



(left to right) Mr. Thomas Feidieker (Councillor for Development Cooperation, German Embassy) and Hon. Ipumbu Shiimi (Minister of Finance and Public Enterprises of the Republic of Namibia).

## GERMANY SUPPORTS THE UPGRADING OF KEY INFRASTRUCTURE IN NAMIBIA

On 13 December 2022, Mr Ipumbu Shiimi, Minister of Finance and Public Enterprises of the Republic of Namibia, chief executive officer of NamWater, Mr. Abraham Nehemia, chief executive officer of Roads Authority (RA), Mr. Conrad Lutombi, and Ms. Beatrice Lucke, Country Director to Namibia of the German Development Bank, KfW, signed loan agreements with a total amount of around 2 billion NAD. These projects are co-financed by German Development Cooperation, through the KfW Development Bank, through concessional loans and are intended to fund the construction and rehabilitation of key water and road infrastructure in Namibia.

As the driest country in Sub-Saharan Africa, with more than 80% of its land area covered by desert or semi-desert, Namibia regularly experiences extreme and prolonged periods of drought. This results in a highly sensitive water supply situation for the country and the Windhoek central area which requires precise demand management, management of existing water resources as well as urgent development of new ones.

The KfW Development Bank, on behalf of the German Ministry for Economic Cooperation and Development, is financing projects that will help safeguard Namibia's water supply.

A concessional loan in the amount of 40 million EUR (746 million NAD), helping to secure the water supply for the central area of Namibia through the construction of a second Direct Potable Reclamation Plant (DPR 2), was signed. In addition, a second concessional loan to the value of 50 million EUR (932 million NAD) was signed to support the Namibian Water Sector Support Program (WSSP). Although Namibia has one of the best road networks in Africa, access and availability to transport services, and thus the opportunity to participate in social and economic life, is extremely unevenly distributed regionally and between the different income groups.

In addition, the costs for mobility are very high in an international comparison.

The concessional loan of 20 million EUR (373 million NAD) to the Namibian Government is financed through the KfW Development Bank and funded by the German Ministry for Economic Cooperation and Development and will be used for the rehabilitation and upgrading of the B2 section between Karibib and Usakos, and form part of Trans-Kalahari Corridor and the Walvis Bay-Ndola-Lubumbashi Development Road.. This important road rehabilitation contributes to the economic objective of having a well-functioning and high-quality transport infrastructure connected to the most important local and .....Continue on page 3

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regional markets as well as to the port of Walvis Bay. The projects in detail:

#### **Potable Reclamation Plant II (DPR 2)**

A second Direct Potable Reclamation Plant (DPR II) will help increase the water resources for the citizens of the central area of Namibia with potable water.

#### **Namibian Water Sector Support Program I**

To assist Namibia in the rehabilitation and upgrading of its extensive bulk water infrastructure, KfW is providing a loan in the amount of NAD 932 million to support the Namibian Water Sector Support Program (WSSP).

#### **Support the Fifth National Development Plan: Road Rehabilitation**

The stretch of 33 km will be resurfaced and extended to allow for improved traffic flow and road safety. Construction works are planned to start in the second half of 2023.

The CIF has raised their concern about the tender process, with stipulated unrealistic prequalification requirements, which essentially excludes Namibian-owned contractors.

Despite the CIF's efforts to engage with the Roads Authority and KfW, the requirements were not significantly changes, with the consequence that Namibian contractors remain at a disadvantage.

## **TAKE YOUR CONSTRUCTION BUSINESS TO THE NEXT LEVEL IN 2023**

There has never been a more pivotal time for contractors to embrace change and meet the future of road building.

With the new year upon us, it is time to reflect on your business goals and find ways to take your business to the next level in 2023.

#### **Resolve to Invest in Construction Technology**

Executing world-class performance requires contractors to continuously innovate and new technology to help construction contractors do their jobs faster and more efficiently is emerging every day.

#### **Resolve to Train Your Crew**

Training is essential for your company to stay competitive in an industry that is changing faster than we realise. It's also an important key to keep your employees happy and invested in their careers.

#### **Resolve to Change with the Times**

Innovation in the construction industry is happening very fast. From technology to new building techniques to changing regulations, it's more important than ever for construction contractors to be adaptable.

#### **Resolve to Make Safety a Priority**

How safe is your site? Does your team have a good culture around health & safety? 2023 is the year to focus on bringing down the number of accidents on your sites to zero.

Source:

<https://www.forconstructionpros.com/asphalt/article/22525633/2023-new-years-resolutions-for-the-construction-industry>



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## **NEF OPTIMISTIC ABOUT ECONOMIC RECOVERY FOR 2023 AND BEYOND**

The Namibian Employers' Federation (NEF) looks forward to the year 2023 with a lot of optimism that the Namibian economy will recover and enable businesses to prosper and regenerate the jobs that have been lost over the past three years during the Covid-19 pandemic.

