSMEs to ensure that their business registration process is straightforward.

4.1.2 Fiscal Incentives

The Government of the Republic of Namibia understands the importance of fiscal incentives as a tool to boost investment and business development.

Recommendations:

- (a) Investigate further ways to simplify the tax administration system and the viability of introducing a differentiated tax bracket system in order to reduce the financial burden on MSMEs.
- (b) Design a differentiated fiscal incentive scheme to take into account priority development areas (e.g., previously disadvantaged areas or clusters) or priority sectors.

4.1.3 Labour Laws

The foundations of our national labour laws are to be found in Namibian common law and various case laws, as well as the relevant legislation – the Labour Act, 2007 (Act No. 11 of 2007) and related legislation such as the Social Security Act, 1994 (Act No. 34 of 1994) and Regulations. Labour laws define employment relationships and can thus be seen as a constraint for MSMEs, which might wish for more flexible legislation appropriate to their particular circumstances. At the same time, the legal framework shall protect the MSMEs and their employees and ensure that the working environment is safe and doesn't jeopardise the safety and health of the employees, at a cost that is bearable for the MSMEs.

Recommendations:

- (a) Explore the viability of adapting relevant regulations (such as labour market regulations) that impact on MSMEs' development to ensure that procedures developed for large enterprises are not applied inappropriately to MSMEs, and are likewise affordable for MSMEs' budgets.
- (b) Support MSMEs to comply with national labour laws, health and safety regulations, etc.

4.1.4 Bankruptcy Laws and Disputes

The Insolvency Act, 1936 (Act No. 24 of 1936), as amended in South Africa in November 1979 and revised in 2005, governs bankruptcy procedures in Namibia.

Recommendations:

- (a) Assess and improve the insolvency and bankruptcy procedures to streamline processes and minimise time and costs, so as to ensure that the assets of failing enterprises are re-deployed as quickly as possible.
- (b) Provide targeted legal assistance to MSMEs in case of business disputes.

4.1.5 Procurement

Securing procurement contracts with public, private and civic partners ensures stable market access for MSMEs' products and services. However, tendering procedures do not always allow MSMEs a fair chance to compete at securing tenders.

Recommendations:

- (a) Explore ways to increase MSMEs' access to public, private and civic procurement opportunities by ensuring that procedures do not discriminate against MSMEs and/or by creating incentives to encourage the demand side to procure from MSMEs.
- (b) Cooperate with the Procurement Unit of the Ministry of Finance to develop empowerment policies, monitor their implementation, and review their efficacy.
- (c) Review the Competition Act (Act No. 2 of 2003) to allow MSMEs to combine their resources in tendering.
- (d) Inform MSMEs about procurement rules and regulations and assist MSMEs that are facing problems in bidding for Government or private sector procurement contracts.
- (e) Design mechanisms to ensure good service delivery from MSMEs participating in tenders.

4.1.6 Protection of the Environment

Government, through the Ministry of Environment and Tourism (MET), has instituted a process of reforming policies and laws in order to protect the environment. The environment protection procedures that Namibia has developed through this process are as follows:

- The Environmental Management Act (Act No.7 of 2007);
- The National Policy on Human-Wildlife Conflict Management (2009);
- The Nature Conservation Ordinance (1975), as amended through the Nature Conservation Amendment Act (Act No. 5 of 1996);
- The Game Products Trust Fund Act (Act No. 7 of 1997); and
- The Environmental Investment Fund of Namibia Act (Act No. 13 of 2001).

The MSME Policy acknowledges that MSMEs need to comply with environmental legislation in order to minimise harm to the Namibian environment. There is a need for additional financial and administrative assistance so that MSMEs can upgrade to greener technologies and comply with the relevant regulatory requirements - such as environmental impact assessments (EIAs). Furthermore, there is limited awareness among MSMEs currently concerning environmental regulations.

Recommendations:

- (a) Provide technical and financial assistance to MSMEs to assist them in complying with environmental regulations.
- (b) Assess the administrative and financial burdens emanating from environmental regulations and streamline environmental regulations where necessary. Seek to identify selected aspects of environmental regulations from which MSMEs can be exempted.
- (c) Educate MSMEs on environmental issues - such as pollution, soil erosion, and waste production and on mitigation measures (such as recycling techniques).
- (d) Disseminate information on environmental regulations to MSMEs.

