Small enterprise support institutions in Namibia

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Disclaimer

The opinions presented are those of the authors and should not be regarded as the views of either the IDRC or NEPRU.
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<th>Full Form</th>
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<tbody>
<tr>
<td>AMCOM</td>
<td>Amalgamated Commercial Holdings</td>
</tr>
<tr>
<td>ASD</td>
<td>additional sales duty</td>
</tr>
<tr>
<td>BLNS</td>
<td>Botswana, Lesotho, Namibia, and Swaziland</td>
</tr>
<tr>
<td>BoN</td>
<td>Bank of Namibia</td>
</tr>
<tr>
<td>COSEDADA</td>
<td>Co-operative Support and Enterprise Development Agency</td>
</tr>
<tr>
<td>CRIAA</td>
<td>Centre for Research, Information and Action in Africa</td>
</tr>
<tr>
<td>CSO</td>
<td>Central Statistics Office</td>
</tr>
<tr>
<td>DBC</td>
<td>Development Brigade Corporation</td>
</tr>
<tr>
<td>DFN</td>
<td>Development Fund of Namibia</td>
</tr>
<tr>
<td>DWA</td>
<td>Department of Women Affairs</td>
</tr>
<tr>
<td>EIDD</td>
<td>Export and Industrial Development Department (Commonwealth Institute)</td>
</tr>
<tr>
<td>ESABO</td>
<td>Eastern and Southern African Business Organisation</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FES</td>
<td>Friedrich-Ebert-Stiftung</td>
</tr>
<tr>
<td>FNB</td>
<td>First National Bank of Namibia</td>
</tr>
<tr>
<td>FNDC</td>
<td>First Namibian Development Corporation</td>
</tr>
<tr>
<td>GDP</td>
<td>gross domestic product</td>
</tr>
<tr>
<td>GRN</td>
<td>Government of the Republic of Namibia</td>
</tr>
<tr>
<td>GST</td>
<td>general sales tax</td>
</tr>
<tr>
<td>HSF</td>
<td>Hanns Seidel Foundation</td>
</tr>
<tr>
<td>IDRC</td>
<td>International Development Research Centre</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
</tr>
<tr>
<td>IMLT</td>
<td>Institute for Management and Leadership Training</td>
</tr>
<tr>
<td>JCC</td>
<td>Joint Consultative Committee</td>
</tr>
<tr>
<td>KAYEC</td>
<td>Katutura Youth Enterprises Centre (KAYEC)</td>
</tr>
<tr>
<td>LAC</td>
<td>Legal Assistance Centre</td>
</tr>
<tr>
<td>LSE</td>
<td>large-scale enterprise</td>
</tr>
<tr>
<td>MLHRD</td>
<td>Ministry of Labour and Human Resources Development</td>
</tr>
<tr>
<td>MSE</td>
<td>micro- and small enterprises</td>
</tr>
<tr>
<td>MTI</td>
<td>Ministry of Trade and Industry</td>
</tr>
<tr>
<td>NACCUL</td>
<td>Namibian Co-operative Credit Union League</td>
</tr>
<tr>
<td>NANGOF</td>
<td>Namkibian NGO Federation</td>
</tr>
<tr>
<td>NCAs</td>
<td>Northern communal areas</td>
</tr>
<tr>
<td>NCCA</td>
<td>Namibia Community Co-operative Alliance</td>
</tr>
<tr>
<td>NDC</td>
<td>Namibian Development Corporation</td>
</tr>
<tr>
<td>NGO</td>
<td>non-government organisation</td>
</tr>
<tr>
<td>NIE</td>
<td>newly-industrialising economies</td>
</tr>
<tr>
<td>NNCCI</td>
<td>Namibia National Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>NNRCCCI</td>
<td>Northern Namibian Regional Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>PSF</td>
<td>Private Sector Foundation</td>
</tr>
<tr>
<td>PTO</td>
<td>permission to occupy</td>
</tr>
<tr>
<td>RSA</td>
<td>Republic of South Africa</td>
</tr>
<tr>
<td>SACU</td>
<td>Southern African Customs Union</td>
</tr>
<tr>
<td>SADC</td>
<td>Southern African Development Community</td>
</tr>
</tbody>
</table>
SSIID  Small Scale and Informal Industries Division  
SMME  small, medium and micro-enterprise  
SSD  Social Science Division at UNAM  
SSE  small-scale enterprise  
ToT  training of trainers  
UNAM  University of Namibia  
UNICEF  United Nations International Children Emergency Fund  
UTN  Urban Trust of Namibia  
VDP  Vendor Development Programme  
WVTC  Windhoek Vocational Training Centre  

1. Defining SMME

There is no generally accepted definition of a small business, because the classification of businesses into large- or small-scale is a subjective and qualitative judgement. In countries such as the USA, Britain and Canada, a small-scale business is defined in terms of annual turnover and the number of paid employees. For instance, in Japan small-scale industry is defined according to the type of industry, paid-up capital and number of paid employees. Consequently, small and medium-scale enterprises are defined as: those in manufacturing with 100 million yen paid-up capital and 300 employees, those in wholesale trade with 30 million yen paid-up capital and 100 employees, and those in the retail and service trade with 10 million yen paid-up capital and 50 employees (Ekpenyong and Nyong, 1992).

Such definitions are not appropriate to Namibia, largely because the manufacturing sector is extremely weak, and the vast majority of the small businesses would be viewed differently in terms of paid-up capital and number of paid employees.

The SMME definition debate is not unique to Namibia. Internationally, definitions of small, medium and micro enterprises range from small enterprises employing fewer than 100 persons to medium firms with less than 500 employees. The general trend internationally is to utilise both statistical and qualitative factors, focusing on independent ownership, turnover, number of employees, specific sectors and assets value of the business.

Since Independence (1990) much discussion has taken place over what comprises a small, medium or micro-enterprise (SMME). Given the complex size and nature of SMME and poor statistical data on the sector as a whole, stakeholders within the sector use a variety of terms interchangeably to suit SMME in Namibia. The term “micro” is used to describe businesses with less than 10 employees. In most cases, these SMME are also part of the informal sector, although available information suggests that both informal and small business sectors’ characteristics are similar. The term “informal sector” describes all unlicensed and unregistered economic activities that are usually beyond government control (Franz, 1994).

A recent study in Namibia, carried out by the Commonwealth Secretariat (1994) proposed the following definition of the small business sector in Namibia: the employment of fewer than 10 employees, and capital deployed of less than N$250,000. This definition seems to be appropriate for Namibia, because the term “small sized enterprise” is very broad and encompasses a wide range of business sizes. The draft White paper on SME policy by the Small and Informal Industries Division (SIID) within the Ministry of Trade and Industry (MTI) provides a definition of small business as one which has ten or less employees, a turnover of N$3 million or less, or capital invested of N$500,000 or less. Businesses with greater employment or capital deployed are considered medium or large. There is no clear-cut definition that distinguishes a purely small scale enterprise from a medium scale enterprise. Various studies on small, informal and medium businesses use many indicators such as asset base, number of employees and turnover.
The government intends to focus support on small business, both small, formally registered businesses as well as the micro and small businesses which are part of the informal sector, and as such are not registered with the Receiver of Revenue. Thus the businesses eligible for the incentives and support would be micro and small informal sector businesses, whose turnover is below the threshold for registration with the Receiver of Revenue, and small businesses, as defined above (Commonwealth Secretariat, 1994).

What are the main characteristics of the SMME definition in Namibia?

Table 1 Main characteristics of some definitions of formal and informal/small business

<table>
<thead>
<tr>
<th>institution</th>
<th>term</th>
<th>definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTI</td>
<td>small business</td>
<td>less than 10 employees, capital of less than N$250,000</td>
</tr>
<tr>
<td>MLHRD</td>
<td>informal business</td>
<td>less than 5 employees; lack of registration, low income and productivity, varying working hours, little labour relationship</td>
</tr>
<tr>
<td>Namoya/Norval 1992</td>
<td>informal business</td>
<td>unlicensed, subsistence orientation, complementary income, self employment</td>
</tr>
<tr>
<td>CSO</td>
<td>informal business</td>
<td>not registered under company</td>
</tr>
<tr>
<td>NNRCCI</td>
<td>micro-enterprise</td>
<td>employing 1-3 persons, annual turnover less than N$15,000</td>
</tr>
<tr>
<td>NNRCCI</td>
<td>small enterprise</td>
<td>employing 4-10 persons, annual turnover less than N$60,000</td>
</tr>
<tr>
<td>Common wealth study</td>
<td>small enterprise</td>
<td>less than 10 employees</td>
</tr>
</tbody>
</table>

Sources: Hansohm 1996d

The definitions in Table 1 highlight the problems in constructing an operational definition suited to different purposes. The terms micro and small enterprise (MSE) are used to describe businesses with less than 10 employees. People involved in this sector do so to make a living and/or to supplement income and are usually self-employed (Norval/Namoya 1992).

In fact small enterprises vary significantly in terms of what they produce and what strategies they pursue. Most of the small businesses are engaged in relatively simple business operations such as retail business. Most businesses lack the equipment and skills to make products which could be retailed commercially.

According to Namibian law, business with a turnover in excess of N$50,000 are required to register for tax. The turnover of the majority of informal sector businesses
Defining SMME

does not exceed this figure. However, a small number of informal businesses exists in Namibia which have substantially higher turnovers but are not registered for tax.

A manufacturing survey carried out by MTI in 1993 showed that the average value of capital deployed in the 84 manufacturing enterprises with 10 or less employees was close to N$400,000. These enterprises would be considered small in employment terms but would not meet the criterion for capital employment (MTI 1993).

The absence of an agreed definition creates problems in collecting information and statistical data for monitoring the development and contribution of the sector to the national economy. The different interpretations of what constitutes ‘small’ and ‘informal’ makes the compatibility of data from various surveys difficult to reconcile. Table 1 above gives some examples of definitions used locally.

It is vital for planning and monitoring purposes that there is a common definition, at least among the various institutions involved. Having a common definition will help to align different supportive services with the needs of a defined target group.

The International Labour Organisation (ILO), in its employment mission to Kenya in 1973 stated that informal economic activities are “characterised by (see following box):

**Box 1 Example of international characteristic that could determine a definition**

- ease of entry
- reliance on indigenous resources
- family ownership
- small scale of operation
- labour-intensive and adapted technology
- skill acquired outside the formal school system and
- unregulated and competitive markets (ILO, 1972, p.2)

In addition to these characteristics, SMME typically

- have limited access to credit
- have limited access to infrastructure
- market their products in a small geographical region
2. Available sources of information and their quality

Hansohm (1996d) in a paper entitled “The state of the Informal Sector in Namibia” indicated that other developing countries’ data on the SMME sector is scarce and unreliable. In Namibia there is a considerable volume of SMME data, but it might not always be reliable. A number of studies have been carried out by local and international institutions. The studies are not comprehensive and academic, but are rather short-term oriented. The most comprehensive studies are those by the international organisations: ILO and Commonwealth Secretariat (see references).

At the level of implementation, an increasing number of programmes, projects and institutions have been initiated and extended.

Listed are some unpublished and published reports and surveys on informal and SMME sector in Namibia compiled since independence:

- Norval/Namoya (1992) focused on the informal sector within greater Windhoek. The report is based on empirical evidence which provided basic information. The study had a stratified sample of 388 enterprises (owners of enterprises). The informal sector was divided into four categories: trade (e.g. selling fruit, food etc.), manufacturing (e.g. dressmaking, bread baking, pottery, etc.), service (taxi, mechanics, shoe-repair, etc.) and construction (building, plumbing, etc.). The study was carried out in three areas: Katutura, Windhoek and Khomasdal. The aim was to establish a general picture of the informal operators, their needs and aspirations and how they could best be supported with the limited resources available. The study contains empirical evidence which provides basic information on the informal sector. Shortcomings of the report include, for example, the fact that the emphasis was more on the demand aspect than that of supply, and furthermore the report was too general.

- Dirk Hansohm (1996c) ‘The State of the Informal Sector’: the aim of the study was to look at the role, characteristics and prospects of the informal sector in Namibia. The study is based on secondary information. It provides a good insight into the informal sector, particularly the characteristics and the role the informal sector plays in Namibia.

- The Commonwealth Secretariat (1994) in conjunction with the Ministry of Trade and Industry prepared a report which presents a diagnosis of small and informal industries in Namibia and outlines a strategy to accelerate their growth and development. The report includes a 1993 survey of 240 informal sector establishments outside Windhoek. The report also summarises and compares results of other surveys and includes a comprehensive proposal for a development strategy of the sector.

- The Action Plan (Commonwealth Secretariat 1995a) was prepared by EIDD at the request of MTI. The plan provides a blueprint for implementing the strategy outlined in the report. The study helps to lay foundations for the long-term
development of the sector, and provides estimates of the costs of implementation as well as targets against which progress should be monitored.

- The Namibian Northern Regional Chamber of Commerce and Industry (NNRCCI) did a business survey covering 2,600 entrepreneurs in 1992.

- The Ministry of Labour and Human Resources Development (MLHRD), in cooperation with the ILO conducted an informal sector survey in 1993. This survey is the most comprehensive so far. The sample size was 1,400 and the questionnaire comprised around 70 questions. This report provided the quantitative information lacking in previous studies.

- Directory of Services for small enterprises in Windhoek (NEPRU 1995a): 52 institutions were identified and interviewed. The directory intends to list all institutions providing services to small enterprises in Windhoek - government, NGO and donor organisations.

- Small scale enterprise park feasibility study for the NDC (NEPRU/Gopa 1995): a study on the economic environment for small enterprise development in Namibia in general and specifically in the project regions (Swakopmund, Walvis Bay, Ondangwa, Oshakati), relevant sector policies, the education and training system, assessment of the business environment in the project regions, situation analysis of existing and potential entrepreneurs in the project regions. The sample was 47. The study was based on empirical evidence, although the sample was very small.

- Credit delivery systems for SSE in Namibia (Hansohm/Matsaert/Bebi 1996): covering NGO and banking schemes in Windhoek and the North. The report evaluates the accessibility, outreach and efficiency of credit in Namibia.

- Needs assessment of small scale enterprises in Windhoek 1996, for the Windhoek Chamber of Commerce and Industry: Sample of 99, aim was to assess the needs of small enterprises in Windhoek. The study took place in Windhoek, Katutura and Khomasdal. The study was biased towards the manufacturing sector, although other sectors were also included such as service and trade.

- Advice to the Windhoek Municipality on the planned Economic Development Centre.

- Namibia National Chamber of Commerce and Industry, Business Survey in Northern Namibia, 1994/95: Survey among Chamber members, sample size 400, sample seen as representative of the SME structure in the area.

- Mathias Seiche (1995): The report was based on a thesis writing. The information gathered is based on other publications result. The report provides an overview of the informal sector in Namibia.

- Eckard Schleberger (1993): this report is based on secondary information. The study was conducted on a general (nation-wide) basis based on the experience in researching, training and support of the enterprises by the author.
• Jezkova (1995): All stakeholders within the sectors were consulted. The study was prepared for the Ministry of Trade and Industry, for the Evaluation of the Status of the Informal and Small and Medium Enterprises.

• The draft White Paper (MTI 1996) is a policy framework that will guide the Government of Namibia’s support to the small businesses sector. The paper sets out objectives for the sector’s development and specifies the means by which the GRN will enable small business to achieve them. Various stakeholders with the sector were interviewed.

• The ‘Programme for Small Scale and Informal Enterprises in Namibia; A sectoral review and needs assessment of the micro and small scale enterprises sector’ was carried out by the ILO (1994) Office with a team four experts, two local consultants and the Division of Small Scale and Informal Industries of the MTI in 1993. The report presents a programme proposal including the following components: institutional strengthening and capacity building; development of a supportive legal and administrative regulatory environment; development of credit and financial schemes; and integrated skills development.
3. **Size of the sector and its sectoral distribution**

Namibia faces a strong challenge to overcome poverty by creating employment and income. Small businesses can play a major role in this effort. The basic framework conditions for economic development in general are generally positive in Namibia. Awareness of the needs of small enterprise development is high, but the pace of implementation promotion measures should be accelerated.

Despite the scarcity of reliable data with which to measure the size of the informal sector, the Commonwealth and NNCCI reports give some estimates of its importance, especially in terms of employment and occupational structure. Although SMMEs contribute very little to GDP (2-3%), they provide a significant source of employment to close to 16,000 people per year, and a corresponding income. The majority of these people are under-employed individuals in the subsistence sector of the economy, and the unemployed seeking to supplement their income through informal commerce.

Other estimates indicate that SMMEs employ up to 30% of the work force, which is approximately 150,000 people (World Bank, 1996).

In Windhoek alone, employment in the informal sector other than agriculture involves large numbers of the population accounting for 11%, distributed in service, trading, and manufacturing (leather, repairing, etc.).

The highest employment is likely to be in Oshakati - Ondangwa which is home to 44% of the country’s population and where the vast majority of enterprises are not registered for tax purposes. The NNRCCI informal survey of the Ovamboland region covered 2,600 businesses, employing close to 30 thousand people. The main areas of activity are manufacturing, construction, retailing, catering, transportation, wholesaling and personal and business services. Areas of activity which in other countries provide employment in a larger number of small businesses such as agribusiness, accommodation, and transport are not as significant in Namibia.

The main types of business in each of the main sectors of activity for small formal businesses are as follows:

- **Manufacturing** - These are roughly 90 businesses, 84 of which were covered by the MTI manufacturing survey. These 84 businesses employed 550 permanent staff and 190 part-time. Most are sole proprietorships.
- **Construction** - the majority are sole proprietors focused on home building and repair;
- **Retailing** - mainly small, independent stores which are sole proprietorships or family businesses;
- **Catering** - includes both restaurants and a small number of commercial caterers. Most are individual or family ownership;
- **Personal and Business Services** - these are usually self-employed individuals or partnerships employing a few staff (MTI Manufacturing Survey, 1993).
Retailing appears to be dominant, with activities such as various types of businesses, mainly dominated by hawkers on the street. Most hawkers tend to sell food and household products. The high proportion of catering establishments is due to the proliferation of kuka shops in the rural areas, while traders and services include garage plumbers, electricians, welders, carpenters and repair services. Manufacturing is comprised of businesses which produce and sell products on their own account.

It is generally expected that a considerable proportion of manufacturing enterprises are small. However, in Namibia only 84 of 274 enterprises covered by the Manufacturing survey are small, representing around 35% of the total number of enterprises. The 84 small formal sector enterprises account for less than 2% of manufacturing turnover and less than 6% of employment.

The majority of the SMME are urban and in the north, corresponding with the population. Concentration in urban areas is around Windhoek, Walvis Bay, Swakopmund and Tsumeb. Other concentrations were found in the northern parts of the country - Oshakati/Ondangwa, Kavango and Caprivi.

In many African countries, the existence of dynamic small businesses is not very different from Namibia. From a historical perspective, the Namibian economy was characterised by a high level of state intervention in every field of business. “Licensing requirement for every economic activity has created a situation in where it
is assumed that the State must approve or disapprove all economic activities” (Seiche, 1995, p.24). The intervention was aimed at securing the white-owned larger businesses and the South African economy in Namibia. The laws and regulations operating before independence protected specific interests - mainly businesses operated by whites. Only few blacks had an opportunity to set up businesses.

