



22 September 2016

PRESS RELEASE

Namibia's Construction Industries Federation Calls for Support and Protection of Local Industry

The over 450 member-strong Construction Industries Federation of Namibia (CIF) expresses great concern about the directive of the Namibian government to Namibia's tender board on 12 September 2016 that no new tenders are to be awarded by government authorities until the 2016/2017 budget review and until the reprioritisation of capital projects has been finalised, and that feasibility studies for capital projects are to be put on hold. The directive apparently will affect all procurement by government authorities and state-owned enterprises that would be funded by the Namibian central national budget.

The CIF recognises that the Namibian government is facing budgetary constraints for a number of reasons. These are further aggravated by unforeseeable changes of macro-economic conditions and climatic conditions that increase the burden on government funds.

Mr Nico Badenhorst, acting president of the CIF says: "It is clear that government is in a difficult position for treasury to have taken the step of instructing authorities to freeze new projects until the top priorities and the sources of financing have been established.

"This directive will have a profound impact on the Namibian construction sector. Unless Government acts swiftly, it can have serious consequences for businesses operating in the industry and for the economy at large. Many companies are being put at risk and many direct and indirect jobs are at stake".

The CIF emphasises that there must be an unambiguous support given to Namibian contractors.

Nico Badenhorst says: "It is extremely important that government acutely focuses its efforts on supporting Namibian contractors. We trust government will set clear goals and adopt the right strategies, to effectively cushion the impact of this drastic step on Namibian enterprises.

"At times like this, the *Namibian family must come first*. Any priority projects identified after the budget review must be given to Namibian companies."

Namibian contractors have ample capacity to develop the much needed infrastructure in Namibia. Local contractors should not have to continue to compete with foreign contractors under current circumstances. The CIF intends to continue to engage Government to determine how best to resolve that. The CIF efforts will also include to further encourage Government to establish a Namibia Construction Council for the industry.

Nico Badenhorst says: “One thing is clear, much greater regulation of the industry in the interest of maintenance and further sustainable development of Namibian capacity, is vital. We need to have the required legislation to establish a council for the industry as soon as possible”.

In addition, it is critically important that the question of payment is being addressed. It is of immediate concern to Namibian contractors operating in the construction sector. Overdue payments can have significant impact on the cash flow in the industry. Late payment by government has implications for the level of liquidity in the construction sector, affecting large-size contractors and subcontractors alike.

Nico Badenhorst, acting president of the CIF says: “For effective cash flow management it is critical that Government commits itself to a realistic timeframe for paying all outstanding debt as well as the payment of future invoices of current projects. This will provide a degree of confidence which is very important for the stabilisation of our industry.”

The CIF reiterates that all organisations and individuals involved in public procurement, must focus on envisioning a very strong local Namibian building and construction industry. It is therefore critical that correct choices are taken by all involved with public procurement and that there will be a strong commitment towards supporting Namibian contractors.

Bärbel Kirchner, consulting general manager of the CIF says: “The announcement that government has put all new tenders award on hold is quite a shock. However, from a different perspective, we should try and recognise the current financial situation as an opportunity to seriously reflect how Namibia will focus on the development of a sustainable local Namibian construction sector.

“We need to introduce some major changes for the lasting positive impact on our industry. It is not only important that Namibian contractors are able to survive under current circumstances. Instead, once we have steered through current difficult times, we would like to see our local industry thrive in the interest of Namibia, our population at large.”

The CIF informs that the federation will also conduct relevant research amongst its members as well as enterprises that are not members of the organisation. It will also liaise with authorities at all levels of

government to obtain relevant information regarding priorities, with a view of adopting the right strategies of supporting Namibian contractors.

End

For more information, contact:

Bärbel Kirchner, Consulting General Manager CIF, Tel. 061-230028 or at gm@cifnamibia.com

Note to the Editor:

The membership of the CIF ranges from companies that range from an annual turnover of over N\$200 million to SMEs with an annual turnover of less than N\$1 million. Together they play a big role in Namibia's economy, both in terms of employment but also in terms of their tax contribution. Over 50 % of the membership are SMEs.