



**REPUBLIC OF NAMIBIA**

**Ministry of Finance**

***MEDIA STATEMENT***

Granting of Exemption to NAMPOWER to Conduct Procurement on its  
Own Behalf

***Ipumbu Shiimi, MP***

***Minister of Finance***

*Check against delivery*

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*Fellow Namibians,  
Members of the media,  
Ladies and gentlemen,*

We have invited you our esteemed members of the media to provide a brief update on the exemption from Section 8 of the Public Procurement Act, 2015 (Act No. 15 of 2015) which was granted to Nampower effective from 1 May 2021 until 31 April 2023. This exemption was granted in line with Section 4(2) of the Public Procurement Act, 2015 which provides that: *“The Minister may, with or without condition, as the Minister may determine, grant a general or specific exemption by way of a directive for specific types of procurement or disposal from the application of certain provisions of this Act that are not practical or appropriate for the purpose for which such goods are let, hired or disposed of, including goods, works and services being procured.”*

## **Background**

The Procurement Policy Unit (PPU) in the Ministry of Finance has amongst other functions a responsibility “to propose various thresholds to the Minister relating to public procurement or disposal to be applied by public entities and the Board” in line with the objects of the Public Procurement Act.

The PPU embarked on a Public Procurement Decongestion Project which was born out of the Recommendations by the High Level Panel on the Namibian Economy (HLPNE) which was constituted by HE, the President of the Republic of Namibia, Dr. Hage G. Geingob in 2019. HLPNE identified that the new Public Procurement Act created a congestion in the public procurement system that has a negative impact on economic development and growth.

*Ladies and gentlemen,*

To implement the above targeted exemption, the PPU undertook a project on Procurement Capacity Assessment for Public Entities as part of the larger Public Procurement Decongestion Project. The objective of this project is to enhance efficiency of the public procurement system through establishing an optimum balance of responsibilities and duties within the procurement system, based on merit and ability to efficiently undertake procurement. Through the Procurement Capacity Assessment

for Public entities Project, a framework was developed to provide a standard metric for assessing capacity and capability of the public entities to execute their procurement function. The assessment involves consideration of specific areas of public entity capacity and a set of scoring criteria to enable a consistent and objective grading of the public entities.

The above includes human and institutional capacity of public entities as well as a compliance assessment of randomly selected procurements conducted by the public entity in the recent past. A validation exercise involving the public entity under assessment and the assessment team is conducted to authenticate the draft report, serving as an opportunity to agree on the allocated scores as influenced by the information and evidence availed by the public entity.

The PPU began with the pilot implementation of the project during November 2020 to early this year at three public entities namely, Nampower, Namwater and the City of Windhoek. From these assessments, Nampower scored a favourable rating thereby demonstrating substantial capacity both in terms of human and institutional spheres as well as a good degree of compliance during past procurement processes which were drawn for the audit. Nampower has, therefore, been considered as eligible for a **temporal, yet conditional** exemption from section 8, read with Regulation 2 of the Public Procurement Act, 2015 (Act No. 15 of 2015) for a period of two years. Effectively, Nampower shall be permitted to internally undertake procurement above values provided for under category one (1) for public entities, without referring such to the Central Procurement Board of Namibia (CPBN) for execution:

I wish to point out that that this exemption is in no anyway meant to erode the role of CPBN and its mandate as provided for by the Act. In fact, the CPBN shall continue to implement its mandate and remain an integral institution in promoting the objects of the Act. The reason for this temporal, yet conditional lifting is based on the intention to enhance efficiency and effectiveness within the procurement system. Nampower is a public entity with a key strategic mandate and responsibility in Namibia. Therefore, it is reasonable to believe that expediting procurement by Nampower among other strategic public entities, will go a long way in terms of product and public service delivery to Namibians, and contribution to infrastructural investment required for economic growth and development.

Furthermore, while we continue to enhance public procurement capacity in general through training and recruitment at various public entities, including the CPBN, it is advisable to harness and optimise the existing capacity and potential demonstrated by Nampower. In a way, the exemption relieves the CPBN of some overload, allowing the Board to efficiently and effectively handle procurement from other public entities which have not been exempted or assessed in this regard and hence fulfilment of the overall object of the Act.

*Ladies and gentlemen,*

I wish to reiterate that the exemption to Nampower is not issued in an open-ended or unrestrained fashion. Nampower remains a public entity in terms of the Public Procurement Act, and therefore continues to be expected to live up to the full spirit and requirements of the law. Furthermore, Nampower will be subjected to direct supervision and monitoring of its procurement activities by the Ministry of Finance in line with Section 7 of the Act, for all procurement (which ordinarily would otherwise be executed by the CPBN) to ensure full compliance. Failure to comply by Nampower shall result in the withdrawal of the exemption. I thus wish to implore upon Nampower management and Board to exercise due prudence, ethical conduct and adherence to value for money principles in the execution of this measure at all times.

In conclusion, it should be noted that the exemption to Nampower is issued within the mandate of the Minister of Finance, informed by Recommendations by the High Level Panel on the Namibian Economy and the Procurement Capacity Assessment for Public Entities as part of the larger Public Procurement Decongestion Project. The exemption is conditional, with regular monitoring to be implemented by the Ministry of Finance through the Procurement Policy Unit.

I thank you

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