According to Schleberger (1993) small business have a negligible annual turn-over, with the majority of business reaching N$ 50,000 per annum. At the same time they employ an average of 11 people in the enterprises, though not on a secure, formal or regular basis. The type of business involvement is the highest in the trading sector - a pattern that repeats itself when compared with other areas in Namibia. The other sectors are in trading - the activity of food distribution and selling liquor is the largest.

In the manufacturing sub-sector the greatest number of entrepreneurs are engaged in dress-making, tourist articles, carpentry, motor repairs, panel beating, welding, electronic repair, food processing and service.
4. **Indicators of the sector and its development over time**

Despite the fact that 70% of the economy of this country is dependent on South Africa, the review of the production structure and recent development plans reveals that the SMME sector has made a significant contribution to the growth process of this country since independence, particularly in 1996.

Two indicators point to the importance of SMME in the economy of Namibia: the contribution to the GDP and the amount of employment as a proportion of total employment. Namibia’s population is estimated at 1.4 million with a growth rate of 3%, and 45% of the population is under 15 years of age. With improved access to education, new entrants into the labour market are estimated at 16,500 person per annum.

The size of the sector is growing. Each year the workforce increases by 16,500 people. The large-scale formal sector creates only 3-4,000 jobs. The majority of new entrants find themselves with little option but to attempt to earn an income by trading or selling their services, usually in the informal sector.

Two thirds of small and informal enterprises in Oshakati/Ondangwa and Swakopmund/Walvis Bay were established during the post-independence period. This, and the level of diversity among the newly established enterprises, indicates a dynamic development, which can be expected to continue. In the north in particular, women are confidently entering the small and informal enterprises sector; they are the majority in the younger age group because the average age of entrepreneurs is 40 years.

Entrepreneurs in Oshakati/Ondangwa show a strong, positive attitude towards entrepreneurship and are actually proud of the choice they made, despite the low levels of income earned in comparison with formal employment. In addition, plans for business expansion, employment and investment in production are corroborated by forward-oriented mission statements. This, and the fact that competition is somewhat weak, indicates that opportunities are good for small and informal enterprises in Namibia. (NEPRU/Gopa, 1995)

A survey of the informal sector in Greater Windhoek (Norval/Namoya, 1992) revealed the following concentration of MSE: trade 52%, service 20%, manufacturing 19% and construction 9%. The sale of liquor and food dominate trading business. The same study indicates that regarding goods manufacturing, almost 47% are involved in dress making, followed by confectionery 16%, and carpentry, ornaments and leather products at 12% each. In examining the involvement of females in this sector, more females are reflected in the activity they traditionally dominate, which is dress making, whilst males tend to be involved in carpentry, leatherwork, etc.

The majority of the entrepreneurs operate from their homes (34%); 20% operate from a fixed indoor location (rented or owned) and 15% (all traders) operate from a fixed outdoors location.
Capital investment tends to be small, ranging from N$50 to N$200, normally sourced from own savings and family members or friends.

In Ovamboland, the small business sector is large and its importance in job creation is significant. A survey conducted by NNCCI found that on average enterprises employ seven persons. Approximately 74% of enterprises are in the retail or restaurant (food and liquor) business, while very few enterprises are in manufacturing (NNCCI, 1992).

The informal sector covers a large number of people in rural areas who trade in agricultural produce and other consumer products on a part-time basis. Their main source of livelihood is agriculture. Trade or retailing is the main occupation of those engaged in full-time informal business. However, there is a greater spread of activity amongst the entrepreneurs, with a significant proportion engaged in catering, crafts and trades.

Presently, the sector in Namibia is comparatively small and weak, and productivity is low, reflecting the heritage of the apartheid system which suppressed the economic activities of the black majority. An important resulting constraint is the lack of both technical and managerial training (NEPRU/Gopa, 1995).

In the near future, we can expect growth in this sector, because the formal sector will not be able to absorb all or even most of the rapidly growing labour force. However, not all of this growth will be accompanied by growing incomes - in fact, much of the growth will take place in activities with a low value added and correspondingly low incomes.
5. Government policy and regulatory framework with respect to the SMME sector in Namibia

5.1. Policy

The government considers the development of small enterprises an important part of its industrial development policy. Thus it has identified poverty alleviation and employment creation through the promotion of small and medium-sized enterprises as its main objectives. The promotion of small and medium-sized enterprises can contribute to the process of poverty reduction by providing income and employment directly to those involved, and indirectly to their dependants. Government aims to create an enabling environment in which small businesses can develop. It is stated in the First National Development Plan (GRN 1995) that the enabling environment is not designed simply to attract foreign firms to Namibia, but also to encourage all sectors of the economy and all forms of economic activity, including small-scale and informal businesses. The problem with government policy with respect to the SMME sector is that it is not clearly defined, nor is it clear how the government will create such an environment.

Despite the above, the government has identified a number of policy goals as steps that it intends to take. These include the following: in co-operation with NGOs, government will establish “common facility” workshops, from where entrepreneurs can operate, and provide them with tools and equipment; an amount of N$ 87 million has been allocated for the construction of industrial parks. In addition, the government will earmark an amount of N$50 million for the construction of workspaces and common facility centres. Municipalities and regional councils will be encouraged to establish permanent market places for informal sector traders. Credit to small and informal sector businesses will be made available through parastatals or NGOs. Taxing of informal sector activities will be avoided in order to encourage and support the development and expansion of the sector (GRN 1995: 48). This would indicate that the government is committed to the development of the SME sector.

Although the development of small businesses is recognised by the government as an effective means of achieving economic empowerment amongst the majority of the population, there is no national policy or strategy to promote development in this area. Six years after independence, a national policy on the SMME sector is still in the pipeline. The draft White paper on SME policy makes it clear that the government regards the SME sector as a priority sector. The government aims to ensure that the sector is able to play its role - that of a social safety net - by bringing about substantial improvement in incomes provided by the small business sector (MTI 1996:15). It is the aim of the government to ensure that small businesses take the lead role in economic development and spearhead job creation. The paper states government policy objectives in the medium term as follows:
Indicators of the Sector and the Development over Time

⇒ a doubling of the sector’s contribution to GDP to 10%, so as to provide higher incomes to entrepreneurs and reflect the greater economic contribution of the sector;

⇒ average sector income should be equal to the minimum wage prevailing in the country over the next five years; hence government aims to achieve a 10% increase in real incomes, despite the growth in the number of sector participants;

⇒ to diversify activities away from low value added, crowded activities such as hawking or catering, particularly in the informal sector. The government is committed to increasing the representation of manufacturing, crafts, trades and other industrial businesses from their current 20% share of informal sector activity to 30%, despite the fact that low value added activities are the easiest for new participants.

⇒ The government aims to increase the number of manufacturing businesses in the small business sector from the current 120 to 300 by the year 2002.

⇒ reducing differences in terms of market access between small- and large-scale businesses.

The government promises in the policy paper to adopt a holistic approach to achieving the above objectives. Such a holistic approach is divided into three dimensions, namely:

⇒ creating a favourable environment
⇒ pro-active programmes
⇒ strong institutional support

5.2. Government programmes for SME promotion

In accordance with the constitution, the government regards its role as that of creating an enabling environment in which small businesses can prosper. However, owing to the fact that formal financial institutions are reluctant to lend to the SME sector, for obvious reasons such as lack of collateral and the fact that small entrepreneurs do not keep records, the government has been prompted to initiate several credit programmes to make credit available to the SME sector. Programmes that government had initiated are the following:

⇒ a revolving credit fund for small and medium-sized enterprises administered by the Institute for Management and Leadership Training and the Private Sector Foundation. The Small and Informal Industries Division of the Ministry of Trade and Industry has raised N$ 200 000 for the revolving fund, and an additional 1 million DM has been promised by the German government;

⇒ employment creation and promotion fund of the Ministry of Labour and Human Resources Development. This fund, created through the National Vocational Training Fund Act, amounts to N$ 80 million and became effective through the National Training Board which is composed of representatives from the private
sector, government and NGOs. It provides grants to training institutions, or directly to entrepreneurs, as well as soft loans to entrepreneurs;

⇒ income generating projects of the Directorate of Community Development of the Ministry of Regional, Local government and Housing. This Ministry provides grants (and not credit) to income generating projects;

⇒ Ministry of Youth and Sports has established youth development programmes as well as skills training centres, such as the Youth Promotion Centre in Katutura;

⇒ Ministry of Basic Education and Culture provides adult skills development, vocational and entrepreneurship training;

⇒ Department of Women Affairs in the President’s Office provides advisory services and financial support to income-generating activities for women’s empowerment;

⇒ Department of Agriculture and Rural Development provides training to NGOs that are working with co-operatives.

5.3. Implementation / Institutional Structure: Public sector institutions involved in SME promotion

There are a number of government institutions involved in the development of the small business sector. At the core of these institutions is the Small and Informal Industries Division within the Ministry of Trade and Industry, which was created by the government as part of its industrial development strategy. This subdivision has six regional offices, and four additional offices are planned. The main function of the division is to provide an information base on Small and micro enterprises and mobilise resources to the sector. The SSIID does not possess a lot of experienced staff, and neither does it have the mandate to direct parastatals such as NDC to implement programmes or intervene in the work of other governmental or non-governmental organisations. In addition to the Small and Informal Industry Division, the ministries of Youth and Sports, Labour and Human resources development, Education and Culture, Agriculture and Rural Development are involved in the promotion of SMME activities. The Department of Women’s Affairs in the President’s office which has recently been upgraded to ministerial level is also involved in the promotion of SMME activities.

Apart from the above government Ministries there is also a parastatal body - the Namibian Development Corporation - which was created in 1993 by an act of parliament. This statutory entity replaced the former First National Development Corporation. The NDC’s objectives are set out in the Act as: to promote, develop and support all sectors of the economy. The NDC is a multi-sectoral development institution covering both large and small businesses. Its specific objectives are to:
encourage and promote foreign and local investments in Namibia with special focus on promoting private sector participation,

promote local and foreign trade, with the emphasis on import substitution and export expansion. In turn, this would require training to increase the productivity of entrepreneurs, particularly in small and informal businesses,

act as the development agent for government with particular reference to the implementation of special development schemes at the request of government, and

do-ordinate work of other agencies.

The NDC is the implementation arm of the Government of the Republic of Namibia (GRN) SMME activities. The NDC has two main subdivisions, namely: one dealing with Agriculture (Agricultural Development Division) and another dealing with Industrial Development (Industrial Development Division). Within the Industrial Development Division is a small enterprise unit which provides financial and technical assistance to both medium and small enterprises. A staff of six runs the main office operations in Windhoek. NDC has 6 regional offices in Oshakati, Rundu, Walvis Bay, Otiwarango, Keetmanshoop and Katima Mulilo. In addition, there is a corporation known as the Amalgamated Commercial Holdings (AMCOM) through which NDC manages the portfolio businesses of the former FNDC. These portfolio businesses are in direct competition with small enterprises, particularly in the four northern regions.

What has emerged so far with regard to the institutional framework is the fact that in spite of widespread involvement in SMME promotion by various institutions, there is no coherent framework for their participation, leading to a lack of co-ordination, duplication of efforts and a consequent waste of scarce resources and piecemeal initiatives undertaken which are not self-sustaining (Commonwealth Secretariat: 1994: 380).

The government has had no vehicle for implementing business development and support programmes in the country. The direct involvement of government in implementation is in direct contradiction with the stated policy objectives of creating an enabling environment.

5.4. SMME Regulatory Framework

Prior to independence, the small business environment in Namibia was highly regulated. The policy environment in which small and medium-sized enterprises were operating was a major barrier to their establishment. The policies of the apartheid regime were designed to restrict the scope of economic activities by the majority of the population. The process of obtaining licences for transport, accommodation and retailing businesses were very laborious. As a result, Namibia's regulatory framework has been described as a museum for South African laws. Given the above situation,
the government aims to ensure that an enabling environment exists for the informal sector by reforming existing trading laws.

Regulatory problems that face the SMME sector include the following:

- **regulation of economic activity** - the delineation and distribution of powers between GRN, Regional Councils and local authorities is unclear; as a result, local initiatives may founder on overlapping jurisdictions and bureaucratic inertia.

- **inability of SME sector entrepreneurs to own land** - there is an absence of lender accepted clear titles to land, and therefore financing to establish or develop SMMEs cannot be obtained. Small businesses in the communal areas cannot get off the ground because they have to cover their capital needs with their own resources. The system of Permission to Occupy (PTO) employed in communal areas does not give title to the land owner, and is not an acceptable collateral to formal lenders. Once communal towns are proclaimed this problem will be resolved.

- **licensing and registration** - although procedures for the registration of businesses have been simplified with the introduction of the Trade and Occupational Licence Act in 1994, the minimum threshold for registration remains very low at N$50 000 and should be upgraded to N$100 000. Furthermore there is a need for collaboration between the various parties involved in the registration and licensing of business activities. These parties include tax administration, health authorities, town planning, municipal zoning and regional councils. The Trade and Licensing Repeal Act is mainly aimed at decentralising authority to the local authorities and does not cover some of the trades such as transport, manufacturing and services. Manufacturing and services enterprises face more difficulties because existing by-laws make it difficult for these types of businesses to start up, compared to trade businesses. These sub-sectors fall under the national health regulations;

- **Problems affecting women**: business women in Namibia are affected by the fact that they cannot own property, obtain credit or carry bank accounts without their spouse’s consent. The *Roman-Dutch* law prevented women from exercising their rights with regard to property and finance. Recent advances with the Marital Persons Equality Act will put an end to the discrimination against women as enshrined in the Roman-Dutch law.

- **Forms of business firms** in the SMME sector: businesses all over the world make use of various forms of associations creating legal entities that can sue and can be sued, and limit the liability of the individuals who perform the business. Small businesses demand forms of associations which are more tailor-made to their needs. Conventional companies under the Companies Act, 61 of 1973, normally do not meet the needs of the SMME sector (Hinz 1995: 14).

- **Co-operatives and close corporations**: previous studies have established that co-operatives and Close Corporations are the forms of business organisations that suit the interests of the SMME sector. The Close Corporation Act, 26 of 1988 was amended by the close Corporation Act 8 of 1994; however it has not yet been
examined to ascertain to what extent the new act has contributed to improving the SME sector. The new law on co-operatives is not yet ready, and co-operatives are still regulated by the Co-operative Societies Ordinance, 15 of 1946 as amended. The new law on co-operatives has gone through the two houses of parliament and is currently with the government printer.

The government is committed to changing the laws that operate to the disadvantage of the informal sector. The course of action to get rid of other restrictive laws is progressing. There have been complaints that the tender law is restrictive, in that it is unnecessarily strict and inflexible and thus prevents the SMME from participating in the process of public procurement. A draft tender board bill is currently under discussion in parliament. Most of the regulations affecting the SMME sector are in a process of change. There will be new acts in the following areas: Liquor, Transport, Health, and Home Occupations. The liquor bill currently being debated in the national assembly has generated much heated discussion. Some members of the house propose that the new law should make it illegal to brew traditional home brew such as ombike. However, the problem is that some members of the society are entirely dependent on the income generated from the sale of traditional liquor. Furthermore, the market would then be left open to western oriented alcoholic drinks. Therefore the system should make sure that traditional brews are bottled, although more research needs to be done on this matter. Despite the fact that there is a new Liquor Licensing Act, the administration system is still centralised. However, the government promises to amend the centralised system, by decentralising the issuance of licences, and has said that in future liquor licenses will be the responsibility of local authorities.

In addition there are still some elements in the regulatory environment that are not clear. The government has to date provided no protection to smaller businesses from the predatory practices of larger businesses either in Namibia or South Africa (Common Wealth 1994; NNCCI n.d.). Such predatory practices are unfair competition with subsidised products from the RSA and dumping by these businesses. In addition Namibia does not have a competition policy in place. However, the government has stated in the White paper on Small enterprises that the Ministry of Trade and Industry is working on the principles of establishing a Competition Act suited to Namibia. The government promises to ensure that efforts are accelerated so that new Competition Act reaches the statute book by the end of 1999. Furthermore, the Government of the Republic of Namibia ( GRN) has as yet failed to use the protection available through the Infant Industry clause of the SACU to protect the SME sector. The protection of infant industries under the SACU agreement are provided for under articles 6 & 7. Article 6 allows Botswana, Lesotho, Namibia and Swaziland ( BLNS) to impose a tariff on imports into their areas, subject to the agreement of other contracting parties, for new industries up to a maximum of 8 years. A “new” industry is defined as one which has not been established in the country for more than 8 years. GRN aims to introduce infant industry protection to at least three of the industries in which small businesses may become prominent. The range of choice that will be made in consultation with SACU will include (provisionally): garments, wooden furniture, cutlery and cookware, plastic household
products, rubber products, and leather goods of all types (MTI 1996: 22). Article 7 of the SACU agreement provides for BLNS to specify industries which are, or are likely to be of major importance to their economies. So far none of the BLNS has done so. There are no incentives specifically geared towards the development of the small business sector. The government intends to introduce incentives specifically geared to the small business sector. It is stated in the draft White paper on SME policy that over the next five years the Minister of Finance will introduce the following incentives for small businesses:

- the threshold for registration with the Receiver of Revenue will be doubled from the current N$ 50 000 to N$100,000;
- all newly established small businesses will be given for a period of five years a 50% abatement on corporate tax payable which will be reduced to zero percent during the following five years. In the communal areas, the 50% abatement will be valid for 10 years in order to encourage businesses to locate in less developed parts of the country;
- for a period of 10 years from the establishment of a new business, capital gains made by all investors will receive a 50% abatement;
- with the exception of retailers and caterers, GST exemption will be granted to all small businesses on the purchase of inputs (capital equipment as well as raw materials and consumables);
- additional sales duty (ASD) will not be levied on products manufactured by small manufacturers;
- businesses will be required to charge GST on their outputs (goods and services) only if their turnover exceeds N$ 100,000 per annum;
- all small businesses will be eligible for the same rate of accelerated depreciation on land, buildings and plant machinery as manufacturing businesses currently receive. They will also be given the same wage and training incentives as manufacturing businesses.

It is expected that the incentives will not have a significant effect on reducing the revenue paid by small businesses. The corporate tax paid by businesses with a turnover of between N$50,000 and N$100,000 is limited. The small scale and informal industries division will be responsible for verifying new small businesses and therefore those eligible for exemption from GST and ASD, and specifying which inputs and outputs should be exempted from ASD and GST respectively. This will be done in close collaboration with the Ministry of Finance. The government will provide strong and effective institutional and programme-based support to the informal sector.
6. Areas of potential expansion

The Commonwealth report (1994:v) identified the manufacturing sub-sector as being one of the major areas of potential growth. Small manufacturing businesses have the potential to create jobs, owing to their labour-intensive nature. In addition, they will assist in diversifying the shallow industrial base of the Namibian economy. This can be realised with the development of productive skills among the majority of the population.

