

CPBN
CENTRAL
PROCUREMENT
BOARD OF NAMIBIA

Procuring with Integrity

ANNUAL REPORT 2017/2018

00 GENERAL INFORMATION

Country of Incorporation and Domicile	Namibia
Nature of Business and Principal Activities	To conduct the bidding process and enter into procurement contracts on behalf of public entities for procurements above their procurement thresholds
Board of Directors	Mr. P.P Swartz - Chairperson and Administrative Head Ms. L. Ramakhutla - Deputy Chairperson and Deputy Administrative Head Mr. J.L. Muadinohamba Ms. M. Nakale Ms. H. Herman Mr. E.P. Shilongo Ms. M. Iyambo Mr. H.C. Loftie-Eaton Mr. T. Ndove
Registered Office	Central Procurement Board of Namibia No. 1 Teinert Street Windhoek West, Windhoek
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ACRONYMS

PPA:	Public Procurement Act
CPBN:	Central Procurement Board of Namibia
PPU:	Public Procurement Unit
PPR:	Public Procurement Regulation
MoF:	Ministry of Finance
IPP's:	Individual Procurement Plans
SBD:	Standard Bidding Documents
BEC:	Bid Evaluation Committee
FIDIC:	International Federation of Consulting Engineers



Procuring with Integrity

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“We will continue to strive to improve standards and service delivery in public procurement.”

Mr. P Swartz - Chairperson and Administrative Head



CHAIRMAN'S REVIEW

ESTEEMED STAKEHOLDERS

2017 Marks the year of new beginnings. I am pleased to present to you the first Central Procurement Board of Namibia Annual report while chairing CPBN for the first time.

Transformation of the public procurement platform in Namibia

It has been a busy and challenging first year of operation for CPBN.

The regularity landscape in Namibia was transformed with the commencement of the Public Procurement Act (Act 15 of 2015) (PPA) during its inauguration on 1 April 2017. This legislative piece repealed the Tender Board Act (Act 16 of 1996) setting the foundation for change and effecting a substantive improvement of the public procurement processes and practices in the country.

The Minister of Finance, Honourable Carl "Calle" Schlettwein, stated at a press conference held on 30 March 2017, that the PPA is an important developmental and empowerment tool which aligns the public procurement activity with the national development agenda and best international practices. Optimally fulfilling a governance task, the PPA established operationally autonomous institutions which are publicly accountable while simultaneously expanding its scope to the entire public sector.

The institutions established by the PPA with its mandate are as follows:

Institutions	Mandate
Procurement Policy Unit	Responsible for advising the Minister on any procurement or disposal which includes: <ul style="list-style-type: none"> Monitoring compliance The reviewing of the procurement system and proposal of mechanism for improving the implementation of government policies Assessing the impact of the procurement system on the socio-economic policy objectives of the government Promotion of the fundamental principles of procurement Reviewing of, monitoring, and assessing methods of disposal of assets
Central Procurement Board of Namibia	<ul style="list-style-type: none"> Conducting the bidding process on behalf of public entities for the award of contracts for procurement and disposal of assets that exceed the procurement threshold prescribed for public entities. Entering into contracts for procurement or disposal of assets on its own behalf or on behalf of public entities awarded by the Board; and To direct and supervise accounting officers in managing the implementation of procurement contracts awarded by the Board.
Review Panel	To adjudicate on an application for: <ul style="list-style-type: none"> Review Suspension, debarment and disqualification of bidders and suppliers; or Any other matter that the Minister may refer to the Review Panel for its consideration.

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Operational Performance

As dedicated stewards of public trust, the Central Procurement Board of Namibia (CPBN) identified three main objectives by having effective procedures in place. Objectives are to:

- Conduct the bidding process, enter into agreements, and oversee the implementation of procurement awards
- Operationalise the CPBN
- Handle transitional procurement matters originating from the repealed Tender Board Act (16 of 1996)

Conduct the bidding process, enter into agreements, and oversee the implementation of procurement awards

Under the PPA, public entities present an individual procurement plan and a standard bidding document to the CPBN to initiate the procurement process. This played a significant role in the automation of operational processes and brought relief to a huge administrative burden. The public entity should therefore, in accordance with the requirements, plan each procurement carefully, determine the best cost estimate, the most appropriate procurement method

and ensure that adequate funding is available before the commencement of the procurement process.

During the year under review, the Board approved seventeen (17) individual procurement plans valued at N\$2 480 829 200. The Board further adjudicated a procurement started by Roads Authority and awarded the procurement contract amounting to N\$111 377 518. Unsuccessful bidders were provided an appeal process lodged at the Review Panel. In turn, the CPBN were instructed to re-evaluate the bid. After consultation with the Attorney General, the decision of the Review Panel was challenged in the High Court.

The High Court referred a tender for the 'Provision of Dialysis Services of the Ministry of Health and Social Services' to the Board for re-evaluation and adjudication. To attest to a fair, open, and transparent process, the Board appointed independent bid evaluators to conduct the re-evaluation of the tender. This bid was cancelled in accordance with section 54(1)(g) as it was concluded by the Bid Evaluation Committee that the offer "does not create or achieved the expected outcome".

Operationalise the CPBN

With the aim to implement the organisation's processes effectively and efficiently CPBN established an Audit and Risk Committee, as well as a Human Resource Committee. Through these two Board sub-committees, an organisational structure with clear responsibilities and functions emerged. A budget was determined for the current year and the following year. The committees also reviewed several draft policies and charters for the consideration and approval of the Board. Recruitment of the human capital pool was one of the challenges that the Board faced during its inception. The recruitment process was slow and did not yield adequate progress which necessitated management to engage public entities to second staff to CPBN. As a temporary matter, management also employed staff members on short term contracts to assist with the implementation of internal controls and the execution of the mandate of the organisation.

CPBN received an income of N\$39 678 372, of which N\$38 654 816 was a subsidy/grant from the Ministry of Finance. During the period under review, the organisation spent N\$6 912 366 of the funds received, mainly

due to the recruitment shortfall and the operational challenges public entities faced when implementing the PPA during its first year.

From the onset, the organisation engaged with its stakeholders, discussing implementation challenges, transitional matters as well as procedural aspects. These engagements were critical as they shaped the operational procedures of the organisation and clarified roles and responsibilities which streamlined the procurement process.

Transitional Procurement Matters

Striving for best practises, the procurement process proved to be a major setback. Despite the hurdle, the Board approved twenty (20) contract extensions valued at N\$1 514 404 181,65, three (3) price increases valued at N\$22 867 157,95, and five (5) contract variations valued at N\$22 385 469,27 during the year under review.

Looking Forward

Facing an economic downturn, the pressure is felt in many organisations (including CPBN). Within the framework as public sector we faced a particular set of challenges, such as implementing the PPA and the lack of capacity evident in the public entities. The CPBN is looking forward to accelerating its recruitment drive. This aims to build internal capacity and engage public entities and other stakeholders into speedy transition for improved procurement. As part of a process-driven strategy, CPBN plans to issue an expression of interest to the public to attract professionals who would conduct the bid evaluations and submit their evaluation report to the Board of CPBN in line with section 26, and section 9(1)(l) of the PPA. CPBN further plans to make advancements in finalising the strategic plan whilst fostering deeper stakeholder relationships with public entities and civil society.

Conclusion

Admittedly, building a foundation for good governance is a slow process – slower than what the Board envisaged. By addressing the needs of stakeholders CPBN is

confident that business is moving in the right direction. Despite continuous challenges, CPBN upheld the fundamental principles of procurement, considered each submission on its own merits, drove the empowerment agenda of the government, questioned procurement plans and bidding criteria ensuring that Namibians are afforded opportunities in public procurement. Often the decisions made, were not all popular with public entities and common grounds needed to be sought through deliberations. It is therefore my honour to profoundly thank the Board for their robust discussions, for their time committed this year, their guidance as well as their support.

Considering the period of transformation that CPBN is in, the resilience of the team is commendable. To the staff who supported CPBN during this year and the public entities who seconded staff to CPBN, thank you. Without you, the work of this organisation would not have been possible. Furthermore, we are convinced that opportunities of this nature do not appear that often. We, therefore, thank the Honourable Minister for this opportunity. We will continue to strive to improve standards and service delivery in public procurement. To the Permanent Secretary of Finance and the staff of the Ministry of Finance, thank you for your support and assistance during the first year of operations. It is highly appreciated. Lastly, I extend my thanks to the public entities who engaged with us during the year. We thank you for your support and your critique. We are committed to serving you better. We trust that the Annual Review showcases the procurement function as a contributor toward a better Namibia for all.



CORE VALUES

MISSION

To implement a procurement system in a competitive and transparent manner that realises value for money in the best interest of all Namibians.

VISION

To be a vibrant and excellent procurement and asset disposal body that contributes towards the attainment of Namibia's development agenda.

VALUES

Value for money, Integrity, Transparency, Accountability and Responsiveness.

02 CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

The CPBN is a juristic person, established by Section 8 of the Public Procurement Act, 15 of 2015, from which its mandate derives. The Board respects principles of good governance and have applied the pillars of governance, such as responsibility and accountability, fairness, and transparency in the execution of its duties.

The Board has given adequate consideration during the year under review to the procurement related matters which is the core mandate of the organisation and has engaged with stakeholders regularly in this regard.

Board Members Composition and Duties

The Minister of Finance appointed the following members as the founding Board members of the Central Procurement Board of Namibia effectively 1 April 2017.

The Chairperson serves as the accounting officer of the Board and is also appointed as Administrative Head deputised by the Deputy Chairperson who is also appointed as Deputy Administrative Head. Both the Chairperson and Deputy Chairperson are appointed on a full-time basis for a period of five (5) years. The appointment of the Chairperson, although appointed in line with Section 11 of the PPA, is contradictory to the recommendation of the Corporate Governance Code of Namibia (NamCode) as the Chairperson is not an independent, non-executive member.

