

**Activity Completion Report
of the JICA Expert in SME / Industrial Development (2nd Year)
to the Ministry of Trade and Industry in Namibia**

Table of Contents

1. Introduction	2
2. Activities Completed	2
(1) SME Definition	2
(2) Feasibility Studies, Business Plans and Mentoring Services	3
(3) Equipment Aid Scheme.....	4
(4) Regional Office Administration	5
(5) Sites and Premises Program.....	6
(6) Company Registration	6
(7) Trade Mark Registration	7
3. Recommendations	7
(1) Apprenticeship Program.....	7
(2) Product Development	7
(3) Trade Promotion.....	7
[Attachment 1] Proposal on the Definition of SMEs in Namibia	9
[Attachment 2] Proposed Application Package for Business Support Services Program	13
[Attachment 3] FS, EIA and Business Plan: Project Assessment Form (to be filled by the Regional office)	23
[Attachment 4] Business Plan Checklist	27
[Attachment 5] Consultant Performance Evaluation Report	30
[Attachment 6] Proposed Application Package for Equipment Aid Scheme	33
[Attachment 7] Equipment Aid Scheme: Project Assessment Form (to be filled by the Regional Office)	38
[Attachment 8] Problems in Regional Office Administration and Recommended Measures for Improvement ...	40
[Attachment 9] Transfer of Documents (from MTI Regional Office to Head Office).....	42
[Attachment 10] Acknowledgment of Receipt of Document	43
[Attachment 11] Proposal on New Guidelines for the Sites and Premises Program.....	44
[Attachment 12] Outsourcing Plan to Clear the Backlog of Trade Mark Registration in 46 days	46
Annexe	
Commodity Flow in Namibia	

1. Introduction

Responding to the request by the Namibian Government, the Japanese Government assigned an Expert in industrial policy and SME development, Mr. Shinichi Mori, to the Ministry of Trade and Industry (MTI) for 8 months in 2011. During his assignment, Mr. Mori reviewed Namibian Government’s policies and measures to promote the development of industry and SMEs, analyzed MTI’s key areas of engagement, and proposed and supported actions to overcome MTI’s major challenges. In order to further support MTI in improving its capacity in service delivery, JICA decided to reassign Mr. Mori to MTI for a total of 4.5 months starting from end August 2012. Upon MTI’s request, the JICA Expert is attached to the Permanent Secretary as an Advisor so that he can be engaged in overall ministerial issues. This document is the completion report of his activities conducted in three missions, from 28 August through 19 October in 2012, from 19 November through 7 December in 2012, and from 25 January through 14 March, 2013.

2. Activities Completed

(1) SME Definition

The following is the definition for SMEs that was adopted in 1997 by MTI for the “Policy and Program on Small Business Development”.

Current 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

Note: To qualify, businesses must meet the employment criteria and one of the other two
Source: “Policy and Program on Small Business Development” MTI 1992

The advantages for businesses to be certified as SMEs (e.g. acquiring an “SME Certificate” from MTI) are: (a) favorable treatment in government tenders; and (b) priority when applying for SME support programs of the government or financial institutions. However, while applicants for an SME certificate are requested to submit a “good standing” certificate issued by the Social Security Commission that contains the number of registered employees, they are not requested to present any type of evidence that indicates the figures for their current turnover or employed capital. Moreover, as is often the case with other developing countries, each of SME-related organizations uses a different SME definition (e.g. the First National Bank defines SMEs as companies that employ 1 to 50 workers).

The Ministry of Finance has requested MTI to propose a new SME definition that can be uniformly applied by all SME-related organizations. Based on the MTI’s request, the Advisor proposed the following SME definition, of which the rationale is explained in the “Proposal on the Definition of SMEs in Namibia” [Attachment 1].

Proposed Definition of SME in Namibia

Criteria	Micro	Small	Medium	Large
Number of Employees	0-5	6-30	31-100	Over 100

After the Advisor's proposal was circulated within MTI, the following views were expressed by some of the managers.

<The presented definition, i.e. the number of formal employment, does not necessarily represent the characteristics of SMEs. Other indicators, such as turnover, could also be used for SME definition. Moreover, other organizations would have difficulties in accepting employment as the only indicator.>

It should be understood that most of developing countries, including middle-income countries, are not able to have uniform SME definition across government / private organizations due to difficulties in collecting and verifying data. The common practice is that while there is an indicative SME definition in these countries provided by the statistics office or the ministry responsible for SME development, other organizations often adopt (or add) their own indicators to define SMEs which should serve their own objectives. As such, the SME definition to be provided by MTI Namibia could also be an indicative one, but not an exhaustive one.

Since the submission of the Advisor's proposal, none of the MTI managers have presented a counter-proposal, or no constructive discussions have taken place. The Advisor has been informed by DID that a new SME definition will be discussed upon the drafting of a new SME policy which will soon be initiated.

(2) Feasibility Studies, Business Plans and Mentoring Services

The following shortcomings were observed in MTI's Feasibility Study, Business Plan and Mentoring Services programs overseen by the Project Committee:

- Eligibility and selection criteria for these programs have not been clearly defined. As a result, the programs' impacts have been significantly limited since the current selection process has failed to eliminate those applicants who were not capable of effectively utilizing the outputs of the programs;
- The absence of an application form has made difficult the proper selection of projects since critical information such as the financial capacity to implement the project is often missing in the applications;
- All applications have been forwarded to the Head Office without any pre-assessment by Regional Offices though the Regional Offices are in a better position to know the states of the applicants' businesses;
- Since the "Memorandums of Understanding" have only been signed between the consultants and MTI, the beneficiaries do not play a major role in the implementing of the studies. This constitutes one of the reasons why the final reports have not been utilized with the ownership of beneficiaries being lost;
- The Project Committee does not provide timely and effective feedback to the draft reports submitted by the consultants, leading to a piling up of outstanding unfinished reports. Moreover, the Project Committee's current quality control methodology is time-consuming and counterproductive, in some

cases obliging consultants to prepare two different reports (one for a financial institute / beneficiaries and one for MTI); and

- Without having a means to properly evaluate consultants' performances, the Project Committee has not been able to eliminate poor performers from the next bidding.

As solutions to the above problems, the Advisor prepared four types of documents and presented them to DID. The descriptions about the documents and the status of the actions taken by MTI are the following.

- (a) Application package for "Business Support Services Program" [Attachment 2] that describes the program's new guidelines including the objectives, priority sectors, eligibility and conditions (including fees) for application, instructions for application, and application forms for Feasibility Studies, Business Plans and Mentoring Services

<Status of actions> DID is currently in the process of modifying the guidelines proposed by the Advisor (the cost-sharing by the business owner has not been accepted, but instead a stringent selection of beneficiaries will be applied). It is expected that DID presents new guidelines to MTI management as soon as possible so that they can be made public and implemented.

- (b) A set of "Project Assessment Forms" [Attachment 3] to be filled out at Regional Offices, which is composed of the project summary, pre-assessment and signature of the applicant

<Status of actions> It has been decided that Regional Offices must conduct pre-assessments before sending the applications to the Head Office. DID is currently in the process of reviewing the forms proposed by the Advisor.

- (c) "Business Plan Checklist" [Attachment 4] to be given to the consultants at the beginning of the contracts, and to be used by DID staff to check the structure of the consultants' draft reports (the Advisor demonstrated to DID staff how to check the structure of draft reports; through this exercise, nine outstanding contracts have been concluded)

<Status of actions> DID is currently in the process of elaborating the checklist proposed by the Advisor.

- (d) "Consultant Performance Evaluation Report" [Attachment 5] to be used by DID in evaluating the performances of consultants upon the receipt of draft reports

<Status of actions> DID is currently in the process of elaborating the form proposed by the Advisor.

(3) Equipment Aid Scheme

As a result of the Advisor's recommendations and subsequent coaching for Regional Officers conducted in 2011, all new applications for the Equipment Aid Scheme are currently pre-assessed by Regional Offices. In order to further streamline the application procedures, the Advisor prepared two types of documents. The descriptions about the documents and the status of the actions taken by MTI are the following.

- (a) Application package for "Equipment Aid Scheme" [Attachment 6] that describes the program's new

guidelines including the objectives, conditions for grant, eligibility and conditions for application, instructions for application, and an application form

<Status of actions> DID is currently in the process of modifying the guidelines proposed by the Advisor. It is expected that DID presents new guidelines to MTI management as soon as possible so that they can be made public and implemented.

- (b) A revised set of “Project Assessment Forms” [Attachment 7] to be filled out at Regional Offices, which is composed of the project summary, pre-assessment and signature of the applicant

<Status of actions> All applications are currently pre-assessed by Regional Offices with the revised assessment forms.

(4) Regional Office Administration

MTI’s Directorates claim that Regional Offices’ performance is substantially below their expectations. After having examined the current practices of Regional Office administration and identified the causes of the problems, the Advisor prepared a proposal titled “Problems in Regional Office Administration and Recommended Measures for Improvement” [Attachment 8] along with necessary forms (“Transfer of Documents (from MTI Regional Office to Head Office)” [Attachment 9] and “Acknowledgement of Receipt of Documents” [Attachment 10]).