The second area identified by the Commonwealth report is construction and mining. The process of artisan mining carried out in Namibia is labour intensive, has export potential and could serve to produce raw materials for manufacturing industrial minerals and precious and semi-precious stones. Construction is also labour intensive (Commonwealth Secretariat, 1994:v).

Within the service sector, the Commonwealth Secretariat report identified the transport sub-sector as having the potential for priority treatment. This is because this sub-sector is suited for small businesses. Currently the sub-sector is dominated by large-scale operators, although there are small enterprises involved. The transportation of goods to the remote areas of the country has some potential.

Commonwealth (1994:v) pointed out that in the informal sector the focus of intervention should be to diversify activities in order to prevent overcrowding in the retail sector and to create businesses which through growth and expansion could begin to contribute towards the goals of economic growth and diversification.

Five sectors have been identified as priority sectors by the Commonwealth secretariat in both the formal and informal sectors. These sectors are the following:

⇒ Leather
⇒ Agriprocessing
⇒ Woodworking
⇒ Metal products
⇒ Textiles

An action plan for implementation in the identified areas of potential expansion was drawn up by the Commonwealth Secretariat (1995a) in early 1995. Sub-sectors of the above-mentioned sectors are described in detail in the action plan. The sub-sectors identified above do not constitute a complete list of all areas for potential expansion.

Schleberger (1993:16-22) identified several areas with potential. These are: chemical products, food, beverages and natural pharmaceuticals, textile, clothing and leather industries, wood based industries, metal based industries, service industries, non-metallic mineral based industries, the building industry and building material supply industry, handicraft production and related industries.
**Chemical products** such as soaps, washing powder and cleaning products can be made locally on a decentralised and cheaper basis than the imported product from South Africa, which has an expensive packaging and transportation price-tag to it. (Schleberger, 1993:16). Apparently only 10% of the raw tallow from MEATCO is converted to soap, and the rest is exported. Schleberger (1993:16) argued that other raw materials such as oils and alkalis can be imported from outside SACU after the liberalisation of the SACU regulations. Fertiliser is also an option within the chemical products sub-sector which can be considered given the availability of sulphuric acid produced by Rossing, and sea-weeds available along the Namibian coast.

Within the **food and beverages** sub-sector there is a potential for carbonated water including natural mineral water. The bottling of natural mineral water can be done on a decentralised basis and subcontracting arrangements can be made. The traditional fruits of northern Namibia such as berries (Oombe), Marula, Eendunga, Omauni and Eeshe have the potential to brew traditional distilled spirits. Oils and fats from local high quality natural resources are also potential products. Amongst them one finds the valuable oil “odjove” extracted from the Marula nut, and which grows wild in abundance in northern Namibia (Schleberger, 1993:18).

The **textile and clothing** sub-sector also has considerable potential for expansion. In particular, the design of traditional African dresses and school and public workers’ uniforms have such potential. As was mentioned earlier, there are no small-scale leather enterprises in Namibia, and the potential exists for this type of business, provided that the present skills’ shortages are addressed.

Despite the fact that Namibia is not rich in commercial forests, there are sufficient resources for a significant industry (Schleberger 1993:19). Therefore the potential for **wood based/woodworking** industries cannot be underestimated. Schleberger (1993:19) pointed out that between 60 to 80% of what is harvested is exported to South Africa with very little value added in Namibia. Thus he concluded that the sub-sector has a great potential for growth. In the Kavango, there is a tradition of carpentry and woodcarving, with approximately 200 entrepreneurs (Schleberger, 1993:18). For the potential to be explored there is a need for training in order to improve the product quality and boost the export potential of the industry.

Small enterprises involved in the **metal work** sub-sectors have concentrated mainly on panel beating and spray painting, welding, the production of trails, burglar bars and beds, but there is potential for other activities such as sheet-metal production, the manufacture of barrels and containers, water tanks, and donkey-carts (Schleberger 1993:20). Therefore the potential for expansion exists in the above-mentioned range of products.

In the Caprivi and Kavango regions commercial clay is to be found which is suitable for the production of **ceramic tiles**. The advantage here is that the skills required for the production of ceramics are locally available and this area can be expanded. So far there are few places in Namibia that are engaged in the production of glass, and this area should be seriously investigated for potential expansion.
The other area identified as one with promising potential, particularly in the Northern Communal Areas (NCAs) is the production of building materials. Activities involved in this subsector include cutting poles, bundling grass for roof material, cutting bark for ropes and making bricks out of termite hills.

The production of handicrafts and related activities such as basket weaving, pottery, wood carving and jewellery manufacturing has a potential for growth. However, of the utmost importance is the quality element. The production of traditional utensils for domestic and rural life use is another sub-sector with potential.

Small entrepreneurs can also produce cosmetics based on the availability of local raw materials. Assistance in quality control and design is very important to achieve expansion in this sector.

The following Table 4 shows the views of support institutions on potential within the SMME sector. There are two main views amongst support institution as far as the sector’s expansion is concerned. One is that SMME sector expansion should be based on available resources. For instance, in the Kavango and Caprivi regions where there are plenty of wood and forest resources, this school of thought would argue that SMME expansion should concentrate on the production of handicrafts, furniture and so forth.

The other school of thought identify potential for expansion on a sectoral and business linkage basis. Different institutions identified various sectors as having potential for expansion. The sectors that feature prominently in institutional identification are small-scale leather processing, manufacturing and services such as catering, cleaning and electrical repairs. Tourism, small scale mining and construction have been identified as some of the main areas with potential. Other important sectors identified are textiles and the transformation of scrap into useful items, especially household utensils. A percentage breakdown of the areas identified for potential expansion came up with the following results: 12% for textiles, 16% for agro-industries, 20% for subcontracting, 8% for leather, 16% for tourism, 20% for construction and 8% for manufacturing.
<table>
<thead>
<tr>
<th>institution</th>
<th>potential area</th>
<th>potential area</th>
<th>potential area</th>
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<tr>
<td>SSIID</td>
<td>based on local resources; Omaheke: cattle</td>
<td>Erongo: small scale mining</td>
<td>all sorts of resources in the North</td>
</tr>
<tr>
<td>UNICEF</td>
<td>emerging entrepreneurs &amp; institutions</td>
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<td>leather</td>
<td>subcontracting</td>
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<td>subcontracting</td>
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<td>community tourism</td>
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<td>manufacturing</td>
<td>unexploited talents</td>
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<td>clothes, shoes, foodstuff</td>
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<td>textile; construction</td>
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<td>Other Activities</td>
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<td>manufacturing (toys)</td>
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Note: Question marks indicate the need for further clarification.
7. Problems and areas of intervention

This section is based partly on literature, but mainly on interviews with representatives of SMME promotion institutions. They were first asked to name the main problem areas of SMME in Namibia. Secondly they were asked to name the main areas of intervention. The project contract has pre-defined four broad areas of intervention:

- financial services
- management training and entrepreneurship development
- production technology
- business information

The interviewees were asked regarding each of these areas if they find them relevant, and if so, which were the specific interventions to be made, in the light of the activities which are already implemented presently. From here, other interventions following on from the specified four areas could be explained.

7.1. Problem areas

The institutions’ answers regarding problems are summarised in Table 5. The three columns provide space for three problem areas. Where interviewees mentioned more than three problems, these are separated by semi-colons (;) The answers and their variety are interesting. The areas are ranked by importance in Table 7.
Table 5: Views of SMME institutions: problems of the SSE sector

<table>
<thead>
<tr>
<th>Institution</th>
<th>Problems</th>
<th>Problems</th>
<th>Problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSIID</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>UNICEF</td>
<td>lack of info (what is possible and available)</td>
<td>training in business management; lack of trust (between &amp; with LSE)</td>
<td>finance; after care services; no lines of credit of LSE</td>
</tr>
<tr>
<td>CBN</td>
<td>non implementation of legislation for collateral</td>
<td>IS does not want to become formal</td>
<td>-</td>
</tr>
<tr>
<td>IMLT</td>
<td>lack of cooperation between support institutions</td>
<td>markets, demand</td>
<td>-</td>
</tr>
<tr>
<td>COSEDA</td>
<td>imposition of package solutions</td>
<td>inadequate location of estates, no consultation in their selection</td>
<td>-</td>
</tr>
<tr>
<td>NDT</td>
<td>markets, demand</td>
<td>rural transport</td>
<td>finance; policy</td>
</tr>
<tr>
<td>NNCCI</td>
<td>labelling, stigmatisation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>WE-READ</td>
<td>access to capital</td>
<td>lack of business skills</td>
<td>lack of markets, demand</td>
</tr>
<tr>
<td>WCCI</td>
<td>access to markets</td>
<td>raw material sources</td>
<td>information outlet</td>
</tr>
<tr>
<td>Rossing</td>
<td>markets</td>
<td>marketing skills</td>
<td>product quality</td>
</tr>
<tr>
<td>UTN</td>
<td>access to support services</td>
<td>supportive policy framework</td>
<td>legal framework</td>
</tr>
<tr>
<td>Standard Bank</td>
<td>duplication of efforts</td>
<td>lack of prioritisation</td>
<td>low recovery of credits</td>
</tr>
<tr>
<td>FNB</td>
<td>lack of appropriate skills</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>WVTC</td>
<td>lack of capital</td>
<td>lack of techn.&amp;entrepreneurial skills</td>
<td>-</td>
</tr>
<tr>
<td>Oxfam UK</td>
<td>finance; training; access to markets</td>
<td>access to info; competition from LSE</td>
<td>lack of incentives, poor quality</td>
</tr>
<tr>
<td>NNRCCI</td>
<td>lack of working capital</td>
<td>exposure to business</td>
<td>-</td>
</tr>
<tr>
<td>Oxfam Canada</td>
<td>management skills</td>
<td>info on credit</td>
<td>lack of transport &amp; marketing; lack of technical skills</td>
</tr>
<tr>
<td>NDC</td>
<td>link to South Africa</td>
<td>consumer attitudes</td>
<td>-</td>
</tr>
<tr>
<td>Institution</td>
<td>Challenges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
<td>------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSF</td>
<td>access to credit, lack of customers, poor premises, lack of skills</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CRIAA</td>
<td>location, technical skills, appropriate technical institutions, lack of demand</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDS</td>
<td>unrealistic expectations on donors, poor training facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DBC</td>
<td>lack of access to credit, too many NGOs without clear focus, little cooperation, managerial skills</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KAYEC</td>
<td>access to credit, lack of youth programmes on SSE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Okatumbatumba</td>
<td>no recognition of local institutions by municipalities, crime and violence, GRN policy, access to markets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U-Do Trust</td>
<td>lack of capital, marketing, lack of technology</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DFN</td>
<td>few traditional financial institutions, high expectation for receiving free money</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NANGOF</td>
<td>no enabling environment, lack of food security, policy environment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Question marks indicate the need for further clarification.
<table>
<thead>
<tr>
<th>institution</th>
<th>finance</th>
<th>management</th>
<th>technology</th>
<th>information</th>
<th>other</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSIID</td>
<td>development bank</td>
<td>3-4 training institutions</td>
<td>Government will do</td>
<td>important</td>
<td>N/A</td>
</tr>
<tr>
<td>UNICEF</td>
<td>supplier credit</td>
<td>after care, flexibility, affordability</td>
<td>AT</td>
<td>N/A</td>
<td>gender planning</td>
</tr>
<tr>
<td>CBN</td>
<td>consolidation, data bank.</td>
<td>most important</td>
<td>training in technology</td>
<td>marketing info</td>
<td>marketing</td>
</tr>
<tr>
<td>IMLT</td>
<td>conservative banking system</td>
<td>priority; in school</td>
<td>training</td>
<td>lack of cooperation</td>
<td>-</td>
</tr>
<tr>
<td>COSEDA</td>
<td>access, not price; savings</td>
<td>not for microenterprises</td>
<td>very important</td>
<td>investment, opportunities, other institutions</td>
<td>pol. environment, deregulation.</td>
</tr>
<tr>
<td>NDT</td>
<td>N/A</td>
<td>N/A</td>
<td>priority to produce technology</td>
<td>utmost priority</td>
<td>N/A</td>
</tr>
<tr>
<td>NNCCI</td>
<td>encourage banks</td>
<td>entrepreneurship programmes; school</td>
<td>diversify types of enterprises</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>WE-READ</td>
<td>N/A.</td>
<td>N/A.</td>
<td>N/A.</td>
<td>N/A.</td>
<td>N/A.</td>
</tr>
<tr>
<td>WCCI</td>
<td>N/A</td>
<td>formal training and mentorship</td>
<td>mentorship</td>
<td>VDP (can disseminate information)</td>
<td>N/A</td>
</tr>
<tr>
<td>Rossing</td>
<td>not as vital as management</td>
<td>crucial</td>
<td>crucial</td>
<td>only at high level</td>
<td>N/A</td>
</tr>
<tr>
<td>UTN</td>
<td>second priority</td>
<td>first priority</td>
<td>fourth priority</td>
<td>third priority</td>
<td>N/A</td>
</tr>
<tr>
<td>Standard Bank</td>
<td>access, not price problem</td>
<td>priority</td>
<td>training on premises</td>
<td>not urgent as unsophisticated market</td>
<td>N/A</td>
</tr>
<tr>
<td>FNB</td>
<td>no constraint</td>
<td>first priority</td>
<td>crucial</td>
<td>info on markets etc. after technology and skills</td>
<td>N/A</td>
</tr>
<tr>
<td>WVTC</td>
<td>lack of initial capital</td>
<td>skills deficit</td>
<td>very important, but only with skills</td>
<td>It is apparently a ‘luxury’ for SMEs</td>
<td>N/A</td>
</tr>
<tr>
<td>Oxfam UK</td>
<td>ensure that you have credit and markets</td>
<td>N/A</td>
<td>second most important; AT</td>
<td>no. one</td>
<td>marketing no. one, limited market</td>
</tr>
<tr>
<td>Institution</td>
<td>Priority 1</td>
<td>Priority 2</td>
<td>Priority 3</td>
<td>Priority 4</td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------------------------</td>
<td>--------------------------------</td>
<td>--------------------------------</td>
<td>--------------------------------</td>
<td></td>
</tr>
<tr>
<td>NNRCCI</td>
<td>priority 2</td>
<td>N/A</td>
<td>priority 3</td>
<td>priority 4</td>
<td></td>
</tr>
<tr>
<td>Oxfam Canada</td>
<td>to change bank attitudes,</td>
<td>targeted programmes</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td>targeted programmes</td>
<td>more needed; training of</td>
<td>government role</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>trainers</td>
<td></td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>NDC</td>
<td>target change of growth,</td>
<td>targeted programmes</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td>targeted programmes</td>
<td>more needed; training of</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>trainers</td>
<td></td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>PSF</td>
<td>more needed; training</td>
<td>targeted programmes</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>trainers</td>
<td></td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>NDC</td>
<td>targeted programmes</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>CRIAA</td>
<td>concentration on Windhoek,</td>
<td>targeted programmes</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td>to separate training</td>
<td>more needed; focus start-up,</td>
<td>N/A</td>
<td>marketing</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>business planning,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>financial management,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>employee management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>more needed, especially in rural</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>areas; learn from Zimbabwe,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ghana, Kenya</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>GDS</td>
<td>N/A</td>
<td>N/A</td>
<td>voc. training expensive</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>DBC</td>
<td>info on credit; centres</td>
<td>basic management skills</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>N/A</td>
<td>access of banks to youth;</td>
<td>N/A</td>
<td>N/A</td>
<td>not accessible; info on SSE</td>
<td></td>
</tr>
<tr>
<td></td>
<td>targeted programmes for youth</td>
<td>N/A</td>
<td>N/A</td>
<td>missing</td>
<td></td>
</tr>
<tr>
<td>Okatumbatumba</td>
<td>N/A</td>
<td>N/A</td>
<td>GRN role</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N/A</td>
<td>N/A</td>
<td>on linkages; info on SSE</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>on overcome prejudices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U-Do Trust</td>
<td>bank programmes for SSE</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td>without collateral; priorities</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td>of NDC and others</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>DFN</td>
<td>N/A</td>
<td>N/A</td>
<td>high need for new technical</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>skill</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>NANGOF</td>
<td>training not sufficient</td>
<td>N/A</td>
<td>marketing info</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>
According to the views of the SMME institutions, the following are the main problems of the SMME in Namibia (see Table 7):

**Table 7** Views of SMME support institutions on the most important problem areas ranked by importance

<table>
<thead>
<tr>
<th>problem area</th>
<th>number of institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>demand</td>
<td>10</td>
</tr>
<tr>
<td>finance</td>
<td>12</td>
</tr>
<tr>
<td>business training</td>
<td>8</td>
</tr>
<tr>
<td>deficiencies of support to SMME</td>
<td>8</td>
</tr>
<tr>
<td>government policy, legislation</td>
<td>8</td>
</tr>
<tr>
<td>information</td>
<td>4</td>
</tr>
<tr>
<td>location</td>
<td>3</td>
</tr>
<tr>
<td>attitudes of entrepreneurs</td>
<td>3</td>
</tr>
<tr>
<td>cooperation with LSE/competition</td>
<td>2</td>
</tr>
<tr>
<td>attitudes of consumers</td>
<td>2</td>
</tr>
<tr>
<td>access to support</td>
<td>3</td>
</tr>
<tr>
<td>transport</td>
<td>2</td>
</tr>
<tr>
<td>product quality</td>
<td>2</td>
</tr>
<tr>
<td>raw material supply</td>
<td>1</td>
</tr>
<tr>
<td>crime and violence</td>
<td>1</td>
</tr>
<tr>
<td>technology</td>
<td>1</td>
</tr>
</tbody>
</table>

This summary table should neither be regarded as a true reflection of the SMME institutions’ views, nor as an objective reflection of the problems. Nevertheless, it allows one to draw tentative conclusions. In comparison with the four pre-determined sectors, it is conspicuous that, while finance and management/business training rank highly, this is much less the case for information, most particularly technology. Demand-related problems (‘lack of markets’) rank highly, and so do deficiencies in support. These include ‘lack of co-operation between SMME support institutions’, ‘duplication of efforts’, ‘no after-care services’, ‘imposition of package solutions’, ‘lack of managerial skills’, ‘lack of prioritisation/clear focus’, ‘poor training facilities’.

Reports identified the following as the main problems facing the small business sector in Namibia: legal, regulatory and administrative bottlenecks, credit and finance, acute shortage of technical, entrepreneurial and managerial skills and weak institutional capacity for the support and promotion of SME development (ILO 1993: 13).
Table 6 above summarises the views of SMME support institutions on the areas of intervention. These are discussed in the following sub-sections.

7.2. Finance

7.2.1. Problems

Formal financial institutions in Namibia, especially commercial banks, are reluctant to lend to the SMME sector. There are two main reasons why commercial banks are unwilling, namely: lack of collateral, and the perception that small businesses are risky borrowers; and secondly, the costs involved in administering small loans are high and therefore banks prefer to lend to large corporate customers.

