

**Selected Issues for the Development of  
the Industry and SMEs in Namibia**

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## **Abbreviations**

BSSP	Business Support Service Programme
CATS	Commercial Advancement Training Scheme
CCE	Center for Cooperative Education
CED	Center for Entrepreneurship Development
COSDECs	Community Skills Development Centers
COSDEF	Community Skills Development Foundation
CPST	Center for Public Service Training
DBSA	Development Bank of Southern Africa
DPA	Dairy Producers' Association
DTC	Diamond Trading Company
ETSIP	Education and Training Sector Improvement Program
EPZ	Export Processing Zone
FAN-Meat	Farm Assured Namibian Meat Scheme
FS	Feasibility Study
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
ISCBF	Institutional Strengthening and Capacity Building Facility
JICA	Japanese International Cooperation Agency
MTI	Ministry of Trade and Industry
NAMFI	Namibian Maritime and Fisheries Institute
NAPs	National Assessment Panels
NDC	Namibia Development Corporation
NGO	Non-governmental organization
NIMT	Namibia Institute of Mining and Technology
NQA	Namibia Qualifications Authority
NQF	National Qualifications Framework
NTA	Namibia Training Authority
ODC	Offshore Development Corporation
OVC	Orphans and Vulnerable Children
PoN	Polytechnic of Namibia
SACU	South African Customs Union
SADC	South African Development Community
SMEs	Small and Medium-sized Enterprises
TOR	Terms of Reference
UNAM	University of Namibia
USAID	United States Agency for International Development
VTCs	Vocational Training Centres
WTO	World Trade Organization
WVTC	Windhoek Vocational Training Center

Exchange Rate (September 2011) 1 Namibian Dollar (N\$) = 10.65 yen
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## **Introduction**

Namibia has been enjoying stable economic growth and is classified as a middle-income country with a per-capita GNI of 4,210 USD<sup>1</sup> though it is one of the world's most unequal societies with a Gini-coefficient of 0.7. Namibia currently maintains an annual economic growth rate of 6% (2004-2008, IMF) with a healthy business environment (although there are some issues with the refunding of value-added taxes, work permits for foreigners, and unconstructive labor union activities among others) and relatively sound investment. That said, the global recession of 2009 reduced demand for Namibia's raw material exports with diamond sales declining by half in 2009 compared to the previous year. However, diamonds then made a more than 50% recovery in 2010, contributing to a rise in the economy.

The tertiary industry (trade and commerce, service industries, government services, etc.) accounts for the largest GDP contribution (52.0%), followed by secondary industry (mining, manufacturing, construction, etc.) with 36.3% of GDP (with manufacturing contributing 15.8% of GDP), and then primary industry (agriculture and fishery, etc.) with 11.7% of GDP. The main pillars of the Namibian economy are mining (uranium, copper, diamond, etc.), agriculture (with both subsistence and commercial agriculture), the livestock industry (animal husbandry, meat processing and export), fishing (fishing and fish processing), tourism, and the dairy industry. The transportation and logistics industry has recently been developing dramatically. Goods from South Africa and other countries usually enter into Namibia through its border with South Africa and Walvis Bay, and are then transported to Angola, Botswana, Zambia and Congo.

The absence of any customs barriers between Namibia and South Africa limits the growth opportunities of infant manufacturing industries in Namibia, and it is necessary to examine which Namibian manufacturing industries have comparative advantages over their South African counterparts and are able to achieve economies of scale. Most small-scale Namibian manufacturers are finding it difficult to compete with imported goods manufactured by large-scale factories in South Africa that are transported into Namibia without any tariffs. Given the high unemployment rate (37.6% by a narrow definition; 51.2% broader one), the Namibian government is keen to develop small- and medium-sized enterprises (SMEs) that have the potential of creating employment, especially for its black population.

Based on this context, this report presents an overview of the manufacturing industries with growth potential that would contribute to the economic development of Namibia. It will also discuss the current vocational training situation, industry and SME promotion policies in Namibia, followed by recommendations on future assistance by JICA.

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<sup>1</sup> World Bank, 2008.

## **Chapter 1 Manufacturing Industries with Growth Potential in Namibia**

Namibia's manufacturing industries with growth potential can be categorized as follows: (a) industries that produce custom-order products (e.g. construction materials, furniture made to order, uniforms, etc.); (b) industries that utilize raw materials produced in Namibia (e.g., stone processing, wood working, diamond processing, concrete products, glass products, meat processing, dairy products, marine products, beverage products, etc.); and (c) small-scale fabrication industries (e.g., agricultural machinery assembly, etc.). While category (a) has limited employment capacity due to the nature of custom-order businesses, categories (b) and (c) have potential for larger employment (both skilled and unskilled labor) especially if their products are exported to neighboring countries.

This chapter presents information relating to industries that utilize local materials and have the potential of leading the Namibian economy, including stone processing, gemstone processing, concrete products, charcoal, dairy products, meat processing, cosmetics, wood products and furniture, publishing and printing, leather products, taxidermy, and fertilizer industries, followed by recommendations on the promotion of these manufacturing industries.

### **1.1 Stone Processing**

Namibia produces a variety of stones such as granite, dolomite, and marble. According to the Geological Survey of Namibia, Namibia produced approximately 40,000 tons of granite, 20,000 tons of sodalite, and 10,000 tons of marble in 2004. Most of the stone is exported in large blocks as cladding and interior materials for the foreign building industry.<sup>2</sup> Blue sodalite is found exclusively in the Kunene region of Namibia and nowhere else in the world, and as such is much sought after by renowned architects and decorators globally.<sup>3</sup> According to Marmorwerke Karibib Ltd.,<sup>4</sup> in the past, 95% of its sales were of granite and about 3% were of marble; however, the demand for granite has considerably decreased due to the financial crisis in Europe. As a result, 10 mining companies without marble mines have been forced to shut down.<sup>5</sup>

Although many mining companies have been impacted by the decreased demand from Europe, the export of stone and related products is likely to grow in the future given the increasing demand from Asian countries such as China and India. At present, large unprocessed blocks of stone are being exported to South Africa and Europe; however, the country will be able to enjoy the value addition gained from exporting the finished products if the stone is processed domestically. It is suggested that the Namibian government focus on

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<sup>2</sup> Namibian Ministry of Trade and Industry, Export products, Mineral Products, <http://www.mti.gov.na/subpage.php?linkNo=30>

<sup>3</sup> Ibid.

<sup>4</sup> Marmorwerke Karibib Ltd. has been mining marble and granite since 1989 and exporting block marble to Italy, Germany, and China.

<sup>5</sup> Interview with Marmorwerke Karibib Ltd. on April 6, 2011.

investing in this industry and promoting exports based on an evaluation of the international trends in the production and demand for stone processing products.

**Box 1 Marmorwerke Karibib Ltd. in Karibib**

Marmorwerke Karibib Ltd. has been engaged in the mining of marble and granite in Namibia since 1989 with large blocks of marble and granite being regularly exported to Italy, Germany, and China. The company sold 14,000 tons of block marble in 2008.<sup>6</sup> The company also manufactures tiles, gravestones, monuments, kitchen tops, bathroom tops, etc. for the domestic market. Despite their high quality, these products are not exported due to the high transportation costs. Granite or marble tiles, and ceramic tiles have different markets since granite and marble tiles cost about 100 times more than ceramic ones. At present, there are few engineers knowledgeable of the technology and development of mines in Namibia; therefore, all technical training is being conducted by masons from Germany. Currently Marmorwerke Karibib Ltd. employs 11 workers in the processing division and about 20 workers in the quarry division.

**Box 2 Namibia Stone Processing Ltd. in Omaruru**

Namibia Stone Processing Ltd. has been processing stone in Omaruru since 2006. Between 2004 and 2006, the company built new facilities and purchased equipment using financing in the total amount of N\$ 80 million from the Ministry of Finance, the Mineral Development Fund of the Ministry of Mining and Energy, as well as loans from the Namibian Development Bank.<sup>7</sup> Namibia Stone Processing Ltd. purchases second quality stone<sup>8</sup> from the quarries at cheap prices, and processes them for domestic sale. Although the factory has a production capacity of 21,000 square meters per month, it currently produces less than 6,000 square meters per month. The factory requires 70 employees at maximum production, yet it currently operates with only 38 employees. Not running at full production capacity, the company has difficulty in competing with South African products. While the final costs for the products are lower than the prices of equivalent products imported from South Africa, these products are too expensive to be exported to South Africa. Moreover, the company is unable to develop and acquire domestic market share due to a lack of funds for large-scale marketing activities. Namibia Stone Processing Ltd. has requested that the government place large orders so that the company can reduce prices and offer durable products (i.e., with a lifetime of 10 years), which are more competitive than ceramic tiles that last about 2-3 years; however, it has not received any positive responses. Meanwhile, exports to Angola are highly anticipated since investors from Angola have also provided capital to the company; however, the poor road conditions in Angola make exporting the stone products difficult since there is a 20-30% loss of products during shipment.

**1.2 Gemstone Processing**

Namibia produces large varieties of quality gemstones such as amethysts, topaz, rose quartz, tourmaline, garnets, and emerald.<sup>9</sup> Namibian diamonds are unrivalled in both their size and quality, making these stones highly prized in the world market (in terms of quantity, Botswanan diamonds are more abundant; however, Namibian diamonds are of superior quality). Twelve foreign-affiliated gemstone processing companies

<sup>6</sup> Interview with Marmorwerke Karibib Ltd. on April 6, 2011.

<sup>7</sup> Interview with Namibia Stone Processing Ltd. on April 5, 2011.

<sup>8</sup> Namibia exports only a specific size of marble and granite block, which is quarried from Namibia and graded at first quality based on its color.

<sup>9</sup> Namibian Ministry of Trade and Industry, Export products, Mineral Products, <http://www.mti.gov.na/subpage.php?linkNo=30>

(mainly located in Windhoek) undertake the first processing of the stones using a high-tech cutting and polishing method, or craft them as necklaces, pendants and brooches for export.

Namdeb is the largest diamond mining firm in Namibia established by the Namibian government and De Beers in 1994. Namdeb owned six diamond mining licenses in 2004, which is the greatest number among the eight licensed companies at that time.<sup>10</sup> The establishment of Namdeb led to the creation of the gemstone processing company NamGem in 1998.<sup>11</sup> It was a desire of the Namibian government to have more cutting and polishing of Namibia's rough diamonds take place locally in order to create jobs and enhance skills. The launch of Namdeb and NamGem lent a further impetus with the passing of the Diamond Act in 1999, which regulates the control and protection of Namibian diamond resources. In 2001, the Lev Leviev group, which was established in Israel and has grown to be the largest gemstone processing firm in the world, entered the Namibian market and opened Africa's largest diamond cutting and polishing plant in Windhoek.<sup>12</sup> In 2007, the Namibian government and De Beers created the Namibia Diamond Trading Company (DTC), which sorts, evaluates and sells the raw diamonds quarried from Namibian mines by Namdeb. The sale of domestic raw diamonds to local processing companies through DTC laid a basis for the more sustainable local cutting and polishing industry. DTC sorts and evaluates more than 1 million carats of raw diamonds every year and was contracted with 11 diamond processing companies as of 2007.<sup>13</sup> The Namibian diamond industry experienced a significant decline going from over 2 million carats of diamonds in 2008 to only 930,000 carats in 2009 due to the global economic downturn though diamond mining rebounded, recovering almost 1.5 million carats in 2010.<sup>14</sup>

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<sup>10</sup> The Namibian Ministry of Mines and Energy

<sup>11</sup> Sherbourne, R. (2010). *Guide to the Namibian Economy 2010*. Mining. Institute for Public Policy Research (IPPR): Windhoek, Namibia.

<sup>12</sup> Simonis Storm Securities (2006) *Namibian Mining: The Economic Stronghold*, [http://www.chamberofmines.org.na/uploads/media/Namibian\\_Mining-The\\_Economic\\_Stronghold.pdf](http://www.chamberofmines.org.na/uploads/media/Namibian_Mining-The_Economic_Stronghold.pdf)

<sup>13</sup> De Beers. (2008). *Namibia Diamond Trading Company*. <http://www.debeersgroup.com/diamond-trading-company/Diamond-Trading-Company/Namibia-Diamond-Trading-Company-NDTC/>

<sup>14</sup> US Department of State. Bureau of African Affairs. (2011). *Diplomacy in Action. Background Note: Namibia. Mining and Energy*. <http://www.state.gov/r/pa/ei/bgn/5472.htm#econ>

### **Box 3 Hard Stone Processing Ltd. in Windhoek**

Established in 2001 and begun diamond processing in 2008, Hard Stone Processing Ltd. is 27% owned by Namibia and 73% by Belgium (the factory is located in an industrial area in Northern Windhoek).<sup>15</sup> The company holds the status of an Export Processing Zone (EPZ) and most products are exported to Belgium (Antwerp). The raw diamonds in this company can be categorized into aggregated (i.e., raw diamonds quarried in Botswana, Canada, South Africa and Namibia, and uniform in quality) and un-aggregated (i.e., raw diamonds quarried only in Namibia and varied in color) categories. Hard Stone Processing Ltd. purchases the raw diamond from Namdeb. The company currently employs 60 workers and is considering an increase to around 120 workers in order to expand production. The salary of an employee during his/her 6-month to one-year training period is approximately N\$ 1,000, rising to N\$ 4,000 after the completion of the training. Training in gemstone processing companies is generally conducted by experts from overseas.

### **Box 4 Gemstone Cutting and Polishing Training Centers in Karibib and Keetmanshoop**

Opened in 2008, Gemstone Cutting and Polishing Training Centers in Karibib and Keetmanshoop were built fully equipped with machinery for cutting and polishing raw materials by the Namibia Development Corporation (NDC) in order to train small miners and traders.<sup>16</sup> Most trainees in these centers have completed the 11<sup>th</sup> grade. Trainees use low-quality tourmaline for their processing training. The centers are considering having trainees process higher quality stones and then selling the products at exhibitions to support the center. As part of the training, these centers also provide classes on basic computer skills such as internet, e-mail, and Microsoft Word and Excel. The Karibib training center has produced 66 graduates so far, many of who have found employment at gemstone processing companies in Windhoek.<sup>17</sup> These centers have three trainers including Indian trainers.

