Namibia’s Industrial Policy Implementation and Strategic Framework 2014 – 2017

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I. Executive Summary

The Industrial Policy Implementation and Strategic Framework which will be finalised by the end of 2013 and will further incorporate results from the Growth at Home Conference, must be seen in the context of Namibia’s Industrial Policy. It is aligned to Vision 2030 and the current National Development Plan (NDP 4). The Implementation Framework provides a road map for the execution of the Industrial Policy, which has been approved by Cabinet. It focuses on three Strategic Intervention Areas that have been derived from the policy framework, benchmark studies, sector consultations, and further stakeholder discussions:

1) Supporting value addition, upgrading and diversification for sustained growth
   Interventions will promote and provide a needs-oriented and comprehensive support to industrial development and upgrading projects which contribute towards structural transformation of the Namibian economy and enhance domestic value addition.

2) Securing market access at home and abroad
   Interventions will stimulate the development of local industries by utilising the potential of local procurement measures and by generating synergies between local producers and large retailers. Another main focus will be on creating conditions that will boost Namibian exports as well as the capacity of Namibian firms to supply and export goods at a competitive level.

3) Improving the investment climate and conditions
   Interventions will focus on improving the institutional environment and in particular the availability of skilled labour as well as of land and sites and premises for businesses. This Strategic Intervention Area recognises the vital role that SMEs play in Namibia’s industrialisation and socio-economic development.

Along these Strategic Intervention Areas, the Industrial Policy Implementation and Strategic Framework defines – as a first layer – a set of horizontal Priority Actions. These have a cross-sectoral focus, build upon existing initiatives and experiences made, can be implemented in the short-/medium-term considering available resources, and will lead to tangible results motivating the players involved. The Implementation Framework contains Implementation Plans for each Priority Action, including milestones, budgets, responsibilities, and targets.

Priority Actions supporting value addition, upgrading and diversification include the extension of the Industrial Upgrading and Modernisation Programme (IUMP) and a realignment of incentive schemes & financing instruments for promoting industrial development and value addition projects. The measures will be complemented by targeted investment promotion campaigns.

In order to support local firms in securing markets, a local procurement support initiative, the development of a Retail Charter, and a trade competitiveness programme are planned. Priority Actions improving the investment climate will cover an industrial infrastructure development programme as well as an updating and enhancing of practical training and of the processes for
the import of skilled labour. Furthermore, the review of the SME Policy, the re-engineering of registration processes for businesses and intellectual property rights, and the establishment of a regular Public Private Dialogue Platform form part of this Strategic Intervention Area.

In order to leverage Namibia’s competitive advantages and opportunities and to maximise the impact of the interventions, selected sectors – as key drivers for the industrialisation and transformation process – will receive targeted support focusing in particular on value addition. The planned Special Industrialisation Programme forms a second layer of the Industrial Policy Implementation and Strategic Framework. Its purpose is to increase the contribution of manufacturing to GDP by increasing growth in priority sectors, expand industrial output, diversify products, enhance value addition, and develop new and strengthen existing value chains.

The Special Industrialisation Programme provides targeted support for value chain analyses and feasibility studies, the implementation of specific industrial projects already identified, and support facilities for projects by the private sector within the identified priority sectors. Support will be extended to the acquisition of land, plant and infrastructure, product development and marketing, reduction in the costs of utilities, and capacity building.

In line with the Strategic Intervention Areas of the Industrial Policy Implementation and Strategic Framework, the Special Industrialisation Programme defines vertical/sectoral Priority Actions. They address sector-specific constraints and opportunities for value addition. They complement and deepen the horizontal Priority Actions. Together, horizontal and vertical Priority Actions are forming one comprehensive and integrated drive towards industrialisation.

The Special Industrialisation Programme defines Priority Actions in the following sectors: agro- and fish-processing, steel manufacturing and metal fabrication, transportation equipment manufacturing, automotive industry, chemical industry, mineral beneficiation, green economy, building material and furniture manufacturing, and pharmaceuticals and cosmetics. On an ongoing basis, the Priority Actions will be embedded into Sector Growth Strategies. Based on value chain analyses and sector consultations, the Sector Growth Strategies will develop complementary interventions and synergies to maximise the impact.

To provide a comprehensive road map for execution, the Industrial Policy Implementation and Strategic Framework also outlines the necessary organisational structures and the monitoring system for the implementation.

A core element is the establishment of a designated Namibia Industrial Development Agency (NIDA) which will drive the economic transformation process in close collaboration with MTI, the private sector, other Ministries, and further stakeholders. Key functions of NIDA will cover:

- Execution of the Industrial Policy Implementation and Strategic Framework
- Researching on and development of new opportunities for value addition
• Developing key industrial and business infrastructure
• Promoting and facilitating trade, investment, and the introduction of new technology
• Offering advisory services and support schemes contributing to industrialisation
• Equity investments or public private partnerships fostering economic transformation.

NIDA will be established based on the merger of the Namibia Development Corporation (NDC) and the Offshore Development Corporation (ODC). Certain functions of relevant MTI Departments and Directorates will be incorporated and realigned to generate synergies and to reduce overlap. The organisational structure will reflect the balance between the horizontal and vertical/sectoral focus of the Implementation Framework. Involvement of the private sector, other Ministries and Agencies will be ensured within the governance structures.

Monitoring is considered a critical component of the Implementation Framework in order to recognise and react to deviations as early as possible. Based upon the Implementation Plans of the Priority Actions, a sound and easy to use monitoring system will be finalised to track the progress towards the targets outlined, to document how resources are used and intermediate results achieved, and to make evidence-based decisions about changes as needed.

The targets of the Industrial Policy / Vision 2030 form the starting point for the development of the monitoring system, which covers both the Strategic Intervention Area and Priority Action level. On an annual basis, progress reports will be produced, capturing the progress against the indicators, a qualitative narrative explaining the story behind the numbers, the lessons learnt, as well as adjustments planned.
II. Introduction

The Industrial Policy Implementation and Strategic Framework must be seen in the context of Namibia’s Industrial Policy. The Industrial Policy, which has been approved by Cabinet, provides strategic guidance and principles for industrialisation. It is aligned to Vision 2030 and the current National Development Plan (NDP 4). Namibia’s future development path is laid out in these guiding documents sharing emphasis of the importance of structural transformation.

The Implementation Framework provides a road map for the execution of the Industrial Policy. It defines Strategic Intervention Areas and sets targets (Chapter III) in line with the guiding policy and strategy documents. Along the Strategic Intervention Areas, horizontal Priority Actions have been derived (Chapter IV), which have a cross-sectoral focus and aim in particular at the general business environment.

Components of the Industrial Policy Implementation and Strategic Framework

To leverage Namibia’s competitive advantages and opportunities and to maximise the impact of the interventions, selected sectors – as key drivers for the industrialisation and transformation process – will receive targeted support focusing in particular on value addition. The planned Special Industrialisation Programmes forms a second layer of the Industrial Policy Implementation and Strategic Framework. In line with the Strategic Intervention Areas, it defines vertical/sectoral Priority Actions (Chapter V). They address sector-specific constraints.
and opportunities for value addition. They complement and deepen the horizontal Priority Actions. Together, horizontal and vertical Priority Actions are forming one comprehensive and integrated drive towards industrialisation.

To provide a comprehensive road map for execution, the Industrial Policy Implementation and Strategic Framework also outlines the necessary organisational structures and the monitoring system for the implementation (Chapter VI).

The approach of the Industrial Policy Implementation and Strategic Framework is geared towards execution. It is based on an understanding that implementing industrial policy is more than simply developing a list of policy measures. It is a process jointly driven by Government and the private sector which is also about learning, refining, and correcting when necessary. The Implementation Framework provides a consistent and comprehensive basis for this process as well as the structures and mechanisms to ensure that the process stays on track.
III. Strategic Intervention Areas and Targets

From the existing policy framework (Industrial Policy/ NDP 4 / Vision 2030), benchmark studies, sector consultations, and further stakeholder discussions, three Strategic Intervention Areas have been derived. They are aligned to the targets, which the Industrial Policy aims to achieve by the year 2030, in particular:

- Manufacturing and the services constitute about 80% of the country’s GDP.
- The country largely exports processed goods, which account for not less than 70% of total exports.
- Namibia has a critical mass of knowledge workers and the contribution of small and medium-sized enterprises to GDP is not less than 30%.

The Strategic Intervention Areas provide guidance for the selection and implementation of the Priority Actions both at the horizontal and vertical/sectoral level.

1. Supporting value addition, upgrading and diversification for sustained growth

Namibia is endowed with significant human and natural resources that can be used to advance structural economic transformation. However, Namibia’s economy so far has not reached the degree of diversification and value addition necessary to provide a long lasting, sustainable growth perspective. The reliance on the primary sector and exports of raw materials makes the economy vulnerable to external shocks. Most of the natural resources leave the country in their raw form for value addition and to create employment opportunities in other countries.

Against this background, fostering diversification and intensifying domestic value addition is at the core of this Strategic Intervention Area. Interventions promote and provide a needs-oriented and comprehensive support to industrial development projects, which includes innovative incentive schemes and financing instruments. Interventions aim at capitalising on resource endowments, innovation, and changes in global production and investment patterns. Furthermore, the impact of the interventions will be visible through tangible improvements in terms of the capacity of the local industries to produce efficiently.