The founding board members of CPBN were appointed on 1 April 2018 and took their oath of office on 27 April 2018 in the High Court of Namibia, which was administered by Judge President Petrus Damaseb. The powers and functions of the Board in relation to procurement or disposal of assets, under section 9(1) of the PPA are to:

Name	Position	Term
Mr. P.P. Swartz	Chairperson and Administrative Head	5 years
Ms. L. Ramakhutla	Deputy Chairperson and Deputy Administrative Head	5 years
Mr. J.L. Muadinohamba	Independent Member	3 years
Ms. M. Nakale	Independent Member	3 years
Ms. H. Herman	Independent Member	3 years
Mr. E.P. Shilongo	Independent Member	3 years
Ms. M. Iyambo	Independent Member	3 years
Mr. H.C. Loftie-Eaton	Independent Member	3 years
Mr. T. Ndove	Independent Member	3 years

- a. Call for such relevant information and documents as it may require from any public entity,
- b. Examine such records or other documents and take copies or extracts from them,
- c. Commission any studies relevant to the determination of the award of procurement or disposal contracts,
- d. Request any professional or technical assistance from any appropriate person in Namibia or elsewhere,
- e. Establish appropriate internal procedures for the operations of the Board and ensure compliance with them,
- f. Approve bidding documents and notices submitted to it by public entities,
- g. Invite bids and initiate pre-qualification and post-qualification for procurements or disposal of assets,
- h. Receive and publicly open bids,
- i. Appoint persons to act as members of a Bid Evaluation Committee of the Board, including representatives nominated by the relevant public entities,
- j. Oversee the examination and evaluation of bids,
- k. Approve procurement methods and to consider for approval the recommendations from the bid evaluation committee for award of procurement or disposal contracts,
- l. Review the recommendations of a bid evaluation committee; and
 - i. To approve or reject the recommendation of the bid evaluation committee to award a contract; or
 - ii. To require the bid evaluation committee where applicable to make a new or further evaluation on specific grounds; or
 - iii. To report to the Minister any decision of the Board not implemented by the public entity within the prescribed period; and
- m. Do such things, not inconsistent with this Act, as it may consider necessary or expedient to achieve the objects of the Act.

Adjudication Meetings Report

The adjudication of procurement matters constitutes the major part of the Board's mandate. The Board met frequently to consider and approve matters submitted by public entities which are above their procurement threshold. These matters include, amongst others, contract extensions, contract variations, individual procurement plans, standard bidding documents. The Board further adjudicated Bid Evaluation Committee reports under section 9(1) (l) of the PPA.

In accordance with section 15 (6) of the PPA, seven members of the Board constitutes a quorum and six or more members present and voting in favour of any matter at the meeting constitute the decision of the Board.

During the period under review, thirty-one (31) adjudication meetings took place. Herewith the attendance of the Board members for the year under review:

Full Name	Number of meetings attended
Mr. P.P. Swartz (Chairperson)	30/31
Ms. L. Ramakhutla (Deputy Chairperson)	28/31
Mr. J.L. Muadinohamba	25/31
Ms. M. Nakale	26/31
Ms. H. Herman	22/31
Mr. E.P. Shilongo	30/31
Ms. M. Iyambo	31/31
Mr. H.C. Loftie-Eaton	28/31
Mr. T. Ndove	24/31

Governance Meetings Report

The Board is responsible for the organisation's strategic direction and for the control of the organisation. The Board guided the management through the establishment of functional structures, the development of policies and procedures, and ensured that management complied with it. During the year under review, the Board met four (4) times. Attendance of Board members are presented below:

Full Name	Number of meetings attended
Mr. Patrick P. Swartz - Chairperson and Administrative Head	4/4
Ms. Lischen Ramakhutla - Deputy Chairperson and Deputy Administrative Head	4/4
Mr. Jeremia Muadinohamba - Independent Member	3/4
Ms. Maria Nakale - Independent Member	3/4
Ms. Hilya Herman - Independent Member	4/4
Mr. Epafra P. Shilongo - Independent Member	4/4
Ms. Maria Iyambo - Independent Member	4/4
Mr. Hendrik Cronje Loftie-Eaton - Independent Member	4/4
Mr. Titus Ndove - Independent Member	4/4

During the year under review, the Board reviewed the draft Board charter, approved policies related to the operations, approved the interim budget as well as the subsequent budget for the organisation, directed management on human resources aspects and initiated the development of the strategic plan for the organisation.



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Governance Agreements

In order to measure the effectiveness of board members and to hold board members accountable for efficient and effective service delivery, board members entered into a five (5) year governance agreement with the Minister of Finance during April 2017. This agreement outlines Government's expectations of the CPBN and the duties and obligations of Board members.

The Government expect CPBN to develop a five-year strategic plan which is in line with prevailing national development plans such as the Harambee Prosperity Plan, National Development Plan and Vision 2030. It is further expected that the Board ensures that CPBN conducts its business efficiently, monitors the implementation of plans and strategies and to oversee the implementation of a performance management plan for CPBN.

Performance Agreements

In accordance with section 11 (3) of the PPA, the Board members entered into a performance agreement with the Minister of Finance on 28 April 2017. The agreement reiterates the expectation of the Government for the individual members to contribute to the development of the organisation as set-out in the governance agreement and to adhere to the principles of good governance.

Board Induction

The Board Members attended an induction on 25 April 2017 by the Procurement Policy Unit on the Public Procurement Act, which include a review of their roles and responsibilities relating to the PPA. In February 2018, the Board Members were also inducted, following good governance principles. This session highlighted the duality role of the Chairperson who was also appointed as Administrative Head which is deemed contrary to good corporate governance principles.

Board Committees Report

The Board established its sub-committees in 2017, namely, the Audit and Risk Committee and the Human Resources Committee in accordance with section 16 of the PPA. The Committees are advisory committees and as such, do not perform any management functions or assume any management responsibilities. The Committees have independent and objective roles, operating as overseers and originators of recommendations to the Board for its approval or final decision.

Human Resource Committee

The Human Resources Committee (HRC) comprises of four (4) Board members and seeks to assist the Board to ensure:

- The CPBN remunerates directors and executives fairly and responsibly,
- CPBNs remuneration strategy and conditions of services is developed to attract, retain and motivate human resources and
- the corporate governance structure of the CPBN is adequate, efficient and appropriate.

The ARC is also entrusted to monitor the implementation of the Code of Ethics with respect to the Board Members.

During the period under review seven (7) committee meetings were held.

Full Name	Number of meetings attended
Ms. Hilya Herman - Chairperson	6/7
Mr. Jeremia Muadinohamba	5/7
Mr. Epafra P. Shilongo	7/7
Mr. Hendrik Cronje Loftie-Eaton	7/7

The committee review and proposed to the Board for approval the following:

- Human Resource Committee Charter
- Human Resources Policy
- Organisational structure

Audit and Risk Committee

The Audit and Risk Committee (ARC) comprises of three (3) board members and it seeks to assist the Board in discharging its duties relating to the following:

- a. The safeguard of assets,
- b. Monitor the integrity and operation of adequate and effective systems and control processes,
- c. The review of fairly presented financial statements in compliance with all applicable legal and regulatory requirements and accounting standards,
- d. The oversight of appointment, functions, removal and remuneration of external and internal auditors,

- e. Monitoring integrity of integrated reporting system and internal controls including financial reporting and sustainability issues,
- f. Information technology governance as it relates to integrated reporting; and
- g. Review the statutory accounts and consider accounting issues arising in respect of the CPBN's affairs and recommend them to the Board for approval.

During the period under review, the committee held seven (7) committee meetings.

Full Name	Number of meetings attended
Ms. Maria Nakale - Chairperson	7/7
Ms. M Iyambo	7/7
Mr. Titus Ndove	5/7
Ex officio:	
Mr. Patrick P. Swartz - Administrative Head	5/7
Ms. Lischen Ramakhutla (Deputy Administrative Head)	7/7

The committee review and proposed to the Board for approval the following:

1. Audit and Risk Charter
2. Budget 2017/2018 and Budget 2018/2019. The committee further discussed the draft Financial and Investment policies.



The committee review and proposed to the Board for approval the following:

- Audit and Risk Charter
- Budget 2017/2018 and Budget 2018/2019.

The committee further discussed and referred back the draft Financial and Investment policies.



Board Remuneration Report

In terms of Section 18 (1) of the PPA and except for the Chairperson and Deputy Chairperson, a member of the Board or Committee of the Board who is not a full-time employee of the State, is paid such allowances as the Minister of Finance may determine.

According to section 18 (2) of the PPA, the Chairperson and Deputy Chairperson of the Board are paid

such remuneration and allowances as the Minister of Finance may determine after having due regard to the requirements of section 22 of the Public Enterprises Governance Act, 2006 (Act No.6 of 2006). During the period under review, an amount of N\$4,171,405 was paid out in allowances to Board members (inclusive of the salaries of the Chairperson and Deputy Chairperson):

	Directors' fees	Total
P.P. Swartz (Chairperson and Administrative Head of CPBN)	1,250,000	1,250,000
L. Ramakhutla (Ms.) (Deputy Chairperson and Deputy Administrative Head – CPBN)	1,083,333	1,083,333
M. Nakale (Ms.) (Chairperson of the Audit and Risk Committee)	332,578	332,578
J. Muadinohamba	335,418	335,418
H. Herman (Ms.) (Chairperson of the Human Resource Committee)	273,498	273,498
E.P. Shilongo	367,970	367,970
M. Iyambo (Ms)	105,241	105,241
H.C. Lofthie-Eaton	338,424	338,424
T. Ndove	84,943	84,943
	4,171,405	4,171,405

The Minister of Finance approved the board fees during 2017, aligning the fees to a Tier 2 corporation as defined by the Public Enterprises Governance Act, 2006 (6 of 2006). The Chairperson and Deputy Chairperson are not paid any sitting or retainer allowances.

