



NAMIBIAN RETAIL SECTOR CHARTER

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Dated

10 March 2016.

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1. DEFINITIONS:

ABBREVIATION DEFINITIONS

Charter or Retail Charter	Namibian Retail Sector Charter.
Company	A business venture registered in terms of the laws of Namibia relating to companies or close corporations or any trust or other venture formed for the purpose of running on a business concern, including a business run under sole ownership or in a partnership.
Control	The authority or power to manage assets, to determine policies and direct the business operations of that company.
CSI	Corporate Social Investment
Economic	Related to means of production including productive assets.
Equitable Government Local	Means a fair redress and redistribution action. Government of the Republic of Namibia Pertaining to or originating in Namibia
Manufacturer	Any entity that is engaged in manufacturing in Namibia.
Materials	Raw materials, semi-finished products, products, ingredients, parts & components used in the manufacturing of a good.
Product	Namibian manufactured when materials used are wholly obtained or if value is added or change of tariff heading or sufficiently worked.
Pillars	Key transformational agents in realising the objectives of this Charter.
Production	Growing, mining, harvesting, fishing, breeding, raising, trapping, hunting, manufacturing, processing and assembling of a good.
Management	Executive, Middle and Junior management as described in the Charter.
Measured Entity	The Contributors to the Retail Sector Scorecard
MSME	Micro, Small and Medium Enterprises with: Micro business – up to ten employees with annual turnover of less than N\$300,000



Small business – between 11 and 30 employees with annual turnover between N\$300,001 and N\$3,000,000

Medium business – between 31 and 100 employees and an annual turnover between N3,000,001 and N\$10,000,000.

NEEEF	New Equitable Economic Empowerment Framework.
NaCC	Namibian Competition Commission.
NPAT	The net amount earned by a business after all taxation related expenses have been deducted.
NSI	Namibian Standards Institution.
Procurement	The act of obtaining goods and services.
Products	<p>Any item of merchandise including but not limited to those falling within the following categories:</p> <ul style="list-style-type: none">• Edible groceries.• Non-edible groceries.• Butchery products (raw and production).• Bakery products (in-store baked and in-sourced).• Hot foods (in-store prepared).• Fresh produce.• Liquor.• Clothing and apparel.• Cement.• Doors.• Camping.• Paint.• Building materials.• Plumbing materials.• Lubricants.• Tyres.• Bicycles.• Fishing gear.• Personal Protective Equipment (PPE).• Antiquities.



Previously disadvantaged persons	Persons contemplated in Article 23(2) of the Namibian Constitution and includes: racially disadvantaged persons; women and persons with any disability as defined in the National Disability Council Act 26 of 2004.
Retail Code of Conduct	A Code to be adopted by the signatories to this Charter to regulate their conduct in order to enhance transparency and ensure that systematic barriers to retail space are removed.
Retail Sector	The retail sector includes all the shops that sell goods to the ultimate customer, who buys them for personal and not business use. It encompasses all kinds of shops, from kiosks and small groceries to supermarket chains and large department stores. In addition to traditional shops, the retail sector includes mail-order and online businesses.
Rebates	Return of a portion of a purchase price by a seller to a buyer, usually on purchase of a specified quantity, or value, of goods within a specified period. Unlike discount (which is deducted in advance of payment), rebate is given after the payment of the full invoice amount.
Shelf Space	Space allocated for locally produced products in the appropriate product category
Effective date	Means the date of commencement of The Charter which will be on 11 March 2016.
Signatories	All organisations of the Retail Sector who are signatories to the Charter.