## **1.3 Concrete products**

Historically, Namibia has imported most of its cement from South Africa. Recently; however, cement production has been transferred to domestic manufacturers since Ohorongo Cement Ltd. launched its operation in 2011. Karibib Portland Cement and Whale Rock Cement announced plans for establishing mines and plants as well.<sup>18</sup> South African concrete products are readily available in Namibia; however, the production has been transferred to Namibia as domestic concrete products are more price competitive to South African products.

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<sup>15</sup> Interview with Hard Stone Processing Ltd. on April 13, 2011.

<sup>16</sup> Weidlich, B. Pohamba promises more SME support. *The Namibian*. Retrieved on April 29, 2011, [http://www.namibian.com.na/index.php?id=28&tx\\_ttnews%5Btt\\_news%5D=67271&no\\_cache=1](http://www.namibian.com.na/index.php?id=28&tx_ttnews%5Btt_news%5D=67271&no_cache=1)

<sup>17</sup> There are about 10 small miner cooperatives (each has 100-200 members), and an estimated 2,000-3,000 independent small miners.

<sup>18</sup> Sherbourne, R. (2010). *Guide to the Namibian Economy 2010*. Mining. Institute for Public Policy Research (IPPR): Windhoek, Namibia.

#### **Box 5 Ohorongo Cement Ltd. in North Otavi**

Located between Tsumeb and Otavi in North Namibia, Ohorongo Cement Ltd. started its operations in March 2011.<sup>19</sup> With a plant capacity of 700,000 tons of cement annually, it is expected that 50% will be sold domestically with the remaining 50% being exported to Angola, Zambia, and Botswana.<sup>20</sup> One of the main characteristics of the company is that all of its raw materials required for the production process are sourced from Namibia; for instance, it uses limestone, clay and marl mined at Ohorongo's quarry for the production of cement. Also, the thermal energy required for cement production is created by utilizing invasive bushes around the plant.<sup>21</sup>

#### **Box 6 Garden E Cement Fabrik Ltd. in Windhoek**

Established in 2001, Garden E Cement Fabrik Ltd. is a manufacturing company of concrete ornaments and vases for gardens. The company started production and sales in 2008 after purchasing land in Prosperita Industrial Park from NDC. The company purchases their raw materials, such as cement and sand, domestically while the molds for the ornaments and vases are imported from South Africa. The company has 7 employees with sales around 50,000-N\$ 60,000 per month.

#### **Box 7 Smart Stone Ltd. in Windhoek**

Established in 2006, Smart Stone Ltd. manufactures concrete flooring and wall materials at a factory in Prosperita Industrial Park in Windhoek. It produces 5 tons of wet cast (i.e., special order products differing from dry cast which is mass-produced) flooring and wall tiles, which used to be imported from South Africa. There is an opportunity for expansion as its products can be used for roofing.

### **1.4 Charcoal**

Reliable statistics regarding the production of charcoal in Namibia are yet to be confirmed; however, according to data from the Customs, Namibia exports approximately 100,000 tons of charcoal to Europe and South Africa every year (it should be noted that charcoal imports from South Africa to Namibia are of about an equal quantity). Today in order for Namibian charcoal to be exported to the European market, it must fulfill the European standard, namely the obtaining of certification that proves that the product was manufactured with consideration to environmental sustainability and equitable employment systems, etc. Despite the high quality of Namibia's charcoal, these requirements decreased exports to the European market by 30% compared to the industry's peak.<sup>22</sup> While Namibian charcoal producers are currently working towards certification, they have shifted to selling their charcoal domestically hoping to maintain the level of their sales in the meantime.

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<sup>19</sup> Ohorongo Cement Ltd. Homepage. <http://www.ohorongo-cement.com/>

<sup>20</sup> Interview with DBSA on April 19, 2011.

<sup>21</sup> Heita, D. (2011). Namibia: Invader Bush Turned into Energy Source. <http://allafrica.com/stories/201109011093.html>

<sup>22</sup> FAO Corporate Document Repository (1996). Wood fuels and assessment: Namibia country report. <http://www.fao.org/DOCREP/004/X6797E/X6797E04.htm>

**Box 8 Namchar Ltd. in Durbanville, South Africa**

Namchar Ltd. is a South African company established in 1996. It transports raw materials from Namibia to a factory in Durbanville, Cape Town, and produces charcoal and coal briquettes for sale domestically and internationally. The annual sales are about 10,000 tons and account for approximately 65% of the market share of the West Cape province in South Africa. Namchar Ltd. is expected to become the largest charcoal provider in South Africa.<sup>23</sup>

**1.5 Dairy**

According to Agricultural Statistics Bulletin (2000-2007) by the Namibian Ministry of Agriculture, Water, and Forestry, Namibia produced 19,500,000 tons of milk in 2007, most of which was sold domestically. Although the production of long-life milk increased from 14,300 tons in 1995 to 20,500 tons in 2004, it required some improvements such as prolonging shelf-life in order to substitute for imports or export to neighboring countries.<sup>24</sup> Faced with ordeals in Namibian Dairy Industry as a result of the rise of fodder and dumping practices in South Africa, since 2010 the Dairy Producers' Association (DPA) of Namibia has been calling for the government to set up additional restrictions on the volume of dairy products entering Namibia.<sup>25</sup> That said, due to Namibia's relatively advanced level of infrastructure, it is expected that the dairy industry in Namibia will be able to achieve competitiveness with relatively small scale investment, which will lead to import substitution or an export of Namibian brands.

**Box 9 Namibia Dairies Ltd.**

Namibia Dairies Ltd. was created in 1997 following the merger between Rietfontein Dairies and Bonmilk. It has since grown into a leading force in the Namibian dairy industry, and employs over 600 people at production plants and depots across Namibia, including the main factory in Windhoek.<sup>26</sup> Namibia Dairies Ltd. was the first to produce long-life milk in Namibia, and is known for its product innovation and value-adding production processes. Its main products include Nammilk and fruit juices. Namibia Dairies Ltd. produces 2,600,000 liters of milk and fruit juice yearly.<sup>27</sup>

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<sup>23</sup> NAMCHAR, Namibian Charcoal and Briquettes <http://www.namchar.co.za/>

<sup>24</sup> Bank of Namibia Research Department. (2008). Unleashing the Potential of the Agricultural Sector in Namibia.

<sup>25</sup> Milk Producers' Organisation. July 2006. Milk Report.

[http://www.dairymailafrica.co.za/images/acrobat/dma\\_jul06/articles\\_2.pdf](http://www.dairymailafrica.co.za/images/acrobat/dma_jul06/articles_2.pdf)

<sup>26</sup> Namibia Dairies Ltd. Homepage, [http://www.ohlthaverlist.com/companies/namibia\\_dairies.php](http://www.ohlthaverlist.com/companies/namibia_dairies.php)

<sup>27</sup> Katswara, T. (2006). Namibia Dairies aiming for profit. The Namibian.

[http://www.namibian.com.na/index.php?id=28&tx\\_ttnews%5Btt\\_news%5D=27910&no\\_cache=1](http://www.namibian.com.na/index.php?id=28&tx_ttnews%5Btt_news%5D=27910&no_cache=1)

### **Box 10 Vungu-Vungu Dairy Project in Vungu-Vungu**

Vungu-Vungu is a town located at 7 kilometers east of Rundu, sharing a border with Angola. The NDC under the Ministry of Trade and Industry (MTI) implemented the Vungu-Vungu Dairy Project in order to revitalize the regional economy by transferring the production process and technology of import substitution products. Vungu-Vungu Dairy produces milk (approximately 40,000 liters per month) and other dairy products at their own farm and production plants, and sells them throughout the region.<sup>28</sup>

#### **1.6 Meat Processing**

Namibian meat is known for its high quality in the European market. In Namibia, most cattle are fed and reared naturally in pastures without any chemical feed or hormones.<sup>29</sup> Namibia rears 2 million cattle, and according to the Meat Board of Namibia, it exports 14,000 tons of beef to South Africa and about 9,000 tons of beef to EU countries every year.<sup>30</sup> In order to market Namibian meat to the world, the “Farm Assured Namibian Meat Scheme” (FAN-Meat) was established in the middle of the 2000’s decade. The FAN-Meat logo ensures top-quality meat products grown naturally.<sup>31</sup>

### **Box 11 Hartlief Corporation Ltd.**

Hartlief Corporation Ltd. is a multifaceted meat producing company, which consists of several production plants, such as abattoirs with one specializing in African game meat, selling raw and processed meat locally as well as internationally. The main plant is a meat-processing factory producing smoked/fermented products, such as ham and salami, and cooked products, such as cold meat and sausage. These products are sold at delis and supermarkets in Namibia and South Africa.

Situated in the Northern industrial area in Windhoek, Hartlief Wholesale sells fresh and frozen beef, lamb, mutton, pork, chicken, game meat and other meat products to all regions within Namibia. It is fully equipped with de-boning facilities as well as its own fleet of vehicles to distribute fresh and frozen meat products throughout the country.

#### **1.7 Cosmetics**

For years, Namibia has exported natural oils for use as ingredients in world-class beauty creams and lotions. While Namibian women use these natural oils in traditional treatments and beauty care, the products have not been commercialized within Namibia.<sup>32</sup> Recently some cosmetic products have been gaining popularity in urban areas through word of mouth. These are expected to expand their market and become internationally

<sup>28</sup> The Namibian Ministry of Trade and Industry, Fruits and Dairy Projects, <http://www.mti.gov.na/subpage.php?linkNo=68>

<sup>29</sup> The Namibian Ministry of Trade and Industry, Export Products, Meat Processing Products, <http://www.mti.gov.na/subpage.php?linkNo=30>

<sup>30</sup> Namibia Trade Directory. [www.namibiatradedirectory.com/](http://www.namibiatradedirectory.com/)

<sup>31</sup> The Namibian Ministry of Trade and Industry, Export Products, Meat Processing Products, <http://www.mti.gov.na/subpage.php?linkNo=30>

<sup>32</sup> USAID (2006) Success Story: A women develops a national skin care brand with local ingredients, Namibia Launches Cosmetics Industry. [http://www.usaid.gov/stories/namibia/ss\\_na\\_cosmetic.html](http://www.usaid.gov/stories/namibia/ss_na_cosmetic.html)

recognized Namibian cosmetic brands in the future with assistance in quality management, packaging, and marketing.

**Box 12 Eudafano Women's Cooperative, Ltd.**

Eudafano Women's Cooperative (EWC), Ltd. was formed in 1999 and currently consists of 22 associations, which are located in 4 regions (Oshikoto, Ohangwena, Oshana, and Omusati) with approximately 2,000 members. In 2005, EWC opened a factory for extracting oil from Marula and Kalahari melon seeds, and for producing Marula fruit juice. EWC members grow and collect Marula and Kalahari melons, separate the seeds from the fruits, and sell these seeds to a factory. The factory then extracts and packages the oil for cosmetics, and exports them primarily to leading cosmetic companies in France and England. Currently, the factory has 10 full-time employees.

Due to the global economic downturn, the export of Kalahari melon oil decreased from more than 6 tons in 2009 to 350 kilograms in 2010. Marula oil, on the other hand, is consistently being exported at approximately 3 tons every year. With GIZ's support, the cooperative is currently conducting tests on the nutritional value and quality of edible oils from both fruits in order to begin marketing to domestic retailers and individuals in December 2011. The commercialization and production of Marula fruit juice were funded by the Millennium Challenge Account (MCA), and the fruit juice is being sold through the cooperative's office to the local community. The cooperative is planning on increasing the production of edible oils and fruit juice so as to meet the demand of the domestic market and provide more employment opportunities to women within the region.

**Box 13 Neema Cosmetics**

Neema Cosmetics conducted a feasibility study on a set of cosmetic products made from the Marula kernel and Kalahari Melon seed oil, such as body lotions and face creams, and developed a marketing strategy funded by USAID. The company used the results of the feasibility study in its loan application to a leading bank in Namibia. To help Neema Cosmetics enter the market, USAID helped the company develop product labels, print marketing materials such as posters and pamphlets, and secure its participation in trade fairs in Southern Africa. Neema Cosmetics was officially introduced to the market in August 2005, and the brand is now retailing in pharmacies and beauty parlors. Its sales grew to an approximate annual amount of \$375,000 in 2007. As sales increase, rural communities in Namibia will benefit from the income they earn by providing the raw materials for the cosmetics. In addition, Neema products have a promising export potential within the Southern Africa region, where the traditional oils are well known and trusted. The United States and Europe are anticipated as future markets.

**1.8 Wood Products and Furniture**

The woodworking industry in Namibia ranges from single carvings of rustic artifacts to relatively modern cabinets; mostly run by small and medium enterprises through domestic work. Hand crafted furniture and accessory objects are made from local wood (primarily Kiat or Dolfwood) in the Northern areas of Kavango and Caprivi, where both forests and carvers are located, and generally decorated with chip carving patterns and relief carvings of animals. There is little use of powered equipment in the production factories. Hand tools are used for most of the cutting, shaping, and jointing of these works. The joiners have limited access to

information on the market and demand as they are not involved in sales and marketing. Large furniture produced without an order often remains unsold for a long period of time.<sup>33</sup>

There are over 100 small woodworking shops in Windhoek, using light industrial powered equipment to produce cabinetry and fixtures for homes and businesses.<sup>34</sup> As the commercial sectors in Namibia grow, there will be an increasing demand for cabinets and store fixtures; therefore, if small shops are able to make products that fit with the needs of the market in terms of quality and quantity in a timely manner, they will be able to expand with this increase in demand.

The Namibian artisanal cluster in large part lacks entrepreneurial market intermediaries, and most retail vendors are members of the extended family of the producers and are not truly commercial enterprises.<sup>35</sup> In order for this industry to expand, it is necessary for the professional intermediaries to communicate to manufacturers the market's needs for specific qualities and characteristics, and that they are delivered at agreed-upon prices at a time and place that meet the buyer's needs.