The Advisor’s recommendations and the status of the actions taken by MTI are the following.

- (a) An independent Directorate for RED should be created, and staff and the budget shifted to the new Directorate in order to achieve: (i) proper planning / allocation and utilization of the budget for Regional Offices; and (ii) quick decision making and action.

<Status of actions> MTI is currently in the process of elaborating its entire organizational restructuring plan. The Advisor has yet to be informed of how the RED issue is planned to be incorporated in the restructuring plan.

- (b) A sufficient number of staff should be assigned to RED to enable the RED Deputy Director (or his alternate) to engage in his duties at the Head Office, be present at meetings involving regional matters, and be available for consultation with other Departments whenever necessary.

<Status of actions> The Advisor has been informed that MTI management has given due consideration on this issue and that an improvement is expected to be made as part of the MTI’s organizational restructuring scheduled from April 2013.

- (c) A “Central purchasing unit” and “petty cash account” should be created to facilitate smooth expenditures for office supplies to be used in Regional Offices.

<Status of actions> MTI management is of the opinion that there is no need of changing the current practices. Thus, the recommendation was not adopted.

- (d) The two standard forms developed by the Advisor should be used to avoid the loss of documents en route from Regional Offices to the Head Office.

<Status of actions> The Advisor has been informed that these forms were distributed to Regional Offices. However, not all Regional Officers are apparently aware of the necessity to use these forms. The communication between the Head Office and the Regional Offices is still generally weak.

(5) Sites and Premises Program

Although the Sites and Premises Program has contributed to the growth of a number of companies, the number of beneficiaries has been limited since tenants are allowed to continue renting the premises at a rate lower than commercial rates even following the start-up / expansion stage. The Advisor was requested to review the Sites and Premises Program (eligibility, rental terms and duration, training, etc.) and propose improvement so that the program will become more instrumental in supporting SMEs with growth potential. Based on a series of discussions with NDC and DID, the Advisor prepared a “Proposal on New Guidelines for the Sites and Premises Program” [Attachment 11] and presented it to DID for review.

<Status of actions> The Advisor has been informed that DID and NDC will discuss the matter in due course.

(6) Company Registration

The Directorate of Commerce (DC) printed the Close Corporation’s guidelines prepared by the Advisor in 2011 and started distributing them to all the Close Corporation applicants through the Enquiries Counter at the MTI Head Office. The Advisor was informed that the Directorate of Commerce had placed orders, to printing companies at the Regional level, to print a large number of guidelines, and that MTI Regional Offices would be requested to distribute printed guidelines to all local authorities (Regional and Town Councils, ministries’ offices, constituencies’ offices, etc.) once they have received them from printing companies.

Furthermore, following the Advisor’s suggestions, the Directorate of Commerce is going to make it compulsory for all new applications (except those prepared by law firms) to be verified by the “Enquiries Counter” before they are submitted to the “New Applications Counter” so that the number of imperfect applications is reduced before they are received by the Registrar.

Following the Advisor’s suggestions made in 2011, registered CC-1 and CC-2 documents have now been placed in alphabetical order within the pigeon box, which has greatly contributed to a reduction in the time spent by the officer at the collection counter. On the other hand, clients’ inspections of registered CC-1 and CC-2 documents are highly problematic; people can even cause damage by taking away a company’s file when the Collection Counter official is not watching. The Advisor recommended that the inspections of documents need to be handled separately from the delivery of CC-1 and CC-2 and that a closed space should be allocated for the inspections of documents. However, this recommendation has not been adopted by reason of the unavailability of a closed space.

(7) Trade Mark Registration

The registration of trademarks currently takes more than a year due to the huge backlog (more than 5,000) of applications¹. The Advisor examined the work procedures for the registration of trademarks and devised an outsourcing plan to clear the backlog in 46 days [Attachment 12]. Following the Advisor's suggestion, the Directorate of Commerce has requested the Public Service Commission for an approval of employing temporary workers to execute the plan. It is envisaged that the request will be approved shortly and then the plan will be implemented as planned.

3. Recommendations

(1) Apprenticeship Program

DID once made a decision that the implementation of the Apprenticeship Program, of which the concept paper had been prepared by the Advisor in 2011, should be commissioned to the Namibia Training Authority (NTA). Although NTA submitted MTI a proposal on the implementation strategy of the program in early December 2012, NTA does not appear to have a willingness to implement the program apparently because the Authority is preoccupied with the preparation for its own apprenticeship / internship program which utilizes the revenues from a training levy currently conceived to be introduced. MTI management should make a decision on the way forward of the implementation of the program.

(2) Product Development

Although the Product Development services under the Market Research and Product Development Sub-Division, the Directorate of International Trade (DIT), have supported prototype product designs, labeling and packaging, and the certifying by the Namibian Standard Institution, none of the supported products have successfully penetrated into foreign markets. This is because the qualities of the supported products were generally low; most of the efforts have been exhausted to raise these products' quality up to the level acceptable for domestic supermarkets.

DID, on the other hand, is currently in the process of reviving the "Vender Development" program, of which the types of targeted products and the support services to be provided are exactly the same as those of the Product Development. Therefore, it is recommended that from now on, the products that are not of exportable quality be supported by DID while DIT focus its resources only into exportable products ("Product Modification and Adaptation").

(3) Trade Promotion

International practices show that the cost-effectiveness of support to the participation in trade fairs and exhibitions is generally low. The DIT's support to the Namibian company's participation in international trade fairs and exhibitions is not an exception. The DIT's support scheme is, in fact, simply providing the participating companies with a one-time opportunity (or multiple opportunities) to sell their products only

¹ The Department is currently processing the applications submitted in 2009

during trade fairs. Although the objectives of the support should rather be to (a) establish linkages between Namibian manufacturers and the potential buyers who continue buying their products and (2) help these manufacturers improve their products to meet international standards ("product modification and adaptation"), such objectives have not been fulfilled, and thus, very few achievements – market penetration - have been made.

In order to achieve tangible results from the support to the participation in international trade fairs and exhibitions, the DIT's Trade Promotion Sub-Division needs to be more proactively involved in the marketing of participants' individual products, not simply providing logistical support to the participants. It is recommended that the following activities be undertaken by the officials at each trade fair:

- Prior to the trade fair²: The targeted products' market potentials in the host country should be thoroughly researched, potential outlets be explored, and even appointments with potential strategic buyers be arranged. When necessary, a DIT official in charge of the trade fair should be sent to the host country to collect specific market information prior to the trade fair;
- During the trade fair: It is important to observe the trade fair visitors' reactions towards the exhibited products through the actual sale. However, it should be noted that trade fair visitors are only part of the potential buyers. In order to achieve the intended objective of the participation to the trade fair, it is even more important to actually meet with potential buyers, demonstrate the advantages of the products, and figure out what must be carried out to realize export. The Sub-Division's more resources and efforts should be devoted to the facilitation of dialogues between the trade fair participants and potential buyers; and
- After the trade fair: DIT's current interactions with ex-participants of trade fairs are rather limited, simply sending them a questionnaire in order to collect information on the impact of the support. In order to achieve the trade fairs' intended objectives, further supports needs to be provided to ex-participants in such a way that they can modify their products to fit the market needs of the target country and develop export channels.

In order to effectively select the products to be exhibited and support trade fair participants in identifying potential markets and developing outlets, Trade Promotion Sub-Division's officials need to be equipped with certain technical knowledge on the targeted products or sectors. It is recommended that each one of the officials be given responsibility for conducting a market research on at least two categories of Namibian products with export potential so that DIT can provide professional advisory services to the participants prior to, during, and after the trade fairs.

² Obviously, the relevance of the Namibian products to be exhibited with the objectives and requirements of the trade fair needs to be carefully examined upon selecting the participants. This also requires a certain level of technical knowledge.

[Attachment 1] Proposal on the Definition of SMEs in Namibia

Proposal on the Definition of SMEs in Namibia

1. Guiding Principles for Setting up SME Definition

The following are guiding principles that need to be considered in selecting indicator(s) to be used in determining the definition of SMEs:

(a) To be representative

The indicators for defining SMEs must represent widely accepted characteristics of SMEs. If there are cases where a company's statistic under an adopted indicator is small while the scale of the company or its activities is in reality large, such an indicator is not serving its purpose.

(b) To be verifiable

The indicators should be objectively verifiable. In Namibia, as well as most developing countries, it is quite difficult for the government to precisely capture the state of activities of individual private businesses. Many private businesses, especially those in the informal sector, do not maintain accounting records that provide information on the size of their assets, sales, and income. Although these businesses can be requested to estimate and submit such figures, the accuracy of that data cannot be objectively verified and such inaccurate data could be misleading and manipulated.

