

Germany assisting in Namibia's industrialisation

Source: New Era (Christian Matthias Schlaga Ambassador of the Federal Republic of Germany to the Republic of Namibia).

Date: 22/11/2017

Monday this week was Africa Industrialisation Day. Within the framework of the Second Industrial Development Decade for Africa (1991-2000), the UN General Assembly, in 1989, proclaimed 20 November as Africa Industrialization Day (resolution 44/237). The Day is intended to mobilise the commitment of the international community to the industrialisation of Africa.

The important contribution of inclusive and sustainable industrialisation in helping Africa to overcome its critical development challenges is clearly recognised in the 2030 Agenda for Sustainable Development. The Sustainable Development Goal 9 calls to build resilient infrastructure, promote sustainable industrialisation and foster innovation.

While Namibia's per capita income of USD 4140.46 (current USD, 2016, World Bank) makes it an upper-middle income country in the World Bank's classification, it still faces problems of high unemployment and poverty, and great social inequality. To overcome these challenges, the country needs urgently more jobs in order to provide people with better incomes.

Germany supports the government of Namibia in implementing the policies such as Vision 2030, the Namibia Financial Sector Strategy (2011-2021) and the current National Development Plan 2017/18 to 2021/22 (NDP5). For this purpose, the German government has committed 6 million euros or N\$100 million in the framework of our bilateral development cooperation for the period February 2015 – March 2018 alone.

This project focuses on growth strategies for selected economic sectors, as well as financial systems development and capacity development in the institutions involved. It is complemented by a related project for the promotion of vocational education and training.

Led by the Ministry of Industrialisation, Trade and SME Development (MITSMED), the project has analysed selected value chains within the economy that demonstrate high growth potential. After Minister Immanuel Ngatjizeko's launch of 10 respective "industry growth strategies" at the end of 2016 the ministry with German support now implements key interventions with private and public stakeholders to tap into that potential.

The main target-groups of the support are small and medium-sized enterprises (SMEs) in all regions of Namibia. To ensure the beneficial impact of these measures, the process involves public and private sector stakeholders, including the Namibia Chamber of Commerce and Industry (NCCI), the Namibia Manufacturers Association, Team Namibia and the Namibian Employers Federation, as well as the Business and Intellectual Property Authority, the Namibia Statistic Agency and the Local Economic Development Agency.

Project activities include business management training, assistance with product development and the introduction of new technologies. The Namibia Investment Center (NIC) receives support in devising strategies to increase foreign direct investments that encourage new enterprises and business growth. The automotive sector has been selected for a pilot investment promotion strategy. At the same time, the project is encouraging a more conducive business environment, for instance through the simplification of processes and access to local and regional markets. These measures benefit all businesses and sectors in the country. Public-private dialogue is similarly important, so the project supports the Namibia Trade Forum (NTF) in facilitating such communication and specific sector consultations.

Access to finance is a key constraint for businesses, especially SMEs. In this regard, a number of reforms and specific measures are foreseen in the Namibia Financial Sector Strategy (NFSS). To support these efforts, the project is cooperating with the Bank of Namibia, the Namibian Financial Institutions Supervisory Authority, the Development Bank of Namibia and others in adopting and implementing regulations (e.g. the Consumer Credit Act, Microlending Bill, Financial Institutions and Market Bill).

The project also contributes to the development of new financial products for SMEs such as a venture capital fund, a credit guarantee scheme and a grant facility to overcome non-financial challenges impeding access to finance. Meanwhile, with support from the project, the Financial Literacy Initiative (FLI) hosted by the Ministry of Finance (MoF) continues to deliver financial education to both the general public and SMEs in view to enhance access to finance.

Results achieved so far

The German Cooperation Project on Promotion of Competitiveness is expected to have a positive impact on the income level and employment creation of growth-oriented businesses, in both the formal and informal sector. Substantial groundwork has already been done, in particular: The annual NamBIC survey is institutionalised and provides business data for effective public-private dialogues (PPDs) and economic reform activities.

NSA operates a state-of-the-art data-processing centre and provides reliable data for policy development and subsequent measurement of their impact. The Business and Intellectual Property Authority (BIPA) was established under the MITSMED to provide even more efficient services for intellectual property rights and the registration of businesses e.g. via a web-portal.

A Local Economic Development Agency was established, providing support services in particular to towns and municipalities. The review of the SME Policy of 1997 has led to the new National MSME Policy launched in November 2016. Ten sector growth strategies have been developed with MITSMED in 2016 for industries like agro-processing (Wood Charcoal, Wildlife Products, Swakara wool, Leather), Metal Fabrication, Gemstones, Handicrafts, and Cosmetics inter alia.

In 2017 a large number of concrete interventions has been implemented under a so-called “Annual Operational Plans” in the fields of primary production, transformation, product distribution and service delivery.

The Bank of Namibia (BoN) has introduced a regulation for mobile payments, which will lead to reduced transaction costs, especially in rural areas. New regulations introduced an affordable basic bank account for low-income households and micro-entrepreneurs. The Financial Literacy Initiative (FLI) provides basic financial education; more than 150.000 Namibians have been reached and about 1.000 SMEs trained on basic business financial management. The FLI was fully institutionalised into the MoF. The platform is supported by more than 25 Platform Supporters from the public, private and civil society sector who also share FLI’s budget contributions. Between 2007 and 2012, access of the general population to financial services increased from 47% to 65%.

Germany stands ready to continue assisting and accompanying Namibia on its development path and in its fight against poverty. During our last government negotiations on Development Cooperation in September this year the German side has almost doubled its commitment to Namibia from almost 75

to more than 133 million euros or N\$2.2 billion for the coming year. Of this amount, 4.5 million euros or almost N\$75 million are earmarked for sustainable economic development including industrialisation. This shows that Germany remains committed to work with Namibia for a better future of its people.