#### **Box 14 Lineka Joinery & Construction**

Situated in Ohangwena near Rundu, Lineka Joinery & Construction produces custom-made furniture with its 5 employees. The market for its products is expanding since they are cheaper and of a better quality than the mass-produced imports. If the orders for furniture increase, the company can lower the costs of the products by purchasing the bulk of lumber from South Africa; however, it would need to purchase large-scale production equipment in order to respond to the large orders from churches, schools and guest houses, and there are no funds to do so. The owner trains the craftsmen on his own.

### **1.9 Publishing and Printing**

The domestic market for publishing and printing industry (e.g., books, fliers, etc.) in Namibia is very limited. In 2003, the total number of publishing firms with more than 10 employees was made up of only 13 firms in Khomas, 2 in Oshana, 1 in Erongo and Otjozondjupa, respectively.<sup>36</sup> While the number of publishing and printing companies has been increasing around Khomas in recent years, their supplies do not satisfy demand in terms of quality and quantity. As a result, imports from South Africa dominate the Namibian market, exceeding the amount of domestic products. The Namibian publishing and printing industry is at a disadvantage against large South African corporations because it needs to procure materials like ink and paper from South Africa, and the Namibian domestic market is too small to enjoy economies of scale. That said, it

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<sup>33</sup> USAID (2006) *Competitiveness of the Crafts and Artisanal Cluster in Namibia*, Small and Medium Enterprise Competitiveness Enhancement Program (SMECEP), Sigma One Corporation.

<sup>34</sup> *ibid.*

<sup>35</sup> *Ibid.* USAID (2006).

<sup>36</sup> *Survey of Manufacturing Industries (2003) in Labor Resource and Research Institute (LaRRI)*. Report on the Metal and Engineering Sector in Namibia.

[http://www.larri.com.na/files/Namibia\\_s%20Metal%20and%20Engineering%20Sector.pdf](http://www.larri.com.na/files/Namibia_s%20Metal%20and%20Engineering%20Sector.pdf)

could gain in competitiveness by targeting the markets of neighboring countries other than South Africa (e.g., Zambia, Angola, Zimbabwe, etc.). By expanding into international markets, the companies would be able to purchase large-scale printing machines, leading to an overall growth in the industry.

### **1.10 Leather Products**

In Namibia, the quality of leather products is excellent as a result of pasturage in wide ranches with harsh climates and landforms that cause cattle, sheep and ostriches to grow healthy and strong.<sup>37</sup> Large game leather is in high demand in the creation of furniture and interior decorations. Also, karakul fur is in high demand among top international designers for its glossy satin like texture and ripple silk like patterns. Swakara fur, which is from karakul younger than 4 days old, is especially valuable due to its fine, soft and tight coat of fur with unique curly patterns.

For a long time, Namibian raw hides were exported, and made into coats and jackets by foreign leather artisans. Domestic leather companies as well as leather products designs have been growing in recent years, and leather products such as belts, handbags and gifts contain a quality and style competitive in the global market. While leather products are generally made of cowhide, wallets and boots made of ostrich, crocodile and iguana leather are also popular. The homespun swakara carpet is also in demand internationally for its design, color and softness.

In 2006, a leather tannery was constructed near a cattle ranch in Outjo located on a cluster of low hills at about 320 kilometers North of Windhoek.<sup>38</sup> This tannery is a well-known leather tannery (established in 1938) transferred from Swakopmund. It is the only full-scale leather tannery in Namibia.<sup>39</sup> Since raw materials can be obtained domestically, it is possible to promote more of the Namibian-made leather products in the international market by having private companies introduce advanced technology and new designs.

#### **Box 15 Nakara Leather Factory in Windhoek**

As one of the largest leather factories in Windhoek, Nakara Leather Factory built a large tannery and a manufacturing plant in the northern industrial area of Windhoek in order to start processing karakul skins domestically, which were then formally processed in Germany and France. The company produces karakul clothing and ostrich and game leather products, and also exports tanned skins to foreign designers.<sup>40</sup>

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<sup>37</sup> The Namibian Ministry of Trade and Industry, Export Products, Leather Products.  
<http://www.mti.gov.na/subpage.php?linkNo=30>

<sup>38</sup> Mondjila Travel Shop (Outjo), Namibia Holiday & Travel, Venture Publications.  
[http://www.holidaytravel.com.na/ct/north\\_towns.php?sub\\_id=230&sid=Outjo](http://www.holidaytravel.com.na/ct/north_towns.php?sub_id=230&sid=Outjo)

<sup>39</sup> Ibid.

<sup>40</sup> Nakara leather factory Homepage, <http://nakara-namibia.com/fabrik.php?sprache=en&text=fabrik>

### **1.11 Taxidermy**

The taxidermy industry in Namibia was developed primarily for tourists from Europe, and the taxidermy companies often work in partnership with tour companies offering safari and hunting. The taxidermy companies mostly receive the game animals from the hunting sites and produce trophies to export. Some of the companies produce trophies for museums and souvenir shops in Namibia as well.

The animals harvested through hunting are sent to taxidermy companies, cleaned, stripped, and processed as game trophies. A freight agent then packs and ships the product to a destination by air or sea. For instance, Otjiwarongo Taxidermy sends 3-5 containers annually to Denmark, and from there the products are sent to Finland, Norway, Sweden, Germany, Netherland, Belgium, France, and Russia.<sup>41</sup> Giving some prices as examples, kudu costs USD 850 (head) and USD 6,000 (whole), ostrich costs USD 780 (head) and USD 3,400 (whole), warthog costs USD 600 (head) and USD 2,500 (whole) (all prices excluding packing and freight). Strict quality control is applied to the export of game trophies such as their being dried, sterilized and bleached by skilled and certified taxidermists. Usually taxidermy companies can manufacture game trophies in about a week, but it takes about 8-10 months from an order to shipment due to the limited production capacity relative to demand. As such, there is much room for growth by enlarging the production capacity in Namibia.

### **1.12 Fertilizer**

Namibia produces raw materials to create fertilizers; however, it relies mostly on fertilizers imported from South Africa (the annual consumption in Namibia is approximately 1,300 to 3,200 tons for the period of 2003-2007) because it lacks the technology and funds to produce fertilizers domestically.<sup>42</sup> The Namibian Ministry of Agriculture, Water, and Forestry believes that the domestic production of fertilizers and pesticides would reduce the financial burden on farmers by lowering the transportation costs.<sup>43</sup> Additionally, the domestic production of fertilizers in Namibia would allow for an expanded market into South African Development Community (SADC) member countries such as Angola and Zambia.<sup>44</sup>

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<sup>41</sup> Otjiwarongo Taxidermy Homepage, <http://www.namibia-taxidermy.com/>

<sup>42</sup> !hoaes, I. 2010. Namibia: Investors needed for fertilizer plant. All Africa. <http://allafrica.com/stories/201008110026.html>

<sup>43</sup> Ibid.

<sup>44</sup> Ibid.

### **Box 16 Gecko Industries Ltd.**

Established in 2008, Gecko Industries Ltd. is planning to construct an industrial park called Vision Industrial Park (VIP) within the Erongo region, comprised of an area of approximately 4,000 hectares, and completed in June 2011 the marine environment risk assessment study for Walvis Bay and Swakopmund as potential sites.<sup>45</sup> The construction of a phosphoric acid plant in VIP would enable Namibia to produce phosphoric acid from phosphates found off the Namibian west coast. The processing of phosphoric acid to granular fertilizer would further enhance the value of Namibia's offshore phosphate deposits, estimated at approximately 3 billion tons, and is expected to develop as a new industry.<sup>46</sup>

#### **1.13 Recommendations for the Promotion of Manufacturing Industries**

The Ministry of Trade and Industry (MTI) is planning to identify and assist sectors and industries with growth potential using a budget (about N\$ 29 million) secured for "Sector Strategic Planning Research" in 2013/2014; however, the details of the research or assistance have not been determined as of October 2011 (it is titled "research," but MTI intends to render physical assistance). MTI hopes to begin the project implementation in the year 2012/2013 by completing the designing of the project concepts within 2011.

All of the manufacturing industries presented in this chapter except for publishing and printing utilize raw materials from Namibia. Some of the products (e.g., stones, charcoal, meat products, cosmetics materials, and leather) are currently exported as semi-processed materials, in spite of their potential of being fully processed and exported as final goods. Others (e.g., gemstones, concrete products, dairy products, wood products and furniture, taxidermy, and fertilizer) lose market expansion opportunities due to a difficulty to increase supply capacity (quality, quantity, labor, etc.) despite having already secured domestic or international markets. The former would require government assistance in the introduction of foreign capital (and searching for foreign investors) in order to develop attractive products and secure high quality and economies of scale, as well as in the advertisement of these products in the global market (e.g., participation in trade fairs, development of attractive packaging, etc.), all of which are, however, contingent on their competitiveness in the international markets. As for the latter, it would be effective to train skilled labor through vocational schooling, which will be discussed in Chapter 2, and provide assistance for small businesses such as in the form of equipment investment, which will be discussed in Chapter 3.

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<sup>45</sup> Ballegooyen, R.V., Steffani, N., Pulfrich, A., & Morant, P. (2011). Proposed Vision Industrial Park: Comparative marine environmental risk assessment. Part 1 [http://www.gecko.na/documents/7d8\\_01a.pdf](http://www.gecko.na/documents/7d8_01a.pdf), Part 2 [http://www.gecko.na/documents/4dc\\_01b.pdf](http://www.gecko.na/documents/4dc_01b.pdf)

<sup>46</sup> Gecko Namibia (Pty) Ltd. (2011). Press Release. [http://www.gecko.na/documents/936\\_gecko\\_28april\\_2011.pdf](http://www.gecko.na/documents/936_gecko_28april_2011.pdf)

## **Chapter 2 Vocational Training and Education in Namibia**

### **2.1 Current Situation of Vocational Education and Training (VET)**

The high unemployment rate in Namibia (51.2% and 37.6%, the broad and strict measures, respectively<sup>47</sup>) results from the shortage of productive, trained, and skilled labor at various levels and of various types rather than a lack of employment opportunity. According to the Namibia Labor Force Survey (2008)<sup>48</sup>, 15.9% of economically active population in Namibia practice agriculture; 15.1% participate in wholesale and retail trade and repair of motor vehicles, 7.0% in construction, 6.3% in manufacturing; 8.6% are in education; and 8.4% hold public administration and defense jobs. Only 2.7% of economically active population in the country engages in mining and quarrying although this industry made a large contribution (10.4%<sup>49</sup>) to the Namibian economy in terms of GDP in 2009.<sup>50</sup> Similarly, only 6.3% of the economically active population engages in manufacturing, but it accounted for 13.5% of the GDP in 2009.<sup>51</sup>

Since its independence, Namibia has been revamping its VET system to increase its number of skilled laborers and economic productivity. As part of the new program, prevocational training has been introduced in secondary education curriculum. Polytechnic of Namibia (PoN) established an administrative body specifically to monitor the curricula and skill sets provided through PoN trainings and make sure that they are aligned with market demands. Nevertheless, as VET programs and tertiary schools prescribe the completion of the 10th grade as their admission requirements, it becomes an issue that there are a limited number of students eligible for VET as many students drop out before completing the 10th grade due to the low level of primary education. Besides, the number of students that the VET organizations can accommodate is very limited - 2,500 trainees as of 2009; the priority area of the VET system in Namibia is to expand access to VET programs for the youth.

As part of the Education and Training Sector Improvement Program (ETSIP), the Ministry of Education has established the Namibia Training Authority (NTA) for increased effectiveness and efficiency of vocational training in Namibia through the Vocational Education and Training Act of 2008.<sup>52</sup> NTA is responsible for (1) the funding of vocational education and training, (2) the imposition of a vocational education and training levy, and (3) the appointment of inspectors and designation of quality system auditors.<sup>53</sup> The goal of NTA is to establish an effective and sustainable system of skills formation that is aligned with the needs of the labor

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<sup>47</sup> Directorate of Labor Market Services, Ministry of Labor and Social Welfare, Republic of Namibia, the Namibia Labor Force Survey, 2008

<sup>48</sup> Ibid.

<sup>49</sup> World Bank, World Development Indicators 2009

<sup>50</sup> Namibia Trade Directory, Special feature: Namibian Highlights 2010/2011, Retrieved from <http://www.namibiatradedirectory.com/> on May 2, 2011.

<sup>51</sup> World Bank, Ibid.

<sup>52</sup> Siyomunji, M. Republic of Namibia, A country report: In preparation for the Sixth International Conference on Adult Education, April 28, 2008.

<sup>53</sup> The Namibian Training Authority, About the Namibia Training Authority, retrieved from <http://www.nta.com.na/> on May 1, 2011

market. To timely reflect the needs of industry, the NTA's board consists of eleven members appointed by the Minister of Education, of which five members nominated by employer representatives, two members by trade union representatives, three members representing the government, and a member of the council of the Namibia Qualifications Authority (NQA).<sup>54</sup> The board determines NTA's policies and procedures and advises the Minister of Education on all matters concerning vocational education and training. The role of the Ministry of Education is to monitor NTA to ensure that its activities are fulfilling their mandates.

The Department for Standards Development and Instructional Design (SDID) under NTA is responsible for developing and updating competency-based education and training (CBET) curriculum<sup>55</sup>, training manuals, and training delivery guides for VTCs. By collaborating with Technical Working Groups (TWGs) and National Assessment Panels (NAPs), NTA developed the unit standards for 21 trades to reflect the industries' and other stakeholders' perspectives on the development of quality training programs and assessment tools. Established in 1996 through the "Namibia Qualifications Authority Act 29 of 1996", NQA develops and manages the National Qualifications Framework (NQF), which recognizes all learning outcomes regardless of sectors, location, and type of qualifications or degrees. NQA also establishes educational curriculum and occupational standards for various industry sectors and corresponding job roles. Based on these standards, NQA accredits persons, institutions, and organizations providing education and courses of instruction or training. NTA submits unit standards, curriculum standards, and qualifications in the VET sector to NQA to register on the NQF.<sup>56</sup>

## **2.2 Vocational Education and Training Providers**

### **2.2.1 Secondary Education (Grade 8-12)**

The objectives of general secondary education curriculum include promotion of vocational orientation and economic development. Specifically, the objectives seek to develop self-reliance, entrepreneurship, and preparation for the world of work, including self-employment.<sup>57</sup> In the curriculum, prevocational subjects are introduced in grades 8 through 10 and allocated for 10% of the entire curriculum, which is the fourth most important subject after English, reading, and mathematics.<sup>58</sup> In 2001, 26 prevocational subjects such as accounting, agricultural science, business management, and IT skills were offered. However, as a result of

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<sup>54</sup> Vocational Education and Training Act 2008, Act No 1 of 2008.