According to the Bank of Namibia's economic review for 2022, the country's growth performance could still improve for the last year, but to moderate downwards in 2023. As a catalyst for socio-economic growth and sustainable employment, NEF acting secretary general Helene Ochs is hopeful industries will register improved growth to tackle high unemployment rates.

"The levels of unemployment in the country are alarming, and there is a need for crafting a collective vision between government, employers and trade unions that will create an enabling environment for creating new business and employment opportunities", she noted.

NEF furthermore wants to celebrate its members' successes and encourage them to continue in all areas as they speed up the economic recovery.

Source: <https://neweralive.na/posts/nef-optimistic-about-economic-recovery-for-2023-and-beyond>



## SOUTHERN AFRICA'S POWER CRISIS ESCALATES... RENEWABLE ENERGY PLANTS TO BOLSTER NAMIBIA'S SECURITY OF SUPPLY

"The Namibia Power Corporation (NamPower) plans to develop six renewable energy- generation projects to keep the lights on in the country. Many of these projects are at an advanced stage, and have been developed to strengthen and ensure Namibia's security of electricity supply. These projects are to be funded from NamPower's own balance-sheet.

The introduction of the renewable generation projects significantly changes NamPower's energy mix from traditional sources of energy, and are expected to eventually decrease Namibia's dependence on energy imports from outside the country. These developments have become increasingly significant, as many of Namibia's neighbours and traditional power suppliers are facing their own generation deficiencies. This is as southern African economic activity accelerates, and this requires more power. However, regional electricity generation efforts remain relatively stagnant.

### Renewable energy

Responding to questions from New Era, NamPower spokesperson Irene !Hoaes explained that two of the six ventures - the Khan 20 Megawatts (MW Solar) Photovoltaics (PV) IPP (Independent power producers) project and the 50MW IPP Wind project - have been developed as projects. This means NamPower will only buy the energy from the power producer.

For the Khan project, construction activities already commenced in March 2022. Thus far, basic engineering and designs have been completed, and detailed engineering is in progress. The Commercial Operation Date (COD) of the power plant is expected to be in the second quarter of 2024.



### Load shedding neighbours

"In the event of a shortfall, NamPower will have to source power from the Southern African Power Pool (SAPP) to meet the country's energy demand. The SAPP has short-term trading platforms (Month Ahead, Week Ahead, Day Ahead and Intra Day), and NamPower will continue to be an active member on all the platforms to ensure power demand is always met in the short run", she observed. When load shedding is experienced in neighbouring countries which supply power to Namibia, NamPower's supply is curtailed, as any other customer depending on the stage level. Namibia's three main power importers are all experiencing regular load shedding, which is wreaking havoc.

### Supply concerns

NamPower has electricity supply contracts with three countries, namely Zambia (180MW), Zimbabwe (80MW) and South Africa (100MW). These are uninterrupted supplies subject to agreed measures stipulated in the respective Power Purchase Agreements, in view of ensuring security of supply to the country that today still imports just over 70% of its electricity demand. In addition, NamPower can source supply from its local plants such as Van Eck, Anixas, Ruacana as well as from NamPower-owned renewable plants such as Omburu and IPP plants.

As part of NamPower's Corporate Strategy and Business Plan and in line with the National Integrated Resource Plan (NIRP), the energy ministry approved the development of 220 MW of generation capacity, of which 150 MW has been allocated to NamPower.

### Alternative sources

As Namibia awaits the full benefits of renewable energy and IPP options, such as green hydrogen, wind and solar, the Kudu Gas to Power project remains a viable solution on the table.

"We anticipate that the project will be formally sanctioned in mid-2024, at which point a final investment decision would have been taken. Construction will follow shortly and achieve commercial operations by late 2026", said Klaus Endresen, general manager of BW Kudu, a subsidiary of BW Energy. According to Endresen, a number of activities will need to be undertaken to support the Kudu Gas investment decision. Key amongst these include finalising power purchase agreements with customers, finalising the location of the power plant, as well as finalising the engineering design and costs for the full project layout.

Source: <https://neweralive.na/posts/southern-africas-power-crisis-escalates>

## HALF-CONSTRUCTED MHDP HOUSES TO BE COMPLETED

The Ministry of Urban and Rural development has appointed a construction company to ensure half-built houses constructed under the Mass Housing Development Programme are completed speedily.

The Minister of Urban and Rural development, Erastus Uutoni, handed over 319 incomplete Mass Housing Development Programme (MHDP) houses in Swakopmund to New Era Construction.

The company has been tasked to complete the houses for occupation. The contract period is for 18 months and brings to an end a long-standing court saga that resulted in the houses standing incomplete for almost five years.

"The Ministry of Urban and Rural development is on the move and will ensure delivery of housing and land", Uutoni said at the event hosted in Matutura.

