



Hats



Off

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RESIDENTIAL DEVELOPMENT SUSTAINS CONSTRUCTION SECTOR

Construction activity in residential areas continues to gain momentum compared to the corporate sector.

According to an analysis of the sector by Simonis Storm Securities, household mortgage grew by an average of 2,4% year to date compared to 4,3% for corporate entities.

At the same time, the municipalities of Windhoek and Swakopmund approved a combined 830 residential building plans with a value of N\$820 million year to date compared to only 25 commercial buildings valued at N\$65,3 million.

The City of Windhoek approved 314 building plans during July 2022, compared to 249 in the prior month, an increase of 26,1% month on month (m/m) and 223 in July 2021 rising 40,8% year on year (y/y).

Approved plans have a total value of N\$496 million compared to N\$399,5 million in June 2022 and include 179 plans for new residential additions, new residential properties (112 plans), new walls (16 plans), new commercial buildings (five plans) and new pools (two plans). Simonis says building completions in Windhoek continued rising for a third consecutive month.

"During July 2022, 88 building completions took place, compared to 74 buildings completed in the prior month, a rise of 18,9% m/m and 36 in July 2021, a massive 144,4% increase y/y," Simonis said.

The completed projects had a total value of N\$51,7 million compared to N\$43,9 million for projects completed in June 2022 and included 46 residential additions worth N\$6,8 million, 32 residential properties valued at N\$41.4 million, one commercial building worth N\$3 million and nine walls worth N\$0.5 million.

At Swakopmund, the municipality approved 26 building plans during July 2022, compared to 90 in the prior month, registering a 71,1% drop m/m, and 37 in July 2021 – a drop of 29,7% y/y.

Approved plans have a total value of N\$43,1 million compared to N\$74.1 million in June 2022 and were solely for 26 new residential plans.

"Building completions in Swakopmund rebounded in July 2022, following a significant drop in June 2022. During the month, 49 buildings were completed, compared to 18 in the prior month showing a 172,2% rise m/m and 12 in July 2021 registering a rise of 308,3% y/y.

Source: <https://www.namibian.com.na/115193/read/Residential-development-sustains-construction-sector>

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CONSTRUCTION OF 600 NHE HOUSES TO COST N\$250 MILLION

THE National Housing Enterprise (NHE) is calling on residents who qualify in terms of the criteria to register for the construction of houses in Windhoek's informal settlements.

NHE spokesperson Tuafi Shafombabi in a statement issued on 08th of August 2022 said the enterprise is planning to construct 600 houses for the first two phases of the pilot project.

"The houses will cost approximately N\$250 million," she said. Shafombabi said residents should register at Okuryangava's Stop and Shop for the houses to be built in Windhoek's informal settlements.

The NHE informal settlement upgrading project is an initiative of the Minister of Urban and Rural Development in conjunction with the City of Windhoek and the Khomas Regional Council. "Close to 400 houses have been constructed since the inception of the project in 2020," Shafombabi said.

In June, the project handed over 100 houses at Okuryangava, at the John Pandeni constituency. Minister of urban and rural development Erastus Uutoni, at the occasion said the parties involved in building houses are faced with challenges, and need the community to cooperate.

"Some of the challenges are on the side of the community, ranging from affordability, to slow processes", he said.

Windhoek mayor Sade Gawanas has encouraged the acceleration of the project with all partners' support. "Affordable housing in the neighbourhood does not only positively impact the surrounding community, but also reflects our common vision to restore the dignity of our people", she says. Gawanas says affordable housing aims to lift people out of poverty and increase mobility. "Affordable houses uplift residents, encourage social connections, reduce overcrowding, attract business, and lower crime rates", she says.

Source:

[https://www.namibian.com.na/115121/read/Construction-of-600-NHE-houses-to--cost-N\\$250-million](https://www.namibian.com.na/115121/read/Construction-of-600-NHE-houses-to--cost-N$250-million)

NAMPOWER TRANSMISSION LINE CONSTRUCTION PROGRESSING WELL

National power utility NamPower says the construction of its N\$629 million 400kV Auas-Gerus transmission line is progressing well.

The line will connect the Auas substation near Dordabis to the Gerus substation near Otjiwarongo.

NamPower says the line will be completed in the middle of 2023. Route clearance, which consists of debushing and the clearing of 287km of farmland, has been completed, and the construction of the towers' foundation is nearing completion, the power utility says. Some 359 out of 566 transmission towers on the line have been fully constructed.

