



 **CPBN**
CENTRAL
PROCUREMENT
BOARD OF NAMIBIA

2019-2020

ANNUAL REPORT

OPTIMISING PERFORMANCE IN PUBLIC PROCUREMENT AMID THE PANDEMIC



ABOUT OUR THEME

The constraining and disruptive realities induced by COVID-19 have forced all organisations to implement response mechanisms that propel sustainability, growth and stability. In essence, this Annual Report highlights the resilient and agile strategic direction that the Central Procurement Board of Namibia (CPBN) undertook to ensure that it remains geared to deliver its mandate and continue to operate efficiently and effectively. Holistically, the Annual Report takes cognisance of CPBN's self-reinforcing processes, highlighting key future prospects that look progressive given the impressive results posted by the Board in the reporting period.

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ACRONYMS

PPA	Public Procurement Act
CPBN	Central Procurement Board of Namibia
PPU	Procurement Policy Unit
PPR	Public Procurement Regulation
MoF	Ministry of Finance
IPPs	Individual Procurement Plans
SBD	Standard Bidding Documents
BEC	Bid Evaluation Committee

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CHAIRPERSON'S REPORT

Dear Stakeholders

On behalf of the Board, management and staff of the Central Procurement Board of Namibia (CPBN), I am pleased to present our annual report for the year ended 31 March 2020. The annual report was prepared in terms of section 24 of the Public Procurement Act, Act 15 of 2015 (PPA). The Minister of Finance directed the Board from the onset to handle transitional procurement matters originating from procurement conducted before the enactment of the PPA. This instruction was supported by orders made by High Court judges in 2017.

1.1 Governance

The Board is committed to the principles of good corporate governance. It affirms its responsibility to determine the organisation's strategic direction and guide management in cultivating a culture of ethical conduct through its shared values.

In essence, the Board initiated some interventions in the reporting period primed at strengthening its governance architecture.

With consent of the Minister of Finance, a human resource expert, selected from a pool of practitioners from the database of the Ministry of Public Enterprises was appointed by the Board in terms of section 16 of the PPA on the Human Resource Committee, a sub-committee of the Board. This appointment is for three (3) years and will strengthen the committee's ability to advise the Board on matters relating to human resources of the organisation.

On the other hand, the Board approved CPBN's strategic plan in 2019 to direct the organisation. The strategic plan is set to establish the organisation and therefore focuses on the following strategic pillars:

- Promote transparency and good corporate governance across CPBN
- Enhance organisational performance
- Build stakeholder relations
- Ensure sustainable public procurement systems.

“

The Minister of Finance directed the Board from the onset to handle transitional procurement matters originating from procurement conducted before the enactment of the PPA.

”



Patrick Swartz

Central Procurement Board of Namibia (CPBN)
Chairperson

During the year under review, the Board directed management to review the strategic plan, given the economic climate and the slow progress made in executing procurement projects. In essence, the revision of the strategic plan is planned for the next financial year.

In this financial year, the Board did not have formalised processes in place to identify and report risks, however, certain risks were flagged by management and Directors. Appropriate strategies were agreed upon to mitigate them and a detailed table of risks is included in this report.

1.2 Performance

After three (3) years of operating, the Board achieved some modest results amid severe challenges the organisation faced during the financial year under review.

The organisation’s recruitment drive successfully increased the staff complement from seven (7) to twenty-five (25) staff members. Simultaneously, the staff members on short term contracts were reduced from twenty (20) to seven (7). The increase in full-time staff will aid the organisation in delivering on its mandate to procure on behalf of public entities further expediting internal capacity building.

“ A graduate internship programme was also started to develop young talent with the goal of recruiting from the pool of graduates who complete the programme. ”

The Finance Minister availed N\$25 million (2018/19: N\$20 million) earmarked for operational costs of the organisation for the reporting period. This is an increase of 25% on the subsidy received in the previous year, and we remain grateful for this goodwill. The grant received from the government equalled 93% (2018/19: 91%) of the total income received

in this financial year. However, the Board is aware of the risks associated with being overly dependent on one source of income and has initiated discussions around possible strategies to generate additional income to augment the government subsidy.

Expenditure increased from N\$19,51 million to N\$28,1 million with employee costs accounting for 61% of the total expenditure, compared to 67% in the prior year. The increase in costs is due to the rise in the number of employees coupled by Board activities.

Important to note is also that, CPBN obtained an unqualified audit report on financial statements for the year ended 31 March 2020 which indicates that the CPBN is adequately managed with positive prospects for the future.

1.3 Public Procurement

The organisation’s mandate is to procure, sign contracts and oversee the implementation of procurement contracts signed on behalf of public entities. This mandate occupied most of the Board’s attention during the year. Management reported no progress in forty-two (42) procurement projects under the Board’s control. This prompted the Board to approve timelines for each of the different stages in procurement to reduce the procurement cycle measured from the day the bids are advertised until the date the Board adjudicate the matter and issues a decision.

In terms of the PPA, the turnaround time is 180 days, however, the Board found that the completed projects yielded an average time of 235 days, which the Board regarded as unsatisfactory.

The Board directed management to collaborate with public entities, eliminate duplication, and use previously approved standard bidding documents to guide public entities to prepare their bidding documents in line with the guidance obtained.

Having due regard for the state of the economy in Namibia, the Board, in collaboration with public entities, awarded 60% of the competitive bids to Namibian owned enterprises. The Board continue to work on this indicator, looking for ways to unbundle complex bids to allow Namibian bidders to participate in these procurement projects.

Hereunder is a summary of the procurement decisions made in the years since its inception:

	2017/18	2018/19	2019/20
Individual Procurement Plans (IPP)	2 480 829 200	8 774 271 718	5 471 870 136
Number of Public Entities (PE)	11	14	9

Procurement Method	2017/18	2018/19	2019/20
Open Advertised Bidding	111 378 518	187 307 348	1 086 774 649
Restricted Bidding	-	129 726 923	-
Direct Procurement (includes Entity to Entity)	461 208 896	1 032 114 786	982 899 272
Total	572 586 414	1 349 149 057	2 069 673 921

Other awards	2017/18	2018/19	2019/20
Variation orders	23 867 158	23 913 210	247 009 879
Price increases	22 385 469	40 872 242	511 869 614
Contract extensions	1 514 404 182	1 521 826 132	1 015 508 231
Total	1 560 656 809	1 586 608 584	1 774 387 724

The Board approved thirty-eight (38) Individual Procurement Plans (IPPs) to the value of N\$5 471 870 136 which is significantly lower than the value obtained in the previous financial year. In addition, the Board awarded procurement contracts to the value of N\$2 069 673 921 compared to N\$1 349 149 057 in the previous financial year. This represents an increase of 53% year on year.

Further to the above, the Board approved variation orders, price increases and contract extensions to the value of N\$1 774 387 724 (2018/19: N\$1 586 608 585), representing a year on year increase of 12%.

Notably, four (4) disgruntled bidders approached the Review Panel seeking to nullify or set aside CPBN's decisions to award procurement contracts. Three (3) of the rulings favoured CPBN, while the remaining ruling was against CPBN.

In addition to the Review Panel matters, five (5) bidders approached the High Court to set aside the Board's decisions. Four (4) appeals were postponed to later in 2020, while one ruling was granted in favour of the bidder.

1.4 Stakeholder

At the heart of what the Board does is a realisation that stakeholder relations are critical to attaining organisational goals. The Board held various stakeholders' consultation meetings on matters pertaining to service delivery and the harmonisation of procurement strategies to reduce the procurement cycle, improve bidders' participation and ultimately build and strengthen stakeholder relations.

As part of our strategy to improve our efficiency and effectiveness, a delegation of management and an official from the Procurement Policy Unit visited the Public Procurement and Asset Disposal Board of Botswana. The visit was aimed at building regional relations with a similar organisation, benchmarking operational efficiency and enhancing capacity.

The Directors participated in a workshop with Cabinet Ministers on challenges with the implementation of the PPA. This workshop allowed the organisation to highlight the challenges faced in implementing the PPA and, at the same time, embrace the opportunity to obtain honest and direct feedback from our valuable stakeholders.

1.5 Outlook

With mandatory lockdowns and a fragile economic fabric, the country is weathering a severe storm that will place procurement at the centre of strategies to revive the country's economy. Supply chain disruptions are evident worldwide, and economies and more specifically organisations are faced with critical decisions to enable business operations, to which they must strategically respond with urgency.

Digital platforms have become acceptable avenues to enable business continuity. CPBN has embraced these changes and developed an operating procedure to allow staff to operate from home and schedule meetings online to continue service delivery.

The decision to review our strategic plan is timely given that several assumptions made in the plan are not valid anymore. New skills are required to enable our business to move forward. There is a need to review our business model and processes to stimulate an agile organisation that can respond to changes quickly whilst continuing to improve service delivery.

Indeed, CPBN must improve stakeholder relations to collaborate on procurement projects and subsequently shorten procurement cycles thereby increasing the number of bids issued.

Lastly, the temporary extension of the Directors' term signifies the Minister of Finance's intention to appoint Directors as soon as possible. While new Directors may need time to get acquainted with the organisation, management is in the process of coming up with strategies to minimise any effect of this impending change.

1.6 Conclusion

With distinct honour and pleasure, I would like to thank the employees of CPBN who demonstrated immense courage and resolve during difficult times to ensure that we continue to deliver services to our esteemed stakeholders, even though we were understaffed. Your resilience and agility remains inspirational.

I thank the public entities that work with us to deliver on the shared procurement projects. We are using these engagements to design new processes to execute procurement projects, and we thank you for your honest feedback.

My sincere appreciation goes to the Board members of CPBN, who availed ample time, and demonstrated profound commitment and leadership to navigate the organisation during the year. Your deliberations and robust engagements help shape the performance standards we aspire to achieve.

In conclusion, I want to thank the Minister and the Executive Director of the Ministry of Finance for guidance and leadership. Your support enables us to focus on the mandate of CPBN.



Patrick Swartz
Chairperson



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

We shall consider costs, quality and sustainability in all our actions and decisions.



INTEGRITY

We shall conduct ourselves in a trustworthy, fair, confidential, honest manner and in line with good governance principles.



TRANSPARENCY

We shall ensure that the entire procurement and disposal process is open and clear.



ACCOUNTABILITY

We shall be answerable for our actions and decisions.



RESPONSIVENESS

We shall ensure timeous service delivery in relation to set standards.



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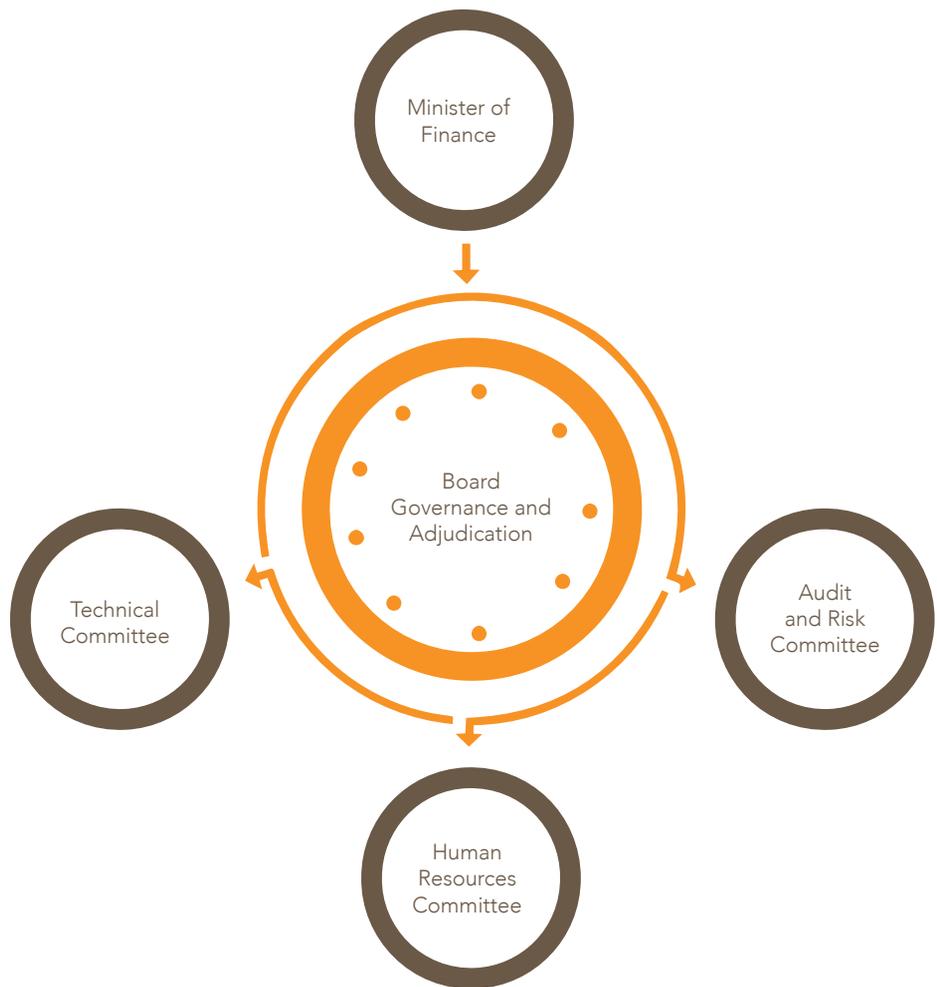
CORPORATE GOVERNANCE

The governance structure of the Central Procurement Board of Namibia remained unchanged for the reporting period. Under section 11 of the PPA, the Minister must appoint nine (9) members to constitute the Board "after a fair, open, and transparent prescribed process of invitation, interview and recommendation by a recruitment committee". The Minister must appoint two (2) members, of which one (1) must be female, from among the nine (9) members, as chairperson and deputy chairperson and as administrative head and deputy administrative head. The chairperson serves as the accounting officer of the Board.

As per the illustration below, the Board then appoints sub-committees in accordance with section 16 of the PPA and delegates some powers and functions to these sub-committees.

The Board appointed an Audit and Risk Committee and a Human Resource Committee in accordance with good governance principles. The Technical Committee was also appointed to assist the Board in dealing with complex strategic procurement matters.

“As per the illustration below, the Board then appoints sub-committees in accordance with section 16 of the PPA and delegates some powers and functions to these sub-committees.”



CPBN BOARD COMPOSITION



Mr P.P. Swartz
Chairperson and Administrative Head



Ms L. Ramakhutla
Deputy Chairperson and Deputy
Administrative Head



Mr J.L. Muadinohamba
Independent Member



Ms M. Nakale
Independent Member



Ms H. Herman
Independent Member



Mr E.P. Shilongo
Independent Member



Ms M. Iyambo
Independent Member



Mr H.C. Loftie-Eaton
Independent Member



Mr T. Ndove
Independent Member

2.1 Mandate of the Central Procurement Board of Namibia (CPBN)

The CPBN was established as a juristic person under Section 8 of the Public Procurement Act, 2015 (PPA) (Act No 15 of 2015) with the principal objects:

- a) 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;
- b) To enter into contracts for procurement or disposal of assets on its own behalf or on behalf of public entities awarded by the Board as contemplated in paragraph (a); and
- c) To direct and supervise accounting officers in managing the implementation of procurement contracts awarded by the Board.

This mandate was extended by the Minister of Finance in that the Minister directed CPBN to handle transitional procurement matters originating from the repealed Tender Board Act, 1996 (Act No 16 of 1996). The Board is further empowered under Section 9(1)(e) to operationalise the CPBN.

2.2. Board of CPBN

2.2.1 Board composition

During the financial year under review, there was no change in the Board composition. The Directors appointed from 1 April 2017-31 March 2020 (except for the Chairperson and deputy Chairperson who’s terms expire on 31 March 2022) under section 11 of the PPA, continue to serve their three (3) year term on a part-time basis, with the Minister extending the term of the Independent non-Executive members on 24 March 2020 for a period of six (6) months.

The extended period will therefore lapse on 30 September 2020. The Chairperson and Deputy Chairperson are appointed on a five (5) year full-time basis and the contracts expire on 31 March 2022. The table below depicts the Director and their Board terms.