<sup>55</sup> CBET focuses on outcomes and standards that are registered on the NQF, provides greater workplace relevance, and assesses and recognizes observable competencies as learning outcomes (Ibid.). The national teachers' union of Namibia criticizes the CBET curriculum designed and implemented by the NTA for the lack of important subjects such as math, science, and technical drawings. (Smith, J.M. Namibia: Nantu Blasts Ministry Over VTC Curriculum, the Namibian, June 18, 2010).

<sup>56</sup> Namibia Training Authority, V.E. T. in Namibia: Understanding Competence-Based Education and Training in the VET sector, 2010.

<sup>57</sup> World Bank, Human Development Sector, Africa Region, Namibia Human Capital and Knowledge Development for Economic Growth with Equity, Working Paper Series, No. 84, 2005, p.32

<sup>58</sup> Ibid., p.34

competing interests from academic oriented subjects as well as the lack of technically skilled instructors in vocational areas, secondary education often fails to provide adequate skills and experience to prepare students for employment.<sup>59</sup>

Additionally, the readiness level of students is inadequate upon entry to secondary education.<sup>60</sup> One of the causes for this problem is the switch from native languages to English as the medium of instruction after the fourth grade.<sup>61</sup> English as a language of the examination in the end of the sixth grade results in low achievement outcomes.<sup>62</sup> Moreover, the secondary education curriculum is ambitious<sup>63</sup>, not skill oriented, primarily exam driven<sup>64</sup>, and implemented with teacher-centered rote teaching methods.<sup>65</sup> It is also noteworthy to point out that students cannot carry over any credit to postsecondary VET programs for having studied prevocational subjects, which potentially requires them to re-take similar training courses.<sup>66</sup>

## 2.2.2 Tertiary Education and Training

### (1) University of Namibia (UNAM)

Established in 1992, UNAM offers eight faculties with 10 campuses: agriculture and natural resources; economics and management sciences; education; engineering, and information technology (IT); health sciences; humanities and social sciences; law; and science. In 2008, the Faculty of Engineering and IT was founded to provide diverse engineering programs. It has seven centers including the center for public service training (CPST), which provides professional development workshops in conjunction with central, regional and local government institutions, private sector, NGOs, other schools of government in Africa, and international organizations. While UNAM offers certificate, diploma, and degree courses, graduate and postgraduate level classes are limited. Enrollment in 2009 was 10,101, of which 64% (6,427 students) were in undergraduate degree programs, and 3 % (304 students) were in graduate programs.<sup>67</sup> A total of 1,550 graduated from UNAM in 2009.<sup>68</sup> Female students accounted for 65% of all graduates. According to research

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<sup>59</sup> Interpersonal communication with the principal of Ponthofi Secondary School on March 30, 2011

<sup>60</sup> At the end of grade 6 only 25% of the students acquired sufficient competencies in English and mathematics. Only 40% of all students pass grade 7 without repeating a year. (National Institute for Educational Development (NIED), The Programme Basic Education Namibia, 2006, Retrieved from <http://www.nied.edu.na/Bep/en-home.htm> on May 2, 2011.)

<sup>61</sup> Fischer, G. Friedrich Ebert Stiftung, The Namibian Educational System, 2010. Retrieved from <http://www.fesnam.org/pdf/2010/TheNamibianEducationalSystem.pdf> on May 2, 2011.

<sup>62</sup> Ibid.

<sup>63</sup> Ibid.

<sup>64</sup> Association for the Development of Education in Africa, ADEA Stocktaking Review, Namibia: Curriculum reform and development in Namibia; reflecting equity, access and quality. Retrieved from [http://www.adeanet.org/adeaPortal/adea/programs/pstr99/pstr99\\_namibia2.pdf](http://www.adeanet.org/adeaPortal/adea/programs/pstr99/pstr99_namibia2.pdf) on May 2, 2011.

<sup>65</sup> O'Sullivan, M. The reconceptualization of learner-centered approaches: a Namibian case study, *International Journal of Educational Development*, 2004, 24, 585-602.

<sup>66</sup> World Bank, *ibid*, p.35

<sup>67</sup> UNAM, Annual Report 2009, p.12

<sup>68</sup> *Ibid*, p.17

on employment patterns of UNAM graduates (bachelor) of media studies, a total of 41% of the graduates are employed in regular or temporary positions, 21% are in professional training, and 13% are pursuing further academic studies.<sup>69</sup>

## **(2) Polytechnic of Namibia**

Established in 1994, PoN's mission is to prepare students to acquire theoretical foundations of faculties and develop skills that can be applied in practical situations of their career and professions. Through its seven faculties (i.e., business and management, communication, engineering, health and applied science, IT, natural resources and tourism, and lifelong learning), PoN offers certificate, diploma, and degree courses. PoN's enrolment in 2010 was more than 11,000, of which almost 70% belonged to the department of business and management, 10% was in engineering, and the rest went to either natural resources and tourism, IT, or communication.<sup>70</sup> The completion of the 12th grade or equivalent qualifications is the prerequisite for the admission for PoN. Additionally, PoN runs six centers and an institute to increase their effectiveness and to provide for various needs of students.

The Center for Cooperative Education (CCE) facilitates and ensures the cooperation between PoN, the industries and the public sector to enhance learning relevant to the current industry. For example, the CCE promotes and carries out work-integrated learning where students apply their knowledge and skills acquired from the classroom learning to the real world work settings. The CCE also develops the curriculum and subject knowledge, which reflect the current market demands. In order to cater to the needs of employers, institutions, and SMEs, the Center for Entrepreneurship Development (CED) provides 86 standard short courses related to management, leadership, and business manners, as well as corporate training.

## **(3) Vocational Training Centers (VTCs)**

Offered by VTCs, skills development and vocational training will equip Namibia with an adequately qualified labor force, which will promote socio-economic development and self-employment. There are currently 12 VTCs<sup>71</sup> authorized to implement NTA's curricula in 19 trades throughout the country.<sup>72</sup> While VTCs are public institutions, the Windhoek Vocational Training Center (WVTC) and the Namibia Institute for Mining

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<sup>69</sup> Mwilima, F.J. Employment patterns of UNAM graduates: an assessment of the employability of the media studies graduates of the University of Namibia, *Global Media Journal, African Edition*, 2010, Vol4(2)

<sup>70</sup> PoN Homepage, 2011

<sup>71</sup> The locations of 12 VTCs are Windhoek (Khomas), Okakarara (Otjozondjupa), Valombola (Oshana), Rundu (Kavango), Zambezi (Caprivi), Namwater (Hardap), Kayec-Windhoek (Khomas), Wolvedans Desert (Hardap), Kline Aub (Hardap), Namibian Institute of Culinary Education (Windhoek, Khomas), Helmet Blerks Foundation (Khomas), Cest Si Bon (Kunene/Omaheke).

<sup>72</sup> Namibian Training Authority, *The Vocational Training Centers Support*, retrieved from <http://www.nta.com.na/vtc.html> on May 1, 2011

Technology (NIMT) are autonomous bodies, having their own boards of directors or trustees.<sup>73 74</sup> Training is offered in the following general disciplines: fitting and turning; boiler making/plating; diesel mechanics; auto mechanics; welding, electrical and instrumentation; plastering and bricklaying; carpentry and joinery; and plumbing and sheetmetal work.<sup>75</sup> Training aims at the attainment of artisan-level qualifications through apprenticeship programs as core courses. In 2009, VTCs enrolled 2,500 trainees.<sup>76</sup> Enrollment for VTCs requires a minimum qualification of passing the grade 10 examination in math, science and English.<sup>77</sup> The duration of training programs is from 2–3 years after grade 10.

The Millennium Challenge Account (MCA) provided funds to construct three new VTCs in the regions without VTCs (i.e., Gobabis in Omaheke, Keetmanshoop in Karas, and Eenhana in Ohangwena region) and re-equip four existing VTCs; Rundu, Valombola, Okakarara, and Zambezi in 2008.<sup>78</sup>

The Ministry of Education establishes a budget for VTCs based on prior levels of spending and on the number of trainees enrolled.<sup>79</sup> The government finances most of the costs for the public VTCs as well as WVTC and NIMT including staff salaries, equipment, materials, and other operating expenses. Tuition fees cover less than 5 % of the total VTC costs.<sup>80</sup> In the case of WVTC, the government subsidizes N\$ 12 million out of the N\$ 16 million in operation costs. The rest is covered by students' tuition and private projects. The government loans N\$ 5,300 per student for those in need of financial assistance; however, the loans are not disbursed in a timely manner. Consequently, students have to pay at least N\$ 2,500 in advance out of their pockets, which makes it difficult for the financially disadvantaged students to enroll. The WVTC receives 2,000 applications for 450 seats. Shortage of staff, budget for staff salaries, and lack of student housing are the three main obstacles to enrollment.<sup>81</sup>

#### **(4) Namibian Maritime and Fisheries Institute**

Established as a trust in 1996, the Namibian Maritime and Fisheries Institute (NAMFI) offers certificate courses for both seagoing and onshore personnel as well as instructors to provide maritime and fisheries training through three departments in Walvis Bay: navigation, engineering, and safety. NAMFI's enrollment requirements include a certificate of grade 12 with passing marks in English, math, and physical science

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<sup>73</sup> Mabizela, M. Namibia: repositioning vocational education and training, *Vocational education and training in southern Africa: a comparative study*, edited by Akoojee, S., Gewer, A., & McGrath, S. 2005.

<sup>74</sup> NIMT, a non-governmental organization that offers technical and theoretical training required by mining, engineering and other industries, is not included in the 12 VTCs that are authorized to implement the NTA curricula.

<sup>75</sup> Namibia Institute of Mining and Technology, 2008.

<sup>76</sup> Republic of Namibia, Education and Training Sector Improvement Program 2007

<sup>77</sup> Namibian Training Authority, *ibid*.

<sup>78</sup> Millenium Challenge Account Namibia.

<sup>79</sup> World Bank, *ibid*.

<sup>80</sup> World Bank, *ibid*, p.45

<sup>81</sup> Interpersonal communication with the principal of the WVTC on April 14, 2011.

examinations. NAMFI has had approximately 80 certified graduates every year since its establishment.<sup>82</sup> In 2007, the institute upgraded the facilities to raise the number of graduates up to 150 per year.<sup>83</sup>

### **(5) Community Skills Development Centers**

The Community Skills Development Centers (COSDECs) are community owned and managed training centers predominantly for unemployed youth and school drop-outs. There are currently 10 COSDECs offering 30 skill areas/trades that provide competency-based and practical training.<sup>84</sup> Training programs that COSDEC provides address immediate community needs and promote employment in the local economy. In 2002, they enrolled 1,139 trainees, 48 % of whom were females.<sup>85</sup> Yet, a report points out that the skills offered through COSDECs do not match the demands of labor markets.

As a registered trust, the Namibia Community Skills Development Foundation (COSDEF) provides guidance to COSDECs in terms of their activities and management; fund raising, resource allocation, and tracking of expenditures. They also help develop, implement, and enforce training and skill testing standards in addition to receiving and assessing individual requests from other communities for the establishment of new skills training initiatives. COSDEF's six members are Namibians from both the public and private sectors. Currently 85% of each COSDECs' funding comes directly from COSDEF.<sup>86</sup> The Foundation's budget is funded by the Ministry of Education through NTA. Special projects are funded by various donor agencies, the private sector, and individual sponsorships. The primary development partners include Millennium Challenge Account (MCA)<sup>87</sup>, Icelandic Development Agency (ICEIDA), and Association of Canadian Community College (ACCC).<sup>88</sup>

### **(6) Vocational Training through Private Organizations**

There were 27 private institutions accredited by NQA as of 2010.<sup>89</sup> The most popular trades are auto mechanics, bricklaying, carpentry and joinery, electrical, general plumbing, welding and fabrication, and secretarial work.

## **2.3 Challenges**

The following are the challenges relating to vocational training in Namibia.

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<sup>82</sup> Pape, E. Address by the Head of Delegation of the European Communities to Namibia, inauguration of the Upgraded Facilities for the NAMFI, September 17, 2007.

<sup>83</sup> Ibid.

<sup>84</sup> Community Skills Development Foundations (COSDEF)

<sup>85</sup> World Bank, *ibid.*

<sup>86</sup> COSDEF, *ibid.*

<sup>87</sup> MCA funding supports the construction and renovation of approximately nine COSDECs.

<sup>88</sup> Ibid.

<sup>89</sup> NQA, *Namibian Institutions and their programs Accredited by the Namibia Qualifications Authority*, May 24, 2010.

**(1) Instructors**

VTC instructors are required to hold three qualifications: (1) technical qualifications in the occupation, (2) work experience in the trades, and (3) pedagogical training. However, a very small proportion of instructors have pedagogical training or teaching experience, and even fewer hold a degree in their technical fields.<sup>90</sup> In addition to adequate training, the levels of English proficiency and numeracy need improvement as well.

**(2) Links between Vocational Training and Educational Institutes**

There are few functional linkages between VTCs, tertiary, and secondary schools. For example, credits obtained from one VTC cannot be transferred to another. Additionally, credits of prevocational subjects in secondary schools cannot be carried over to any VET institutions. This rule ascribes to the lack of standardized core curriculum throughout VTCs, tertiary, and secondary schools. Articulation of curriculum in VTCs and vocational courses in formal schools could cut the redundancy of the required courses and improve efficiency and consistency of the overall VET.

**(3) Management**

Despite the recent efforts to decentralize the VET system, the managerial and administrative process is still heavily influenced by decision making within the government. This bureaucratic structure makes the administrative process slow and complex. Appointments of VTC staff frequently take up to a year or longer because it is done by the Directorate of Vocational Education and Training (DVET). Delays in payments often force VTCs to go without services. It suggests that more managerial and administrative responsibilities should be given to each of the VTC and VET organizations.