03 CPBN PERFORMANCE REPORT

INTERNAL OPERATIONS

Human Capital

The organisation faced challenges in recruitment during its inaugural year. As a temporary matter to mitigate this shortcoming, the Ministry of Finance seconded eight (8) employees to CPBN to assist the Board during the inception phase. The Board adopted an organisational structure which identified forty-one (41) key positions (this excludes the Chairperson and the Deputy Chairperson of the Board).

However only, thirteen (13) out of the forty-one (41) positions were filled on a short-term contract basis while the remaining positions remained vacant during the period under review. The Board was mindful that most positions must be filled within a short period of time to ensure service continuity. However, this process was hampered by a prolonged security clearance process administered outside the organisation before prospective candidates were appointed.

Organisational Structure

The CPBN has two business units namely the Technical Unit falling under the purview of the Administrative Head and the Administrative Support Unit being the responsibility of the Deputy Administrative Head.

The Technical Unit's core function is to manage the external procurement processes i.e. reviewing Individual Procurement Plans (IPPs) and Standard Bidding Documents (SBDs) prior to submission to the Board for adjudication, issuing of bid documents, providing clarifications, and facilitating bid openings.

The Administrative Support Unit is responsible amongst others for planning, coordination, supervision, and performance of functions relating to human resources management, financial management, including budget formulation and cost control, information technology, internal procurement, registry, and records management.



04 PUBLIC PROCUREMENT PROCEDURES

Public Procurement forms the core mandate of CPBN and refers to the management of procurement projects submitted to CPBN by public entities which exceeds their procurement thresholds for execution.

The procurement process, depicted below, illustrates the process which are followed, starting with a submission from the public entity and ending with a signed procurement contract handed to the public entity for implementation which are monitored and evaluated until its conclusion by CPBN.

Public Entities are defined in the PPA as any Office, Ministry or Agency of Government and it includes a local authority, a regional council, public enterprises as referred to in the Public Enterprises Governance Act, 2006 (6 of 2006), a body or trust that is owned or controlled by the Government, when engaged in any procurement individually or in a consortium, and an entity declared as a public entity.

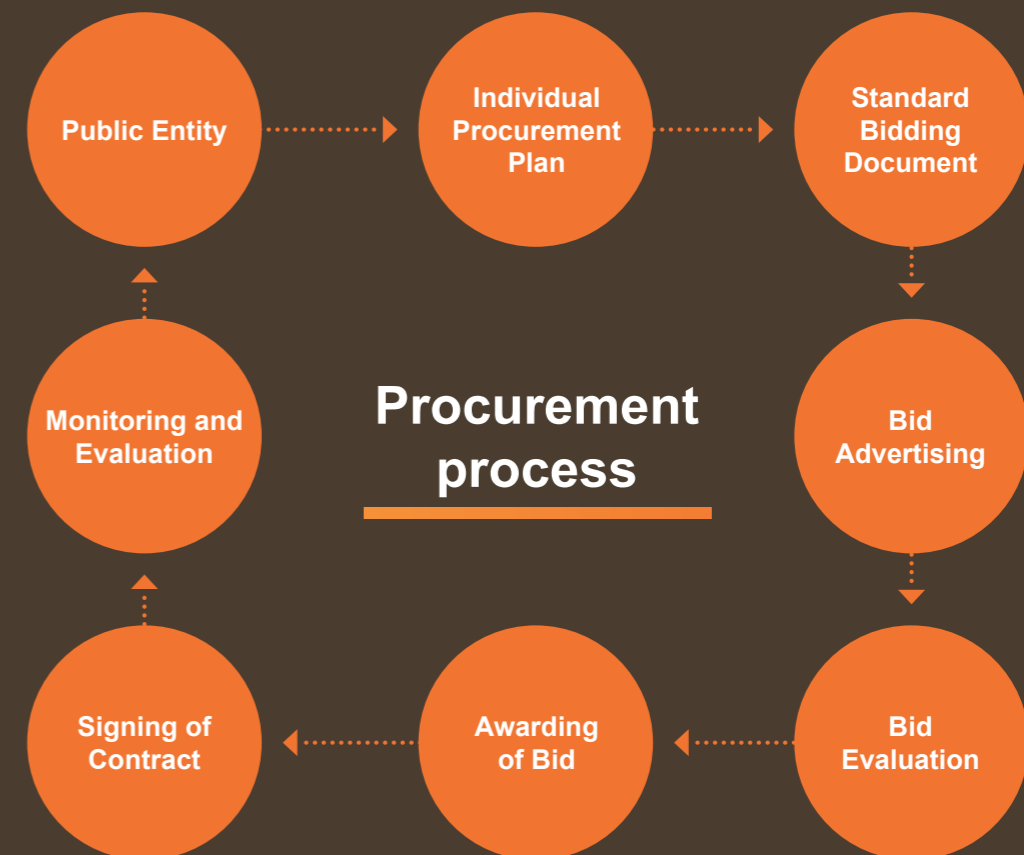
A public entity plans its procurement annually and if the cost estimate exceeds their procurement thresholds, they submit an individual procurement plan to the CPBN for approval. This is followed by the submission of the standard bidding document for approval. Under section 25 (4) (b) of the PPA, the Accounting Officer of a public entity must certify the availability of funds before the commencement of a procurement process. This requirement created challenges for OMAs, as some of their projects are planned over five years whilst budgetary provisions are made for three years.

During the transition phase, challenges were also experienced with the quality, evaluation criteria, and the empowerment of Namibians and Namibian organisations in the submissions, which necessitated the submission of contract extensions, variation as well as price increases.

Individual Procurement Plans (IPPs)

An IPP must be completed in accordance with Regulation 8 (3) of the PPA and public entities must submit their IPPs to the Board for approval. Key components emanating from IPPs are the business case for the procurement, the cost estimation determined, the planned project duration, and the procurement method which will be applied. From the onset, the Board demonstrated their need to procure through open national bidding and deviations from this method required detailed motivation as required by section 27(5) of the PPA.

During the period under review, the Board approved seventeen (17) IPP's to the value of N\$2 480 829 200 as per the table on the following page:



Individual Procurement Plans					
Item	Date of Meeting	Entity	Description	Procurement Method	Estimated Value
1	17-Aug-17	Ministry of Mines & Energy	Appointment of Diamond Valuers	Open National Bidding	500,000,000.00
2	24-Aug-17	Ministry of Finance	Payroll Deduction Management System	Open National Bidding	300,000,000.00
3	26-Oct-17	Ministry of Health and Social Services	Leasing of Medical Equipment	Open International Bidding	529,574,320.00
4	14-Dec-17	Ministry of Finance	Administration of Public Service Employees Medical Aid Scheme	Open National Bidding	349,810,624.80
5	18-Jan-18	Ministry of Education, Arts and Culture	Provision of maize meal, blending & transport to transporters warehouse	Open National Bidding	65,297,164.78
6	18-Jan-18	Ministry of Education, Arts and Culture	Provision of protein, sugar, salt and transportation to warehouse	Open National Bidding	48,757,913.22
7	1-Feb-18	Nampower	Designing, manufacturing, testing, delivering, installing & commissioning of Power Transformers	Open International Bidding	41,000,000.00
8	1-Feb-18	Ministry of Safety and Security	Supply and delivery of dry and fresh rations	Open National Bidding	90,594,000.00
9	8-Mar-18	Ministry of Finance	Rendering of Security Services	Open National Bidding	45,766,139.00
10	22-Mar-18	Social Security Commission	Supply & Installation of IT Hardware	Open National Bidding	25,000,000.00
11	22-Mar-18	Telecom Namibia	Compilation, supply of print directory, advertising space for three years	Open National Bidding	39,729,038.00
12	22-Mar-18	Road Fund Administration	Automation of Mass Distance Charges	Open National Bidding	127,000,000.00
13	22-Mar-18	Namibia Training Authority	Upgrading/Expansion of Valombola Vocational Training Centre	Restricted Bidding	50,200,000.00
14	22-Mar-18	Namibia Training Authority	Upgrading/Expansion of Nakayale Vocational Training Centre	Restricted Bidding	63,500,000.00
15	22-Mar-18	Namibia Training Authority	Upgrading/Expansion of Okakarara Vocational Training Centre	Restricted Bidding	77,600,000.00
16	22-Mar-18	Namibia Training Authority	Construction of Omuthiya Vocational Training Centre	Restricted Bidding	110,000,000.00
17	22-Mar-18	New Era	Printing of New Era and Kundana News Papers	Open National Bidding	17,000,000.00
					2,480,829,199.80

Awards

The PPA allows, under section 27, for a public entity or the CPBN to select from various procurement methods. The awards depicted below were under the following procurement methods:

Open Advertised Bidding

The method normally allows for bids to be advertised nationally or international depending on the threshold set or the availability of local competitors.

During the year under review, the CPBN considered a procurement matter conducted by the Roads Authority which could not be completed by the time the PPA became operational, following a due diligence to ensure that the process followed was fair, transparent and aligned with the PPA.

The Board then reviewed the skills and qualifications of the Bid Evaluation committee members as required by the PPA before considering the Bid Evaluation committee (BEC) report and recommendations under section 9(1)(l). The Board agreed with the recommendation of the BEC to award the contract for "The bureau services for the supply and personalisation of driving licence cards for sixty (60) months" on behalf of Roads Authority, subject to regulation 41(2) of the PPA.

The Ministry of Health and Social Services submitted a tender conducted under the Tender Board Act, 1996 (16 of 1996), for the "Delivery of Pharmaceutical Products to the Ministry of Health and Social Services". The Board deemed it appropriate to cancel the tender as the validity period expired.

During 2017, the High Court referred a tender conducted by the Ministry of Health and Social Services on the "Provision of Dialysis Services to three (3) hospitals of the Ministry Health and Social Services" to CPBN for re-evaluation. The Board appointed an independent evaluation committee in accordance with section 26 of the PPA who re-evaluated the bids and made their recommendation to the Board.