4.2 Infrastructure for Businesses

Reliable infrastructure is a prerequisite for the development of competitive MSME businesses.

4.2.1 Transportation

Transport infrastructure in good condition is required in order to ensure market penetration and optimise the circulation of MSMEs' goods and personnel - locally, regionally and internationally. Moreover, transport costs shall not hamper the competitiveness of MSMEs.

Recommendations:

- (a) Advocate for a continuous improvement and expansion of transport infrastructures, i.e., railways, roads and ports, for persons and goods.
- (b) Advocate for the development of economical transportation rates and charges for MSMEs.
- (c) Explore tax deduction schemes for remotely situated MSMEs with high transportation costs as an incentive for rural development.
- (d) Facilitate the transportation of bulk freight by linking up MSMEs and transport operators.

4.2.2 Basic Utilities

The Government acknowledges that the price of electricity and water is becoming a burden for MSMEs, making it difficult for entrepreneurs to start their activities and for established MSMEs to remain competitive against regional and global players.

Recommendations:

- (a) Facilitate the creation of 'utilities clusters' or co-operatives, so that MSMEs operating in the same location can realise economies of scale.
- (b) Facilitate the transition to green energy supplies through suitable support programmes and in partnership with existing financing institutions.
- (c) Support the acquisition of green technologies in partnership with the Ministry of Environment and Tourism.
- (d) Negotiate discount rates and charges for MSMEs.

4.2.3 Information and Communication Technologies

Access to information and communication technology (ICT) is essential for competitive businesses in a globalised environment. While national coverage has largely improved in the past few years, some areas of the country still do not have access to reliable and affordable ICT.

Recommendations:

- (a) Develop ICT access centres and Wi-Fi hotspots across the country in cooperation with local and regional governments, the NCCI regional branches, and research institutes.
- (b) Advocate for the development of affordable packages appropriate to the needs of MSMEs, in cooperation with service providers.
- (c) Lobby for reduced roaming rates within the Southern African Development Community (SADC) as part of a regional integration drive.

4.2.4 Business Premises, Industrial Estates

The lack of affordable premises for business operations and the sale of goods and services has been identified as one of the constraints facing the development and growth of MSMEs in Namibia. The Ministry of Industrialisation, Trade and SME Development has therefore implemented a Site and Premises Programme to address these constraints through the construction of industrial parks and SME parks across the country. Industrial parks and SME parks shall be accessible to existing MSMEs that already have viable business plans and developed products and services and that need affordable business premises during the initial years of their operations.

Recommendations:

- (a) Consult with local authorities and the private sector to assess existing business sites and premises in terms of accessibility, utilisation, etc. and undertake upgrading activities where necessary.
- (b) Establish more business sites and premises in close cooperation with local authorities and the private sector, once suitable locations have been identified.
- (c) Develop industrial parks in the economic hubs of the country.
- (d) Revise eligibility criteria for SME parks and industrial parks. Develop and disseminate a standardised application procedure for SME parks and industrial parks.
- (e) Design and sign performance agreements between the tenants and the managing entities of the SME parks and industrial parks. Assess the development of SME parks' and industrial parks' tenants every two years; advise them on possible support where and when necessary, or facilitate relocation.

4.3 Promotion of an Entrepreneurial Culture

The Government recognises the need to create a more favourable social environment for entrepreneurship, i.e., an enterprise culture in which people believe that becoming an entrepreneur is an attractive proposition for them and where they are encouraged to turn their creativity and ideas into businesses. In such an environment, the stakeholders show interest and are committed to the success of MSMEs. Furthermore, in such an environment, society rewards the individual and collective initiatives and innovations of all its citizens, including those from previously disadvantaged groups.

4.3.1 Entrepreneurship Training and Education

The development of an entrepreneurial culture that inculcates positive attitudes towards business, as well as the knowledge necessary to start an enterprise, lies in education. This starts at a very young age and needs to be promoted and encouraged throughout all stages of formal education in Namibia, and beyond.