(c) To be purposeful

The definition of SMEs should conform to the government's SME promotion policies and be stipulated in such a way as to enable effective, targeted allocation of government resources. One pitfall observed in many developing countries is the government spending tremendous amounts of time and money conducting surveys and classifying SMEs in accordance with its SME definition without having any promotion strategies or actions toward specific SME categories.

(d) To be manageable

The collecting and compiling of individual SME data consumes significant time and resources for both the government and SME. Moreover, the data must be updated with certain frequency due to the dynamism of the SME sector. In consideration of the government's limited resources, existing data should be used as much as possible and coordination sought with SME-related agencies. Although using multiple indicators and

setting different thresholds by sector may conform to government policy and enable targeted support, implementation would inherently be more complicated and not easily managed in many developing countries.

2. Comparison of Business Indicators

When defining and classifying SMEs, the most used (either independently or in combination) indicators worldwide are: (a) number of full time employees; (b) total assets; (c) annual sales; and (d) registered capital. The following implications should be considered when using these indicators to define SMEs in Namibia.

(a) Number of full time employees

“Number of full time employees” is the most commonly used indicator for defining an SME. In Namibia all formal companies employing at least one person (excluding the proprietors) are required to register for social security and pay contributions. A “good standing” certificate that contains the number of registered employees can be easily obtained from the Social Security Commission whenever an SME is requested to present it upon applying for a government program. Although informal businesses do not register for social security, most of those businesses are self-employed and thus, necessarily fall into the “micro enterprise” category. A weakness in using the “number of full time employees” to define an SME is that it overlooks seasonal and informal employment. A possible negative impact of using this indicator is that it cannot prevent the government from providing support to those companies that are classified as small companies but in actuality employ a large number of seasonal or informal workers.

(b) Total assets

Although “total assets” is an indicator that more or less represents the physical size or financial capacity of a company, such data for individual SMEs is difficult to collect in Namibia since most SMEs have never prepared a balance sheet, and thus do not know the value of their assets. Only those SMEs that apply for bank loans are obliged to prepare a balance sheet. Although SMEs can be requested to submit an estimated figure for “total assets”, that data would not be able to be easily verified.

(c) Annual sales

“Annual sales” is the indicator that can most precisely capture the scale of an SME’s current activities. The weakness is, again, that many SMEs do not record their sales figures, and thus, collecting and verifying the figures would require considerable government resources. Moreover, the figures tend to fluctuate every year, making the classification and updating work even more difficult.

(d) Registered Capital

“Registered capital” is also widely used for defining SMEs in many countries as it represents the financial capacity of a company. However, it is usually data from when the company was registered, and thus, not necessarily representative of an SME’s current financial state. In Namibia, this data is not available except for Public Limited Companies since capital is not recorded when registering a Close Corporation.

The following table provides a summary of the above discussion. It can be concluded that the “number of full time employees” is the most relevant to the guiding principles for the SME definition in Namibia as compared to all other indicators.

Table 1 Business Indicators’ Relevance to the Guiding Principles for SME Definition in Namibia

Indicator	Guiding Principle	Representativeness	Verifiability	Purposefulness	Manageability
Number of full time employees		Medium	High	Medium	High
Total assets		High	Low	High	Low
Annual sales		High	Medium	High	Low
Registered Capital		Medium	Low	Medium	Low

3. Rationale for Applying Different Thresholds between Sectors

Some countries apply different thresholds between sectors (such as primary, secondary and tertiary sectors). For example, in Japan the threshold for the number of employees for a micro-enterprise is set at 20 in the manufacturing sector, and 5 in the trade and services sectors, apparently due to the fact that the manufacturing sector requires a larger number of employees than other sectors in achieving economies of scale. Another implication from applying a higher threshold for the manufacturing sector could be that the government intends to provide more support to SMEs in the manufacturing sector than those in the trade and services sectors.

While applying different thresholds between sectors would enable more specifically targeted support by the government, it should also be kept in mind that the more parameters brought into the definition, the more difficult the implementation of policy measures will become. In consideration of the Namibian government’s limited human resources, it is recommended that priority be given to simplicity in the definition, i.e. uniform thresholds be applied to all sectors.

4. SME Definition/Thresholds and the Government’s Support Programs

The following table shows the recommended definition for SMEs (micro, small and medium enterprises) in Namibia and the priorities that are recommended to be given to specific categories of companies within

different government programs.

Table 2 Definition of SMEs in Namibia and Priorities of Government Programs

Category	Micro	Small	Medium	Large
Number of Employees	0-5	6-30	31-100	Over 100
Government Programs				
Sites and Premises	P	P		
Equipment Aid Scheme	P	P		
Training	P	P		
Feasibility Study, Business Plan, Mentoring Service		P	P	
Government Tendering (SME Certificate)	P	P	P	
Industrial Upgrading and Modernization Programme		P	P	P

P: Priority

Business Support Services Program

1. Introduction

The Government of Namibia, in its Vision 2030, aims to transform Namibia into a developed country by 2030, through stimulating sustainable economic growth and wealth creation. Apart from moving the economy up to higher levels, Vision 2030 initiatives focus on spreading of wealth and growth across the country, creating employment, reducing regional disparity and eradicating poverty. Namibia's Fourth National Development Plan, NDP 4, also identified high and sustained economic growth, job creation, and reduction of income inequality as key goals for the country for the years 2012 – 2015.

These national plans place a high priority on the development of manufacturing and service sectors as the sources of higher value creation and employment. They have also identified the importance of entrepreneurship development and the pivotal role of Small- and Medium-sized Enterprises (SMEs) as central to the expansion and deepening of the industrial base to enhance the country's economic development.

In line with these national plans and their core objectives, the Ministry of Trade and Industry (MTI) takes a lead in the development of the business in the trade and industry sectors. In order to address SMEs' technical and managerial challenges, such as marketing, financial management, production management, quality control and human resource management, MTI has decided to implement the Business Support Service Program (BSSP) through which training and consulting services are provided with subsidized rates.

BSSP's overall objective is to boost Namibia's economic development by increasing employment and reducing poverty through the strengthening of SMEs' technical and managerial capacities. The program is comprised of (1) Feasibility Study, (2) Environmental Impact Assessment (EIA), (3) Business Plan, (4) Mentoring Service (one-on-one consulting services), and (5) Training Service (collective training).

2. Guidelines for Application

(1) Feasibility Study, EIA, and Business Plan

(a) Objectives

- (i) Feasibility Study: The objective of a feasibility study is to answer the essential question of “should I proceed with the proposed business idea?” The feasibility study outlines and analyzes several alternatives or methods of achieving business success. The best business alternative(s) to your business will be identified through the feasibility study in consideration of a wide range of factors, including technologies, marketing, management, and financing. The feasibility study reports will be made public on the MTT’s website six months after the delivery of the reports to the Business Owners.
- (ii) Environment Impact Assessment (EIA): EIA is the process of identifying, predicting, evaluating and mitigating the biophysical, social, and other relevant effects of development proposals. It is often required by financial institutions as a condition of a loan.
- (iii) Business Plan: The business plan tells how a business should be created, operated or expanded, and why it will lead to success. It shows all aspects of specific future business operations and serves a guide to the business operator. Banks and investors also need a business plan to make their decision of funding. The business plan will be kept confidential.

* The most distinct difference between the Feasibility Study and Business Plan is that a Feasibility Study is conducted for the projects of which the feasibility is not known, while a Business Plan is prepared for the projects that do not have major uncertainties and thus the investment is ready to be made. For example, a Feasibility Study will be needed when the market response of a newly introduced product is not known, when an innovative methodology is applied but its effectiveness is not known, or when no companies have tried the same type of business in the target area, etc. On the other hand, a Business Plan should clearly state, as the preparation for an investment, all the specific issues such as the business and technical partners, suppliers and specifications of equipment and materials, maintenance regime of the equipment, exact location of the business, recruitment of managers and staffs, training of staffs, etc.

(b) Priority Sectors

The following business sectors will be given priority:

- Manufacturing (carpentry, joinery, metal fabrication, construction materials, tailoring/sewing, cosmetics, leather processing, shoe-making, jewellery, etc.);
- Food-processing (dairy, confectionary, jam/fruit, bakery, etc.);
- Printing services (excluding photocopy shops);
- Auto services (car repair, wheel balancing, etc.);
- Small scale stone processing (not mining) ; and

- Tourism.

(c) Eligibility and Conditions for Application

- The Owner must be registered, or in the process of being registered, with MTI (a proof must be attached to the application in both cases). Registration must be completed prior to the signing of the agreement.
- The Owner must have minimum business skills. A proof of having completed business management training must be attached to the application. (Please inquire about small business training at an MTI Regional office if the Owner has not received any business management training)
- 20% of the total costs (consulting fees) will be charged to the Owner.
- The maximum amount to be supported by MTI is, in principle, ND 160,000 per project.
- The Owner’s past business experience will be given due consideration when the application is assessed.

(d) Application Procedures

- (i) Submission of two copies of the application form and certificate of completing business management training

The Applicant for a Feasibility Study, EIA, and Business Plan must submit two (2) copies of the application in the prescribed application form attached hereto, together with two copies of the certificate of completing business management training. In filling out the application form, the Applicant is advised to refer to the next section “Guidelines for Application”.

