



BUDGET MOTIVATION STATEMENT FOR

VOTE 19: MINISTRY OF INDUSTRIALISATION, TRADE & SME

DEVELOPMENT

FOR 2019/2020 FINANCIAL YEAR

PRESENTED BY

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DEPUTY MINISTER OF INDUSTRIALIZATION, TRADE AND SME

DEVELOPMENT

NATIONAL ASSEMBLY, 30TH APRIL 2019

"Growth at Home"

Honourable Chairperson of the Whole house Committee

Honourable Members of this August House

It is with much gratitude and privilege that I stand to present to this August House, the estimates of expenditure of Vote 19 of the Ministry of Industrialization, Trade & SME Development for the Financial Year 2019/2020.

In terms of Article 63 [2] [a] of the Namibian Constitution, the Budget process and subsequent debate on the Appropriation Bill is a legal and constitutional obligation and prerequisite; probably the most important occasion on the Parliamentary program of any given Financial Year.

The Budget process creates another platform for Parliament and the people of Namibia to interact, to discuss it in our offices, at our homes, at social events, in taxis and busses, by lecturers, teachers, students, by faith-based organizations, health professionals, by micro, small-and-medium entrepreneurs, and by captain of industries. Other categories include are farmers and farm-workers, youth and women the disabled, the sick and the weary organizations, the unemployed, sportsmen and women and people from all walks of life, including all the sectors of the economy.

All these stakeholders are having special interest in this constitutional requirement and therefore it is appropriate for them to express their vested interest in the affairs of the nation and indeed in the national budget as they attempt to understand how Government manages developmental programmes that ultimately grow the economy and improves their lives.

This level of free speech in Namibia pulls the country in unison where all citizens express their opinions on the National Budget as they attempt to understand how Government manages developmental programmes that ultimately grow the economy and improves their lives.

Honourable Speaker

Honourable Members of this August House

It is, therefore, my singular honour and distinct pleasure to introduce to this august Assembly the budget allocation estimates for Vote 19 for the Financial Year 2019/2020 for which I am seeking your diligent support and approval, while standing at the doorstep of Workers' Day, on the 1st May 2019. Namibian workers to be commemorated tomorrow unite we stand, divided we fall.

It goes without saying that the last Financial Year of 2018/2019, suffered serious setbacks, not only in Namibia or SADC or the Continent; the economic meltdown indiscriminately affected all economies of the world, even the super powers or the G20 countries all experienced economic distress. And the factors that contributed to this outcome are known to all of us; and the status quo hasn't changed much for the good of the developing and emerging market economies over the past three years or so. Unlike countries whose economies have advanced technological infrastructure, and thus have shown a modest revival from present and persistent economic setbacks. Namibia, was not spared either. Just like other emerging markets, Namibia was hard hit by the external factors for which we, as a Nation, had no control over.

Let me now focus my attention in detail to the budget allocation estimates of Vote 19 for the Financial Year under review.

The total budget allocation to the Ministry of Industrialization, Trade and SME Development for the Financial Year 2019/20 is **TWO HUNDRED AND NINETY FIVE MILLION AND TWENTY SIX THOUSAND NAMIBIAN DOLLARS [N\$295,026,000]**.

This allocation is divided into **ONE HUNDRED AND SIXTY FOUR MILLION SIX HUNDRED AND THIRTY NINE THOUSAND NAMIBIAN DOLLARS (N\$164,639,000)** FOR THE OPERATIONAL BUDGET AND **ONE HUNDRED AND THIRTY MILLION THREE HUNDRED AND EIGHTY SEVEN THOUSAND**

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NAMIBIAN DOLLARS (N\$130,387,000) for the DEVELOPMENT BUDGET.

This allocation represents a serious budget reduction of **FOURTY TWO MILLION FOUR HUNDRED AND FIFTY TWO THOUSAND NAMIBIAN DOLLARS (N\$42,452,000)** or 13%.

The Operational Budget of the Ministry was cut by **SIXTY SIX MILLION ONE HUNDRED AND THIRTY NINE THOUSAND NAMIBIAN DOLLARS (N\$66 139 000)** or 14.5%.

The Capital Budget also suffered a blow with a reduction of **TWENTY THREE MILLION SIX HUNDRED AND EIGHTY SEVEN THOUSAND NAMIBIAN DOLLARS (N\$23,687,000)** or 22%.

During the same period last year, this Vote saw a cut of more than 43%.

In order for this August House to appreciate the financial dilemma this economic Ministry is confronted with, these budget cuts have far reaching implications for our noble initiatives to drive industrialization, and to increase trade, especially in the light of the African Continental Free Trade Area agreement we ratified a while ago in this August house. These cuts would further undermine our resolve to strengthen the small-and-medium enterprises with the view to mitigate the difficulties of unemployment, poverty and other social evils. These budget cuts also severely limits our role in developing bilateral and regional value chains projects and investments within the SACU and SADC fora that now has frontloaded industrialization at the apex of regional strategy.