**(4) Lack of Admission Capacity in Vocational Training and Education Programs**

Addressing the shortage of qualified artisans and skilled technicians is imperative to increase productivity of the country<sup>91</sup>, because the demand for VET still overwhelms the supply. This is evident from the case in 2002 when only about 1,000 (3 %) out of 30,000 youth who completed grade 10 could secure places in VTCs.<sup>92</sup> This number does not even include the large number (38.2 %) of the students in grade 10 who dropped out of the school.<sup>93</sup> At the WVTC, the demand for training programs was 10 times greater than available seats.<sup>94</sup>

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<sup>90</sup> World Bank, *ibid.*

<sup>91</sup> Republic of Namibia, Education and Training Sector Improvement Program 2007

<sup>92</sup> World Bank, *ibid.*

<sup>93</sup> *Ibid.*

<sup>94</sup> *Ibid.*, p.46.

### **(5) Mismatch between Needs of Industry and Vocational Education and Training**

Reportedly, the curricula of VTCs and other VET institutes tend to be outdated.<sup>95</sup> For instance, CCE in PoN is responsible for developing and updating curricula based on the information obtained from partners from private and public industry; however, it is not clear how often it updates the curricula, standards, and qualifications. In fact, many companies in Namibia point out the shortage of skilled and qualified workers even though these workers have graduated from VTCs. It is attributable to the mismatch of the curricula of VTCs and modern technology and the needs of industry.

In addition to PoN, many other VET organizations adopt work-integrated learning or internship programs to enhance career focused competencies and apply knowledge into practice. The WVTC, for instance, requires work-integrated learning in 25% of the curriculum in the first year, 40% in the second year, and 55% in the third year. Currently 130 companies host trainees from WVTC with some stipends depending on the skill level of the trainees. However, many companies use the trainees as cheap labor instead of apprentices becoming skilled, technical artisans.

### **(6) Gender gap**

In all tertiary schools, more females enroll (57.0%) and graduate (58.4%) from the tertiary school than males.<sup>96</sup> However, in terms of VTCs, women accounted for only 19% of the total enrollment in 2002.<sup>97</sup> It may have to do with the fact that women often tend to seek training in traditional female professions such as knitting, secretarial, administration, and hospitality, instead of male-dominant professions such as engineering, mining, fishery, and computer science. In order to increase employment opportunities for females, it is imperative to alter mindset of both the supply side (female students) and demand side (employers and industry as a whole).

## **2.4 National Effort**

Guided by the national vision statement, Vision 2030, Namibia is undertaking a reform of its overall development strategy. Under Vision 2030, Namibia aims to join the ranks of high income countries and ensure all citizens a quality of life through equitable social development and economic growth. Recognizing the shortage of skilled workers and the weak education and training system as a critical constraint on enhancing productivity and social equity, Namibia initiated the Education and Training Sector Improvement Program (ETSIP) as the response to the call of Vision 2030. The ETSIP is the fifteen-year strategic plan of a comprehensive sector-wide program, which is phased into three five-year cycles. The strategic sector

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<sup>95</sup> Ibid, p.49.

<sup>96</sup> UNESCO Institute of Statistics, 2008

<sup>97</sup> World Bank, *ibid*.

objectives and operational components of the first phase (2006-2011) include, but are not limited to the following:

- Strengthen the immediate supply of middle to high level skilled labor to meet labor market demands and support overall national development goals:
  - a) A pro-poor expansion of opportunities for high quality senior secondary education,
  - b) A pro-poor expansion of opportunities for high quality and market responsive vocational education and training, and
  - c) An expansion of pre-entry programs for tertiary education and training.
- Strengthen the quality, effectiveness, and efficiency of the general education and training system:
  - a) Clear definition of skills and competencies that learners must acquire at each level, ensuring consistency with competencies proven to be critical for effective functioning in a knowledge based economy,
  - b) Strengthening of educators to ensure that they can effectively facilitate the acquisition of set skills and competencies,
  - c) Increasing the provision of books and instructional materials to support educators in their facilitation of learning,
  - d) Improving of learner assessment and system evaluation to ensure that we can verify when learners have acquired set skills and competencies and if the system is effective at facilitating this acquisition, and
  - e) Strengthening managers' and teachers' accountability for system effectiveness and learner acquisition of set skills and competencies.
- Strengthen and systematize the current knowledge creation and innovation system to ensure adequate capacity for the production and application of knowledge to improve productivity growth:
  - a) Strengthening the policy and legal frameworks for knowledge and innovation,
  - b) Strengthening the institutional framework through the establishment of the Center for Innovation, Entrepreneurship and Technology (CIET) and the Council on Research, Science and Technology (CRST), and
  - c) Ensuring the adequacy of funding for demand-led research and development (R&D).
- Improve the effectiveness, quality, efficiency, and development-relevance of the tertiary education and training system,
  - a) Strengthening institutional capacity for the management and delivery of tertiary education and training,
  - b) Building capacity for graduate studies with emphasis on research,
  - c) Improvement of quality and readiness of intake,

- d) Strengthen quality assurance mechanisms, and
- e) Diversification and mobilization of financing resources.

Based on these strategic objectives and operational components, ETSIP assigns priority components for the first phase to all sub-sectors. The VET sector has four strategic objectives: (1) strengthen the management capacity of the VET system by establishing NTA and enhancing management at VTCs; (2) improve the quality of VET by establishing CBET, upgrading instructor qualifications, and re-equipping VTCs; (3) mobilize resources for training and use them efficiently by establishing the levy system; and (4) expanding VET outputs to meet labor market demands by diversifying and expanding training provision.

The government programs explained above are in need of financial and technical assistance by donors since they cannot produce the expected outcomes on their own due to a lack of budget for NTA and the limited capacities of the organizations and individuals.

## 2.5 International Assistance

International organizations and bilateral donors are well aware that the inadequate vocational training is the fundamental cause to hinder economic development and poverty reduction, and they provide assistance summarized in the table below. Additionally, GIZ is preparing to provide a technical assistance on the area of vocational training with the budget of several million Euros for a couple of years starting in 2012.

**Table 2.1 Summary of International Assistance on Vocational Education and Training**

Donor	Project name and amount	Activities
World Bank/IBRD	ETSIP Phase I Development Policy Loan (2005–2020) N\$98.59 million (US\$15 million) In addition, the development partners agreed to contribute the total of N\$1,180.68 million (US\$179.64 million).	(The main development partners include: MCA, United Nations, EU, Government of USA, Luxemburg, Netherlands, Sweden, Spain, and Finland) - to develop specific policies and policy instruments to guide and give effect to planned sector reforms; - to provide legal instruments to enforce policy implementation; - to strengthen institutional capacities to create and apply knowledge to promote productivity, in critical growth sectors; -to develop CBET qualifications, curricula, and study manuals of VTCs relevant to the needs of Namibian industries; and -to strengthen teacher training in tertiary education and training.
USAID	ETSIP Phase I (2006–2008) N\$97 million (US\$16.23 million) <sup>98</sup> (contribution)	The following contribution will be made under the US President’s Emergency Plan for AIDS Relief: -N\$15.1million (US\$2.5 million) to help Orphans and Vulnerable Children (OVC) to go school, stay in school and do well in school; -N\$11.1million (US\$1.8 million) to provide vocational and leadership training to youth and young adults who are OVC; and -N\$3.6 million (US\$600,000) for 750 bursaries and other support to orphaned or vulnerable girls to enable them to complete 10th grade.
EU	ETSIP Phase I (2003–	The EU supported fund was used to establish the Institutional Strengthening

<sup>98</sup> USAID, Roundtable Pledging Conference, Government of Namibia and Development Partners on ETSIP, 2006

	2009) N\$423 million (EUR 42 million) <sup>99</sup> (contribution)	and Capacity Building Facility (ISCBF) to support capacity building in school management through school principal and board training. Regional inspectors have been trained using the national standards for schools and a corresponding set of instruments developed by ISCBF. <sup>100</sup> N\$15.3 million to UNICEF to strengthen school governance with the purpose of informing local organizations and school communities about their role in the management and monitoring of the education system. <sup>101</sup>
Spain	ETSIP Phase I (2007–2010) N\$71.25 million (EUR7.5 million) <sup>102</sup>	-to add to sector budget support by being integrated into the Namibian Government’s budget.
Luxemburg	Zambezi Vocational Training Center (2005–2007) N\$33.6 million (EUR3.4million) <sup>103</sup>	-to improve the delivery of vocational training by making it well managed, efficient, financially viable private provider, -to promote capacity building and devolve it as an autonomous organization.
MCA	ETSIP Phase I (2008-2010) N\$600 million <sup>104</sup> (US\$87 million) (contribution)	-to construct and equip three new VTCs: Gobabis (Omaheke), Keetmanshoop (Karas), Eenhana (Ohangwena), offering construction, automotive, business services, hospitality and tourism, engineering, and mining in addition to the core courses in entrepreneurship and small business management. Each of the new VTCs will enroll between 300 and 500 trainees per year. The construction costs are estimated at N\$25 million per center. -to expand Valombola VTC by building a specialized solar energy training facility. This VTC will enroll 50 trainees per year. The facility costs N\$8 million including the cost of equipment and furniture. -to re-equip four existing VTCs: Rundu, Katima Mulilo (Zambezi), Okakarara and Ongwediva (Valombola). This support includes needs assessment of equipment, preparation of equipment lists, purchase, installment, as well as training of instructors in the use and maintenance of the new equipment. -to establish a bursary fund for tertiary education, -to expand senior secondary education through building additional classrooms at existing schools and new comprehensive schools, -to expand the infrastructure of Colleges of Education for teacher education, -to construct three regional libraries and study centers, -to provide ICTs in 400 secondary schools, -to provide school textbooks, -to establish a business innovation center at PoN.
Southern African and German Chambers of Commerce	Commercial Advancement Training Scheme (CATS) 2004-present	-to offer two- year vocational training program (business administration and skills) and a certification of competency accredited by the Polytechnic of Namibia and recognized by the European Union. The program adopts “Dural System” with theoretical learning (1 day/wk) and practical training (4 days/wk) in their fields.

<sup>99</sup> Weidlich, B. Government renews ETSIP agreement, The Namibian, July 22, 2010. Retrieved from [http://www.namibian.com.na/index.php?id=28&tx\\_ttnews%5Btt\\_news%5D=70475&no\\_cache=1](http://www.namibian.com.na/index.php?id=28&tx_ttnews%5Btt_news%5D=70475&no_cache=1) on May 2, 2011.

<sup>100</sup> Ministry of Education, *ibid*.

<sup>101</sup> Smit, N. Namibia: EU, UNICEF Donate N\$15.3 Million to Education, allAfrica.com, April 14, 2011. Retrieved from <http://allafrica.com/stories/201104181725.html> on May 3, 2011.

<sup>102</sup> Republikein online, Spain grants N\$14,25 million to Namibia’s educational system, September 13, 2010. Retrieved from <http://www.republikein.com.na/skolenuus/opvoeding/spain-grants-n-dollar-14-25-million-to-namibias-educational-system.113510.php> on May 3, 2011.

<sup>103</sup> Luxemburg Agency for Development Cooperation, Namibia-Luxemburg Cooperation

<sup>104</sup> Millennium Challenge Account Namibia

		-There are CATS sites in Windhoek and Walvis Bay. CATS Namibia is in the process of being registered by the NQA. The Polytechnic of Namibia and Inwent, German NGO serve as implementing partners.
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## **2.6 Recommendations on Vocational Training System**

Based on the situation described above, the following actions should be taken in relation to vocational training in Namibia:

- (a) A major issue for Namibian industries is the education system. Currently, industries are unable to find human resources with either technical or managerial skills. The Namibian education system is not producing enough qualified graduates especially due to the fact that English proficiency levels and arithmetic skills in primary education are low. Moreover, schools do not provide training to enhance the analytical and problem-solving skills of students due to teachers' insufficient skills in these basic areas. Although the government has an established policy framework, very little impact is perceived at the school level. The strengthening of the implementing capacity of the Ministry of Education as well as the improving of the quality of basic education through teachers' training must be a priority;
- (b) Although there are provisions for pre-vocational subjects in secondary schooling, these often fail to adequately provide the skills and experience required for employment due to a general lack of instructors with professional skills. Serious consideration must be given to the revision of the pre-vocational curriculum and the recruitment of skilled lecturers (such as those from industries), so that more students will be able to obtain practical skills and be prepared for employment after the completion of secondary education; and
- (c) VTCs should constantly strive to enhance their training by maintaining facilities and equipment, improving curriculum, and strengthening teacher training. At the same time, they should also strengthen job attachment activities as it accounts for half of the curriculum in the second and third years of the training. Without the proper provision of practical training through job attachments, graduates will not be able to perform in such a manner as to effectively contribute to the companies they enter, and the gap between supply and demand will remain wide. A properly incentivized job attachment mechanism needs to be developed in partnership with the NTA, MTI, and VTCs, in which the government provide subsidies and equipment to host companies that provide trainees with practical and professional training.

## Chapter 3 Industry and SME Promotion Policies in Namibia

### 3.1 Definition of SME

The definition for SMEs that was adopted in 1992 by MTI for the “Policy and Program on Small Business Development” continues to be used in Namibia as of 2011.

**Table 3-1 Definition of SME in Namibia**

Sector	Employment	Turnover less than (N\$'000)	Capital Employed less than (N\$'000)
Manufacturing	Less than 10 persons	1,000	500
All Other Businesses	Less than 5 persons	250	100

Source: “Policy and Program on Small Business Development” MTI 1992

*Note: To qualify, businesses must meet the employment criteria and one of the other two*

The advantages for businesses certified as SMEs (i.e. acquiring an “SME Certificate” from MTI) are: a) favorable treatment in government tenders; and b) priority when applying for the “Business Service Support Program” (BSSP) described in Section 3.4, though ambiguous. Since companies are not requested to present any type of evidence when applying for the SME Certificate and the BSSP, the above SME definition does not play any effective role in actual certification or selection, and thus only expresses primary targets for MTI’s support.