The appointed contractor, Power Line Africa, has reportedly commenced with stringing, which involves fitting the conductor responsible for the transmission of electrical power between the towers. The manufacturing and delivery of the transmission towers and conductor materials was a major challenge due to the Covid-19 pandemic and subsequent international lockdowns, hyperinflation and overall materials shortages and delays. This resulted in a six-month delay in the project.

NamPower says the majority of the N\$629 million project's value has been retained and reinvested in Namibia, with only materials which could not be sourced locally being imported. Power Line Africa, a Namibian company, currently employs more than 150 Namibians on the project.

Source; <https://www.namibian.com.na/115386/read/NamPower-transmission-line-construction-progressing-well#:~:text=NATIONAL%20power%20utility%20NamPower%20says,in%20the%20middle%20of%202023>.



REGULATE THE CONSTRUCTION SECTOR TO ADDRESS POVERTY, UNEMPLOYMENT, LACK OF QUALITY, NON-COMPLETION, SUPPORT TO LOCAL INDUSTRY

Since 2006 the Construction Industries Federation of Namibia (CIF) has been lobbying the Namibian government that a council for the construction sector will be established to regulate the industry. In 2010 the Namibian Planning and Construction Bill was tabled in parliament but was rejected as it required some more work.

It remains the CIF's hope that the importance of creating a council for the sake of regulating the industry will be truly recognised by political leaders and legislators, as a result of continuous attempts of the CIF to emphasise and highlight the urgency.

Failure to regulate the industry through the establishment of a regulatory council has wide-ranging repercussions. It leads to inefficient utilisation of public funds; lack of control of quality in the industry; lack of any means to shape the Namibian construction sector in the interest of bona fide Namibian-owned businesses and the Namibian economy at large.

Ministers of Works and Transport in office since 2005, had been lobbied in the process, including Mr Joel Kaapanda, Mr Helmut Angula, Mr Erkki Nghimtina, Mr Alpheus !Naruseb and now Minister John Mutorwa. Although currently there is progress, the CIF is concerned that should there again be a change of leadership of the works and transport ministry in two years' time, one would again have to start at the beginning. Generally, being reliant on the support of their technical teams within the authority, it takes time for a newly appointed ministers to get acquainted with pending, albeit pressing matters. For the works and transport portfolio, it would include the urgency and importance of regulating the industry. Potentially that would be the case if the process is such that the current bill for the establishment of a Namibian construction council will not be tabled in Parliament soon.

Mr Sankwasa James Sankwasa, the previous deputy minister of works and transport, had made very strong efforts to support the industry, and together with the CIF, was committed to facilitate effective stakeholder engagements, to ensure that extensive deliberations took place before the bill was to be re-tabled in parliament.

The current minister, Hon. Mr John Mutorwa, is also keen to support optimal regulation of the construction sector, as the current draft bill has already been submitted by him to Cabinet early 2022, and was also discussed by the Cabinet Committee for Legislation. It required further work by the legal drafters - which apparently is now completed - before it again will be reviewed by the Cabinet Committee for Legislation, headed up by the Honourable Minister, Ms Yvonne Dauseb. The hope is that after that, the bill is ready for tabling in Parliament.

Bärbel Kirchner, chief executive officer of the CIF says: "It has been a frustratingly lengthy process, and we are hopeful that we now see some definite steps in the right direction. One cannot help to have become somewhat disillusioned when one knows this is the one piece of legislation that can make all the difference in our industry, and could have done so for many years in the past.

"We have not only engaged Honourable Mr Mutorwa, but also other members of the Cabinet, including the Right Honourable Prime Minister, Dr Saara Kuugongelwa-Amadhila. In fact, we have hoped to have another meeting this year to once again press upon what difference it would make for our industry, our economy, our country.

"Of course, the CIF regards this matter as so important so that we also went right to the top and had requested an audience with His Excellency, Dr Hage Geingob, who referred the CIF to the line minister, Honourable Mr John Mutorwa.

"Truly, we believe that regulating our industry rightly must be on top of the agenda - at the very least, of not so little importance, as it has been in the past - it should not have to take more than a decade to get the most critical matter for our industry resolved. The question is indeed why do we regulate something - or for that matter - not regulate something. Surely it must be in the interest of our people, to protect our national interests."