To be achieved by 2017:
- Manufacturing and services will account for more than 70% of GDP.
- At least 10,000 new jobs have been created in the manufacturing sector.
- Private sector investment has increasingly benefited the priority sectors of the Industrial Policy Implementation Framework.
- Namibia has improved on the World Economic Forum Business Sophistication Indicators, in particular on the sub-indicators “Nature of competitive advantage” and “Production process sophistication”. These provide an indication, to what extent value addition takes place and modern technology and processes are employed.
2. Securing market access at home and abroad

Access to domestic and foreign markets is one of the key success factors for businesses as well as economic transformation processes. For Namibian firms it is still often one of the key challenges. Against this background, the objective of this Strategic Intervention Area is to provide local firms with an all-encompassing support to secure markets at home and abroad in order to stimulate the development and diversification of local industries. Domestic demand is one key element. The procurement system/practices and other measures, such as supplier development programmes, will be used to strengthen linkages and enhance opportunities for local products and services. Another main focus will be on improving the trade competitiveness by increasing the regulatory efficiency, streamlining the procedures and providing relevant information and targeted support to enhance the export competitiveness of businesses. Interventions aim at optimising on the benefits that regional economic integration presents.

To be achieved by 2017:

- The volume of locally produced goods supplied to the public and retail sector has been significantly increased.
- Namibia's ranking in the “Trading across Borders” category of the World Bank’s Doing Business Report has improved by at least 5 ranks.
- The share of manufacturing within total exports has been increased to at least 30%.
- Namibia has improved on the United Nations Conference on Trade and Development (UNCTAD) Export Diversification Index.

3. Improving the investment climate and conditions

Namibia needs to become more attractive to enterprises and investors both domestic and foreign. This Strategic Intervention Area aims at fostering a climate and conditions that are conducive to the sustained development and expansion of businesses in the country. Key emphasis is placed on addressing Namibia’s major competitiveness gaps—particularly in the areas of skills, access to land and registration of businesses and intellectual property. The Strategic Intervention Area recognises the vital role that SMEs play in Namibia’s industrialisation and socio-economic development. Furthermore, it aims at creating an efficient institutional set-up which ensures collaboration between the private and public sector and other stakeholders to jointly address remaining challenges in the business environment.

To be achieved by 2017:

- Namibia is the most competitive economy in the SADC region, according to the standards set by the World Economic Forum.
- Investment climate surveys show that businesses feel that the climate and conditions in which they operate are more conducive, in particular with respect to the availability of skilled labour and access to land.
- Namibia has improved by at least 10 ranks in the “Starting a Business Category” in the World Bank’s Doing Business Report.
IV. Horizontal Priority Actions

The Industrial Policy Implementation and Strategic Framework takes a project-oriented approach geared towards execution. As a first layer, it defines 11 horizontal Priority Actions along the Strategic Intervention Areas. These actions have a cross-sectoral focus. They have been defined based upon the Action Plan set out in NDP 4 and taking into account the results from stakeholder consultations, investment climate surveys, international benchmark studies and further analyses.

The set of Priority Actions consists of a mix of new measures and interventions, that build upon existing MTI initiatives refining and deepening them according to the acquired experiences. This combination ensures a smooth transition from the planning to the implementation stage. The defined Priority Actions can be implemented in the short and medium term given the resources available and are expected to lead to tangible results, motivating the players driving the industrialisation process.

The figure below provides an overview of the horizontal Priority Actions. Subsequently, Implementation Plans will outline for each Priority Action (1) the background and objectives, (2) the nature of the intervention, (3) the milestones, (4) the desired outcomes, and (5) the project team, incl. the lead partner.

MTI remains committed to its ongoing activities, e.g. the strengthening of institutions such as Namibian Competition Commission (NaCC) or reviewing and updating the regulatory environment. These ongoing activities also play an important role for ensuring conditions that are conducive for industrialisation. However, there is a need to focus the efforts on clearly defined projects which address key constraints or opportunities for structural transformation.

*Horizontal Priority Actions of the Industrial Policy Implementation and Strategic Framework*
Priority Action 1: IUMP extension & complementary competitiveness enhancement schemes

Background & Objectives:
The Industrial Upgrading and Modernisation Programme (IUMP) has been initiated by MTI to improve the production and supply capacity, efficiency and (export) competitiveness of local enterprises as well as to diversify the national value addition and to increase employment in the manufacturing sector. In the first phase of its implementation, IUMP has committed N$ 7.5 million to support 10 enterprises. This has resulted in increased employment and production output, decreased production costs, improved products and access to market, and subsequently a higher efficiency and profitability. The demand for the programme continues to grow. The Priority Action aims at widening the scope of IUMP with respect to target groups and areas of support and at developing strategic partnerships and complementary programmes to maximise the impact.

Nature of Intervention:
The programme currently provides targeted support to majority Namibian owned entities with at least 10 employees in four sectors, namely agro-food processing, pharmaceuticals/cosmetics, fish processing and minerals beneficiation. Interventions can either be “hard” in form of equipment purchase or “soft” covering amongst others diagnostic studies and upgrading plans, technical training/coaching, product development, marketing and export promotion, standards compliance and testing.

Based upon a review of the results from the first phase, it will be explored to align the focus to the priority sectors defined in the Special Industrialisation Programme making IUMP a core element of the implementation of the sectoral Priority Actions. Thus, IUMP could also cover interventions in the sectors steel manufacturing and metal fabrication, transportation equipment manufacturing, building material and furniture manufacturing, automotive and chemical industry. In this context, it will also be explored to integrate a skills development component and to widen the local ownership criteria. This would help Namibia to improve its competitive position with respect to attracting high quality investment projects, where skills and support offered to ensure a skilled workforce represent a key selection criterion. This will require revising the IUMP budget, adapting it to this new scope.

Furthermore, strategic partnerships will be developed between the IUMP and partner organisations, in particular with the Namibia Standards Institute (standards, testing, calibration etc.) and Namibia Business and Innovation Centre (R&D Research & Development, technology transfer, design etc.) to ensure a comprehensive support offer and to develop complementary schemes (e.g. Building materials standards and certification programme or fish product certification programme). In this context, MTI will capacitate the NSI to become an internationally recognised standards authority that tests and certifies a broad variety of Namibian and imported products and ensures quality, standards and correct labelling.

Milestones:
2014/15 Q1-Q2: Review of results of first implementation phase of IUMP
2014/15 Q3-Q4: Realignment of IUMP, development of partnerships and complementary schemes
2015-17 Q1-Q4: Implementation of realigned IUMP and complementary schemes

To be achieved until 2017:
• At least 80 enterprises supported by IUMP
• Increased (export) competitiveness, value addition and number of jobs offered by the recipients

Project Team:
National Upgrading Office (Lead Partner), MTI Directorate of Industrial Development, Namibia Standards Institute, Namibia Business and Innovation Centre, Private Sector Representative Organisations
Priority Action 2: Realignment / extension of incentive schemes & financing instruments

Background & Objectives:

In Namibia, there is a wide scope of incentives and financing instruments available/planned to support industrial development and value addition projects. Manufacturers can benefit from the Registered Manufacturers Scheme, Exporters of Namibian Manufactured Goods Scheme and Export Processing Zone Scheme. The IUMP allows for the purchase of equipment and technical assistance. The Equipment Aid Scheme also assists with the purchase of machinery, focusing on SMEs. The support of the planned Special Industrialisation Programme extends to the acquisition of land, technology, product development and marketing, reduction in the costs of utilities, and capacity building. Development Financing Institutions offer a range of financing instruments, in particular in the area of debt financing. However, as stakeholder consultations indicate, there is some overlap and the modalities are not always clear to investors. This makes it difficult to obtain certainty on important investment parameters. Also, a need is seen to streamline the processes and to facilitate an efficient impact monitoring. This Priority Action aims at realigning and enhancing the incentive schemes and financing instruments, in such a way that they are attractive for investors, that they support effectively and efficiently industrialisation and value addition, and finally that they justify the foregone revenues or public funds invested.

Nature of Intervention:

The current review of incentive schemes forms the starting point of this Priority Action. A task force will be set up to coordinate the implementation. In the light of the recommendations, it will also assess relevant MTI programmes not covered by the review. It will work out the detailed modalities, application and management procedures for the Special Industrialisation Programme and will initiate necessary realignments of other programmes. Furthermore, MTI will publish easy to understand information on the streamlined programmes (objectives, target sectors, eligibility criteria, modalities, application procedures, contacts) on its website and will offer the corresponding forms for download.

The taskforce will also carry out a gap analysis comparing the needs of industrial projects with the instruments available. In particular, it will investigate the potential for an investment grant scheme in line with international best practice. Such a scheme would offer a grant of up to a certain percentage of the value of qualifying capital expenditure meeting prescribed performance requirements. Furthermore, the need for an equity fund to initiate industrial development projects will be explored. Priority will be on realigning existing programmes, before new instruments are created.

MTI will also establish a Round Table on product development, amongst local Development Financing Institutions (DFIs), to help drive further development of relevant instruments along value chains and to realign existing instruments towards the priority sectors of the Implementation Framework.