2. PREAMBLE:

Whereas –

- 2.1 Namibia's economic growth needs to be accelerated in order to deliver equitable benefits to the Namibian people, through the creation of job opportunities and the reduction of income inequality;
- 2.2 Local manufacturing plays an important role in the development and the growth of the economy and has been designated as one of the four priority sectors in the Fourth National Development Plan (NDP4) together with logistics, tourism and agriculture;
- 2.3 Government has undertaken various measures to stimulate manufacturing in Namibia and to promote the export of manufactured products to the region and to the rest of the world;
- 2.4 Despite efforts by Government, the manufacturing sector has not grown at a rate required to meet the development objectives contained in Vision 2030;
- 2.5 An efficient distribution and retail system that supports local production is indispensable to stimulate economic growth and development, necessary for the promotion and maintenance of the welfare of the people of Namibia;
- 2.6 The parties to this Charter recognise that they have the ability and duty to assist in the economic development and industrialisation of the country, through the adoption of targeted intervention measures in the retail sector;



- 2.7 The parties to this Charter recognise that businesses have certain responsibilities towards the communities within which they operate, and should contribute to the development of the communities;
- 2.8 The parties to this Charter support Government's efforts in bringing about socio-economic transformation in order to advance social justice and empowerment of previously disadvantaged persons in Namibia;
- 2.9 The parties acknowledge that this Charter is a living document emanating from voluntary participation by retailers and that it shall be subject to constant review by the parties in order to attain the Charter's objectives.

NOW THEREFORE:

The parties commit themselves to the implementation of a Retail Charter.

3. THE RETAIL CHARTER:

- 3.1 Reflects the present reality in Namibia, and is aimed at transforming the Namibian retail sector, in order to bring about equitable benefits for the Namibian people;
- 3.2 Is a voluntary adopted Charter with the aim of transforming the retail sector, in accordance with the country's development plans, as contained in Vision 2030, NDP4, Namibia's Execution Strategy for Industrialisation (Growth at Home) and NEEEF;
- 3.3 Serves as a guide for policy review and transformation of the Namibian retail sector, within a determined time frame and in the context of the goals and targets of Vision 2030, NDP4, Growth at Home and NEEEF;



- 3.4 Constitutes a framework and establishes the principles upon which the transformation of the retail sector will be implemented;
- 3.5 Serves as a partnership programme that provides the basis of the retail sector's engagement with other stakeholders;
- 3.6 Establishes targets and quantified responsibilities of the parties under the pillars that have been identified in the Charter as transformational agents, to achieve the goals and objectives of the Charter. The Pillars are:
 - 3.6.1 Local Sourcing;
 - 3.6.2 Marketing and Visibility;
 - 3.6.3 Enterprise Development;
 - 3.6.4 Transparency Procedures;
 - 3.6.5 Consumer Protection;
 - 3.6.6 Cooperate Social Investment.
- 3.7 Outlines processes for implementing the commitments contained in the Charter, as well as mechanisms to monitor and report on progress by the parties;
- 3.8 It is the result of stakeholder consultations in the retail industry, and engagement between the retail sector, manufactures, producers and the Government;
- 3.9 Will be adapted to align to any mandatory pillars that may be mandated by law;
- 3.10 Is open to accession by any retailer who subscribes to the goals and objectives of the Charter.



4. GOALS AND OBJECTIVES OF THE RETAIL CHARTER:

- 4.1 To transform the retail sector from one that relies predominantly on foreign imports, to one that gives preference to local manufactures, by promoting the sourcing of locally produced products by retailers;
- 4.2 To support local businesses in securing retail space at home, so as to increase the visibility of their products through the promotion, marketing and distribution of such products;
- 4.3 To support and assist new and existing MSMEs to increase their participation in the Namibian retail sector, by implementing enterprise development programmes;
- 4.4 To promote transparency and fairness in procurement procedures, terms of credit and payment and rebate provisions so that no discriminatory practices are implemented against local suppliers;
- 4.5 To promote consumer protection by safeguarding the safety and standards of products, the supply chains of the products, and minimising their adverse environmental impacts;
- 4.6 To ensure that retailers fulfil their corporate social investment obligations.

5. APPLICATION OF THE CHARTER:

- 5.1. This Charter applies to the Namibian retail sector, and in particular to all enterprises engaged in the retail business and the provision of retail services.



