PROCUREMENT TRACKER NAMIBIA

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Despite being the custodian of the procurement system, the Ministry of Finance does not provide much information about its own procurement.

Photo: World Bank

Ministries, offices undermining openness, good governance

Government departments are generally not doing much to make procurement information available on their websites

While Namibia's Public Procurement Act (No.15 of 2015) is heavy in spirit on transparency and accountability, in practice it is increasingly clear that these principles are not yet valued in the emergent procurement system.

The core function (see Reminder) of the new public procurement law is ostensibly to establish and enhance good governance and integrity in public procurement in order to ensure effective and efficient management of government resources and assets.

To this end, the Public Procurement Act makes it clear throughout that there should be considerable openness in procurement processes.

However, the law's call for adequate levels of transparency throughout procurement cycles as yet remains largely unheeded, based on the available evidence.

For not only are government departments and agencies not publicly disclosing their annual procurement plans (see edition 2 of Procurement Tracker Namibia (PTN), but they're also not sufficiently open about individual procurements.

PTN looked at the websites of the 29 ministry level government departments and offices to see how transparent they were with their procurements – whether they announced them online and provided sufficient information about each contract.

How this works: Procurement Tracker Namibia has created a database looking at how transparent government ministries, offices and agencies are with procurement information. The database is in spreadsheet format and categorises procurement initiatives under the following headings: procurement name; announcement date; awarded (Yes/No); company/ contractor; contract value; contract deadline.

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What we found

29
ministries and offices have announced …

245
proposed procurement initiatives so far for 2018/19

Most ministries
and offices have only basic information on their websites

11
ministries and offices have no procurement information in public

FROM PAGE 1

Corruption thrives on secrecy. A key challenge across countries is to ensure an adequate level of transparency in the entire public procurement cycle, no matter what the stage of the process or the procurement method used. – OECD

Sadly, as with the handling of their annual procurement plans, most government ministries do not appear to be making an effort to be transparent with contracting, as evidenced by what information is available through their websites.

Basic breakdown

PTN has managed to identify that between them the 29 ministries and offices looked at have between them called for bids on 245 proposed procurement initiatives in the 2018/19 financial year, of which the bulk – or 165 tenders, accounting for roughly a third of tenders – are for the Ministry of Health and Social Services (MoHSS).

For 11 out of the 29 ministries and offices there simply is no procurement information available on their websites or through other sources, such as the Market Namibia & Tender Bulletin.

With regards to this point, ministerial and departmental websites are supposed to be the first port of call for anyone looking for information concerning government activity in a certain sector. Such information should ideally include all procurement information of the ministry or agency.

However, for most of the ministries and offices looked at, most do not have basic information about their procurement activities on their websites.

Take for instance the Ministry of Education, Arts and Culture (MoEAC), which appears to have issued 7 procurement calls for the 2018/19 financial year, but none of these procurement calls appear on their website.

And while it seems that at least 3 of the procurement calls have resulted in contract awards, aside from the contract length, there's no information about when the procurement call was announced, whether the contract was awarded, what the winning bid value was. None of this information is available on the ministry's website.

Even the Ministry of Finance, which is the custodian of the public procurement system, does not have such information available on its website – the ministry appears to have listed 3 procurement initiatives this financial year, but the information is not available on its website and was only traceable in Market Namibia & Tender Bulletin.

This is also the case in most other procurement initiatives traced for the purposes of compiling the PTN procurement database.

What this means

Why this matters is that it is clear that the general public or even a potential government contractor, or just an interested observer, cannot get an accurate idea of what's happening in the public procurement system based on the information available on government websites right now.

This could be symptomatic of a system which is significantly dysfunctional and indicates that government ministries and offices still have not adopted the principles of transparency and accountability in public procurement in how they manage internal procurement processes.

The issue of exemptions of course looms large in this discussion.

The issue of the management of the procurement system is raised in almost all assessments of financial management within government ministries and offices by the Office of the Auditor General.

The exemptions threat revisited

The use of procurement exemptions has already become a serious threat to the stability and integrity of the new public procurement system, which is not even two years old at this stage.

And this threat has flared up again in early October.

This was because on 25 September 2018 the management of the Namibia Airports Company (NAC) appear to have written to finance minister Calle Schlettwein to request that aviation security upgrades at the Hosea Kutako International Airport of almost N$100 million be exempted as emergency procurement.