It appeared that the value and the urgency of establishing a construction council had been recognised by the top leadership in 2018 when the Right Honourable Prime Minister had mentioned in Parliament in 2018 that a council would be established. This was in response to personally addressed letters to members of parliament by the CIF and to a motion by a member of an opposition party that a parliamentary committee should be established in order to investigate the extent of foreign involvement, which then was turned down

REGULATE THE CONSTRUCTION SECTOR TO ADDRESS POVERTY, UNEMPLOYMENT, LACK OF QUALITY, NON-COMPLETION, SUPPORT TO LOCAL INDUSTRY

In the year following, in 2019, developments looked even more promising when at the Namibia Investment Summit organised by the High Level Panel of the Economy, it had been agreed by the government that a construction council would be established before the end of the financial year, i.e. by 28 February 2020.

Bärbel Kirchner, chief executive officer of the CIF: "We are delighted that now there seems to be progress. If not mistaken, all our neighbouring countries have a regulatory body that monitors and polices the industry.

"The mandate of the CIF, a member-based organisation does not include the policing the industry with the exception of its own members, who have to adhere to a Code of Conduct. Therefore, if the enactment of a statutory regulating council does not materialise, one should not be surprised if there are Government projects that are not completed and with poor quality and below expected standards; or be surprised that tenderpreneurs remain to be involved. One should also not be surprised that size of projects are of such a nature that bona fide Namibian-owned contractors cannot compete based on financial pre-qualification criteria. And surely, one should then not be surprised that many businesses have closed down or close down in our industry and that so many jobs continue to be lost."

Being very hopeful that the current bill for the establishment of the construction council will find its way again to the Cabinet Committee for Legislation and then to Parliament, Bärbel Kirchner said: "Let's be frank – we all know that we can regulate an industry. It has happened before in other sectors. Right? And would you go to a medical doctor that is not registered with a council? We therefore can only appeal to our political leaders and legislators to act soon and to regulate our industry, otherwise there will be zero left of our own industry and we will become eventually solely dependent on foreign capacities.

"Regulating the construction sector will help Namibia to address poverty and unemployment. It will resolve some of the issues relating to poor public health and educational infrastructure. Considering government policies, surely our appeal to have our industry regulated should not require any more convincing. With a regulatory council in place we will see the start of change of our construction sector in the interest of us all".



CAPE TOWN EXPO POWERS THE WESTERN CAPE'S R23BN CONSTRUCTION SECTOR

South Africa's multi-billion-rand construction industry provides employment for over 475,000 people nationwide[1], with around one third of these employees living in Cape Town. The city is home to an equally thriving construction sector, which contributes over R20 billion to the city's economy each year.

At a provincial level, the Western Cape construction industry is experiencing swift growth, with research from StatsSA from May 2022 revealing the province as the national leader in terms of total value of residential building plans passed and completed. Accounting for 34%.13 of the national total of building plans passed, compared to 29.8% in Gauteng, it also boasted 40% of the national share of buildings completed, compared to 31.3% in Gauteng.

According to Christoff Vlok, regional account manager at Builders, the Western Cape's increase in residential activity is thanks to private investment in the residential sector. "The municipality continues to outperform other regions due to its ability to process building plans and complete building projects with little interruption", he says.

Mark Fugard, senior vice president of Master Builders Association Western Cape says that the Western Cape residential market has also benefitted from migration and semigration from other provinces. However, he adds that many of their members have found themselves in an overly competitive environment due to insufficient market opportunities. "The construction industry in the Western Cape requires an increase in investment from national and local government as well as continued support from the private sector to realise sustainable growth into the future".

Source:

<https://www.engineeringnews.co.za/article/cape-town-expo-powers-the-western-capes-r23-billion-construction-sector-2022-09-02>

AFRICA CONSTRUCTION MARKET - GROWTH, TRENDS, COVID-19 IMPACT, AND FORECAST (2022 - 2027)

The Africa construction market is segmented by region (Eastern Africa, Western Africa, Southern Africa, and Northern Africa), sector (commercial construction, residential construction, industrial construction, infrastructure (transportation) construction, and energy and utility construction), and construction type (additions, demolition and new construction, and new construction). For each segment, the market sizing and forecast have been done on the basis of value (USD billion).

Market Overview

The African construction market is expected to record a compound annual growth rate of more than 7.5% during the forecast period (2022 -2027). The COVID-19 outbreak negatively impacted the market in 2020. Over the next two years, growth is expected to remain affected due to the economic downturn caused by the pandemic across Africa's residential, commercial, industrial, and institutional sectors. Despite near-term challenges, the medium- to long-term outlook remains positive. Over the short term, investment in the construction industry may be driven by government spending in the infrastructure sector.