6. LOCAL SOURCING:

- 6.1 Local sourcing is concerned with the taking of measures that are designed to promote the sourcing of local products and services in order to stimulate the growth of the local economy. The aim is for retailers to increase locally produced or manufactured products on their shelves.
- 6.2 Presently Namibia's retail shelves are full of imported products and local manufacturers find it difficult to access the domestic market.
- 6.3 Many local retailers do not source local products as a first choice. This limits local producers' access to local consumers.
- 6.4 In some cases, local manufacturers have to transport their goods to distribution centres which are located outside Namibia, from where they are re-exported to Namibia. This increases the cost of local products and makes them uncompetitive.
- 6.5 The parties to the Charter recognise that the development of local industries can be stimulated if retailers source and merchandise Namibian products where feasible and practically possible.
- 6.6 The parties commit, whenever it is feasible, to enter into supply agreements with local suppliers, manufacturers, producers and farmers when sourcing local products.
- 6.7 The parties commit to source a product locally, whenever the product is available locally, provided it meets quality and supply requirements of the retailer.
- 6.8 The parties to the Charter commit to achieve the following targets:



- 6.8.1 increase goods manufactured in Namibia and local services to 10% of their procurement bill;
- 6.8.2 increase to X% of their procurement bill on agricultural products from local farmers and fresh producers; X denotes the percentage as determined by the Horticultural Market Share Scheme of the Agronomic Act;
- 6.8.3 increase to 6% of their procurement bill on goods that are packed or co-packed by local companies;
- 6.8.4 increase to 5% of their procurement bill on local distributors;
- 6.8.5 increase to 30% local content, spend from Namibian Suppliers.

7. MARKETING AND VISIBILITY

- 7.1 It is concerned with the measures taken by retailers to promote local products through marketing initiatives and the allocation of shelf-space.
- 7.2 There is insufficient marketing by retailers of locally produced goods. The result is that few locally produced products find their way onto the shelves of retailers.
- 7.3 Local manufacturers, producers, suppliers and farmers are unable to market their products because of the high marketing costs.
- 7.4 The parties to this Charter commit to supporting local businesses to gain access to the local and international market, through the promotion, marketing and distribution of Namibian products.



7.5 The parties to this Charter commit to create consumer awareness of local products and services, in order to increase the local consumption of such products and use of services.

7.6 The parties to this Charter commit to spend 5% of their annual advertising budget on the promotion of locally produced products and services.

8. ENTERPRISE DEVELOPMENT

8.1 Is concerned with contributions in whatever form made by retailers in supporting MSMEs, with the object of assisting them in becoming more productive, profitable and sustainable enterprises.

8.2 The retail sector has not done enough to promote the growth of sustainable enterprises, and little enterprise development support has been extended to previously disadvantaged Namibians.

8.3 There is no sector wide enterprise development programme, to assist local manufacturers with skills development, labelling and packaging to conform to retail specifications.

8.4 Local enterprises face many difficulties to convince retailers to stock and sell their products.

8.5 No regular meetings are held between manufacturers and retailers to discuss issues relating to consistency of labels, volumes, quality and pricing.



8.6 The overall objective is to assist local industries to increase their productive capacity as well as facilitate entry into the retail market by getting their products on the retail shelves which could include the following measure:

- 8.6.1 Management, business development and skills transfer;
- 8.6.2 Implementation of measures that facilitate ease of entry to the retail sector;
- 8.6.3 Early settlement of invoices (early payment) for goods and services;
- 8.6.4 Preferential rates for services and products;
- 8.6.5 Administrative and/or consultative assistance;
- 8.6.6 Discounts;
- 8.6.7 Donations;
- 8.6.8 Granting of loans and extension of credit facilities;
- 8.6.9 Staff secondments;
- 8.6.10 Entrepreneur development;
- 8.6.11 Mentorships; and
- 8.6.12 Internships.

8.7 The parties undertake to establish a forum at which problems and issues of common concern can be discussed with manufacturers and producers.

8.8 The parties commit to spend 1% of their NPAT to any of the following:

- 8.8.1 directly or indirectly on the development of SMEs;
- 8.8.2 on discounts or business support programmes for SMEs within the retail supply chain;
- 8.8.3 on grant contributions or loans or credit facilities at 0% interest to SMEs within the said financial year.