- (ii) Site Visit and Interview by an MTI Officer

A site visit to the proposed business location(s) by an MTI officer is in principle requisite to the processing of the application. The site visit, together with an interview, will be conducted by an MTI Regional office after the receipt of the application. When the location of the business is not easily accessible from the capital of the region, information can be collected from planners or economists of the Regional Coordinating Council if they have knowledge about the business.

- (iii) Notification of the evaluation results

The application, along with the results of the site visit and interview by an MTI office, will be evaluated at the MTI head office and the Applicant will be notified of the results of the evaluation, approximately within three months after the site visit and interview.

(e) Guidelines for Application

The following are the guidelines that the Applicant should refer to in filling out the application form.

- (i) General Information and the Current Business of the Owner (information about the Owner’s current business activities, not future expectations)

1-1. Name of the Owner (company) / Project

- 1-2. Gender of the Owner
- 1-3. Name of the region and constituency where the Owner is primarily operating his/her business
- 1-4. Contact person's name, address, tel./fax and cell phone numbers, and e-mail address
- 1-5. Date when the Owner started his/her current business
- 1-6. Legal status of the current business, and the date and number of registration (if registered)
- 1-7. Status of the Owner's current business:
 - * Please explain the products/services that the Owner is currently offering.
 - * Please provide the Owner's sales revenue on an annual or monthly basis.
 - <Please provide the following information if the service is requested for the expansion of the current business>
 - * Please explain the location of the current market and the types of core customers.
 - * Please explain the status of competition in the market for the current products/services.
- 1-8. The Owner's educational and technical background (schools, completed grades, training, etc.) and past business experiences
- 1-9. Current number of employees (casual or permanent, excluding the owner of the business)
- 1-10. Business support services received in the past (type and year, MTI or other organizations)
- (ii) Outline of the Business to be Promoted
 - 2-1. Type of business to be promoted
 - * Please indicate the locations where the Owner's business is (will be) operated.
 - * Please explain what products and services are (will be) offered.
 - 2-2. Target Market
 - * Please explain the market areas of your products / services.
 - * Please explain the types of your core customers and the prices of your products / services.
 - * Please explain the status of competition in the market for the (new) products/services and the strength of the Owner's (new) products/services compared to competitors'.
 - 2-3. Rough estimate of the required investment and working capital
 - * Please provide a rough estimate of the required investment and initial working capital.
 - 2-4. Expected funding sources of investment and working capital
 - * Please explain how the investment and working capital will be mobilized.
 - 2-5. Necessity of environmental impact assessment (EIA only)
 - * Please explain why an EIA is required for the project.
 - 2-6. Technical and management capability to operate and maintain the proposed business (Business Plan only)
 - * Please explain whether the Owner is capable of operating and maintaining the business to be promoted, and the reasons for concluding such.
 - 2-7. Human resource management (Business Plan only)
 - * Please explain how many workers will be newly employed in conjunction with the new investment.
 - * Please explain how the Owner is going to develop the workers' skills.

(iii) Required Attachments

A proof of the registration (or a proof of the registration being processed) with MTI and the copy of receiving business management training must be attached to the application. It is also advisable that an evidence of the land ownership, leasing agreement of the building and/or letter of intent by a financial institution be attached to the application in the case of Business Plan.

Attn: Ministry of Trade and Industry

Application for Feasibility Study EIA Business Plan

Note: (1) Please refer to the MTI’s leaflet “Business Support Services Program” prior to filling out this application form.
 (2) Please tick both “Feasibility Study” and “EIA” above when both services are needed.
 (3) Please submit two sets of the application.

1. Information of Owner(s)

1-1. Name of Owner (company) / project	
1-2. Gender of Owner	
1-3. Region and constituencies of focus	
1-4. Contact person’s name, address, tel/fax and cell phone numbers, e-mail address	
1-5. Date of establishment	
1-6. Legal status of the business and the date of registration	
1-7. Current business (products, services, sales, market, competition, etc.)	
1-8. Owner’s educational/training background and past business experiences	
1-9. Current number of employees	
1-10. Business support services provided in the past (type and year)	

2. Outline of the Business to be Promoted

2-1. Type of business to be promoted (business locations, products, services, etc.)	
2-2. Target market (market areas, types of core customers, prices, competition)	
2-3. Rough estimate of the required investment and working capital	
2-4. Expected funding sources of investment and working capital	
2-5. Necessity of an Environmental Impact Assessment (<u>EIA only</u>)	
2-6. Technical and managerial capability to operate and maintain the proposed business (<u>Business Plan only</u>)	
2-7. Human resources management (new employment and skill development) (<u>Business Plan only</u>)	

3. Attachments Required

Please attach a proof of the registration (or a proof of the registration being processed) with MTI and a certificate of completing business management training. It is also advisable that an evidence of the land ownership, leasing agreement of the building and/or letter of intent by a financial institution be attached to the application in the case of Business Plan.

Name of Applicant _____

Title _____

Signature _____

Date _____

(2) Mentoring Service

(a) Objective

The objective of the Mentoring Service is to provide individual SMEs with one-on-one consulting services so that they can overcome their challenges in their current businesses and grow. The services include productivity improvement, quality control, turnaround strategies, due diligence, prototype product designs, marketing/advertising, database design/installation, etc.

(b) Eligibility and Fee

- The Owner must be registered, or in the process of being registered, with MTI (a proof must be attached to the application in both cases). Registration must be completed prior to the signing of the agreement.
- The Owner must have minimum business skills. A proof of having completed business management training must be attached to the application. (Please inquire about small business training at an MTI Regional office if the Owner has not received any business management training)
- 20% of the total costs (consulting fees) will be charged to the Owner.
- The Owner's past business experience will be given due consideration when the application is assessed.

(c) Application Procedures

- (i) Submission of two copies of the application form and certificate of completing business management training

The Applicant for a Mentoring Service must submit two (2) copies of the application in the prescribed application form attached hereto, together with two copies of the certificate of completing business management training. In filling out the application form, the Applicant is advised to refer to the next section "Guidelines for Application".

- (ii) Site Visit and Interview by an MTI Officer

A site visit to the proposed business location(s) by an MTI officer is in principle requisite to the processing of the application. The site visit, together with an interview, will be conducted by an MTI Regional office after the receipt of the application. When the location of the business is not easily accessible from the capital of the region, information can be collected from planners or economists of the Regional Coordinating Council if they have knowledge about the business.

- (iii) Notification of the evaluation results

The application, along with the results of the site visit and interview by an MTI office, will be evaluated at the MTI head office and the Applicant will be notified of the results of the evaluation, approximately within three months after the site visit and interview.

(d) Guidelines for Application

The following are the guidelines that the Applicant should refer to in filling out the application form.

(i) General Information and the Current Business of the Owner (information about the Owner's current business activities, not future expectations)

1-1. Name of the Owner (company) / Project

1-2. Gender of the Owner

1-3. Name of the region and constituency where the Owner is primarily operating his/her business

1-4. Contact person's name, address, tel./fax and cell phone numbers, e-mail address

1-5. Date when the Owner started his/her current business

1-6. Legal status of the current business, and the date and number of registration (if registered)

1-7. Status of the Owner's current business:

* Please explain the products/services that the Owner is currently offering.

* Please provide the Owner's sales revenue on an annual or monthly basis.

* Please explain the location of the current market and the types of core customers.

* Please explain the status of competition in the market for the current products/services.

1-8. The Owner's educational and technical background (schools, completed grades, training, etc.) and past business experiences

1-9. Current number of employees (casual or permanent, excluding the owner of the business)

1-10. Business support services received in the past (type and year, MTI or other organizations)

(ii) Outline of the Services Requested

Please specify the areas that require mentoring and the challenges that should be overcome through the Mentoring Service.

Examples of the areas are: technology up-grading, productivity improvement, quality control, hygiene control, stock management, pricing, cost management, resource mobilization / arrangement for new investment, turnaround strategies, due diligence, prototype product designs, marketing/advertising, database design/installation, human resource management, etc.

(iii) Required Attachments

A proof of the registration (or a proof of the registration being processed) with MTI must be attached to the application.

Attn: Ministry of Trade and Industry

Application for Mentoring Service

Note: (1) Please refer to the MTI’s leaflet “Business Support Services Program” prior to filling out this application form.
(2) Please submit two sets of the application.

1. Information of Owner(s)

1-1. Name of Owner (company) / project	
1-2. Gender of Owner	
1-3. Region and constituencies of focus	
1-4. Contact person’s name, address, tel/fax and cell phone numbers, e-mail address	
1-5. Date of establishment	
1-6. Legal status of the business and the date of registration	
1-7. Current business (products, services, sales, market, competition, etc.)	
1-8. Owner’s educational/training background and past business experiences	
1-9. Current number of employees	
1-10. Business support services provided in the past (type and year)	

2. Outline of the Services Requested

Please specify the areas that require mentoring and the challenges that should be overcome through the Mentoring Service.