Name	Position	Term	Period
Mr P.P. Swartz	Chairperson and Administrative Head	2017-2022	5 years
Ms L. Ramakhutla	Deputy Chairperson and Deputy Administrative Head	2017-2022	5 years
Mr J.L. Muadinohamba	Independent Member	2017-2020 (term extended with six (6) months)	3 years, 6 months
Ms M. Nakale	Independent Member	2017-2020 (term extended with six (6) months)	3 years, 6 months
Ms H. Herman	Independent Member	2017-2020 (term extended with six (6) months)	3 years, 6 months
Mr E.P. Shilongo	Independent Member	2017-2020 (term extended with six (6) months)	3 years, 6 months
Ms M. Iyambo	Independent Member	2017-2020 (term extended with six (6) months)	3 years, 6 months
Mr H.C. Loftie-Eaton	Independent Member	2017-2020 (term extended with six (6) months)	3 years, 6 months
Mr T. Ndove	Independent Member	2017-2020 (term extended with six (6) months)	2 Years, 6 months

*An independent member is a member of the Board, appointed on a part-time basis in terms of Section 12 of the PPA and who is not involved in the day-to-day management of the CPBN.

2.3 Board Responsibility

The Board and its committees is guided by the PPA in terms of section 16 of the PPA., as well as charters, which define the roles and responsibilities, meeting protocols and other related matters.

2.4 Adjudication meetings

The adjudication of procurement matters constitutes a major part of the Board’s mandate. The Board met frequently to consider and approve procurement matters submitted

by public entities which are above their procurement threshold. These matters include, amongst others, individual procurement plans, standard bidding documents, contract extensions and contract variations. The Board further reviewed the recommendations of Bid Evaluation Committees (BEC’s) under section 9(1)(l) of the PPA, for the award of procurement or disposal contracts.

During the period under review, forty-four (44) adjudication meetings took place.

Below is the attendance of the Directors for the year under review:

Director	Number of meetings attended
Mr. P.P. Swartz (Chairperson)	37/44
Ms. L. Ramakhutla (Deputy Chairperson)	31/44
Mr. J.L. Muadinohamba	39/44
Ms. M. Nakale	38/44
Ms. H. Herman	34/44
Mr. E.P. Shilongo	42/44
Ms. M. Iyambo	44/44
Mr. H.C. Loftie-Eaton	44/44
Mr. T. Ndove	40/44

2.5 Governance meetings

The Board provides oversight over the operations of the organisation. Hence, the Board focuses on the following aspects to ensure effectiveness:

- Clearly defined vision, mission and values.
- Ensure commitment to accountability and transparency.
- Monitoring of procurement statistics to ensure that procurement timelines are reduced, and awards are made in a timely manner.
- Engage in robust deliberations and constructive collaboration.
- Maintaining appropriate governance structure and upholding principles of good governance.

Key focus areas for the Board as per the Board charter for the year under review included:

- Reviewing and approving policies,
- Reviewing and approving annual financial statement,
- Reviewing and approving the external auditors’ report,
- Reviewing the strategy and reports from the Board committees and various business units within the organisation,
- Approving and monitoring compliance with the annual budget,
- Reviewing and guiding the organisation in matters relating to risk, including information technology risk, and business continuity risk.

During the year under review, the Board conducted six (6) governance Board meetings as per the table below:

Directors	Number of meetings attended
Mr. Patrick P. Swartz - Chairperson and Administrative Head	6/6
Ms. Lischen Ramakhutla - Deputy Chairperson and Deputy Administrative Head	4/6
Mr. Jeremia Muadinohamba - Independent Member	6/6
Ms. Maria Nakale - Independent Member	4/6
Ms. Hilya Herman - Independent Member	6/6
Mr. Epafras P. Shilongo - Independent Member	6/6
Ms. Maria Iyambo - Independent Member	6/6
Mr. Hendrik Cronje Loftie-Eaton - Independent Member	5/6
Mr. Titus Ndove - Independent Member	5/6

Where possible, the Board aims to reach consensus on matters through deliberations to approve Board decisions. All directors have unhindered access to all of the organisation’s records, information, documents and property.

2.6 Human Resource Committee (HRC)

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

- a. CPBN remunerates Directors fairly and responsibly.
- b. CPBN’s remuneration strategy and conditions of services are developed to attract, retain and motivate human resources; and

- c. The corporate governance structure of the CPBN is adequate, efficient and appropriate.

The HRC is also entrusted with monitoring the implementation of the Code of Ethics with respect to the Directors.

During the period under review, the HRC held four (4) meetings as outlined below.

Name	Number of meetings attended
Ms. Hilya Herman - Chairperson	2/4
Mr. Jeremia Muadinohamba	4/4
Mr. Epafras P. Shilongo	3/4
Mr. Hendrik Cronje Loftie-Eaton	4/4

2.7 Audit and Risk Committee (ARC)

The Audit and Risk Committee (ARC) comprises of three (3) Independent Non-Executive 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 operations 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 the 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 ARC held seven (7) meetings. The attendance of ARC members is outlined below.

Name	Number of meetings attended
Ms. M. Nakale (Chairperson)	7/7
Ms. M. Iyambo	7/7
Mr. T. Ndove	5/7

Ex Officio:

Mr. P. P. Swartz (Administrative Head)	5/7
Ms. L. Ramakhutla (Deputy Administrative Head)	4/7

2.8 Technical Committee (TC)

The Technical Committee (TC) comprises of four (4) Independent Non-Executive members and is mandated with the following responsibilities:

- a. Review the technical aspects for large project as and when requested by the Board.
- b. Review the monitoring and evaluation reports of large/complex works contracts and advise the Board accordingly.
- c. Review variation orders, price increases, termination and determination of contracts for large projects.
- d. Act as liaison with the Public Entity on matters of strategic/large projects when necessary.

During the period under review, the TC held nine (9) meetings as outlined in the table below.

Name	Number of meetings attended
Ms. M Iyambo (Chairperson)	9/9
Ms. M Nakale	8/9
Mr. E. P Shilongo	9/9
Mr. H Loftie-Eaton	8/9

2.9 Directors’ emolument and salaries

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\$7,671,220.00 was paid to Directors (inclusive of the salaries of the Chairperson and Deputy Chairperson):

Name	Directors' fees (in N\$)	Salaries
Mr. P.P. Swartz (Chairperson and Administrative Head of CPBN)	N/A	2,144,400 ¹
Ms. L. Ramakhutla (Deputy Chairperson and Deputy Administrative Head – CPBN)	N/A	1,851,289 ¹
Ms. M. Nakale (Chairperson of the Audit and Risk Committee)	579,260	N/A
Mr. J. Muadinohamba	471,187	N/A
Ms. H. Herman (Chairperson of the Human Resource Committee)	451,433	N/A
Mr. E.P. Shilongo	551,670	N/A
Ms. M. Iyambo (Chairperson of the Technical Committee)	601,415	N/A
Mr. H.C. Loftie-Eaton	549,624	N/A
Mr. T. Ndove	470,942	N/A
TOTAL	3 375 531	3 995 689
GRAND TOTAL	N\$7 671 220.00	

¹ The Chairperson and Deputy Chairperson are not paid any sitting or retainer allowances as they serve as Administrative and Deputy Administrative Head of the organisation with full remuneration.

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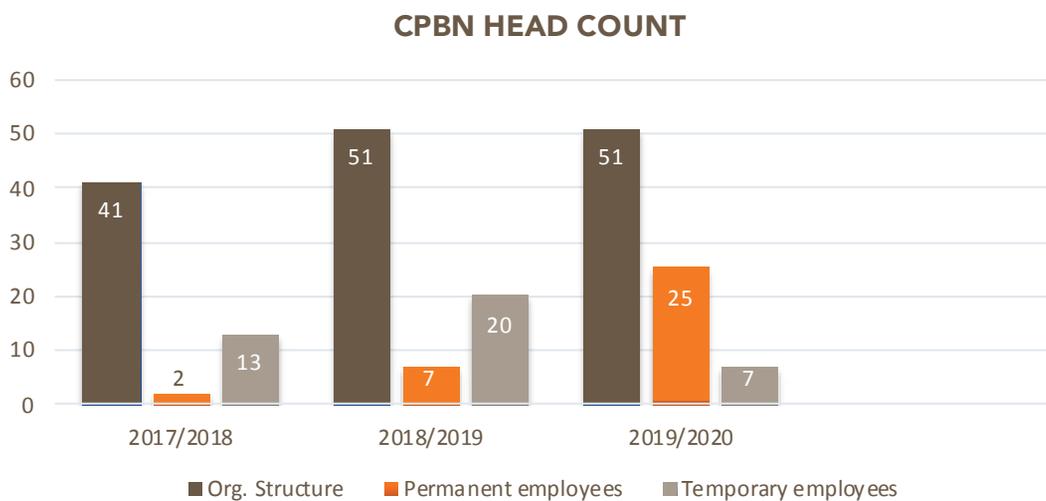
CPBN OPERATIONS

3.1 HUMAN CAPITAL

During the financial year 2018/2019 the Board revised and approved the organisational structure to improve human capacity. Following this exercise, the organisation embarked on a focused recruitment strategy, understanding the timelines attached to complete a recruitment, given the external security checks. This exercise resulted in the

staff complement increasing from seven (7), as reported previously, to twenty-five (25) employees during the year under review. Furthermore, the number of staff members employed on a contract basis decreased drastically from twenty (20) to seven (7). The table below depicts the staff component for the past three financial years.

Growth and strength of personnel FY 2017/2018, FY 2018/2019 and FY 2019/2020



3.2 Organisational Structure

In an effort to enhance efficiency and to strengthen CPBN's capacity, the Board commissioned the Namibia Institute of Public Administration and Management (NIPAM) to undertake the following organisational development interventions on a consultancy basis:

- i. Review and recommend a new organisational structure;
- ii. Formulate job descriptions for all positions within the CPBN including that of the Administrative Head and the Deputy Administrative Head, in line with the Public Procurement Act (Act 15 of 2015) and draft Strategic Plan of CPBN;
- iii. Conduct job evaluation and grading; and
- iv. Review the remuneration structure.

Following a review of CPBN's organisational structure, NIPAM presented a revised structure to the Board for consideration and approval.

3.3 Staff Turnover

Two (2) employees left the organisation during the period under review due to resignation.

4

PROCUREMENT MANAGEMENT UNIT (INTERNAL)

The Procurement Management Unit (PMU) is an internal unit that was set up in compliance with Section 25 of the PPA and is responsible for the facilitation and execution of the procurement of CPBN as an entity. The unit’s performance is reported hereunder.

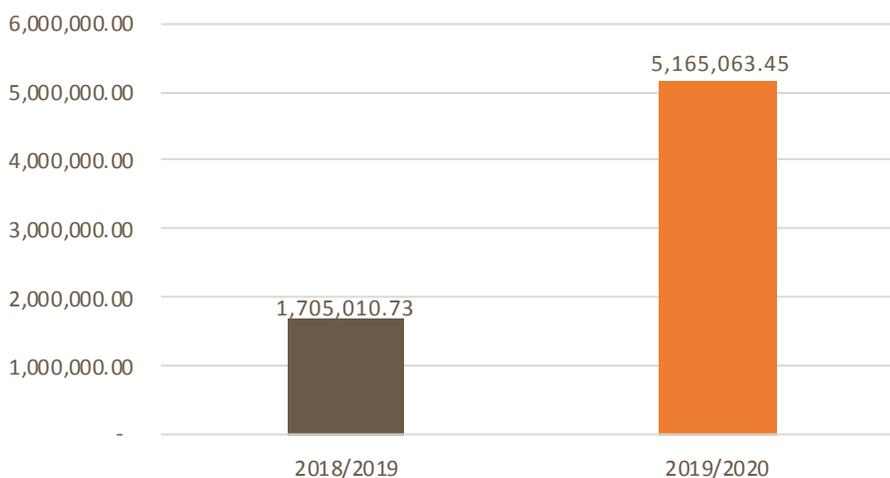
4.1 Internal Procurement Awards

A total number of one hundred and thirty-one (131) bids were awarded during the period under review as per CPBN’s annual procurement plan to the value of **N\$5,165,063.45**.

The table indicates the different types of procurement methods carried out:

Procurement method	Amount N\$
Small Value Procurement	961,640.31
Request for Sealed Quotation	2,361,873.89
Request for Proposal	566,536.00
Execution by Public Entities	574,896.46
Direct Procurement	700,116.79
Total	5,165,063.45

PROCUREMENT COMPARISON



There was a significant increase in the value of bids awarded during the reporting period in comparison to the previous financial year as depicted in table above. The increase in the awards is attributed to the increase in human capacity and improved operations, resulting in the execution of projects that have been pending for some time.

4.2 Cancelled Bids

A total number of thirty-one (31) bids were cancelled in terms of section 54 (1) during the year under review. One of the major contributors to the cancellations is the bidders failing to submit mandatory documents.

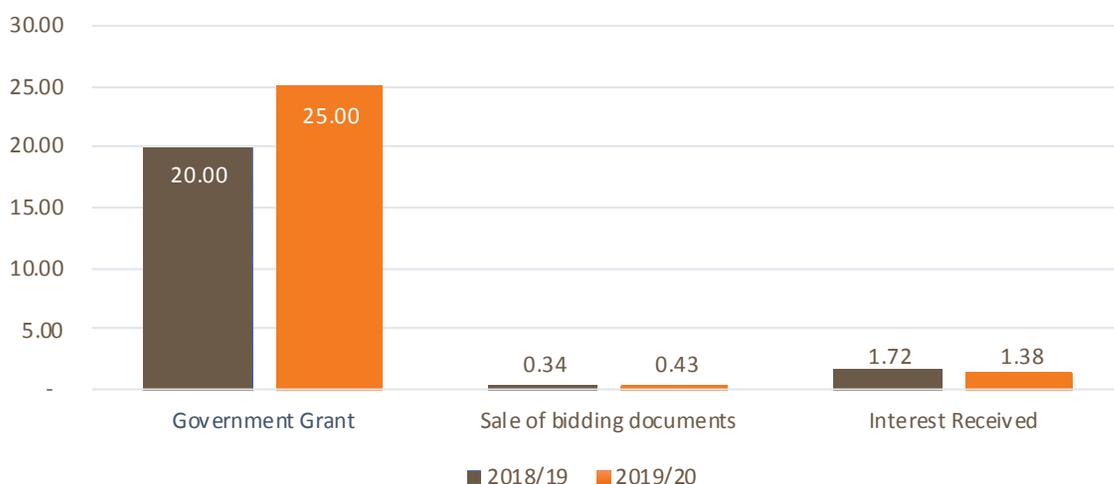
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FINANCIAL MANAGEMENT

5.1 Income

Source of income	2019/20 (N\$)	2018/19 N\$
Government subsidy	25,000,000	20,000,000
Sales from bidding documents	432,489	343,567
Interest from investments	1,382,473	1,719,123
Total	26,814,962	22,062,690

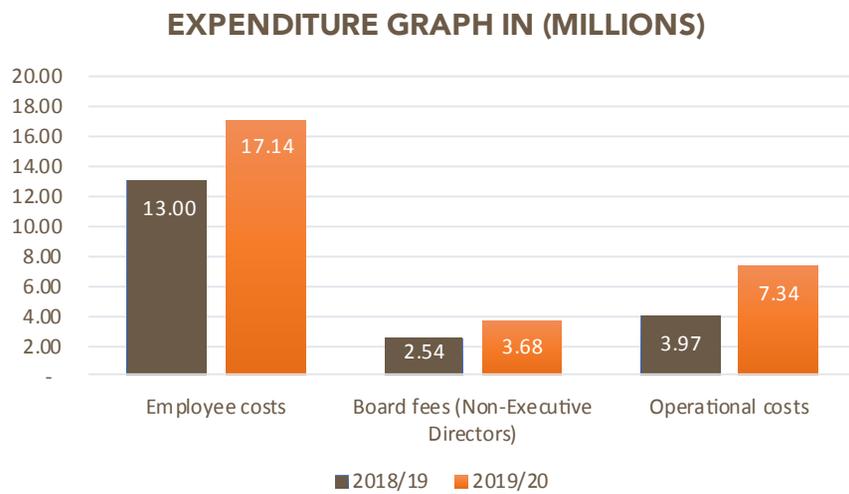
REVENUE GRAPH (IN MILLIONS)



The revenue received, as depicted above, increased by 21,54% compared to the previous financial year. The organisation is dependent on a government subsidy, provided for by the Minister of Finance in the annual budget. In 2019/20, CPBN received N\$25 000 000 (2018/19 – N\$20 000 000) equalling 93% (2018/19 – 90%) of total revenue. This increased in subsidy of 25% indicates that the

organisation’s other sources of income reduced significantly compared to the prior year. The Board is acutely aware of the risk associated with being overly dependent on government subsidies and thus, the Board has initiated discussions around possible strategies to generate additional income to augment the government subsidy.