From the total operational budget of N\$164 million, the operational budget is allocated as follows:

Remuneration	N\$ 80 265 000
Goods and Other Services	N\$ 28 491 000
Subsidies and Other Current Transfers	N\$ 55 883 000
Total	N\$164 639 000

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These allocations essentially indicate that the Operational Budget is only to finance remuneration, SOEs and the operational expenditures such as utilities, thus there are no allocations to very critical operational areas of the ministry including support services to the MSMEs. This situation, undoubtedly leads to a dysfunctional Ministry, SOEs and Commercial Offices which do not respond to its core mandate to attract local and foreign investments to create job opportunities in Namibia. For SOEs, we only received N\$42 million which does not even cater for full remuneration of one of our SOEs.

Activities in this ministry are packaged under five [5] main Programmes, namely:

- ❖ Trade Promotion,
- ❖ Industrial and Enterprise Development,
- ❖ Investment Promotion,
- ❖ Special Industrialization Initiatives, and
- ❖ Supervision and Support Services

The focus of the programmes indicated above and the specific allocations are discussed as follows. A caveat is in order here-the Ministry focus and activities will be very limited due to the budget constrained as narrated above:

1. TRADE PROMOTION PROGRAMME

An amount of **EIGHTY SIX MILLION SEVEN HUNDRED AND THIRTEEN THOUSAND NAMIBIAN DOLLARS (N\$86,713,000)** is allocated to this programme.

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

1.1 Domestic Trade Management

An amount of **FIFTY SIX MILLION AND SEVENTY TWO THOUSAND NAMIBIAN DOLLARS (N\$56,072,000)** has been allocated to this activity.

Domestic Trade Management focuses on the development and adoption of an
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appropriate legal, regulatory and institutional framework for effective registration, establishment and operation of business; the registration, protection and enforcement of intellectual property, standards conformity assessment and franchises, as well as promotion and safeguarding of consumer welfare and market competition as important conditions for a vibrant and robust domestic economy.

To meet these needs, specialized regulatory and service agencies are created such as the Business and Intellectual Property Authority, Namibia Standards Institution, Namibia Trade Forum, the Competition Commission and the Namibia Estates Agents Board.

Under the domestic trade management activity, we undertook to roll-out the following initiatives in the 2019/2020 financial year:

- To continue providing financial support to SOE's executing our mandate, namely Business and Intellectual Property Agency, Namibia Competition Commission, Namibia Trade Forum and the Namibia Standards Institution for their full functioning.
- Digitalization of the Archives is work-in-progress.
- The draft Chemical Weapons and Control Bill is approved and submitted to CCL for approval.
- Completion of construction of the (NSI) Inspection Centre in Walvis Bay.
- The Commission will also continue to conduct market studies in the Housing, Construction, Health and the Lands sectors respectively.

BIPA is on the cusp of launching a number of electronic services meant to facilitate and promote speedy registration of business and intellectual property in Namibia. This improved service offering will in the long-run improve the ease of the doing business in Namibia and thereby improve our country's international ranking.

1.2 External Trade Management

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An amount of **THIRTY MILLION SIX HUNDRED AND FORTY ONE THOUSAND (N\$30,641,000)** is allocated to this activity.

This programme is meant to push high volumes, increase value and deliver an assortment of Namibian goods and services for export as well as sourcing external markets and preferential market access conditions for Namibian products landing in regional, Continental and global markets.

In this regard, the Ministry has devised an export development and promotion programme and undertakes targeted promotional activities such as trade missions, fairs and exhibitions; product and market research and development; and construction of trade estate centres in identified target external markets.

For the Financial Year 2019/20, the focus under this programme will be on the following activities:

- Engagement in bilateral, regional and multilateral trade and economic integration arrangements, particularly to finalize the negotiations towards the African Continental Free Trade Agreement, Tripartite Free Trade Area amongst Common Market for East and Southern Africa [COMESA], East African Community and Southern African Development Community [SADC], which itself will be a stepping stone towards the Continental Free Trade Area,
- Development of Namibia's Trade Policy in collaboration with United Nations Conference on Trade and Development (UNCTAD), based on the adopted Industrial Policy and the Growth at Home Strategy.
- 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.
- To deal with issues related to unfair trade practices, tariff investigations and tariff setting the Ministry will fast track the establishment of the Namibia Board of Trade being the national body required under the 2002

SACU Agreement. This is an important obligation on which work has started with the next step being to review and finalize the draft Bill for consideration by Cabinet and Parliament.