Having recognised the potential of the SME sector regarding employment creation, the government decided to take the initiative in catering for the provision of credit to the SME sector. The government approach to the promotion of the SME sector is driven by a "social" orientation of poverty alleviation and bringing about equity in income distribution through the use of small enterprises. However this approach is not consistent with the targets of efficiency and sustainability. The "social" oriented approach to micro-enterprise promotion is concerned with achieving objectives of poverty alleviation. It treats the small enterprise sector as a survival strategy. Small enterprise credit programmes should operate on the basis of business principles and should charge market rate of interests. Government credit programmes are highly subsidised and therefore less sustainable.

The availability of finance is regarded as a key constraint to the development of the SME sector world-wide. In Namibia the problem is more pronounced. A number of surveys carried out by various institutions indicate that the availability of finance is a major problem in the development of the SME sector. These includes the First National Development Corporation survey of small informal businesses in Windhoek, the Export and Industrial Development Department survey of the Commonwealth Secretariat on informal businesses outside Windhoek, and the EIDD survey of small manufacturing businesses (Commonwealth Secretariat, 1994:22). In all of these surveys, finance was cited as a major problem facing the development of SMEs. Some studies on the SMME sector argue that credit is expensive and scarce in Namibia. However, recent studies (e.g. Hansohm/Matsaert/Bebi 1996) carried out by NEPRU in 1995 indicate that the problem is credit availability rather than high interest rates. Apart from availability, the other problem is the lack of viable proposals forthcoming from the entrepreneurs.

The main problem lies in the availability of loans. The majority of small businesses are sole proprietors, and this limits the sum of equity financing available to them. There is a widespread notion in Namibia that credit should be subsidised; however experience elsewhere shows that subsidised credit undermines the development of a viable and sustainable financial system. The system of subsidised credit creates a dependency syndrome on donor funds. Once donor funds are exhausted, local NGOs, development banks and government departments will not be able to deliver
support services to their small business clients. Furthermore, subsidised credit often fails to reach its targeted beneficiaries, while those with good political connections have greater access to funds.

In addition to the general problems of lack of credit to the SME sector, the Namibian situation is compounded by a number of factors as identified by the Commonwealth (1994:23). Amongst these are the following:

a) the incomes of entrepreneurs prior to establishing businesses tend to be low, particularly in the case of entrepreneurs in the informal sector. This limits the amount of funds they can invest in the business;

b) there is a considerable level of reluctance on the part of commercial banks to lend to the SME sector. The main form of funding is short term, high cost financing in the form of overdrafts. Some Namibian banks do not consider long-term finance for enterprise development to be a service they wish to provide. Very few informal sector businesses have secured loans from commercial banks, because they fail to meet even the basic lending criteria of banks. The banking network in Namibia is also limited to the main towns, so informal businesses in rural areas have no access to commercial banks;

c) there are no venture capital houses in Namibia willing to invest in small businesses.

There are several credit programmes for SME development in Namibia within the government and non-governmental organisations. The Ministries of Labour and Human Resources Development, Agriculture, Water, and Rural Development, Trade and Industry, Youth and Sports, Local Government and Housing and the Department of Women Affairs in the President’s office are involved in the provision of credit to the SMME sector. The NGOs include the Private Sector Foundation (PSF), the Northern Namibia Regional Chamber of Commerce and Industry, the Namibia Co-operative Credit Union League (NACCUL), the Namibia Community Co-operative Alliance (NCCA), Oxfam UK, Co-operation for Development, the Kavango Regional Chamber of Commerce and Industry and many others. With the exception of the Employment Promotion and Creation Fund under the Ministry of Labour and Human Resources Development with an amount of N$ 80 million, the rest of the credit schemes are very small in size. The revolving loan fund of the Ministry of Trade and Industry has the start-up capital of only N$ 1 million. Most of the NGO schemes are below N$ 0.5 million(Commonwealth Secretariat, 1995:13).

There is no liaison or common lending criteria amongst the various government programmes providing credit to the small enterprise sector. The government has yet to establish common lending criteria and co-ordinate its different credit programmes. Co-ordination and consistency in lending criteria will ensure that government credit programmes are not fragmented, and that they operate on the basis of economy of scale.

At the present time, banks lend to the SME sector under normal conditions. However, Standard Bank has a special desk on SME, while Bank Windhoek is developing a specific SME product, and the Commercial Bank of Namibia lends through the
Small Enterprise Support Institutions in Namibia

In fact, Commercial Bank of Namibia, Bank Windhoek, Standard Bank and City Savings and Investment Bank are involved in lending to SMEs through the development fund. First National Bank is also involved in two credit guarantee schemes with the Evangelical Lutheran Church in Namibia and the Ministry of Basic Education and Culture. Banks are not substantially involved in the SME market at the moment, and as this is not in the long-term interests of the economy, financial institutions should be encouraged to lend to the SME sector (Commonwealth Secretariat, 1995:13). Experiences of government intervention in financial markets has not been satisfactory. NGOs on the other hand are competing in the race for donor funds, which will not be there indefinitely. For the above reasons it is important to develop a sustainable financial system geared to the needs of all potential clients, including SMEs. Banks can be encouraged to lend to the sector by risking their own capital and through agreements for lending to credit providers. The Bank of Namibia can also stimulate the formal banking system to consider funding the SMME sector through discounted lending, whereby a portion of the risk would be assumed by the commercial banks themselves (Hansohm et. al., 1996:65). The Ministry of Finance has introduced new regulations requiring financial institutions to hold a high proportion of their assets in Namibian investments. The proportion of funds required to be held in Namibian investment has increased from 25% to 35%. Commercial banks and insurance companies are keen to be involved in the country’s development and a few of the former have started to examine the possibility of changing their criteria for opening cheque accounts and for lending to small businesses (Commonwealth, 1995:13).

In addition, other banks have shown interest in collaborating with the Ministry of Trade and Industry and the Namibia Development Corporation on loan finance Schemes (Commonwealth 1995a:130).

7.2.2. Areas of intervention

ILO (1993:64) states that “to support the growth of micro and small enterprises (MSE), it is important to create an innovative sustainable credit system that bridges the gap to formal credit and also provides support in other crucial areas like training in basic business and technical skills to improve product quality, assistance with sourcing markets and raw materials, assistance in preparing business proposals, extension services”, etc. A number of studies (ILO 1993, Commonwealth Secretariat 1994) have indicated that in the short run, credit to the SME sector should be provided by government. However, other countries’ experiences with government provision of credit to developmental activities have been dismal. Credit provided by governments has been highly subsidised, reaching only a fraction of the people and was provided on an unsustainable basis. The involvement of non governmental organisations is no doubt important, but the capacity of NGOs to deliver financial services to small enterprises in Namibia has been found to be limited, and this will endanger sustainability which is a precondition for successful lending to the SME sector. Staff members of NGOs should be trained in the various issues related to
problems and areas of intervention

credit delivery systems used by private sector organisations such as banks. Current credit programmes run by various NGOs are highly subsidised and staff members of these organisations lack skills and expertise.

The problem of the reluctance of formal financial institutions to lend to the SME sector may be tackled in the following manner. The cost of loan appraisal could be reduced by involving NGOs. NGO staff members could be trained in the loan appraisal techniques used by commercial banks, and at the end of the day the NGOs bear the costs of loan appraisal.

It is suggested by the Commonwealth Secretariat (1994) that the problem of collateral can be addressed in the following manner:

- The banks can be encouraged to make use of peer pressure rather than collateral as an instrument of reducing loan default. Experience suggests that the use of peer pressure is more effective than that of collateral. This could involve a recommendation from government and non-governmental organisations for the individual seeking a loan;
- work with the banks to reduce their criteria for opening cheque accounts to allow small businesses to develop a financial track record with the banks. The track record could be used to confirm or deny the financial prudence of the borrower;
- initiate a credit guarantee scheme for loans to small businesses.

Some of the commercial banks have responded positively to the idea of using peer group pressure through the use of NGOs and government institutions as a substitute for collateral based lending. Commercial banks in Namibia require a high threshold for the opening of a cheque account, and this could be reduced bearing in mind that small businesses have low income levels. The Ministry of Trade and Industry in conjunction with a commercial bank prepared an outline of a credit guarantee scheme a few years ago. This scheme is modelled on the German credit guarantee scheme and aims to cover 80% of the default amount.

With the current situation indicating that government will bear responsibility for small business finance, at least in the foreseeable future, there is a need to consolidate the different government schemes to ensure that:

- administrative costs are minimised; otherwise each separate scheme leads to duplication of administration and management costs;
- consistency of lending policy. Policies on the extent of loans, need for collateral, structure of interest rates and repayment schedules must be consistent to avoid resentment amongst borrowers and poor resource allocation. Consistency entails the harmonisation of procedures and interest rate policies used in lending money to small enterprises. Government programmes should have similar lending and interest rate policies. This can assist in keeping an exemplary record for other credit programmes and prevent the duplication of efforts by other organisations involved in the process of small enterprise promotion:
• effective monitoring of whether finances are reaching the target groups. In a situation where finance is scarce, it must be directed to achieve strategic objectives;

• provide donors with a single channel through which they can offer financial assistance to the sector.

It is becoming widely acknowledged that the main problem facing SMME with respect to credit is not necessarily the high price, but access. Therefore solutions to the problem of credit should be market oriented and accessible to the majority of the population. According to the institutions visited, finance is not regarded as a key constraint to SME development. Finance is available in a wide variety of schemes, and the problem is rather a question of disseminating information to the target groups.

Amongst the SMME support institutions, most identify finance as an area of intervention. There are basically two perspectives: one which emphasises the need to encourage banks to lend more to SMME, and to change their attitudes. The second sees the scope for this as limited, and feels it is crucial to establish special schemes, either through NGOs or the public sector (a development bank).

A recent report on the credit sector (Hansohm/Matsaert/Bebi 1996) proposes the following areas of intervention at sectoral level:

- **Increased co-operation:**
  Co-operation, especially the exchange of information, should be increased between the different service providers. This is advisable both for providers of the same service, as well as for those providing different services, notably credit and training. The JCC could serve as a central organisation to co-ordinate such efforts.

- **Smaller number of credit providers:**
  The high number of credit institutions presently operating contributes to small fund sizes and resulting inefficiencies. Although it is not advisable to have one central institution (competition is good and necessary), the number of institutions should be reduced in order to improve scale economies and efficiency. Institutions serving similar clientele should come together and discuss ways of merging funds. The numerous government credit schemes should set a positive example in this regard.

- **Central data base:**
  The credit agencies should establish a central data base of borrowers. This would allow them to gain from each other’s experience and undermine the present practice of some borrowers who turn to new lenders having made bad debts. Of course, confidentiality concerning credit rating data must be ensured.

- **Strengthen links to the banking sector:**
  The links to banks should be strengthened. The involvement of the formal sector in the provision of credit to SSE should be increased, perhaps with discounts on lending sourced from the Bank of Namibia.
In addition, measures on the level of the individual institutions as well as government policy are proposed. Both fall beyond the area of intervention with which this report is concerned, but with respect to government policy an NGO network could act as a pressure group.

There are different views amongst SMME support institutions as far as the areas of intervention are concerned. On the issue of finance, only one institution proposed the creation of a development bank. Three of the institutions visited are of the opinion that the attitudes of banks towards the small business sector should be changed. Two institutions mentioned that the problem of small enterprise finance is not necessarily its price, but rather accessibility. This implies that the emphasis should be on measures to improve the accessibility of small enterprises to credit.

7.3. Technology

7.3.1. Problem

The availability of appropriate technology is one of the key constraints to the growth of the SMME sector in Namibia. The SMME sector faces technological problems. On the one hand some of them do not have access to technology, while on other some have access to inappropriate technologies which are capital-intensive and not suited to their needs. Evidence of the use of inappropriate technology comes from low capacity utilisation of Namibian manufacturing, from its high capital intensity and low capital productivity. The evidence further suggests that the technology used or considered is geared to large-scale production and hence is inappropriate for the small markets of Namibia. It is also expensive in relation to the cost of technology in other parts of the world (Commonwealth 1994: 25).

One of the reasons for the use of inappropriate technologies by small businesses in Namibia is the reliance on South Africa. Technologies that are used in South Africa are capital-intensive and expensive, and suited to a larger market. This is when compared with technologies from other parts of the world and particularly those of the Newly Industrialising Economies (NIEs). Knowledge of technology from other parts of the world - with the exception of South Africa - appears to be weak in Namibia. New technologies from Japan, Taiwan, Korea and India, which has enabled small manufacturers to out-do their main rivals, is unknown in Namibia (Commonwealth 1995:20). To illustrate examples of inappropriate technology the Commonwealth report (1994) cited an example of a bakery in Rundu which uses a high volume continuous oven in a comparatively small town. Capacity utilisation is low, at a few hours a week, and capital investment has low productivity.

In addition, in the leather industry businesses have chosen to establish a series of medium and large-scale tanneries in the centre of the country rather than to establish a larger number of small tanneries across the country (Commonwealth 1994: 25).
7.3.2. Areas of intervention

The EIDD report recommended certain actions to rectify the above situation, for instance that a database on competitive technologies and their sources be compiled and made readily available in the country. In addition it was recommended that the types of technology required should be established, and that a technology demonstration centre with a revolving fund of N$5 million be set up to import technology, demonstrate feasibility of business venture using technology and sell the plant and equipment to interested entrepreneurs. (Commonwealth 1994: 72).

Since these recommendations have been made, the Small Scale and Informal Industries Division of the Ministry of Trade and Industry has approached the Commonwealth Secretariat for assistance in the form of two consultants, and the response is still being awaited. A database of technologies available from neighbouring countries will be set up in the Small Scale and Informal Industries Division (SSIID) and a team of Indian experts has visited Namibia to identify technology needs and establish a technology demonstration centre (Commonwealth 1995: 20). The Indian government has offered to set up a technology demonstration centre. It is envisaged that the division for Industrial and technical information in the Ministry of Trade and Industry will become an independent centre for appropriate technology outside government.

A database on technologies from India will be available in the MTI. A national workshop on Technology innovation and Entrepreneurial Development of the informal sector in Namibia was organised by the Economic Commission for Africa, MTI and the University of Namibia on the 11-13 March 1996. The workshop came up with the following recommendations which can be regarded as areas of potential intervention, namely:

- the formulation of an explicit science and technology policy for Namibia including the informal sector;
- the need to develop appropriate technology for the informal sector by learning from experience elsewhere;
- the sourcing of appropriate technology and establishment of a database for the purposes of disseminating information to users;
- the need to encourage and strengthen linkages between the formal and informal sector through training programmes, industrial attachments, adaptation of technology through programmes such as the Vendor Development Programme (VDP);
- the dissemination of technology through demonstration centres;
- the encouragement of initiatives such as the Centre for Research information and Action in Africa (CRIAA) in providing tools, machinery, equipment and other production machinery;
- increased access to credit to facilitate purchase and ownership of the needed production technology;
• the encouragement of the establishment of “technology clubs” in schools to inculcate the attributes of science and technology.

These are some of the possible areas of intervention that should be addressed regarding technology diffusion to the SMME sector. The database on technology should be updated on a regular basis. Technology has been ranked second by most institutions, who claim that once people have the requisite skills, they should be provided with the technology to enable them to use such skills, and thereby produce.

There are different opinions as to who should be responsible for improvement in this area of intervention. Two institutions are of the opinion that technology diffusion to the SME sector should be a responsibility of government. Yet another two institutions feel there should be an emphasis on training in technology. Other institutions have expressed the feeling that technology is mainly relevant for productive enterprises, and should be appropriate. There are also institutions who felt that there should be a form of “mentor-ship” on technology between small businesses and large enterprises.

7.4. Management training and entrepreneurship development

7.4.1. Problem

The orthodox view asserts that the majority of Namibian entrepreneurs are untrained and enter the small and medium enterprise sector as a last resort. Most of the entrepreneurs who enter the SME sector in Namibia do not have previous business experience, and enter the sector as result of unemployment. The level of entrepreneurship training in Namibia is very low, and most of the entrepreneurs do not have knowledge of the basic aspects of business such as marketing, costing, financial management and basic accounting (Commonwealth 1994: 26). The orthodox point of view has been challenged by new studies which indicate that entrepreneurs enter the SMME sector because they have high income expectations and are prepared to take up the challenge of self-employment. Amongst these studies is the NEPRU/GOPA study (1995), which discovered that young people have a strong desire for self-employment and do not consider the SMME sector as a last resort. This was indicated by the responses of respondents to the survey questionnaire.

According to the Commonwealth (1994:26), the results of poor entrepreneurship are as follows:

⇒ Namibian entrepreneurs tends to restrict themselves to certain types of business. For instance, most of the small businesses in Namibia are predominantly in the retail and petty trading activities and very few are in the production and service sector. One constraining factor in this area is the lack of an appropriate skills' base needed to start production-oriented enterprises. ( ILO, 1993:74)

⇒ existing businesses are poorly managed, leading to high rates of business failure;
entrepreneurs show a poor ability to think ahead and plan the development of the business.

Prior to independence, Namibia had 2 education/training systems. There were great disparities between the systems in terms of facilities, materials and number of qualified teachers (ILO 1993: 73). Like all sectors of the economy, the education sector was dualistic. The government has made great strides since independence in reversing extreme inequalities caused by the apartheid system, but a number of issues still persist. Amongst these are: institutional weaknesses, lack of relevance, efficiency problems and the absence of a national training policy. There is a mismatch between training and the needs of the economy. Formal training institutions are primarily oriented towards modern wage employment. The few institutions that aim to train for the informal sector do so on an ad hoc basis, mainly meeting the requirements of income generating activities. The main task of informal sector training has been left in the hands of a few NGOs, which are relatively weak (ILO 1993: 73). There is an abundant supply of unskilled labourers who should be trained for self-employment.

There is a need for training in business skills. The courses offered are often short and of a general nature, thereby failing to address the specific needs of businesses. The lack of training materials in local languages is also a problem (UNICEF 1996: 23). Many small business operators in Namibia have low levels of literacy and numeracy, which prevents them from benefiting from training courses which tend to be designed for people with higher educational backgrounds. (UNICEF 1996: 23). However, a recent NEPRU/GOPA (1995) study challenges the view that numeracy and literacy levels amongst small entrepreneurs are low. It cannot be assumed that entrepreneurs in the SMME sector do not have high levels of schooling.

7.4.2. Areas of intervention

There is a need to prepare the youth who are still in the school system for self-employment and small business entrepreneurship. Entrepreneurship development should be incorporated into the school curricula. During late 1995 a leading South African business advisor and chairman of the entrepreneurship Initiative of Southern Africa suggested that entrepreneurship education should be integrated into the Namibian school curriculum. The suggestion was welcomed by the Namibian government. Since the low level of skills in Namibia does not only apply to business disciplines, but to vocational and technical skills as well, there is a need to strengthen both types of training i.e. integrated technical skills and business/entrepreneurship training. Despite the fact that the formal sector can provide only a very limited number of jobs, until recently the Namibian vocational education system was oriented towards the needs of the formal sector. This situation should be rectified.