5.2 Expenditure



The employee cost increased by 32% in the financial year 2019/20 compared to the prior year. Employee costs make up 61% of total expenditure in the reporting period compared to 67% in the 2018/19 Financial Year.

Board fees increased by 45% compared to the Board fees in prior year. Board fees make up 13% of total operating expenditure which is unchanged comparative to the previous year. The Board meetings statistics indicate that 70 meetings were held in the year under review, 15 more than the 55 meetings recorded in the prior year

Furthermore, general operational costs increased by 85% in the year 2019/20 as compared to prior year. Operational costs make up 26% of total expenditure in the reporting period (20% in the prior year).

“ The increase in employee costs is as a result of an accelerated recruitment strategy which was approved by the Board with the aim of increasing efficiency in terms of service delivery. ”

6

PUBLIC PROCUREMENT MANAGEMENT

Regulation 3 of the Public Procurement Regulation: Public Procurement Act, 15 of 2015 in Annexure 1, prescribes thresholds for public entities in relation to procurement categories as outlined in Table 1 below. Thresholds guide

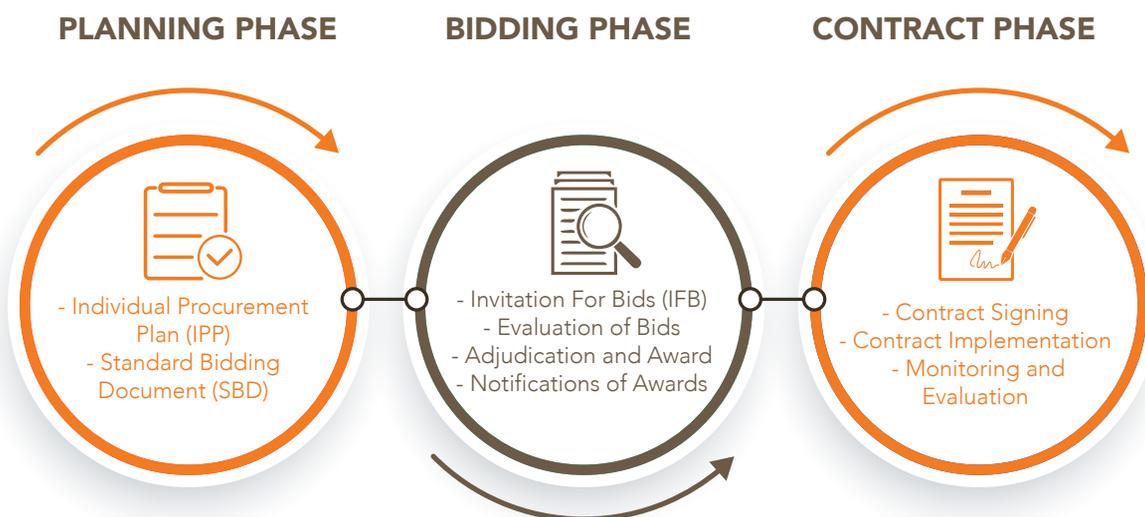
public entities in terms of whether public entities are legible to conduct a particular procurement in line with Regulation 2(2) or alternatively the Board in terms of section 8(a) read together with Regulation 2(1).

Table 1: Public Entity Procurement Thresholds per Procurement Category

Public Entity	Goods	Works	Consultancy	Non consultancy
Category 1	≤ N\$25 million	≤ N\$35 million	≤ N\$20 million	≤ N\$15 million
CPBN	> N\$25 million	> N\$35 million	> N\$20 million	> N\$15 million
Category 2	≤ N\$20 million	≤ N\$30 million	≤ N\$15 million	≤ N\$10 million
CPBN	> N\$20 million	> N\$30 million	> N\$15 million	> N\$10 million
Category 3	≤ N\$15 million	≤ N\$20 million	≤ N\$10 million	≤ N\$5 million
CPBN	> N\$15 million	> N\$20 million	> N\$10 million	> N\$5 million

6.1 Procurement process

The public procurement process consists of several stages that could be categorised into three distinct phases as depicted below.



6.2 Individual Procurement Plans (IPP's)

IPPs represent the initial and starting point for a procurement process and it is anticipated that IPPs will transition from being a plan into awards (section 6.3) and procurement contract(s) to project realisation, job creation and service delivery.

The summary in terms of the total number and value of IPPs approved are shown in the table below and graphs in this report.

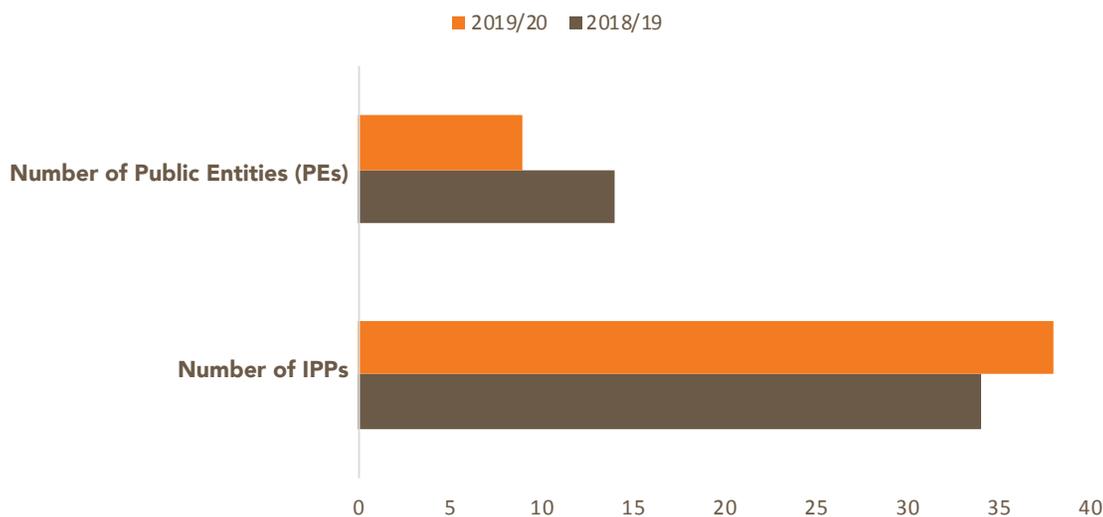
Item No.	Public Entity	Procurement Matter	Amount(N\$)
1.	NamPower	Procurement of the EPC Contractor for the Omburu PV Power plant	372,750,000.00
2.	NamWater	Reconstruction of Canal Section between Omahenene Border Post and Olushandja dam Part: B	39,950,724.00
3.	NamWater	Reconstruction of Canal situated between Omahenene Border Post and Olushandja Dam Part: A	46,470,748.00
4.	NamWater	Consultancy Services for Oshakati Purification Plant	44,000,000.00
5.	NamPower	Works for the Construction of Kunene Substation and Extension of Omatondo Substation	311,000,000.00
6.	NamPower	Consultancy services for the technical advisory and project management services for Nampower Otjikoto Biomass Power Station	60,000,000.00
7.	Ministry of Land Reform	Construction of ministerial regional office at Outapi in Omusati Region	38,640,189.03
8.	Ministry of Land Reform	Construction of regional office at Katima Mulilo in Zambezi Region	52,481,125.00
9.	City of Windhoek	Provision of supply and delivery of unleaded Petrol 95 and low surplus Diesel 50 PPM fuel	100,000,000.00
10.	City of Windhoek	Procurement of pre-payment vending function	19,000,000.00
11.	City of Windhoek	Procurement of the rendering of security services	36,184,379.00
12.	Telecom	Procurement of the provision of security services	27,083,184.00
13.	Telecom	Compilation, supply of print directory, advertising space as well as development, maintainance of on-line directory and sale of advertising space	38,842,583.00
14.	NamPower	Designing, manufacturing, testing, delivering, installing and commissioning of 400 KV reactors	150,000,000.00
15.	Roads Authority	Periodic maintenance of gravel roads: Re- gravelling in Otjiwarongo	195,959,475.00
16.	Namibia Training Authority	Construction of Kunene Vocational Training Centre, Khorixas Region, Phase 1B	43,542,401.00
17.	Namibia Training Authority	Construction of Nkurenkuru Vocational Training Centre in the Kavango West Region, Phase 1B	40,212,565.00
18.	Roads Authority	Periodical maintenance of gravel roads, for the re-gravelling contract in Oshakati	199,500,000.00
19.	Roads Authority	Construction services for the rehabilitation of TR10/2, Onhunho-Eenhana in Ohangwena	370,000,000.00
20.	Telecom	Supply, delivery, installation, testing, commissioning, support and maintenance of a converged fixed and mobile core platform for Telecom	185,977,000.00
21.	NamPower	Procurement of a Contractor for the Engineering, Procurement, and Construction (EPC) of the Anixas II Power Station	996,000,000.00

Item No.	Public Entity	Procurement Matter	Amount(N\$)
22.	Roads Authority	Procurement for the provision and management of post-retirement medical aid annuity products for the Roads Authority beneficiaries	28,712,000.00
23.	Ministry of Works and Transport	Rehabilitation of the Eros Airport runway	311,000,000.08
24.	Ministry of Works and Transport	Procurement for the construction of a new Opuwo Aerodrome	99,995,922.98
25.	Namibia Institute of Pathology Limited	Referral of patient samples for laboratory diagnostic analysis	123,670,962.05
26.	Roads Authority	Development contracts for the blading of gravel roads in Oshakati	134,589,503.50
27.	Roads Authority	Development contracts for the blading of gravel roads in Otjiwarongo	312,686,825.74
28.	Roads Authority	Development contracts for the blading of gravel roads in Keetmanshoop	257,674,832.53
29.	Roads Authority	Nominated SME sub-contracts for the blading of gravel roads in Keetmanshoop	126,121,181.42
30.	Roads Authority	Nominated SME sub-contracts for the blading of gravel roads in Otjiwarongo	191,437,680.38
31.	Roads Authority	Nominated SME sub-contracts for the blading of gravel roads in Oshakati	105,035,913.13
32.	Namcor	Construction of an external fire-fighting system at Walvisbay	50,000,000.00
33.	Nampower	Construction of the Sekelduin substation building	76,000,000.00
34.	Namwater	Procurement of 700NB DCI pipes for priority 2: Section 4 and 600NB DCI pipes for section 5 of the collector 1, Schwarzekuppe-Swakopmund pipeline replacement	85,000,000.00
35.	Namwater	Consultancy services for Rundu purification plant extension	26,000,000.00
36.	Ministry of Education, Arts and Culture	Construction of a new Primary School at Otavi, Otjozondjupa Region	59,635,956.00
37.	Ministry of Education, Arts and Culture	Construction of the Mix Settlement primary school (Phase 1) at Mix Settlement in Brakwater, Windhoek	63,660,435.40
38.	Ministry of Education, Arts and Culture	Construction of new Primary School at Swakopmund in the Erongo Region	53,054,550.00
	TOTAL IPPs FOR THE 2019/20 FINANCIAL YEAR		5,471,870,136.24

Table 6.2.1: Comparative analysis of individual procurement plans between 2018/19 & 2019/20 Financial Years

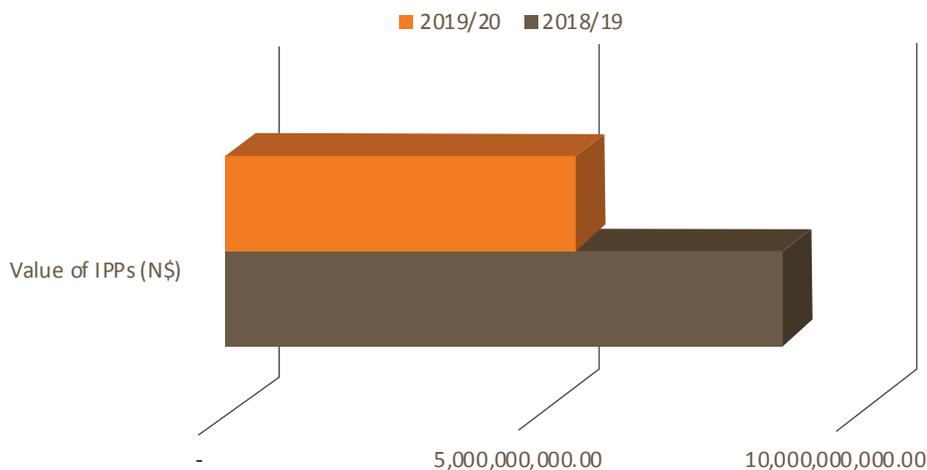
Item Description	Financial Year	
	2018/19	2019/20
Number of IPPs	34	38
Value of IPPs (N\$)	8,774,271,717.75	5,471,870,136.24
Number of Public Entities (PEs)	14	9

NUMBER OF IPPs APPROVED VS PUBLIC ENTITIES



Public Entities, represents the number of public entities whose IPPs were adjudicated and approved by the Board during the period under review.

COMPARATIVE VALUE OF IPPs FOR 2018/19 & 2019/20



A comparative analysis between the current financial year (2019/20) and the previous one (2018/19) reveals a 10.53% increase in the number of IPPs from thirty-four (34) to thirty-eight (38) but yet at a decreased IPP value and number of public entities involved (37.64% and 35.71% respectively).

This could be partially attributed to the number of procurements carried over from other financials years completed in the current financial year as well as the impact of the economic situation in the country primarily induced by COVID-19.

6.2.1 Revised values of the Individual Procurement Plans (IPPs)

Although these projects were reported as approved during the previous financial year, they were however, revised (decreased or increased) in terms of their monetary values as indicated in the table below. The revision is attributed to scope change and reduction in Technical Specifications leading to reduced cost estimates during this period under review.

Item No.	Public Entity	Procurement Matter	Initial IPP Value (N\$)	Revised Amount (N\$) & Financial Year	Revision Type
1	Road Fund Administration	Procurement of automation of the Road Fund Administration's Mass Distance Charges (MDC) (Revised IPP)	127,000,000.00 (2017/18)	53,000,000.00 (2019/20)	Decrease
2	Roads Authority	Nominated SME subcontractors for the blading of gravel roads in Windhoek (Revised IPP)	149,545,010.00 (2018/19)	232,669,207.74 (2019/20)	Increase
3	Ministry of Education, Arts and Culture	Revised IPP for the construction of a new Otuzemba Primary School in Opuwo in the Kunene Region: Phase 1	50,149,041.81 (2018/19)	58,736,752.10 (2019/20)	Increase

6.3 Awards

Open Advertised Bidding is regarded as a competitive bidding process which could be conducted nationally or internationally depending on a range of factors such as availability of goods, works or services in the country, or alternatively whether the Board and public entity envisages to target empowerment or industrialisation policies of the

government in line with section 2(b) of the PPA.

The specific procurement details and aggregated number and values of awards approved by the Board during the period under review are depicted in the table and graphs below.