Area	Challenges

3. Attachments Required

Please attach a proof of the registration (or a proof of the registration being processed) with MTI and a certificate of completing business management training.

Name of Applicant _____

Title _____

Signature _____

Date _____

(3) Training Service

(a) Objective

The objective of the Training Service is to provide groups of SMEs with collective training on basic business management skills and other topics common to multiple SMEs. Training sessions on small business management, book-keeping and business plan making will be regularly organized at the MTI Regional office. Training on other topics will be organized on a request basis with the participation of, in principle, at least eight (8) SMEs.

(b) Eligibility and Fee

- Registration with MTI is not required.
- Training will be charged with a nominal fee (e.g. ND 50 per day).

(c) Application

- Training for business management skills will be announced at the MTI Regional offices.
- Please contact an MTI Regional office for the information on the training on other topics.

[Attachment 3] FS, EIA and Business Plan: Project Assessment (to be filled by the Regional office)

- Note: (1) Project Assessment Form is used to compile information based on the results of an interview with the Applicant. After the interview, the MTI officer must type it up and send it to the head office (both in electronic file and hard copy) together with all the other application documents. (One set of all the documents must be retained at the Regional office)
- (2) Refer to the “2. Guidelines for Application” of the MTI’s “Business Support Services Program” leaflet when conducting an interview.
- (3) Upon the interview, the MTI officer must make sure that the Applicant understands the contents of the above leaflet.
- (4) A site visit by an MTI officer, evidenced by the Applicant’s signature on this Form, is in principle requisite to the processing of the application by the MTI head office.

Assessment for Feasibility Study EIA Business Plan

Name of the MTI officer who has conducted the interview	
Date of the interview	
Name and position of the interviewee	

1. Information of the Owner

1-1. Name of Owner (company) / project	
1-2. Gender of Owner	
1-3. Region and constituencies of focus	
1-4. Contact person’s name, address, tel/fax and cell phone numbers	
1-5. Date of establishment	
1-6. Legal status of the business and the date of registration	
1-7. Current business (products, services, annual sales, market, competition, etc.)	
1-8. Owner’s educational/training background and past business experiences	
1-9. Current number of employees	
1-10. Business support services provided in the past (type and year)	

2. Outline of the Business to be Promoted

2-1. Type of business to be promoted (business locations, products, services, etc.)	
2-2. Target market (market areas, types of core customers, prices, competition)	
2-3. Rough estimate of the required investment and working capital	
2-4. Expected funding sources of investment and working capital	
2-5. Necessity of environmental impact assessment (<u>EIA only</u>)	
2-6. Technical and managerial capability to operate and maintain the proposed business (<u>Business Plan only</u>)	
2-7. Human resources management (new employment and skill development) (<u>Business Plan only</u>)	

I hereby certify that an MTI officer, named _____,

visited my premises at (location) _____

on (date) _____.

Name of Applicant _____

Title _____

Signature _____

Date _____

3. Assessment (MTI Office Use)

3-1. Site(s) visited	(to be filled if the business is operated at multiple sites)		
3-2. Condition of the place(s) to operate the intended business (including land, electricity, water, etc.)	A. Sufficient		B. Will surely be made sufficient
	C. Not sufficient		D. Difficult to assess
	Reasons/Comments:		
3-3. Owner's technical capability to operate the requested business	A. Looks high		B. Looks moderate
	C. Looks low		D. Difficult to assess
	Reasons/Comments:		
3-4. Owner's managerial and financial capability (business experiences, annual sales, savings, etc.)	A. Looks high		B. Looks moderate
	C. Looks low		D. Difficult to assess
	Reasons/Comments:		
3-5. Promoted business's prospect of future growth (status of demand and supply, competition, uniqueness, etc.)	A. Looks high		B. Looks moderate
	C. Looks low		D. Difficult to assess
	Reasons/Comments:		
3-6. Number of new employment expected			
3-7. Other comments			

4. Conclusion of the Assessment

<input type="checkbox"/>	A. The application is proposed to be sent to the Project Committee for evaluation.
<input type="checkbox"/>	B. The application is proposed to be sent to the Project Committee for rejection.

Mentoring Service: Project Assessment Form (to be filled by the Regional Office)

- Note: (1) Project Assessment Form for MS is used to compile information based on the results of an interview with the Applicant. After the interview, the MTI officer must type it up and send it to the head office (both in electronic file and hard copy) together with all the other application documents. (One set of all the documents must be retained at the Regional office)
- (2) Refer to the “2. Guidelines for Application” of the MTI’s “Business Support Services Program” leaflet when conducting an interview.
- (3) Upon the interview, the MTI officer must make sure that the Applicant understands the contents of the above leaflet.
- (4) A site visit by an MTI officer, evidenced by the Applicant’s signature on this Form, is requisite to the processing of the application by the MTI head office.

Name of the MTI Officer who has conducted the interview	
Date of the interview	
Name and position of the interviewee	

1. Information of the Owner

1-1. Name of Owner (company) / project	
1-2. Gender of Owner	
1-3. Region and constituencies of focus	
1-4. Contact person’s name, address, tel/fax and cell phone numbers, e-mail address	
1-5. Date of establishment	
1-6. Legal status of the business and the date of registration	
1-7. Current business (products, services, annual sales, market, competition, etc.)	
1-8. Owner’s educational/training background and past business experiences	
1-9. Current number of employees	
1-10. Business support services provided in the past (type and year)	

2. Outline of the Services Requested

Please specify the areas that require mentoring and the challenges that should be overcome through the Mentoring Service.

Area	Challenges

I hereby certify that an MTI Officer, named _____,
 visited my premises at (location) _____
 on (date) _____.

Name of Applicant _____ Title _____

Signature _____ Date _____

3. Assessment (MTI Office Use)

3-1. Site(s) visited	(to be filled if the business is operated at multiple sites)		
3-2. Assessment on the need of support			
Area:	A. Looks high		B. Looks moderate
	C. Looks low		D. Difficult to assess
	Reasons/Comments:		
Area:	A. Looks high		B. Looks moderate
	C. Looks low		D. Difficult to assess
	Reasons/Comments:		
Area:	A. Looks high		B. Looks moderate
	C. Looks low		D. Difficult to assess
	Reasons/Comments:		
3-3. Other comments, such as other areas that require support.			

4. Conclusion of the Assessment

<input type="checkbox"/>	A. The application is proposed to be sent to the Project Committee for evaluation.
<input type="checkbox"/>	B. The application is proposed to be sent to the Project Committee for rejection.

[Attachment 4] Business Plan Checklist

(Date)

Business Plan Checklist: (Name of Project)

Consultant: (Name of Consultant)

Business: (Category of Business)

No.	Item	Comments (Stated / Not stated / Other comments)
1.	<u>Executive Summary</u>	(One to two page highlight of key ideas / plans in business plan.)
2.	<u>Description of Business</u>	
2.1	Business name	
2.2	Contact details	
2.3	Legal and registration status	
2.4	Owner's educational background	
2.5	Brief history of the business or the Owner's skills	
2.6	Owner's achievements in business to date	
3.	<u>Description of product/service</u>	
3.1	Types, features and benefits of the product/service	(Technical information can be attached in the appendix.)
4.	<u>Marketing</u>	
4.1	<u>Industry</u>	
4.1.1	Conditions of the industry that the business represents	(Expanding, declining, new, mature, etc.)
4.2	<u>Customers</u>	
4.2.1	Types of customers	(Individuals: age, gender, socio-economic characteristics etc.; Companies: size, industry, etc.)
4.2.2	Locations of customers	
4.2.3	How the product/service satisfies customer needs	
4.3	<u>Competition</u>	
4.3.1	Locations and scales of competitors	
4.3.2	Advantages of the product/service over competitors'	

4.4 <u>Location</u>		
4.4.1	Conditions required for the business location(s)	(Important factors in determining the business location, special requirements / regulations)
4.4.2	Features of the selected business location	(The reasons why the specific location has been selected)
4.4.3	Status of securing the business location	(To what extent the business location has been secured)
4.5 Pricing		
4.5.1	Description of the pricing	(Pricing strategy)
4.6 <u>Advertising and promotion</u>		
4.6.1	Advertising methods	(Trade shows, newspapers, radio/TV, direct mail, homepage, etc.)
4.6.2	Sales promotion methods	(Discount policy, how to increase repeated customers, etc.)
5. <u>Production</u>		
5.1	Production methodologies and cycles	
5.2	Equipment and machinery to be used and how to obtain them	(List of equipment and machinery and the availability of distributors)
5.3	Maintenance and repair of equipment and machinery	(Availability of maintenance and repair services)
5.4	Other operational factors (building, electricity, water, technical skills, waste, etc.)	(Fulfillment of all physical conditions in operating the factory)
5.5	Quality control, hygiene, and safety measures	
5.6	Packaging, shipping and storage	
6. <u>Suppliers / Source of materials / Subcontractors</u>		
6.1	Materials or services required to complete production / sales	(List of the materials needed)
6.2	How to obtain materials or services	
6.3	How to find subcontractors	(To be stated when necessary)
7. <u>Management</u>		
7.1	Background of the management team	(Specific information is needed to secure the management)
7.2	Board of directors and advisors	(To be stated when necessary)
7.3	Number of employees necessary and how to recruit them	(Specific information is needed to secure the operation)
7.4	External human resources (accountant, lawyer, etc.)	(To be stated when necessary)