Each organization, other than MTI, that supports SMEs uses its own definition of SME. For example, the SME Department of First National Bank, which has extended approximately 700 loans to SMEs as of 2011, defines SME as companies or individuals employing 1 to 50 workers. The bank’s loan sizes to SMEs range from N\$ 20,000 to N\$ 3.5 million (usually the loan amount does not exceed 20% of the company or individual’s sales revenues).

### 3.2 Investment and Export Promotion Policies<sup>105</sup>

Namibia’s export promotion measures are mainly constituted from (a) provision of Export Promotion Zone (EPZ) statuses and (b) favorable treatments to be given to manufacturers and exporters, including advisory services and subsidies for export promotion.

Namibia has adopted an EPZ concept slightly different from the traditional restrictive fenced-in zones. The Namibian EPZ Act (Act No 9 of 1995, hereinafter called “EPZ law”) provides for the establishment of physical processing zones as well as independent single-factory EPZ enterprises. The former currently entails only one operational case, the Walvis Bay EPZ managed by Walvis Bay EPZ Management Company.

<sup>105</sup> Based on the description of Offshore Development Corporation (2009) Report on the Performance of the Export Processing Zones (EPZ) Programme 1997-2009

The objectives of the EPZ are, according to the EPZ law, (a) to attract, promote or increase the manufacture of export goods, (b) to create or increase industrial employment, (c) to create or expand export earnings, (d) to create or expand industrial investment, including foreign investment, and (e) to encourage technology transfer and the development of management and labor skills. Major incentives given to companies that have an EPZ status are exemption from corporate taxes and exemption from VAT and duties on equipment and materials required for the manufacturing of products to be exported. These companies are also allowed to hold foreign currency accounts in local banks, and repatriate capital and profits. In addition to these incentives, companies are entitled to receiving a grant from the government to cover a substantial part of the direct costs of on-the-job and institutional training according to the EPZ act; however, this incentive is currently not being implemented.

19 companies have an EPZ status in Namibia as of 2009; 11 in diamond cutting and polishing, 1 in the assembling and refurbishing of motor vehicles, 1 in the manufacturing of motor vehicle parts, 1 zinc refinery, 1 in the manufacturing of ropes and associated products, 1 in the processing of blister copper and arsenic trioxide, 1 in the cutting and polishing of granite, 1 in the manufacturing of marking machines and numbering heads, and 1 in the manufacturing of plastic products. Meat, marine products, and mining, including quarrying, are excluded as EPZ business activities due to their low degree of processing. The total capital investment made by these 19 companies up to 2009 was N\$ 4,429 million while the total employment was 1,732. Although the total employment exceeded 5,000 in 2007, the number decreased to below 2,000 due to the closure of the Malaysian textile company Ramatex and its subsidiary Flamingo.

EPZ law stipulates that the Offshore Development Corporation (ODC), <sup>106</sup> a limited liability company established under the MTI, is responsible for promoting the EPZ. The EPZ Committee constituted of representatives of the Ministry of Finance, MTI, Bank of Namibia and other sector ministries, is responsible for approving the provision of EPZ statuses. ODC is functioning as a Secretariat of the Committee. Currently only those companies that export more than 70% of their products outside of the South African Customs Union (SACU) are eligible for EPZ status; this is the main reason for the small number of the companies currently bearing an EPZ status.

As Table 3-2 shows, there are various other special incentives promoting exports than the EPZ statuses.

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<sup>106</sup> ODC is a state-owned enterprise under MTI. 95% of the capital is owned by the Government while 5% by the private sector. The latter's share was larger at the beginning, however, due to the ODC's mission as a public company to construct industrial parks while avoiding competition with the private sector, the share of the private sector has decreased.

**Table 3-2 Special Incentives for Manufacturers and Exporters**

Items	Registered Manufacturers	Exporters of Manufactured Goods	EPZ Enterprises
Eligibility and Registration	Enterprises engaged in manufacturing. · Application to the MTI and approval by the Ministry of Finance.	Enterprises that export manufactured goods whether produced in Namibia or not. Application and approval by the Ministry of Finance.	Enterprises engaged in manufacturing, assembly, packaging or break-bulk and exporting mainly to outside of SACU markets. Application to the EPZ Committee through the ODC or EPZ Management Company
Corporate tax	Set at a rate of 18% for a period of 10 years, whereafter it will revert to the general prevailing rate	80% allowance on income derived from exporting manufactured goods.	Exempt
VAT	Exemption on purchase and import of manufacturing machinery and equipment.	Normal treatment.	Exempt
Stamp & Transfer Duty	Normal treatment.	Normal treatment	Exempt
Establishment Tax Package	Negotiable rates and terms by special tax package	Not eligible.	Not eligible.
Special Building Allowance	Factory buildings written off at 20% in first year and balance at 8% for 10 years.	Not eligible.	Not eligible.
Transportation Allowance	Allowance for land-based transportation by road or rail of 25% deduction form total cost	Not eligible.	Not eligible.
Export Promotion Allowance	Additional deduction from taxable income of 25%	Not eligible	Not eligible.
Incentive for Training	Additional deduction from taxable income of between 25% and 75%	Not eligible.	Substantial, issued by Government on implementation of approved training programme
Industrial studies	Available at 50% of cost	Not eligible.	Not eligible
Cash Grants	50% of direct cost of approved export promotion activities	Not eligible.	Not eligible.

Source: Special Incentives for Manufacturers and Exporters

As the above table indicates, although exemption incentives on corporate taxes and VAT are also automatically given to non-EPZ manufacturers, the application of other incentives is contingent upon the approval of MTI and the Ministry of Finance. Due to this uncertainty, inducements other than the exemption from corporate taxes and VAT do not constitute an actual incentive for companies to invest in Namibia, and thus, are not very effective in promoting exports.

### 3.3 Industrial Parks

The ODC, Namibia's investment promotion agency, is constructing industrial parks at strategic locations through the national budget. In addition to the industrial parks established in Prosperita of Windhoek South and Ongwediva of the Oshana region, industrial parks are being constructed and/or operated in Oshikango (northern gateway to Angola; able to accommodate 14 companies), Katima Mulio (north-eastern gateway to

Zambia, Zimbabwe and Botswana; able to accommodate 26 companies), and Katwitwi (north-eastern gateway to Angola; under construction). These parks are being established in order to promote foreign trade and investment, and warehouses are also operating within the parks. The operation and maintenance costs are being covered by rents collected from tenants.

The NDC (Act No 18 of 1993) established under MTI to promote Namibian industry and SMEs is operating “SME parks” in 43 locations throughout the country (Table 3-3). The total number of tenants thereof was approximately 600 in 2010; many of the SME parks are only comprised of small- to medium- scale manufacturers and service providers such as tailors, barbers and hair salons, butchers, restaurants, furniture makers, manufacturers of construction materials, and car mechanics, but there are also some SME parks accommodating large-scale businesses such as supermarkets, banks, and car dealerships.

The construction of these SME parks is being financed through MTI’s Sites and Premises Program, while the operation and maintenance expenses are covered through rent revenues from tenants. The primary objective of this program is to support SME start-ups by providing office and factory space since office and factory rents in urban areas in Namibia are significantly expensive. NDC purchased land from central and local governments or the private sector, serviced the land, and then constructed the facilities. Although the SME parks are expected to function as an incubation facility from which tenants should depart after the start-up stage, most of the tenants continue renting the premises beyond that stage since no effective mechanism has been put in place to force them to vacate the premises.<sup>107</sup> This has limited the number of beneficiaries, which cannot be increased unless NDC constructs new SME parks.

There are also a number of industrial parks and market places operated by local governments (town and regional councils). For example, Windhoek City Council is currently operating three small sized industrial parks called “industrial stalls” (two in Katutura and one in Khomasdal) where 110 companies engaging in auto repair, the manufacturing of construction materials, metal fabrication, electrical engineering, and other similar activities are being accommodated.

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<sup>107</sup> The main reason for this is that MTI cannot (and does not want to) handle the complaints from the tenants who do not want to vacate the premises.

**Table 3-3 List of SME parks and the industries housed**

Location	Facility	Creation	Job	Cost millionND	Unit	m2	Occup.	Tenants
Otiwarongo	SME Park	Mar-98	214	6.0	25	2,696	100%	tailoring, butchery, mechanical workshop, manufacturing, tires, security office, etc.
Gobabis Epako	SME Park	Jan-98	66	3.0	31	962	100%	tailoring, restaurant, security office, TV repair, hair salon, printing, barber shops, etc.
Gobabis Town Centre	SME Park	Jul-98	216	4.1	41	1,177	100%	hair salons, tailoring, car spare parts, fridge repairs, driving school, pharmacy, second hand items, materials, etc.
Otjinene	SME Park	Aug-02	101	4.5	12	1,158	100%	general store, mechanical, auto parts, butchery, hair salon, etc.
Mariental	SME Park	Oct-02	28	2.8	6	750	100%	tailoring, hair salon, welding, cooling, repairs, auto parts
Keetmanshoop	SME Park	Jun-99	38	0.9	13	400	100%	joinery, welding, auto parts, tailoring, electrical
Keetmanshoop Town Centre	SME Park	Jun-99	75	2.4	25	332	100%	
Luderitz	SME Park	Apr-05	60	4.2	10	977	100%	
Rundu	SME Park	Mar-00	57	4.7	8	464	100%	
Nkurenkuru	Biz Park	Mar-06	57	6.8	13	1,471	100%	Nampost, bank, B&B, general building supplies, hair salon, keys, insurance office, clothing, mechanical
Karibib	SME Park	Mar-00	37	2.4	9	810	100%	refrigeration repairs, mechanical repairs, hair salon, second hand clothing
Usakos	SME Park	Apr-02	29	1.3	14	250	100%	clothing, mining office, take away
Khorixas	SME Park	May-02	59	5.0	13	1,384	100%	
Henties bay	SME Park	Apr-05	24	4.6	14	836	100%	tourism office, mechanical engineering, coffee shop, wash bay
Okahao	SME Park	Jan-02	46	4.5	7	1,001	100%	tailoring, Nampost service, hardware store, bakery, butchery, restaurant, etc.
Outapi	SME Park	Mar-00	43	5.3	13	931	100%	mechanical, joinery, butchery, cell phone repairs, tailoring, barber shops, welding, grave stones, etc.
Ohangwena	SME Park	Mar-00	80	6.1	12	2,340	100%	welding, mechanical, joinery, tailoring, hair salons, clothing, etc.
Eenhana	SME Park	Sep-02	31	4.2	9	1,071		post office, butchery, mechanical repairs, tailoring, auto parts, crafts, etc.
Omuthiya	SME Park	Jan-03	37	4.6	10	1,224		banking facilities, mechanical repairs, tailoring, hair salon
Oshikuku	SME Park	Jun-08	79	10.7	13	1,988	100%	communication centre, butchery, welding, car wash, hardware store, furniture shop, hair salon, etc.
Ondangwa	Automotive City	Oct-99	79	1.5	18	3,334		automotive
Ondangwa	Plastic Centre	May-00	33	4.8	1	515		manufacturing of plastic pipes and plastic product
Opuwo	Biz Park	Jun-05	97	14.8	9	2,474	100%	butchery, mechanical engineering, tire repairs, communication centre, panel beating, crafts, hair salon, restaurant, supermarket, banking facilities, etc.
Ongwediva	Biz Park	Feb-07	360	25.7	40	5,100		supermarket, engineering, car wash, new car dealer, mechanical, jewellery, tourism, hair salon, take away, property management, electricity, printing
Okongo	Biz Park	Mar-10		16.8	16	2,591	100%	supermarket, B&B, metal fabrication, communication, conference facilities, tailoring, TV repairs, etc.
Okalongo	Biz Park	Feb-09	71	8.5	11	1,350		fully equipped B&B, butchery, bank facility, Nampost, tailoring, supermarket, etc.
Okakarara	Biz Centre	Dec-10	64	16.0	10	2,570		restaurant, trade fair area, big hall, VIP hall, supermarket, communication centre, hair salon, tailoring, boutique, printing shop, etc.
Ondangwa	Industrial Park	Oct-99	92	5.6	16	1,912		tailoring, cleaning materials, dry cleaners, peanut butter factory, pool tables repairs, screws and bolts, courier service, wedding dresses, wedding, etc.
Prosperita	Industrial Park	Nov-97	1740	17.0	80	6,730	97%	garment, welding, engineering, printing, joinery, offices, parts manufacturing, electrical, mechanical, etc.
Ondangwa	Automotive Centre	Oct-99	17	1.5	1	515		mechanical engineering
Ovitoto	Garment Centre	Oct-05	7	1.2		150		industrial tailoring machines and training supplied by MTI/NDC
Rundu	Woodwork Centre	Mar-00	63	0.6	1	515		
Outapi	Slaughter house	Apr-05	5		1	110		slaughter cattle for the Outapi community and for butchery
Opuwo	Slaughter house	Jun-05	7	1.3	3	150		slaughter cattle for the Opuwo community and for butchery
Eenhana	Slaughter house	Apr-05	5	1.3	1	110		slaughter cattle for the Eenhana community and for butchery
Katima Mulilo	MTI Regional Office	Nov-10		6.0				reception, communication centre, board room
Rundu	MTI Regional Office	Nov-10		5.0				communication centre, board room

Source: NDC

### 3.4 SME promotion policies

#### (1) Business Support Service Programme (BSSP)

MTI's BSSP is tasked with providing consulting services to SMEs. Apart from the three major categories of services of feasibility studies, business plan formulation, and mentorship programs, other consultancy services are also provided. As Table 3-4 shows, 419 services were provided to SMEs through BSSP from 1994 to 2010.