A suggestion was made at the workshop on technical innovation and entrepreneurship development to carry out a study that would identify the training needs of the informal sector, including the SME sector. From the institutions’ point of view, management training and entrepreneurship development should be treated as a priority area of intervention. The neglect of human resource development in the
pre-independence period is one of the factors contributing to the priority treatment of management training and entrepreneurship development. Institutions are of the opinion that there are not sufficient organisations providing training at a level that caters for the small business sector. In addition, institutions feel that there is a need to train trainers, who can then provide training to the small business sector.

In the area of management training and entrepreneurship development, one of the institutions questioned felt that there is a need to increase the number of training institutions that cater for management and entrepreneurship development training in Namibia. Two of the institutions suggested that entrepreneurship development programmes should be integrated into the school curricula. Four of the institutions accorded first priority status to management training and entrepreneurship development. The most important suggestion mentioned in this area of intervention is the training of trainers. Also of importance and mentioned by one of the institutions visited is the concept of targeted training.

7.5. Business Information

7.5.1. Problem

Business information entails the following: availability of sources of raw materials, technology, finance, markets, sourcing and training programmes. The availability of information to the SME sector in Namibia is very poor. Small businesses complain of a lack of market information, and distribution arrangements that are oriented towards South Africa (MTI 1996:10). There is very little information on export markets for Namibian products that have the potential. For example, a number of Namibian handicrafts made with locally produced materials are suitable for export. However, the problem here is the fact that Namibia’s export infrastructure is poorly developed with little information on export markets (MTI 1996:10).

Despite the above shortcomings, the government has made a start in addressing the various marketing constraints faced by small businesses. With the assistance of the Commonwealth Secretariat, the Ministry of Trade and Industry is implementing the Vendor Development Programme, aimed at building relationships between large retailers and small informal sector manufacturers, and thus providing market access. MTI has also launched an initiative to develop exports with the assistance of the European Union. The initiative will address both information needs and sector based assistance programmes to exporters.

7.5.2. Areas of intervention

The Ministry of Trade and Industry will establish a database containing alternative sources of raw materials, technologies and markets. There are two points of view on
this area of intervention as far as the institutions are concerned. On the one hand, some of the institutions are of the opinion that business information is a “luxury” and is much more suitable for businesses that operate on a large-scale. On the other hand, some of the institutions feel that business information should be disseminated to enable small entrepreneurs to produce and deliver goods and services as required by the market. These institutions are of the opinion that information should be widely disseminated, and regard it as an absolute necessity that will enable small businesses to make appropriate decisions. There is a tendency amongst institutions to identify what they are offering as the main priority area of intervention. Institutions providing financial services tend to identify finance as the main priority area of intervention, while other institutions identify themselves with areas in which they provide SME support services. However, on average management training and entrepreneurship development has been identified as the main priority area of intervention. This is followed by technology, business information and finally finance.

As is the case with the other four areas of intervention, institutions expressed quite diverse opinions with regard to business information. One of the institutions felt that business information is a “luxury” which is not essential for the SME sector. On the contrary, one of the institutions felt that for SMEs to know the path they are taking they should have access to accurate and reliable information. Other institutions felt that business information should be regarded as priority number one. There were other areas that were suggested by institutions for priority interventions. These include gender sensitive SME planning, marketing and policy environment.

7.6. Other problems and areas of intervention

Other prominent problems are demand and marketing. These are barely reflected in the areas of intervention. The SME sector is also faced with problems of availability of work sites and premises, which the government is trying to resolve through the erection of 10 industrial parks at various locations throughout the country.
8. Conclusion: The way forward for a Namibian network

8.1. Lessons for networking from existing networks of SMME

Networking between SMME promotion institutions is not a totally new idea. There are a number of examples - successful and unsuccessful - in Africa and elsewhere. In the context of this project, we contacted some key informants and looked at the few available reports in order to ascertain which factors determine success or failure. In addition, NEPRU is part of a Namibian initiative to network support institutions (the JCC), which started in 1995. We could learn a lot during this process as well.

In this effort we started with the following observations:

- There is an increasing interest in networking;
- However, there are few functioning networks;
- In order to initiate networking, the participating institutions have not only to become aware of the potential benefits, but must also actively drive such a process; and
- Networking must show a clearly positive cost-benefit balance.

Important lessons can be learned from past experience in this area. Some relevant networks and initiatives, including networks of general business organisations and networks of entrepreneurs themselves, are:

1. Technonet
2. West African Enterprise Network
3. FES/SADC scheme
5. Hanns-Seidel-Foundation Chamber Empowerment Project
6. Joint Consultative Committee for Small Enterprise Promotion (Namibia)

The following table shows the factors which were decisive in determining the success of networks:

<table>
<thead>
<tr>
<th>Table 8</th>
<th>Key factors for successful networking</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>clear mission of members</td>
</tr>
<tr>
<td>2.</td>
<td>realistic objectives</td>
</tr>
<tr>
<td>3.</td>
<td>strong participating institutions</td>
</tr>
<tr>
<td>4.</td>
<td>critical and open self-evaluation</td>
</tr>
<tr>
<td>5.</td>
<td>facilitating role of donors</td>
</tr>
<tr>
<td>6.</td>
<td>emphasis on content of co-operation</td>
</tr>
<tr>
<td>7.</td>
<td>process-orientation</td>
</tr>
<tr>
<td>8.</td>
<td>solution to incentives problem of collective action</td>
</tr>
</tbody>
</table>

source: Erastus-Sacharia and Hansohm (1996)
These points are in our view of the utmost importance for the design of a Namibian SMME support institutions’ network.

The evaluations of the interviewees of the Namibian experiences in co-operation and networking are shown on Table 9 below. Institutions generally view co-operation positively, but mention the need for cost-effectiveness.

An analysis of the Namibian network, the JCC, reveals that most of the relevant SMME support institutions are members. Presently the institution is comprised of 29 institutions. Most evaluate the institution positively, although the visions of its future role differ. While some would prefer an expanded and more institutionalised role, others think this would infringe upon and conflict with the functions of existing institutions.

8.2. Proposed areas of co-operation

The view held by the majority of institutions is that the main aim of co-operation should be that of sharing information and experiences. On the form which co-operation should take, most institutions maintain that co-operation can take any form, be it formal or informal, as long as it is serving a particular purpose. Co-operation should entail sharing information on best practice and successful methodologies of rendering services to the small business sector. Co-operation in marketing and business linkages has also been emphasised by quite a number of institutions. Co-operation in training and overall support services has also been proposed by some institutions. Co-operation in the provision of financial services has been proposed mainly by banking institutions. Institutions are of the opinion that it is beneficial to work together towards achieving common goals rather than operating in isolation.

The institutions’ view on co-operation and intervention can be summed up as follows:

⇒ share information and experiences;
⇒ co-ordinate interventions to avoid duplication of efforts;
⇒ establish business linkages and subcontracting;
⇒ strengthen existing institutions, rather than creating new ones;
⇒ establish sites in consultation with the target group;
⇒ embark upon a public relations exercise to de-stigmatise the SMME sector

Institutions see a lot of potential in the SMME sector. But they believe that there should be a change in attitude, especially on the part of financial institutions, mainly commercial banks. The other important element mentioned by most institutions is the integration of entrepreneurship development in the school curriculum. This will enable people to create self-employment.

With respect to the four broad areas of intervention, the following can be said on the basis of our interviews:
Table 9  Summary of potential areas of intervention

<table>
<thead>
<tr>
<th>Area</th>
<th>Areas of Intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td>financial services:</td>
<td>• measures to improve the access of SMME to banks</td>
</tr>
<tr>
<td></td>
<td>- public relations measures to change attitudes</td>
</tr>
<tr>
<td></td>
<td>- assistance to banks in linking to SMME</td>
</tr>
<tr>
<td></td>
<td>• special programmes for SMME</td>
</tr>
<tr>
<td>management training and entrepreneurship development:</td>
<td>• training of trainers</td>
</tr>
<tr>
<td></td>
<td>• additional programmes in the regions</td>
</tr>
<tr>
<td></td>
<td>• more appropriate programmes for micro entrepreneurs</td>
</tr>
<tr>
<td>production technology</td>
<td>• information on appropriate technologies</td>
</tr>
<tr>
<td></td>
<td>• training</td>
</tr>
<tr>
<td>business information</td>
<td>• information for the SMME on</td>
</tr>
<tr>
<td></td>
<td>- markets</td>
</tr>
<tr>
<td></td>
<td>- raw material sources</td>
</tr>
<tr>
<td></td>
<td>- technology</td>
</tr>
<tr>
<td></td>
<td>• information about the SMME</td>
</tr>
</tbody>
</table>

With respect to the second area of focus of this project, the assistance in the area of information technology, Table 10 provides information on whether the interviewed institutions are connected to e-mail, use Internet services and use external databases. Almost half of the institutions are connected to e-mail or plan to become so in the near future. In Namibia, an infrastructure of several providers is existing. 7 are connected to Internet, but at least half of them do not use this facility much. The use of external databases is very uncommon. This is due to the lack of knowledge on useful databases, but apparently also to the fact that the usefulness of many databases is quite limited because their data are outdated and/or not particularly useful for the specific needs of SMME support institutions.
### Table 10  Views of SMME support institutions on co-operation with other institutions and future potential

<table>
<thead>
<tr>
<th>Institution</th>
<th>cooperate with whom</th>
<th>evaluation</th>
<th>future potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSIID</td>
<td>JCC, NGOs; South Africa, Botswana, Swaziland</td>
<td>beneficial for sharing info and learning; JCC: not yet coherent approach, should remain umbrella body, should be led by NGO</td>
<td>more coop. between NGOs would be nice</td>
</tr>
<tr>
<td>UNICEF</td>
<td>JCC, DWA, NDC etc.</td>
<td>effective, but can be improved; human resources key constraint</td>
<td>sharing info about prgs., objectives, target groups</td>
</tr>
<tr>
<td>CBN</td>
<td>IMLT, NNCCI</td>
<td>N/A</td>
<td>coop. between credit schemes essential (data base); not in education of the public</td>
</tr>
<tr>
<td>IMLT</td>
<td>HSF, DFN, NDC/MTI, GTZ, JCC, PSF</td>
<td>effective; JCC facilitating communication; JCC should be organised in committees</td>
<td>sharing info; refer to others; education of public, investigate X prospects; assistance in legal issues; pressure group</td>
</tr>
<tr>
<td>COSEDA</td>
<td>JCC, NANGOF; K-REP (Kenya)</td>
<td>N/A.</td>
<td>info sharing on meth., best practices, managem. of info system, prgs.; education of donors; joint negot. with donors; info diss.</td>
</tr>
<tr>
<td>NDT</td>
<td>PSF, DFN, COSEDA, NANGOF; Triple Trust, IBEC (South Africa)</td>
<td>N/A.</td>
<td>marketing; coop. with FS; identif. business ideas, business linkages</td>
</tr>
<tr>
<td>NNCCI</td>
<td>reg.&amp;local chambers, corp. members; JCC</td>
<td>N/A.</td>
<td>N/A</td>
</tr>
<tr>
<td>WE-READ</td>
<td>16 NGOs, K-REP</td>
<td>N/A.</td>
<td>WE prgs in other countries</td>
</tr>
<tr>
<td>WCCI</td>
<td>NNCCI, JCC, FES</td>
<td>good</td>
<td>bus. linkages, mentorship, training, refer to other institutions</td>
</tr>
<tr>
<td>Rossing</td>
<td>READ, NANGOF, KAYEC, PSF, IMLT, LAC, NNCCI, UNICEF</td>
<td>beneficial</td>
<td>learning from each other; pull resources together (?)</td>
</tr>
<tr>
<td>UTN</td>
<td>JCC, ALAN; Zimbabwe, Kenya, South Africa</td>
<td>JCC very good to share info &amp; resources</td>
<td>strengthening existing institutions, not create new ones</td>
</tr>
<tr>
<td>Standard Bank</td>
<td>PSF, IMLT, NACCUL, NNCCI, SAAMSTAN. NDC, BoN, KAYEC, NEPRU</td>
<td>beneficial</td>
<td>N/A.</td>
</tr>
<tr>
<td>FNB</td>
<td>MBEC, ELCIN, DFN</td>
<td>N/A</td>
<td>share info; donors: exchange info, avoid duplication</td>
</tr>
</tbody>
</table>
## Conclusion: The Way Forward for Namibian Network

<table>
<thead>
<tr>
<th>NWTC</th>
<th>JCC</th>
<th>Beneficial for identification of training needs</th>
<th>Share info, improve, e.g. on attachment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oxfam UK</td>
<td>JCC, DFN (to come)</td>
<td>N/A.</td>
<td>reg.level; for public education</td>
</tr>
<tr>
<td>NNRCCI</td>
<td>IMLT, Volombola, NDT, NDC, FNB, CD</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Oxfam Canada</td>
<td>COSEDA, NNCCI, Lisikamena, MAWRD, reg.gov., AT centres in Bot and Zim</td>
<td>Beneficial and effective; varying</td>
<td>Credit provision; nat.; should be based on practical needs</td>
</tr>
<tr>
<td>NDC</td>
<td>MTI, IMLT, NNCCI, PSF, FES, others of JCC</td>
<td>Not costly, beneficial; constraint: human resources, need to focus on speciality</td>
<td>Many</td>
</tr>
<tr>
<td>PSF</td>
<td>NANGOF, JCC, all related NGOs; Rossing&amp;Read (Training of Trainers)</td>
<td>Beneficial, important, effective; problem how to strengthen</td>
<td>Sharing new ideas; more participation</td>
</tr>
<tr>
<td>CRIAA</td>
<td>JCC, GRN, EU, Canada &amp; EU NGOs, Zimbabwe</td>
<td>Costly, lack of culture of dialogue, but JCC mechanism interesting, but lacks direction, need for structure</td>
<td>Nat.level: specialise coop.; reg.level: info on other countries; donors can show the way</td>
</tr>
<tr>
<td>GDS</td>
<td>GRN, Oxfam Can., local NGOs</td>
<td>Effective, beneficial</td>
<td>Share experiences and info</td>
</tr>
<tr>
<td>DBC</td>
<td>IMLT, GRN, Bot D. Brigades</td>
<td>Efficient, beneficial</td>
<td>Sharing information</td>
</tr>
<tr>
<td>KAYEC</td>
<td>GRN, JCC</td>
<td>Efficient; competition, losing sight of coope ration., difficult to get institutions together</td>
<td>Strengthen JCC</td>
</tr>
<tr>
<td>Okatumbatumba</td>
<td>NNCCI, UTN, K-REP, SA NGOs, Tre-Number BA</td>
<td>Beneficial</td>
<td>Consultation of municipality</td>
</tr>
<tr>
<td>U-Do Trust</td>
<td>READ, Rossing (ToT), PSF and others, DWA, MTI</td>
<td>Could be effective, but requires commitments and responsibility</td>
<td>Credit facilities and writing of project proposals; mentorship of NGOs</td>
</tr>
<tr>
<td>DFN</td>
<td>IMLT, PSF</td>
<td>Effective but also costly in terms of monitoring</td>
<td>JCC and with the regional councils</td>
</tr>
<tr>
<td>NANGOF</td>
<td>MENG0, SSD, and most of the NGOs</td>
<td>Can be waist of time but good for sharing information</td>
<td>Co-operate with academic institutions</td>
</tr>
</tbody>
</table>
Table 11  Means of communication of SMME institutions in Namibia and their use

<table>
<thead>
<tr>
<th>Institution</th>
<th>e-mail</th>
<th>internet</th>
<th>external data bases</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSIID</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>UNICEF</td>
<td>yes</td>
<td>yes, but not much use</td>
<td>no</td>
</tr>
<tr>
<td>CBN</td>
<td>yes</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>IMLT</td>
<td>Feb.97</td>
<td>no</td>
<td>NDC, DFN</td>
</tr>
<tr>
<td>COSEDA</td>
<td>no, but interest</td>
<td>no, but interest</td>
<td>no</td>
</tr>
<tr>
<td>NDT</td>
<td>no, but through NANGOF from next year</td>
<td>ditto</td>
<td>no</td>
</tr>
<tr>
<td>NNCCI</td>
<td>no</td>
<td>no</td>
<td>TIPPS</td>
</tr>
<tr>
<td>WE-READ</td>
<td>yes, some problems</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>WCCI</td>
<td>yes</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>Rossing</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>UTN</td>
<td>yes</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>Standard Bank</td>
<td>N/A</td>
<td>N/A</td>
<td>no</td>
</tr>
<tr>
<td>FNB</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>WVTC</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>Organization</td>
<td>Use</td>
<td>Use, but not using</td>
<td>Need for Connection</td>
</tr>
<tr>
<td>--------------------</td>
<td>-------</td>
<td>--------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Oxfam UK</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>NNRCCI</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>Oxfam Canada</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>NDC</td>
<td>yes, but not using</td>
<td>yes, but not using</td>
<td>Inf. Credit Tracing Centre</td>
</tr>
<tr>
<td>PSF</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>CRIAA</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>GDS</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>DBC</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>KAYEC</td>
<td>yes</td>
<td>yes, but not much used</td>
<td>no</td>
</tr>
<tr>
<td>Okatumbatumba</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>U-Do Trust</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>DFN</td>
<td>no, but there is a need to be connected</td>
<td>no</td>
<td>ITC</td>
</tr>
<tr>
<td>NANGOF</td>
<td>no, but through LAC</td>
<td>no</td>
<td>no</td>
</tr>
</tbody>
</table>

Note: Question marks indicate the need for further clarification.
8.3. Institutions to participate in a Namibian network

All of the visited institutions, except for the MTI, which is a regulatory body not implementing promotion measures itself, should be invited to a national meeting in order to discuss the possibilities for a network initiative. Although the project focuses on private and NGO institutions, we also propose to invite the NDC, which is a parastatal. Because it plays an important role in SMME promotion in Namibia, an exclusion would limit the effectiveness of the network. In addition, the Development Fund of Namibia (DFN) and the Namibian NGO Forum (NANGOF), an NGO umbrella, which includes a number of relevant institutions, should be invited.

8.4. The way forward

In line with the view of many interviewees and our analysis of other networking experiences, we propose that the JCC should be utilised as a forum to discuss possibilities of expanded networking. However, another network with a broad mandate of networking among NGOs, should also be invited, because it represents SMME support institutions. Owing to the degree of saturation and multiplicity of initiatives, there is a strong belief among SMME support institutions that existing initiatives should not be duplicated.
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Appendix: Profile of Institutions

Centre for Research - Information - Action for Development in Africa (CRIAA)

**Target group:** Small scale artisans in leather, metal, wood-work and auto-repair

**Services:** Raw material supply, machine service, technology development, etc.

**The Institution:**

**No. of staff:** 5

**In operation since:** 1989

**Use of electronic mail and Internet:** No

**Use of external databases:** No use of external database. CRIAA makes use of local institutions for any information it requires.

**Co-operation with other institutions:** CRIAA is a member of JCC. It co-operates with GRN, the French Government, EU, as well as European and Canadian NGOs. At regional level CRIAA has a close relationship with countries such as Zimbabwe, where there are projects similar to those in Namibia.