7.5	Staff training	(Specific information is needed to secure the operation)
8. <u>Financial Plan</u>		
8.1	Amount of capital to start or expand the business	(Details of capital expenditures and operation costs are needed)
8.2	Sources of capital (owners, partners, banks)	(Specific information is needed, and the plan needs to be realistic)
8.3	Historical financial statements	(To be stated if available)
8.4	Cash flow projections	
8.5	Internal rate of return (Optional)	
8.6	Breakeven point (Optional)	
9. <u>Risk Analysis</u> (Optional)		
10. <u>Others</u>		

[Attachment 5] Consultant Performance Evaluation Report

Consultant Performance Evaluation Report

1. Type of BSSP provided		
2. Project ID		
3. Name of Project / Company		
4. Type of Business		
5. Name, Address and Contact Details of Consultant		
6. Date of MOU		
7. Name of Evaluator(s)		
8. Name of Supervisor		
9. Signature of Supervisor	Signature	Date

Note: The evaluation results must be drafted by the DID officer in charge of BSSP and agreed upon by the regional officer and the supervisor. The evaluation must be conducted upon the submission of the Final Draft, and its results must be presented to the Project Committee along with the Final Draft for approval.

Evaluation Results (see the following pages for the details of evaluation)

Category	Score (3, 2, or 1)
A. Quality of Work	
B. Project Management	
C. Human Relations	
↓	
Total Score (9 – 3)	

←←← Scores from the following pages

Results	Recommended Action
A=1 (regardless of B, C)	Suspension: The company is suspended for MTI tendering for one year.
B=1 or C = 1	Warning: If repeated, the company will be suspended for one year.
Total Score = 8 or 9	Reward: The company will be favorably treated in MTI tendering
Others	No action



Recommended Actions and Reasons

Evaluation

Section A. Quality of Work (3: Outstanding – 2: Satisfactory – 1: Poor)

Item	Score (3,2,1)	Reasons
A-1 Did the consultant understand the specific features of the required work?		
A-2 Was the work of the consultant up to the standard required by MTI from the beginning?		
A-3 Were the reports of the consultant adequately organized?		

Section A Average (rounded off to 3, 2, or 1)

Section B. Project Management (3: Outstanding – 2: Satisfactory – 1: Poor)

Item	Score (3,2,1)	Reasons
B-1 Was the consultant project manager / leader in control of the services provided?		
B-2 Did the consultant project manager / leader assign appropriate staff to the service?		
B-3 Was the communication between the consultant project manager / leader and the MIT staff adequate?		
B-4 Did the consultant submit reports in a timely manner?		

Section B Average (rounded off to 3, 2, or 1)

Section C. Human Relations (3: Outstanding – 2: Satisfactory – 1: Poor)

Item	Score (3,2,1)	Reasons
C-1 Did the consultant maintain a good working relationship with the client?		
C-2 Did the consultant maintain a good relationship with the organizations relevant to the work?		
C-3 Was the consultant responsive to requests from MTI?		

Section C Average (rounded off to 3, 2, or 1)

Equipment Aid Scheme

1. Introduction

The Government of Namibia, in its Vision 2030, aims to transform Namibia into a developed country by 2030, through stimulating sustainable economic growth and wealth creation. Apart from moving the economy up to higher levels, Vision 2030 initiatives focus on spreading of wealth and growth across the country, creating employment, reducing regional disparity and eradicating poverty. Namibia's Fourth National Development Plan, NDP 4, also identified high and sustained economic growth, job creation, and reduction of income inequality as key goals for the country for the years 2012 – 2015.

These national plans place a high priority on the development of manufacturing and service sectors as the sources of higher value creation and employment. They have also identified the importance of entrepreneurship development and the pivotal role of Small- and Medium-sized Enterprises (SMEs) as central to the expansion and deepening of the industrial base to enhance the country's economic development.

In line with these national plans and their core objectives, the Ministry of Trade and Industry (MTI) takes a lead in the development of the business in the trade and industry sectors. In order to address SMEs' challenges in mobilizing financial resources in starting-up or expanding their businesses, MTI has decided to implement the Equipment Aid Scheme (EAS) through which production equipment will be leased to SMEs at subsidized rates.

2. Objectives

The overall objective of the Equipment Aid Scheme is to boost Namibia's economic development by increasing employment and reducing poverty through the strengthening of SMEs in the production sector. EAS is aimed at supporting SMEs in the production sector in starting-up or expanding their businesses through the provision of equipment. The equipment will be leased to SMEs at subsidized rates, and if all the conditions are met, the ownership of the equipment will be transferred to SMEs after a three- to five-year lease period.

3. Conditions for Grant

After MTI's approval of the application, the Promoter will enter into a grant agreement with the Namibia Development Corporation (NDC), an agent assigned by MTI to implement EAS under the following conditions:

(1) Observation Period

MTI retains the right to reclaim the ownership of the equipment during three years after the donation. The Promoter is required to use the equipment in the way that has been agreed upon between him/her and MTI during the first three years. If there is a breach of the agreement, the Promoter must either return the equipment or pay its full amount to MTI.

(2) Maximum Amount of the Grant

- The maximum amount of the equipment to be granted (excluding shipping costs and taxes) is ND 200,000 for the manufacturing sector and ND 100,000 for the service sector.
- If the total cost of the equipment exceeds the above amount, the Promoter is required to pay the remaining portion (by utilizing a bank loan).

4. Eligibility and Conditions for Application

(1) Requirements

- The Promoter must be registered, or in the process of being registered, with MTI (a proof must be attached to the application in both cases). Registration must be completed prior to the signing of the lease agreement.
- The Promoter must have minimum business skills. A proof of having received business management training must be attached to the application. (Please inquire about small business training at an MTI Regional office if the Promoter has not received any business management training)

(2) Priority Sectors

The following business sectors will be given priority:

- Manufacturing (carpentry, joinery, metal fabrication, construction materials, tailoring/sewing, cosmetics, leather processing, shoe-making, jewellery, etc.);
- Food-processing (dairy, confectionary, jam/fruit, bakery, etc.);
- Printing services (excluding photocopy shops);
- Auto services (car repair, wheel balancing, etc.); and
- Small scale stone processing (not mining).

(3) Negative List

The following sectors are not eligible for EAS:

- Office equipment for general purposes, including computers and photocopy machines;
- Equipment and materials to be used for agriculture and farming;
- Musical instruments;
- Raw materials and consumables;
- Goods to be traded; and
- Vehicles including trucks and tractors.

(4) Site Visit and Interview by an MTI Officer

A site visit to the proposed business location(s) by an MTI officer is requisite to the processing of the application. The site visit, together with an interview, will be conducted by an MTI Regional office after the receipt of the application.

(5) Other Considerations

- The Promoter's past business experience will be given due consideration when the application is assessed.
- Equipment for businesses for which the market has already reached saturation cannot be approved (e.g. where an increase in sales for one person may result in a decrease in sales for another person in the same area).
- The Promoter's physical and/or financial contribution to the proposed business, including bank loans, will be rated highly in the assessment of the application.

5. Guidelines for Application

The Promoter for EAS must submit two (2) sets of the entire application documents, including the statement in the prescribed application form attached hereto and the quotations of the equipment. In filling out the application form, the Promoter is advised to refer to the following explanation.

- (i) General Information and the Current Business of the Promoter (information about the Promoter's current business activities, not future expectations)
- 1-1. Name of the Promoter (company) / Project
 - 1-2. Gender of the Promoter
 - 1-3. Name of the region and constituency where the Promoter is primarily operating his/her business
 - 1-4. Contact person's name, address, tel./fax and cell phone numbers and e-mail address
 - 1-5. Date when the Promoter started his/her current business
 - 1-6. Legal status of the current business, and the date and number of registration (if registered)
 - 1-7. Status of the Promoter's current business:
 - * Please explain the products/services that the Promoter is currently offering.
 - * Please provide the Promoter's sales revenue on an annual or monthly basis.<Please provide the following information if equipment is requested for the expansion of the current business>
 - * Please explain the location of the current market and the types of core customers.
 - * Please explain the status of competition in the market for the current products/services.
 - 1-8. The Promoter's educational and technical background (schools, completed grades, training, etc.) and past business experiences
 - 1-9. Current number of employees (casual or permanent, excluding the owner of the business)
 - 1-10. Business support services received in the past (type and year, MTI or other organizations))
- (ii) Outline of the Requested Equipment and Business to be Promoted

2-1. Equipment requested and total cost

- * Please provide a list of the equipment.
- * Please provide the total cost (lowest quotation).