Recommendations:

- (a) Promote entrepreneurship by means of training and support for entrepreneurial ideas as through the structures of primary, secondary, tertiary and vocational education (introduction of courses on entrepreneurship; familiarisation with the concept of business; financial literacy; virtual enterprises, case studies, etc.)
- (b) Collaborate with research and business teaching institutions to review the current entrepreneurship curricula and roll out entrepreneurship as a compulsory subject in secondary schools and at vocational training centres.
- (c) Collaborate with research and business teaching institutions to facilitate entrepreneurship development programmes or 'boot-camps' for selected target groups, such as young graduates or skilled unemployed professionals.
- (d) Develop a textbook on innovation and entrepreneurship in partnership with the Namibia Training Authority (NTA) and the FLI.

4.3.2 Socially Responsible Entrepreneurial Programmes

Women and the youth remain economically disadvantaged segments of the population, despite a wide range of programmes and policies targeting them. Their empowerment and their

participation in the Namibian economy need to be strengthened in order to ensure social inclusion and create jobs and opportunities for development. Furthermore, the MSME Policy acknowledges the importance of the National Gender Policy (NGP) of 2010 in ensuring the equitable participation of women in economic development. MSME support programmes must comply with key strategies on gender, trade, and economic empowerment as stipulated in the NGP.

Recommendations:

- (a) Develop a network of entrepreneurship centres for the youth, thus enabling them to search for the information they require in order to set up their own businesses, innovate, and seize opportunities.
- (b) Combat social exclusion: entrepreneurial opportunities should include socially excluded members of the population (those with physical or intellectual challenges, immigrants, disadvantaged social groups, etc.).
- (c) Promote women's entrepreneurship among MSMEs to maximise the economic contribution of both genders, especially in sectors with high levels of female participation - such as manufacturing and selling handicrafts and cosmetics.
- (d) Encourage existing and emerging businesses to create market opportunities, especially for women.

4.3.3 Raising Public Awareness

The Ministry of Industrialisation, Trade and SME Development recognises the need to raise public awareness on issues relating to innovation and entrepreneurship in order to create and develop the culture of enterprise in Namibian society necessary to support start-up companies and existing MSMEs.

Recommendations:

- (a) Develop educational programmes targeting citizens to raise awareness on the importance of entrepreneurship for the economic and social development of the country.
- (b) Create a communications programme to convey positive enterprise culture messages through a variety of media channels.
- (c) Institute and promote the staging of an annual entrepreneurship and innovation festival.

4.4 Financing MSMEs' Development

Access to finance is critical to the establishment of MSMEs that can then go on to grow and prosper. Limited access to financial products and services in Namibia for MSMEs is well documented and has also been recognised as one of the priority areas to be addressed in Vision 2030, the five-year National Development Plans, the Namibia Financial Sector Strategy: 2011 - 2021, and the Namibian Financial Sector Charter (2009).

In addition to direct issues of finance, MSMEs also face capacity constraints and difficulties in accessing certain non-financial services, limitations that in turn affect their ability to access finance indirectly (i.e., lack of business/financial management skills, limited access to business development services). For MSMEs to overcome their current challenges in accessing finance, a diversified yet cooperative MSME financing ecosystem is needed. Within this ecosystem, cooperation between Government funds, development banks, commercial banks, micro-fi-

finance institutions, micro-lenders and private equity should be strengthened in order to provide MSMEs with timely and efficient delivery of financing.

Sufficient and timely access to finance for MSMEs stimulates and reinforces the economic growth, job creation, labour productivity, and social cohesion that are vital for the prosperity of the country.

Recommendations:

- (a) Encourage traditional banking financial institutions to develop strategies, operational and systems capabilities, products, and service offerings that align well with the needs of MSMEs.
- (b) Explore alternatives to collateral, since the lack of collateral is one of the main barriers to access to finance for MSMEs. I.e., create the regulatory framework for the implementation of a credit guarantee scheme for MSMEs.
- (c) Build the equity financing market in Namibia, i.e., create the regulatory framework for the implementation of a venture capital fund for high-growth-oriented MSMEs.
- (d) Reduce the risk of lending to MSMEs by providing the regulatory framework for the implementation of a challenge fund facilitating access to business development and MSME advisory services.
- (e) Ensure that all MSMEs (especially those in rural areas) have access to basic financial management training through cooperation with the Financial Literacy Initiative hosted by the Ministry of Finance.
- (f) Simplify administrative procedures and establish a transparent legal framework with respect to existing Government funds for MSMEs development, including an oversight mechanism to ensure the effectiveness and sound performance of Government funds.
- (g) Consolidate scattered Government funds, i.e., through the creation of a one-stop agency dealing with all Government MSME funding instruments (grants and guarantees) (see Chapter 5 on the institutional framework).
- (h) Encourage and stimulate the continuing development of new and innovative financial products, tailored to the needs of MSMEs in Namibia.
- (i) Introduce and develop innovative payment systems (e.g., e-money, smartcards etc.) to reduce transaction costs for MSMEs in rural areas.
- (j) Explore possibilities to increase the number of micro-finance institutions in Namibia.
- (k) Explore possibilities for specific financial vehicles to support start-up companies.
- (l) Strengthen the SME Bank.
- (m) Introduce an entrepreneurship tax on large enterprises to finance MSME research and development.