**Evaluation of co-operation:** Co-operation in Namibia is costly because it is difficult to get the support institutions together, and because many institutions lack a culture of dialogue. JCC dynamism is interesting, and more institutions are considering joining the forum. The only problem with JCC is that it lacks direction. The role of the JCC requires further definition.

**Future potential for co-operation:** At national level, co-operation could focus more on specialised areas within SMME, while at regional level institutions could explore information on other countries. As with the JCC, a community forum could be formed to discuss and share experiences that target common interests. Donors could show the way by linking local governments and businesses to successful examples.

**Potential expansion:** Agro-industry in the northern areas has a low value; more value needs to be added. Manufacturing - especially in the area of repairs - is vital. Rural participation in artisan fields is very poor; basic welding should also be promoted.

**Problems:**

- Informal sector zone, which is isolating potential customers. Urban zones need to be created, and not artificial markets.
- Lack of technical skill
- Lack of appropriate technical institutions
- Lack of manufacturing demand
Priority areas of intervention:

Training: Present training institutions need to orient their training structures, because entrepreneurs need to acquire special skills that are technically-oriented. There are too many lending businesses dominating one area (Windhoek). Training should be kept distinct from lending. Current training institutions, for example IMLT, use low capacity of human resources to adapt their training to real needs. Training capacity is very low and needs to be upgraded, therefore more training institutions are needed.

Technology: There is a need to introduce manufacturing technologies to the small business sector in Namibia, especially in the rural areas. The achievement of manufacturing in Namibia is significantly below that of Zimbabwe. The technology gap is huge, coupled with inappropriate policies such as poor macro-economic management. Technology should be developed and Namibians should learn from other African countries such as Zimbabwe, Ghana and Kenya.

Management training and entrepreneurship development: Training grants need to be established in Namibia, especially at the higher level of education, more specifically vocational training. Marketing has been identified as the most common problem. Small business are hindered by many factors, such as the education curriculum which is biased against self-employment, and the lack of suitable business premises. The elements which appear to be most lacking are business start-up training courses, business planning, financial management and management of employees.

Commercial Bank of Namibia

Target group: The public (small scale entrepreneurs in particular).

Services provided: Finance and advice.

The Institution:

No. of staff: 200

In operation since: 1974

Finance: Source: normal banking, deposits from private individuals, shareholders’ funds.

Use of electronic mail and the Internet: The Commercial Bank of Namibia is making use of electronic mail, but not Internet.

Use of external database: No use of external databases.

Co-operation with other institutions: Co-operates with IMLT, NNCCI, Chamber of crafts; cooperation efforts are both at formal and informal levels. Also co-operates with government through Ministry of Trade and Industry on an informal level, and Development Fund. No co-operation with other institutions in the region.

Evaluation of co-operation: Declined to evaluate co-operation.
Future Potential: mainly co-operation with other private sector institutions, NGOs, foundations and government. Co-operation between the 18 credit schemes is essential and the exchange of information in the different databases is necessary. There is a need for co-operation in promoting the agricultural sector. There is no need for co-operation in educating the public.

View on the SMME sector in Namibia:

Potential: The potential for SMME development can be found in agriculture, especially in the fruit and vegetable sub-sectors.

Problems: There is a problem of non-implementation of legislation for collateral. For instance, farmers offer cattle as collateral, which commercial banks do not accept. There is also a problem of the informal sector in that it does not want to become formal.

Priority areas of intervention:

Financial Services: There is a need to consolidate the 18 credit schemes into a single data bank.

Management training & entrepreneurship development: This is the area where the most intervention is required. Marketing is also very important.

Production Technology: Many small businesses have the technology, but do not know how to apply it, thus there is a need for training in technology.

Business Information: It is mainly marketing which is important within this crucial area of business information.

COSEDA (Co-operative Support and Enterprise Development Agency)

Target group: 80% of COSEDA’s clients are existing entrepreneurs, while 20% are potential entrepreneurs. COSEDA plans to change the pattern of existing and potential entrepreneurs, in that it aims to have 90% existing entrepreneurs and 10% potential entrepreneurs, the reason being that the chances of success for existing entrepreneurs are much higher, compared to those of potential entrepreneurs. Also of particular concern is the sustainability of the enterprises. Established businesses are more sustainable than potential enterprises. COSEDA deals with entrepreneurs directly. The breakdown of economic sectors are shown below:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade</td>
<td>21%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>43%</td>
</tr>
<tr>
<td>Services</td>
<td>30%</td>
</tr>
</tbody>
</table>

COSEDA aims to concentrate its efforts more on trade than manufacturing, because manufacturing enterprises require larger loans to enable them to generate a faster cash flow. Trade enterprises have a fast cash flow and do not require such large working capital loans.
COSEDA deals with enterprises of the following sizes: In terms of assets it deals with enterprises whose combined value of assets is not higher than N$ 10 000. In terms of employees it deals with enterprises of not more than 5 employees. COSEDA does not plan to change this pattern in the immediate future, but as a growing organisation with a long-term vision it will not adopt a “hands-off” strategy once an enterprise has graduated from small to medium.

COSEDA operates in Windhoek only. There are no plans to change this, because facilities and infrastructures are mainly to be found in urban areas. Entrepreneurs have to make regular use of banking services which are not always readily available in rural areas.

**Services provided:** At its inception, COSEDA was involved in the provision of technical assistance, training, and credit services to the entrepreneurs. However, this has changed somewhat, and COSEDA has adopted a more minimalist approach to small enterprise development. Currently it provides only savings and credit services to small entrepreneurs.

**The Institution:**

**No. of staff:** 6.

**In operation since:** 1991.

**Financing:** 85% of COSEDA activities are donor funded, while the remaining funds come from own generated fees.

**Use of electronic mail and the Internet:** Currently the organisation is not making use of e-mail or internet, but regards it as a priority area of concern. If the resources are made available, it will connect to e-mail/internet.

**Use of external databases:** COSEDA is not currently using any external databases.

**Co-operation with other institutions:** COSEDA is a member of the Joint Consultative Committee on small enterprises and the Non Governmental Organisations Forum. It also co-operates with Sambuko Trust of Kenya and Opportunity International. The NDT and BRICKS sit on the COSEDA steering committee. COSEDA also has links with Kenya Rural Enterprise Promotion (K-REP) and has been invited for a study visit to Kenya. K-REP will also assess COSEDA’s programme and accounting procedures, and currently the two organisations are negotiating a management contract to second someone from K-REP to train COSEDA’s credit officers.

**Future potential:** Co-operation is important, particularly for the purposes of information-sharing. Such information can be on methodology, best practice, technology and the management of information systems. Information can also be shared on programmes such as “micro-banker”, designed by the Food and Agriculture Organisation of the United Nations. There is also a need for information dissemination on sources of finance for entrepreneurs. An educational campaign for donors should be embarked upon and joint negotiations for donor funding should be encouraged.
Views on the SMME sector in Namibia:

**Potential:** SMME can enter the leather industry. SMME should attempt to link themselves to large scale enterprises. The potential for growth lies in the urban sector, where there are adequate infrastructural facilities such as banks, a high population density coupled with integrated markets and availability of services such as water and electricity.

**Problems:** One of the main problems facing SMME is the imposition of “package solutions” to the SMME sector. Furthermore, there is a lack of infrastructural facilities; the erection of infrastructural facilities such as estates should be done very carefully. In other words, markets should be located where people have easy access, and consultation with the entrepreneurs should play a very important role in determining market location.

**Priority areas of intervention:**

**Financial services:** This is a priority area of intervention. The main problem with financial services is that of access rather than price. Also, the importance of savings mobilisation has been recognised.

**Management training and entrepreneurship development:** Management training and entrepreneurship development is very important, but less so at micro-level. Most of the micro-entrepreneurs operate their businesses themselves, so cannot afford to attend training courses that would keep them away from their businesses for any length of time. There is a considerable opportunity cost involved.

**Production technology:** This is an important area in that it affects the capacity of the SMME to produce.

**Business information:** Information on investment opportunities and the impact of other institutions on clients should be widely distributed.

**Other:** The policy environment for small enterprises should be conducive. There is a need to move away from the concept of the informal sector to that of small enterprise development. Deregulation of procedures should be carried out, for example the procedures involved in obtaining a licence to start an enterprise could be streamlined.

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**Development Brigade Corporation (DBC)**

**Target group:** Handicraft producers/SSE/NGO, government ministry or private sector

**Services:** Consultancy, training, design and preparation of various types of information material.

**The Institution:**

**No. of staff:** 7

**In operation since:** 1990
Use of electronic mail and Internet: No

Use of external databases: No.

Co-operation with other institutions: Co-operates with training institutions such as the IMLT and government ministries. At regional level co-operation is taking place with the Botswana Development Brigade Corporation.

Evaluation of co-operation: Co-operation is effective and beneficial. It was through co-operation that DBC was set up in Namibia. Co-operation needs to be encouraged in all kinds of fields for future networking.

Future potential for co-operation: Sharing of information from all the support institutions, particularly those involved with small business activities.

Potential for expansion: Agro-industry activities are essential. There is potential in the food processing sector especially in places such as Rundu and Katima Mulilo. Rice and sugar plantation need to be encouraged in these areas. This could result in linking smaller enterprises with large ones.

Problems:
- lack of access to credit
- too many NGOs without clear focusing objectives
- little co-operation amongst supporting institutions for SME at a practical level
- lack of managerial skills

Priority areas of intervention:

Financial Service: Credit should be made accessible to SME sectors. Of importance is the use of information, which should be made available to entrepreneurs, i.e. at centres to which they have ready access.

Management training and entrepreneurship development: Management training is needed, particularly for small business entrepreneurs. Many entrepreneurs lack entrepreneurial skills. A curriculum comprising well defined management concepts as a basis needs to be developed.

Development Fund of Namibia

Target group: Less privileged people and communities in Namibia, particularly those who want to start small to medium sized businesses. Expansion of existing businesses is also considered under certain circumstances.

Service provided: Finance and advice (based on the monitoring and evaluation of all projects on a regular basis).

The Institution:

No: of staff: 8.

Finance: The fund receives money from the Ministry of Finance, through the Job Creation Fund.

Use of electronic mail and internet: No.

Use of external database: Yes - ITC.

Co-operation with other institutions: With IMLT and PSF, cooperation efforts take place at formal levels. Also with regional councils.

Evaluation of co-operation: Co-operation is effective and does make a difference, but could also be costly especially in monitoring terms.

Future Potential: Mainly co-operation with JCC and regional councils. Co-operation between NGOs is essential, and the build-up of different databases is necessary. There is a need for co-operation in promoting the manufacturing sector.

Views on the SMME sector in Namibia:

Potential: The potential for SMME development can be found in manufacturing, especially in bricks, construction, welding and joinery.

Problems: Not enough financial institutions for SMME sector. High expectations amongst people to get “free” money.

Priority areas of intervention:

Production Technology: There is a great need for new technical skills in Namibia. This can only be met if institutions are able to provide the appropriate technology to make quality products that could compete on the market.

Finance: Financial institutions need to provide more information to business people to avoid misconceptions. Institutions should also re-visit their terms and conditions.

First National Bank of Namibia

Target group: Both potential and existing entrepreneurs. There are no plans to change this focus.

Services provided: Primarily finance and advice.

Institution:
Number of staff: approx. 970.

Financing: Normal banking operations.

Use of electronic mail and the Internet: No.
Use of external database: No use of external database, but use is made of the credit bureau.

Co-operation with other institutions: First National Bank co-operates with the Ministry of Basic Education and Culture, Evangelical Lutheran church in Namibia and the Development Fund of Namibia. It co-operates with these institutions through credit guarantee schemes. The Evangelical Lutheran Church in Namibia has a credit guarantee scheme based in Northern Namibia. All commercial banks are represented in the development fund guarantee scheme.

Future Potential: Co-operation is essential for the purpose of information-sharing. There should be co-operation between the various credit guarantee schemes, and between donor agencies.

Views on the SMME sector in Namibia: The manufacturing sector has the potential for SMME development. SMME can manufacture clothes, shoes and foodstuffs, and could also concentrate on the production and processing of raw materials. The art and crafts sub-sector also has potential, but should target both the local and the tourist markets.

Problems: One of the main problem facing SMME in Namibia is the lack of appropriate skills. Training should therefore be emphasised.

Priority areas of intervention:

Management training and entrepreneurship development: There is a deficiency of skills amongst Namibians, and human resource development should be treated as a first priority.

Production technology: Once people are equipped with the necessary skills, they will be able use them in such a way as to make enhance production technology significantly.

Business information: Entrepreneurs equipped with technology and skills will be in a position to make use of available information on markets and other related aspects.

Finance: Finance is not necessarily a constraint to SMME development. There are a variety of schemes providing credit to the small business sector, hence finance is not a pressing priority in terms of areas of intervention.

German Development Service

Target group: Grassroots population

Services: Provision of technical assistance (doctors, pharmacists, agricultural engineers and instructors)

The Institution:

No. of staff: 25 development workers
In operation since: 1989

Finance: German government

Use of electronic mail and Internet: No

Use of external databases: No.

Co-operation with other institutions: Co-operates with the government through various ministries. Also with donors such as Oxfam Canada. Similarly, makes use of local NGOs.

Future potential for co-operation: Most important is the sharing of experiences and information with those who have a greater understanding of the situation.

Potential for expansion: There is a need to expand volunteer services to remote areas. The fact that many volunteer organisation are evolving in Namibia, implies that they should also network or co-operate in order to organise their activities and avoid duplication. It is important to train Namibians who can then take over when these organisations close their operations.

Problems:
- high expectations from local people
- poor training facilities

Priority areas of intervention:

Technology: The Namibian government should encourage the vocational training policy to be utilised by the existing training institutions. Training should also be accessible to needy people. Currently vocational training is expensive, and the majority of entrepreneurs might not be able to meet the cost. Special efforts to design courses suitable to SMME should also be strengthened at the vocational training centres.

Institute for Management and Leadership Training (IMLT)

Target group: Both potential and existing entrepreneurs. 50% are entrepreneurs and 50% potential entrepreneurs. The Small Enterprise Development Department creates enterprises, while the business development department services them. The IMLT is not planning to change this pattern because it regards both existing and potential entrepreneurs as equally important. The IMLT deals directly with entrepreneurs, as well as with support institutions.

Services provided: Services provided include the following:
- finance -through the revolving credit fund
- advice/consultation services
- representation on behalf of suppliers - negotiation of contracts
- training
• marketing - through consultation
• supply - negotiating on behalf of entrepreneurs
• selection and screening of entrepreneurs
• monitoring businesses created
• assistance with the compilation of business plans for entrepreneurs
• very close start-up assistance

The Institution:
No. of staff: 22.

In operation since: 1984

Finance: 90% of IMLT activities are financed through donor funds, while 10% are funded by own income and fees charged for consultancy services.

Use of electronic mail and the Internet: IMLT is not yet connected to e-mail or the Internet, but hopes to be connected as from February 1997.

Use of external databases: IMLT make use of external databases of the NDC and the Development Fund of Namibia.

Co-operation with other SMME support institutions: IMLT co-operates with the Has Seedler Foundation its main donor. It also co-operates with the following institutions: Development Fund of Namibia (training and consultation), Nation-wide project Management of Namibia (selection, training, and consultation services), Namibia Development Corporation (training), Ministry of Trade and Industry through the Revolving credit Fund. The cooperation between IMLT and MTI is in the form of finance and administration. The IMLT also co-operates with GTZ, the Joint Consultative committee, Private Sector Foundation. With the exception of co-operation with the PSF in jointly administering the revolving credit fund, all other co-operation mentioned above is formal, and there is either a contract or agreement signed between the two parties involved.

At regional level, the IMLT is co-operating with the ILO, specifically the Improve Your Business office, which is an ILO initiative in Harare.

Evaluation of Co-operation: Co-operation is effective, and the JCC is facilitating communication between departments. However, JCC could play a more significant role if it were better structured, for instance organised into committees tackling specific issues.

Future Potential: Co-operation can take any form, as long as it entails sharing knowledge and serving a particular purpose. The main areas of co-operation are sourcing and supply, and sales - i.e. identifying customers for entrepreneurs at industrial level. Other important areas of co-operation are referring entrepreneurs to other sources of finance, especially those who fall above the IMLT’s upper limit of N$50,000.

There is also a need to educate the public about entrepreneurship development, and entrepreneurship development programmes should be introduced at school
level. There should also be collaboration in non-business aspects, such as legal issues and incentives to encourage the repayment of loans. Sharing information on the promotion of an entrepreneurial culture is necessary. The network can also help in investigating opportunities for exports.

Views on the SMME sector in Namibia:

Potential: Manufacturing has the potential for expansion, especially in the area of small-scale leather processing. There is also a need to create supply links between large scale suppliers and small enterprises. The most important component of the expansion of the SMME sector is the identification of market opportunities whereby small businesses can enter.

Problems: The main problems identified by the IMLT co-ordinator of the Small enterprise development department are:

- Lack of cooperation between institutions supporting the sector
- Establishment of markets for small enterprises products
- Number of available qualified trainers who can provide the necessary advice and support badly needed by the SMME sector. There is a need for institutes at the same level as the IMLT, as IMLT seems to be the only one of its kind.

Priority areas of intervention:

Management training and entrepreneurship development: Management training and entrepreneurship development is the priority area identified by IMLT. There is a considerable need for training and consultation services in Namibia. The lack of entrepreneurship development programmes at school level is also a serious problem in Namibia that needs to be addressed.

Production technology: Manufacturing does not feature prominently in the Namibian economy. Training is required if bigger businesses are to be supplied.

Financial services: The banking system in Namibia is “conservative”.

Business information: There is a lack of co-operation in the area of business information.

Katutura Youth Enterprises Centre (KAYEC)

Target group: Unemployed young people/school drop-outs

Services: Assistance in formulating business plans, recommendations for loans from other institutions such as the PSF & IMLT

The Institution:

No. of staff: 9

In operation since: 1993

Finance: Donor driven institutions, also raise their own funds.
Use of electronic mail and the Internet: KAYEC is connected to e-mail and internet world-wide Namibia.

Use of external databases: No.

Co-operation with other institutions: Government Ministries, and membership of JCC.

Evaluation of co-operation: Most institutions are eager to co-operate because of the benefits accruing. Co-operation is not costly as such, but getting institutions to come together is difficult. Most institutions working with small businesses tend to clash with each other and lose sight of co-operation.

Future potential for co-operation: To strengthen the role of JCC and make sure that members are updated with business information at hand.

Potential for expansion: Business linkages and subcontracting; construction and manufacturing.

Problems:
- lack of access to credit;
- lack of youth programmes on small businesses

Priority areas of intervention:

Finance: Financial institutions have to be accessible to younger people seeking credit. Different credit scheme targeting younger people need to be developed.

Business information: Business information appears to be available, but is not always accessible to the right institutions. An information centre on small businesses is required.

Namibia Development Corporation (NDC)

Target group: Existing and prospective entrepreneurs with viable propositions, limited capital and no access to financing through banking institutions.

