



The Perils of Preferences

As preferential procurement by public entities is being pushed, systemic weaknesses could undermine implementation, integrity and performance

In her National Budget [tabling statement on 26 February 2026](#), finance minister Ericah Shafudah made it clear that applying preferences in public procurement would be central to the government's procurement approach and practices over the medium term expenditure framework.

Shafudah, in the context of public procurement, specifically emphasised that the [Code of Good Practice on Preferences](#), would guide the implementation of preferential procurement.

"The "Code" lays out the fundamental principles and regulations for Preferential Procurement in Namibia. The policy essentially allows for the application of national and exclusive preferences towards categories of Namibian Manufacturers as well as other categories, such as youth, SMEs, women, previously disadvantaged, suppliers promoting environmental protection and suppliers providing employment to Namibians," Shafudah said.

The reference to the Code of Good Practice comes against the backdrop of the Nandi-Ndaitwah administration seeking to fast-track, and even sidestep, procurement processes in the context of implementing the ambitious [Swapo Party Manifesto Implementation Plan \(SMIP\)](#).

The focus on preferences is being framed as empowering and uplifting Namibian small businesses, as a jobs and wealth creation enabler, with Shafudah noting: "The government urges all public entities to implement the Code of Good Practice to strengthen industrialisation policies and ensure public spending benefits our people. In this MTEF, the government will ensure adherence to the code of good practice to support Namibian manufacturers and to promote opportunities for youth-led enterprises."

FROM PAGE 1

The 'Code'

The Code of Good Practice is an outflow of Part 11 of the Public Procurement Act of 2015 framework.

A [draft code](#) was first published in October 2021 for public scrutiny, and the finalised code was gazetted at the end of January 2023. The code implementation or validity period is five years, which means the existing code is valid for another two government financial years, until the end of the 2027/2028 financial year, and specifically the end of March 2028. The existing code can be gazetted for re-issue at that point or a new code can be introduced for implementation over the five years to follow.

The point is that preferential procurement is implemented over five-year stretches that can be rolled-over.

In short, the code sets out the ways preferences should be applied in public procurement - the categories, nature of procurement and amount thresholds that apply, as well as the qualifications criteria and the compliance monitoring measures.

In the Public Procurement Amendment Bill of 2025 (now probably 2026) the preferences fall in Part 14 of the proposed revamped framework, and are substantially similar to what appears in the 2015 framework.

According to the code, public entities "must integrate preferences in their procurement plans".

Importantly, according to the code preferential procurement "means the selection by the Board or a public entity, of a person or a local supplier as the ideal or favoured person or local supplier". The person or local supplier has to fall into one or more of the following categories:

- (a) manufacturers;
- (b) micro, small and medium enterprises;
- (c) previously disadvantaged persons;
- (d) women-owned enterprises;
- (e) youth-owned enterprises;
- (f) suppliers promoting environmental protection; and
- (g) suppliers providing employment to Namibians."

With regard to "previously disadvantaged persons", in the code this means "persons contemplated in Article 23(2) of the Namibian Constitution and includes -

- (a) women; and
- (b) persons with any disability as defined in the National Disability Council Act, 2004 (Act No. 26 of 2004)."

The concerns

On the face of it, preferences appear well-intentioned to, among others, empower and uplift people and groups negatively impacted by historical marginalisation and discriminatory practices. However, preferential procurement presents a serious corruption risk, especially when applied in conjunction with the widespread use of ministerial exemptions and direct procurement, as is proposed under the Swapo Party Manifesto Implementation Plan (SMIP).

With compliance with transparency and accountability measures under the existing public procurement framework already a huge challenge, the issue of corruption becoming characteristic of preferential procurement is a real threat.

South Africa should serve as a cautionary tale, as preferential procurement over the last 20 years or so has been identified as a primary state capture and corruption enabling vehicle by the Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector Including Organs of

State (the Zondo Commission).

Compounding the risks in Namibia is the fact that there is very little data available about how the public procurement system functions and has performed over the years since 2017.

The lack of data was one of the major shortfall issues flagged in the [2025 MAPS Assessment of Namibia's Public Procurement System](#) report as undermining Namibia's public procurement system.

These concerns are just going to become more elevated as Namibia now moves to aggressively implement and apply preferential procurement.

Preferences and transparency?

According to the [Code of Good Practice on Preferences](#), public entities "must integrate preferences in their procurement plans" and "must submit to the Procurement Policy Unit the part in the procurement plan of that public entity demonstrating application of preferences and reservations in relation to the procurement budget at least three months before the commencement of the public entity's financial year". In other words, by the end of December of the previous calendar year.

On top of that, "all procurement awards by either the Board or a public entity, including where the Board or public entity applied preferences or reservations, must be reported by that Board or public entity to the policy unit on a quarterly basis".

As for the Procurement Policy Unit, it "must monitor the application of preferences and reservations by the Board and public entities" and "must conduct an assessment between the annual procurement plan and the progress report to determine the value of awards to the categories of local suppliers".