4.5 Business Development Services

The Ministry of Industrialisation, Trade and SME Development understands that MSME development and graduation cannot be achieved if entrepreneurs are not equipped with adequate skills. The Ministry hence recognises the need to furnish entrepreneurs with appropriate managerial and financial skills. The Ministry further recognises the need to organise the market for business development services.

Recommendations:

- (a) Design and disseminate information materials on laws affecting MSMEs, accounting,

taxation, finance, foreign trade, corporate governance and debt management, as well as on business registration procedures with the MITSMED, Ministry of Finance, local authorities, etc.

Provide information in local languages.

- (b) Facilitate the provision of tailor-made trainings for MSMEs in cooperation with relevant stakeholders such as the NCCI, the Namibia Business Innovation Institute (NBII), the FLI, and vocational training centres across the country.
- (c) Link access to financial support to compulsory trainings on managerial skills, to ensure that beneficiaries are equipped with the right managerial skills.
- (d) Grant businesses easier access to community support services, programmes and networks and improve the coordination of these services.
- (e) Strengthen the capacity of training providers.
- (f) Strengthen the advocacy capacities of MSMEs.
- (g) Regulate the market for training providers and business consultants in order to maximise the quality of services provided to MSMEs, e.g., through the certification of reputable service providers.
- (h) Develop a network of business incubation centres across the country to accelerate the development of start-up companies. Business incubation centres provide an array of business development services and programmes during the first year of the start-up company's development, including access to business premises facilitated by incubator centre management upon graduation.
- (i) Facilitate a mentorship programme whereby successful MSMEs can share their experiences with start-up companies.

4.6 Innovation, Technology Development and Adaptation

The Ministry of Industrialisation, Trade and SME Development acknowledges that research and development (R&D) and access to modern and efficient technologies are key factors in ensuring the competitiveness of Namibian MSMEs in a globalised economy. Therefore the Ministry aims at developing business incubators and laboratories across the country, thus allowing MSMEs to design prototypes or gain access to costly equipment, for example. Moreover, the Ministry seeks to create a favourable environment for technology transfer and a climate facilitating an effective incorporation of imported technology into the socio-economic environment of Namibia, e.g., by making training programmes compulsory when new technologies are imported.

Recommendations:

- (a) Stimulate product development and improvements in quality - ranging from production to final packaging - focusing on high-value markets and niche products.
- (b) Partner up with research institutions, universities and vocational training centres across the country to develop science and technology centres, thus providing easier access to technologies and innovation for MSMEs and stimulating the absorption of new technologies.
- (c) Develop fiscal and non-fiscal incentives to promote R&D, such as studies and pilot initiatives, and the establishment of a label for the most innovative MSMEs.
- (d) Raise awareness regarding compliance with intellectual property rights and the advantages of compliance for the development of MSMEs.
- (e) Sensitise MSMEs on the advantages of newest sales technologies, such as e-commerce.

4.7 Unlocking Local, Regional and International Market Access

The aim of all MSME development programmes is to ensure that Namibian MSMEs are integrated into local, regional and international economies. Indeed, Government recognises that nurtured and developed MSMEs can contribute to the structural transformation of the Namibian economy through the development of industries and value chains. Established MSMEs provide the much-needed support industries and services for the development of the manufacturing sector. Hence Government needs to ensure that both rural and urban MSMEs are mainstreamed into the economy through inclusive business models and the development of value chains. On the other hand, Namibian MSMEs face foreign competition due to the opening of the local market to foreign players and hence need to be competitive.