6.3.1 Open International Bidding

Item No.	Public Entity	Procurement matter	Awarded to	Contract Value (N\$)
1.	Nampower	Procurement of designing, manufacturing, testing, delivering, installing, and commissioning of Power Transformers	Hyosung Heavy Industries Corporation	91,711,522.00
2.	Nampower	Procurement of designing, manufacturing, testing, delivering, installing and commissioning	SGB-SMIT Power Matla (PTY) Ltd	89,895,000.00
3.	Nampower	Procurement of designing, manufacturing, testing, and delivery of two (2) mobile substations	ABB South Africa (PTY) LTD	46,680,150.89
4.	Nampower	Procurement of designing, manufacturing, testing, delivering, installing and commissioning	ILJIN Electric Co.Ltd	42,869,001.00

Item No.	Public Entity	Procurement matter	Awarded to	Contract Value (N\$)
5.	Nampower	Procurement of designing, manufacturing, testing, delivering, installing and commissioning	Powermax Co.Ltd	107,029,877.00
6.	Nampower	Procurement of designing, manufacturing, testing, delivering, installing and commissioning	Hyosung Heavy Industries Corporation	77,017,766.00
	TOTAL VALUE (N\$)			455,203,316.89

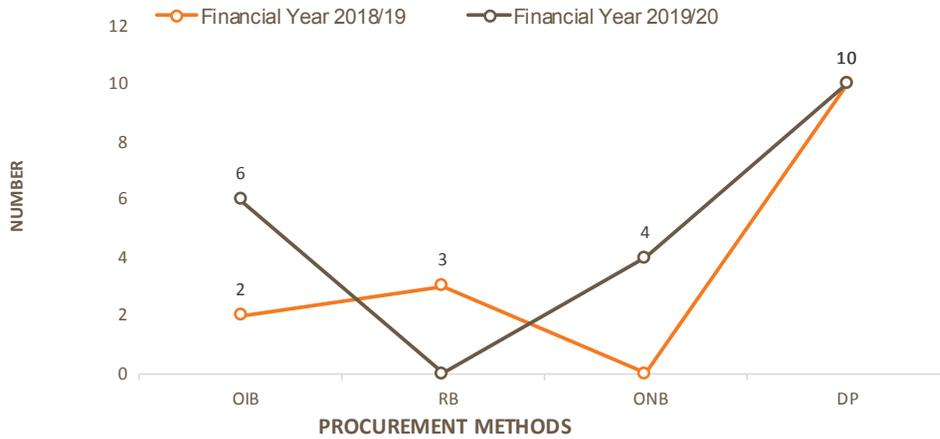
6.3.2 Open National Bidding

Item No.	Public Entity	Procurement matter	Awarded to	Contract Value (N\$)
1.	Ministry of Mines and Energy	Government Diamond Valuators	Gem Diamond Namibia (Pty) Ltd	480,000,000.00
2.	NAMFISA	Procurement Contract for office Rent for NAMFISA	Keyplot Investments Pty (Ltd)	70,583,699.07
3.	Nampower	The supply and delivery of 30 000 metric tons of steam coal to Van Eck Power Station	Coleman Transport JV Three Quest Trading Enterprises cc	66,151,664.75
4.	Social Security Commission	Information Technology (IT) hardware	Business Connection (Pty) Ltd	14,835,968.02
	TOTAL VALUE (N\$)			631,571,331.84

Table 6.3.2.1: Comparative analysis of awards between 2018/19 and 2019/20 Financial Years

Description	Financial Year			
	2018/19		2019/20	
	No.	Value (N\$)	No.	Value (N\$)
Open International Bidding (OIB)	2	187,307,348.50	6	455,203,316.89
Restricted Bidding (RB)	3	129,726,922.67	-	-
Opening National Bidding (ONB)	-	-	4	631,571,331.84
Direct Procurements (DP)	10	1,032,114,786.00	10	982,899,271.70

Graph 1: Comparative analysis of number of awards for 2018/19 and 2019/20 FY



Abbreviations: OIB: Open International Bidding, RB: Restricted Bidding, ONB: Open National Bidding and DP= Direct Procurement.

Graph 2: Comparative analysis of the value of awards for 2018/19 and 2019/20 FY

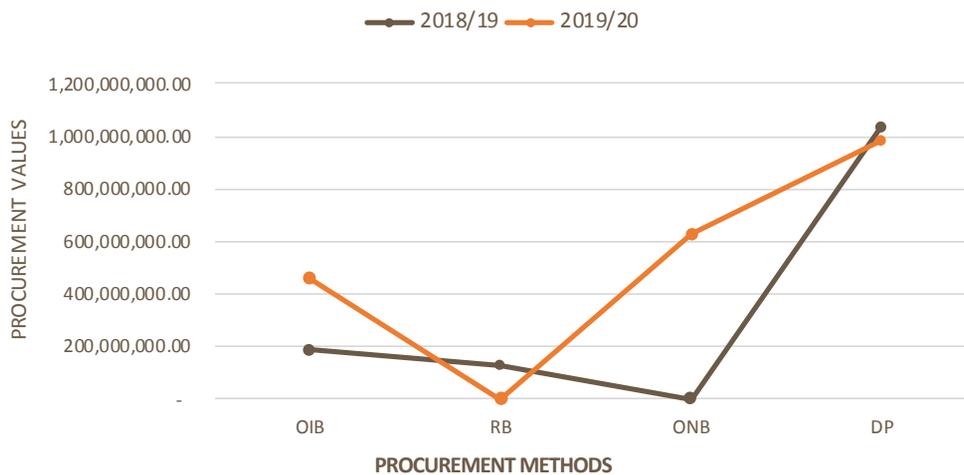


Table 6.3.2.1, graphs 1 & 2 above, shows a sharp increase in the number and value of procurements using Open International Bidding and Open National Bidding between the previous and current Financial Year. This could be attributed to the Board’s effort to target and empower Namibians through procurement and fostering transparency

in procurement processes. However, the number of Direct Procurements remained the same with a slight decrease in value. It is the Board’s intention that direct procurements must be decreased and the concerned public entities have been informed to device measures and actions that lead to competitive bidding processes.

6.3.3 Direct Procurement

Item No.	Public Entity	Procurement matter	Service Providers	Contract Value (N\$)
1.	Ministry of Home Affairs and Immigration	Maintenance services of the Electronic Border Management System	Syntex Technologies	48,980,521.50
2.	Ministry of Health and Social Services	Directly procure services from Missionary Hospitals, Catholic Health Services and Lutheran Medical Services Nkurenkuru-Directorate: Kavango East	Missionary Hospitals, Catholic Health Services and Lutheran Medical Services Nkurenkuru-Directorate: Kavango East	172,959,179.00
3.	Ministry of Health and Social Services	Procure directly from service providers for the provision of financial assistance, academic and training (Institutions) under Direct Procurement	Tertiary Institutions across the World	149,812,099.00
4.	Ministry of Health and Social Services	Procure directly from Public Entities (Telecom Namibia)	Telecom Namibia	17,857,188.20
5.	Ministry of Health and Social Services	Procure services from Public Entities, City of Windhoek under Section 34 (Execution by Public Entities) for the Ministry of Health and Social Services for the period: 01 April 2019- 31 March 2020	City of Windhoek	86,254,284.00
6.	Ministry of Health and Social Services	Procure services from suppliers: St Mary's Hospital in Rehoboth, Hardap Region for the Ministry of Health and Social Services for the 2019/20 Financial Year	St Mary's Hospital in Rehoboth, Hardap Region	32,400,000.00
7.	Ministry of Health and Social Services	Procure directly services from a sole service provider for the Cuban Personnel for the 2019/20 Financial Year	Sole service provider for the Cuban Personnel	56,000,000.00
8.	Ministry of Health and Social Services	Procure directly from a sole service provider, Namibia Blood Transfusion Services for the 2019/20 Financial Year	Namibia Blood Transfusion Services	87,936,000.00
9.	Ministry of Health and Social Services	Procure services directly from the sole service provider, Namibia Institute of Pathology	Namibia Institute of Pathology	290,700,000.00
10.	Ministry of Health and Social Services	Directly procure services from a Public Entity joint Health Professions Council of Namibia for the Ministry of Health and Social Services	Joint Health Professions Council of Namibia	40,000,000.00
TOTAL VALUE (N\$)				982,899,271.70

Table 6.3.3.1: Comparative institutional breakdown or analysis of Direct Procurements between 2018/19 & 2019/20 Financial Years

	Financial Year			
	2018/19		2019/20	
	No	Value (N\$)	No.	Value (N\$)
Public Entities (PEs)	4	304,955,387.40	4	434,811,472.20
Private Entities	4	407,470,507.20	4	342,275,700.50
Private Entities and Public Institutions			-	-
Governments/Tertiary Institutions	2	319,688,892.00	2	205,812,099.00

The graphical presentation of the Direct Procurements approved during the period under review are presented at the last page of this chapter (Public Procurement Management) in form of number and value of approvals.

6.4 Transitional Procurement Matters

6.4.1 Variation Orders

Item No.	Public Entity	Procurement matter	Service Provider	Amount (N\$)
1.	Ministry of Health and Social Services	Request for approval for variation order No. 1: The application for increase in contract amount for upgrading and extension of Rundu Hospital phase 8: Maternity ward in the Kavango East Region	Sommerstone Contractors cc	5,009,939.35
2.	Ministry of Mines and Energy	Variation order and extension of time claim by the contractor for the National Oil Storage Facilities Project at Walvis Bay	CHEC, RCC and Baby Face Civils (CRP JV)	90,585,228.88
3.	Roads Authority	Request for additional scope of works in Windhoek-Hosea Kutako International Airport, Roads Project (Harambee) on behalf of Roads Authority (RA)	China Railway Seventh Group/OTE JV	151,414,710.74
	TOTAL VALUE(N\$)			247,009,878.97

Table 6.4.1.1: Comparative analysis of variation orders between 2018/19 and 2019/20 Financial Years

Activity Description	Financial Year	
	2018/19	2019/20
Number of Variation Orders	4	3
Value (N\$)	23,913,210.30	247,003,878.97

The table above shows a gradual decrease in the number of variation orders processed and approved by the Board but with a sharp increase in the value thereof due to changed circumstances (scope change) in the works projects during contract implementation.

6.4.2 Price Increase

Item No.	Public Entity	Procurement matter	Service Provider	Amount (N\$)
1.	Ministry of Health and Social Services	Annual price increase of 3.8% for 2018 on tender A13-41/2013 (E1/13-03/2015) rendering of catering services to the Ministry of Health and Social Services	Pamo Trading Enterprises	499,144.04
2.	Ministry of Health and Social Services	Request for approval for an annual price increase of 4.1% for 2018 on tender A13-41/2013 (E1/13-03/2015) rendering of catering services to the Ministry of Health and Social Services	Pamo Trading Enterprises, Nutrifood, Seal Caterers, Independence Caterers, and Tulipamwe Catering Services	1,027,326.73
3.	Ministry of Education, Arts and Culture	Request for authorisation to increase the contract sum for the construction of a new Primary School at Havana Settlement, Khomas Region	Vooruit Contractors	2,843,142.84
4.*	Ministry of Agriculture, Water and Forestry (MAWF)	Request for an increase in contract sum for the Tender F1/18/2-1/2012: The construction of the Neckartal Dam and phase 1 bulk water Supply for the Ministry of Agriculture, Water and Forestry	Salini Impregilo S.P.A	500,000,000.00
5.	Ministry of Poverty Eradication and Social Welfare	Annual price adjustment- Tender No: M33-2/2016	Epupa Investment Technology (Pty) Ltd	7,500,000.00
TOTAL VALUE (N\$)				511,869,613.61

Please note that item four (4)* under price increase, was previously reported, however, it was brought to the Board in the form of a settlement claim caused by lack of financial resources by the government thus, leading to late payments to the contractor. The settlement agreement between the Government Steering Committee and the contractor was brought to the Board for approval in terms of the then Tender Board and Treasury requirements.

Table 6.4.2.1: Comparative analysis of price increases between 2018/19 and 2019/20 Financial Years

Activity Description	Financial Year	
	2018/19	2019/20
Number of Price Increases	2	5
Value (N\$)	40,870,241.70	511,869,613.61

The table above shows an increase in the number of price increase requests from public entities approved by the Board with a sharp increase in the value thereof, due to changed circumstances (scope and material price changes) in the various projects during contract implementation phase.

6.4.3 Contract Extensions

Item No.	Public Entity	Procurement matter	Service Provider	Amount (N\$)
1.	Ministry of Education, Arts and Culture	Request for contract extension for the transportation of maize meal blend to schools under the Namibian School Feeding Programme (NSFP) Tender No. M9-15/2013	Sharon Cleaning Services, Ndakalimwe Investments, Mutonga Investments cc, Aslim Investment cc, Northwest Kunene Trading cc, Shimwe Trading Enterprises cc	5,818,565.79
2.	Ministry of Education, Arts and Culture	Extension of time for Tender 149-11/2019 for catering services to Government school hostels for the period between 1 July 2019- December 2019	Tsepo catering (Pty) Ltd, OKG Food Services (Pty) Ltd, Free Namibia Caterers cc, Heritage Caterers (Pty) Ltd, Kunene Catering Services (Pty) Ltd, Atlantic Catering Solutions, Atlantic Food Services, and Eyambeko Namibia Catering Services.	291,090,315.10
3.	Ministry of Education, Arts and Culture	Request for the extension of the contract for the provision of protein blend, sugar and salt and transportation to Blender's Warehouse under the Namibian School Feeding Programme (NSFP) to Government Schools tender No. M9-12/2013B for a period of six months (1 July 2019- 31 December 2019)	Bonsec CC and Shimwe Trading Enterprises	34,129,476.41
4.	Namibia University of Science and Technology (NUST)	Request for approval for the extension of the current security Guarding services with Namibia Protection Services (PTY) LTD for a period of 5 months	Namibia Protection Services (NPS)	4,400,000.00
5.	Namibia University of Science and Technology (NUST)	Request for approval of the extension of the current procurement cleaning contract of Sensia Cleaning Services CC for a period of 5 months	Sensia Cleaning Services CC	1,760,000.00
6.	City of Windhoek (CoW)	Request for approval for the contract extension of the provision of security services to the City Windhoek	Splash Investment CC, Omeya Investments, Namibia Protection Services (Pty) Ltd, Windhoek Security Services CC and Independent Security Services	13,875,162.64
7.	Ministry of Poverty Eradication and Social Welfare	Request for an extension of rendering of services to Government to effect a funeral benefit to Beneficiaries of the Basic State Grants	Hollard Life Namibia Limited	17,600,000.00
8.	Telecom Namibia	Extension of contract for the provision of security services to Telecom Namibia for a Period of six months	Namibia Protection Services (Pty) Ltd and Windhoek Security Services cc	4,091,113.16

Item No.	Public Entity	Procurement matter	Service Provider	Amount (N\$)
9.	Ministry of Finance	Request for extension of contract for the administration of the Public Service Employee Medical Aid Scheme (PSEMAS) for a period of 6 months	Med Health Namibia	37,069,390.80
10.	Ministry of Health and Social Services	Extension for catering services	Pamo Trading Enterprises, Nutrifood, Independence Caterers, Seal Caterers, Tulipamwe Catering, OKG Food Services, Kunene Catering Services and Onyofi Trading Enterprises	37,752,420.30
11.	Ministry of Education, Arts and Culture	Extension for catering services to Government school hostels for the period between 01 January 2020 and 31 March 2020	Tsepo Catering (Pty) Ltd, OKG Food Services (Pty) Ltd, Free Namibia Caterers cc, Heritage Caterers (Pty)Ltd, Kunene Catering Services (Pty) Ltd, Atlantic Catering Solutions, Atlantic Food Services, and Eyambeko Namibia Catering Services.	174,654,189.06
12.	Namibia University of Science and Technology (NUST)	Request to extend the current cleaning contract with Sensia Cleaning Services CC for a period of six months (January-June 2020)	Sensia Cleaning Services	2,400,000.00
13.	Namibia University of Science and Technology (NUST)	Request to extend the current security guarding contract with Namibia Protection Services (Pty) Ltd for a period of two (2) months	Namibia Protection Services	5,760,000.00
14.	Ministry of Education, Arts and Culture	Request for extension of time for Tender No: M9-12/2013 A: The Provision of maize meal, blending and transportation to regional warehouses under the Namibian School Feeding Program (NSFP) Services to Government Schools for the period between 01 January 2020 and 31 March 2020	Alason Trading Enterprises CC, Agrimill Commercial, Nutrifood (Pty) Ltd, Pena Manufacturers CC, Land-Locked Investments CC and Shimwe Trading Enterprises	25,297,605.03
15.	Ministry of Education, Arts and Culture	Request for extension of time for Tender No:M9-12/2013 B: The Provision of Protein Blend, Sugar and Salt and Transportation to the Blender's Warehouse under the Namibian School Feeding Program (NSFP) Services to Government Schools for the Period between 01 January 2020 and 31 March 2020	Bonsec CC and Shimwe Trading Enterprises	17,064,738.20