In a response on 11 October 2018, Schlettwein granted the request for exemption.

The exemption approval letter made it into public on social media and caused quite a stir.

From a transparency perspective, what was notable about the letter was that it was marked 'confidential'.

After the letter became public and was widely spread, the Procurement Policy Unit (PPU), in the finance ministry, issued a vague threat on its own social media profiles, stating: "It has come to the attention of the PPU that the exemption recently issued to the Namibia Airports Company has been doing the rounds on various social media platforms.

"Kindly be informed that the letter is marked confidential and any person caught circulating it will be held liable as per the confidentiality provisions under the Public Procurement Act, 2015."

This clearly suggests that government officials were attempting to keep this procurement initiative secret, which does not bode well for fostering transparency in the public procurement system.

The PPU does not explain why secrecy or confidentiality in this particular case is required.

The episode underscores some of the transparency concerns around using exemptions.

Public Procurement in the News

Towns in Trouble

August and September saw a number of local authorities make the headlines for the wrong reasons – for alleged tender corruption.

Corruption stink on Rundu CEO

In August it was reported that Rundu Town Council CEO, Romanus Haironga, was facing 19 corruption charges related to tender awards at the town.

Haironga, who was suspended in mid-2017, was accused of irregular conduct around tenders amounting to N$1,5 million.

The suspicious tenders included one for a new town council website that never materialised, a service delivery SMS platform which was also not delivered, and payment for rubbish skips which were also never delivered by the contractor, as well as a fire station the costs of which almost doubled.

Haironga was also accused of not monitoring contract implementation.

Haironga's charge sheet states: "During the entirety of tenure as CEO, [you] failed to act with fidelity, honesty, integrity and in the best interest of the council in managing the financial affairs of the council."

Former Khorixas CEO snared in housing controversy

The Khorixas Town Council has become the focus of an Anti-Corruption Commission (ACC) over the sale of a council house to a former town CEO.

In August the ACC confirmed that it was investigating the local authority for selling assets without advertising and without adequate payment measures stipulated.

The sale followed the council's renovation of the property, a transaction which was apparently also not put out to public tender. According to reports, the property in question was apparently renovated for N$500,000, but sold to the former CEO for a mere N$70,000.

The ACC said that while the sale had been approved by the works ministry, there had not been a sale price on the proposal. Other accusations include that senior council officials' signatures were forged in the transaction.

The Khorixas council is one of the local authorities in the country around which procurement corruption claims continuously attach.

Okahandja councillors accused of conflict of interest

Recently it was reported that Okahandja town councillors had used their positions to award tenders to friends and associates.

According to reports eight town cleaning contracts were awarded to companies in which some councillors had a direct interest.

Making matters worse appears to be that the companies in question were not even registered with tax authorities and that the tenders were never publicly advertised.

The questionable contracts were apparently awarded in 2017 without following public procurement rules and without having been publicly advertised.

Some of the contracts have also apparently been extended since being awarded.

Reportedly, the situation has led to some locals appealing to the rural party, Swapo, to intervene and investigate the situation.

Okahandja is a local authority that has also been long clouded by claims of corruption around procurement.

Maltahöhe fire station scandal bursts

At the end of August, three current and former Maltahöhe Village Council officials, including the acting CEO Otto Michael Richard, former local authority councillor Markus Saal and local authority electrician Geronimo Tise appeared in the Mariental Regional Court for alleged tender corruption.

The charges the three men face revolve around the contract to build a new fire station at the town.

According to reports, the men solicited bribes from the contractors appointed to build the village fire station.

The men were arrested and charged by the ACC following an investigation.

The three men are out on bail and their case remains to be finalised.

Situation Analysis...

Local authorities remain a serious concern in the realm of procurement management and governance. Namibian local authorities generally lack the procurement and financial management experience and expertise to manage complex procurement and financial management processes, which is something that is annually highlighted by the Auditor General.

This situation means that financial controls are generally weak at local authorities across the country and contributes to an environment that is conducive for the emergence and perpetration of corrupt practices in public procurement.

With financial management capacity remaining low at most local authorities, this situation will probably continue for the foreseeable future.

The glaring concern with procurement plans

The handling of annual procurement plans across the state sector was the focus of the September 2018 edition of PTN and the issue raises serious red flags.