**Table 3-4 BSSP conducted from 1994 to 2010**

Type of Support	No of Projects	Total Cost (N\$)	Cost per project (N\$)
Feasibility Studies	139	10,799,365	77,693
Business Plans	184	6,789,287	36,898
Turnaround Strategies	6	170,278	28,379
Due Diligence	1	108,250	108,250
Training/ Mentorship	71	1,299,472	18,302
Prototype Product Designs	2	322,600	161,300
Translation of booklets	2	32,220	16,110
Marketing Plan	2	46,200	23,100
Advertising/Marketing	2	421,889	210,945
Remuneration structures	1	167,560	167,560
Reorganization	3	814,988	271,663
Architectural designs	3	21,160	7,053
Human Resource development	1	30,475	30,475
Database installation	2	68,523	34,262
Total	419	21,092,266	50,340

Source: Report on the Implementation of the Business Support Services Programmes for the Period: April 1999 – April 2010

The current practice of feasibility studies, business plan formulation, and mentorship program entails the following problems:

- (a) The primary objective of a business plan is to serve as a guide for business operators and banks in making decisions on funding, while charting the way for all aspects of specific future business operations. However, few projects for which business plans were prepared through BSSP have actually been financed by a bank or even by the promoter. The major reasons for this situation are: (i) most business plans under BSSP deal with green field projects for which commercial banks usually do not lend money due to their high risks; (ii) many of the business ideas are obviously not feasible thus their applications should have been rejected outright, however, they were in fact adopted in the absence of relevant preliminary information that should have been collected by MTI officials; (iii) many of the prepared business plans are too conceptual, leaving out for the most part the actual implementing capacity of the promoters (experience, technologies, human resources, etc.), and the specific marketing strategies for reaching the actual buyers to which the products/services are being promoted; and (iv) many promoters do not “own” or “understand” their business plans due to their over-dependence on consultants, which increases the risk of failure when actual investment is made.
- (b) Since a feasibility study analyzes the feasibility of a project idea, the promoter’s capacity for realizing the project is not a prerequisite for the implementation of a feasibility study. As most of the projects do not have any financial background and the results of the feasibility studies have not been made public, very few of the business ideas have actually materialized following the feasibility studies.

- (c) Designed to directly provide promoters with advice or training, mentorship services are catering to each of the promoters' specific needs. The rendered services' results are expected to materialize immediately and be for the most part visible, thus driving both consultants and entrepreneurs to seriously take on the problems. However, there have been cases of divergences between the originally requested services and the actually rendered ones, apparently due to the absence of well-defined terms of reference that should have been agreed upon between the promoter, consultant and MTI. The absence of well-defined terms of reference also results in inconsistency between multiple proposals/quotations submitted by consultants upon tendering, which makes comparison of proposals/quotations by MTI officials quite difficult

## **(2) Equipment Aid Scheme**

Since the Equipment Aid Scheme (EAS) was started in 2009 by MTI, N\$ 16.3 million had been disbursed until August 2011 (i.e. approximately N\$ 100,000 per project). As the distribution of an application form was not permitted by MTI management (who claimed that it represented "bureaucracy"), project appraisals performed by the EAS Committee<sup>108</sup> were in many cases based only on a cover letter and quotations, which constituted the entire application, while critical factors such as the viability, sustainability and impact of the projects were not given due consideration. Some of the equipment was provided even to those SMEs that do not have any premises to accommodate the equipment or do not have electricity connected to operate the equipment. There was an imminent need to establish a proper appraisal process.

In order to solicit the submission of project proposals to a wider population range, MTI organized "open day" events in most of the regions during which MTI managers explained the ministry's support services to the general public. During and following the events, MTI began receiving a large number of EAS applications from all over the country; far beyond the processing capacity of the EAS Committee. As a result, the EAS Committee has ceased functioning since March 2011 and MTI has accumulated a backlog of numerous applications. Against this backdrop, the JICA Expert was requested by MTI to provide solutions for the suspended processing of EAS applications. Under his assistance, a new mechanism to process the applications was put in place whereby information collection including interviews with applicants is conducted by MTI's regional offices and applications are properly evaluated by the EAS Committee. It is expected that N\$ 40 million (inclusive of transport costs, customs and VAT) will be disbursed in the 2010/2011 fiscal year, of which N\$ 1.5 million is evenly distributed to all 13 regions as the expenses for the equipment.

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<sup>108</sup> EAS Committee is an MTI's internal committee, composed of selected managers of MTI and NDC, to evaluate EAS proposals and recommends the projects to be financed to the MTI Chief Accounting Officer (Permanent Secretary).

### (3) MTI's Development Budget

MTI's annual development budget is approximately N\$ 300 million for 2011/12, of which N\$ 86 million is allocated to SME parks, N\$ 6 million to BSSP, and N\$ 44 million to EAS. Other noted budget items are N\$ 2.5 million allocated for the improvement of living conditions in Katutura Area in Windhoek (this is the preparation phase of the N\$ 34 million project in Katutura to be implemented in 2013/14), N\$ 58 million allocated over the next three years for the improvement of the facilities of Namibian Standards Institute, and N\$ 21 million allocated for the setting up of a textile factory, utilizing the assets of the closed Ramatex factories with a view to maintaining the employment of the laid-off workers. Additionally, N\$ 29 million will be allocated in 2013/14 for the implementation of the "Sector Strategic Planning Research" as mentioned in "1.13 Recommendations for the promotion of potential manufacturing industries" though the details of the program are yet undetermined.

**Table 3-5 MTI's Development Budget (thousand N\$, 2011/2012 - 2013/2014)**

Program / Project	2011/2012	2012/2013	2013/2014
<b>Social Welfare Information Services</b>			
Socio-Economic Development in Hardap and Karas Regions	5,300	0	132,257
<b>Improve Enabling Environment of Private Sector Development</b>			
Private Sector Feasibility Studies	6,106	6,716	5,890
Sites and Premises Development Programme (SME Park s)	85,357	189,155	237,967
Katwitwi EPZ Industrial Park	20,000	500	589
Entrepreneurship Development Programme (EAS)	44,115	33,000	0
Construction and Renovation of MTI Regional Offices	7,200	7,200	5,008
Namibia Trade Centre, Luanda Sul, Angola	25,000	20,000	2,945
Namibia Trade Centre, DRC Kinshasa	1,000	10,000	2,945
Namibia Trade Centre, Congo Brazzaville	1,000	10,000	2,945
Namibia Standards Institute (NSI)	9,520	20,000	28,287
Garment Factories Development Program	0	6,300	15,000
Upgrading of NDC Infrastructure / Property	4,584	10,000	8,835
Sector Strategic Planning Research	0	0	29,451
Rental for SME Space in Windhoek, CBD Shopping Malls	1,000	0	0
Trade Office at Ondjiva Consulate in Ondjiva, Angola	5,000	0	0
Purchasing of Commercial Councilors Residency in Washington DC	0	0	7,125
Pilot Industrial Upgrading and Modernization Project	0	0	2,975
Improve of Living Conditions of Inhabitants in Katutura	2,500	0	33,575
Namibia WTO Residential Property	10,000	0	0
<b>Crop and Horticulture Improvement: Extension of Naute Date / Grade Development Project</b>	20,645	40,115	42,395
<b>Improving Livestock Property: NDC Kavango / Mangetti Cattle Ranch Upgrade</b>	10,000	10,000	8,835
<b>Wildlife Management: Crocodile Breeding and Training Centre</b>	5,000	20,000	5,301
<b>Investment and Trade Promotion</b>			
Strengthening of Trade Representation, Namibia WTO Trade Office	416	15,000	5,645
Purchasing of Commercial Councilors Residency in Berlin	0	0	7,125
Construction of Cold Facilities and Warehouse in Lubumbashi, Kinshasa, Brazzaville and Pointe-Noire.	40,000	60,000	43,588
<b>Total</b>	<b>303,743</b>	<b>462,486</b>	<b>638,683</b>

Source: MTI

### **3.5 Recommendations for the Improvement of Industry and SME Promotion Policies**

Based on the discussions above, it is recommended that the industry and SME promotion policies be modified as follows:

- (a) Eligibility and conditions for the incentives for investment and export as well as those for SME support programs should be publicized as guidelines and their processing within MTI should be simplified and systematized so that fairness among applicants is attained and uncertainties are eliminated.
- (b) Business Plans should only be offered to those projects that are deemed viable and have a significant potential for being financed. A clear criterion should be established for the first screening in which projects that do not meet the above two conditions are immediately rejected. MTI officials' analytical capacity needs to be strengthened so that they are able to appropriately conduct the first screening as well as properly oversee the business plan formulation process conducted by consultants.
- (c) In order to avoid wasting money on feasibility studies, feasibility study reports should be made public via MTI's website one year after the completion of the studies. These reports will provide useful information to potential domestic and foreign investors interested in investing in Namibia.
- (d) With regard to mentorship services, MTI officials must, via the utilizing of the application format proposed by the JICA Expert, first understand the exact problems of the promoters and their support needs. Once that has been achieved and before tender, the terms of reference should be discussed and agreed upon between MTI and the promoters.
- (e) Taking into consideration that any viable project is capable of recovering the capital costs invested, it is highly recommended that the Equipment Aid Scheme be transformed to a leasing scheme that is able to benefit a larger number of SMEs. Likewise, by charging part of the service costs to the BSSP beneficiaries, even a token amount, the commitment and seriousness of business promoters / training participants will be significantly increased, while MTI will in turn receive serious feedback about the quality of services.

## **Chapter 4 Recommendations on the Development Assistance by JICA**

This report has presented recommendations on manufacturing industries with growth potential, the vocational training system, and industry and SME promotion policies. In order to implement these recommendations smoothly and effectively, the following assistance from JICA is recommended:

- (a) Concerning the promotion of manufacturing industries with growth potential, the effective support approaches vary according to the type of industry since their competitiveness in international and domestic markets differs. It is necessary to identify the industries' weaknesses throughout the supply chain by visiting companies in priority sectors while examining the feasibility of the investment by analyzing domestic and foreign markets (i.e., demand and competition). Furthermore, this will allow the government to be able to support companies in developing markets and finding investors and strategic partners. While feasibility studies can be conducted using the BSSP framework discussed in Chapter 3, MTI does not possess an adequate capacity for assuring the quality of the studies conducted by the private consultants. It is recommended that JICA provide technical assistance to MTI on quality control for the feasibility studies, which will in turn become a useful tool for attracting foreign investors to the country.
- (b) MTI is starting a pilot phase of the "Apprenticeship Program" led by the JICA expert, in which incentives will be paid to those companies that agree to train VTCs' 2nd and 3rd year learners professionally. After a series of meetings between MTI, NTA and Windhoek, Zambezi, Rundu and Valombola VTCs, the contents of the training were determined and a three-party agreement was drafted (see attachment). JICA would need to continue monitoring the progress of the pilot project in order to assure that the implementation framework for the full-fledged program is established based on the experiences of the pilot project.
- (c) Regarding Namibia's industry and SME promotion policies, JICA has provided technical assistance for the effective and smooth implementation of the Equipment Aid Scheme as well as for small business management trainers' training through the JICA expert in industry and SME development. That said, MTI does not recognize the urgency in improving the implementation mechanisms and quality of the feasibility studies, business plans and mentorship program, in spite of the JICA expert's advice. If MTI commits itself to the improvement of the above services and asks for the JICA expert's involvement, such assistance would be effective for delivering desired outcomes.
- (d) The largest hindering factor in the industrial development of Namibia is the low level of education and skills of the labor force. Without improving the quality of primary and secondary education systems, it would be difficult for industries to grow. Political commitment is essential along with a specific level of administrative and management skills for the Ministry of Education in planning and implementing the reforms. The newly appointed Minister of Education has a strong commitment to these educational reforms; however, without a systematic decision making and implementation mechanism put in place, it would be difficult to achieve tangible results. JICA has abundant experience in strengthening institutional capacity, including human resources, within recipient governments, and thus it would be advisable to

send experts in management and education to the Ministry of Education in order to support its reform initiatives.

## Attachement

# Three Party Agreement between MTI, WVTC and XXXX of “Apprenticeship Program”

The purpose of this Three Party Agreement is to document the agreement by and between the Ministry of Trade and Industry, (“MTI”), Windhoek Vocational Training Centre (“WVTC”) and XXXX (Company Name) (the “Host Company”) regarding the “Apprenticeship Program” (“Program”) described hereinafter.

## 1. Objectives

The Apprenticeship Program, which is to be implemented in partnership with MTI, WVTC, and Host Company, is designed to enhance WVTC learners’ practical skills so that they can respond to market needs, as well as to improve the job placement of WVTC graduates. More specifically, the Program is aimed to achieve the following objectives:

- Increase the Trainees’ exposure to the real world of work;
- Enhance the Trainee’s practical experience;
- Provide the Trainees with opportunities to apply their skills and knowledge to increase Host Company’s productivity; and
- Facilitate the marketing for the Trainees’ possible future employment.

The Program is also aimed at fostering cooperation between MTI, WVTC and the private sector.

## 2. Responsibilities

### (1) Host Company

The Host Company agrees to perform, in a professional manner and to the best of its ability, professional training (“Services”) to the Trainees” assigned to the Host Company in accordance with the scope of work described in Exhibit A attached hereto.

### (2) WVTC

WVTC agrees to ensure the quality of the Services rendered by the Host Company through the periodical monitoring described in Exhibit B attached hereto.

### (3) MTI

In consideration of the performance of the Services rendered by the Host Company, MTI agrees to remunerate the Host Company as described in Article 5. When the purchase of new tools is deemed necessary for the effective implementation of the training, MTI will buy the tools, which will be maintained under WVTC’s control for the sole purposes of the Program and lent to the Trainees during the training at the Host Company.

## 3. Selection of Trainees

WVTC shall prepare a candidate list of the Trainees to be attached to the Host Company, based on which the Host Company shall interview the candidates and select the Trainees whom it accepts.

#### 4. Training Period

The training shall start on        and end on        .

#### 5. Remuneration and Payment

- 5.1) In consideration of the performance of the Services rendered by the Host Company, MTI shall pay, as a remuneration, the Host Company a lump-sum amount of N\$ 1,500 per month for each of the Trainees, which is all inclusive of taxes and compensations necessitated under Namibian law. The component of the remuneration is as shown below.

