



Ministry of Finance and Public Enterprise

Launch of Code of Good Practices on Preferences,
referred to in Section 71 and 72 of the Public Procurement Act

Statement by
HON. IPUMBU SHIIMI
MINISTER
31 January 2023
WINDHOEK

Director of Ceremonies

Distinguished Invited Guests

Members of the Media

1. It is my distinguished honour and privilege to launch the implementation of the Code of Good Practice on Preferences in the Namibian Public Procurement System.
2. As you all aware the Public procurement is increasingly recognized as a strategic function that plays a key role in using public funds for sustainable development outcomes and fostering economic growth, job creation, and social welfare, the Government as one of the largest single buyer of goods and services in our country, often with expenditure estimated at 20 - 30% of the GDP, thus it's our duty to promote, facilitate and strengthen measures, such as the "code of Good Practice" to implement the empowerment and Industrialisation policies of the Government.
3. Based on this economic reality, the Government of the Republic of Namibia resolved to use a portion of its expenditure in redressing socio-economic imbalances through the granting of preferential treatment or preferences in the public procurement system.

4. Although, preferences are an exception to the competitive supply principle in that public entities do not exclusively buy from the cheapest bidder, they have to be applied in an equitable manner without compromising the transparency and value for money principles.
5. Preferences are special interventions aimed at empowering certain targeted categories of Namibian suppliers with a view to enhancing their participation in the mainstream economy and also to achieve specific objectives such as economic inclusivity and creation of employment. There is evidence that socio-economic benefits from preferences far exceed the cost arising from restricted competition.

Ladies and Gentlemen,

7. As a policy instrument, the Public Procurement Act, 2015, has one of its objective to promote, facilitate and strengthen measures to implement the empowerment and industrialisation policies of the Government through:

(a) job creation for Namibian citizens;

(b) empowerment of Namibian registered small and medium enterprises, women and youth by creating economic opportunity for them and enhancing their participation in the mainstream economy;

(c) sourcing of goods manufactured, mined, extracted or grown in Namibia and local services and labour, including local entrepreneurial development; and

(d) preferential treatment in the allocation of procurement contracts to –

(i) Namibian registered small and medium enterprises;

(ii) Namibian registered joint venture business;

(iii) categories of Namibian manufacturers, suppliers, contractors and service providers;

(iv) Namibian registered entities that promote the protection of the environment, maintain ecosystems and sustainable use of natural resources; or

(iv) Namibian natural persons or categories of persons, including persons who have been, economically or educationally disadvantaged by past racial discriminatory laws or practices.

8. To give effect to this important objective, the Minister of Finance is empowered in terms of Part 11 of the Public Procurement Act, 2015 to grant preferential treatment in procurement through issuing the Code of Good Practice on Preferences

9. Therefore, preferences or preferential treatment in public procurement is a policy instrument to achieve these socio-economic objectives.

10. The implementation of this policy instrument will also enhance the achievement of Goal 2 (Enhancing Productivity of Priority Economic Sectors) of Pillar 2 (Economic Advancement) of the Harambee Prosperity Plan II.

11. In particular, the Code of Good Practice that we are launching today aims at achieving the following goals, amongst others:

(a) To grant **exclusive preferences** to local suppliers as defined in the recently Amended Public Procurement Act through reservation of certain procurement of goods, works and services,

- (b) To further grant prices preferences during evaluation to categories of local suppliers such as youth, women, MSME, manufacturers, which will receive an additional price preference during evaluation,
- (c) to grant **national preference** to Namibian suppliers.

12. These preferences will be applied by the Central Procurement Board and Public Entities to procurement of certain goods, works and services. For procurements that are subject to national preference, a margin of up to 10% price preference will be given to suppliers meeting the nationality requirements in section 71(3) of the Act and the qualification criteria specified under the Code, for different procurements. In addition, exclusive preference is twofolds.

Firstly, the nature of procurements in Annexures 2, 3 and 4 of the Code are reserved exclusively for procurement from local (Namibian) suppliers who have met the nationality requirements in section 71(3) of the Act and the local content requirement as determined in the Code.

Secondly, a margin of up to 10% price preference will be given to the targeted categories of local (Namibian) suppliers specified in the Code in respect of the nature of procurements in Annexures 2, 3 and 4 that are within the amounts (thresholds) prescribed in Annexure 7 to the Regulations meeting the nationality requirements in section 71(3) of the Act and the qualification criteria specified under the Code who have met the section 71(3) and local

content requirements and the criteria for benefiting under margin of price preference applicable to the identified categories.

13. By granting these two forms of preferences, Namibian suppliers will be given a competitive advantage that will help build their capacity and greatly enhancing their ability to compete against multinational corporations.
14. It is also important to highlight that the Code of Good Practice allows for preferential treatment for the procurement of raw meat of cloven-hoofed animals north of the veterinary cordon fence. This preferential treatment particularly gives effect to Resolution No. 10 of the Land Conference, 2018, which resolved that there should be special arrangements for the Northern Communal farmers' produce through the public procurement system.

Ladies and Gentlemen,

15. As you may recall, this year's Budget Speech theme is **"Reimagining a better future for the youth"**. This theme resonated well with the theme of the year 2022 (Year of Reimagining) as was announced by His Excellency, The President, Dr. Hage Geingob. The Budget theme is informed by the urgent need for us to reignite economic growth, create jobs, and to invest in creating opportunities and activities, especially for the youth.

16. The youth are an important resource which has the potential to propel our economy onto a competitive and sustainable growth path.
17. Therefore, it is imperative that Government makes deliberate efforts such as the granting of preferential treatment in the public procurement system to create opportunities for the youth as well as other targeted categories of Namibian suppliers through the issuance of the Code of Good Practice on Preferences.

Ladies and Gentlemen,

Distinguished members of the Media,

18. Allow me to use this opportunity to urge all Namibians, especially the youth to organize themselves and endeavor to meet all criteria that will allow them to benefit from this new policy instrument, the Code of Good Practice on Preferences.
19. In the same vein, I wish to call upon all public entities to ensure full integration of the Code of Good Practice on Preferences in their Annual Procurement Plans and execution of procurement activities, in order to enhance the realization of Harambee Prosperity Plan II and ultimately Vision 2030.

20. Lastly, I call upon all Namibians to embrace this policy as an effort to boost the empowerment and developmental policies of the Government. The Code should therefore be viewed as an opportunity to empower local businesses who aspire growth and sustainability required for industrial and social advancement of Namibia. I warn that, the Code of Good Practice should not be seen as a window for trials with opportunistic enterprises, therefore public entities should assume high responsibility at all times and ensure that awards are made to legitimate businesses with credentials to guarantee that the public sector and Namibia in general enjoys value for money that it so highly deserves.

I thank you.