Basically, the state-wide handling of annual procurement plans is immensely worrying and an accountability threat to the entire procurement system, as well as substantially undermining the transparency principles of the Public Procurement Act (No. 15 or 2015).

Part of the problem concerning procurement plans is that neither the law nor the regulations include an annual timeframe for submitting annual procurement plans to the Procurement Policy Unit in the finance ministry, but merely the requirement to prepare and submit these annual procurement plans.

The obvious burning question here becomes: how is it possible for state departments and agencies, and other publicly funded institutions, to finalise their annual budgets for both capital and operational procurement in the absence of annual procurement plans?

According to experts in the field, the sequence of procurement planning and formalisation should be:

1. Finance ministry issues budget ceilings showing what is available for capital and operational procurements;
2. Annual procurement plans are then compiled based on these budget ceilings;
3. Followed by annual negotiations around the various budgets;
4. Which then leads to final procurement plans and annual budgets being agreed to and included in the annual national budget.

This would arguably be a process ensuring an appropriate level of public expenditure management and control, and importantly creates and formalises a culture of accountability.

However, under current circumstances, the widespread lack of information around annual procurement plans is that nobody can truly be held accountable for not producing or submitting such plans.

As already indicated out, this points to a glaring gap in the procurement law – that basically government departments and agencies, according to law, only need to present an annual procurement plan at any time during either the calendar or financial year (the procurement law doesn't stipulate which) to actually comply with the spirit of the law.

This is clearly a less than optimal checks and balances mechanism.

Recommendation: Incorporating a defined timeframe or timetable by when annual procurement plans should be completed and submitted should be part of a law reform exercise of the Public Procurement Act (No. 15 or 2015) and its regulations and guidelines.

CPBN online presence remains unsatisfactory

The Central Procurement Board of Namibia (CPBN) has been struggling to establish itself on the internet.

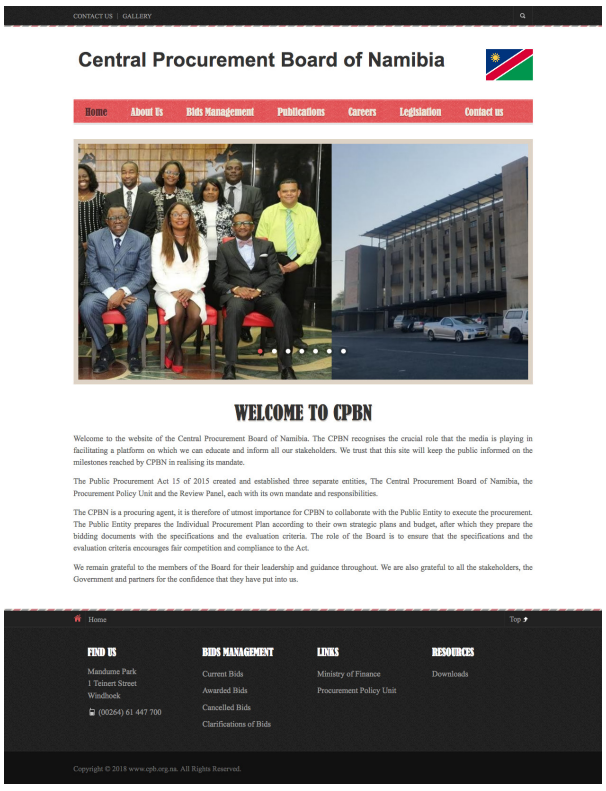
This situation has been marked by the fact that this year the agency has had two websites using the same Uniform Resource Locator (URL), which is the address of a specific website on the World Wide Web (www.).

The main issue with the current iteration of the CPBN website is that it remains as unsatisfactory informationally as the previous one.

The website (www.cpb.org.na) has very little information on it.

Equally worrying is that there's no immediately identifiable features that indicate that the website is that of a government agency – the URL does not end with .gov.na and there's no Ministry of Finance or CPBN emblem or official coat of arms on the home page or any other pages of the website.

The fact that there isn't much information about the procurement system – aside from basic but incomplete information about individual procurement plans – available through the CPBN website is not conducive to engendering openness, and certainly does not meet the standards proposed in the Public Procurement Act (No. 15 of 2015) in terms of transparency and accountability.



Why this matters: This matters because the CPBN is a highly significant government agency and should be clearly identifiable as such, and should be making available all procurement information on its internet portal.

Hanns Seidel Foundation

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