He implored the contractors, New Era Investment, to complete the houses within the 18-month time frame.

The first batch of 111 of the 319 houses is envisaged to be completed within six months. The houses are part of 891 commenced-but-not-complete homes constructed under the MHDP in Swakopmund.

The mayor of Swakopmund, Dina Namubes, beseeched the contractor to employ members of the community.

Namubes also reiterated that the municipality is committed to creating a sustainable, livable, and inclusive city by providing decent housing, employment creation, and opportunities for education as well as access to all types of amenities within a reasonable distance.

With the inception of the MHDP, a total of 1 837 houses were planned and commissioned for construction in Swakopmund. Of this total, 1 332 houses have been completed and handed over to the beneficiaries thus far.

The MHDP was launched and implemented by the government in 2013 and was aimed at increasing investment in the affordable housing sector and significantly increasing the supply towards meeting the demand for housing in Namibia.

Source: <https://www.erongo.com.na/local-news-ero/half-constructed-mhdp-houses-to-be-completed2022-11-02>

## CONSTRUCTION SECTOR STILL IN QUAGMIRE

The growth in construction is likely to remain weak until the government's green hydrogen project commences in the south, municipalities supply enough serviced land and public finances improve to allow fiscal space for the government to restart certain construction projects, analysts have said.

To survive, local construction companies have had to diversify business activities as pipeline work remained subdued. This follows the fact that the construction sector still faces difficult times as it recorded its fifth consecutive quarterly decline in the third quarter of 2022, contracting by 10% year-on-year (y/y).

According to analysts Simon is Storm Securities, competition is keen where local construction companies compete against foreign companies more intensely in public tenders. This has forced small and medium sized enterprises in the sector to close down all together.

"If the government does not respond to private sector requests to have a regulatory body in the construction sector, we do not see these challenges being resolved and so the growth outlook on construction looks bleak", the analysts say.

They said higher interest rates and a double digit increase in building material prices are expected to delay the commencement of construction of buildings for which plans are being approved.

The City of Windhoek approved 121 building plans during December 2022, compared to 204 in the prior month, a drop of 40,7% month-on-month (m/m) and 105 in December 2021, a rise of 15,2% y/y.

Plans approved in December 2022 were valued at N\$49,2 million compared to N\$134,9 million in November 2022, and include 83 plans for residential additions, 24 for new residential properties, 11 for walls and three for new commercial buildings.

Building completions remained somewhat flat in the second half of 2022. During December 2022, a total of 81 buildings were completed, compared to 89 completed in the prior month and 67 in December 2021.

Completed projects in December 2022 were worth N\$39,6 million compared to N\$52,7 million for projects completed in November 2022, and included 69 residential properties, 10 residential additions and two walls.

The Swakopmund municipality approved 70 building plans during December 2022, compared to 63 in November, rising 11,1% m/m and 96 in December 2021, a drop of 27,1% y/y.

Approved plans were valued at N\$53,8 million compared to N\$77,6 million in November 2022, with 62 plans for new residential properties, four for industrial buildings, two for residential additions, one each for institutions and commercial buildings.

More specifically, building plan approval rates are much higher for residential additions than new residential properties. These types of projects are typically on a smaller scale and would not yield sufficient profits for large scale construction companies.

Source: <https://www.namibian.com.na/119261/read/Construction-sector-still-in-quagmire>



## A SMOOTHER ROAD AHEAD FOR THE INFRASTRUCTURE INDUSTRY IN 2023

It has been a long and arduous road to recovery for the construction industry from the serious downswing brought about by the pandemic.

According to statistics aggregator Trading Economics, South Africa's construction industry contracted by as much as a quarter over three years, decreasing from nearly R140 billion in the second quarter of 2019 to R105 billion in Q2 of 2022.

"The past few years have been a trial by fire for many South African companies involved in construction and infrastructure development. The industry has been forced to overcome several major issues including an unstable market, wildly fluctuating input costs, and industry-wide material and employee shortages", says industry expert Roelof van den Berg, chief executive officer of the GAP Infrastructure Corporation (GIC).

"However, there are glimmers of light and there is no doubt that 2023 will be filled with opportunities. The sector finally has a chance to shake off lockdown fatigue and hopefully resolve some of the pressing supply chain issues we faced this year", he further stated.

Based on his 14 years of industry knowledge and experience, van den Berg believes that sector growth in 2023 will depend on the following three key factors:

### Increased government spend

Government is South Africa's biggest infrastructure spender, and in June 2020, it announced that it would be investing more than R2.3 trillion over the next ten years into infrastructure projects. Many of the infrastructure projects that were put on hold in 2020 and 2021 were reinstated in 2022, with the bulk of postponed projects set to commence in early 2023.