9. TRANSPARENCY PROCEDURES

- 9.1 Is concerned with the conduct of retailers in applying fair and transparent business principles in their dealing with customers, suppliers and competitors. Specifically, if it requires retailers to be fair and transparent with regard to procurement procedures, terms of credit, payment and rebate provisions so that local suppliers are not subjected to worse treatment than foreign suppliers.
- 9.2 At present, some retailers impose different trading conditions on local suppliers, making it difficult for them to enter the local retail market.
- 9.3 The parties commit to comply with the Retail Sector Code of Conduct and individual codes of good business practice to be adopted or already adopted by retailers.
- 9.4 The parties specifically commit to ensuring that local products are able to access the retail market on equal terms to any imported products, if quality and cost standards are met.
- 9.5 The parties commit to setting up codes of conduct for their businesses, to serve as guides in upholding and implementing transparency and good business ethics.
- 9.6 The parties commit to annually submit self-assessments on their compliance with their company codes and with a future Retail Code of Conduct that will form part of this Charter.
- 9.10 The Retail Code of Conduct will be used to measure their compliance with transparency procedures.



10. CONSUMER PROTECTION

10.1 Consumer protection involves a commitment by enterprises to ensure that products and services do not pose a hazard to the health and safety of the public and are fit for consumption and use.

10.2 The parties undertake to implement measures to:

10.2.1 facilitate consumer education;

10.2.2 prevent dishonest or misleading advertising or labelling;

10.2.3 address consumer complaints and where appropriate provide redress;

10.2.4 ensure that products that are sold and services that are supplied are safe and suitable for consumption;

10.2.5 ensure that labels on products are accurate;

10.2.6 Products and services comply with national and international standards.

11. CORPORATE SOCIAL INVESTMENT

11.1 There is insufficient appreciation by many retailers of the fact that they have various responsibilities towards the communities within which they operate, and that they should contribute to the sustainable development of the communities through corporate social responsibility initiatives.

11.2 This pillar looks at projects that an enterprise undertakes in order to uplift the standard of living of disadvantaged and marginalized communities. This includes implementing sustainable developmental projects to support education, health, sport, culture, create employment, encourage technological advancement and implement measures to protect the environment.



11.3 The parties undertake to contribute a minimum of 1% of the net profit after tax to corporate social investment or, if not taxable, of its estimated income based on the actual figures of the previous year.

12. **IMPLEMENTATION OF THE CHARTER:**

12.1 Each party to the Charter must submit a report annually to the Council. The report which will be publicly accessible must contain the enterprise's scorecard and an account of progress in achieving the targets outlined in the Charter.

12.2 The first annual report will be for the enterprise's first full financial year after the effective date of the Charter and must be submitted to the Council within three months after the financial year end.

12.3 After 3 years the Council will review progress on the implementation of the Charter and review targets set in the Charter and invite discussions on new targets.

12.4 The Charter will be reviewed once NEEEF becomes law.



13. ASSESSMENT OF CHARTER:

13.1 The Scorecard

13.1.1 The scorecard provides an objective and broad-based set of measurements indicators for purposes of measuring transformation progress in and between retail enterprises, in different sub-sectors and in the retail sector as a whole.

13.1.2 The scorecard contains the following:

Pillars: the core pillars of the Charter derived from Growth at Home Strategy, NDP4, policy statements of Government; and NEEEF Policy.

Indicator: The area of measurement pertaining to an element of a pillar;

Targets: Quantifiable measurement of transformational initiatives;

Weightings: A number on the scorecard against which an enterprise's performance in terms of a particular target will be calculated.



13.1.3 FIGURE 1

Confidential working papers. Draft scores for discussion purposes.

Notice: It is confirmed herewith that the results as reflected on this scorecard are based entirely on information and data as provided by the company.

