



MINISTRY OF TRADE AND INDUSTRY

STATEMENT

BY

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MINISTER OF TRADE AND INDUSTRY

ON OCCASION OF THE

LAUNCH OF RESEARCH PUBLICATION BY THE IPPR

FRIDAY, 20 JUNE 2014, NICE RESTAURANT

Director of Ceremonies;

Honourable Ministers and Members of Parliament;

Your Excellency Mrs. Marianne Young, High Commissioner of Great Britain and Northern Ireland;

Members of the Diplomatic Corps;

Mr. Graham Hopwood, Executive of the Institute for Public Policy Research

Distinguished Guests;

Members of the Media;

Ladies and Gentlemen;

I am delighted for the invitation extended to me to officiate at the launch of a research publication by the Institute for Public Policy Research (IPPR) entitled *“Easing the way for Investment in Namibia”*. I wish to thank the IPPR for the research and for inviting me.

In general, the research has raised issues related to the ease of doing business and competitiveness that are already known and we have consulted on as recent as yesterday at a just ended stakeholders’ seminar involving Government Offices/Ministries and other stakeholders and partners such as the World Bank. At the said meeting, stakeholders validated the findings and recommended remedial actions contained in the World Bank’s 2014 Ease of Doing Business Report.

As such, I will dwell little on the deficiencies, and rather more on what corrective action is already being taken and/or what we plan to do.

While I and all of us agree in general that Namibia has slipped in ranking over the years as far back as 2009 according to a number of competitiveness and ease of doing business ranking indices, I am glad that at least the report, although it is generally more propagating what is not working, in a subtle way also recognises some of the areas where achievements or gains have been made. The “distinct advantages” as the Report terms it are:

- Well functioning public institutions
- The respect for the rule of law and the independence of the judiciary
- Protection of property rights
- The maintenance of peace and stability
- Good transport infrastructure
- Well developed financial markets and confidence in the financial institutions

The report also concludes that and I quote “Namibia’s performance in terms of becoming more competitive has not been getting noticeably worse”.

As it is already known, the areas where we are particularly ranked to be performing not well are education and training, health, innovation, research and development. The report also identified “lack of political will” and “lack of coordination”.

While I agree that there is room for improvement in the way Government conducts its business in some areas, I believe that there is strong political will, and

that the gains that have been recognised by this and other ranking publications have come about exactly as result of the commitment and drive by Government and its institutions and agencies.

I also want to note that the IPPR research, while highlighting some of the findings of the 2014 NamBiC Survey in respect of the areas where the respondents of the survey have reported constraints or shortcomings, did not report on the areas where the same Survey has reported improvements. The Survey results for example indicate that businesses' rating of the investment climate in 2014 improved in a number of areas except for access to land compared to 2013. Among others, the NamBiC Survey results indicate that businesses' ratings of the investment climate have improved in the areas of crime, access to finance and tax rates.

The IPPR report makes use of a quote by the World Economic Forum giving a definition of "Competitiveness" as the creation of "the best economic, social and environmental conditions for economic development". I will give my views on competitiveness using the key elements used in this quotation especially to emphasise that, unlike the often one-sided emphasis on what Government needs to do to bring about the right conditions for investment, a competitive economic requires shared commitment and partnership by the Government and the business sector.

In this regard, I agree with Martin J. Staab when he said and I quote: "Just getting policies right, as important as that is, may not be enough to promote growth and

development in countries where strong and effective public-private sector relationships are lacking.” The essence of this statement is the importance of public-private partnership not only in terms of dialogue but practical joint action to bring about and ensure conditions not only for businesses to set up and operate but also to bring about the desired level of growth, wealth creation and distribution, employment and overall competitiveness within the economy and beyond.

Let me now address myself to some of the specific recommendations, where I will point out some of the reform measures that we are either already implementing or are committing ourselves to take, especially in respect to the trade and industry sector.

1. Get BIPA (Business and Intellectual Property Authority) up and running

I disagree that there is “little urgency about ensuring that BIPA operates in its optimal form”. First of all, the creation of BIPA is an initiative of the Government in keeping with its commitment to improve the ease of registering and starting a business. The draft Bill that will bring this institution into existence is already before the Cabinet Committee on Legislation, and we are doing everything possible to have this law promulgated at least by the end of the current fiscal year.