Recommendations:

- (a) Support marketing efforts for MSMEs' products and services in order to enhance market penetration through better packaging and branding, improved customer service, and guaranteed high quality products and service delivery.
- (b) Further develop the brand 'Made in Namibia' with the support of Team Namibia, to improve the visibility of Namibian products and services locally, regionally and internationally.
- (c) Assist MSMEs in showcasing their products and services during trade fairs and exhibitions, both in Namibia and abroad.
- (d) Facilitate export promotion through the development of an export promotion agency, which shall provide market intelligence services to MSMEs and assist MSMEs in analysing overseas markets, identifying foreign business opportunities, and complying with unfamiliar foreign business practices and paperwork.
- (e) Continue efforts to disseminate information on trade and investment liberalisation affecting MSMEs' opportunities, such as the SADC Industrialisation Strategy and Roadmap (2015).
- (f) Improve the quality of products and services through the introduction of effective quality standards as well as testing and compliance services, with the support of the Namibian Standards Institution (NSI). Support MSMEs to meet the product and quality certifications required for export purposes through the development of laboratories and testing facilities in the country where necessary.
- (g) Support current matchmaking efforts to link up MSMEs with bigger economic players.
- (h) Explore ways to integrate MSMEs into national, regional and global value chains; include MSMEs in sector growth strategies.
- (i) Explore ways to protect MSMEs from foreign competitors and secure access to sales points for Namibian MSMEs.

4.8 Enhancing State Capabilities to Manage and Support MSMEs

The Government understands the need to enhance internal capacities in terms of MSME support and management in order to create an environment conducive to MSME development.

Recommendations:

- (a) Upgrade the Government's strategic planning capabilities with respect to the MSME sector by ensuring a systematic and structured accumulation of comprehensive data through regular censuses and surveys.
- (b) Evaluate the current MSME support programmes offered by the Ministry of Industrialisation, Trade and SME Development and disseminate evaluation reports.
- (c) Revise the institutional framework – see Chapter 5.

INSTITUTIONAL FRAMEWORK AND COORDINATION

This chapter highlights the roles and responsibilities of all stakeholders and recommends the creation of an appropriate institutional framework.

Coordination, rather than fragmentation, is one of the key principles of the MSME Policy. MSME development is by its very nature a cross-cutting exercise and touches on many areas: education, infrastructure, finance, good governance, etc. Hence supporting MSMEs requires the participation and the commitment of a wide range of institutions from all sectors and levels of Namibian society.

The dynamics between private and public, local, regional and national MSME support institutions need to be analysed as these players offer services to Namibian MSMEs that may, at times, complement but also compete with each other. As a result, interventions conducted in isolation and targeting one MSME segment could have prejudicial impacts on another segment of MSMEs and thus jeopardise the success of other support programmes. Opportunistic business owners can also make use of loopholes and manipulate available support programmes.

As a result, coordination and transparency are key success factors for maximising the positive results of the implementation of the MSME Policy as they avoid duplication of interventions and waste of resources and ensure the needs of all MSMEs are accommodated under one or other MSME support programme.

The lead body for MSME development remains the Ministry of Industrialisation, Trade and SME Development. The Ministry is responsible for designing the relevant policy frameworks and appropriate MSME support programmes. However the implementation and monitoring and evaluation of the support programmes are proposed to be delegated appropriate institutional framework.

The mission of a requisite institutional framework is to optimise access to finance and support programmes for MSMEs and maximise the efficiency of funds and support programmes. The Government also recognises that MSMEs continuously need to be engaged through support to the development of public-private dialogue platforms. As a consequence, the requisite institutional framework shall:

- (a) Operate as a one-stop shop for MSMEs seeking support. It shall maintain an up-to-date catalogue of all support programmes available in the country and forward applications from MSMEs to the relevant support institutions.
- (b) Proactively approach private partners to leverage private sector funds and capabilities for the implementation of new MSME development support programmes.
- (c) Monitor and evaluate MSME support programmes offered by the Ministry of Industrialisation, Trade and SME Development and any other institution providing support to MSMEs (this includes private sector institutions as well). The requisite institutional framework shall report to the Ministry of Industrialisation, Trade and SME Development, which has the authority to close or re-define a programme if necessary.
- (d) Ensure that MSMEs comply with all legal requirements in terms of registration, and inform MSMEs of their current legal status. No MSMEs shall receive support if they do not comply with the requisite legal requirements.
- (e) Collect data on MSMEs in Namibia and undertake regular surveys and census activities to record newest developments and challenges among MSMEs.
- (f) Disseminate collected data.