Retail Charter	Indicator:	Indicator weighting:	Target: 1-5yr	Raw:	Result:	Score:
<u>Local Sourcing</u> 35%	Manufactured Goods	10.0%	30.0%	2.67%	0.89%	10.10%
	Local sourcing farmers/fresh Producers	10.0%	41.5%	13.33%	3.21%	
	Packers/Co Packers	6.0%	5.0%	11.11%	6.00%	
	Local Distributors	5.0%	5.0%	0.00%	0.00%	
	Overall Spend as a % of spend from Namibia Suppliers	4.0%	30.0%	0.00%	0.00%	
<u>Market & Visibility</u> 20%	Spend on Contributions on Promoting local goods and services (square meter space occupancy of retail space)	20.0%	5.0%	2.27%	9.07%	9.07%
<u>Enterprise Development</u> 25%	Direct Cost Incurred in Supporting ED - Variable cost (Including both monetary and non- monetary)	25%	1.0%	21.74%	25.00%	25.00%
	Discounts in additions to normal practices supporting ED					
	Grant Contribution or Loans/ Credit Facilities at 0% Interest					
<u>Transparency Procedures</u> 10%	Compliance to Retailer Code of Conduct	10%	100% compliance	0%	0.00%	0.00%
<u>Consumer Protection</u> 5%	Publication of Consumer Protection processes and procedures	5%	100%	0%	0.00%	0.00%
<u>CSI 5%</u>	Community Development	5%	1.0%	21.74%	5.00%	5.00%
		100.0%				

Total Points Scored

49.17%

Note: Target achieved over a 5-year period. Year on year improvement on overall score - 10 -25% Improvement.



The table represents the criteria used to derive a score.

Understanding what each pillar means:

It is important to understand the requirements of each pillar.

Ownership should include Management and Human Resources – 10 Bonus points can be allocated if in compliance with NEEEF.

When determining the level of black ownership, points are provided as follows:

- The extent to which previously disadvantaged Namibians, Women, people living with disabilities can influence the strategic direction of the business through their shareholding;
- The current net value of their shares;
- The amount of profit (percentage of each Namibian Dollar) that accrues to all of these shareholders;
- Whether these shares are paid for in full, or will be within 10 years or less.

14. **GOVERNANCE:**

14.1 The Retail Sector Charter Council will be established representing all stakeholders.



15. FUNCTIONS AND POWERS OF THE COUNCIL:

15.1 To oversee and monitor the implementation of the Charter;

15.2 To ensure consistency in the implementation of the Charter;

15.3 To receive, consider and approve enterprise annual reports relating to the implementation of the Charter;

15.4 To issue guidelines on the interpretation and application of the Charter;

15.5 To take decisions affecting the Charter and its implementation;

15.6 To prepare annual reports on progress made in the implementation of the Charter;

15.7 To decide on how fees for the work of the Council will be raised;

15.8 To liaise with relevant stakeholders on transformation of the retail sector;

15.9 Create a platform for regular consultations between retailers, wholesalers, distributors and manufacturers to discuss problems and solutions.



16. **COMPOSITION OF THE COUNCIL:**

12.1. The Council shall consist of the following members:

12.2. One representative of the Ministry responsible for trade and industrial development;

12.3. One representative of the Namibia Industrial Development Agency (NIDA);

12.4. One representative of the Namibia Manufacturers Association;

12.5. One representative of Namibia Chamber of Commerce and Industry;

12.6. 5 representatives of businesses of the retail sector who are signatory to this Charter;

12.7. A secretary who shall be an ex-officio member of the Council responsible for coordinating the administrative work of the Council.

12.8. The Council may, from time to time, co-opt persons with the necessary skill and expertise to assist the Council, provided that such persons shall not be members of the Council.



17. **ANNEXURE:**

17.1 Annexure A: Standard Guidelines for Retail Merchandising.



18. **SIGNATORIES:**

Approval Date

SIGNATURE

HONOURABLE IMMANUEL NGATJIZEKO MINISTER OF INDUSTRIALISATION
TRADE & SME DEVELOPMENT.

Approval Date

SIGNATURE

CEO NAMIBIA TRADE FORUM

Disclaimer:

Stakeholders are subject to sign on original document; signatories to the charter is in ongoing procedure.



**Namibia Retail Sector Charter (NRSC).
Signatories**

Task Team 1 - FMCGs

Name	Company/organization	Signature
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Task Team 2 – Building/Hardware

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Task Team 3 – Clothing/Apparels

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