	Item	Cost (per month, per trainee)
1	Materials to be consumed	N\$ 500
2	Overhead (including supervisor's cost)	N\$ 1,000
	<b>Total</b>	<b>N\$ 1,500</b>

- 5.2) In addition to the above-mentioned remuneration, MTI shall reimburse the Host Company the allowance of up to N\$ 1,500 per trainee per month that the Host Company pays to the Trainee. This is the maximum amount per trainee per month to be paid to the Host Company; if the Host Company pays N\$ 1,000, MTI shall reimburse N\$ 1,000.
- 5.3) At the end of every month during the training period, the Host Company shall issue an invoice to MTI with a log book and a monthly monitoring sheet attached. These shall be checked and signed by the WVTC and forwarded to MTI. Receipts for the allowance payment to Trainees shall also be attached to the invoice. The formats for the log book and monthly monitoring sheet are attached to this Agreement.
- 5.4) Payment to the Host Company by MTI shall be made within 30 days after when MTI receives the invoice with all the necessary documents.
- 5.4) Payment shall be remitted by wire transfer to the Host Company's account as specified below:

Account Number	
Account Title	
Bank	
Branch	
Branch Code	

- 5.5) Should the range of the training be substantially expanded and additional costs are incurred accordingly, the Host Company shall be entitled to, subject to negotiation, receive an additional remuneration as mutually agreed upon between MTI, WVTC and the Host Company.

#### 6. Allowance to Trainees

The Host Company shall pay an allowance of N\$ 1,500 per month (pro rata N\$ 75 per day) to each of the trainees it trains.

#### 7. Health and Security Measures

Prior to the commencement of the training, WVTC shall make sure that necessary safety measures are considered and no hazardous operations are conducted at the Host Company. When a risk is detected, WVTC shall instruct the Host Company to improve the working environment and the training shall not be started until the appropriate measures are taken.

## **8. Insurance for Trainees**

WVTC shall ensure that all the Trainees are insured for personal accident by Allianz Insurance Company (the details are presented in Exhibit B).

## **9. Trainee's Misconduct**

Trainees' misconduct will be viewed in a serious light. Company rules and regulations must be adhered to at all times during the training period. The Host Company shall retain the right to expel the Trainee, should the Trainee be found guilty for his/her misbehavior, misconduct, or serious negligence of his/her duties.

## **10. Contact Information**

Unless otherwise agreed upon by the parties herein, notices, reports, invoices, or other written communications issued under this Agreement shall be sent by post, e-mail or facsimile and addressed to:

In case of the Host Company:

Address:

Telephone number:

Facsimile Number:

Attention:

In case of WVTC:

Address: P. O. Box 3771 Windhoek

Telephone number: 061 211 742

Facsimile Number: 061 212 379

Attention: Mr. Mberirua, Head of Liaison and Business Development, WVTC

[mberirua@wvtc.edu.na](mailto:mberirua@wvtc.edu.na), [mberirua@gmail.com](mailto:mberirua@gmail.com), Cell: 081 256 6358

In case of MTI:

Address: Private Bag 13340 Windhoek

Telephone number: 061 283 7328

Facsimile Number: 061 245 266

Attention: Mr. Mabakeng, Chief Economist, Industrial Development Directorate, MTI

[mmabakeng@mti.gov.na](mailto:mmabakeng@mti.gov.na), [mukelamabakeng@yahoo.com](mailto:mukelamabakeng@yahoo.com) Cell: 085 560 0577

## **11. Term of Termination**

This Agreement shall be effective when the three parties have signed it.

- (a) Each party may, at its option, terminate this Agreement by giving three(3) weeks prior written notice thereof to the other parties if such other party fails to perform any of its obligations under this Agreement and such failure is not remedied within thirty (30) days after the other party's receipt of written notice from such party specifying the failure.
- (b) Should this contract be terminated at any earlier date by way of prior written notice as provided for in Clause 11(a) hereof, the calculation of any amounts, services, and/or work which either party may owe the other shall be determined according to the financial statements, log book and/or monitoring worksheet of the program as at the date of such termination.

**12. Good Faith Discussion**

MTI, WVTC and the Host Company shall strive to settle amicably any issues not provided for in this Agreement in a good faith.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate from the date of the most current signer.

Ministry of Trade and Industry

Windhoek Vocational Training Centre

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Name  
Title

---

Name  
Title

Date:

Date:

Host Company

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Name  
Title

Date:

## Exhibit A: Scope of Work of the Host Company

1. The Host Company shall nominate a “Trainer” who is tasked to give each of the Trainees specific assignments, instruct them how to execute the assignments, supervise their work, record the progress of the training on the log book on the daily basis and on the monthly monitoring sheet on the monthly basis, and submit them to WVTC for review at the end of every month.
2. The Host Company shall impart practical knowledge in the field of **XXXXXX** to the Trainees through actual assignments. Category (A) presents the mandatory topics required to be taught by the Host Company to the Trainees, while Category (B) presents the discretionary topics preferably to be taught by the Host Company depending on the orders it receives from its customers.

[In case of Welding skills]

### Category (A)

- (1) Practices of safety precaution measures
- (2) Handling of hand and machine tools
- (3) Handling of measuring and testing equipment
- (4) Handling of welding equipment
- (5) Knowledge of materials
- (6) Practices of gas cutting and gas welding
- (7) Calculation practices

### Category (B)

- (1) Arc welding techniques
- (2) MIG welding techniques
- (3) TIG welding techniques
- (4) Welding inspection procedures

[In case of Air-conditioning and Refrigeration]

### Category (A)

- (1) Practices of safety precaution measures
- (2) Handling of refrigerant
- (3) Handling of hand and machine tools
- (4) Handling of measuring and testing equipment
- (5) Knowledge of materials

### Category (B)

- (1) Pipe work
- (2) Welding and soldering
- (3) Test and replacement of electrical circuits and components
- (4) Maintenance and repair of fan motor
- (5) Installation, servicing and repair of air-conditioners, dehumidifiers, and heat pumps
- (6) Maintenance and repair of refrigerator, freezer and water cooler
- (7) Servicing of air coolers
- (8) Measuring of flow rates and temperatures from panels
- (9) Building of electrical circuits and wiring on cold room panels

[In case of Boiler Making]

### Category (A)

- (1) Practices of safety precaution measures
- (2) Handling of hand and machine tools
- (3) Handling of measuring and testing equipment
- (4) Handling of welding and cutting equipment
- (5) Knowledge of different types of materials
- (6) Practice of gas welding and gas cutting
- (7) Marking of plates and cutting
- (8) Work planning and calculation practice
- (9) Reading of engineering drawings
- (10) Pipe works, developments, triangulations, laying out of different construction drawings, spirals and chutes

Category (B)

- (1) Arc welding techniques
- (2) Aluminum welding techniques
- (3) Different process of welding (MIG, TIG, stainless steel, cast iron, etc.)

[In case of Bricklaying and Plastering]

Category (A)

- (1) Practices of safety precaution measures
- (2) Handling of hand tools
- (3) Handling of measuring and testing equipment
- (4) Knowledge of different types of materials
- (5) Measuring and setting out techniques
- (6) Construction of walls
- (7) Pointing and plastering of walls and ceiling

Category (B)

- (1) Construction of footing and plinth
- (2) Spanning and construction of arches
- (3) Construction of detached and attached pillars
- (4) Construction of decorative bonding and brick copings
- (5) Floors skirting and dados
- (6) Concreting and stairs
- (7) Construction of drainage lines and manholes
- (8) Construction of septic tanks
- (9) Building stone and masonry walls
- (10) Renovations

[In case of Joinery]

Category (A)

- (1) Practices of safety precaution measures
- (2) Knowledge of different types of materials
- (3) Measuring and setting out techniques
- (4) Handling of hand tools
- (5) Wood work joints
- (6) Wood finishing
- (7) Workshop maintenance

Category (B)

- (1) Handling of machines
- (2) Handling of hand power tools
- (3) Production of furniture
- (4) Carpentry work
- (5) Doors and windows

[In case of Plumbing and Pipe Fitting]

Category (A)

- (1) Practices of safety precaution measures
- (2) Handling of hand and machine tools
- (3) Handling of different types and kinds of plumbing materials
- (4) Handling of measuring and marking out tools and instruments
- (5) Soldering
- (6) Pipe work
- (7) Installation
- (8) Different methods of assembling pipe work
- (9) Fixing of gutters and down pipes
- (10) Installation of different types of hot and cold water system
- (11) Maintenance

Category (B)

- (1) Development, folding and soldering
- (2) Excavations and drain laying
- (3) Handling of measuring and testing instruments
- (4) Handling of drawing equipment

[In case of Auto Mechanics]

Category (A)

- (1) Practices of safety precaution measures
- (2) Handling of hand and machine tools
- (3) Knowledge of different types of materials

Category (B)

- (1) Identifying and servicing of fuel system and its components
- (2) Measuring, testing and using gauges
- (3) Identifying different types of motor vehicle's layout
- (4) Identifying and servicing of cooling system and its components
- (5) Identifying and servicing of lubrication system
- (6) Maintaining and servicing of air inlet and exhaust system
- (7) Identifying and servicing of clutch system
- (8) Maintaining and servicing of gearbox and drive units
- (9) Identifying different types of steering system
- (10) Maintaining and servicing of braking system
- (11) Maintaining and servicing of suspension, wheel and tyres
- (12) Identifying electrical components and their operations

[In case of Electric General]

Category (A)

- (1) Practices of safety precaution measures
- (2) Handling and maintaining of hand and machine tools
- (3) Knowledge of materials
- (4) Handling of measuring, instrumentation and connections
- (5) D.C. circuits joining
- (6) Electric circuit diagrams and symbols
- (7) Wiring installations
- (8) Testing and commissioning

Category (B)

- (1) Simple welds in arc welding
- (2) Simple welds and cuts in gas welding
- (3) Testing of butt and corner welds
- (4) Performing/making pipe joints and pipe assembly
- (5) Batteries
- (6) Maintenance of electric motors

[In case of Radio and TV repairs]

Category (A)

- (1) Identification and testing of diodes
- (2) Application and operational characteristics of Uni junction transistor (FET)
- (3) Biasing, application and troubleshooting of small signal amplifier
- (4) Source follower experiments and antiphase experiments of JFET, MOSFET, thiristors
- (5) Construction, application and troubleshooting of power supply

Category (B)

- (1) Identification, construction, application and troubleshooting of bipolar transistors
- (2) Construction, testing and measurement of digital circuits and ICs
- (3) Construction, application and voltage measurements of amplifier configuration
- (4) Multivibrators' astable, monostable and bistable operations
- (5) Construction and testing of radio transmitter and receivers

[In case of Fitter and Turner]

Category (A)

- (1) Practices of safety precaution measures
- (2) Handling of hand and machine tools
- (3) Knowledge of materials
- (4) Measuring and marking out
- (5) Bench work

Category (B)

- (1) Handling of drilling machine
- (2) Handling of shaping machine
- (3) Handling of grinding machine
- (4) Handling of lathe machine
- (5) Handling of milling machine
- (6) Welding work
- (7) Fault finding and maintenance

3. The Host Company shall inform the Trainees of its rules and regulations that the latter will have to

adhere to during the job attachment.

4. The Host Company shall, to the best of its ability, prepare safe and healthy working environment for the Trainees. The Host Company shall improve the working environment if requested by WVTC.
5. The Host Company shall revise and re-submit the log book and monthly monitoring sheets if their description is deemed insufficient by WVTC or MTL.
6. If the contents or progress of the training are deemed insufficient, the Host Company shall modify the training method based on the request from WVTC or MTL.

## **Exhibit B: Responsibilities of WVTC**

1. Prior to the commencement of the training, WVTC shall make sure that necessary safety measures are considered and no hazardous operations are conducted at the Host Company. When a risk is detected, WVTC shall instruct the Host Company to improve the working environment and the training shall not be started until the appropriate measures are taken.
2. WVTC shall provide Trainees with basic tools that will be needed in the training at the Host Company. If additional tools are found to be necessary for the effective implementation of the training, WVTC shall prepare a list of such tools, obtain quotations, and send them to MTI for purchase. After receiving the tools, WVTC shall use the tools solely for the Program's purposes.
3. WVTC shall ensure that the Trainees are informed about the Host Company's and WVTC's rules and regulations and that the Trainees sign an affidavit affirming that they will adhere to these rules and regulations during the job attachment.
4. WVTC shall ensure that all the Trainees are insured for personal accident by Allianz Insurance Company with following coverage, which is applicable only during working hours including direct transfer to and from work:
  - Death – sum insured N\$ 2,000 per trainee
  - Permanent disability – sum insured N\$ 50,000 per trainee
  - Medical expenses – up to N\$ 7,000 per trainee per incident less N\$ 250 excess in respect of each and every claim
5. At the end of every month during the training period, WVTC shall visit the Host Company, receive the log book and monthly monitoring sheet, discuss the progress of the training, and examine the work environment of the Host Company. WVTC shall request the Host Company to modify and resubmit the log book and monthly monitoring sheets if their description is insufficient, and after the modification, WVTC shall send the final version to MTI with its comments attached. Whenever necessary, WVTC shall request the Host Company to improve the training method and/or working environment.

**Attachment 1: Log Book (to be recorded on daily basis and submitted at the end of every month)**

Name of Host Company: \_\_\_\_\_ Name of Trainee:

Name of VTC: \_\_\_\_\_ Month: \_\_\_\_\_ Year:

Date	Day	Topics covered
	Mon	
	Tue	
	Wed	
	Thu	
	Fri	

Date	Day	Topics covered
	Mon	
	Tue	
	Wed	
	Thu	
	Fri	

Date	Day	Topics covered
	Mon	
	Tue	
	Wed	
	Thu	
	Fri	

Date	Day	Topics covered
	Mon	
	Tue	
	Wed	
	Thu	
	Fri	

Name of Supervisor of Host Company: \_\_\_\_\_ Signature\_\_\_\_\_ Date

Name of VTC Trainer: \_\_\_\_\_ Signature\_\_\_\_\_ Date

**Attachment 2 Monthly Monitoring Sheet (to be submitted at the end of every month)**

Name of Host Company: \_\_\_\_\_ Name of Trainee:

Name of VTC: \_\_\_\_\_ Month: \_\_\_\_\_ Year:

Training conducted during the month	
Observations on the Trainee's performance and the training's effects	
Other comments	

Name of the representative of Host Company:

Signature \_\_\_\_\_ Date

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Comments of VTC Trainer

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Name of VTC Trainer:

Signature \_\_\_\_\_ Date