- (g) Engage with MSMEs through public-private dialogue platforms.
- (h) Engage with relevant public institutions and private partners supporting MSMEs.
- (i) Host support funds.

The requisite institutional framework will incorporate certain functions and operations of relevant departments of the Ministry of Industrialisation, Trade and SME Development. A bill will be approved to create the Agency or an equivalent institutional framework. In the meantime, the Ministry of Industrialisation, Trade and SME Development will set up committees charged with carrying out the tasks incumbent upon the Agency.

The implementation and operationalisation of the Agency or equivalent institutional framework must advance the decentralisation agenda of the Government of Namibia in order to ensure effective and immediate service delivery. The Ministry of Industrialisation, Trade and SME Development will initiate assessments to investigate the various options and economic viability of ensuring an appropriate institutional framework that will aid effective implementation of the policy's support programmes within a year of approval.



IMPLEMENTATION; MONITORING AND EVALUATION**6.1 Towards Implementation**

The Namibian MSME Policy sets the stage for more efficient MSME development support programmes. A Policy Implementation Framework will be developed within one year after the Policy has been approved. The Policy Implementation Framework will identify specific intervention areas and support programmes, as well as priority sectors. The Policy Implementation Framework is meant to be a practical document that will incorporate the inputs needed to conduct the activities, anticipated milestones, and institutions responsible for implementation. Moreover, the Policy Implementation Framework will incorporate a detailed monitoring and evaluation (M&E) system, as described below.

6.2 Monitoring and Evaluation

In a constantly changing economic climate, where global trends impact the Namibian business environment, a sound and user-friendly monitoring and evaluation system is required to identify possible deviations and take corrective actions as early as possible. Monitoring and evaluation will take place at two levels: firstly, all the support programmes and initiatives will be evaluated against their objectives. Secondly, the abovementioned programmes and initiatives will be appraised with regard to their respective contributions towards the successful implementation of the MSME Policy itself and the achievement of the long-term objectives highlighted in the MSME Policy Implementation Framework.

The M&E system will specify targets and indicators for all the activities and programmes included in the MSME Policy Implementation Framework as well as overall targets and indicators for the Policy itself. The M&E system shall also include the milestones paving the way towards achievement.

6.2.1 Indicators

Indicators are measures of the progress made towards achieving the targets specified in the MSME Policy Implementation Framework. Indicators should be SMART: they should be specific, measurable, easy to monitor, attainable, adequate, relevant and timely. Possible indicators to measure the success of the MSME Policy and future MSME development support programmes could be:

- (a) Number of new businesses registered;
- (b) Survival and growth rates of the MSMEs (data disaggregated by gender of enterprise owner);
- (c) MSMEs' contributions to national GDP;
- (d) Volume of taxes paid by MSMEs
- (e) Public attitudes towards, and knowledge about, entrepreneurship;
- (f) Number of MSMEs supported (differentiated by gender);
- (g) Number of jobs created and in MSMEs (differentiated by gender);
- (h) Competitiveness of MSMEs;
- (i) Export share of MSMEs;
- (j) Number of days taken to register a business and to complete other necessary formalities; and
- (k) Number of MSMEs graduating.

6.2.2 Targets

A target is the desired measure of an indicator that has to be achieved once the programme supports have been implemented. The targets for the support programmes and the MSME Policy have to be determined by Government by taking into consideration the baseline measure, the current resources available and the current constraints, and international best practices.

6.2.3 Milestones

Milestones are sub-targets and indicate the planned progress at different points in times. The milestones will be set by Government after consultation with relevant sectoral implementing institutions.

6.2.4 Data Collection, Analysis and Reporting

Periodic and regular data collection is crucial to ensure the relevance of any M&E system. All MSME support programme managers are tasked with gathering the requested data and communicating it to the Ministry of Industrialisation, Trade and SME Development. It will be the responsibility of the Ministry to compile the collected data into quarterly reports. This responsibility will be transferred to the requisite institutional framework once it is fully operational. The collected data shall be disaggregated to take full account of the diversity of the Namibian economy (i.e., by gender, by sector, by region of operation, etc.)