The Board considered the Bid Evaluation Committee (BEC) report on the "Provision of Dialysis Services to three (3) hospitals of the Ministry of Health and Social Services", and agreed with the recommendation of the BEC to cancel the bid under section 54(1)(g), "does not create or achieve the expected outcome."

Herewith the summary of the bids concluded:

Procurement – Competitive Bidding				
Public Entity	Procurement matter	Awarded to	Month	Amount (N\$)
Ministry of Health and Social Services	Delivery of Pharmaceutical Products to the Ministry of Health and Social Services	-	Aug-17	Validity period expired
Ministry of Health and Social Services	Provision of Dialysis Services to three hospitals of the Ministry of Health and Social Services	-	Oct-17	Cancelled in accordance with section 54(1)(g)
Roads Authority	Bureau Services for the Supply and personalisation of Driving Licence Cards for 60 months	Business Connexion (Pty) Ltd JV Muvoni (Pty) Ltd Partnership	Nov-17	111,377,518.27
Total value of Procurement – Competitive Bidding				111,377,518.27



Direct Procurement

The direct procurement method allows the Board to procure services, goods or works directly from a sole supplier. This method is also utilised when one public entity procures from another public entity, or when

an emergency arises. Some of the considerations under this method is to ensure that the sole source can perform in terms of the procurement contract to be entered into, and that the price is fair and reasonable.

During the period under review, the Board procured services on behalf of the Ministry of Health to the value of N\$461 208 896.12 as indicated in the table below:

Direct Procurement				
Public Entity	Procurement matter	Awarded to	Month	Amount (N\$)
Ministry of Health and Social Services	Procure services directly from Namibia Blood Transfusion Services for the period 2017/2018	Namibia Blood Transfusion Services	Sep-17	41,856,000.00
Ministry of Health and Social Services	Procure services directly from Namibia Institute of Pathology for the financial year 2017/2018	Namibia Institute of Pathology	Sep-17	256,979,000.00
Ministry of Health and Social Services	Procure services directly from the Embassy of Cuba	Embassy of Cuba	Oct-17	45,884,665.00
Ministry of Health and Social Services	Living allowances for medical students studying outside Namibia	Medical students studying outside Namibia	Jan-18	116,489,231.12
Total value of Direct Procurements				461,208,896.12

Extensions

This procurement process provides for a mutual consent by the contracting parties to elongate an existing contract prior to it elapsing within a specified period under the same terms and conditions as the original contract. The current contract should already make provision for

such an extension and both parties must prove consent to such an extension prior to extending it. During the period review, the following extensions were granted to the public entities to the value of N\$1 514 404 181,65.

Item	Public Entity	Procurement matter	Supplier	Month	Amount (N\$)
1	City of Windhoek	Extension of Contract INF659/2014 Part A and B unit rates contract	Indigenous Construction cc and Otjomuise Construction cc	Jun-17	9,206,677.00
2	City of Windhoek	Levelling of Building Rubble & Garden Refuse	Namibia Civil Eye Projects CC	Jun-17	900,000.00
3	Ministry of Health and Social Services	Extension of Contract: Rendering of Catering Services	Fedics Food Services, Pamo Trading Enterprises; Onyofi Trading Enterprises; OKG Food Services; Kunene Catering Services; Nutrifoods; Tulipamwe Catering Services cc; Tuyeni Trading Enterprise cc; Independent Catering Services, Seal Caterers	Jun-17	54,423,000.00
4	Roads Authority	Extension of current Grader Unit Contract (GU's) for six months period including all those SMEs development contracts and their nominated SME contracts	Vaalgrass Construction, HFJ Plant Hire, Bothma Contractors, Van Wyk Services, Okakango Trading, Maritz Transport, Quivertree Investments, Earth Ethix Namibia and Technonam Bridges	Aug-17	89,546,742.21

Item	Public Entity	Procurement matter	Supplier	Month	Amount (N\$)
5	Ministry of Finance	Extension of Tender No MOF 01/11/02 for Payroll Deduction Management System	Avril Payment Solutions (Pty)Ltd	Aug-17	-
6	Ministry of Finance	Extension of Tender No F1/17-6/2009 for the Administration of the Public Services Employees Medical Aid Scheme for the period 1 October 2017 to 31 March 2018	Methealth Namibia	Aug-17	34,981,062.48
7	Ministry of Agriculture, Water and Forestry	Construction of the Neckartal Dam - Request for extension	Salini Impregilo S.P.A (Contractor)	Sep-17	180,000,000.00
8	Ministry of Education, Arts and Culture	Extension of Tender A9-11/2009 Catering Services to Government Hostels for the period 1 October 2017 to 31 December 2017	Xantium Catering Services, Tsepo Holdings and Catering Company, Kunene Catering Services (Pty) Ltd, Free Namibia Caterers cc, Atlantic Catering Solutions, OKG Food Services (Pty)Ltd and Heritage Caterers (Pty) Ltd	Sep-17	133,585,057.78
9	Ministry of Education, Arts and Culture	Extension of contract M9-24/2013: Leasing of vehicles from October 2017 to March 2018	Avis Fleet Services	Sep-17	1,098,777.06
10	Ministry of Agriculture, Water and Forestry	Construction of Neckartal Dam, Phase 1 Bulk Water Supply: Request to continue beyond the original implementation period	Salini Impregilo S.P.A (Contractor)	Oct-17	500,000,000.00
11	Ministry of Health and Social Services	Extension of Contract A13-41/2013 (E1/13-3/2015): Rendering of Catering Services from 1 November 2017 to 31 March 2018	Tulipamwe Catering Services, Tuyeni Trading Enterprises, Onyofi Catering Supplies cc, Independence Catering Services, Fedics Food Services Namibia (Pty) Ltd, OKG Food Services, Seal Caterers, Nutrifood (Pty) Ltd, Pamo Enterprises and Kunene Catering Services (Pty) Ltd	Oct-17	71,234,339.20
12	Ministry of Finance	Extension of Tender No F1/16/2008 for the provision of technical support on the Integrated Financial Management System for the period 1 January 2018 to 31 March 2019	SILNAM Information Technology Solutions	Dec-17	9,450,000.00
13	Ministry of Education, Arts and Culture	Extension of Tender A9-11/2009 Catering Services to Government Hostels for the period 09 January 2018 to 27 April 2018	Xantium Catering Services, Tsepo Holdings and Catering Company, Kunene Catering Services (Pty) Ltd, Free Namibia Caterers cc, Atlantic Catering Solutions, OKG Food Services (Pty) Ltd and Heritage Caterers (Pty) Ltd	Dec-17	203,662,465.14

Item	Public Entity	Procurement matter	Supplier	Month	Amount (N\$)
14	Ministry of Education, Arts and Culture	Partial Extension of Tender M9-12/2013A for the provision of Maize meal, blending and transportation to regional warehouse under the Namibian School Feeding Programme (NSFP) service to Government School for the period 1 October 2017 to 31 March 2018	Bonsec Investments Three one Three cc and Shimwe Trading Enterprises	Jan-18	22,875,620.23
15	Ministry of Education, Arts and Culture	Extension of Tender M9-12/2013B for the provision of Protein blend, sugar and salt and transportation to blender's warehouse under the Namibian School Feeding Programme (NSFP) service to Government School for the period 1 October 2017 to 31 March 2018	Bonsec Investments Three one Three cc and Shimwe Trading Enterprises	Jan-18	14,034,374.01
16	Ministry of Education, Arts and Culture	Extension of Tender M9-15/2013 the transportation of maize blend for the school under the Namibian School Feeding Programme (NSFP) service to government schools for the period 1 October 2017 to 31 March 2018	Bonsec Investments Three one Three cc and Shimwe Trading Enterprises	Jan-18	2,443,941.58
17	Ministry of Works and Transport	Extension of contract NOEOIP/3420 Manufacture and Supply of P2 concrete sleepers	GPT Transnamib Concrete Sleepers (Pty) Ltd and PT Infraprojects Ltd	Jan-18	90,000,000.00
18	Ministry of Health and Social Services	Extension of Contract A13-41/2013: Rendering of catering services	Tulipamwe Catering Services, Tuyeni Trading Enterprises, Onyofi Catering Supplies cc, Independence Catering Services, Fedics Food Services Namibia (Pty) Ltd, OKG Food Services, Seal Caterers, Nutrifood (Pty) Ltd, Pamo Enterprises and Kunene Catering Services (Pty) Ltd	Mar-18	27,000,000.00
19	Ministry of Finance	Extension of Tender F1/17-6/2009: Administration of Public Service Employees Medical Aid Scheme (PSEMAS) for the period 1 April 2018 to March 2019	Methealth Namibia	Mar-18	69,962,124.96
20	Ministry of Finance	Extension of Tender MOF 01/11/02 for the Payroll Deduction Management System for the period 1 March 2018 to 31 August 2018	Avril Payment Solutions (Pty)Ltd	Mar-18	-
Total Contract Extension					N\$1 514 404 181,65

Variation Orders

A variation order (VO), is an alteration or change to the scope of works mostly used in construction industry contracts. Variation orders are normally caused or prompted by changes in the form of additions, substitution or omission and/or

extension of time among others from the original scope of works. During the period under review, the Board approved the following variation orders to the value of N\$23 867 157.95:

Variation Orders				
Public Entity	Procurement matter	Supplier	Month	Amount (N\$)
Ministry of Agriculture, Water and Forestry	Construction of Bulk Earthworks and Services for Windhoek Fresh Produce Market in Wanaheda: Variation order No. 04 Revised REA for hard rock excavations	Uundenge Investments JV Jiangsu Zhengati Construction Group Namibia (Pty) Ltd	Sep-17	12,281,770.80
Ministry of Agriculture, Water and Forestry	Variation order no 5: Extension of time due to Force Majeure at Windhoek Fresh Produce Hub in Wanaheda	Uundenge Investments JV Jiangsu Zhengati Construction Group Namibia (Pty) Ltd	Dec-17	1,326,789.33
Ministry of Agriculture, Water and Forestry	Variation order No1 Tender F1/18/1-2/2016: Suspension costs and extension of time due to the discovery of explosives at the site and the disputes over ownership of land	MK Capital Investments JV Okatambo Investments CC	Jan-18	7,470,802.50
Ministry of Agriculture, Water and Forestry	Tender F1/18/1-61/2014 Variation order No2: suspension of costs and extension of time due to delayed payment at Ongwediva meat processing plant	Uundenge Investments JV Jiangsu Zhengati Construction Group Namibia (Pty) Ltd	Jan-18	1,186,315.82
Ministry of Agriculture, Water and Forestry	Tender F1/18/1-34/2014 Variation order 6, 7, 8 and 9: suspension costs and extension of time due to delayed payment at Rundu Abattoir upgrade	Zhong Mei Engineering Group JV Palladium Investments	Jan-18	1,601,479.50
Total Contract Variation Order				23,867,157.95

Price Increases

Increases in Contract Prices for the period April 2017 till March 2018				
Public Entity	Procurement matter	Supplier	Month	Amount (N\$)
Ministry of Justice	Increase in contract value for Tender F1/10-5/2014	Platform Trading (Pty) Ltd	Jun-17	6,513,997.90
Ministry of Health and Social Services	Annual Price Increase 2016/2017 on contract A13-41/2013: Rendering of Catering Services	Tulipamwe Catering Services, Tuyeni Trading Enterprises, Onyofi Catering Supplies cc, Independence Catering Services, Fedics Food Services Namibia (Pty) Ltd, OKG Food Services, Seal Caterers, Nutrifood (Pty) Ltd, Pamo Enterprises and Kunene Catering Services (Pty) Ltd	Aug-17	15,372,327.33
Ministry of Health and Social Services	Annual Price Increase on Tender A13-41/2013 Rendering of Catering Services	Tulipamwe Catering Services, Tuyeni Trading Enterprises, Onyofi Catering Supplies cc, Independence Catering Services, Fedics Food Services Namibia (Pty) Ltd, OKG Food Services, Seal Caterers, Nutrifood (Pty) Ltd, Pamo Enterprises and Kunene Catering Services (Pty) Ltd	Feb-18	499,144.04
				22,385,469.27

Bid Evaluation Committee (BEC)

The Bid Evaluation committee is responsible for the evaluation of pre-qualifications or bids for the procurement or disposal of assets. In accordance with section 26(8) of the PPA, a member of the Board may not form part of a bid evaluation committee. In compliance of this requirement, members of the BEC's are independent members whom the Board has no influence.

During the period under review, the Board invited Public Entities to nominate qualified individuals, who have the requisite skills, knowledge and experience as required under section 26(6) to form part of a pool of independent evaluators. This exercise resulted in the registration of seventy (70) independent evaluators. As the demand from public entities for procurement increases, CPBN will have to increase the pool of experts accordingly.

During the year under review, the Board accepted the Members of the BEC appointed by Roads Authority, appointed a BEC for the "Dialysis services to three (3) hospitals of the Ministry of Health and Social Services," and for the procurement

of "Anti-Retroviral Medicine on behalf of the Ministry of Health and Social Services". The third BEC completed their initial report and submitted it for the Board to adjudicate it. The Board considered the report and raised several questions which necessitated the BEC to further evaluate and provide answers to the questions raised by the Board under section 9(1)(l)(ii) of the PPA.

Appeals and Challenges

In terms of section 59 of the PPA, an unsuccessful bidder has the right to lodge a review application to the Review Panel should he/she not be satisfied with the outcome of a certain bid adjudication. During the period under review, the Board was challenged in the award for "The procurement of Bureau Services for the supply and personalisation of Drivers Licence cards for 60 months on behalf of Roads Authority" to the value of N\$111 377 518,27 by Lex Technologies (Pty) Ltd (Lex), a company which participated in this procurement bid.

Lex took the matter to the Review Panel, which set the decision of the Board to award the contract aside and further ordered CPBN to re-

evaluate the bid by appointing a new BEC in compliance with Regulation 13. After receiving legal counsel on the decision of the Review Panel, the Board lodge an appeal at the High Court. The matter served on 22 March 2018 in the High Court before Judge Masuku and the court reserved its judgement to be given in September 2018 due to the technical nature of the application. However, the Review Panel did not contest the matter.

Monitoring and Evaluation

During its inception CPBN was assigned two contracts from the then repelled Tender Board namely, the Neckartal Dam contract and the National Oil Storage Facilities contract.

Neckartal Dam

The Neckartal Dam situated in the // Karas Region, was constructed to the estimated value of N\$5.5 billion. The construction of the dam started in 2013, with the Italian company Salini-Impregilo contracted as the main contractor after winning a court battle in which the awarding of the tender was challenged.

The Neckartal Dam is a curved gravity dam constructed with rolled compacted concrete (RCC). The structure across the Fish River, has a crest length of approximately 520 metres and an approximate height of 80 metres. The dam is capable of storing about 850 million m³ of water.

The Board took the Neckartal Dam project on review during the familiarisation exercise. Unresolved

issues with the project were identified that required urgent attention from NamPower and the Ministry of Agriculture, Water and Forestry. Due to a substantial increase in the initial cost of the project, the Board recommended that CPBN, Ministry of Agriculture, Water and Forestry and Ministry of Finance meet to discuss and agree on strategies to ensure that the contract implementation is not unduly extended due to factors within the control of the employer.

National Oil Storage Facilities

In December 2011, His Excellency Dr Hifikepunye Pohamba, President of the Republic of Namibia at the time, identified the construction of a national oil storage facility as a strategic project in terms of fuel reserves. This was then followed by the approval by Cabinet in 2012 to construct a national oil storage facility in Walvis Bay, and that the construction of such facility be financed by the National Energy Fund through a dedicated levy.

CRB Joint Venture, consisting of China Harbour Engineering Company Ltd, Road Contractor Company and

Babyface Civils, were awarded the tender amounting to approximately N\$3,7 billion.

The project consists of an oil tanker jetty, onshore facilities, pipelines, and tank farm. The marine structure comprises a 1.7km long trestle, two 60 000 dead weight tonnage (DWT) berths, tow tug berths and other infrastructure. Oil products will be unloaded at the oil tanker jetty and transported through the 5.4-kilometre oil pipeline to the oil storage area. The tank farm has a gross area of 25 840 m² and oil storage capacity of 75 000 m³. This facility includes oil tankers, road and rail loading areas, as well as administration buildings.

The Board visited the National Oil Storage Facilities project and discovered that the estimated time of completing the project was set for August 2018. The Board further observed that young Namibians were employed by the Consulting Engineer, and that it was evident that Namibian artisans were employed on the project. It was also confirmed by the Consulting Engineer that locally sourced materials such as cement and aggregates were used in the construction. No other materials were identified that was sourced locally.

The Board concluded to engage the Ministry of Mines and Energy to obtain a progress report including a cost breakdown, confirmation of the stage of completion, as well as the estimated cost needed to finalise the project.



CHALLENGES IDENTIFIED

The Board advised the Ministry of Mines and Energy to consider the next phase of the implementation which requires a large quantity of fuel to test the facilities before the contract can be concluded.

As with any transition and implementation challenges are experienced and also with this transformational project. The following challenges were experienced during the financial year under review:

Standard Bidding Documents (SBDs)

The Public Procurement Unit in the Ministry of Finance is responsible for the development of all SBD's as mandated by the PPA. It was discovered through the process that these documents had shortcomings and thus required revision to align them with the PPA and to safeguard the interest of Government. These shortcomings in the bidding documents were communicated to the PPU for further action. We have also highlighted that not all SBDs were issued by the PPU. This includes works procurement in excess of N\$100 million and ICT procurement valued above N\$50 million.

Furthermore, recommendations were made to the PPU to align bidding documents and contracts with that of International Federation of Consulting Engineers (FIDIC). FIDIC is an international organisation that has a suite of Conditions of Contracts for a variety of project, works and engineering related contracts. It is widely used internationally to avoid ambiguity and it is reviewed and updated from time to time. It is further preferred by Architects and Engineers since it is consistent and well tested internationally with guidelines of drafting special conditions of contract.

Small Value Procurement (Internal Procurement)

The CPBN noted the challenges

posed by the procurement of small value goods, works and services as bidders did not respond when invited to complete bidding documents and to provide mandatory documents. The bidders found the documents complex and they do not see the value in bidding for projects valued less than N\$15 000. It was recommended that the threshold of this type of procurement be reduced and that such procurements be exempted from submitting mandatory documents to enable and fast-track the procurement process.

Mandatory Requirements

The Board have noticed that Namibian registered bidders are required to comply with strict adherence to mandatory requirements in accordance with section 50(2) of the PPA, whilst these requirements are relaxed for the international bidders. This defeats the objective of the PPA to promote fair competition and economic empowerment amongst bidders. The PPU was requested to review these requirements in line of the fundamental procurement principle of fairness.

Namibian Registered Suppliers

The Board found it equally difficult to implement the empowerment and industrialisation policies of Government in the absence of a common approach and directive in that regard. The CPBN is aware of the importance of building the local business as it will provide a bigger pool of suppliers that can compete in the future and it will generate needed job creation for young Namibians. It is therefore recommended that the PPU speed up the guidelines on preferential treatment of Namibian owned businesses in the public procurement process.

Cost Estimates

The cost estimate is a critical component of the procurement planning as it determines whether the procurement will be conducted

by the public entity or whether the procurement process might be cancelled if the bid offer substantially exceeds the cost estimate. It was found that public entities do not give proper attention to this vital component. The cost estimate must, therefore, be properly compiled, using the experiences of the past, incorporate the lessons learnt when implementing and use current prices and trends to finalise the cost estimate. For works related projects, a bill of quantities could form the basis of the cost estimate.