Item No.	Public Entity	Procurement matter	Service Provider	Amount (N\$)
16.	Namibia University of Science and Technology (NUST)	Request to extend the current cleaning contract with Sensia Cleaning Services CC for a Period of five (5) Months	Sensia Cleaning Services CC	800,000.00
17.	Namibia University of Science and Technology (NUST)	Request to extend the current security guarding contract with Namibia Protection Services (Pty) Ltd for a period of three (3) months	Namibia Protection Services (Pty) Ltd	960,000.00
18.	City of Windhoek	Rendering of security services to the City of Windhoek for the period between 01 February 2020 and 31 July 2020	Splash Investment CC, Omeya Investments, Namibia Protection Services (Pty) Ltd, Windhoek Security Services CC and Independent Security Services CC	8,615,328.00
19.	Telecom Namibia	Provision of security services to Telecom Namibia for a period of three months (01 April 2020 to 31 June 2020)	Namibia Protection Services (Pty) Ltd and Windhoek Security Services cc	2,045,556.00
20.	Ministry of Education, Arts and Culture	Request for contract extension of catering services to Government School Hostels for the period between 01 April 2020 and 31 August 2020	Tsepo Catering (Pty) Ltd, OKG Food Services (Pty) Ltd, Free Namibia Caterers cc, Heritage Caterers (Pty) Ltd, Kunene Catering Services (Pty) Ltd, Atlantic Catering Solutions, Atlantic Food Services, and Eyambeko Namibia Catering Services	255,263,814.78
21.	Ministry of Finance	Request for contract extension for the administration of the Public Services Employees Medical Aid Scheme (PSEMAS) to the Ministry of Finance for the period between 01 April 2020 and 31 July 2020	Methealth Namibia	24,712,927.20
22.	Ministry of Finance	Request for contract extension for the supply and maintenance of the Integrated Financial Management System (IFMS) of the Ministry of Finance for a period of twelve (12) months between 01 April 2020 and 31 July 2021	SILNAM Information Technology Solutions	7,560,000.00
23.	Namibia University of Science and Technology (NUST)	Request for contract extension for the Payroll Deduction Management System (PDMS) of the Ministry of Finance for a period of twelve (12) months from 01 April 2020 to 31 March 2021	Avril Payment Solutions (Pty) Ltd	Zero Cost to Government
24.	Ministry of Health and Social Services	Request to extend the current security guarding contract with Namibia Protection Services (Pty) Ltd for a period of four (4) months	Namibia Protection Services	3,840,000.00

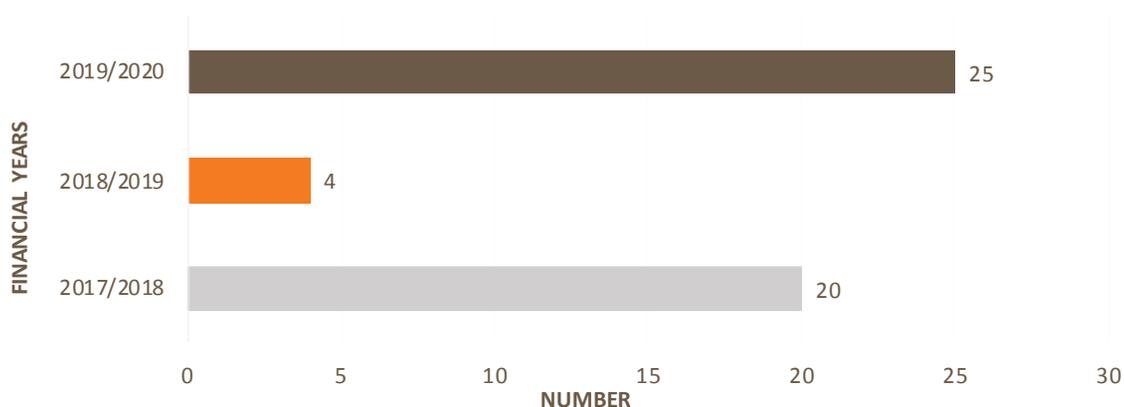
Item No.	Public Entity	Procurement matter	Service Provider	Amount (N\$)
25.	Ministry of Health and Social Services	Rendering of catering services to the Ministry of Health and Social Services for the period from 1 April 2020 to 31 July 2020	Pamo Trading Enterprise; OKG Food Services; Kunene Catering Services; Nutrifood; Tulipamwe Catering Services; Independence Catering Services; and Seal Catering and Onyofi Catering Services	38,947,628.68
TOTAL VALUE (N\$)				1,015,508,231.15

Table 6.4.3.1 Comparative analysis of contract extensions 2018/19 & 2019/20 Financial Years

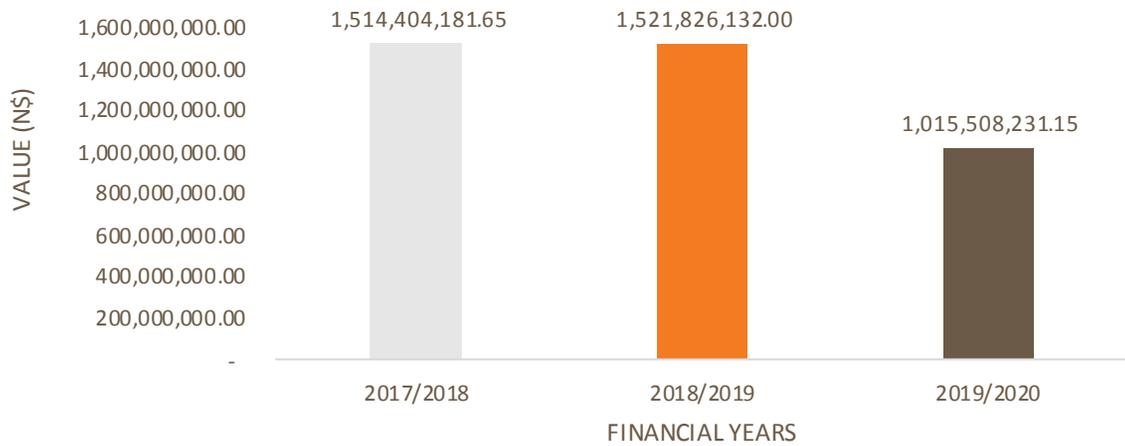
		Financial Year	
		2018/19	2019/20
Number of Contract Extensions		4	25
Nationality of Beneficiaries	Namibian Firms	1*	25
	Foreign Firms	1*	0
Value (N\$)		1,521,826,136.00	1,015,508,231.15

*NB: Please note that these procurements were extended and awarded to the two contractors (Salini Impregilo S.P.A and Knight Piesold Consulting) twice in the same Financial Year.

ANALYSIS OF NUMBER OF CONTRACT EXTENSIONS FROM 2017/18 TO 2019/20



ANALYSIS OF VALUES OF CONTRACT EXTENSIONS FROM 2017/18 TO 2019/20



In the 2018/19 Financial Year, there was a decrease of approximately 80% of contract extensions submitted by public entities to the Board for approval, compared to the previous financial year which had twenty (20). However, in the 2019/20 Financial Year there was a significant increase in the number of Contract Extensions compared to those received

in the 2018/19 financial year, with more Namibians having benefited, as compared to the previous Financial Year. It is CPBN's intention to work towards reducing the number of contract extensions to competitive bidding processes in the long term.

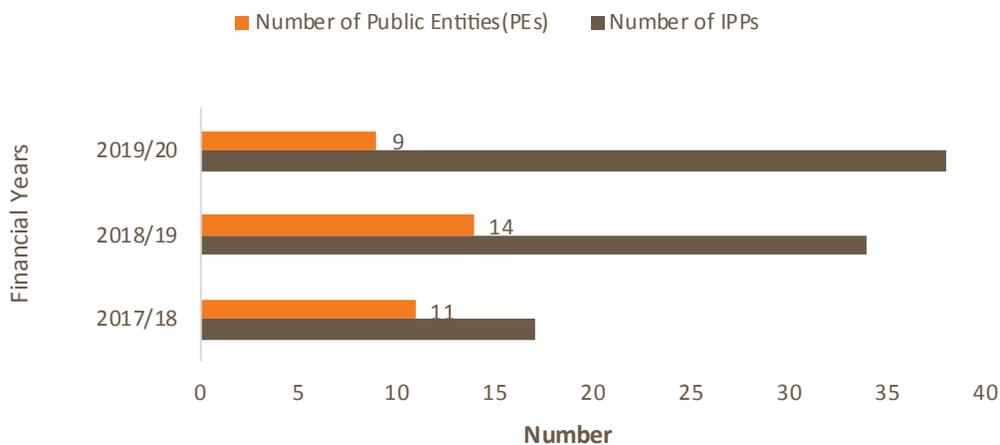
6.5 Cancelled Bids

Item No.	Public entity	Procurement matter	Month	IPP Value (N\$)	Reason for cancellation
1.	Nampower	Procurement of design and construction of the Khurub-Aussenkehr 132KV Transmission line	Aug-19	45,000,000.00	Cancelled in terms of Section 54 (1) (a)
2.	NAMCOR	Cancellation for the procurement of Heavy Fuel Oil (HFO)	Oct-19	217,991,764.00	Cancelled in terms of Section 54 (1) (a)
3.	NAMCOR	Cancellation of the procurement for the construction of the Fire fighting System at Walvis Bay	Oct-19	50,000,000.00	Cancelled in terms of Section 54 (1) (a)
TOTAL VALUE (N\$)				312,991,764.00	

During this Financial Year, the Board approved three (3) bid cancellations as provided for in Section 54 of the Public Procurement Act, 15 of 2015 to the value of N\$312,991,764.00 in comparison to six (6) bids cancelled to the value of N\$1,398,251,050.30 in 2018/19 Financial Year.

6.6. COMPARATIVE ANALYSIS OF THE PREVIOUS THREE (3) FINANCIAL YEARS IN GRAPHICAL FORM

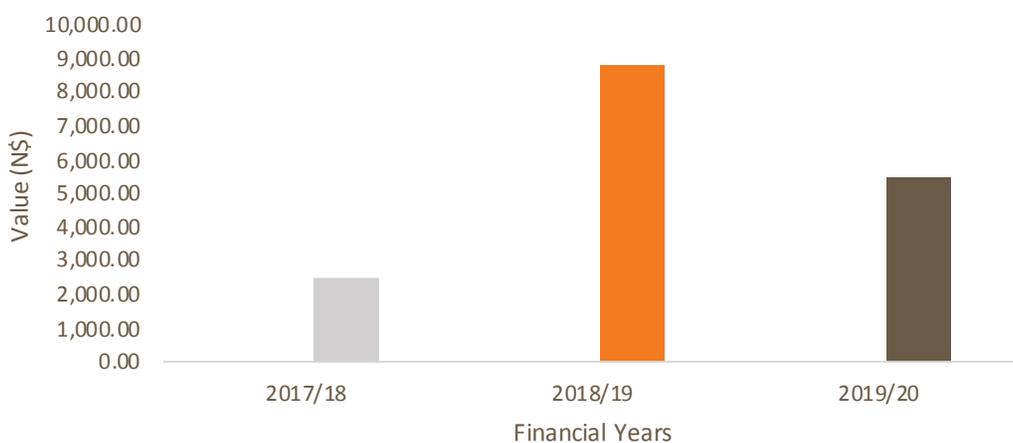
COMPARATIVE ANALYSIS OF NUMBER OF IPPs APPROVED VS PUBLIC ENTITIES FROM 2017/18 TO 2019/20



A comparative analysis of the public entities that had business with CPBN in the past three (3) financial years indicates a gradual increase from 2017/18 to 2018/19 however; it dropped in 2019/20. This could be attributed to the start of the declining or poor performance of the economy during the 2019/20 financial year or alternatively, due to the

number of exemptions granted by the Minister of Finance. On average, eleven (11) public entities made submissions to CPBN in the past three (3) financials years. Whereas the number of IPPs approved shows a pleasing upward trend from 2017/18 to the financial year under review.

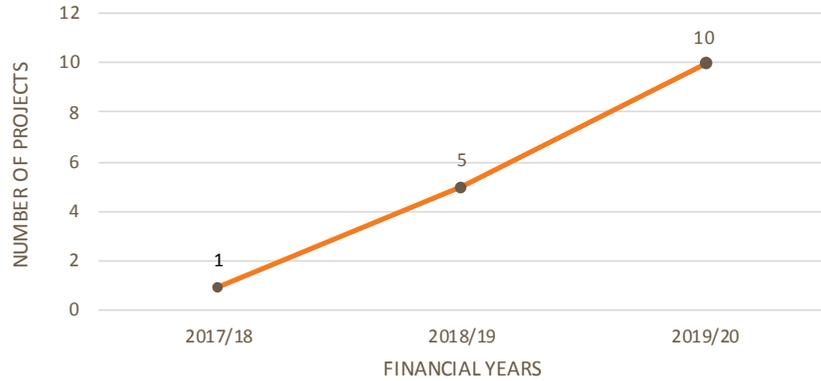
COMPARATIVE ANALYSIS OF VALUES OF IPPs APPROVED FROM 2017/18 - 2019/20



In terms of IPP values approved, the 2018/19 Financial Year yielded the highest values followed by 2019/20 and lastly the 2017/18 Financial Years. Surprisingly, and although

2018/19 had the largest number of IPPs approved, their corresponding values dropped by approximately 37.64%.

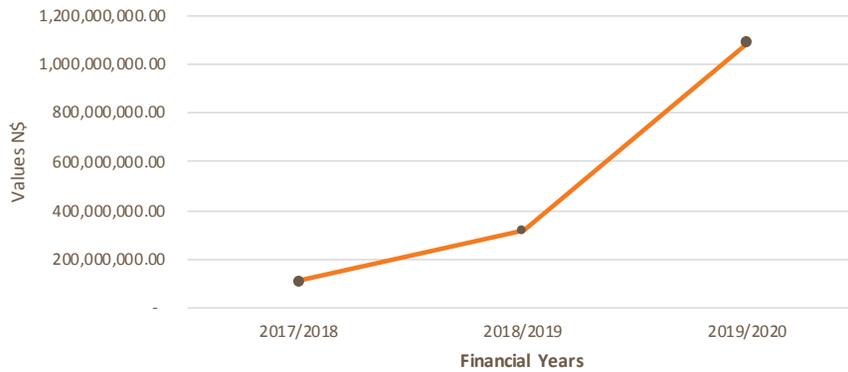
CONTRAST OF THE NUMBER OF COMPETITIVE BIDDING PROCESSES OVER THREE (3) FINANCIAL YEARS (FY)



The line graph above depicts a steady increase or increasing trend in the number of competitive bidding processes awarded by CPBN over the past three (3) financial years.

This is good in terms of transparency and fair prices as a result of competition and having 40% beneficiaries as Namibians.

VALUE OF COMPETITIVE BIDDING PROCESSES OVER THREE (3) FINANCIAL YEARS



The line graph above depicts a growing trend in the value of competitive bidding processes awarded by CPBN over the past three (3) financial years.

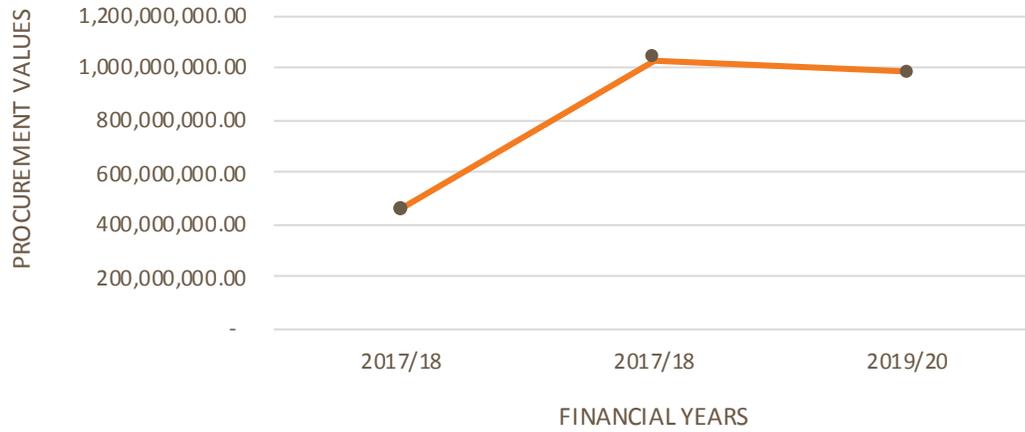
CONTRAST OF THE NUMBER OF DIRECT PROCUREMENTS OVER THREE (3) FINANCIAL YEARS (FY)



The line graph above depicts the portions of the number of Direct Procurements (DP) procured by CPBN over the past three (3) financial years. There was a substantial increase from 2017/18 to 2018/19; however, the subsequent financial

year stagnated. CPBN anticipates the scenario where DP procurements continue reducing as procurements are subjected to competitive bidding processes in the long run.

VALUE OF DIRECT PROCUREMENTS OVER THREE (3) FINANCIAL YEARS (FY) 2017/18 TO 2019/20



The graph above, illustrates the value of DP awarded by the Board from 2017/18 to 2019/20. The curve shows a declining trend in the current financial year and hopefully it shall

remain so in the interest of transparency and competitive supply of goods, works, consultancy and non-consultancy services.

LEGAL MATTERS

The Public Procurement Act, 15 of 2015 provides remedies for aggrieved bidders to raise issues with the Board or Public Entities on how the bidding process was conducted.

The Act, for instance, makes provision for a remedy under Regulation 38 where a bidder is afforded a standstill period of seven (7) days within which a bidder can request the Public Entity or the Board to reconsider its decision. Further to that, section 59 of the Act provides for bidders to apply to the Review Panel if they feel aggrieved because of an action or decision taken by the Board or Public Entity.