- Develop Negotiation Strategy on Trade in Services that will enable the local service providers to take full advantage of market access opportunities in other Member States on Trade in Services.
- Finalize the feasibility for the establishment of GS1 accredited Bar Code Centre which aims at enabling manufacturers to meet minimum requirements for shelf space entry.

Regarding the ongoing negotiations to secure greater access for Namibian products, the MITSMED has been pursuing the following agreements as part of the SACU team; SACU –Mozambique and the United Kingdom; Africa Continental Free Trade Area, Comesa-EAC-SADC Tripartite Free Trade Agreement and SACU Egypt, EU SADC Economic Partnership Agreement Implementation, SACU-EFTA Free Trade Agreement and SACU-Mercosur PTA implementation.

The EU-SADC Economic Partnership Agreement and the SACU-Mercosur PTA and SACU EFTA Free Trade Agreement have already entered into force and SACU has been monitoring progress of their implementation including various activities that were put in place to ensure their full operationalisation. Currently parties are reviewing the latter agreement to optimise market preferences under the agreement.

The SACU-Mozambique and the united Kingdom, Africa Continental Free Trade Agreement and the COMESA EAC SADC Tripartite Free Trade Agreement are currently being finalised as parties are negotiating that tariff offers and trade remedies.

In due course, MITSMED will organise effective consultations with all the key stakeholders. Parliament will be briefed on a periodic basis regarding progress being made on the finalisation of these agreements.

2. INDUSTRIAL AND BUSINESS DEVELOPMENT PROGRAMME

An amount of **ONE HUNDRED AND THIRTY ONE MILLION, THREE HUNDRED AND ELEVEN THOUSAND NAMIBIAN DOLLARS (N\$131,311,000)** is allocated to this Programme.

This programme consists of two main activities; namely Industrial Planning and Development and Small Business Development.

2.1 Industrial Planning and Development

An amount of **NINETY ONE MILLION NINE HUNDRED AND EIGHTEEN THOUSAND NAMIBIAN DOLLARS (N\$91,918,000)** has been allocated to this activity.

The purpose of this programme is to create a conducive and the development of a robust and competitive industrial sector in the country. The activities that are carried out under this Programme are aimed at building and boosting the capacity of local industries to efficiently produce and supply goods and services to meet both local and export demand, as well as the ability of local industries to withstand global competition.

For the Financial Year 2019/20, the focus under this programme will be on the following activities:

(a) Industrial Infrastructural Development

The Ministry is constructing eight [8] industrial parks at Omaruru, Opuwo, Tsumeb, Outapi, Divundu and fencing of the site at Katima Mulilo.

(b) Kavango Cattle Ranch

The KCR upgrading is based on a 2015/16 business plan to revitalize the ranch into four main profitable operations. These are still under development. Current and ongoing activities pertains to fencing and bush clearing employing a number of local MSMEs where possible. Furthermore, preparation for fodder production is underway where bush clearing and land preparation was conducted.

(C) Naute Dates/Grape Development Project

This programme aims to increase capacity of Namibia to commercially increase production of grapes, dates and pecan nuts as well as giving technical support to emerging farmers. The programme has developed additional 200 hectares under date palm, table grapes and pecan nuts and rolling-out a study on dates processing into value added products. The construction of a wine distillery will continue during the 2019/2020 period.

(d)Northern Tannery

The Northern Tannery will be further developed in terms of finalising the oxidation ponds connecting pipeline. The Ministry will also advertised for an expression of interest for interested investors to manage the tannery soon.

2.2 Small Business Development

An amount of **THIRTY NINE MILLION THREE HUNDRED AND NINETY THREE THOUSAND (N\$39,393,000)** has been allocated to this activity

This programme is meant to boost entrepreneurship among the local population and at increasing the entry and participation of emerging and existing small businesses into the mainstream economy. This programme provides a wide range of business supportive services aimed at bolstering production capacity of local small businesses and increasing the employment and success rates of SMEs as well as their capacity to contribute to the country's GDP and exports. The Ministry continues to render the business supportive services under this programme, such as business mentorship and managerial skills development, feasibility studies and business plan development and the provision of productive equipment.

EMPRETEC PROGRAMME

The Ministry will introduce the EMPRETEC programme with the stated aim to mainstream entrepreneurship, mentoring and coaching training for MSMEs. This programme is a collaboration amongst key OMAS such as Poverty, Finance, Gender and Child Welfare,

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SCHOOL UNIFORM PROJECT

Cabinet has directed the Ministry in conjunction with the Ministry of Education, Arts and Culture to phase out, the import of public schools uniforms into Namibia, over a period of 2 years, in favour of locally manufactured attire without compromising on quality and competitive prices. This intervention among others will address unemployment in the country, outflow of capital and expertise to foreign countries.