Exchange Rate Fluctuations

CPBN issue a portion of the procurement under the open international bidding method, soliciting bids from international bidders. Bids offers are submitted in Namibian Dollar as required by regulation 33(1)(j) and upward fluctuations is for the bidders account as stipulated under regulation 41(2). This requirement influences the pricing strategies employ in the bidding process as the risk is shifted totally for the bidders account. This requirement further affects the procurement of goods, works and services.

There is therefore a high possibility that the bidders, who import most of the goods into Namibia, will increase bid prices substantially to compensate for this risk which they assume. This approach will also affect the prices for procurement contracts that run over multiple years, as the currency fluctuation will pose threats to the profitability of these contracts. It is recommended that the PPU issue guidance in this regard because these risks must be assessed in context of the economic conditions prevailing that influence the currency fluctuations, which are mostly outside the control of the bidder and which will affect both contracting parties.

05 FINANCIAL REVIEW

CPBN became operational on 1 April 2017 and during the first two months of operations, the costs of the organisation was paid by the

Ministry of Finance, after which the Board submitted a budget for the operations of the organisation for the remainder period. Hereunder follows

a condensed statement of income and expenditure for the first year of operations.

	31 March 2018 N\$
Revenue and Government Grant	38 704 816
Operations Expenses	(6 912 366)
Operating profit	31 792 450
Investment Revenue	973 556
Surplus for the year	32 766 006
Other comprehensive income	-
Total comprehensive income for the year	32 766 006

The organisation received N\$38 654 816 or 97.4% of its total income from the Government as a subsidy. Sales of Bidding Documents

contributed N\$50 000 or 0.1% of total income whilst interest received contributed N\$973 556 or 2.5% of total income.

Below is the breakdown of income received during the period under review:

Source of income	Amount
Government subsidy	N\$38 654 816
Sales from bidding Documents	N\$50 000
Interest from Investments	N\$973 556
Total	N\$39 678 372

The organisation incurred N\$6 912 366 in costs and the key cost drivers are listed below:

Expenditure	N\$	%
Employee costs (Including Executive Directors)	4 115 357	59,5
Board fees (Non-Executive Directors)	1 838 073	26,6
Operational costs	958 936	13,9
	6 912 366	100

The major cost driver was employee costs, consuming 59,50% of the funds expended. Major procurement activities could not be executed as the shortage of staff hampered the execution of the workplans. The

trend in having employee costs as a significant driver will prevail as the implementation of the PPA requires segregation of functions and duties which requires human resources to execute. The recruitment of staff

will however be monitored and controlled as the organisation grow ensuring that the organisation will deliver adequate services to the stakeholders.

STAKEHOLDERS ENGAGEMENT

The Central Procurement Board of Namibia acknowledges the role and impact Stakeholders have on the organisation in realising its objectives and the successful implementation of its mandate.

Our strategic approach in engaging with our stakeholders is to gain confidence and build trust in our engagements, reiterate the organisations commitment to consistently comply with the PPA. We further reconfirmed our outmost desire to provide business support in

public procurement whilst improving transparency and through it all.

In order to be responsive and create dialogue with stakeholders, CPBN had the following engagements with its various stakeholders during the period under review:

Category	Stakeholder	Stakeholder Interests
Associations	<ul style="list-style-type: none"> Association for Local Authorities in Namibia Independent Growth Sector – Steel manufacturing and metal fabrication State-Owned Enterprises CEO Forum 	<ul style="list-style-type: none"> Seek to engaged CPBN on public procurement challenges, and find solutions for it Seek closer collaboration to improve public procurement.
Public Entities	<ul style="list-style-type: none"> Ministry of Agriculture, Water and Forestry Ministry of Education, Arts and Culture Ministry of Finance Ministry of Health and Social Services Ministry of Judiciary Ministry of Works and Transport City of Windhoek Air Namibia (Proprietary) Limited Meat Corporation of Namibia National Petroleum Corporation of Namibia (Proprietary) Limited Namibia Airports Company Namibian Ports Authority Namibia Power Corporation Namibia Qualifications Authority Namibia Training Authority New Era Publication Corporation Roads Authority Roads Contractor Company Road Fund Administration Social Security Commission Telecom Namibia Limited University of Namibia 	<ul style="list-style-type: none"> Seek to understand CPBN expectation with respect to the application and implementation of the PPS Seek to understand specific legislation impediments and the handling of these impediments in transitional procurement matters
Civil Society Organisations	<ul style="list-style-type: none"> Institute for Public Policy Research 	<ul style="list-style-type: none"> Seek to raise important societal issues relating to public procurement
Regional Procurement Bodies and Regulations	<ul style="list-style-type: none"> Public Procurement and Asset Disposal Board of Botswana Central Procurement Board of Mauritius 	<ul style="list-style-type: none"> Advance the profession through leadership engagement and advocacy Seek collaborations to build capacity, share best practices and provide technical support
Policy makers and regulators	<ul style="list-style-type: none"> Procurement Policy Unit 	<ul style="list-style-type: none"> Advancement of public procurement in Namibia Collaborate in common areas in ensuring an effective and efficient public procurement process. Lobbying and advocating for legislative amendments.
Bidders representatives	<ul style="list-style-type: none"> Namibia Employers' Associations Namibia Employer Federation Namibia Manufacturers Association 	<ul style="list-style-type: none"> Seek to understand the roles and responsibilities of the CPBN Seek to engage with CPBN to facilitate information sharing that could enable for bidders' participation Seek to understand empowerment strategies and opportunities under the PPA

RISK

CPBN recognises that it faces diverse business risks that effect our ability to function effectively

and efficiently. As the organisation does not have a risk management framework, management identified

the following risks highlighted in minutes of Board meetings and through operational workplans:

Strategic Risk	Issues identified	Proposed mitigation
Information Technology (IT) Risk	<ul style="list-style-type: none"> Establishing and maintaining relevant, effective information technology infrastructure 	<ul style="list-style-type: none"> Recruit skilled IT personnel Seek collaboration with Public Entities to assess and design a robust IT infrastructure to assist CPBN to deliver its mandate in a secure, transparent and effective manner
Human Resources Risk	<ul style="list-style-type: none"> Recruit, retain and motivating employees 	<ul style="list-style-type: none"> Review recruitment strategies job descriptions and align it with best practices in the region and in Namibia. Engage Public Entities to second skilled staff to assist CPBN in setting up internal structure
Legal Risk	<ul style="list-style-type: none"> Risks emanating in interpreting and applying the PPA / other legislation pieces conflict with the PPA 	<ul style="list-style-type: none"> Collaborate with PPU to identify challenges and trends, and seek common approach in dealing with it Enrich training material to simply the Act.
Compliance Risks	<ul style="list-style-type: none"> Compliance to the PPA Compliance to policies and procedures Standard Bidding Documents generic and requires adjustments to effectively procure 	<ul style="list-style-type: none"> Identify compliance risks emanating from the PPA and address it immediately Provide feedback to PPU to consider amendments and review of legislation Recruit knowledgeable staff and train them in the use of the PPA, and to draft appropriate policies and procedures Review policies and procedures regularly Review SBD with Public Entities and inform PPU of the amendments require to effectively procure
Procurement Risk	<ul style="list-style-type: none"> Transparent and competitive procurement Fairness in evaluation of bids Collaboration with Public Entities to execute procurement 	<ul style="list-style-type: none"> Advertise procurement opportunities and procurement awards in newspapers widely circulated in Namibia Make available bidding documents for potential bidders to review the requirements prior to purchasing the SBD Bid opening held publicly Bid evaluators appointed from skilled professional, not employed by CPBN Evaluators sign declarations of conflict of interest statements prior to the full evaluation commenced Evaluation reports with recommendations submitted to the Board for adjudication De-briefing for unsuccessful bidders to be held within 30 days Engage Public Entities to provide clarifications during the running of the bid Allow public entity representatives to participate in the bid evaluations subject to the provisions of the PPA

ANNUAL FINANCIAL STATEMENTS

BOARD MEMBERS' RESPONSIBILITIES AND APPROVAL

The board members are required by the Public Procurement Act 15 of 2015, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the board as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The board members acknowledge that they are ultimately responsible for the system of internal financial control established by the board and place considerable importance on maintaining a strong control environment. To enable the board members to meet these responsibilities, the board members sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the board and all employees are required to maintain the highest


ethical standards in ensuring that the board's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the board is on identifying, assessing, managing and monitoring all known forms of risk across the board. While operating risk cannot be fully eliminated, the board endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The board members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

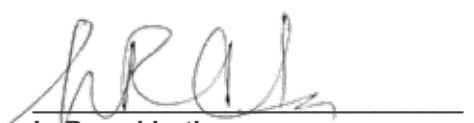
The board members have reviewed the board's cash flow forecast for the year to 31 March 2019 and, in the light of this review and the current financial position. They are satisfied that the board has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the board's external auditors and their report is presented on pages 35 to 36.


The annual financial statements set out on pages 37 to 53, which have been prepared on the going concern basis, were approved by the board members on 12 February 2020 and were signed on its behalf by:



P.P. Swartz
Chairperson of the Board and
Administrative Head
CPBN



L. Ramakhutla
Deputy Chairperson of the Board and
Deputy Administrative Head
CPBN



M. Nakale
Chairperson for the Audit and Risk
Committee



Republic of Namibia



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9000

AUDIT COMPLIANCE CERTIFICATE ON THE ACCOUNTS OF THE CENTRAL PROCUREMENT BOARD OF NAMIBIA FOR THE YEAR ENDED 31 MARCH 2018

The documentation as compiled by the firm PKF-FCS Auditors which is registered in terms of the Public Accountant's and Auditor's Act, 1951, who was appointed by the Central Procurement Board of Namibia, has been examined by Officials of the Office of the Auditor-General.

In terms of reference as agreed by Office of the Auditor-General and the Central Procurement Board of Namibia, I certify that the above-mentioned audit of the annual financial statements for the year ended 31 March 2018 has been carried out to my satisfaction.