In the mean time, BIPA is already operating as a Section 21 company, with a Board, and some of the reform measures that we have identified in the area of

business registration are already being pursued. Among this is the introduction of a web-based Integrated Company Registration System in the last quarter of 2013, which easure has made it possible to register a business or reserve a business name online and without having to physically come to the registration office.

While the operationalization of BIPA may bring about some improvements, it is important to note that the process of registering a business does not only involve Government institutions such as BIPA but also private “agents”, attorneys, notaries and auditors. As such, the envisaged efficiency gains will only be visible if there are improvements in the entire chain including on part of the private role players. As a matter of fact, the World Bank Reform Memorandum has recommended the introduction of standardized business incorporation forms that will reduce or remove the need for attorneys and notaries in the company registration process.

2. Make the “Single Window” happen

- To avoid confusion, the Single Window concept normally refers to a system designed to increase the ease of trading across-borders. This entails the creation of a single entry point Information Technology (IT)-based portal or single body) or system that allows traders to lodge information necessary to fulfill all import and export related regulatory requirements with a single body.

- On the other hand, the concept of “One-Stop-Shop” or Center, which I believe is what is intended here, is used to refer to a range of pre-investment and post-investment facilitative services, including provision of information on general laws and policies governing business and government support to business, business registration, and facilitation of work permits for foreign investors and imported skills as well as access to industrial land.
- One of the outcomes of the Government-driven law and policy review and reform process related to the ease of doing business is the establishment of an “integrated Client Servicing Facility” or One-Stop-Shop, which will ensure coordination and sharing of information as well as facilitate the application and approvals process for permits and licenses required to invest in Namibia. A provision for the establishment of this important facility has been made in the new Investment Bill, which I will address in more detail next.
- I am also happy to report that Cabinet has approved the establishment of a Single Window facility for Namibia, and the Ministry of Trade and Industry has already commissioned a study the model that best meets our needs.

3. Finalise and introduce the new Investment Bill

I agree that the drafting and finalisation of this piece of legislation has taken some time, and I want to assure the business sector that we are now at an advanced stage and are aiming to table this Bill during the current fiscal year.

4. Make M&E and performance management a reality

In addition to the M&E system that has been provided for and is being implemented in respect of performance on NDP4 goals, the Government through the Office of the Prime Minister has, starting from this financial year, introduced and is rolling out a performance agreement system in the entire public service.

5. Undertake a nationwide skills audit

I agree that a number of the skills that are required by some industries are either in short supply or not available locally at all, on the one hand, and also that the process of considering applications for work permits for foreign nationals who possess skills and expertise that are not available locally takes long in some instances. I am however of the view that a general skills audit is more likely to be helpful in informing a local strategy to invest in developing such skills that are required but in short supply, than as a tool to address the glitches in the work permit administration system.

I am happy to note that at least one of the respondents quoted in the IPPR research pointed out that the private sector also has a role to play in “enhancing the capacity of Namibian workers” and that this “is not just the responsibility of the State”.

6. Re-introduce the public procurement bill and reform concession allocation to ensure level playing field

These two recommendations suggest irregularities and corruption in the processes of public procurement and allocation of “government concessions”. My short comment on this is to say that there are mechanisms and institutions such as the ACC and Prosecutor General’s Office to which real cases of corruption can be reported for investigation and prosecution if they exist.

You will agree with that if there is a corrupted, there has to be a corruptor. In the words of Mo Ibrahim, I hope that the private sector or businesses, big and small, would lead by example, and that it is not only demanding improvements in the way governments operate or complain about corruption, without insisting on the same standards within your organisation.

7. Step up private-public sector cooperation

I agree with this recommendation, and wish to confirm that there are already formal mechanisms that provides for dialogue between the Government, through the Ministry of Trade and Industry, and the business sector through formal

industry bodies and associations such as the NCCI, NMA, Team Namibia, Namibia Trade Forum. Such bodies even receive financial support from Government to implement specific business supportive initiatives and to strengthen their institutional capacity to better serve their memberships as well as to participate in trade rule negotiation and setting forums at regional and multilateral levels that impact on business.

We also had and continue to hold wide consultations with the various industry sector on trade and industrial development policy initiatives such as the Industrial Policy, the Growth at Home strategy, and the EU-SADC Economic Partnership Agreement negotiations. This dialogue and consultation will be continue and stepped up.