In this regard, the Ministry embarked on the implementation of this Cabinet Directive and has appointed a Textile and Garment Expert to assist with the assessment of existing SMEs in the garment industry in terms of the production capacity. The Ministry assisted various SMEs with different types of tailoring/sewing machines under the Equipment Aid Scheme [EAS] in all the fourteen [14] Regions who were assessed to ensure their participation in the Programme. The purpose of this assessment is to ensure that local clothing manufacturers are adequately empowered in terms of skills and production technology to be able to participate in the production of quality school uniforms.

The assessment report is completed and recommendations are made on the modus of operandi for this project. For instance among others:

- it is envisaged that each region will manufacture school uniforms for their respective schools
- a central Cut and Trim unit will be established in Khomas Region to ensure the correct colour, fabric and garment design/pattern is dispatched to SME operators to produce the garment products required by a particular school
- training sites are being explored in Keetmanshoop, Oshikango, Katwitwi, and Nkurenkuru and Windhoek as initial training centre to empower our local manufacturers to improve on the quality of the products but also to increase their productivity.

3. INVESTMENT PROMOTION PROGRAMME

An amount of **TWENTY SIX MILLION ONE HUNDRED AND SEVENTY THOUSAND (N\$26,170,000)** has been allocated to this Programme.

This programme aims to achieve a volume increase, value and nature of domestic and foreign direct investment in Namibia. The objective will be achieved by creating an enabling environment for foreign investment through a legal and regulatory framework; a proper marketing strategy for Namibia as a preferred investment location, supportive investment incentives and enhancing a positive competitive ranking of Namibia.

Priority interventions planned for 2019/20 Financial year are the following:

- Implement phase two and three of the Integrated Client Service Facility to address ease of doing business and improve Namibia's competitiveness ranking.
- Profiling and appraisal of new investment opportunities in NDP5 priority sectors.
- Targeted investment promotion approach and development of a National Investment promotion strategy that is aligned to the Growth at Home Strategy, Industrial Policy, NDP5 and Harambee Prosperity Plan.

Policy interventions

- Finalise and implement the revised Namibia Investment Promotion Act and its regulations.
- Finalise and implement new Investment Incentives in priority sectors.
- Finalise and implement Targeted investment promotion strategy.

3. SPECIAL INDUSTRIALISATION PROGRAMME

An amount of **FOURTEEN MILLION ONE HUNDRED AND EIGHT SEVEN**

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THOUSAND NAMIBIAN DOLLARS (N\$14,187,000) has been allocated to this programme.

For the Financial Year 2019/20, the focus under this programme will be on the following activities:

The Ministry will continue to finalize critical value chain work on a beef cold storage facility, Karibib Valuation Hub for gemstones and biomass value chains development inclusive of charcoal.

4. POLICY SUPERVISION AND SUPPORT SERVICES

An amount of **THIRTY SIX MILLION SIX HUNDRED AND FOURTY FIVE THOUSAND NAMIBIAN DOLLARS (N\$36,645,000)** had been allocated to our fifth and last programme.

This programme is divided into two activities, namely:

5.1 Policy Supervision

An amount of THREE MILLION NINE HUNDRED AND TWENTY SEVEN THOUSAND NAMIBIAN DOLLARS (N\$3,927,000) has been allocated to this activity.

The activity gives leadership in the ministry with overarching oversight ensuring that the requisite policy and legal framework are formulated and implementation for the attainment of the ministry's mandate through proper alignment to other national development objectives and plans are pursued.

As elaborated elsewhere through other programmes, a number of policy and legal framework were finalized and guidance from this activity was given and same will continue during the new financial year.

5.2 Coordination and Support Services

An amount of **THIRTY TWO MILLION SEVEN HUNDRED AND EIGHTEEN THOUSAND NAMIBIAN DOLLARS (N\$32,718,000)** is allocated to this programme.

This initiative carries the oversight function discharged by the Accounting Officer and the rendering of administrative/support services to other directorates/departments and agencies under the mandate of the Ministry to facilitate the implementation of programmes and projects. Achievements during the previous financial year are as follows:

It is through this activity that implementation of all policies and projects are coordinated and ensured.

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

TWO HUNDRED AND NINETY FIVE MILLION AND TWENTY SIX THOUSAND NAMIBIAN DOLLARS (N\$295 026 000) for both the operational and capital budgets of the Ministry of Industrialization, Trade and SME Development: Vote 19.

We would like specifically thank the Ministry of Finance under stewardship of Honorable Calle Schlettwein the minister, and his Deputy Minister Honorable Natangwe Ithete and the rest of the team. In the same breath, we would also like to thank Minister of Economic Planning Honorable Obeth Kandjoze , the Deputy Minister Honorable Piet van der Walt and entire staff of the National Planning Commission, who had a mammoth task in developing the budget. We understand that the budget was not only developed by the two institutions, hence our appreciation goes to all those who contributing in crafting the National Budget.

I THANK YOU FOR YOUR KIND ATTENTION

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