This monitoring and assessment must be done "to assess the impact of this code of good practice on preferences on the socio-economic objectives of the Government".

While all of this reporting, monitoring and assessment is welcome, the code does not state that any part of this should or must be open to public scrutiny.

However, [the 2017 regulations](#) of the Public Procurement Act of 2015, state that the PPU "must establish and maintain a register of bidders and suppliers and post particulars as contained in the register on its electronic database or portal which particulars include -

- (a) reliable and up-to-date information on the competency of bidders and suppliers in the market and the structure of the market for various services, supplies or specialties; and
- (b) a record of current or past contracts and performance by bidders and suppliers".

This suggests some level of transparency into the practice of preferences could be achieved or enabled.

That said, with Namibian authorities substantially struggling to implement and enforce compliance with the broader transparency-inducing provisions of the framework, along with structural and systemic data and information gathering and reporting weaknesses already dragging down the system, it is hard to see the creation and maintenance of a register, and the monitoring and assessment of preferences and exclusions, transpiring optimally any time soon.

Public procurement in numbers

The following data has been gathered from information available through the e-Procurement Client System operated by the Procurement Policy Unit in the Ministry of Finance.

Annual Procurement Plans 2025/2026

By the end of the 2024/2025 financial year **176** public entities should have submitted their annual procurement plans for the 2025/2026 financial year to the Procurement Policy Unit. The Procurement Policy Unit (PPU) then publishes these plans on the e-Procurement Portal.

By 5 March 2026, less than a month before the end of the 2025/2026 financial year, only **94** annual procurement plans were viewable via the e-Procurement Portal of the PPU.

That means only about **53%** of public entities had submitted their plans to the PPU for the **2025/26 financial year**.

According to **Section 25 (4)(a)** of the Public Procurement Amendment Act of 2022, public entities must submit their plans to the PPU **“at least three months before the commencement of each financial year”**.

This means plans have to reach the PPU **by the end of December of every year**, as the financial year of the government ends at the end of March the following year.

Of the 94 procurement plans viewable via the e-Procurement Portal **only 5** were submitted to the PPU before the end of December 2024.

That means **only 3%** of procurement plans **were submitted on time**.

Making sure that the public has access to annual procurement plans remains **a major compliance issue** in the public procurement system.

When procurement plans are delayed or not publicly accessible, it can **hinder oversight and lead to inefficiencies** in resource allocation.

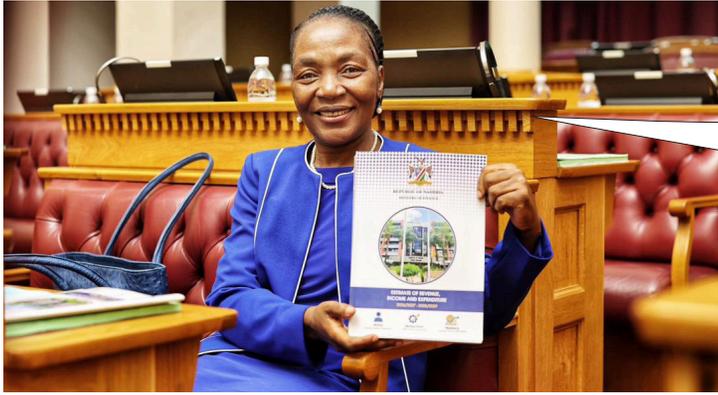


Photo: Namra

Finance minister Ericah Shafudah on public procurement reform in her budget statement:

" Public procurement in Namibia is crucial for national development, promoting transparency and responsible financial management. However, current challenges have delayed project execution. To address this, we established a special Inter-Ministerial Technical Committee to review the Public Procurement Act and related regulations. After nationwide consultations, an Amendment Bill is undergoing legal drafting and will be introduced in the August House by mid- 2026."

Annual Procurement Plans 2026/2027

The following data has been gathered from information available through the e-Procurement Client System operated by the Procurement Policy Unit in the Ministry of Finance.

By 5 March 2026, less than a month before the end of the 2025/2026 financial year, **only 26 annual procurement plans for 2026/2027** were viewable via the e-Procurement Portal of the Procurement Policy Unit (PPU).

By then, **176** public entities should have submitted their annual procurement plans to the PPU.

This means only about **15%** of public entities had submitted their plans to the PPU for the **2026/27 financial year**.

Of the 26 procurement plans viewable via the e-Procurement Portal **only 8** were submitted to the PPU before the end of December 2025, which is the deadline for submission of procurement plans annually.

That means **only about 5%** of all 2026/2027 annual procurement plans **were submitted on time**.

The 2026/2027 financial year will be the **10th year of implementation** of the Public Procurement Act of 2015 framework, which has been implemented since the start of the 2017/2018 financial year.

Over the 10 years the public service **has failed to achieve an adequate level of compliance** with the handling of annual procurement plans.