Milestones:

2014/15 Q1-Q2: Setting up of a task force on incentives, realignment of incentive schemes
2014/15 Q2: Making Information on programmes and application forms available online
2014/15 Q3: Extending of incentive schemes and financing instruments

To be achieved until 2017:

- Private sector investment has been significantly increased in the priority sectors
- Namibia has put in place an efficient incentive and financing system to support industrial development and value addition projects which is acknowledged by international benchmark studies

Project Team:

MTI Directorate of Industrial Development (Lead Partner), Namibia Investment Centre, Ministry of Finance, NDC and ODC, Development Financing Institutions, Bank of Namibia
Priority Action 3: Targeted investment promotion campaigns

Background & Objectives:
Experience from other developing countries shows, that investment promotion can make a significant contribution towards economic transformation when these efforts are carefully targeted and the projects are well integrated into domestic and regional value chains. At the same time, surveys and investment statistics indicate a growing interest by foreign investors in Africa. With South Africa being by far the leading destination for foreign direct investment on the continent, the region “Southern Africa” is already established on the “mental map” of investors.

The Namibia Investment Centre is already making use of a wide spectrum of instruments to attract investment projects, including investment missions, events and investment fairs. Building upon those activities, the Priority Action aims at fully utilising the domestic and international investment potential with a proactive and targeted approach to attract high quality investment projects into the defined priority sectors and to support the diversification process set out in the Implementation Framework.

Nature of Intervention:
The targeted campaigns will be implemented, based on the following systematic approach:

1. Identification of investment opportunities based upon the results of value chain analyses and feasibility studies carried out for the Sector Growth Strategies / Special Industrialisation Programme (e.g. feasibility study for positioning Namibia as an automotive testing centre)
2. Prioritisation of promising target groups (incl. regional focus) based on assessment of relevant investment trends and of the competitive environment
3. Identification and profiling of potential investors based on criteria such as growth, recent investment activities, regional presence etc. (with the assistance of specialised service providers – as needed)
4. Development of target group specific investment promotion tools (e.g. business scenario presentations) and support packages
5. Implementation of investment promotion campaigns with an individualised approach of potential investors focusing on leading investment/trade fairs, complemented by missions/events and cooperation with intermediaries
6. Systematic follow-up and support of identified domestic and international businesses with investment plans

Milestones:
2014/15 Q1-Q2: Preparation of 1-2 pilot campaigns (identification of target groups, development of promotion tools, identification/profiling of potential investors)
2014/15 Q3-Q4: Implementation of 1-2 pilot campaigns

To be achieved until 2017:
- Significant increase of number of high quality investment projects attracted contributing towards value addition and employment creation
- Investors for defined industrial development and value addition projects of the Special Industrialisation Programme successfully identified and supported
- Namibia among the top three destinations for foreign direct investment within SADC

Project Team:
Namibia Investment Centre (Lead Partner), MTI Directorate of Industrial Development, Namibia Development Corporation, Offshore Development Corporation
Priority Action 4: Local Procurement Support Initiative

Background & Objectives:
The public procurement system and private sector procurement practices can make an important contribution towards stimulating demand for local products. In Namibia, already various measures are utilised to promote local sourcing. For instance, there is a provision in the Government tender system for a percentage preference for local. Also, a number of larger private companies are actively developing linkages to local SMEs assisting them to strengthen their capacities. However, sector consultations as well as surveys indicate that there are still various constraints which limit the demand for local goods. This Priority Action aims at fully utilising the potential of local procurement measures to positively stimulate the development of local industries.

Nature of Intervention:
A new Public Procurement Bill has been discussed in Parliament and referred back to the Ministry of Finance for public consultations. If the new Bill is approved, a new Central Procurement Board (CPB) will take over the role of the Tender Board. It will be supported by a new public Procurement Policy Office (PPO) which can propose thresholds relating to public procurement and issue directives, procedures, bidding documents, contracts etc. to public bodies and monitor their compliance.

To utilise the potential of the new Procurement Bill for stimulating local sourcing, MTI will...

- encourage the PPO to retain tender price preferences for locally manufactured products and to devise a mechanism ensuring that product tenders submitted to qualify for local preference are indeed locally manufactured (e.g. by means of certification by the Namibia Standards Institution).
- compile a list of products where there is sufficient local production and competition to ensure realistic prices, to be considered for exclusive preference to local suppliers
- encourage the PPO to allow local manufacturers and producers to register only once per annum for all public tenders and for local preference, not individually for every tender published
- sensitise the PPO for the potential of granting longer term contracts to local manufacturers venturing into the production of new products to develop viable new industries.

In addition, MTI will in collaboration with private sector representative organisations compile a directory of locally manufactured products and provide it to relevant public bodies as well as to the private sector. In this context, it will also be explored to jointly develop a platform (e.g. “Sourcing Days”), which informs local enterprises about the sourcing potential and requirements of large buyers to promote linkages.

Milestones:
2014/15 Q1-Q2: Compilation of a directory of locally manufactured products
2014-17 Q1-Q4: Submission of recommendations on local sourcing under the new Public Procurement Bill and supporting/monitoring their implementation
2014-17 Q1-Q4: Developing a platform which informs local enterprises about the sourcing potential and requirements of large buyers to promote linkages

To be achieved until 2017:
- Significant increase of locally manufactured products supplied to the public sector
- Significant increase of linkages and supply contracts between Namibian suppliers and buyers

Project Team:
MTI Directorate of Industrial Development (Lead Partner), MTI Department of International Trade, Ministry of Finance, private sector and its representative organisations, Team Namibia
Priority Action 5: Retail Charter

Background & Objectives:
Despite various initiatives, such as the horticulture market share promotion scheme or the listing agreement between the Namibian Manufacturers Association and retailers, local enterprises still face many difficulties trying to convince retailers in Namibia to stock and sell their products. Against this background, the development of a Retail Charter is planned which enhances opportunities for locally made goods to find trading space and which creates synergies between local producers and large retailers. The Retail Charter is supposed to be a voluntary adopted transformation charter.

Nature of Intervention:
The Retail Charter will be developed based on an analysis of international best practice and sector consultations. It will also involve the wholesale and distribution sector, which can make an important contribution towards providing access to markets for local products. Within the Charter, principles and concrete measures should be agreed addressing amongst others the following issues and challenges:

- **Merchandising Namibian products:** The development of local industries could be positively stimulated if retailers would merchandise Namibian products where feasible and practically possible.
- **Minimum local procurement requirement:** It should be explored how on a voluntary basis a minimum content of local products or local preferences can be ensured. This could be complemented by a retail rating system.
- **Transparency and fairness in procurement procedures:** Many manufacturers find it difficult that for product listings at retailers with no Namibian procurement offices, they have to travel to foreign countries to apply for a listing there. In some cases, Namibian manufacturers are expected to transport their goods to distribution centres abroad, from where they are re-exported to Namibia. This increases the cost of the Namibian product significantly and often makes it uncompetitive.
- **Local accounting offices:** Many foreign retailers do not have accounting offices in Namibia. This way, income earned and rebates from Namibian manufacturers are not declared as Namibian income and local taxes are not paid which could be used to support economic transformation.
- **Supplier development programme:** Based upon schemes already offered by certain retailers, it should be explored to introduce a sector-wide supplier development programme assisting local manufacturers with skills development, labelling and packaging to conform to retail specifications.
- **Regular interactive meetings:** A platform for a regular dialogue between manufacturers and retailers/wholesalers should be established to discuss problems and solutions.
- **Monitoring:** A monitoring system against the targets agreed in the Charter should be introduced.

Milestones:
- **2014/15 Q1:** Development of the Retail Charter
- **2014/15 Q2:** Launch of the Retail Charter
- **2014/15 Q2-:** Implementation and monitoring of the Retail Charter

**To be achieved until 2017:**
- The content of Namibian products stocked by retailers and the number of Namibian manufacturers having supply contracts with retailers has been significantly increased.
- The product quality and supply capacities of Namibian manufacturers has been improved.

**Project Team:**
Namibia Trade Forum (Lead Partner), MTI Directorate of Industrial Development, Namibian Manufacturers Association, Team Namibia, retailers and manufacturers
Priority Action 6: Trade competitiveness programme

Background & Objectives:
Due to the limited size of the domestic market, Namibia depends heavily on cross-border trade for economic growth. With a wide scope of initiatives, Government aims at easing trading across borders and at improving the access to foreign markets. For instance, MTI’s export marketing assistance programme provides support for the participation in local and international trade fairs. Also, plans are at an advanced stage to establish One Stop Border Posts. Nevertheless, international benchmark studies show a need to intensify efforts to improve Namibia’s competitive position. According to the Doing Business Report of the World Bank (2013), Namibia is ranked 142 out of a total of 189 countries in the Ease of Trading Across Borders category. Also the namBIC survey (2013) reports a deterioration of the rating of border procedures. Thus, this Priority Action aims at improving the trade competitiveness by increasing the regulatory efficiency, by streamlining the procedures and provision of relevant information and by providing targeted support to enhance the export competitiveness of businesses.

Nature of Intervention:
As a starting point, MTI will carry out a comprehensive review of key challenges in cross border trade. Particular emphasis will be on permits and documents currently in use by all agencies involved. The aim is to see how the various documents can be streamlined in compliance with legal aspects. Building upon the findings and an analysis of international best practice, an implementation plan for a Single Window System in Namibia will be developed and executed. The system allows parties involved in trade to lodge standardised information and documents with a single entry point to fulfill all import, export, and transit-related regulatory requirements. Cabinet has already approved the Single Window Initiative of Namibia, which will be linked to the establishment of One-Stop Border Posts.