The above remedies are referred to as internal remedies

and once a bidder has exhausted them, such bidder can approach the High Court should for further relief.

Below is a breakdown of procurement matters that were dealt with by the Review Panel and the High Court.

7.1 Matters before the Review Panel

During the period under review four review applications were lodged with the Review Panel. In two of the matters the Review Panel ruled in favour of the CPBN while the remaining two were against CPBN.

Review Panel Decisions				
Applicant	Respondent	Relief Sought	Hearing Date	Decision
Alstom Grid JV Radial Truss Industries	Central Procurement Board of Namibia	An order in terms of Section 60(b); and/ or 60(c) of the Act.	20-Mar-19	The Review Panel dismissed the application in terms of section 60(a) of the PPA on the ground of section 54(1)(b) & (f) of the PPA. The Review Panel recommended that Nampower conducts new market research on the cost estimate of the projects considering various variable factors such as the time that has lapsed since 2015, change in technologies, currency exchange rates and inflation rate that will have an impact on the cost estimate should they wish to re-advertise this bid.
Prestige Diamonds (Pty) Ltd; Global Diamond Valuators Namibia (Pty) Ltd	Central Procurement Board of Namibia	An order setting aside the award made to the 6th Respondent and allocating same to the Applicant being the most compliant bidder under the circumstances. That in terms of Section 68(1) of the Act, the Review Panel consider suspending the award made to the 6th Respondent.	18-Jul-19	The Review Panel dismissed the applications for review in terms of section 60(a) of the PPA filed by Prestige Diamond (Pty) Ltd and Global Diamond Valuator Namibia (Pty) Ltd, respectively, and which were in the end consolidated into one action, in terms of Section 59(1) of PPA. The Review Panel further confirmed the decision of the decision of the Central Procurement Board of Namibia to award Bid No. NCS/ONB/CPBN-02/2018: Procurement of Government Diamond Valuation Services to Gem Diamond Namibia (Pty) Ltd in terms of section 60(e) of the PPA.

Review Panel Decisions				
Applicant	Respondent	Relief Sought	Hearing Date	Decision
Power Line Africa Namibia JV Adenco Construction Namibia Pty Ltd;	Central Procurement Board of Namibia	An order to instructing the Central Procurement Board to comply with Section 57 of the Public Procurement Act 15 of 2015 and provide the Applicant with a debriefing.	04-Sep-19	The Review Panel ordered in terms of Section 60(f) of the PPA that the procurement proceedings be terminated and started afresh.
Erongo Quarry & Civil Works (Pty) Ltd	Central Procurement Board of Namibia	That the evaluation of the bids under consideration is unlawful and irregular and that the extension of the 7 days standstill period and debriefing is unlawful and irregular.	11-Nov-19	The Review Panel ordered that the application against the respondents is competent and upheld. Furthermore, that the evaluation of the bids under consideration is unlawful and irregular and is set aside. The Review Panel also held that the extension of the 7 days standstill period and debriefing is unlawful and irregular. The Panel ordered that the notice and selection for award in favour of Coleman Transport (Pty) Ltd JV is unlawful and irregular and as a result, it is set aside. The Review Panel ordered in accordance with Section 60(b) of the PPA that the Central Procurement Board of Namibia is hereby directed to re-evaluate the bid and proceed in a manner that is in compliance with the PPA.

7.2 High Court cases

In terms of section 59(4) bidders are supposed to exhaust all internal remedies provided for under the Act before they approach the High Court. As already indicated above, the internal remedies referred to are the reconsideration requests and the application for review with the Review Panel.

While some bidders have approached the High Court only after they have exhausted the internal remedies, others have approached the High Court directly as a forum of first instance in order to seek relief.

Herewith below, the statistics on matters that were before the High Court during the period under review:

Case No	Applicant/ Plaintiff/ Appellant	Respondent/ Defendant	Public Entity	Relief Sought	Court Orders & Status	Comments
HC-MD-CIV-ACT-DEL-2020/02891	Pamo Trading Enterprises CC & 2 Others	Tender Board of Namibia/ Central Procurement Board of Namibia	Ministry of Education Arts and Culture	Claim for damages, cost of suit and further/ alternative relief.	The matter is removed from the roll and the matter is finalised.	The application for leave to appeal is granted. Cost to be cost in the appeal.
HC-MD-CIV-MOT-REV-2019/00496	Global Diamond Valuers (Pty) Ltd	Central Procurement Board of Namibia & 13 Others	Ministry of Mines and Energy	Review and setting aside of decision to award procurement contract.	The matter is currently going through case management. The case is postponed to 5 th April 2022 at 09:00 AM for the hearing of the application.	This matter concerns the Government Diamond Valuations bid. The Award was made, the contract signed in August 2019 and work has already commenced. This matter is still ongoing.
HC-MD-CIV-MOT-GEN-2019/00432	ABB Namibia (Pty) Ltd	The Central Procurement Board of Namibia & 12 Others	Nampower	Review of the CPBN's decision and a suspension of the procurement contract.	The decisions rendered by the First Respondent dated 25 April 2019, 27 June 2019 and 18 September 2019, respectively, regarding the award of the procurement of designing, manufacturing, testing, delivering, installing and commissioning of Power Transformers Contract No. G/OIB/CPBN-07/2018 to the third respondent, be and are hereby reviewed and set aside.	The matter is not finalised.

8

MONITORING AND EVALUATION

In line with the provision of section 8(c), the Board directs and supervises accounting officers in managing the implementation of procurement contracts awarded by the Board. This objective receives due attention with the establishment of the Monitoring & Evaluation (M&E) Unit which amongst other roles and responsibilities is to monitor procurement awards implementation and report on a quarterly basis of the progress of the projects.



To that end, this section provides a progress update on the implementation of procurement awards during the period under review.



8.1 Construction of the Neckartal Dam and Phase 1 bulk water supply

The project has been technically completed and the handover of civil works took place on 25 September 2019 while the rest of the works are expected to be handed over on 27 April 2020 to the Namibian government.

The Ministry of Agriculture, Water and Land Reform (MAWLR) and Namwater took over the responsibility of the operations and maintenance of civil, electrical-mechanical (both the dams), abstraction weir, pump station, pipelines and balancing dam during the retention period. Nampower undertook to deliver and install four (4) transformers to generate electricity.

This project was estimated to cost the Namibian government N\$3.02 billion, however after various contract increases and variation orders, the final contract value amounted to N\$5.5 billion.

8.2 Construction of the National Oil Storage, Oil Tanker Jetty, On-Shore Site, and Pipelines Facilities for the Port of Walvisbay

This project was awarded at an approximate value of N\$3.7 billion in October 2014 to CRB Joint Venture, consisting of China Harbour Engineering Company Ltd, Road Contractor Company and Babyface Civils.

The project consists of an oil tanker jetty, onshore facilities, pipelines and a 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. This facility includes oil tankers, road and rail loading areas, as well as administration buildings.

From the time of contract signing, throughout implementation to completion of the project, there has been several variation orders resulting in an increase in the contract price from the initial contract amount of N\$3.7 billion to completion contract amount of N\$5.5 billion. The causes of cost increments include the following.

- Variation orders due to extension of time claims
- Delayed payments of invoices attracting interests
- Foreign Currency exposure
- Force Majeure

The government was exposed to foreign currency fluctuations because of the contract signed, which stipulated that the project cost be split into 80% USD and 20% NAD.

8.3 Procurement of textbooks for Junior Primary, Senior Primary, Junior Secondary and Secondary Education in the fourteen (14) regions.

During the financial year 2018/2019, the Ministry of Education, Art and Culture spent **N\$58,800,000.00** procuring textbooks for grade 9 Namibian Senior Secondary Certificate Ordinary (NSSCO) and Grade 10-11 revised curriculum, a two-year course that was implemented

nationally from January 2019. The Ministry was able to procure 145 000 textbooks for grade 9 and 10 revised curriculum, however, there was a deficit of N\$50, 000 000.00 to achieve the 1:1 learner to textbook ratio.

For the financial year 2019/2020, the Ministry spent **N\$32,077,314.00** to procure **36,612** textbooks with the purpose to top-up the NSSCO Grade 10-11 revised curriculum phase.

8.4 Bureau services for the supply and personalisation of Driving Licence Cards

This project was awarded to Business Connexion (BCX) JV Muvoni in January 2019 and is aimed at providing an automated Biometric Identification system (ABIS) solution to improve the Integrity of the Namibian Driving License Card issuance process. The contractor is to establish and operate a Card Production Facility (CPF) within the building and premises of Roads Authority.

8.4.1 Project progress during the reporting period

Task Name	% Complete
DLC Project Plan	74.8%
Phase 0: Preparations	100%
Phase 1: Requirements Definition and Functional Design	100%
Phase 2: Software Development	60%
Phase 3: Build CPF Infrastructure	100%
Phase 4: Build ICT Infrastructure	100%
Phase 5: Completion, Integration and Testing	40%
Phase 6: Training	33%
Phase 7: Implementation and Commissioning	70%
Phase 8: Maintenance and Support	0%

8.5 Supply, delivery and installation of IT hardware

This project was awarded on 12 August 2019 to Business Connexion Namibia. The value of the contract is **N\$14,835, 968.02** for a period of 18 months. The table below summarises progress on different projects phases.

Phase	Description	Percentage Completion
1. Equipment delivery	Delivery of equipment	100%
2. Production	Set up equipment at production site	33%
3. Disaster recovery	Set up equipment at disaster recovery site	4%
4. Migration	Migration of systems from old hardware to new hardware	0%
5. Test and verification	Testing and verification of correct functioning of new system	0%
Total Project Progress		27.4%

8.6 Upgrading/Expansion of Nakayale, Valombola, Kakarara Vocational Training Centre

These projects were awarded in April 2019 and running for the period of 24 months. The table below gives background information and progress up-dates in terms of works and financial movements of the three projects.

NTA Projects in Execution	Site Handover	Contract Amount in Mil	Contract completion Date	Contract Final Completion Date	Contract Period	Percentage Completion Works	Percentage Completion Financial
Nakayale VTC	26 April 2019	37.78	25 April 2021	25 April 2022	24 Months	41%	27%
Okakarara VTC	24 April 2019	64.25	24 April 2021	23 April 2022	24 Months	29%	9%
Valombola VTC	27 April 2019	27.69	25 April 2021	25 April 2022	24 Months	41%	34%

Okakarara VTC works were 40 days behind schedule at the end of the reporting period, 31 March 2020. To that end, the contractor was requested to submit the catch-up plan indicating how the project will be brought to the required completion time.

On the other hand, the contractor's workmanship on bricks across both buildings was inspected and deemed to be below standard. The contractor was instructed to demolish and make good on sections on all defective works at own cost.

Valuation of unpolished diamonds in terms Section 44 and 45 kicked off mid-October 2019 at the NDTC premises and the cutting and polishing factories. Five sites have been successfully completed and as a result, unpolished diamonds have been valued and sealed before being delivered to polishers, as well as before being sold or exported.

Regarding court witnessing, Gem Diamond worked on the first case, which was valued in 2019. The progress has however slowed down in the beginning of 2020 due to relocation of the protected Resources Division's office and inadequate security installation to safeguard the activities. This process is expected to pick up momentum as soon as the security installation is addressed.

8.7 Procurement of the Government Diamond Valuers

After the contract award in August 2019 to Gem Diamond (Pty) Ltd and as part of the contract implementation process, the Ministry of Mines and Energy conducted an introduction process of the newly appointed valuator to key stakeholders namely: The Namibian Diamond Trading Company (NDTC), Diamond Manufacturers Association, Customs and Excise and the Protected Resources Unit in September 2019.

All parties have started working in good harmony.

The technical staff has increased from four (4) to eight (8) and all of them are Namibians of which three (3) of those were from the previous Government diamond valuating company and one (1) worked for the Government of the Republic of Zimbabwe as a diamond valuator.

8.8 Procurement of maintenance services for the Electronic Border Management System (E-Bms)

This project was awarded on 8 May 2019 to Syntex Technologies (Pty) Ltd. The value of the contract is **N\$48,980,521.50** for a period of 24 months. A total of 18 personnel in the capacities of technical (5), functional (7) and management (6) were attached to the project during the reporting period.

The monthly EBms maintenance and support services were provided through weekly preventative calls. A total of 1012 preventative calls were made during the reporting period. In addition, all boarders and regional offices were visited for support and maintenance services. Through these site visits, all immigration officers were retrained to carry out maintenance and support activities.

Technical inspections and maintenance tasks are also carried out during these site visits.

Updates are applied on workstations, readers, and other peripherals. Network performance is tested, monitored and recommendations provided to increase speeds at slow sites. General user complaints and suggestions for improvement of service provision are recorded and attended to.

To enhance proactive infrastructure monitoring and management, Syntex Technologies invested in and installed a management tool called Eyes of Network. This tool provides event management, availability, problems, and capacity management thereby asserting quality assurance and 99.99% system availability.

8.9 Procurement of Anti-Retroviral (Arv’s) medicine from Dore Pharmaceuticals (Pty) Ltd and Mylan Laboratories (Pty) Ltd

Mylan Laboratories and Dore Pharmaceutical (Pty) Ltd were awarded a one (1) year contract in April 2019 to supply ARVs to the Ministry of Health and Social Services (MOHSS). Manufacturers were able to plan for Namibia in advance with fixed contracts in place and prices were fixed for a period of 12 months thus averting any price fluctuations. Hence, the supply of ARV’s to patients was stable and uninterrupted throughout the contract period.

These contracts had a good performance and although affected by some factors, stock outs were avoided due to the buffer stock kept at the Ministry’s Central Medical Stores. Delays on payments to suppliers were experienced at some point and this resulted in delays in some order deliveries.

The table below shows the delivery performance by both contractors and the narrations highlight the interpretations.

8.9.1 ARV Delivery Frequencies

Delivery Performance by line items	DORE PHARMACEUTICALS (Pty) Ltd	MYLAN LABORATORIES LTD	Grand Total
Delivered before due date	5	39w	44
Delivered on time	0	57	57
delayed by 1-2 weeks	7	11	18
delayed by 3 - 4 weeks	2	17	19
delayed by > 8 weeks	4	13	17
Grand Total	18	137	155

8.9.2 Mylan

Out of the 137-line items ordered from Mylan, 70% of the items were delivered either earlier or before the due date or exactly on the due date and stock was immediately available for use at facilities. Out of the 137-line items, 20% were delayed between 1 week to 4 weeks and this was attributed to shipment and customs clearance delays at ports as well as unavailability of flights from India to deliver the stock. Out of the 137-line items, 10% were delayed by more than 8 weeks and this is explained by the global shortage of Active Pharmaceutical Ingredients (API) products that contained Lopinavir, Ritonavir. This phenomenon was experienced globally, and prescribers had to combine other regimens as an alternative. To that effect, the manufacturer had to change pack sizes of Efavirenz from pack of 90 to pack of 30 and due to the decline in packs of 90, they were however able to supply the proportional required packs.

8.9.3 Dore Pharmaceutical

This supplier was awarded only 1 product which was ordered 18 times during the duration of the contract. Out of the 18 orders, 27% were delivered on time and 50% were delayed by 1 - 4 weeks. The delay is attributed to customs clearance delays and unavailability of flights.

In addition, 22% of the orders was delayed by 8 weeks. The supplier experienced challenges with obtaining clearance from the Namibia Medicines Regulatory Council (NMRC) since the product awarded was not registered, although at bidding, they had received a pre-authorisation from NMRC.

9

STAKEHOLDERS ENGAGEMENT

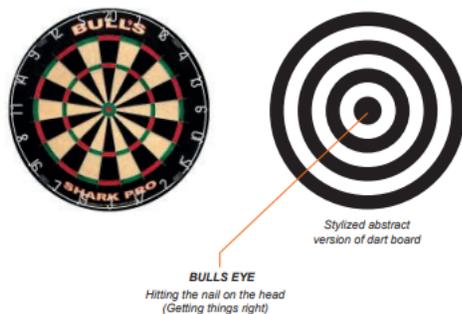
9.1 Launch of CPBN's Corporate Identity

After operating without a corporate identity since its inception, CPBN officially launched its new corporate identity on 11 March 2020. The launch was officiated by Hon. Natangwe Ithete, Deputy Minister of Finance.