2-2. Business to be promoted with the requested equipment

<Please try to highlight the difference between having and not having the new equipment>

- * Please explain the (new) products/services the Promoter is planning to promote with the new equipment and their specific features.
- * Please explain the locations of the (new) target market and the types of core customers.
- * Please explain the status of competition in the market for the (new) products/services and the strength of the Promoter's (new) products/services compared to competitors.

2-3. Amount of the additional working capital required and funding sources

- * Please explain how much working capital is needed upfront for raw materials, fuel, transport, etc.
- * Please explain how the Promoter is going to finance the above working capital, and how much savings the Promoter will be able to mobilize as working capital.

2-4. Promoter's physical and financial contribution

- * Please describe what contribution the Promoter is going to make to the business, such as building/renting the premises, buying materials and tools from his/her savings, etc.

2-5. Condition of the premises for the requested equipment

- * Please explain where the Promoter is going to install the requested equipment.
- * Please explain the condition of the premises (owner of the premises, size, electricity, water, etc.) for storing and operating the requested equipment.

2-6. Technical capability to operate and maintain the requested equipment

- * Please explain whether the Promoter is capable of operating and maintaining the requested equipment, and the reasons for concluding such.

2-7. Availability of after-care services

- * Please explain the warranty period for the requested equipment.
- * Please explain how major breakdowns in the equipment will be handled.

2-8. Human resource management

- * Please explain how many workers will be newly employed in conjunction with the new equipment.
- * Please explain how the Promoter is going to develop the workers' skills.

(iii) Required Attachments

The following documents must be attached to the application:

- A list of equipment and their relevant three quotations;
- A proof of the registration with MTI (or a proof of the registration being processed);
- A proof of having received business management training; and
- A proof of the Promoter's past revenues and a business plan if the requested amount exceeds ND 100,000. An example of the outline for the business plan can be obtained on the following website:

<http://agmarketing.extension.psu.edu/business/startabusness/businessplanoutline.pdf>

Attn: Ministry of Trade and Industry

Application Form for the Equipment Aid Scheme

Note: (1) Please refer to the MTI's leaflet "Equipment Aid Scheme" prior to filling out this application form.

(2) Please submit two sets of the entire application documents.

1. Information of Promoter(s)

1-1. Name of Promoter (company) / project	
1-2. Gender of Promoter	
1-3. Region and constituencies of focus	
1-4. Contact person's name, address, tel/fax and cell phone numbers, e-mail address	
1-5. Date of establishment	
1-6. Legal status of the business and the date of registration	
1-7. Current business (products, services, annual sales, market, competition, etc.)	
1-8. Promoter's educational/training background and past business experiences	
1-9. Current number of employees	
1-10. Business support services provided in the past (type and year)	

2. Outline of the New Equipment and Business to be Promoted

2-1. Major equipment requested and the total cost (lowest quotation)	
2-2. Business to be promoted with the new equipment (products, services, market locations, customers, competition, etc.)	
2-3. Amount of additional working capital required and its funding sources	
2-4. Promoter's physical and financial contribution	
2-5. Condition of the premises for the requested equipment	
2-6. Technical capability to operate and maintain the requested equipment	
2-7. Availability of after-care services	
2-8. Human resources management (new employment and skill development)	

3. Attachments Required

Please see "5. Guidelines for the Application" of MTI's leaflet "Equipment Aid Scheme"

Name of Promoter _____

Title _____

Signature _____

Date _____

[Attachment 7] Equipment Aid Scheme: Project Assessment Form (to be filled by the Regional Office)

- Note: (1) Project Assessment Form for EAS is to compile information based on the results of an interview with the Promoter. After the interview, the MTI officer must type it up and send it to the head office (both in electronic file and hard copy) together with all the other application documents. (One set of all the documents must be retained at the Regional office)
- (2) Refer to the “5. Guidelines for Application” of the MTI’s “Equipment Aid Scheme” leaflet when conducting an interview.
- (3) Upon the interview, the MTI officer must make sure that the Promoter understands the contents of the above leaflet.
- (4) A site visit by an MTI officer, evidenced by the Promoter’s signature on this Form, is requisite to the processing of the application by the MTI head office.

Name of the MTI Officer who has conducted the interview	
Date of the interview	
Name and position of the interviewee	

1. Information of the Promoter

1-1. Name of Promoter (company) / project	
1-2. Gender of Promoter	
1-3. Region and constituencies of focus	
1-4. Contact person’s name, address, tel/fax and cell phone numbers	
1-5. Date of establishment	
1-6. Legal status of the business and the date of registration	
1-7. Current business (products, services, annual sales, market, competition, etc.)	
1-8. Promoter’s educational/training background and past business experiences	
1-9. Current number of employees	
1-10. Business support services provided in the past (type and year)	

2. Outline of the New Equipment and Business to be Promoted

2-1. Major equipment requested and the total cost (lowest quotation)	
2-2. Business to be promoted with the new equipment (products, services, market locations, customers, competition, etc.)	
2-3. Amount of additional working capital required and its funding sources	
2-4. Promoter’s physical and financial contribution	
2-5. Condition of the premises for the requested equipment	
2-6. Technical capability to operate and maintain the requested equipment	
2-7. Availability of after-care services	
2-8. Human resources management (new employment and skill development)	

I hereby certify that an MTI officer, named _____,
 visited my premises at (location) _____
 on (date) _____.

Name of Promoter _____

Title _____

Signature _____

Date _____

3. Assessment

3-1. Site(s) visited	(to be filled if the business is operated at multiple sites)		
3-2. Condition of the place(s) to operate and/or store the requested equipment (including electricity, water, etc.)	A. Sufficient		B. Will surely be made sufficient
	C. Not sufficient		D. Difficult to assess
	Reasons/Comments:		
3-3. Promoter's technical capability to supply quality products/services and to operate the requested equipment	A. Looks high		B. Looks moderate
	C. Looks low		D. Difficult to assess
	Reasons/Comments:		
3-4. Promoter's managerial and financial capability (business experiences, annual sales, savings, etc.)	A. Looks high		B. Looks moderate
	C. Looks low		D. Difficult to assess
	Reasons/Comments:		
3-5. Promoted business's prospect of future growth (status of demand and supply, competition, uniqueness, etc.)	A. Looks high		B. Looks moderate
	C. Looks low		D. Difficult to assess
	Reasons/Comments:		
3-6. Number of new employment expected			
3-7. Other comments, including the necessity of training			

4. Conclusion of the Assessment

<input type="checkbox"/>	A. The application is proposed to be sent to the Equipment Aid Scheme Committee for evaluation.
<input type="checkbox"/>	B. The application is proposed to be sent to the Equipment Aid Scheme Committee for rejection.

[Attachment 8] Problems in Regional Office Administration and Recommended Measures for Improvement

Problems in Regional Office Administration and Recommended Measures for Improvement

No.	Problems	Observations and Analyses on the Current Status	Recommended Measures
1	RED Division's inappropriate designation within MTI's structure	<ul style="list-style-type: none"> • DID controls the budget for Regional Offices though the latter serve not only DID but the entire ministry. This skewed structure hampers proper budget planning / allocation for Regional Offices (see #3 below). • The RED Deputy Director is currently placed under the DID Director. In spite of the fact that regional issues do not necessarily fall under DID's authority, the RED Deputy Director is required to seek the DID Director's approval for any action to be taken, which in most cases leads to a delay in implementation. 	<ul style="list-style-type: none"> • An independent Directorate needs to be created for RED, and staff and budget shifted to the new Directorate in order to achieve: (1) proper planning / allocation and utilization of the budget for Regional Offices; and (2) quick decision making and action.
2	Poor information sharing between the Head Office and Regional Offices	<ul style="list-style-type: none"> • Departments in the Head Office often fail to notify RED / Regional Offices of their decisions, even when relevant to such regions. There have often been cases where a Department initiated some actions at the regional level without duly involving RED / the Regional Office (sometimes due to difficulties in reaching the RED Deputy Director who is often required to travel within the regions), which has resulted in significant losses in efficiency as well as impact. 	<ul style="list-style-type: none"> • A sufficient number of staff should be assigned to RED to enable the RED Deputy Director (or his alternate) to remain at the Head Office, be present at meetings involving regional matters, and be available for consultation with other Departments whenever necessary.
3	Regional Offices' work environment	<ul style="list-style-type: none"> • Regional Offices often suffer from a poor work environment, including a shortage of stationary, the breakdown of office equipment, computers and internet, electricity and water cuts, etc. due to the fact that all expenditures are managed by the Head Office, and the Regional Office's requests are often not immediately handled. This situation sometimes deteriorates to such a level that the normal functioning of the Office is significantly hampered. • Regional Offices must collect three quotations when requesting the purchasing of office supplies from the Head Office. Since the number of office suppliers is limited within each respective region, resulting in the officers often having to visit Windhoek to obtain quotations, these exercises consume significant amounts of time and energy of the officers. 	<ul style="list-style-type: none"> • The creation of an independent Directorate for RED will solve some of these problems since the budget to be used for Regional Offices will become properly planned and ensured. • In order to achieve efficiency in procuring office supplies, a "central purchasing unit" should be created within RED that collectively purchases office supplies and distributes them to Regional Offices (the amount for each purchase can be limited to less than 10,000 ND). • A petty cash account should be created for each of the Regional Offices (on the condition that all expenditure requests need to be verified and approved by RED), which will enable each Office to solve their minor problems on their own.