Services:

Financing: Financial assistance is provided, taking the form of term loans, equity participation and guarantees. The corporation’s equity participation is limited to a maximum of 49%. The NDC offers limited guarantees to enterprises that need to borrow from banking institutions. It provides business counselling, infrastructure support, and feasibility and market studies.

The Institution:

No. of staff: The corporation has a staff of 100, but within the division of small enterprise development, a staff of 7, of whom 5 are consultants.

In operation since: Government operation since 1978, but was officially established in 1993 with (NDC Act)
Use of electronic mail and the Internet: NDC is connected to e-mail and internet. Unfortunately, NDC does not make use of the service because few staff members are familiar with the use of electronic mail.

Use of external databases: The corporation is making use of the Information Credit Tracing Centre (ITC), based in Windhoek and connected to South Africa. The role of ITC is the keeping of debt records for references.

Co-operation with other institutions: The division of Small Enterprise liaises with the Ministry of Trade and Industry and various training institutions such as the Institute for Management and Leadership Training, Namibia National Chamber of Commerce and Industry, Private Sector Foundation, Friedrich Ebert Foundation, Municipality, NEPRU and other NGOs represented in the Joint Consultative Committee. NDC has branches in all the regions. At regional level they co-operate with Tswelelo, an NGO in Gaborone.

Evaluation of co-operation: Co-operation is not costly, but beneficial. The only constraint to co-operation is the availability of human resources. For networking to be practical, institutions need to be able to tap on various specialities.

Future potential for co-operation: Government and the private sector can strengthen co-operation in many areas of interest.

Potential expansion:
- Tourism, especially in traditional crafts
- construction
- electronic repair
- service
- relationship between government and private sector

Problems: The major problem is the South African economy, which is structurally linked to Namibia’s and is starving the Namibian industry. Consumer behaviour and attitudes towards SME need to change in Namibia.

Priority areas of intervention:

Finance: Credit programmes need to be developed and should aim at targeting specific groups in the society. Banks are not ready to give credit because of the negative perception of the SMME sector. Therefore, banks need to change their attitudes towards the sector.

Management training and entrepreneurship development: There is lack of training institutions that provide technical training and management skills. Training institutions should create a programme for trainers who will then be able to train other officers.

Technology: Of significance is the government’s intention to strengthen existing facilities such as the vocational training school, which it hopes to transform into a technology demonstration centre. It is imperative for the intended centre to reflect the training needs of all the people.
Namibia Development Trust

**Target group:** Individual entrepreneurs. SMME is not the main focus for NDT, which deals primarily with communities/groups/households rather than individual enterprises. NDT does not plan to change this, since it is a rural development organisation. It deals with other NGOs involved in SMME development.

The economic sectors that NDT deals with are agriculture, manufacturing, and services with a particular emphasis on tourism.

NDT is represented in Northern Namibia, North Western Namibia, Omaheke region, Western Namibia (Swakopmund and Spitzkoppe, Henties Bay), Southern Namibia (Keetmanshoop and Berseba). 99% of NDT's clients are in rural areas.

**Services provided:** Finance - indirectly by recommending trainees to the Private Sector Foundation (PSF) for loans, advice, training, marketing and supply of raw materials. NDT also conducts base-line studies, and helps communities with business plans and training to get access to loans and start-up grants.

**The Institution:**

**No. of staff:** 18.

**In operation since:** 1989.

**Finance:** NDT generates 25% of its income from services it offers, and consultancies. Other funds are constituted by foreign aid.

**Use of electronic mail and the Internet:** At present, NDT does not make use of e-mail and the internet. However, as NANGOF plans to connect to e-mail and internet next year, NDT may also be connected, through NANGOF.

**Co-operation with other institutions:** NDT co-operates with the Private sector Foundation, the Development Fund of Namibia, COSEDA and NANGOF. NDT refers those entrepreneurs who have successfully completed their training to the PSF for loans. It also has co-operation linkages with Triple Trust in Cape Town and IBEC (Innovative, Business and Enterprise Centre), head office in Johannesburg.

**Future potential:** There is a need for co-operation in marketing. This would facilitate a system of decentralised production and centralised marketing. The participation of formal businesses and non governmental organisation is crucial. There is also a need for information exchange between different organisations to facilitate entrepreneurship development in Namibia.

Cooperation can enhance the identification of business ideas and access of SMME to finance and other services. There is a need for co-operation between NGOs, banks, businesses, institutions of higher learning, policy-makers, and government.

**Views on the SMME sector in Namibia:**

**Potential:** There is room for SMME expansion in manufacturing, and in rural transport systems such as donkey carts. In addition there is potential for SMME
development in tourism and fishing. As far as the fishing sector is concerned, unless regulations change it will be difficult for SMMEs to enter this sector. The Community Fishing Bill under discussion in the National Assembly will if passed enable communities to be involved in the sustainable utilisation of marine resources.

**Problems:** The main problems identified are: markets, the rural transport system, finance and irrelevant policies.

**Priority areas of intervention:**

**Business information:** This is an important area of intervention. Without it an entrepreneur cannot make informed decisions.

**Production technology:** To be able to produce, technology is absolutely essential.

**Management training and entrepreneurship development:**

**Financial services:** The setting up of “business opportunities centres” and networks based on a South African model could be worthy of consideration for Namibia. These could enable small and medium sized enterprises to link with larger scale enterprises.

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**Namibia National Chamber of Commerce and Industry (NNCCI)**

**Target group:** Corporate businessmen and women.

**Services provided:** Advisory services, training, access to loans and referrals.

**The institution:**

**Use of electronic mail and the Internet:** Not yet

**Use of external databases:** NNCCI make use of a database known as TIPS.

**Co-operation with other institutions:** NNCCI co-operates with its 17 affiliate chambers. It has 60 corporate members, and at least 2000 companies are represented in the Chamber. NNCCI is represented in the Joint Consultative Committee on small enterprises.

**Future potential:** NNCCI represents the interests of business people to the government and donors, and facilitates partnership with other promotion institutions.

**Views on the SMME sector in Namibia:**

**Potential:** Encouraging links between SMME and large suppliers is a very important area. Subcontracting and the involvement of SMME in the process of public procurement should also be encouraged. The sub-sectors identified as having potential are welding, plumbing, electrical, construction and general services such as catering and cleaning.

**Problems:** A problem facing the SMME sector is that of labelling and stigmatisation. An extensive public relations exercise should be carried out to de-stigmatise the sector and highlight its opportunities.
Priority areas of intervention:

Financial services: Banks should be encouraged to lend to SMME. Funds within government circles should be used efficiently.

Management training and entrepreneurship development: There is a need to initiate entrepreneurship development programmes and to integrate such programmes into the school curriculum.

Production technology: There is a need to diversify SMME activities and the technologies used by them.

NANGOF

Target group: Non-governmental organisations, also in the field of SMME promotion.

Service provided: Advice and representation (policy, technical advice)

The Institution:

No: of staff: 8.

In operation since: 1995.

Finance: Source of finance mainly donor funds and membership contributions.

Use of electronic main and internet: Presently not connected, but will be connected in the future. As far as the internet is concerned, NANGOF gets its messages through members, such as LAC.

Use of external database: No

Co-operation with other institutions: Co-operation at regional level with MWENGO - a Zimbabwean NGO, on research aspects and technical assistance, and many other international institutions. Co-operation efforts take place on formal and informal levels. Also co-operation with SSD.

Evaluation of co-operation: SADC effort was wasteful and costly, as nothing concrete has taken place. Networking should not be abstract and should be aimed at sharing available resources.

Future Potential: NANGOF would like to co-operate with any institution that aims to alleviate poverty in any form. NANGOF would also like to co-operate with intellectual institutions. Co-operation should be established between communal and commercial farmers.

Potential for expansion: Small mining; manufacturing - for example toys, and agro-production.
Problems: There is no enabling environment for small businesses to grow; food security; policy environment.

Priority areas of intervention:

Management training and entrepreneurship development: Training provided at present is not sufficient. Many businesses have failed because they lack proper managerial training. Entrepreneurs exhibit a tendency to run their businesses like social welfare. Training should be context-specific, and should integrate other aspect of management, such as marketing, expansion of the business, etc. Many institutions place emphasis on accounting and how to balance the books. Institutions responsible for advice, training and financial assistance should employ stand-by people who could provide technical support. Finally, the timing of courses should also be considered seriously.

Business Information: Entrepreneurs should get information on cost advances. For instance, they should know how much a fax machine costs, possibly through a magazine with such relevant information. Marketing opportunities should also considered in terms of information dissemination.

Northern Namibia Regional Chamber of Commerce and Industry (NNRCCI)

Target group: Everybody is eligible to become a member of the NNRCCI as long as they apply and pay the subscription fees. The chamber deals with entrepreneurs directly, and also with banks. The chamber is active in the four Northern region of Oshikoto, Oshana, Omusati and Ohangwena.

Services provided: Training, representation, advice and business consultation.

The Institution:

No. of staff: 3.

In operation since: October 1991

Finance: The NNRCCI is financed by donor agencies, mainly FINNIDA whose funding will be withdrawn by the end of this year. In addition to donor funds, NNRCCI is financed by the fees it generates from consultation.

Use of electronic mail and internet: No

Use of external database: No.

Co-operation with other institutions: NNRCCI co-operates with IMLT, the Mahangu Marketing Intelligence Unit, Valombola Technical Institute, NDT, NDC, First National bank, and Co-operation for Development.

Views on the SMME sector in Namibia:
Potential: There is potential for SME development in Namibia, particularly in the tourism and industrial sectors. With the planned establishment of industrial parks, the manufacturing sector should be promoted. The tendency to concentrate on those enterprising activities which are easier to penetrate should be guarded against.

Problems: There are two main problems facing small-scale enterprises, namely: exposure to business (training) and lack of working capital.

Priority areas of intervention: The two main areas for priority intervention are management training/entrepreneurship development and financial services. Of secondary importance are business information and production technology.

Okatumbatumba

Target group: Hawkers, self-targeting, open to the public

Services: Provides literacy programmes which consist of 3 groups, covering all business aspects.

The Institution:

No. of staff: 4 members of staff, and 5 volunteers.

In operation since: 1989.

Finance: Fund-raising via bulk marketing products.

Use of electronic mail and the Internet: No.

Use of external databases: No.

Co-operation with other institutions: NNCCI, Urban Trust, Tre-Number BA, and at regional level with Kenya Rural Enterprise Programme and a few NGOs in South Africa.

Evaluation of co-operation: Co-operation is beneficial and institutions should make use of any co-operation or networking arrangement.

Future potential for co-operation: Municipality regulations especially where hawkers are operating. Smaller businesses need to be favoured in terms of space because they create more jobs, even if the jobs are less productive and low paid.

Potential for expansion: Manufacturing, especially the textile and construction industries.

Problems:

- Municipality not recognising some of the local associations;
- crime and violence;
- GRN policy and regulations;
- lack of access to markets.
Priority areas of intervention:

**Technology:** Government should play a role in co-funding apprenticeship programmes with smaller businesses. Reducing the cost of training programmes would make training more attractive to the smaller business owner.

Short-term subsidies from GRN could also encourage the growth of industry and trade associations. These could offer industry-specific training programmes, seminars and so on. Such subsidies could build capacity among emerging businesses associations.

**Business Information:** To get ideas on how to establish links with other businesses, and how to promote local businesses within the community. Negative attitudes towards hawkers and other small businesses must be avoided through providing information on SMME. It is very important for JCC to embark upon a business information campaign.

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**OXFAM Canada**

**Target group:** Existing and potential entrepreneurs. 75% are existing entrepreneurs, while 25% are potential entrepreneurs.

**Services provided:** Finance, advice, representation (less so), business and technical training, assistance with marketing, procurement of machinery and equipment, as well as internal capacity building.

**The Institution:**

**No. of staff:** 43.

**In operation since:** 1989

**Finance:** 75% of funds are sourced from government and donors, while 25% are raised from own fees.

**Use of electronic mail and the Internet:** The organisation is connected to e-mail and plans to be connected to internet soon.

**Use of external databases:** No.

**Co-operation with other institutions:** Oxfam Canada co-operates with COSEDA, NNCCI, Ministry of Agriculture, Lisikamena, regional governments, Community-based Tourism Association of Namibia. At regional level the organisation co-operates with community-based tourism organisations in Botswana and Zimbabwe. It also co-operates with appropriate technology centres in Botswana and Zimbabwe. Co-operation with some of the institutions is formal, while with others it is informal.

**Evaluation of co-operation:** The degree to which co-operation is beneficial and effective varies from organisation to organisation.
Future potential: There is room for greater co-operation in terms of credit provision, and more co-operation is essential at national level. It is useful to network and co-operate, but this should be based on practical needs.

Views on the SMME sector in Namibia:

Potential: The potential for SME development can mainly be found in tourism, agro-based industries and water technologies.

Problems: The main problems are lack of management skills, confusion regarding credit (whereby people seeking credit do not know where to find it), lack of transport and markets, and lack of technical skills.

Priority areas of intervention: The area that deserves priority intervention is management training and entrepreneurship development. The second most important area of priority is financial services, third is production technology, and lastly, business information.

OXFAM UK& Ireland

Target group: The target group for OXFAM UK& I are organisations providing support services to the SME sector and other organisations involved in developmental issues.

Services provided: Oxfam UK & Ireland is not an SME support institution and does not provide support services directly to small businesses. It acts as an intermediary between communities and SME support institutions. It attempts to establish contact between small entrepreneurs and support institutions. This entails making small entrepreneurs aware of existing finance and training schemes. OXFAM works closely with Community Based Organisations (CBOs), Non governmental Organisations (NGOs) and government. OXFAM is currently implementing an integrated development programme in the Omaheke region. Its main concerns are capacity building, advocacy and emergency preparedness.

The institution:

No. of staff: At present the institution has a staff component of five. However, plans are underway to unify Oxfam UK& I with OXFAM Canada into a single entity. This is envisaged to take place on the 6 December 1996.

In operation since: the 1960s.

Financing: Oxfam is financed by the Oxford community and contributions from the British people. It is also financed by a company known as Oxfam-Trading, and the British government.

Use of electronic mail and the Internet: The organisation is connected to both e-mail and internet.

Use of external databases: No.
Co-operation with other support institutions: Oxfam UK &I has joined the JCC, and has applied to the Development Fund of Namibia to administer its loan scheme in the Omaheke region. OXFAM also co-operates with the Ministry of Trade and Industry and the Namibia Development Corporation, and works closely with organisation involved in enterprise development in the Omaheke region.

Evaluation of costs, benefits, effectiveness: It is too early to evaluate the costs, benefits and effectiveness of these programmes because OX FAM UK &I has only recently joined the JCC, and has just submitted the application to administer the loan scheme of the Development Fund in the Omaheke region.

Future Potential: Co-operation has to be both formal and informal and should be based on partnership. Co-operation should also provide limited public education. Co-operation at regional level should be encouraged.

Views on the SME sector in Namibia:

Potential: The SME sector is regarded as a sector with potential and one of the pillars of the Namibian economy. The sector employs 1/3 of the Namibian workforce, therefore it is of crucial significance. It needs to be provided with support in the form of credit facilities, training, marketing and so forth.

Problems: SMEs in Namibia face many problems. Amongst others are finance, training, access to markets, access to information, competition from the large business sector, lack of incentives and poor quality products which do not appeal to the affluent members of the public.

Priority areas of intervention: Marketing and access to business information are the primary difficulties facing the small business sector in Namibia, and the fact that Namibia’s market is very limited.

The second problem facing the SME sector is the lack of reliable information. The priority area of intervention is financial services, which should be complemented by the availability of the market. The problem is that while SMEs may have access to credit, they may not have a market in which to sell their goods and services.

Finally, SMEs need access to production technology. To produce quality products that will appeal to the affluent, SMEs should have access to appropriate technology.

Private Sector Foundation (PSF)

Target group: Informal sector entrepreneurs, especially women.

Services: Training clients in basic bookkeeping, stocktaking and purchasing, customer relations, shop layout, costing and pricing.

The Institution:

No. of staff: 12.

In operation since: 1980
Use of electronic mail and Internet: No

Use of external databases: No.

Co-operation with other institutions: PSF co-operates on an ad-hoc basis with all NGOs operating in similar fields e.g. NANGOF & Joint Consultative Committee. PSF also co-operates with the Rossing Foundation and Read, on a programme known as Training of Trainers.

Evaluation of co-operation: Co-operation is beneficial and important for sharing experiences. It is effective because accessing information is not always easy in Namibia. Co-operation need not be costly, especially if an institution makes use of JCC as a forum to express ideas, where one only has to pay the membership fee. The problem is how to strengthen such co-operation, especially at regional level and in the rural areas.

Future potential for co-operation: Mainly sharing new ideas with all JCC members, and encouraging more local participation from institutions not yet known to us.

Potential for expansion: Oshakati and Ondangwa could become potential areas of development, for example scrap cars and waste material can be transformed into useful items which are not available. The textile industry and construction need to be considered as potential areas of development.

Problems:
- lack of money
- lack of customers
- poor business premises
- lack of skills and human resources

Priority areas of intervention:

Management training and entrepreneurship development: Management training is the first priority for intervention. The level of training at some institutions needs to be modified to suit the target groups. Practical lessons concerning management and entrepreneurship need to be demonstrated accordingly.

Rossing Foundation

Target group: Adults of 21 years of age, and at least standard 7 certificate or school report.

Services provided: The Rossing Foundation provides advice, training and marketing services to its target group. In addition the foundation tries to access donor funds for groups and community based projects. The training courses offered include practical skills such as needlework, welding and motor mechanics.

Institution:
No. of staff: The foundation employs 120 full-time staff members.

In operation since: 1977/78

Finance: The foundation is mainly financed by the Rossing Uranium Mine and donor agencies such as United Nations agencies, the Australian, New Zealand and Dutch governments and the Van Rheenen Foundation in the Netherlands.

Use of electronic mail and the Internet:
Rossing Foundation is connected to e-mail and internet. They have only one computer through which e-mail and internet can be viewed.

Use of external database: The foundation makes use of internal databases, especially in the environmental education division and environmental education network.

Co-operating partners: Rossing Foundation co-operates with World Education through the READ project. A formal agreement in this regard will be signed. The foundation is also a member of the Namibia Non-Governmental Organisations Forum (NANGOF). It also co-operates with institutions such as KAYEC, PSF, IMLT, LAC, NNCCI, UNICEF, and the Okamatapati Development project. The foundation has good relations with the Ministry of Basic Education and Culture, especially the Directorate of Adult Basic Education, the Ministry of Agriculture, Water and Rural Development and the Ministry of Fisheries and Marine Resources. The Foundation has a management contract with MAWRD and is administering the Okashana centre. A similar contract exists between the foundation and the Ministry of Fisheries and Marine Resources in terms of administering the Maritime centre in Luderitz.

Costs and Benefits of co-operation: Co-operation arrangements between the centre and its partners are beneficial.