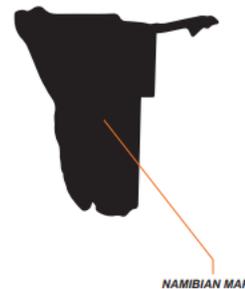


Procuring with Integrity

1 This logo development gets its key elements from the darts game.



2 The Namibian map boundary has been chosen to symbolize that CPBN is National body or Public entity.



Logo Rationale

The logo visual constructs have been inspired by the sport of darts. This is a competitive sport that involves players taking turns in throwing three darts on the dart board. The centre of the board (the bullseye) has the highest score of all areas on the board. Players thus aim to throw their darts in the bullseye to obtain maximum points in order to win the game.

The rationale of using the dart board is to emphasise how precise and meticulous CPBN facilitates its procurement processes. Like the dart game, the bidding process at CPBN is a highly competitive process in which bidders must compete.

Bids undergo thorough scrutiny before they are awarded to the successful bidders who meet the requirements as set out in the bidding documents.

The Namibian map connects us to our roots and motherland on whose behalf we operate and function. CPBN is set up in the capital city and service the country from this geographical point. Combining the dart game with the map provides a visual picture of the organisation's location and its point of service.

The complete logo reminds us to strive to hit the mark (bulls-eye) in all we do towards excellent service delivery.

Slogan Rationale

“Procuring with Integrity”

The slogan emphasises the importance of conducting the procurement process in an honest and ethical manner. CPBN will strive to conduct its procurement process in

a fair and transparent manner and in line with the Public Procurement Act.

CPBN New Corporate Identity Launch

11 March 2020



9.2 Stakeholders Consultations

Category	Stakeholder	Concerns / Discussions
Association	<ul style="list-style-type: none"> Namibia Institute of Building Design 	<ul style="list-style-type: none"> Courtesy visit to discuss the organisation's objectives and its contribution to public procurement process under the Public Procurement Act.
	<ul style="list-style-type: none"> Windhoek Mayoral Business Forum in association with the Namibia Chambers of Commerce and Industry (NCCI), Windhoek Branch 	<ul style="list-style-type: none"> Platform created to engage businesses within Windhoek municipal areas to deliberate on legislative impediments, business opportunities, improvement of the economy during times of austerity.
	<ul style="list-style-type: none"> The Construction Industries Federation of Namibia (CIF) 	<ul style="list-style-type: none"> Presentation on CPBN and upcoming procurement opportunities for the construction industries. Engaged with members of CIF.
Oversight roles	<ul style="list-style-type: none"> Office of the Attorney General (Mr. C. Nghaamwa) 	<ul style="list-style-type: none"> Discuss cooperation in execution of organisational functions relating to procurement contracts.
	<ul style="list-style-type: none"> Ministry of Finance – Executive Director and Senior Staff 	<ul style="list-style-type: none"> Quarterly CPBN operational matters and reporting requirements.
	<ul style="list-style-type: none"> Prime Minister, Minister in the PM's office, Minister of Finance, Representatives of former CPBN staff 	<ul style="list-style-type: none"> Unfair treatment in terminating of short-term contracts.
Policy makers and regulators	<ul style="list-style-type: none"> Cabinet Ministers (workshop on public procurement) 	<ul style="list-style-type: none"> Challenges with the implementation of the Public Procurement Act
	<ul style="list-style-type: none"> Minister of Finance 	<ul style="list-style-type: none"> Governance matters, organisational capacity and progress on amendments to the Public Procurement Act
Public Entities	<ul style="list-style-type: none"> Road Fund Administration (RFA) 	<ul style="list-style-type: none"> Discuss progress made on RFA procurement matters and the way forward
	<ul style="list-style-type: none"> NamPower 	<ul style="list-style-type: none"> Quarterly meetings on NamPower procurement projects
Continental and regional bodies	<ul style="list-style-type: none"> African Development Bank 	<ul style="list-style-type: none"> Progress made by CPBN to date and its challenges
	<ul style="list-style-type: none"> Public Procurement and Asset Disposal Board of Botswana (PPADB) 	<ul style="list-style-type: none"> Benchmarking mission focussing on the operational aspects of the PPADB such as human capital, legal and secretarial services, as well as matters relating to procurement in Botswana

10

RISK

The Board identified risks that could impact the organisation’s ability to deliver services as required under the PPA. The risks are broadly classified under the five (5) categories in the table below, with proposed mitigation strategies associated with the identified issues.

Strategic Risk	Issues identified	Mitigation controls
Business continuity risk	Closure of office due to the national lockdown issued by the President.	A revised operation schedule was introduced, allowing officials to work from home and serve public entities remotely. Conduct meetings virtually.
Human Resource risk	Inability to recruit, and retain skilled and experienced workers	Adjusted recruitment strategy, revise job descriptions and advertise through different mediums Review the organisation’s remuneration and culture to attract adequate skills.
Legal and compliance risk	Risk emanating from non-compliance to the PPA, and other regulatory requirements could disrupt operations and delay service delivery. Non-compliance to policies relating to HR	Review operating procedures and align them to legislation. Review and align standard bidding documents to legislation. Seek regular advice from the Attorney General. Conduct regular reviews internally. Appoint internal auditors to review compliance to policies and procedures.
Procurement risks	Fair evaluation criteria set in bids allow for improved competition and attract quality proposals which could be evaluated fairly. Excessive timelines in conducting procurement affect the organisation’s service delivery.	Revise evaluation criteria and cross-reference criteria to bid requirements. Include templates for bidders to use. Technical Committee to review the bid specifications to reduce ambiguity and ensure that the requirements are just, fair, and relevant. Liaise with the PPU to improve standard bidding documents used by CPBN. Review internal bottlenecks in processes and employ tactics to shorten procurement timelines.
Information Technology (IT) risk	Lack of capacity to setup IT infrastructure Management of information technology and safeguarding of information is at risk.	Recruit an IT Manager urgently. Seek collaboration with public entities to safeguard data and assist with IT tools to improve IT governance



11.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020





Republic of Namibia



OFFICE OF THE AUDITOR-GENERAL

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Fax: (264) (061) 224301

Private Bag
13299
WINDHOEK
9000

AUDIT COMPLIANCE CERTIFICATE

ON THE ACCOUNTS

OF THE CENTRAL PROCUREMENT BOARD OF NAMIBIA

FOR THE YEAR ENDED 31 MARCH 2020

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 2020 has been carried out to my satisfaction.

WINDHOEK, June 2021



JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	To conduct the bidding process on behalf of public entities
Board members	<p>P.P. Swartz (Chairperson of the Board and Administrative Head of Central Procurement Board of Namibia)</p> <p>L. Ramakhutla (Deputy Chairperson of the Board and Deputy Administrative Head of Central Procurement Board of Namibia)</p> <p>M. Nakale (Chairperson for the Audit and Risk Committee)</p> <p>J. Muadinohamba</p> <p>H. Herman (Chairperson of the Human Resources Committee)</p> <p>E.P. Shilongo</p> <p>M. Iyambo (Chairperson of the Technical Committee)</p> <p>H.C. Loftie-Eaton</p> <p>T. Ndove</p> <p>E. Shiponeni (Board secretary)</p>
Business address	Mandume Park 1 Teinert Street Windhoek
Postal address	P.O. Box 23650 Namibia
Bankers	Bank Windhoek
Auditors	PKF-FCS Auditors Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Financial Consulting Services (Pty) Ltd

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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FOR THE YEAR ENDED 31 MARCH 2020

BOARD MEMBERS' RESPONSIBILITIES AND APPROVAL

The board members are required in terms of 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 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 2021 and, in light of this review and the current financial position, they are satisfied that the board has or had 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 board's annual financial statements. The annual financial statements have been examined by the board's external auditors and their report is presented on pages 58 to 60.

The annual financial statements set out on pages 61 to 90 and pages 56 to 57, which have been prepared on the going concern basis, were approved by the board members on 11 DECEMBER 2020 and were signed on their behalf by:

Approval of financial statements



P.P. Swartz

(Chairperson of the Board and Administrative Head of Central Procurement Board of Namibia)



L. Ramakhutla

(Deputy Chairperson of the Board and Deputy Administrative Head of Central Procurement Board of Namibia)



M. Nakale

(Chairperson for the Audit and Risk Committee)

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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 2020.

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 53.

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.

There have been no material changes to the nature of the board's business from the prior year.

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. The accounting policies have been applied consistently compared to the prior year.

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

On 27 March 2020 President Hage Geingob announced a compulsory, temporary and then national lockdown, in terms of which all non-essential businesses had to cease operations during this period. The impact of this is that the board had limited to no operations during this period with the consequent loss of revenue.

Management assessed the impact of the above on the cash flows of the board and based on the available information, is satisfied that the board has sufficient access to cash resources and government support to meet its obligations as and when they become due and payable. Stakeholders will be advised of any new developments that may have a material effect on the operations of the board.

The board members are not aware of any other 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 and able to meet its foreseeable cash requirements. The board 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.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

BOARD MEMBERS' REPORT (Continued)

7. Board members

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

Directors	Nationality
P.P. Swartz	Namibian

(Chairperson of the Board and Administrative Head of Central Procurement Board of Namibia)

L. Ramakhutla	Namibian
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(Deputy Chairperson of the Board and Deputy Administrative Head of Central Procurement Board of Namibia)

M. Nakale	Namibian
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(Chairperson for the Audit and Risk Committee)

J. Muadinohamba	Namibian
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H. Herman	Namibian
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(Chairperson of the Human Resources Committee)

E.P. Shilongo	Namibian
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M. Iyambo	Namibian
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(Chairperson of the Technical Committee)

H.C. Loftie-Eaton	Namibian
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T. Ndove	Namibian
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E. Shiponeni	Namibian
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(Board secretary)

There have been no changes to the directorate for the year under review.

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/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 bind in terms of Public Procurement Act 15 of 2015 (section 55) and continued its appointment for the 2020 financial year.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

INDEPENDENT AUDITOR'S REPORT

**To the members of
Central Procurement Board of Namibia**

**Report on the Audit of the Annual
Financial Statements**

Opinion

We have audited the annual financial statements of Central Procurement Board of Namibia (the board) set out on pages 61 to 89, which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other 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 2020, 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. 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of annual 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 matter

Countries and business globally have been affected by the outbreak of the COVID-19 virus, forcing many countries to implement actions aimed at containing the spread of this virus. Namibia is no exception, and has been reporting increased numbers of people affected by the virus.

On 27 March 2020 President Geingob announced a compulsory, temporary and then national lockdown, in terms of which all non-essential businesses had to cease operations during this period. The impact of this is that the board had limited operations with the consequent loss of certain revenue.

Management assessed the impact of the above on the cash flows of the board and based on the available information, is satisfied that the board has sufficient access to cash resources and funding support from Government to meet its obligations as and when they become due and payable. Stakeholders will be advised of any new developments that may have a material effect on the operations of the board.

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 2020", which includes the Board Members' Report as required by the Public Procurement Act 15 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.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

INDEPENDENT AUDITOR'S REPORT

Responsibilities of the Directors 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. 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.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

INDEPENDENT AUDITOR'S REPORT (Continued)

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

PKF-FCS Auditors

Registered Accountants and Auditors

Chartered Accountants (Namibia)

Per: Uwe Wolff

Partner

6/5/21

Windhoek

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note(s)	2020 N\$	2019 N\$
Assets			
Non-Current Assets			
Property, plant and equipment	4	407,539	459,655
Right-of-use assets	5	2,715,574	-
		3,123,113	459,655
Current Assets			
Trade and other receivables	6	695,988	-
Cash and cash equivalents	7	37,222,163	35,531,175
		37,918,151	35,531,175
Total Assets		41,041,264	35,990,830
Equity and Liabilities			
Equity			
Retained income		33,621,202	35,322,616
Liabilities			
Non-Current Liabilities			
Lease liabilities	5	3,118,737	-
Current Liabilities			
Trade and other payables	8	4,301,325	668,214
Total Liabilities		7,420,062	668,214
Total Equity and Liabilities		41,041,264	35,990,830

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		2020	2019
	Note(s)	N\$	N\$
Revenue	9	432,490	343,567
Other operating income	10	25,000,000	20,000,000
Other operating expenses		(27,823,975)	(19,506,080)
Operating (deficit) surplus	11	(2,391,485)	837,487
Investment income	13	1,382,473	1,719,124
(Deficit) surplus for the year		(1,344,577)	2,556,611
Other comprehensive income		-	-
Total comprehensive (deficit) surplus for the year		(1,344,577)	2,556,611

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

STATEMENT OF CHANGES IN EQUITY

	Retained income N\$	Total equity N\$
Balance at 01 April 2018	32,766,005	32,766,005
Surplus for the year	2,556,611	2,556,611
Other comprehensive income	-	-
Total comprehensive surplus for the year	2,556,611	2,556,611
Opening balance as previously reported	35,322,616	35,322,616
Adjustments		
Change in accounting policy - refer to note 3	(356,837)	(356,837)
Balance at 01 April 2019 as restated	34,965,779	34,965,779
Deficit for the year	(1,344,577)	(1,344,577)
Other comprehensive income	-	-
Total comprehensive Deficit for the year	(1,344,577)	(1,344,577)
Balance at 31 March 2020	33,621,202	33,621,202

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

STATEMENT OF CASH FLOWS

	Note(s)	2020 N\$	2019 N\$
Cash flows from operating activities			
Cash receipts from customers		24,736,502	20,343,567
Cash paid to suppliers and employees		(21,482,125)	(19,383,935)
Cash generated from operations	17	3,254,377	959,632
Interest income		1,382,473	1,719,124
Finance costs		(335,565)	-
Net cash from operating activities		4,301,285	2,678,756
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(149,941)	(482,598)
Right of use asset	5	(5,222,257)	-
Net cash from investing activities		(5,372,198)	(482,598)
Cash flows from financing activities			
Payment on lease liabilities		2,761,901	-
Total cash movement for the year		1,690,988	2,196,158
Cash at the beginning of the year		35,531,175	33,335,017
Total cash at end of the year	7	37,222,163	35,531,175

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

ACCOUNTING POLICIES

Corporate 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.

These accounting policies are consistent with the previous period.

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, as a lessee. 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 past history, 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.

Fair value estimation

Several assets and liabilities of the board 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.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

ACCOUNTING POLICIES (Continued)

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The board reviews and tests the carrying value of assets 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

Management 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 board 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 board, 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 board 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.

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 board. 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	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Computer software	Straight line	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.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

ACCOUNTING POLICIES (Continued)

1.3 Property, plant and equipment (continued)

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

1.4 Leasehold property

When the board holds property under a long term prepaid lease agreement, the lease is classified as a finance lease or an operating lease in accordance with the provisions of IAS 17 Leases. Refer to the accounting policy on leases. When these leases are classified as finance leases, the property is capitalised as leasehold property, and is depreciated over the lease term.

1.5 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

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

ACCOUNTING POLICIES (Continued)

1.5 Financial instruments (continued)

- 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 19 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 receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 6).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the board's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

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

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 13).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

ACCOUNTING POLICIES (Continued)

1.5 Financial instruments (continued)

Impairment

The board recognises a loss allowance for expected credit losses on trade and other receivables, excluding prepayments. The amount of expected credit losses is updated at each reporting date.

The board measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The board makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 6.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 11).

Write off policy

The board writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into

bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the board recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derecognition

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

Trade and other payables

Classification

Trade and other payables (note 8), 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 14).

Trade and other payables expose the board to liquidity risk and possibly to interest rate risk. Refer to note 19 for details of risk exposure and management thereof.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

ACCOUNTING POLICIES (Continued)

1.5 Financial instruments (continued)

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.

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.

1.6 Tax

Tax expenses

The board is exempt from income tax.

1.7 Leases

The board assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the board has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

ACCOUNTING POLICIES (Continued)

1.7 Leases (continued)

Board as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the board is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the board recognises the lease payments as an operating expense (note 11) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the board has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the board is a lessee are presented in note 5 Leases (board as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the board uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the board under residual value guarantees;
- the exercise price of purchase options, if the board is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the board is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 5).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 14).

The board remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the board will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);

ACCOUNTING POLICIES (Continued)

1.7 Leases (continued)

- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the board incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the board expects to exercise a purchase option, the related right-of-use asset is depreciated

over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

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 a right-of-use asset with a cost that is significant in relation to the total cost of the asset 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.

1.8 Leases (Comparatives under IAS 17)

The following accounting policy applies to the comparative disclosures of leases. The board has adopted IFRS 16 in the current year, but has not restated the comparatives. These accounting policies are prepared on the basis of IAS 17. Refer to the note on changes in accounting policies for details of the impact of the adoption of IFRS 16 on these financial statements.