Furthermore, MTI will, based upon the new National Export Strategy and the sectoral focus of the Industrial Policy Implementation Framework, realign its trade promotion and support programmes. Measures to improve market access and the capacities of businesses to export will become an integral part of the Sector Growth Strategies (e.g. facility to support export market diversification for crayfish or program to confirm market access to alternative high value markets for beef).

These measures are complemented by ongoing MTI activities, such as the operationalisation of the Namibian Board of Trade (NBT) and the conclusion of multilateral and bilateral trade negotiations.

Milestones:
2014/15 Q1-Q2: Review of challenges in cross-border trade and opportunities for streamlining documents and permits
2014/15 Q2-Q4: Development of an implementation plan for a Single Window System in Namibia
2014/15 Q2-Q4: Realignment of trade promotion and support programmes
2015-17 Q1-Q4: Implementation of the Single Window System

To be achieved until 2017:
- Time and costs of procedures involved in trading across borders have been significantly reduced
- Namibia's ranking in the "Trading Across Borders" category of the World Bank Doing Business Report has improved by at least 5 ranks
- Exports in priority sectors of Implementation Framework have increased significantly

Project Team:
MTI Department of International Trade (Lead Partner), Ministry of Finance/Customs, Namibia Trade Forum, Ministry of Health and Social Services, Ministry of Agriculture, private sector and its representative organisations
Priority Action 7: Update/enhance practical training & import of skilled labour

Background & Objectives:
The availability of skilled labour is one of the most important factors for economic transformation and sustained growth. Limited access to quality skills and a mismatch in the supply and demand for skills persist as severe constraints in the Namibian economy. The sources of this problem are numerable, but include the education and training system as well as the regulatory environment. Quite often students and learners lack the practical skills needed by industry. Also, it remains challenging for industry to import skills where local skills are unavailable. This Priority Action contributes towards bridging the gap between the demand for and supply of skilled labor by supporting practical training programmes and the streamlining of the system for the import of skilled labour.

Nature of Intervention:
MTI will investigate in close collaboration with the private sector and the Namibian Training Authority (NTA) ways to ensure that learners and students gather the practical skills and experiences as required by their future employers. As a first step, MTI will roll out a Job Attachment Programme which supports companies that offer job attachments and have the capacity to professionally train the participants. The support can take the form of a financial contribution towards the training and stipends as well as providing tools and equipment necessary for the training. During the roll out, MTI will also investigate the need for awareness raising and matchmaking instruments, such as regional “Job Attachment Fairs” or an “Online-Platform for Job Attachments” in collaboration with the private sector.

In this context, MTI will also explore with the Namibian Training Authority to integrate an entrepreneurship component into vocational training and to offer targeted support to start-ups.

As a second component of this Priority Action, MTI will support the Ministry of Home Affairs and Immigration (MHAI), Ministry of Labour and Social Welfare (MLSW) and the National Planning Commission (NPC) to establish a system for the import of skilled labour with clear rules and processes and with provisions for fast-tracking urgent needs. As a starting point, a skills audit and labour market gap analysis will be conducted for the priority sectors, based on which an action plan and operational guidelines will be developed with MHAI and its Immigration Selection Board.

The scope of this Priority Action will be refined and extended in line with the needs identified in the Sector Growth Strategies which are developed on an ongoing basis. Targeted skills development measures will be an integrated element of the value chain upgrading process. On this basis, MTI will also encourage the updating of Curricula in line with the specific needs identified.

Milestones:
- **2014/15 Q1-Q4:** Roll out of the Job Attachment Programme
- **2014/15 Q1-Q2:** Skills audit and labour market gap analysis for priority sectors
- **2014/15 Q2-Q3:** Development of an Action Plan for fast tracking the import of skills needed
- **2015/16 Q1-:** Extending skills development measures in line with Sector Growth Strategies

To be achieved until 2017:
- At least 250 job attachments have been supported
- In priority sectors, practical skills of learners have been improved in line with industries’ needs
- The import of urgently needed skilled labour has been fast tracked.

Project Team:
MTI Directorate of Industrial Development (Lead Partner), Ministry of Home Affairs and Immigration (MHAI), Ministry of Labour and Social Welfare (MLSW), Ministry of Education (MoE), National Planning Commission (NPC), Namibian Training Authority (NTA) private sector representative organisations
Priority Action 8: Industrial Development Infrastructure Programme

Background & Objectives:
Limited availability of sites and land belongs to the factors which frequently top the list of constraints in investment climate surveys. To address this challenge, while fulfilling its mandate of stimulating industrial development, economic growth and employment creation, MTI has designed and is implementing numerous capital projects. These projects principally consist of the SME, business and Industrial Parks, as well as Export Processing Zone Parks (including dry ports). For the financial year 2013/14 alone, MTI is implementing 30 infrastructural projects worth an access of N$ 235 million. These infrastructural projects are expected to generate more than 2000 temporary jobs (during construction) in addition to 1700 direct permanent jobs. Furthermore, complementary to the business and industrial parks countrywide, the External Trade Infrastructure Development Programme aims at improving access of Namibian businesses to foreign markets. As part of the intervention, trade centers and logistical facilities will be established in neighboring countries as a springboard for Namibian businesses.

Nature of Intervention:
Future industrial infrastructural projects will be guided by a 10 year Industrial Infrastructure Development Master Plan (IIDMP-10) for Namibia, which is a long term strategic roadmap to profile and guide the country’s robust industrial infrastructure development approach. The rationale for this strategic roadmap is to give effect to the implementation of industrial development priorities identified through several processes, to enhance the expansion of industrial output, increase diversification and establish logistic infrastructures to facilitate domestic trade and exports.

While the future programme will primarily build on the existing ‘Sites and Premises Programme’, it will, by extension, aim to support long term industrial capabilities and economic development that would enable effective clustering of value-adding manufacturing. The programme is further expected to make important strands towards ensuring a comprehensive offer of sites, premises, and land especially in the early stages of the life cycle of businesses, primarily focusing the outcomes of the review of previous and current interventions as well as assessment of the needs and investment potential for each new or expansion project. It is intended to develop a more targeted approach with a clear (i.e. sector-specific) profile of the industrial parks, potentially offering additional services/benefits, e.g. training/mentorship, technology centers, cooperation platforms, access to affordable utilities and also the development of access roads and waste disposal facilities. In addition, the external trade infrastructure development which entails the provision of warehousing, cold facilities, truck ports and accommodation facilities will initially target the following markets: Luanda Sul - Angola, Lubumbashi - DRC and Pointe Noire - Congo. These facilities are ideal for export manufactures especially the meat and meat products, among others. Furthermore, in this context, also the Industrial Waste Management Programme will be implemented.

Milestones:
- 2014/15 Q1-Q3: Development of 10-year Industrial Infrastructure Master Plan; land acquisition.
- 2014/15 Q1: Identification of potential tenants and/or prospective exporters
- 2015/16 Q1-: Appointment of professional teams, contractors, and actual construction
- 2016/17 Q1-: Roll out of 30 Business & Industrial parks and 3 external trade facilitation hubs

To be achieved until 2017:
- A 10 year Industrial Infrastructure Development Master Plan (IIDMP-10) for Namibia
- Roll out of 30 Business & Industrial parks and 3 external trade facilitation hubs
- Improved access to serviced land for industrial infrastructure

Project Team:
MTI Directorate of Industrial Development (Lead Partner), NDC/ODC, Businesses
Priority Action 9: Review of the SME Policy incl. Support Programme and definition

Background & Objectives:
Small and Medium Enterprises (SMEs) have proven to be a key driver of industrialisation and structural transformation around the globe. The Government through MTI adopted an SME Policy and Programme in 1997 as a framework to create an enabling environment for the SME sector. A number of changes have taken place during the last 15 years in different facets of SME enterprise development as well as the macro-economic environment. MTI has thus realised the need to review the current SME Policy and Programme and to align it to the national objectives of Vision 2030, NDPs as well as the Industrial Policy. The revised policy will encompass all facets of the SME Development, input stronger implementation guidelines and define the appropriate national institutional framework.

Nature of Intervention:
Two main committees were constituted, to spearhead this project: The Executive Project Committee, which is a high-level committee that oversees and provides guidance, comprises of the Hon. Minister of Trade and Industry, the Hon. Minister of Finance, the Hon. Director General of National Planning Commission, the Governor and the Deputy Governor of the Bank of Namibia, and the Permanent Secretary of the Ministry of Trade and Industry. The Technical Committee, which is directly involved in the actual work of the Policy review, comprises of representatives of MTI, the Bank of Namibia, the Ministry of Gender Equality and Child Welfare, the Ministry of Regional Local Government and Housing, the Namibia Chamber of Commerce and Industry, the Ministry of Finance, the National Planning Commission, and the Namibia Development Corporation.