### Supply chain issues

During lockdowns, the industry keenly felt the effects of production slowdowns in key construction materials. Since then, the price of basic materials has remained highly volatile. The construction material industry is gradually resolving supply issues and catching up production backlogs that go as far back as 2020.

### Skills shortages

While the supply of low-skilled workers has seen a sharp rise in the past few years, a shortage of skilled workers is slowly started taking root. But van den Berg is confident that 2023 will see a marked upsurge in educated workers as an increase in projects and funding leads to better employment opportunities.

Source: [https://www.engineeringnews.co.za/article/a-smoother-road-ahead-for-the-infrastructure-industry-in-2023-2023-01-09/rep\\_id:4136](https://www.engineeringnews.co.za/article/a-smoother-road-ahead-for-the-infrastructure-industry-in-2023-2023-01-09/rep_id:4136)

## CLC: ENERGY PRICES IN UK TO SEND MATERIAL COSTS SOARING IN 2023

Material prices could face double-digit hikes in 2023, the Construction Leadership Council (CLC) has warned. Concerns centre in particular on the second and third quarter, when energy prices are expected to be "considerably above" the levels seen prior to the Ukraine war, especially without government support.

That is set to put "significant upward pressure on prices", especially on energy-intensive products such as bricks, cement, plasterboard and insulation, CLC co-chairs John Newcomb and Peter Caplehorn said.

Some materials, including plaster, plasterboard and insulation, could face double-digit inflation later in the year, they added.

But product availability, for now, is "good and returning to pre-COVID levels", with timber prices falling due to the large stock already in the UK and reduced shipping costs. The only timber stock facing disruption is birch plywood, according to the CLC, much of which used to come from Russia and is now sanctioned.

"With limited supplies available from Latvia and Finland, we advise speaking to plywood suppliers regarding alternatives", Caplehorn and Newcomb said. Contractors are also facing a "new area of concern" in solar and environmental products, as it is proving difficult to ensure products coming from Chinese manufacturers have the correct accreditation.

"This is a growing product area with increasing demand, so the UK construction industry is challenged to ensure such products are of the proper standard and quality", Caplehorn and Newcomb said.

Looking ahead, the CLC warned that shipping lead times could face more bottlenecks as China faces a hike in coronavirus infections, though schedules have improved in recent months.

Source: <https://www.constructionnews.co.uk/supply-chain/clc-energy-prices-to-send-material-costs-soaring-in-2023-21-12-2022/>



## 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

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

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## NEW EVENT AIMS TO ADDRESS SOUTH AFRICA'S CRITICAL HOUSING AND ACCOMMODATION SHORTAGE

South Africa's first and only multisector residential investment and development conference and exhibition have been launched in response to the country's massive housing shortage and high urbanisation rate, according to the organisers.

Hosted by SmartXchange (a division of Commerce Edge South Africa), this event will bring together the entire residential value chain to share knowledge, collaborate and do business. Expanding on the pressing need for this

gathering, SmartXchange chairperson and chief executive officer Debbie Tagg says: "South Africa has a massive housing shortage and one of the highest urbanisation rates among emerging economies across the world. 63% of South Africans are already living in urban areas and this will rise to 71% by 2030. By 2050, eight in 10 people will be living in urban areas. There are currently more than 3 300 informal settlements in South Africa," Tagg states.

The Social Housing Regulatory Authority (SHRA) which administers the government's

social housing program is targeting the delivery of 18,000 social housing units by 2024. Social housing is effectively the rental equivalent of gap housing and directly addresses the accommodation needs of the "missing middle" who are unable to access mortgage facilities through the government-assisted programme.

Source:

<https://constructionnews.co.za/new-event-aims-to-address-south-africas-critical-housing-and-accommodation-shortage/>



## SUSTAINABLE ENERGY FUND FOR AFRICA GRANT TO DRIVE ELECTRIC MOBILITY SHIFT IN SEVEN AFRICAN COUNTRIES

The Sustainable Energy Fund for Africa (SEFA) of the African Development Bank Group will provide a \$1 million technical assistance grant to the Green Mobility Facility for Africa (GMFA).

GMFA provides technical assistance and investment capital to accelerate and expand private sector investments in sustainable transport solutions in seven countries: Kenya, Morocco, Nigeria, Rwanda, Senegal, Sierra Leone, and South Africa. The SEFA grant will support the creation of an enabling environment for Electric Vehicles (EVs), the design of EV business models and guidelines for the public and private sector.

"Mobility is a fundamental lifeline that connects people to critical services, jobs, education, and opportunities", said Nnenna Nwabuo the Director-General of the Bank's East Africa Regional Development and Business Delivery Office.

Source: <https://www.afdb.org/en/news-and-events/press-releases/1-million-sustainable-energy-fund-africa-grant-drive-electric-mobility-shift-seven-african-countries-58650>

### Contributions

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.

Please send all contributions to:  
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