The African construction industry is the target destination for most large economies because of accruing benefits, such as the availability of natural resources, huge investment opportunities in energy and infrastructure, cheap labor, and a fast-growing consumer market.

Infrastructure Construction Projects Driving the Market

African cities are changing with several major projects, ranging from magnificent skyscrapers to megacities built from scratch. There are over 570 construction projects in Africa worth USD 450 billion. The energy sector has projects worth over USD370 billion, followed by the transportation sector, with projects that include roads, airports, and railways, worth USD280 billion.

Competitive Landscape

The African construction market is less competitive, with major international players holding large market shares. The African construction market presents growth potential during the forecast period, which is expected to boost market competition. With a few players holding a significant share, the market has an observable level of consolidation.

source: <https://www.mordorintelligence.com/industry-reports/africa-construction-market>

REPO RATE INCREASES FROM 4.75 TO 5.50 PERCENT

On the 15th and 16th of August 2022, the Monetary Policy Committee (MPC) of the Bank of Namibia held its bi-monthly meeting to decide on the appropriate monetary policy stance to be implemented over the next two months. To continue safeguarding the peg arrangement and thus anchoring inflation expectations, while meeting the country's international financial obligations, the MPC decided to increase the Repo rate by 75 basis points to 5.50 percent. This decision was taken following a comprehensive review of global, regional and domestic economic developments.

RECENT ECONOMIC DEVELOPMENTS

Domestic economic activity increased in the first six months of 2022. Inflationary pressure remained elevated, while growth in Private Sector Credit Extension (PSCE) accelerated slightly. The stock of international reserves remained sufficient to support the currency peg and meet the country's international financial obligations.

The performance of the domestic economy continued to improve in the first half of 2022, though output remains below the pre-COVID-19 levels. Year-to-date developments indicate that activity in the domestic economy increased during the first six months of 2022, as reflected in sectors such as mining, agriculture, wholesale and retail trade, transport, communication and tourism. Going forward, the domestic economy is expected to grow by 3.2 percent in 2022, mainly driven by the recovery in the mining, electricity water and tourism sectors.

Risks to the domestic economic outlook in the medium term continue to be dominated by the impact of the Russia - Ukraine war, global supply chain

disruptions and high oil and food prices. Other risks include climatic swings, animal disease outbreaks within the region, the possible emergence of new COVID-19 variants and other infectious diseases as well as intensified geopolitical tensions.

Global real GDP growth moderated in the second quarter of 2022. Inflation rates in most monitored Advanced Economies (AEs) and Emerging Market and Developing Economies (EMDEs) eased in July 2022. Most monitored central banks have tightened their policy rates to contain increasing inflationary pressures.

Real growth in the global economy slowed down during the second quarter of 2022. This was mainly attributed to key headwinds, including high inflation, tighter financial conditions and supply bottlenecks.

Monetary Policy Stance

Against this background the MPC decided to increase the Repo rate by 75 basis points to 5.50 percent. The decision was taken with due consideration of the persistent inflationary pressures and is deemed appropriate to safeguard the one-to-one link between the Namibia Dollar and the South African Rand, while meeting the country's international financial obligations. Moreover, the adopted monetary policy stance is necessary to narrow the current negative real policy interest rate. This policy stance is further consistent with that taken by central banks around the globe, and in the region, with policymakers acting with resolve to slow and eventually reverse the current acceleration in inflation.

The MPC will continue to monitor these developments and their potential effects on the domestic economy and will act appropriately and in line with its mandate to ensure price stability in the interest of sustainable economic growth and the development of the country.

The next meeting of the MPC will be held on the 24th and 25th of October 2022.



Contributions

Please send all contributions to:
info@cifnamibia.com

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The CIF reserves the right to edit any submissions and make corrections, omit material, or do minor reorganisation if required. The CIF also reserves the right to reject any submissions for any reason. This may not be a reflection of the quality of the material. Though we would consider relevance to the audience and whether the material is too redundant with existing or planned material.

CONSTRUCTION INDUSTRIES FEDERATION OF NAMIBIA'S TRAINING & DEVELOPMENT

The Construction Industries Federation of Namibia (CIF) offer various short-courses to its members and non-members in the construction sector.

The training programs provided are as follows:

- Scaffolding erectors
- Scaffolding inspectors
- Safety representative
- Working at heights

All training includes:

- Brötchen & coffee
- Lunch & refreshment
- Training materials
- Attendance certificate

For bookings or if you need any further information, then please contact:

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