The project was launched on 14 October 2013 to sensitise the public about this national project and is expected to be completed in August 2014. Key emphasis will be placed on the following deliverables:

- Clear outline of the contextual role of the SME sector in the Namibian economy
- Revised definition of SME in the Namibian context
- Identified shortcomings in the current SME Policy of 1997 and policy recommendations aligned with the Industrial Policy, Vision 2030 and NDPs
- Revised SME Support Programme, including access to finance and markets, access to infrastructure and technology, product development and quality assurance, training and mentorship
- Recommendations on the regulatory environment (e.g. business registration, taxation, procurement)
- Recommendations on the institutional arrangement/framework

Milestones:

- 2014/15 Q1-Q2: Ongoing review of the SME Policy
- 2014/15 Q3: Launch of the revised SME Policy
- 2014/15 Q4-: Implementation and monitoring of the revised SME Policy

To be achieved until 2017:

- Namibia has put in place an efficient support system for SMEs which is in line with the needs of local SMEs and international best practice
- Investment climate surveys show that SMEs feel that the business environment is more conducive
- The contribution of SMEs to Gross Domestic Product (GDP) and job creation has risen considerably

Project Team:
MTI Directorate of Industrial Development (Lead Partner), Bank of Namibia, Ministry of Finance, Ministry of Gender Equality and Child Welfare, Ministry of Regional Local Government and Housing, National Planning Commission, Namibia Development Corporation, private sector organisations
Priority Action 10: BIPA / Re-engineering registration of businesses and intellectual property

Background & Objectives:
The registration of businesses and intellectual property plays an important role with respect to promoting entrepreneurship and innovation. International benchmarking studies as well as investment climate surveys and stakeholder consultations have shown a need to improve and expand the business and intellectual property registration infrastructure and services. According to the Doing Business Report of the World Bank (2013), Namibia is ranked 133 out of a total of 185 countries in the Ease of Starting a Business category. Also the namBIC survey (2013) reports a deterioration of the rating of the business registration process. MTI is in the process of setting up the Business and Intellectual Property Authority (BIPA), which is then taking over the responsibility for the registration of businesses and intellectual property rights. The objective of this Priority Action is to fast track the operationalisation of BIPA and to streamline and simplify the registration and administration processes.

Nature of Intervention:
Since the creation of an interim BIPA (functioning as a section 21 company until the BIPA Act is promulgated), several milestones have already been achieved and a wide scope of initiatives is underway: Amongst others, an interim Board of Directors has been appointed and Board Committees to govern various implementation processes have been formed. An Acting CEO and an Administrative Officer have been appointed. A reengineering initiative of the industrial property registration has been started aiming at improving the processes and division of work and upgrading the infrastructure. A fact-finding mission to Estonia took place to incorporate international best-practice into the operationalisation process. Based upon an analysis of the customers’ needs, existing processes and infrastructure, a project manager is currently developing an operationalisation plan for BIPA.

In the short-/medium term, key focus will be on:
- Transferring registration activities and personnel from MTI to BIPA and setting up new offices
- Increasing efficiency of operations through streamlined business processes and adoption of information and communication technology
- Clearing the backlog on business and intellectual property registration
- Rolling out an online, web-based business registry
- Setting up a satellite office in Katutura and a mobile business registry
- Establishing a customer care facility
- Availing an appropriate payment system
- Ensuring the necessary and enabling legal framework.

Milestones:
2014/15 Q1: Backlog on business and intellectual property registration cleared
2014/15 Q1-Q4: Implementation of the BIPA operationalisation plan: e.g. transferring activities/personnel, streamlining processes, setting up BIPA offices, rolling out online registry
2015/16 Q1: Refining / expansion of BIPA services based upon regular monitoring

To be achieved until 2017:
- The number of days and procedures to register businesses and intellectual property rights has been significantly reduced.
- Namibia has improved by at least 10 ranks in the Starting a Business Category in the Doing Business Report.

Project Team:
BIPA Business and Intellectual Property Authority (Lead Partner), MTI Directorate of Commerce
Priority Action 11: Regular structured PPD platform

**Background & Objectives:**
Dialogue and cooperation between the public and private sector is seen as a key success factor when it comes to driving economic growth and job creation. MTI has already intensified its efforts towards an effective public private dialogue process. Amongst others, sector consultations have been carried out in 2013 (e.g. for the meat industry, the manufacturing and retail sector) which formed an important basis for the development of the Industrial Policy Implementation Framework. With this Priority Action, MTI plans in cooperation with the private sector and further stakeholders to formalise these initiatives and to establish a regular structured Public-Private-Dialogue (PPD) platform to jointly address remaining challenges in the business environment.

**Nature of Intervention:**
The Namibia Trade Forum is going to coordinate the regular structured PPD platform. Committees, namely for manufacturing, agriculture, fishery and services (e.g. financial services, tourism and logistics), will develop solutions and reform proposal addressing key constraints in the business environment. The committees will comprise of representatives from the private sector and its representative organisations (e.g. Namibia Chamber of Commerce and Industry, Namibian Employers’ Federation and Namibian Manufacturers Association), unions (e.g. National Union of Namibian Workers) MTI and other Ministries, as well as further institutions (e.g. Namibia Standards Institution) and organisations (e.g. Team Namibia). The committees will convene at least on a quarterly basis. In order to tackle cross-sectoral challenges, task forces can be set up consisting of representatives of different committees. Further experts can be invited as need arises.

The Namibia Trade Forum will also monitor the implementation of the reforms and will report at least once a year on the progress made and challenges encountered. To support effectively the work of the committees, the research capacity of the Namibia Trade Forum will be strengthened.

It will be explored how the PPD platform can be best linked to other relevant initiatives to avoid overlap and generate synergies. For instance, the “National Review of the State of the Economy”, which has been initiated by the Namibia Chamber of Commerce and Industry in collaboration with various private sector organisations, could be used to report about the progress made and to identify further challenges or opportunities to be taken up.

Furthermore, MTI will use the results from this process as an important basis for refining the Industrial Policy Implementation and Strategic Framework and for developing further Priority Actions.

**Milestones:**

- **2014/15 Q1:** Kick-off meetings of the PPD committees
- **2014/15 Q1-:** At least quarterly meetings of PPD committees developing solutions/reforms related to constraints in the business environment; regular monitoring and annual reports

**To be achieved until 2017:**
- At least 2 solutions/reforms p.a. related to major constraints in the business environment have been jointly developed
- Investment climate surveys show that satisfaction of businesses with Public Private Dialogues has increased significantly

**Project Team:**
Namibia Trade Forum (Lead Partner), MTI, O/M/A, private sector and its representative organisations, unions, Team Namibia, Namibia Standards Institutions
V. Vertical Priority Actions / Special Industrialisation Programme

In order to leverage Namibia’s competitive advantages and opportunities and to maximise the impact of the interventions, selected sectors – as key drivers for the industrialisation and transformation process – will receive targeted support focusing in particular on value addition.

The planned Special Industrialisation Programme forms a second layer of the Industrial Policy Implementation and Strategic Framework. Its purpose is to increase the contribution of manufacturing to GDP by increasing growth in priority sectors, expand industrial output, diversify products, enhance value addition, and to develop new and strengthen existing value chains.

The Special Industrialisation Programme provides targeted support for value chain analyses and feasibility studies, the implementation of specific industrial projects already identified, and for support facilities for projects by the private sector within priority sectors. Support could extend to the acquisition of land, plant and infrastructure, product development and marketing, reduction in the costs of utilities, and capacity building.

In line with the Strategic Intervention Areas of the Industrial Policy Implementation and Strategic Framework, the Special Industrialisation Programme defines vertical/sectoral Priority Actions. They address sector-specific constraints and opportunities for value addition. They complement and deepen the horizontal Priority Actions. Together, horizontal and vertical Priority Actions are forming one comprehensive and integrated drive towards industrialisation.

As a starting point, the Special Industrialisation Programme defines Priority Actions for the sectors agro- and fish-processing, steel manufacturing and metal fabrication, automotive, and chemical industry. The figure on the next page provides an overview of the defined Priority Actions in the context of the Strategic Intervention Areas and the horizontal layer of the Industrial Policy Implementation and Strategic Framework. The following chapter provides further information on the sector-specific background as well as the sector-specific constraints and challenges addressed by the Priority Actions.

On an ongoing basis, the Priority Actions will be embedded into Sector Growth Strategies. Based on value chain analyses and sector consultations, the Sector Growth Strategies will develop complementary interventions and synergies to maximise the impact.

Further Priority Actions and Sector Growth Strategies are planned for the sectors transportation equipment manufacturing, mineral beneficiation, green economy, building material and furniture manufacturing, and pharmaceuticals and cosmetics.