6.2.4.1 Data Collection Tools

The Policy recognises the importance of collecting both qualitative and quantitative data in order to monitor the effects of the MSME support interventions. The Government shall be able, at any point in time, to provide a detailed overview of the MSME situation in the country. To that end, data on turnover, number of employees, economic sector of activity, levels of production etc. will be collected and compiled in dedicated databases.

Data collection tools include:

- (a) Regular business censuses (e.g., undertaken every four years);
- (b) Regular business surveys targeting MSMEs;
- (c) Interviews with key stakeholders (e.g. beneficiaries of support programmes or support institutions);
- (d) Public-private dialogue platforms; and
- (e) Existing databases of relevant MSMEs support programmes

6.2.4.2 Data Analysis

The collected data are to be analysed by the requisite institutional framework. Until such institutional framework is in place, the Ministry of Industrialisation, Trade and SME Development will analyse the data in cooperation with the Namibia Statistics Agency.

6.2.4.3 Reporting

The requisite institutional framework is to submit quarterly monitoring reports to the Ministry of Industrialisation, Trade and SME Development. These reports shall include evaluations of the different MSME support programmes; updates on micro- and macro-economic changes that

might affect MSMEs owned by Namibian men and women and jeopardise the success of the support programmes; as well as recommendations for the way forward. These reports will be presented to Parliament.

6.3 Policy Review

The MSME Policy is to be reviewed every five years by the Ministry of Industrialisation, Trade and SME Development, in order to incorporate new market dynamics and developments.



KEY ACTIONS AND PRIORITIES FOR MSME POLICY

Key Theme	Key Action Item/s	Key Responsible Agencies	Timeframe
Policy Development	Finalise and adopt the National Policy on Micro, Small and Medium Enterprises in Namibia	Lead Agency: MITSMED	November 2015 – May/June 2016
Benchmark Exercise	Conduct benchmark exercise to look at MSME support agencies in 2 or 3 countries to feed into the development and viability assessment of the proposed MSME Institutional Framework.	Lead Agency: MITSMED	February 2016 – July 2016
Legislation Development	Develop Institutional Framework Legislation, if found viable.	Lead Agency: MITSMED Support Agencies: LEDA, NMA, Team Namibia, NCCI, other Ministries	December 2016 Ongoing – up to
Evaluation of Current Support Programmes	Evaluation of current public support programmes to rationalise and maximise the support provided to MSMEs. Evaluation will feed the development of the policy implementation framework.	Lead Agency: MITSMED	December 2017
Development of MSME Development Strategy (incl. M&E system)	Development of action plans to implement recommendations formulated in the Policy. This includes timelines, objectives, and targets.	Lead Agency: MITSMED Support Agencies: Stakeholders	August 2017
Development of Financing Plan for the MSME Development Strategy	Parallel to the development of the MSME Development Strategy, development of a financing plan in order to secure funding for the implementation of the MSME Development Strategy	Lead Agency: MITSMED	March 2017
Set-up of MSME Institutional Framework	Once the MSME Institutional Framework's legislation/Act is passed, institutionalisation is then completed.	Lead Agency: MITSMED	March 2017



ⁱGenesis Analytics (2015) for Bank of Namibia: Investigation on how best to coordinate existing government funds aimed at assisting SMEs.

ⁱⁱOgbokor (2010): Investigating the Challenges Faced by SMEs in Namibia.

ⁱⁱⁱPPR/NEPRU (2005): SME Development and Impact Assessment 2004.

^{iv}Neil Ramsden (2010): The Role of SMEs in Employment Creation and Economic Growth: Lessons from Other Countries.

^vWorld Bank (2011): Promoting Entrepreneurship in Namibia: Constraints to Microenterprise Development.

^{vi}PPR/NEPRU: op. cit.

^{vii}<http://www.enterprisesurveys.org/data/exploreeconomies/2014/namibia#finance--size>

^{viii}NEPRU (2003): Small Business Impact Assessment.

^{ix}<http://www.doingbusiness.org/data/exploreeconomies/namibia/#starting-a-business>

^xGenesis Analytics: op. cit.



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