Future potential: Future potential for co-operation is needed, especially in the following areas: marketing, training in management skills, and overall sustainable support for projects. Co-operation is also essential for the process of learning from other people’s experiences. For example, all development projects in Kenya are registered with the Ministry of Culture and Social Services. Networking is necessary between different partner organisations to pool resources.

Views on SMME sector in Namibia:

Potential: It is not an easy process to identify potential for SMME sector expansion. However, the process of identifying potential can be based on resource availability. For example in the Kavango and Caprivi regions there is potential for the production of local arts and crafts. There is a need to diversify from agricultural activities such as gardening to activities which are more sustainable in the long-run.

Problems: One of the main problems is the availability of a market that will support the SMME sector. Related to this is the lack of marketing skills amongst entrepreneurs. In addition, the quality of products produced by small entrepreneurs has to be improved.

Priority areas of intervention:
Financial services: This is a vital area for priority intervention, but it is not as critical as management training and entrepreneurship development.

Management training and entrepreneurship development: This is a crucial area for priority intervention and should be dealt with hand in hand with production technology.

Business information: This point of intervention is very important, but mainly at the higher level, for instance in trying to organise business people into a membership organisation.

Small Scale and Informal Industries Division: Ministry of Trade and Industry

Target group: Small business entrepreneurs registered, having business and paying tax, and entrepreneurs involved in the informal sector.

Services provided: facilitator for credit and training (paying funds to institutions providing training), facilitator for Revolving credit fund scheme; the division is not supposed to implement, but to guide and direct only; however, the NGOs are regarded as too weak to properly execute that which they are supposed to do.

The Institution:

No. of staff: The institution has a staff of 13 professionals and one deputy director.

In operation since: 1991.

Finance: Government, German-based GTZ

Use of electronic mail and the Internet: No.

Use of external databases: No.

Co-operation with other institutions: Small Scale and Informal Industries Division has links with Private Sector Foundation, Institute for Management and Leadership Training, Namibia National Chamber of Commerce and Industries, through the revolving credit fund. Also it is a member of the Joint Consultative Committee, made up of different institutions supporting the SMME sector. At regional level SSIIID has links with South Africa - comparing notes and trying to use the South African SMME as a role model for the Namibian SMME, since it is well developed. SSIIID also has links with Lesotho and Swaziland, and Botswana.

Evaluation of cooperation: Cooperation is beneficial for the purposes of sharing relevant information and learning from other people’s experiences.

Views on JCC: it is dependent on the personal energy of the chairman and is as yet lacking a coherent approach; it should remain an umbrella body, and should be led by an NGO.
Views on SEPAC: it should be mainly a body of NGOs and the private sector; tasks should be to sensitise political leaders and to share information; perhaps a database on technology and input sourcing should be set up.

**Future potential:** The division would like to see more cooperation between NGOs.

**Views on the SMME sector in Namibia:**

**Potential:** Potential for SMME development based on the availability of local resources.

Omaheke region for e.g. Cattle - leather, hides and skins, shoes.

Erongo region - Small-scale Mining

Northern regions - wide variety of resources are available. Small enterprises based on these resources can be established in the Northern regions.

**Problems:**

**Priority areas of intervention:**

**Finance:** Credit guarantee scheme is being established in conjunction with commercial banks. Government will guarantee 70%, banks 20% and the entrepreneur 10%. If the Commercial banks are reluctant to guarantee the risk, the government plans to establish a development bank. The government knows from experiences elsewhere that development banks have failed, but due to the reluctant attitude of Commercial banks towards the credit guarantee scheme, government may well consider establishing a development bank.

**Technology:** Government plans to strengthen the Valombola Technical Institute and transform it into technology demonstration Centre. The Indian government has pledged to support this initiative and has been identified by the Commonwealth Secretariat as the appropriate government to assist GRN (through MTI and SSIID) to establish such a centre.

**Management training and entrepreneurship development:** The IMLT is overloaded with training functions which might make it seem ineffective. There is a need to train trainers who will provide training services to small entrepreneurs.

**Standard Bank of Namibia, SME desk**

**Target Group:** Existing entrepreneurs only. The SME desk is a pilot project trying to assess the behaviour of the small and informal sector markets. The programme deals directly with customers, and no collateral is required. It has a mixed portfolio covering different economic sectors, depending on the viability of the enterprise. The maximum loan amount is N$ 5000. It operates only in Windhoek at present, but there are plans to extend it to Northern and Southern Namibia.

**Services provided:** Standard Bank provides finance, advice and support to existing small businesses.
Institution:

No: of staff: Branch manager cannot provide total number of staff, owing to the large size of the organisation.

In operation since: The SME desk was introduced in 1996.

Financing: Standard bank finances its operation from normal banking practices and profits.

Use of external database: No use of external database.

Cooperation with other institutions: Standard Bank co-operates with PSF, IMLT, NACCUL, NNCCI, SAAMSTAN, NDC, and BANK OF NAMIBIA. It also co-operates with all financial institutions. Standard bank co-operates with KAYEC, and has a support scheme for KAYEC. There are no formal agreements for these co-operations. Standard bank believes in information gathering and research, and therefore visits to institutions such as NEPRU and NDC are conducted for information collection purposes.

Cost and benefits of co-operation: Cooperation is beneficial, but there are no written agreements on these co-operations.

Future Potential: At the present time Standard Bank does not have formal cooperation arrangements with any other institutions, hence the manager declined to comment on this point, insisting that answering this question would imply commitments he is not prepared to make on behalf of the institution.

Views on the SMME sector in Namibia:

Potential: There is unused talent in Namibia which should be exploited. The potential for real growth lies in the manufacturing sector. There is a considerable number of service oriented outlets. For the sake of employment creation it is advisable to concentrate on the manufacturing sector.

Problems: One of the main problems afflicting the SMME sector is the duplication of efforts amongst institutions involved in its promotion. There is an urgent need for co-ordination. There is also a need for prioritising the issues that should be addressed. There is another problem of low recovery rates.

Priority areas of intervention:

Management training and entrepreneurship development: There is a need to train people in management skills and entrepreneurship development. Equipped with good management skills, entrepreneurs will be in a position to draft their own business plans, and improve their chances of making a profit.

Financial Services: There is a tendency amongst service providers to the SMME sector to regard it as a special case that should be provided with credit at subsidised rate of interests. The sector does not deserve special attention; rather, entrepreneurs are in need of access to credit, and not necessarily at a low price as is often the conception.
Production technology: Production technology is necessary for manufacturing enterprises. Most small businesses are a “one man show”, and training needs to be brought to the premises.

Business information: The need for business information is not particularly urgent, because the SMME sector is basically a relatively unsophisticated market.

Others: More emphasis should be placed on the need for training and access to financial services. Other issues have to be addressed by specialised institutions.

U-DO Trust

Target group: Unemployed women.

Services: Training in domestic science, needlework and marketing of embroidery goods produced in rural areas.

The Institution:

No. of staff: 10 staff members

Use of electronic e-mail and internet: No.

In operation since: 1987

Finance: Supported by World Education and Intermon (Barcelona-based)

Use of external databases: No.

Co-operation with other institutions: Co-operation takes place with READ and the Rossing Foundation on the Training for Trainers programme. This programme is associated or linked with PSF and other local NGOs. U-DO Trust also co-operates with DWA and MTI.

Evaluation of co-operation: Co-operation could be effective, but requires commitment and responsibility from all the stakeholders. Co-operation is not costly, and it strengthens the capabilities of the organisations.

Future potential for co-operation: Credit facilities and the writing of project proposals and planning need to be considered, as there is a deficiency in these areas amongst many institutions involved with the small business sector.

Problems

• lack of capital
• marketing of small businesses
• lack of technology
• lack of manufacturing activities

Priority areas of intervention:

Finance: Financial institutions - especially commercial banks - should set up credit schemes that are accessible to the entrepreneurs who cannot provide collateral.
NDC and other support institutions should prioritise their support schemes.

**United Nations Children Fund (UNICEF)**

**Target group:** Non-governmental organisations, community based organisations and needy people. UNICEF also deals with communities. 80% of the income-generating activities are targeted at women. UNICEF does not deal with individual entrepreneurs.

**Services Provided:** Training of trainers and extension officers of the Directorate of Community Development of the Ministry of Regional and Local government and Housing, financial support to income-generating projects. Training of trainers in small enterprise development, record keeping, accounting procedures and feasibility studies.

Financial assistance is also provided to projects in the form of grants through the MRLGH. UNICEF provides equipment and materials.

**The Institution:**

**No. of staff:** One consultant, and one programme officer in the SME development desk. Areas of specialisation: participatory training, management of small businesses/projects, costing and pricing, marketing, monitoring and evaluation.

**Use of electronic mail and the Internet:** UNICEF is connected to e-mail. Problems experienced are mainly of a technical nature. All e-mail traffic has to go through a South African company which sometimes slows down the travel of traffic. The consultant on SME is not making substantial use of Internet.

**Use of external databases:** No use of external database. UNICEF makes use of personal contacts, and has access to the United Nations library.

**Co-operation with other institutions:** Directorate of Community Development and Department of Women Affairs.

Directorate of community development has been identified as co-operating partner between UNICEF and GRN.

UNICEF has informal cooperation with 15-20 NGOs through the Joint Consultative Committee. Amongst the NGOs are NDT, PSF, IMLT, CRIAA, KAYEC. It also co-operates with the NDC.

**Costs and benefits of co-operation:** Cooperation is very effective, but could be further improved. The availability of human resources acts as a key constraint to cooperation. Many NGOs are very busy. International organisations put considerable pressures on local NGOs which do not always have adequate human resources.

**Future potential for cooperation:** Mainly sharing information about programmes and objectives, as well as sharing information about target groups assisted by other organisations.
Views on SMME sector in Namibia:

Potential: A number of new actors and partners are entering the area of supporting SMME. The sector is expanding. There is a need to train Namibians who can be individual trainers in technical skills and many other areas.

Problems:
- Lack of information on what is possible and what it is available
- Training in business management
- Finance
- Provision of after care services, the “touch and go” attitude should be avoided
- Lack of trust between SME and larger businesses
- Lack of lines of credit between SME and larger businesses

Priority Areas of Intervention:

Financial Services: Credit should not only be provided by financial institutions, but suppliers too should provide lines of credit to the SMME sector.

Management training and entrepreneurship Development: The effectiveness of training should be increased by providing after-care services. Flexible “sandwich” courses should be designed to train people who do not have access to formal training, especially those who cannot leave their businesses to go for training. Training should be affordable to the participants.

Production Technology: Provision of appropriate technology

Other priority areas of intervention: Gender planning is very important for small enterprise development. The prevailing attitude that tends to consider women for income generating projects and men for small enterprise projects should be challenged. There should be a serious commitment to gender planning in the SME policy. Women should not be marginalised in the economy, but should be integrated into mainstream economic activities.

Urban Trust of Namibia (UTN)

Target group: The primary target group for service provision is low-income communities and organised community groups.

Services provided: Training of community groups; service (technical) provided to institutions such as municipalities. The UTN also offers advice.

The Institution: UTN mainly deals with policy issues.

No. of staff: The UTN has 7 staff members, consisting of the executive director, urban governance co-ordinator, office manager, receptionist/secretary, 2 community development officers and a researcher. Local consultants are also employed, though not on a full-time basis.
In operation since: 1994.

Finance: Finances are sourced from donor funds, mainly the Ford Foundation. Additional funding assistance (project and institutional support) has been received from the Friedrich Ebert Stiftung, the Canada Fund and the Co-operative Housing Foundation. The UTN also generates income through the fee-for-policy. 90% of the funds are generated from donor funds.

Use of electronic mail and the Internet: UTN is connected to e-mail. Problems experienced are of a general nature. UTN does not use any internet services at present.

Use of external databases: UTN is not making use of external databases.

Co-operation partners: UTN is a member of the Joint Consultative Committee on small scale enterprises. It co-operates with all organisations belonging to JCC. UTN also has a formal agreement with the Association of Local Authorities in Namibia (ALAN), and links with organisations in Zimbabwe, Kenya, and South Africa with whom it shares objectives.

Assessment: JCC is a good platform for organisations involved in the promotion of small and medium-sized enterprises to unite and share information and resources.

Future Potential: The future potential lies in strengthening existing institutions rather than creating new ones.

Views on the SMME sector in Namibia:

Potential: The sectors with the main potential for growth are manufacturing and services.

Problems: Main problems of SMME are: access to support services including finance, proper skills, and a generally supportive policy environment, such as a legal framework and policies suited to the needs of SMMEs.

Priority areas of intervention: The main area of intervention should be management training and entrepreneurship development. A second important area that deserves priority is financial services. Once entrepreneurs are adequately trained in this area, they can negotiate financing arrangements with financial institutions more effectively. Thirdly, entrepreneurs need access to business information, and lastly, entrepreneurs must be given access to production technology.

Windhoek Chamber of Commerce and Industry

Target group: Windhoek business community.

Services provided: Advice in general, and especially on linkages of the small business and big companies, and the provision of mentorship programmes.

The Institution:
No: of staff: WCCI has a staff of two (one full-time and part-time) - the General Manager and a secretary.

Finance: 90% of WCCI’s funds come from membership fees, and it is also financed by business luncheons and certificates of export.

Use of electronic mail and the Internet: WCCI is connected to e-mail, but doesn’t make use of internet.

Use of external databases: WCCI does not use an external database.

Co-operation with other institutions: WCCI co-operates with the Namibia National Chamber of Commerce and Industry (NNCCI), Joint Consultative Committee (JCC) and the Friedrich Ebert Stiftung. There is a formal relationship with NNCCI, the rest are informal.

Evaluation of relationships: Cooperation with other institutions

The relationships are generally good.

Future Potential: Co-operation can take any form. It can be training, financing, erection of facilities, business linkages such as the Vendor Development Programme (VDP) as well as mentorship programmes.

Views on the SMME sector in Namibia:

Potential: By fostering business linkages, small businesses in Namibia can be developed. The market needs of small businesses should be addressed.

Problems: Many of the problems afflicting the SMME sector are of a historical nature. Small businesses do not have access to markets, and should be encouraged to make in-roads into the main stream economy. This implies that the markets for small enterprises should be expanded and sources of raw material supply should be sought.

Priority areas of intervention:

Financial services:

Management training and entrepreneurship development: Formal training and mentorship.

Production technology: Need for more mentorship.

Business information: Emphasis should be on business linkages, such as the Vendor Development Programme (VDP).

Windhoek Vocational Training Centre:

Target group: Young Namibians who are grade 10 certificate holders.

Services provided: Vocational training at artisan level. Training is provided in the following trades: mechanics, auto mechanics, building construction and electrical
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engineering. WVTC produces fitter and turners, auto mechanics, carpenters and joiners, bricklayers and plasterers, electricians, and radio and TV repairers.

**The institution:**

**Number of staff:** 52.

**In operation since:** 1989.

**Financing:** 50% of financing is from the German government, while the remaining 50% comes from GRN.

**Use of electronic mail and internet:** No.

**Use of external database:** No.

**Co-operation with other institutions:** WVTC is a member of the joint consultative committee on small enterprises. The Principal of WVTC also sits on the NDC committee that selects candidates qualifying for start-up capital. The centre works closely with the Ministry of Higher Education, Vocational Training, Science and Technology and the Namibia Chamber of Crafts.

**Evaluation of co-operation:** Co-operation is beneficial. JCC is a seen as a conglomerate of service providers to SMME sector and serves as a platform for information sharing. JCC can assist in the identification of training needs, therefore it is very important for institutions such as WVTC to be represented.

**Future Potential:** Co-operation is necessary in terms of sharing information and experiences. There is a need to improve co-operation between companies and WVTC for the purpose of attachments for the students.

**Views on the SMME sector in Namibia:**

**Potential:** There is widespread agreement that SME is one of the main areas through which the problem of large-scale unemployment facing Namibia can be addressed. Therefore SMME must be encouraged, and initiatives to create self-employment should be supported by all means necessary. There is a need to move away from a retail oriented economy to a manufacturing oriented economy. In order to achieve such an objective, skills must be imparted to large sectors of the population.

**Problems:** One of the main problems facing SMMEs in Namibia is the lack of capital. Financial institutions are conservative and cannot lend to the SMME sector without the provision of collateral, which often SMMEs cannot afford. In addition there is a lack of both technical and entrepreneurial skills

**Priority areas of intervention:**

**Management Training and entrepreneurship development:** The skills deficit characterising much of Namibia’s population should be addressed. There is a need to develop an encompassing strategy on human resource development in Namibia.

**Financial Services:** The lack of initial capital should be addressed. Programmes already in place, such as the revolving credit fund, are inadequate.
Production technology: This is an important area and should certainly be addressed; however, if people do not have the skills in the first place, they cannot make efficient use of technology.

Business information: Business information is regarded more as a luxury, in terms of priority.

World Education (Reaching out with adult education in Development)

Target group: The institution does not deal with entrepreneurs directly; rather it deals with 16 non governmental organisations, some of which are involved in small enterprise development. The 16 NGOs are the following: Rossing Foundation Adult Education Centre, NANASO, AFA, BRICKS, CLC, NAFAU, SAAMSTAN, RED CROSS, ACT, DRFN, PSF, OHA, NLP, COSEDA, UDO-TRUST, UTN, and NANGOF. World Education mainly concentrates on organisations dealing with poverty alleviation. Small enterprise development is not the main focus. Most of World Education’s activities are in Windhoek.

Services provided: World Education provides finance, mainly in the form of sub-grants. It also provides technical assistance and training of trainers to non-governmental organisations. It organises study tours, workshops and courses for NGO staff.

The Institution:

No. of staff: 13, with a view to increasing this to 15.

In operation since: 1993.

Finance: It is financed by USAID through grants.

Use of electronic mail and internet: World Education is connected to e-mail. One problem cited is that they have only one modem through which all the e-mail traffic has to pass.

Co-operation with other institutions: World education co-operates with 16 NGOs both formally and informally. 80% of its time is spent working with these NGOs, while 20% is spent with other organisations. It also co-operates with Kenya Rural Enterprise Promotion centre (K-REP), providing financial assistance. World Education provided funds for a consultant from K-REP to evaluate the PSF programme. World Education is also implementing a small enterprise project in South Africa. There is no system in place at the moment to evaluate the advantages of co-operation between World Education and other co-operating partners. The only mechanism used at the moment is the annual meeting of NGOs.

Future potential: Currently World Education SME development projects are in South Africa, Kenya and Mali. World Education also aims to start a project dealing with SME development in the Southern African region. World education can offer its experience from those countries in which it is involved in small enterprise
development to the networking project. Should the co-operating partners that the World Education project deals with be interested in the IDRC project, it would be prepared to offer assistance to enable them to connect to the network. World Education can also act as an implementing agent for SMME development projects initiated by other donors.

Views on the SMME sector in Namibia:

Potential: The current Director is new to the project and cannot confidently comment on this question.

Problems:
- Access to capital in small amounts.
- Lack of business skills
- Lack of markets

Priority areas of intervention: All four areas are of importance to SMME development. As the project director is relatively new he cannot rank the areas of intervention, but managed to make a general comment.