MTI remains committed to the ongoing support of employment and growth also in sectors which are not covered by Sector Growth Strategies. However, there is a clear need to focus the efforts to leverage Namibia’s competitive advantages and opportunities by prioritising policy support behind a limited number of key growth engines.
Vertical Priority Actions of the Special Industrialisation Programme

### Industrial Policy Implementation and Strategic Framework

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### Vertical Priority Actions / Special Industrialisation Programme – Sectoral Focus

- **Red meat product diversification**
- **KCR beef value addition project**
- **Game meat market diversification and value addition**
- **Vegetable and fruit processing factory**
- **Dairy product development programme**
- **Leather, wool, pelts, silk and textile development programme**
- **Feasibility studies for fodder & pet food production**
- **Fish/horse mackerel processing support programme**
- **Steel processing and product development programme**
- **Support facility to promote the manufacturing of metal products**
- **Ship and marine exploration maintenance support programme**
- **Automotive parts & after-market support programme**
- **Positioning Namibia as a testing centre for automotive products**
- **Chemical industry development programme**
- **Manufacturing of mineral fertilisers**

- **Beef cold storage facility**
- **Confirm alternative high value market access**

**Sector Growth Strategy**

- **Agro-Processing**
- **Fish-Processing**
- **Steel/Metal**
- **Automotive**
- **Chemical Industry**
A. Agro-Processing

Agro processing is the subset of manufacturing that processes raw materials and intermediate products derived from the agricultural sector. The agro processing industry is demarcated into upstream and downstream industries. Upstream industries are considered the processors of agricultural raw materials into preliminary products. Major upstream agro-products, derived from the livestock sub-sector in Namibia, include among others processed meat (chilled, frozen, dried and canned), milk and dairy products, and leather tanning. Crop production constitutes another important source of inputs for upstream agro-processing activities such as milling of maize, mahangu and wheat; grinding groundnuts into peanut butter, oil pressing from vegetable seeds, and juice pressing from fruits. Downstream industries further process the upstream products made from agricultural materials. This is where most of the value addition takes place, and activities include baking bread and biscuits, cereal and pasta production, textile spinning, paper production, beer brewing, and clothing and footwear manufacturing.

Due to its close links to the agricultural sector, agro-processing has a strategic importance for employment, income generation and value addition. Agriculture and the manufacturing of food products and beverages contribute approximately 10% to the Gross Domestic Product (GDP) of the country (2012). The agricultural sector is the largest employer in Namibia. In 2012, the sector employed 27.4% of the total workforce.

Very few agro-processed products from Namibia are exported. The country is a net exporter of unprocessed agro products, especially from the livestock sub-sector. However, the country also heavily relies upon imports of food products. Most imports emanate from South Africa and other SADC Member States, Brazil, European Union Member States and the USA.

The agro-processing industry offers a significant potential to increase value addition, to create jobs, income and export opportunities, to enhance food security and reduce dependence of imports. However, the industry is faced with numerous constraints. The upstream industry in particular is faced with the constraints of frequent droughts, poor soil fertility, and high ambient temperatures. The sector is also constrained by high costs of production inputs (seed, fertiliser, chemicals, implements etc.), as well as a lack of funding and commercial farming skills.

The downstream industry, on the other hand, is faced with constraints such as inadequate support services from technical institutions and high input costs for production. Local enterprises still face many difficulties trying to convince retailers in Namibia to stock and sell their products. Further challenges cited at sector consultations include a lack of skilled labour and an inefficient coordination between the players along the value chains.
In order to address the challenges and opportunities identified, the following Priority Actions have been defined:

**Priority Action A1: Product diversification and production capacity expansion for processed red meat products for regional export markets**

This Priority Action aims at providing integrated support to the red meat processing industry to increase manufacturing of high value consumer red meat products for export to SACU and TFTA markets. Supporting measures include technical assistance regarding product development and marketing, as well as technology upgrading and acquisition, and capacity building. Furthermore, the compilation of an inventory of processors and products and the facilitation of imports of essential inputs for the processing industry form part of the Priority Action.

**Priority Action A2: New beef cold storage export facility in Walvis Bay**

By exporting through facilities in neighbouring countries, Namibia forfeits related economic and business opportunities and compromises her exports due to the prevalence of a variety of animal diseases and the resulting negative phytosanitary status of these countries. Against this background, it is planned to establish in Walvis Bay a new EU-certified red meat cold storage export facility of ca. 25,000 t per annum, suitable for fresh chilled and frozen beef, lamb and venison.

**Priority Action A3: NDC Kavango Cattle Ranch (KCR) value addition project**

A small-scale beef value adding process is planned at the NDC’s KCR cattle production project to create jobs, wealth and export opportunities. The aim is to create additional niche export products for new markets. The measure includes acquisition of plant and equipment, product development, branding and marketing.

**Priority Action A4: Confirm market access to alternative high value markets for fresh, chilled or frozen beef**

As part of this Priority Action, an action plan will be developed and implemented to achieve confirmed access for red meat in alternative export markets in the Middle East, Southeast-Central Asia (incl. the Russian Federation), and TFTA markets (incl. Mauritius). Support measures will include assistance with certification, marketing of products and supplier agreements. This Priority Action will be a joined effort of MTI, the Ministry of Agriculture, Water and Forestry, the Meat Board of Namibia and meat exporting companies.

**Priority Action A5: Game meat market diversification and value addition**

The game meat market offers a promising potential to foster diversification. This Priority Action provides support to establishing game meat value addition processes on communal land. Support measures include the acquisition of plant and equipment, product development technical expertise, marketing assistance and staff training.
Priority Action A6: Vegetable and fruit value addition
The initiative aims at establishing a small-scale high-value value adding process (canning/bottling) for vegetable and fruit products. New finished consumer products will be manufactured for the domestic, the SACU, SADC and TFTA markets. The project will be linked to the Green Scheme and Fresh Produce Hubs.

Priority Action A7: Dairy product development programme
The programme will provide integrated support to the diary processing industry to increase manufacturing of high value consumer dairy products for export to SACU and TFTA markets as well as for use in domestic school nutrition programmes. The support measures will include technical assistance in product development and marketing, as well as technology upgrading and acquisition.

Priority Action A8: Leather, wool, pelts, silk and textiles development programme
A support facility will be established to assist value addition projects of the leather, wool, pelts, silk and textiles industry through enhanced collection, processing, grading and cleaning of raw hides, skins, wool and natural silk. Key emphasis is placed on increased manufacturing of high value consumer products for domestic and export markets.

Priority Action A9: Feasibility study for fodder & pet food production
Further feasibility studies are planned to investigate the potential for upgrading different value chains within the agro-processing industry. One focus will be on assessing the potential for small and large scale fodder production and further commercialization of food supplement production in Namibia. Another focus will be on investigating options to expand feedlots. Furthermore, a feasibility study for pet food production (raw material availability, cost of production, marketing and demand, production technology required and standards and certification needs) is planned.

In addition to these sectoral interventions, also the horizontal Priority Actions mentioned earlier in the document will stimulate the development of the agro-processing sector. Amongst others, the roll-out and extension of the IUMP Industrial Upgrading and Modernisation Programme and the realignment of incentives schemes which includes a review of the Manufacturers Definition will be beneficial. Also, the local procurement support initiative, the Retail Charter and the trade competitiveness programme are of high relevance.
B. Fish-processing

With respect to employment and contribution to Gross Domestic Product (GDP), the fisheries sector plays a strategic role within the Namibian economy. Preliminary figures from the Namibia Statistics Agency indicate that the fishing industry’s contribution to the GDP for the years 2011 and 2012 was 3.0%. In 2010 the sector offered direct employment to a workforce of 13,380, up from 10,754 in 2008 according the Occupational Mapping Study for the Fishing and Maritime Industry in Namibia. Onshore employment in 2010 was 9,386, and offshore aboard vessels 3,994 people.

Hake is the greatest contributor to commercial fisheries, followed by horse mackerel, and pilchard. Other organisms harvested for commercial purposes are monkfish, deep sea red-crab, rock lobster, large pelagic and snoek. Currently, approximately 30 marine resource processing plants operate off Namibia’s shores. Prior to Independence, the fisheries sector was dominated by foreign companies, but the post-independence fisheries development policy has resulted in majority Namibian ownership across the sector.

Namibia’s fishing industry has grown to become the second largest foreign currency export earner after mining. Due to Namibia’s small population and so far the preference for meat, the majority of fish is exported mainly to Asia (Japan and China), Europe (Spain and Italy), United States, and African markets. However, the efforts by the Namibia Fish Consumption Promotion Trust are resulting in increased fish consumption in the domestic market.

Key government goals for the fisheries sector include greater value addition, and continued creation of jobs in an industry already providing significant employment. The intended result extends to broadening of Namibia’s economic base in order to reduce the economy’s dependence on a narrow range of products and their vulnerability and will contribute to improved competitiveness of companies, government tax revenue and the expansion of the fishing industry commercial support sector. Particularly in developed markets, consumers increasingly prefer partially prepared products and ready-to-eat meals, rather than raw products. Namibia can take advantage of this transition by processing fish into a wide range of products, which will increase the industry’s value addition and bring more benefits from aquatic resources to Namibia. Some of the current value additions are filleting, canning, packaging, smoking, fish oil and fish meal production.

Stakeholder consultations indicate, that there are still a number of challenges which should be addressed in order to unlock the growth and value addition potential of the sector, e.g.:

- The industry sees the need to intensify consultations with the relevant Government Ministries to discuss constraints and provide feedback on ongoing initiatives.
- Measures to increase value addition should be well targeted taking into account that the potential for value addition and to absorb levies differs considerably within the sector.
- Import duties place a burden on businesses importing fish for further processing.
• The slow process of VAT refunds has a negative impact on the cash flow of the industry.

• Fishing companies are faced with the challenge of access to finance. They are currently not able to utilise fish quotas as collateral with banks when seeking finance.

• The industry sees a need for a review of the Manufacturer Status definition in incentive schemes integrating fish processing into the classification of eligible sectors.

Against this background, the following Priority Actions have been defined:

**Priority Action F1: Horse mackerel processing support programme**

The programme provides integrated support to the fish processing industry to increase manufacturing of high value consumer fish products from horse mackerel for export to SACU and TFTA markets as well as for use in domestic school nutrition programmes. A support facility for 2-5 project proposals from the private sector per year can assist with the acquisition of plant and equipment, technical support for product development, utility cost support, branding, certification, product marketing and distribution.

