

Improving Value Chains and B2B Linkages in Namibia

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By

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Distinguished business personalities,

Ladies and gentlemen.

It is with great pleasure for me to talk to you this morning on improving value chains and B2B linkages in our country. There is no doubt in my mind that this issue is very important to NCCI and all its members, but it is crucial for Namibia's economic wellbeing.

Why is it a business imperative? Businesses can derive significant benefits by managing their value chains and by promoting B2B interactions. For those enterprises that are able to control the whole value chain of the business i.e input and products, they make money at every stage of the value chain because cost can be minimised. In this way more money remains in the business and hence a good cash flow and high profit. Also if the value chain is well managed, the business will be able to manage the quality and costs of its supplies if it can produce these goods and services in a competitive manner. Value chain management is not only important for individual businesses, but it is also necessary at the national level through B2B linkages.

Why is it a necessity at the national level? Its importance stems from the fact that through B2B linkages Namibia can improve its narrow industrial base as most inputs will be sourced locally. Sourcing most of the raw materials and other inputs within the country will not only bring about efficiency in the supply chain, but will also increase much needed jobs and hence purchasing power for Namibians. This also implies that the increase in the demand for products and services sourced from within the domestic economy will improve the well-being of our people and generate more revenue for the Government.

Improving B2B linkages is also a key element that can help to create new and supports existing SME. . It enables SMEs to supply goods and services to well established enterprises, creating efficient supply chains that are necessary for sustainable growth and employment creation. With an enhanced value chain, Namibia will reduce its dependence on imports, which are exerting undue pressures on the relatively low international reserves. Less pressure on international reserves will enable the government and the economy at large to spend these freed resources on the productive and priority sectors.

What is the role of Government in improving value chain and B2B linkages? The role of government in shaping and creating an enabling environment on which the B2B linkages can thrive cannot be over-emphasized. In this context, Government's initiative that culminated in the formulation of the industrial policy and "growth at home" strategy" should be commended. Currently, Government with the support of the Bank of Namibia is busy with revising the SMEs Policy and at the core of the revised policy is the promotion of value chain and B2B linkages. In the same spirit, I am delighted to note that Government is busy encouraging industries to develop sectoral charters (e.g. Retail Sector and Financial Sector Charters) that will support B2B linkages and promote linkages between various sectors of the economy. Furthermore, the implementation of Financial Sector Strategy is in full swing with the view not only to make access to finance easier for businesses, but also to provide the necessary support through incubation and mentoring. I am happy to inform you that as part of that Strategy an investigation into the viability of the venture capital and the credit guarantee scheme is being undertaken and is about to be completed.

Further the draft Procurement Bill is also an important facet to this process as it places a lot of emphasis on promoting local businesses. Once approved and implemented, may go a long way in enhancing the industrial base of the country, and therefore it should not be delayed.

I am convinced that these initiatives currently being undertaken by our Government will go a long way to facilitate improved value chain and B2B linkages in Namibia. But we need to move from policy formulation to execution. This will require a strong partnership between our Government and the private sector, represented by NCCI.

Yes, the private Sector and hence NCCI also has an important role to play. The private sector has a responsibility to nurture and mentor SMEs to enable them to participate in the value chain through procurement and sourcing. Bigger business should support SMEs by paying them on time so that the pressure on their cash flow is minimized. Bigger businesses also need to buy from each other as opposed to sourcing goods and services abroad while another local firm can supply those goods at a

reasonable price. Look at your neighbor first before you look across the borders. This is especially true in retailing.

Another key sector that could drive the development of value chain and B2B linkages in Namibia is mining. The mining sector holds considerable potential to boost self-sustaining growth in other sectors of the economy through forward and backward linkages. Yet, mining linkages to manufacturing have generally remained low with regards to both supplying manufactured inputs to the mines or value addition. Statistics from the Chamber of Mines of Namibia for 2013 indicates that mining companies spent about N\$12 billion on the procurement of goods and services from Namibian suppliers. Out of this, in excess of N\$2 billion were procured from previously disadvantaged Namibian suppliers. This is a good starting point, however, much of these goods are imported from outside by the local suppliers. While some of these imports are complex, hi-tech goods, which local producers lack capacity to produce, others such as protection clothing, water pumps etc can be manufactured locally. This will help create an industrial base, more jobs and less poverty. Again, strong partnership between our local businesses is crucial to improve B2B linkages

Director of Ceremonies, talking about partnership, I would like to conclude my remarks with a quote from an Irish Philosopher Edmund Burke: "A society is a partnership in every virtue and in every perfection, a partnership between those who are living and those who are to be born". Let us therefore build B2B partnerships for the development of our country. Let us build B2B partnerships for the sake our children and for those who are yet to be born.

I thank you for your kind attention.