WINDHOEK, November 2020

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL



CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTRAL PROCUREMENT BOARD OF NAMIBIA

Opinion

We have audited the annual financial statements of Central Procurement Board of Namibia set out on pages 39 to 52, which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Central Procurement Board of Namibia as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Public Procurement Act 15 of 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA's). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the board in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Revised July 2016), parts 1 and 3 of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (Revised July 2018) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements

applicable to performing audits in Namibia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The board members are responsible for the other information. The other information comprises the information included in the document titled "Central Procurement Board of Namibia annual financial statements for the year ended 31 March 2018", which includes the Board Members' Report as required by the Public Procurement Act 12 of 2015 and the Detailed Income Statement, which we obtained prior to the date of this report. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the board members for the Annual Financial Statements

The board members are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of

the Public Procurement Act 15 of 2015, and for such internal control as the Board members determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the board members are responsible for assessing the board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the board or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional scepticism throughout the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTRAL PROCUREMENT BOARD OF NAMIBIA

We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board members.
- Conclude on the appropriateness of the board members' use of the going concern basis of accounting and based on the

audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the board to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

We report that the board has not complied with the Public Procurement Act 15 of 2015 ensuring that annual financial statements are presented within the guidelines of these Acts.

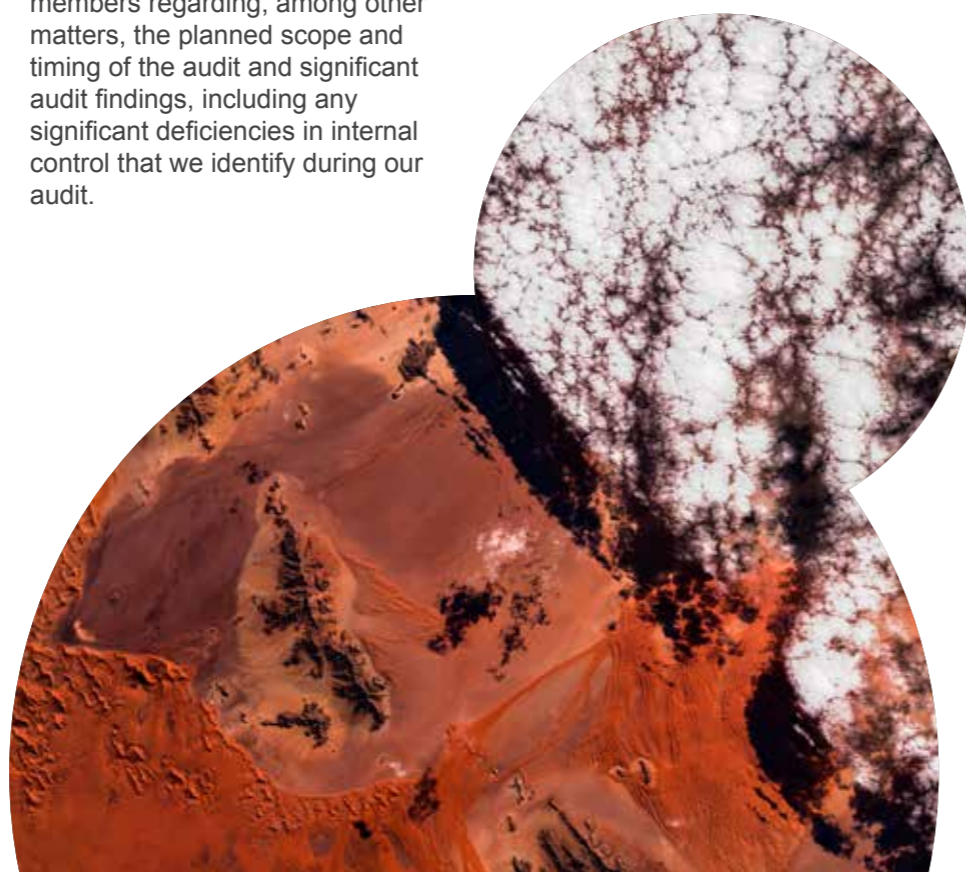
Audited annual financial statements must not be submitted later than five months after the year end to the Auditor General by the board in terms of the Public Procurement Act 15 of 2015.



PKF-FCS Auditors
Registered Accountants and Auditors
Chartered Accountants (Namibia)

19 February 2020
Windhoek

Per: Uwe Wolff
Partner



BOARD MEMBERS' REPORT

The board members have pleasure in submitting their report on the annual financial statements of Central Procurement Board of Namibia for the year ended 31 March 2018.

1. Incorporation

The board was incorporated and brought into force with effect on 1 April 2017 by Government Gazette 46/2017 (GG6255).

The board is domiciled in Namibia where it is incorporated as a state owned enterprise under the Public Procurement Act 15 of 2015. The address of the registered office is set out on page 2.

2. Nature of business

Central Procurement Board of Namibia was incorporated in Namibia with interests in the public procurement sector. The board operates in Namibia.

The principal objectives of the Central Procurement Board:

- to conduct the bidding process on behalf of public entities for the award of contracts for procurement or disposal of assets that exceed the threshold

- prescribed for public entities; to enter into contracts for procurement or disposal of assets on its own behalf or on behalf of public entities awarded by the Board;
- to direct and supervise accounting officers in managing the implementation of procurement contracts awarded by the Board.

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Public Procurement Act 15 of 2015.

Full details of the financial position, results of operations and cash flows of the board are set out in these annual financial statements.

4. Events after the reporting period

The board members are not aware of any material event which occurred after the reporting date and up to the date of this report.

5. Going concern

The board members believe that the board has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The board members have satisfied themselves that the board is in a sound financial position to meet its foreseeable cash requirements. The board members are not aware of any new material changes that may adversely impact the board. The board members are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the board.

6. Board members' interests in contracts

During the financial year, no contracts were entered into which board members or officers of the board had an interest and which significantly affected the business of the board.

7. Board members

The Board members in office at the date of this report are as follows:

Board members	Nationality	Changes
P.P. Swartz (Chairperson of the Board and Administrative Head of Central Procurement Board of Namibia)	Namibian	Appointed 1 April 2018
L. Ramakhutla (Deputy Chairperson of the Board and Deputy Administrative Head of Central Procurement Board of Namibia)	Namibian	Appointed 1 April 2018
M. Nakale (Chairperson for the Audit and Risk Committee)	Namibian	Appointed 1 April 2018
J. Muadinohamba	Namibian	Appointed 1 April 2018
H. Herman	Namibian	Appointed 1 April 2018
E.P Shilongo	Namibian	Appointed 1 April 2018
M. Iyambo	Namibian	Appointed 1 April 2018
H.C. Loftie-Eaton	Namibian	Appointed 1 April 2018
T. Ndove	Namibian	Appointed 1 April 2018
H. Kapenda (Board secretary)		

BOARD MEMBERS' REPORT**8. Litigation statement**

The board becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The board is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

9. Statement of disclosure to the board's auditors

With respect to each person who is a board member on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the board's auditors are unaware; and
- the person has taken all the steps that he or she ought to have taken as a board member to be aware of any relevant audit information and to establish that the board's auditors are aware of that information.

10. Terms of appointment of the auditors

PKF-FCS Auditors were appointed as the board's auditors for the 2018 financial year on 22 March 2019 in terms of a letter of acceptance of bid in terms of Public Procurement Act 15 of 2015 (section 55).

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note(s)	2018 N\$
Assets		
Non-Current Assets		
Property, plant and equipment	3	116,850
Current Assets		
Cash and cash equivalents	4	33,335,017
Total Assets		33,451,867
Equity and Liabilities		
Equity		
Retained income		32,766,006
Liabilities		
Current Liabilities		
Trade and other payables	5	685,861
Total Equity and Liabilities		33,451,867

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note(s)	2018 N\$
Revenue	6	50,000
Other operating income	7	38,654,816
Other operating expense		6,912,366
Operating profit	8	31,792,450
Investment revenue	10	973,556
Surplus for the year		32,766,006
Other comprehensive income		-
Total comprehensive income for the year		32,766,006

STATEMENT OF CHANGES IN EQUITY

	Retained income N\$	Total equity N\$
Surplus for the year	32,766,006	32,766,006
Other comprehensive income	-	-
Total comprehensive income for the year	32,766,006	32,766,006
Balance at 31 March 2018	32,766,006	32,766,006
Note(s)		

STATEMENT OF CASH FLOWS**Cash flows from operating activities**

Cash receipts from customers
Cash paid to suppliers and employees
Cash generated from operations
Interest income

Net cash from operating activities**Cash flows from investing activities**

Purchase of property, plant and equipment

Total cash movement for the year**Total cash at end of the year**

Note(s)	2018 N\$
	38,704,816
	(6,214,379)
12	32,490,437
	973,556
	33,463,993
3	(128,976)
	33,335,017
4	33,335,017

ACCOUNTING POLICIES**General information**

Central Procurement Board of Namibia is a state owned enterprise incorporated and domiciled in Namibia.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Public Procurement Act 15 of 2015.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars, which is the board's functional currency.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS

requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Lease classification

The board is party to leasing arrangements, both as a lessee and as a lessor. The treatment of leasing transactions in the annual financial statements is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance

of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

Key sources of estimation uncertainty**Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The board uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the board's existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets. Depreciation is charged to write off the asset's.

Fair value estimation

Several assets and liabilities of the company are either measured at fair value or disclosure is made of their fair values.

A valuation committee was established in order to determine the appropriate valuation techniques and inputs for each valuation. The committee reports to the CFO. Significant valuation issues are reported to the audit committee.

ACCOUNTING POLICIES (CONT)**Impairment testing**

The board reviews and tests the carrying value of property, plant and equipment when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

The board assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of office equipment and IT equipment are determined based on board replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and

equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item

Office equipment
Depreciation method
Straight line
Average useful life
5 years

Item

IT equipment
Depreciation method
Straight line
Average useful life
3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal

ACCOUNTING POLICIES (CONT)

proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Financial instruments

Financial instruments held by the board are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the board, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value

through other comprehensive income); or

- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 15 Financial instruments and risk management presents the financial instruments held by the board based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the board are presented below:

Trade and other payables Classification

Trade and other payables (note 5),

excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the board becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note).