**Priority Action F2: Fish processing support programme**

As part of the programme, it will be investigated to adjust import duties and rebates concerning inputs into fish processing and to develop a needs-oriented financing mechanism for seasonal fisheries/fish processing and bridging financing for VAT refunds. Furthermore, a support facility will aim at developing the capacities for secondary processing, e.g. oysters, black mussels and abalone. Support for 1-5 company proposals per year could extend to feasibility studies, acquisition of plant and equipment as well as technical assistance.

**Priority Action F3: Fish product certification scheme**

Standards and certification play an increasingly important role in securing access to markets. The scheme which will be coordinated by the Namibia Standards Institution (NSI) will assist 1-2 companies per year in achieving EU certification for Mari-culture products and eco labelling for hake, through technical assistance.

**Priority Action F4: Crayfish export marketing diversification**

The Priority Action aims at an export diversification for crayfish. Key focus is on supporting access to new African markets. A support facility will be established providing assistance to 1-2 company proposals per year. The support could extend to market research and assistance with trade facilitation and trade promotion.

Beyond those sectoral Priority Actions, also a number of horizontal Priority Actions mentioned earlier in the document will contribute to an improvement of the business environment for the fisheries sector. For instance, the regular structured PPD Platform will also help the fisheries industry to voice their concerns and to develop solutions jointly with the relevant Ministries. As part of the Priority Action on realigning incentives schemes and financing instruments, the Manufacturers Definition will be reviewed. The trade competitiveness programme will also ease trade across border complementing the sector-specific trade facilitation efforts.
C. Steel manufacturing and metal fabrication

Currently, Namibia does not have its own steel production facilities, being fully dependent on imports, which mainly come from South Africa. The scope of metal products manufacturing in Namibia also remains narrow, confined to few companies, most of which are small, limiting the economies of scale that could be achieved. Moreover, the performance of ‘fabricated metal products, machinery and equipment’ as a sub-sector of the overall manufacturing has been modest, constituting only a small share of between 3.2% and 4.2% and exhibiting volatility.

*Value added of fabricated metal products, machinery and equipment as a share of total value added from the manufacturing sector (in constant prices)*

![Graph showing the value added of fabricated metal products, machinery and equipment as a share of total value added from the manufacturing sector. The graph displays a trend from 2000 to 2013, with fluctuations around 3.5% to 4.5%.](Source: NSA)

Opportunities have been identified to develop a Namibian steel manufacturing industry to meet the needs of the domestic market, foster the metal products manufacturing sector, develop linkages into other sectors such as the construction industry, as well as establish steel exports to neighbouring countries.

Important stimulating effects are expected from a project originally known as “Otavi Steel” (later renamed into “Groot Steel (Pty) Ltd”). The developing of a Groot Steel Minimill was confirmed with a capacity of 500,000 metric tons per year, using the direct reduced iron as a raw material instead of the previously planned scrap metals. The ownership of the initiative is split between Groot Group (25%) and SDS Group (25%) and a large European steel company (50%). The groundbreaking for the minimill has been scheduled for October 2014. The Groot Steel Minimill is expected to generate substantial both direct and indirect employment in Usakos. On its completion, various other projects are planned to follow to significantly increase the production capacity, creating additional jobs and making Namibia potentially one of the leading steel producers in Africa.
However, in pursuing this development path, Namibia is likely to face strong competition from the established steel industry, in particular from South Africa, which is mainly dominated by few big companies, impeding the entry of smaller manufacturers. The competitiveness of the young Namibian steel industry may also be hampered by high energy and water prices, and the lack of economies of scale at its early development stages. Moreover, the importance of creating the necessary skill base must not be underestimated.

Against this background, the following Priority Actions have been defined:

**Priority Action S1: Steel processing and product development programme**

Based on a feasibility study, the programme provides integrated support to establish manufacturing of steel through the conversion of scrap metal to initiate a metal processing and fabrication industry. The support by the programme covers technical assistance with respect to product development and marketing, as well as acquisition of technology and upgrading, and utility cost support. Furthermore, the Priority Action involves conducting a value chain analysis to identify entry points for further inventions, including regulations on trading with scrap metal.

**Priority Action S2: Support facility to promote the manufacturing of metal products**

The aim of this Priority Action is to develop linkages between the metal industry and other value chains such as in agro-processing, mineral processing and the construction industry. Target products include metal cans, fencing wire, galvanised items etc. The facility which can provide assistance with technology upgrading and acquisitions as well as product development and marketing aims to support 1-2 company proposals on a competition basis per year.

**Priority Action S3: Upgrading skills in steel construction**

As mentioned before, the availability of skills is considered to be of critical importance for the development of the metal & steel industry. A core element of this Priority Action is the establishment of an advanced steel artisan training school in Walvis Bay based on a feasibility study. Key focus is on the development and upgrading of skills in the areas of advanced steel construction, cutting and welding.

**Priority Action S4: Ship and marine exploration maintenance support programme**

Experience from around the globe shows, that many countries have successfully utilised the potential of their marine clusters, including the repair/maintenance of ships and marine exploration equipment, the manufacture of components, the logistics and support services, to foster structural transformation and industrialisation. Profound value chain analyses form the starting point for the development of the ship and marine exploration support programme.

The development of the steel/metal sector will also benefit from the impact generated by the horizontal Priority Actions. Of particular relevance are the Horizontal Priority Actions aiming at skills and infrastructure development as well as the extension of the IUMP. Furthermore, the interventions supporting access to markets play an important role for a new and young industry.
D. Automotive

The Namibian automotive sector is still at a rather early stage of development. The value chains are relatively short and not very deep. With Namibia Press and Tools, an established automotive supplier is based at Walvis Bay manufacturing engine parts for various European car manufacturers, such as Volkswagen, Audi, BMW, Renault, and Opel. The majority of other enterprises are active in the automotive after-market (e.g. repair services, engines refurbishing, panel beaters, tooling, outdoor accessories, and tire services). Windhoeker Maschinenfabrik (1998) (PTY) Ltd has some experience in manufacturing vehicles, however concentrating more on military and agricultural vehicles.

South Africa’s automotive industry has a dominating position on the continent. It produces more than 90% of all vehicles in Africa. The automotive industry contributes around 7% to the South African Gross Domestic Product. The strong position and the well-established value chains of the South African automotive sector offer promising opportunities for the development of the industry on the Namibian side. In particular, this relates to creating linkages and attracting foreign investment by benefitting from the high level of awareness of Southern Africa within the global automotive sector.

The expansion of the automotive sector presents economic and social opportunities, including diversification of the economy, product development and technology transfer, development of backward and forward linkages (e.g. into the mining industry and logistics sector), job creation and skills development.

However, it is no easy task considering the highly competitive environment. Without significant funding into the infrastructure and skills development, manufacturers will be hard to attract. In addition to the initial funding, the complex nature and magnitude requires the private sector as well as Government to have a common understanding for the sector to grow. Key challenges which need to be jointly addressed include low availability of skilled labour and lack of specific automotive experts in the country, low level of innovation and research and development capabilities, high utility costs, long lead times and quality constraints of logistical service providers, and intense international competition also with respect to incentives offered.

Against this background, the following Priority Actions have been defined:

**Priority Action AU1: Automotive parts and after-market support programme**

This programme builds upon a special bilateral industrial cooperation initiative with South Africa. Based upon value chain analyses covering not only the Namibian market but also in particular the potential linkages to automotive supply chains in neighbouring countries, a support facility for projects in the areas of automotive parts manufacturing (e.g. batteries) and the automotive after-market (e.g. outdoor accessories) will be established. Linkages and spin-offs in logistics, engineering, and training will be created. The sector support facility will provide assistance with respect to the acquisition of plant and equipment, upgrading, product development, and marketing.
**Priority Action AU2: Automotive sector industrial parks**

In recognition of the growth potential of the automotive sector in Namibia, this Priority Action aims at establishing two dedicated industrial parks for this industry and related activities. The parks will be developed based upon a needs and location analysis as well as on an assessment of the investment potential and the competitive environment. The findings will provide guidance for the development of facilities (e.g. enclosed spray painting facility), infrastructures and specific services which are in line with the requirements of the industry.

**Priority Action AU3: Positioning of Namibia as a testing centre**

Already a number of international car manufacturers use Namibia on a small scale to test cars under the specific climatic conditions of the country. As part of this Priority Action, a feasibility study will be conducted to assess the potential for positioning Namibia as a testing centre for the automotive and related sectors. The aim is to attract high quality investment projects in testing facilities and related value adding functions. The feasibility study will include a screening of competing and best practice projects as well as interviews with car manufacturers and engineering and R&D specialists.

Furthermore, for the development of the automotive sector, synergies can be utilised between sectoral and horizontal Priority Actions. This relates in particular to the realignment of incentive schemes and the targeted investment promotion. In addition, the automotive sector can also benefit considerably from the Priority Actions in the areas of skills and infrastructure development.
E. Chemical industry

Although Namibia is considered a natural resource abundant country, it has not exploited this comparative advantage to its full potential. Domestic chemical industry remains in its infancy, largely restricted to manufacturing of cleaning and painting products, while a large share of Namibia’s raw materials are exported to neighbouring countries for further value addition. Chemicals and chemical products constitute approximately 8% of total value added from the manufacturing sector.