4	Loss of documents en route from Regional Offices to the Head Office	<ul style="list-style-type: none"> • There are often cases where a document received at a Regional Office and sent to the Head Office becomes unaccounted for due to the absence of a standardized system to record the receipt and dispatch of such documents. • All letters of acknowledgment are issued by the Head Office since Regional Offices have not been authorized to do so. This obscures who bears responsibility when a document is lost. 	<ul style="list-style-type: none"> • The Advisor developed a standard form titled “<u>Transfer of Documents (from MTI Regional Office to Head Office)</u>”, which should be used as a cover letter attached to all types of documents transferred from Regional Offices to the Head Office. This should be immediately implemented. • Regional Offices should be authorized to issue acknowledgement letters. The Advisor developed a standard form titled “<u>Acknowledgement of Receipt of Documents</u>” that should be used by Regional Offices upon the receipt of any type of document. This should be immediately implemented.
---	---	---	---

[Attachment 10] Acknowledgment of Receipt of Document

Acknowledgment of Receipt of Documents

Dear MTI client: Please fill in all applicable items (within the black frame only) and submit TWO copies to an MTI officer, who will sign on both copies and return one of them to you. Please also obtain the signature(s) of the MTI officer on the right hand side of this form when revenue stamps are pasted on your document.

Company's name / business owner's name:	Business owner's cell phone number:		
Name of the person who delivered the document:	Signature of the person who delivered the document:		

Delivered Document

<p>Tick <u>Company Registration</u></p> <table style="width: 100%;"> <tr><td style="width: 30px;"><input type="checkbox"/></td><td>Registration of Defensive Name (CM8)</td></tr> <tr><td><input type="checkbox"/></td><td>Application for Close Corporation (CC1)</td></tr> <tr><td><input type="checkbox"/></td><td>Amendment of Founding Statement (CC2)</td></tr> <tr><td><input type="checkbox"/></td><td>Other document(s) (please specify):</td></tr> </table> <p>Tick</p> <table style="width: 100%;"> <tr><td style="width: 30px;"><input type="checkbox"/></td><td>Application for SME certificate</td></tr> <tr><td><input type="checkbox"/></td><td>Application for Equipment Aid Scheme</td></tr> <tr><td><input type="checkbox"/></td><td>Application for Business Plan / EIS/ Feasibility Study</td></tr> <tr><td><input type="checkbox"/></td><td>Application for Mentoring Services</td></tr> <tr><td><input type="checkbox"/></td><td>Application for the Participation to Trade Fairs</td></tr> <tr><td><input type="checkbox"/></td><td>Other documents (please specify):</td></tr> </table>	<input type="checkbox"/>	Registration of Defensive Name (CM8)	<input type="checkbox"/>	Application for Close Corporation (CC1)	<input type="checkbox"/>	Amendment of Founding Statement (CC2)	<input type="checkbox"/>	Other document(s) (please specify):	<input type="checkbox"/>	Application for SME certificate	<input type="checkbox"/>	Application for Equipment Aid Scheme	<input type="checkbox"/>	Application for Business Plan / EIS/ Feasibility Study	<input type="checkbox"/>	Application for Mentoring Services	<input type="checkbox"/>	Application for the Participation to Trade Fairs	<input type="checkbox"/>	Other documents (please specify):	<p>Tick <u>Revenue Stamps</u></p> <table style="width: 100%;"> <tr><td style="width: 30px;"><input type="checkbox"/></td><td>Total Amount:</td></tr> <tr><td><input type="checkbox"/></td><td>Total Amount:</td></tr> <tr><td><input type="checkbox"/></td><td>Total Amount:</td></tr> <tr><td><input type="checkbox"/></td><td>Total Amount:</td></tr> </table>	<input type="checkbox"/>	Total Amount:						
<input type="checkbox"/>	Registration of Defensive Name (CM8)																												
<input type="checkbox"/>	Application for Close Corporation (CC1)																												
<input type="checkbox"/>	Amendment of Founding Statement (CC2)																												
<input type="checkbox"/>	Other document(s) (please specify):																												
<input type="checkbox"/>	Application for SME certificate																												
<input type="checkbox"/>	Application for Equipment Aid Scheme																												
<input type="checkbox"/>	Application for Business Plan / EIS/ Feasibility Study																												
<input type="checkbox"/>	Application for Mentoring Services																												
<input type="checkbox"/>	Application for the Participation to Trade Fairs																												
<input type="checkbox"/>	Other documents (please specify):																												
<input type="checkbox"/>	Total Amount:																												
<input type="checkbox"/>	Total Amount:																												
<input type="checkbox"/>	Total Amount:																												
<input type="checkbox"/>	Total Amount:																												

MTI officer's signature

<input type="checkbox"/>	

Please Read Application Guidelines

To be filled out by the MTI client

To be filled out by an MTI officer

I hereby acknowledge the receipt of the above document(s).

Location and telephone number of MTI Regional Office:	Name of the MTI officer who received the document:	Signature:	Date:
---	--	------------	-------

[Attachment 11] Proposal on New Guidelines for the Sites and Premises Program

Proposal on New Guidelines for the Sites and Premises Program

1. Background

MTI, through NDC, has constructed business sites in the forms of business industrial parks, SME modules, open markets and common technology facility centers in strategic locations throughout the country. These are leased at nominal rates lower than market rates that are affordable for local entrepreneurs, in order to support their start-up and/or expansion of business activities. Although the Program has contributed to the growth of a number of companies, the number of beneficiaries has been limited since tenants are allowed to continue renting the premises at a rate lower than commercial rates even following the start-up / expansion stage. The current design of the Program is unable to prevent businesses with little growth potential from continuing to be supported, leading to a loss of MTI's opportunities to support other entrepreneurs with higher growth potential in the same regions. Based on this recognition, it is proposed that the following new Program guidelines be adopted by MTI management.

2. New Guidelines for Sites and Premises Program

(1) Objective of the Program

The overall objective of the Sites and Premises Program should be to boost Namibia's economic development by promoting the growth of local enterprises through the leasing of premises at affordable rates during the start-up or expansion stage.

(2) Rental Conditions for Premises

Premises will initially be leased to eligible businesses at a rate lower than commercial rates. The initial rate will be maintained during the first two years, and for an additional three years the rate will be increased annually up to the level of commercial rates. After the five-year rental period the tenants will be given the option to purchase the premises (this can also be done before the end of the rental period) or continue renting the same premises at commercial rates. In the case of a purchasing, NDC will support the tenants in preparing a loan application to submit to a bank (it is possible that NDC/MTI enters into an agreement with a bank or banks so that the latter provide a special loan facility for the tenants). Those tenants unable to generate sufficient cash flow to pay the increased rent or apply for a bank loan (in spite of the business support mentioned in the next section) will be obliged to vacate the premises, which will then open up new opportunities for other businesses with higher growth potential to rent the facilities at a rate lower than commercial rates.

Authorizing NDC to sell the premises or apply commercial rate rental fees will enable it to invest in

additional new facilities, resulting in an increase in the number of the Program beneficiaries. This will also reduce the Government's burden of continuously mobilizing fresh capital for creating new premises.

(3) Holistic Approach to Support Tenants

Providing entrepreneurs with premises alone is not sufficient to place them on a growth path in a highly competitive environment. Once enterprises with growth potential are identified and premises allocated, MTT's other programs should also be engaged so that these companies acquire sufficient business and technical skills and/or financial resources to overcome their challenges and begin growing. Strengthening the tenants' competitiveness through this holistic approach will accelerate their graduation from the Program (i.e. purchasing the premises or leaving the premises to seek a larger space). It is expected that the emergence of successful businesses among the tenants will greatly inspire other entrepreneurs in the same regions.

(4) Eligibility of the Tenants

(a) Requirements

- The Applicant must be registered, or in the process of being registered, with MTI (a proof must be attached to the application in both cases). Registration must be completed prior to the signing of the lease agreement.
- The Applicant must have minimum business skills. The applicants who have received basic business management training will be given priority in the selection of tenants (all tenants are required to complete basic business management training prior to the signing of the lease agreement).

(b) Priority Sectors

The following business sectors will be given priority (contingent on the type and availability of the premises):

- Manufacturing;
- Food-processing;
- Printing services (excluding photocopy shops);
- Auto services;
- Small scale stone processing (not mining);
- Tourism; and
- Logistics.

(c) Other Considerations

- The Applicant's past business experience will be given due consideration when the application is assessed.
- The businesses of which the market has already reached saturation cannot be approved

Outsourcing Plan to Clear the Backlog of Trade Mark Registration in 46 days

