

Joint Media Release

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**Attention:** News Editors

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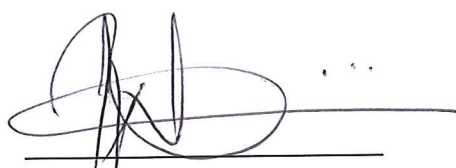
**FOR IMMEDIATE RELEASE**

**BANK OF NAMIBIA AND DEVELOPMENT BANK OF NAMIBIA SIGN A MEMORANDUM OF AGREEMENT ON THE OPERATIONALISATION OF THE SMALL AND MEDIUM ENTERPRISES (SMES) FINANCING STRATEGY**

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1. The Bank of Namibia and the Development Bank of Namibia are pleased to announce the signing of a Memorandum of Agreement that will operationalise the Government's SME Financing Strategy.
  2. The SME Financing Strategy which originated from the Namibia Financial Sector Strategy (NFSS) is aimed at addressing limited access to finance and support services for SMEs in Namibia. This has also been identified as one of the priority areas in the Harambee Prosperity Plan; the National Development Plan and Vision 2030.
  3. Approved by Cabinet, on 6 June 2018, the Strategy comprises of three interlinked facilities namely, Mentoring and Coaching Programme, Credit Guarantee Scheme and the Venture Capital Fund. These facilities are complimentary as they serve SMEs at different stages of growth and maturity. SMEs have the potential to contribute significantly to economic growth, employment creation and poverty alleviation. The sector however, faces numerous challenges including inadequate capacity and limited access to finance. It is therefore important that this sector is supported in order for it to optimally contribute to Namibia's socio-economic development. The SME Financing Strategy thus aims to ensure that multiple challenges are addressed in a targeted and effective manner.
  4. The Mentoring and Coaching Programme is designed to enhance business and financial management for enterprises to effectively and efficiently manage their businesses. Improved business and financial management in turn increases the SMEs ability to access finance from lending institutions. This enables the businesses to grow and contribute to socio-economic growth.

5. Building on capacity development through the Mentoring and Coaching Programme, the Credit Guarantee Scheme will ensure that bankable SMEs that require debt financing but lack collateral are able to get loans from lending institutions. This is done through a shared risk arrangement between the government, lending institutions and the borrowers.
6. At a certain stage in their lifespan, businesses aiming to expand and grow into thriving enterprises will require more than debt financing, they will need direct investment in the form of equity. That's where the Venture Capital Fund comes in which is intended to grow selected high-potential companies into new industrial leaders of Namibia. The Fund will spur innovative products and services that have the potential to create employment and grow the economy sustainably.
7. In accordance with Cabinet directive, the SME Financing Strategy is being spearheaded by the Ministry of Finance, the custodian of the NFSS. The Ministry of Finance has further delegated the administration of the facilities under this Strategy to the Development Bank of Namibia (DBN).
8. The Bank of Namibia, as Secretariat and Coordinator of the NFSS is determined to support the efforts of the DBN in preparing for the establishment of the facilities under the SME Financing Strategy. In line with this commitment, the Board of Directors of the Bank of Namibia has approved N\$20 million for implementation of the Strategy.
9. A Memorandum of Agreement (MOA) has been signed between the Bank of Namibia and the Development Bank of Namibia in relation to the utilization of such funds. The cornerstone of this MOA is to ensure that the funds are utilised for its intended purpose which is assisting SMEs through the facilities under the SME Financing Strategy.
10. As an institution mandated to spearhead Government's efforts in providing access to finance for SMEs, the Development Bank of Namibia welcomes this financial support from the Bank of Namibia. The DBN has already commenced preparing for the implementation of the Strategy, which it will introduce in stages depending on funding availability. The public and targeted beneficiaries will be duly informed once all modalities have been put in place.

Issued by:



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