8. Improve cooperation between government Ministries, agencies and other institutions

My comments on the finding and recommendation in respect of this subject matter will be limited to the role assigned to the Ministry of Trade and Industry under NDP4 and in respect of the implementation fo the Industrial Development Policy, which is to coordinate national action aimed at developing and enhancing our industrial production and supply (manufacturing and local value addition) and export capacity and competitiveness. I have already referred to the wide consultations with various industry sectors in this regard. In addition to that, we are also tasked to coordinate joint public-private effort to ensure and improve conditions for investing and doing business in our country. In this regard, we have

among others secured the help of the World Bank to prepare an action plan outlining reforms in the various pillars used in the World Bank's Ease of Doing Business Index. And just yesterday, we hosted a meeting of stakeholders which served to validate the findings of the WB's Ease of Doing Business Report and agreed on a plan setting out the reforms that need and are to be implemented in order to improve our competitiveness rating and more importantly to attract more investments as well as to grow and diversify our trade and industrial productive capacity.

9. Utilities need to deliver

Benchmarking studies carried out by the NMA and the Ministry of Trade and Industry confirm that the cost of electricity is relatively high in Namibia, and has a negative effect on our drive to promote manufacturing and to industrialize. Various efforts are being made to ensure the availability of power and to diversify sources of energy, including the development of the Kudu gas project as well as solar and IPP options.

10. Improve the quality and accessibility of data

The importance of accurate and timely data in planning and implementing industrial and economic development measures cannot be over-emphasized. I totally agree with the recommendation for the Ministry of Trade and Industry and its agencies to work closely with the NSA to collect and ensure availability of accurate data to inform and guide our investment promotion, industrial and trade

development strategies. The new draft law on investment also provides for registration of investors and investments for statistical and monitoring purposes as well as to enable the provision of requisite investor-care services. The accuracy of information collected by government agencies would however greatly depend on the honesty and accuracy on the part of the sources of such information.

11. Ease access to finance

I agree on this persistent constraint to the development and growth of businesses especially start-ups and MSMEs, who are often unable to meet the stringent collateral requirements for loan financing from commercial banks. The Government has introduced measures aimed at facilitating access to and availability of affordable project and business financing, but this remains a challenge. This is one of the areas where a shared commitment and partnership of the private sector, especially the financial institutions, is needed.

On our part as a government, we have among others taken a decision to establish an SME Bank, and also devised various measures to create conditions for the development and growth of SMEs in the country. These include assisting SMEs to acquire production equipment and technology through our equipment aid scheme and to showcase their products and develop market linkage initiatives through among other our “Made in Namibia Expo” and other trade exhibitions at home and abroad.

12. Improve access to land

Access to and the high cost of land including for business purposes remains a constraint to the development and growth of businesses in the country. A related problem is the time and cost involved in registering property. This is one of the constraints identified in the World Bank's Ease of Doing Business Report, and a number of concrete corrective actions have been identified and agreed upon during yesterday's stakeholders workshop in this regard.

In order to reduce the burden especially on SMEs and to attract targeted investments in manufacturing, the Ministry of Trade and Industry has embarked upon a deliberate measure to acquire land in strategic areas across the country for servicing and development into modular business units for SME operators and factories and industrial parks for manufacturing purposes.

13. Overcome Namibia's small market size

For those who are not yet aware, Namibia is a signatory to the SACU agreement of 2002 and the SADC Trade Protocol and Free Trade Area, which regional integration processes provide access to a larger market for goods and services from Namibia. The Government further remains ceased with exploring new markets while consolidating existing ones.

Director of Ceremonies

Ladies and Gentlemen

In conclusion, I re-affirm the Government's position and view about the important role of the private sector as the engine of growth and an important partner in national economic development. We equally recognize the need for effective public-private dialogue and partnerships not only to create a conducive environment for business to operate and flourish, but equally to ensure that the resultant growth translates into jobs and other positive outcomes as envisaged in our Growth at Home strategy and NDP4 roadmap. We will thus continue to explore and introduce reforms and invest in public infrastructure that are necessary to ensure and improve the ease of doing business in our country.

I renew my appreciation to the IPPR for the invitation and opportunity to share my views on the research publication, and to you all for listening to me.

On this note, it is my distinct pleasure to declare this research publication officially launched. And I thank you