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.

ACCOUNTING POLICIES (Continued)

1.9 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.

1.10 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.

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.

1.11 Provisions and contingencies

Provisions are recognised when:

- the board has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

1.12 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.

ACCOUNTING POLICIES (Continued)

1.12 Government grants (continued)

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).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

1.13 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

2020 N\$	2019 N\$
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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:

- IFRS 16 Leases

Effective date:

Years beginning on or after

01 January 2019

Expected impact:

The impact of the standard is set out in note 2 Changes in accounting policy

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 01 April 2020 or later periods:

Standard/ Interpretation:

- Presentation of Financial Statements: Disclosure initiative
- Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative

Effective date:

Years beginning on or after

01 January 2020

01 January 2020

Expected impact:

Unlikely there will be a material impact
Unlikely there will be a material impact

3. Changes in accounting policy

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 16 Leases

In the current year, the board has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 01 April 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant

changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the board’s annual financial statements is described below.

The board has applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease. This means that the practical expedient allows an entity to apply IFRS 16 to contracts identified by IAS 17 and IFRIC 4 as containing leases; and to not apply IFRS 16 to contracts that were not previously identified by IAS 17 and IFRIC 4 as containing leases.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Changes in accounting policy (continued)

FRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 01 April 2019.

Leases where board is lessee

Leases previously classified as operating leases

The board undertook the following at the date of initial application for leases which were previously recognised as operating leases:

- recognised a lease liability, measured at the present value of the remaining lease payments, discounted at the board's incremental borrowing rate at the date of initial application.
- recognised right-of-use assets measured on a lease by lease basis, at either the carrying amount (as if IFRS 16 applied from commencement date but discounted at the incremental borrowing rate at the date of initial application) or at an amount equal to the lease liability adjusted for accruals or prepayments relating to that lease prior to the date of initial application.

The board applied IAS 36 to consider if these right-of-use assets are impaired as at the date of initial application.

The board applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease by lease basis:

- when a portfolio of leases contained reasonably similar characteristics, the board applied a single discount rate to that portfolio;
- leases which were expiring within 12 months of 01 April 2019 were treated as short term leases, with remaining lease payments recognised as an expense on a straight-line basis or another systematic basis which is more representative of the pattern of benefits consumed;
- initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application.
- hindsight was applied where appropriate. This was specifically the case for determining the lease term for leases which contained extension or termination options.

Impact on financial statements

On transition to IFRS 16, the board recognised an additional N\$5,222,257 of right-of-use assets and N\$5,579,093 of lease liabilities, recognising the difference in retained earnings.

When measuring lease liabilities, board discounted lease payments using its incremental borrowing rate at 01 April 2019.

Effect of IFRS 16	As reported 31 March 2019	IFRS 16 adjustments	As reported 1 April 2019
Right of use asset	-	5,222,257	5,222,257
IFRS 16 lease liability	-	(5,579,093)	(5,579,093)
Retained earnings	(35,322,615)	356,836	(34,965,779)
	(35,322,615)	-	(35,322,615)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

4. Property, plant and equipment

	2020			2019		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	6,609	(2,032)	4,577	6,609	(710)	5,899
Office equipment	171,121	(51,871)	119,250	117,815	(22,155)	95,660
IT equipment	536,562	(297,018)	239,544	487,150	(129,054)	358,096
Computer software	47,224	(3,056)	44,168	-	-	-
Total	761,516	(353,977)	407,539	611,574	(151,919)	459,655

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	5,899	-	(1,322)	4,577
Office equipment	95,660	53,305	(29,715)	119,250
IT equipment	358,096	49,412	(167,964)	239,544
Computer software	-	47,224	(3,056)	44,168
	459,655	149,941	(202,057)	407,539

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	-	6,609	(710)	5,899
Office equipment	29,932	86,157	(20,429)	95,660
IT equipment	86,918	389,832	(118,654)	358,096
	116,850	482,598	(139,793)	459,655

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 2020.

5. Leases (board as lessee)

The board has the option to purchase the plant at a nominal amount on completion of the lease term.

Details pertaining to leasing arrangements, where the board is lessee are presented below:

The board adopted IFRS 16 for the first time in the current financial period. Comparative figures have been accounted for in accordance with IAS 17 and accordingly, any assets recognised under finance leases in accordance with IAS 17 for the comparative have been recognised as part of property, plant and equipment. The information presented in this note for right-of-use assets therefore only includes the current period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5. Leases (board as lessee) (continued)

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

Buildings	2,715,574	-
Additions to right-of-use assets		
Buildings	5,222,257	-

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 11), as well as depreciation which has been capitalised to the cost of other assets.

Buildings	2,506,683	-
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Other disclosures

Interest expense on lease liabilities	335,565	-
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At 31 March 2020, the board is committed to N\$2,868,370 (2019: N\$ -) for short-portion relating to the agreement of lease dated 30 April 2018

Lease liabilities

Lease liabilities have been included in the borrowings line item on the statement of financial position. Refer to note Borrowings.

The maturity analysis of lease liabilities is as follows:

Within one year	2,868,370	-
Two to five years	250,368	-
	3,118,738	-
Non-current liabilities	3,118,737	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5. Leases (board as lessee) (continued)

Comparative information for lease liabilities under IAS 17

The information presented for lease liabilities for the comparative period has been prepared on the basis of IAS 17, and therefore only represents the liability as at that date for finance leases and not for operating leases. In addition to the information presented in the table above, IAS 17 required an entity to present a reconciliation of the present value of lease payments for finance leases. This information is presented in the table which follows:

Present value of minimum lease payments due		
- within 1 year		2,460,356
- in second to fifth year inclusive		3,118,738
		5,579,094

6. Trade and other receivables

Financial instruments:

Trade receivables	38,233	-
Sundry receivable	870	-
Staff loan	1,000	-
Prepaid expenses	655,885	-
Total trade and other receivables	695,988	-

Split between non-current and current portions

Current assets	695,988	-
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Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	695,988	-
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Exposure to credit risk

Trade receivables inherently expose the board to credit risk, being the risk that the board will incur financial loss if customers fail to make payments as they fall due.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Fair value of trade and other receivables

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	37,222,163	35,531,175
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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+	37,222,163	35,531,175
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Exposure to currency risk

The company 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	37,222,163	35,531,175
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. Trade and other payables

Financial instruments:

	2020 N\$	2019 N\$
Accrued expenses	632,545	668,214
Accrued expenses : Non-executive directors	300,407	-
Accrued expenses : Executive directors (note 18)	1,195,689	-
Accrued leave pay	637,374	-
Provision for retirement gratuity	1,535,310	-
	4,301,325	668,214

Accrued expenses : Executive directors

Motor vehicle allowance : Net pay	763,285	-
Motor vehicle allowance : PAYE - Receiver of Revenue	432,404	-
	1,195,689	-

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	4,301,325	668,214
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Fair value of trade and other payables

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

9. Revenue

Revenue from contracts with customers

Sale of tender documents	432,490	343,567
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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	432,490	343,567
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Timing of revenue recognition

At a point in time

Sale of goods	432,490	343,567
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10. Other operating income

Government grants	25,000,000	20,000,000
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

11. Operating profit

Operating (deficit) surplus for the year is stated after charging (crediting) the following, amongst others:

	2020 N\$	2019 N\$
Remuneration, other than to employees		
Consulting and professional services	776,443	38,814
Employee costs		
Salaries, wages, bonuses and other benefits	19,284,155	15,532,553
Retirement gratuity	1,535,310	-
Total employee costs	20,819,465	15,532,553
Leases		
Operating lease charges		
Operating lease (pre IFRS 16 implementation)	-	2,398,061
Depreciation and amortisation		
Depreciation of property, plant and equipment	202,057	139,793
Depreciation of right-of-use assets	2,506,683	-
Total depreciation and amortisation	2,708,740	139,793

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	20,819,465	15,532,553
Lease expenses	-	2,398,061
Depreciation, amortisation and impairment	2,708,740	139,793
Other expenses	4,295,770	1,435,673
	27,823,975	19,506,080

12. Depreciation, amortisation and impairment losses

The following items are included within depreciation, amortisation and impairment losses:

Depreciation

Property, plant and equipment	202,057	139,793
Right-of-use assets	2,506,683	-
	2,708,740	139,793

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020 N\$	2019 N\$
13. Investment income		
Interest income		
Investments in financial assets:		
Bank and other cash	1,382,473	1,719,124

14. Finance costs

Lease liabilities	335,565	-
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15. Taxation

No provision has been made for 2020 tax as the board is exempt from taxation.

16. Events after the reporting period

Countries and business globally have been affected by the outbreak of the COVID-19 virus, forcing many countries to implement actions aimed at containing the spread of this virus. Namibia is no exception, and has been reporting increased numbers of people affected by the virus.

Management assessed the impact of the above on the cash flows of the board and based on the available information, is satisfied that the board has sufficient access to cash resources and government support to meet its obligations as and when they become due and payable. Stakeholders will be advised of any new developments that may have a material effect on the operations of the board.

17. Cash generated from operations

Profit (loss) before taxation	(1,344,577)	2,556,611
Adjustments for:		
Depreciation and amortisation	2,708,740	139,793
Interest income	(1,382,473)	(1,719,124)
Finance costs	335,565	-
Changes in working capital:		
Trade and other receivables	(695,988)	-
Trade and other payables	3,633,110	(17,648)
	3,254,377	959,632

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

18. Directors' emoluments Executive

	2020 N\$ Emoluments	2019 N\$ Total
P.P. Swartz (Chairperson of the Board and Administrative Head of Central Procurement Board of Namibia)	2,144,400	2,144,400
L. Ramakhutla (Deputy Chairperson of the Board and Deputy Administrative Head of Central Procurement Board of Namibia)	1,851,289	1,851,289
M. Nakale (Chairperson for the Audit and Risk Committee)	579,260	579,260
J. Muadinohamba	471,187	471,187
H. Herman (Chairperson of the Human Resources Committee)	451,433	451,433
E.P. Shilongo	551,670	551,670
M. Iyambo (Chairperson of the Technical Committee)	601,415	601,415
H.C. Loftie-Eaton	549,624	549,624
T. Ndove	470,942	470,942
	7,671,220	7,671,220

2019

	Emoluments	Total
P.P. Swartz (Chairperson of the Board and Administrative Head of Central Procurement Board of Namibia)	1,500,000	1,500,000
L. Ramakhutla (Deputy Chairperson of the Board and Deputy Administrative Head of Central Procurement Board of Namibia)	1,300,000	1,300,000
M. Nakale (Chairperson for the Audit and Risk Committee)	349,502	349,502
J. Muadinohamba	347,320	347,320
H. Herman (Chairperson of the Human Resources Committee)	322,313	322,313
E.P. Shilongo	384,418	384,418
M. Iyambo (Chairperson of the Technical Committee)	396,721	396,721
H.C. Loftie-Eaton	382,973	382,973
T. Ndove	353,292	353,292
	5,336,539	5,336,539

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

18. Directors' emoluments (continued)

Chairperson: P Swartz

2020 Basic earnings	1,500,000	-
2020 Motor vehicle allowance (accrued - not yet paid)	214,800	-
2019 Motor vehicle allowance (accrued - not yet paid)	214,800	-
2018 Motor vehicle allowance (accrued - not yet paid)	214,800	-
	2,144,400	-

	2020 N\$	2019 N\$
2020 Basic earnings	1,500,000	-
2020 Motor vehicle allowance (accrued - not yet paid)	214,800	-
2019 Motor vehicle allowance (accrued - not yet paid)	214,800	-
2018 Motor vehicle allowance (accrued - not yet paid)	214,800	-
	2,144,400	-

Deputy Chairperson: L Ramakhutla

2020 Basic earnings	1,300,000	-
2020 Motor vehicle allowance (accrued - not yet paid)	183,763	-
2019 Motor vehicle allowance (accrued - not yet paid)	183,763	-
2018 Motor vehicle allowance (accrued - not yet paid)	183,763	-
	1,851,289	-

2020 Basic earnings	1,300,000	-
2020 Motor vehicle allowance (accrued - not yet paid)	183,763	-
2019 Motor vehicle allowance (accrued - not yet paid)	183,763	-
2018 Motor vehicle allowance (accrued - not yet paid)	183,763	-
	1,851,289	-

19. Financial instruments and risk management

Categories of financial instruments Categories of financial assets

2020

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	6	695,988	695,988	695,988
Cash and cash equivalents	7	37,222,163	37,222,163	37,222,163
		37,918,151	37,918,151	37,918,151

2019

	Note(s)	Amortised cost	Total	Fair value
Cash and cash equivalents	7	35,531,175	35,531,175	35,531,175

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

19. Financial instruments and risk management (continued)

Categories of financial liabilities	2020		2019	
	N\$		N\$	
2020				
	Note(s)	Amortised cost	Leases	Total
				Fair value
Trade and other payables	8	4,301,324	-	4,301,324
Finance lease obligations	5	-	3,118,737	3,118,737
		4,301,324	3,118,737	7,420,061
				6,306,434

2019

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	8	668,216	668,216	668,216

Gains and losses on financial assets

2020

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest income	13	1,382,473	1,382,473

2019

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest income	13	1,719,124	1,719,124

Capital risk management

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

Lease liabilities	5	3,118,737	-
Trade and other payables	8	4,301,324	668,216
Total borrowings		7,420,061	668,216
Cash and cash equivalents	7	(37,222,163)	(35,531,175)
Net borrowings		(29,802,102)	(34,862,959)
Equity		33,621,203	35,322,616
Gearing ratio		(89)%	(99)%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2020	2019
N\$	N\$

19. Financial instruments and risk management (continued)

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 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 board 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 trade and other receivables and cash and cash equivalents. 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2020	2019
N\$	N\$

19. Financial instruments and risk management (continued)

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

		2020			2019		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	6	695,988	-	695,988	-	-	-
Cash and cash equivalents	7	37,222,163	-	37,222,163	35,531,175	-	35,531,175
		37,918,151	-	37,918,151	35,531,175	-	35,531,175

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 cash generated from operations and government grant received.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period. 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 members.

Interest rate profile

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2020	2019
N\$	N\$

19. Financial instruments and risk management (continued)

	Note(s)	Average effective interest rate		Carrying amount	
		2020	2019	2020	2019
Assets					
Trade and other receivables	6	- %	- %	695,988	-
Cash and cash equivalents	7	5.20 %	5.20 %	37,222,163	35,531,175
				37,918,151	35,531,175
Liabilities					
Trade and other payables	8	- %	- %	4,187,697	(668,216)

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.

	2020	2020	2019	2019
	Increase	Decrease	Increase	Decrease
Increase or decrease in rate				
Impact on profit or loss:				
Cash and cash equivalents 1% (2019: 1%)	372,222	(372,222)	355,312	(355,312)

Price risk

The board is not exposed to any price risk.

DETAILED INCOME STATEMENT

	Note(s)	2020 N\$	2019 N\$
Revenue			
Sale of tender documents		432,490	343,567
Other operating income			
Government grants		25,000,000	20,000,000
Other operating expenses			
Advertising	11	204,276	210,648
Auditors remuneration - external auditors		266,512	-
Bank charges		17,738	10,517
Board Evaluation Committee fees		673,870	89,780
Board minutes transcription fees		10,879	-
Cleaning		26,479	19,033
Computer expenses		-	633
Conference and meeting fees		187,082	85,184
Consulting and professional fees		776,443	38,814
Consumables		24,261	10,088
Depreciation		2,708,740	139,793
Employee costs		20,819,465	15,532,553
IT expenses		92,690	174,411
Insurance		62,405	4,267
Lease rentals on operating lease		-	2,398,061
Motor vehicle expenses		-	3,996
Municipal expenses		243,199	180,988
Office refreshments		21,461	39,570
Office relocation cost		-	7,813
Postage		561	407
Printing and stationery		359,795	246,270
Recruitment costs		27,676	25,488
Repairs and maintenance		32,445	15,000
Security		2,593	11,002
Small assets not capitalised		220,897	-
Software annual subscription		180,000	-
Staff welfare		91,838	5,000
Stakeholder engagement costs		32,694	-
Subscriptions		88,199	33,389
Telephone and fax		59,372	133,917
Training		46,742	-
Travel - local		545,663	89,458
		27,823,975	19,506,080
Operating (loss) profit	11	(2,391,485)	837,487
Investment income	13	1,382,473	1,719,124
Finance costs	14	(335,565)	-
(Loss) profit for the year		(1,344,577)	2,556,611

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



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