Trade and other payables expose the board to liquidity risk and possibly to interest rate risk. Refer to note 15 for details of risk exposure and management thereof.

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

ACCOUNTING POLICIES (CONT)**Derecognition****Financial assets**

The board derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the board neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the board recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the board retains substantially all the risks and rewards of ownership of a transferred financial asset, the board continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The board derecognises financial liabilities when, and only when, the board obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification**Financial assets**

The board only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases -lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.6 Impairment of assets

The board assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the board estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 Employee benefits**Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

ACCOUNTING POLICIES (CONT)

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.8 Government grants

Government grants are recognised when there is reasonable assurance that:

- the board will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the profit or loss (separately).

1.9 Revenue from contracts with customers

The board recognises revenue from the following major sources:

- Sales of tender documents

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The board recognises revenue when it transfers control of a product or service to a customer.

Sales of tender documents

For sales of tender documents, revenue is recognised when control of the goods or service has transferred to the customer.

Revenue is recognised at a point in time for sales of tender documents.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the board has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Amendments to IFRS 12: Annual Improvements to IFRS 2014 - 2016 cycle	1 January 2017	The impact of the standard is not material.
Amendments to IAS 7: Disclosure initiative	1 January 2017	The impact of the standard is not material.

2.2 Standards and interpretations not yet effective

The board has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the board's accounting periods beginning on or after 1 April 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Presentation of Financial Statements: Disclosure initiative	1 January 2020	Unlikely there will be a material impact
Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	1 January 2020	Unlikely there will be a material impact
IFRS 16 Leases	1 January 2019	Unlikely there will be a material impact
IFRS 9 Financial Instruments	1 January 2018	Unlikely there will be a material impact
IFRS 15 Revenue from Contracts with Customers	1 January 2018	Unlikely there will be a material impact
Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	1 January 2018	Unlikely there will be a material impact
Amendments to IAS 28: Annual Improvements to IFRS 2014 - 2016 cycle	1 January 2018	Unlikely there will be a material impact
Amendments to IFRS 1: Annual Improvements to IFRS 2014 - 2016 cycle	1 January 2018	Unlikely there will be a material impact

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Property, plant and equipment

	2018		
	Cost	Accumulated depreciation	Carrying value
Office equipment	31,658	(1,726)	29,932
IT equipment	97,318	(10,400)	86,918
Total	128,976	(12,126)	116,850

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Total
Office equipment	-	31,658	(1,726)	29,932
IT equipment	-	97,318	(10,400)	86,918
	-	128,976	(12,126)	116,850

Other information

The property, plant and equipment represents actual acquisitions. Assets received from the Ministry of Finance are not accounted for in the accounting records for the year ended 31 March 2018.

4. Cash and cash equivalents

	2018 N\$
Cash and cash equivalents consist of:	
Bank balances	33,335,017

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating

A1+	33,335,017
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Exposure to currency risk

The board is not exposed to currency risk related to certain bank accounts as no accounts are denominated in a foreign currency.

Namibia Dollar amount

Namibia Dollar	33,335,017
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5. Trade and other payables

	2018
Financial instruments:	
Accrued expenses	685,861
Financial instrument and non-financial Instrument components of trade and other payables	
At amortised cost	685,861

Exposure to currency risk

The board is not exposed to currency risk related to trade payables.

Namibia Dollar Amount

Namibia Dollar	685,861
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Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

6. Revenue

Revenue from contracts with customers

Sale of tender documents	50,000
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Disaggregation of revenue from contracts with customers

The board disaggregates revenue from customers as follows:

Sale of tender documents

Sale of tender documents	50,000
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Timing of revenue recognition

At a point in time

Sale of tender documents	50,000
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7. Other operating Income

Government grants	38,654,816
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8. Operating profit

Operating profit for the year is stated after accounting for the following:

Depreciation on property, plant and equipment	12,126
Employee costs	5,908,383

NOTES TO THE ANNUAL FINANCIAL STATEMENTS**8. Operating profit**

	2018 N\$
Operating profit for the year is stated after charging (crediting) the following, amongst others:	
Remuneration, other than to employees	
Consulting and professional services	100,351
Employee costs	
Salaries, wages, bonuses and other benefits	5,908,383
Depreciation and amortisation	
Depreciation of property, plant and equipment	12,126
Expenses by nature	
The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:	
Employee costs	5,908,383
Depreciation, amortisation and impairment	12,126
Other expenses	991,857
	6,912,366

9. Depreciation, amortisation and impairment losses

Depreciation	
Property, plant and equipment	12,126

10. Investment income

Interest income	
Investments in financial assets:	
Bank	973,556

11. Taxation

No provision has been made for 2018 tax as the board is exempt from taxation.

12. Cash generated from operations

Profit before taxation	32,766,006
Adjustments for:	
Depreciation and amortisation	12,126
Interest income	(973,556)
Changes in working capital:	
Trade and other payables	685,861
	32,490,437

NOTES TO THE ANNUAL FINANCIAL STATEMENTS**13. Directors' emoluments**

	2018 N\$	
Executive - 2018		
	Emoluments	
	Total	
Mr. P.P. Swartz (Chairperson of the Board and Administrative Head of Central Procurement Board of Namibia)	1,250,000	1,250,000
Ms. L. Ramakhutla (Deputy Chairperson of the Board and Deputy Administrative Head of Central Procurement Board of Namibia)	1,083,333	1,083,333
Ms. M. Nakale (Chairperson for the Audit and Risk Committee)	332,578	332,578
Mr. J.L. Muadinohamba	335,418	335,418
Ms. H. Herman	273,498	273,498
Mr. E.P. Shilongo	367,970	367,970
Ms. M. Iyambo	105,241	105,241
Mr. H.C. Loftie-Eaton	338,424	338,424
Mr. T. Ndove	84,943	84,943
	4,171,405	4,171,405

14. Comparative figures

No comparative figures have been presented as these are the first annual financial statements of the board.

15. Financial instruments and risk management**Categories of financial instruments**

Categories of financial assets				
2018	Note(s)	Amortised cost	Total	Fair value
Cash and cash equivalents	4	33,335,017	33,335,017	33,335,017

Categories of financial liabilities

2018	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	5	685,861	685,861	685,861

Gains and losses on financial instruments

Gains and losses on financial assets				
2018	Note(s)	Amortised cost	Total	
Recognised in profit or loss:				
Interest income	10	973,556		973,556

Capital risk management

The capital structure and gearing ratio of the board at the reporting date was as follows:

Trade and other payables	5	685,862
Cash and cash equivalents	4	(33,335,017)
Net borrowings		(32,649,155)
Equity		32,766,005
Gearing ratio		(100)%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

15. Financial instruments and risk management (continued)

2018
N\$**Financial risk management****Overview**

The board is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The board members has overall responsibility for the establishment and oversight of the board's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the board's risk management policies. The committee reports quarterly to the board on its activities.

The board's risk management policies are established to identify and analyse the risks faced by the board, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the board's activities.

The boards audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the board. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee and the risk committee.

Credit risk

Credit risk is the risk of financial loss to the board if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The board is exposed to credit risk on loans receivable, debt instruments at fair value through other comprehensive income, trade and other receivables, contract receivables, lease receivables, cash and cash equivalents, loan commitments and financial guarantees. None of these exist at the moment and the related credit risk is assessed very low.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The board only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the board through dealing with well established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

The maximum exposure to credit risk is presented in the table below:

		Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Cash and cash equivalents	4	33,335,017	-	33,335,017

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

15. Financial instruments and risk management (continued)

2018
N\$**Liquidity risk**

The board is exposed to liquidity risk, which is the risk that the board will encounter difficulties in meeting its obligations as they become due.

The board manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and government grants received.

There have been no significant changes in the liquidity risk management policies since incorporation of the board. The current liquidity risk is assessed as very low.

Foreign currency risk

The board is not exposed to foreign currency risk

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The board policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

	Note	Average effective interest rate	Carrying amount
Variable rate instruments:			
Assets			
Cash and cash equivalents	4	5.20 %	33,335,017
Fixed rate instruments:			
Liabilities			
Trade and other payables	5	- %	685,861
Variable rate financial assets as a percentage of total interest bearing financial assets			100.00 %
Fixed rate financial liabilities as a percentage of total interest bearing financial liabilities			100.00 %

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

15. Financial instruments and risk management (continued)

	2018 N\$	
	Increase	Decrease
Increase or decrease in rate		
Impact on profit or loss:		
Cash and cash equivalents (1% increase / decrease on closing balance)	333,350	333,350
Impact on equity:		
Interest income from cash and cash equivalent (1% increase / decrease on closing balance)	333,350	333,350
Total impact on profit or loss and equity	666,700	666,700

Price risk

The board is not exposed to any price risk.

DETAILED INCOME STATEMENT

	Note(s)	2018 N\$
Revenue		
Sale of tender documents		50,000
Other operating income		
Government grants		38,654,816
Other operating expenses		
Advertising		34,261
Bank charges		4,114
Cleaning		34,822
Consulting and professional fees		100,351
Depreciation		12,126
Employee costs		5,908,383
Conference and meeting fees		44,176
Recruitment costs		36,777
Office refreshments		26,655
Small assets not capitalised		1,825
Insurance		14,993
IT expenses		56,467
Postage		384
Printing and stationery		71,915
Staff welfare		8,270
Subscriptions		32,563
Telephone and fax		81,552
Travel - local		442,732
		6,912,366
Operating profit	8	31,792,450
Investment income	10	973,556
Profit for the year		32,766,006

The supplementary information presented does not form part of the annual financial statements and is unaudited

**TO CARRY OUT PROCUREMENT
ACTIVITIES AND ENTER INTO
PROCUREMENT CONTRACTS ON
BEHALF OF PUBLIC ENTITIES.**



Procuring with Integrity