*Value added of chemicals and chemical products as a share of total value added from the manufacturing sector (in constant prices)*

![Graph showing value added of chemicals and chemical products as a share of total value added from the manufacturing sector]

*Source: NSA*

Government is currently exploring the opportunities to draw on the country’s manufacturing potential and expand Namibia’s own chemical industry, focusing in particular on the salt value chain. Namibia is an important producer of salt in Sub-Saharan Africa. The local arid coastal climate with evaporation significantly exceeding precipitation creates a favourable environment for the production of cheap solar salt. Salt production is mainly at Walvis Bay (700,000 tonnes p.a.), at Panther Beacon in Swakopmund (75,000 tonnes p.a.) and at Cape Cross (30,000 tonnes p.a.). Some of the inland pans also contain salt. Otjivalunda brine pans near the Etosha National Park have been identified as a potential source of soda ash in the form of trona and sulphate-rich salts.

A large share of raw salt produced is exported to South and Western Africa, where it is used as an input into chlorine and caustic soda production, by the agricultural sector as a feed supplement, and as a feedstock for refined table salt in human consumption. Namibia’s domestic use of salt is mainly confined to fish and other food processing, household consumption and animal feed. This leaves a number of important manufacturing opportunities
unexplored. As a result, the MTI has expressed its commitment to conducting a detailed analysis of the prospects for establishing a Namibian chemicals manufacturing sector.

The main challenges faced by Namibia in developing its chemical industry are the lack of a sufficient level of highly skilled labour, cheap energy and wider economies of scale. Labour is a crucial factor of production for manufacturing. In order to boost chemical industry, a step-change advancement in labour quality and productivity should be achieved.

Besides the quality of inputs, what also matters is their cost. Chemical industry like manufacturing sector in general tends to be relatively more energy intensive than other economic activities. In light of this, the recent hikes in energy prices may pose a considerable obstacle to promoting chemical industry and therefore particular attention should be paid to designing suitable and cost-effective solutions. Moreover, given the size of the country, transport costs in Namibia also tend to be high, further impeding the generation of economies of scale. These challenges shall be carefully considered in a risk assessment of launching domestic chemical industry in Namibia.

Against this background, the main projects scheduled involve the following two Priority Actions:

**Priority Action C1: Launch a salt-chlorine industry development programme**

The aim of this Priority Action is to conduct a feasibility study on strengthening and upgrading the salt value chain and exploring the variety of applications, e.g. in water purification, electrolytes, PVC components, food, agriculture, and others industries.

**Priority Action C2: Manufacturing of mineral fertilisers**

The aim of this Priority Action is to conduct a feasibility study and a value chain analysis to identify the opportunities for the production of phosphate and other byproducts from existing mining and processing operations and identify entry points for further interventions.

The chemical industry will also benefit from horizontal Priority Actions of the Industrial Policy Implementation and Strategic Framework. Of particular relevance are the interventions related to incentive schemes, investment promotion, skills and infrastructure development.
VI. Institutional Set-up for the Implementation

A core element of the Industrial Policy Implementation and Strategic Framework is the establishment of a designated Namibia Industrial Development Agency (NIDA) which will drive the economic transformation process in close collaboration with MTI, the private sector, other Ministries, and further stakeholders.

Key functions of NIDA will include:

- Execution of the Industrial Policy Implementation and Strategic Framework and Sector Growth Strategies, incl. monitoring, reviewing, and updating
- Researching on and development of new opportunities for value addition
- Developing key industrial and business infrastructure
- Promoting and facilitating trade, investment, and the introduction of new technology
- Offering advisory services and implementing incentive and other business support schemes contributing to industrialisation
- Making on behalf of Government equity investments or enter into public private partnerships fostering economic transformation.

NIDA will be established based on the merger of the Namibia Development Corporation (NDC) and the Offshore Development Corporation (ODC). Certain functions and operations of relevant MTI Departments and Directorates (e.g. Investment Centre, International Trade, and Industrial Development) will be incorporated and realigned to generate synergies and to remove overlap. It will also be explored to integrate the planned One-Stop Centre into NIDA providing clear and comprehensive information and advice on all elements regarding starting and expanding a business in the country.

The organisational structure of NIDA will reflect the balance between the horizontal and vertical/sectoral focus of the Industrial Policy Implementation and Strategic Framework. A “Sector Development Department” will be responsible for the implementation of the Sector Growth Strategies and interventions with a strong sectoral focus. The functions of trade and investment promotion will be integrated into this department to generate synergies and build up sector-specific expertise.

Horizontal Priority Actions and functions with a rather cross-sectoral focus will form part of a “Project and Business Support” Department. This covers areas, such as “Finance & Investment”, “Sites and Premises”, and “Training and Business Support Schemes”. Involvement of the private sector, other Ministries and Agencies will be ensured within the governance structures, e.g. within the Board.
Key functions and organisational structure of the planned Namibia Industrial Development Agency (NIDA)

The final profile, portfolio of services, and the organisational structure of NIDA will be developed based on an assessment of the existing institutional set up and considering international best practice, stakeholder consultations, and the requirements from the interventions of the Industrial Policy Implementation and Strategic Framework. As a starting point, an analysis of different organisational models has been carried out, covering amongst others examples from Germany, Ireland, Chile, Malaysia, and South Africa.

As it takes a considerable amount of time until such an agency is fully operational and relevant functions have been transferred, it is envisaged to proceed in stages: As a first step, an interim structure will be established. An Interim Board / Management Unit will be created building upon the experience with setting up the Business and Intellectual Property Authority (BIPA) and the Industrial Upgrade and Modernisation Programme (IUMP). Project teams which integrate experts from different Ministries and organisations, and which have a clearly defined lead partner will be responsible for the implementation of the defined Priority Actions.

The preparation and implementation of the necessary changes in the legal framework mark another important milestone. Subsequently, a detailed strategy, organisational concept, HR & business plan for NIDA will be developed. The concept will also cover the related restructuring and realignment of functions within MTI. On this basis, the functions and resources will be
transferred to NIDA step-by-step. This process will be complemented and supported by needs oriented capacity building and change management measures.

**Stages of the process to realign the institutional set-up**

<table>
<thead>
<tr>
<th>Establish Interim Structure for Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Establish Interim Board / Management Unit building upon experience with BIPA / IUMP</td>
</tr>
<tr>
<td>• Set up Project Teams for Priority Actions with relevant stakeholders</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Provide necessary Legal Framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Finalisation and approval of “NIDA” bill in line with defined functions</td>
</tr>
<tr>
<td>• Repealing of the NDC Act and of portions of the Export Processing Zones Act etc</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Detailed Strategy, Organisational Concept, HR &amp; Business Plan for NIDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Concept to cover operationalisation plan, incl. capacity building &amp; change management</td>
</tr>
<tr>
<td>• Necessary restructuring and realignment of MTI functions form also part</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Setting up NIDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Transferring functions and resources step-by-step</td>
</tr>
<tr>
<td>• Complemented by needs oriented capacity building and change management</td>
</tr>
</tbody>
</table>
VII. Monitoring

As experience from all around the globe clearly shows, it is inevitable within well-designed industrialisation programmes – in particular within those with a sectoral focus – that not all interventions fully generate the expected impact. Amongst others, unexpected changes in the business and investment environment cause deviations. Against this background, monitoring is considered a critical component of the Implementation Framework to recognise and react to deviations as early as possible.

Based upon the implementation plans of the Priority Actions, a sound and easy to use monitoring system will be finalised to...

- track the progress towards the targets outlined
- document how resources are used and intermediate results achieved
- make evidence-based decisions about changes as needed.

The targets of the Industrial Policy / Vision 2030 form the starting point for the development of the monitoring system, which covers both the Strategic Intervention Area and Priority Action level including the Sector Growth Strategies.

**Linkages between targets of Priority Actions, Strategic Intervention Areas and the Industrial Policy / Vision 2030**

The monitoring system makes explicit...

- what the Implementation Framework intends to achieve (outcomes and impact)
- how it will be achieved (activities and output)
• what indicators are used to measure the progress and achievement

• who is responsible for data collection and how often it should take place

**Monitoring sheet for a Priority Action (Example)**

<table>
<thead>
<tr>
<th>No.</th>
<th>Priority Action Title</th>
<th>What have we done / delivered?</th>
<th>What have we achieved?</th>
<th>How often do we monitor?</th>
<th>Who is responsible for monitoring?</th>
<th>Comments on Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Targeted investment promotion campaigns supporting value addition and diversification</td>
<td>x campaigns implemented covering the following target group: - xxx</td>
<td>x new investment projects attracted in the following manufacturing sectors: - xxx</td>
<td>annually</td>
<td>Investment Centre provides indicator to monitoring unit</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>x leads generated, from following target groups: - xxx - xxx</td>
<td>Investment volume of newly attracted projects amounting to NE x</td>
<td>annually</td>
<td>Investment Centre provides indicator to monitoring unit</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>x new jobs created by newly attracted project</td>
<td>x new jobs (of which female) attracted in the following manufacturing sectors: - xxx</td>
<td>annually</td>
<td>Investment Centre provides indicator to monitoring unit</td>
<td></td>
</tr>
</tbody>
</table>