



BLACK ECONOMIC EMPOWERMENT PRINCIPLES APPLIED IN THE ROAD FUND ADMINISTRATION'S PROCUREMENT POLICY

Statement of Intent

The Road Fund Administration hereby pledges its support for the stated political and business intent to create a black economic empowerment (BEE) policy and the implementation thereof in the Namibian economic environment. The RFA believes that it is an economic and social imperative to address the inequalities of the past, in order to ensure economic growth and the sustainability of the Namibian economy.

The RFA believes that BEE is an integral driver for economic and social transformation in the Republic of Namibia, and therefore pledges to align its business with the intended national transformation agenda.

The RFA is committed to the creation and development of an enabling environment, for effective BEE within the broader environment in which it operates. The RFA believes in the important role of the small and medium enterprises in the Namibian economy and is committed to support the development of opportunities for the growing of the black SME sector.

The RFA reaffirms its commitment to contribute to the improvement and development of the quality of life of the Namibian community within the scope of its vision and mission. To achieve the objectives as stated in this policy, the RFA pledges its commitment and resources, within reasonable means, to the pursuit and accomplishment of the aims set out in this BEE policy.

Introduction

The RFA believes that BEE is an essential vehicle in facilitating the meaningful participation of blacks at all levels of the Namibian economy, in order to ensure the sustainable socio-political and economic stability Namibia has been enjoying hitherto.

The RFA's approach to BEE is based on the core principle that BEE is an economic and business imperative which shall steer Namibia's economy toward a stable environment that nurtures growth and increases its economic competitiveness as a country.

The RFA, through this policy, seeks to engage all its stakeholders in creating an enabling environment, contributing to the development of the country and the transformation of the economy, as part of its social responsibility.

In executing the BEE strategy, the RFA will remain focused on delivering the services as per its mandate, while remaining true to its core values of safety, efficiency, equity, effectiveness, transparency, professionalism, accountability and integrity.

Purpose

The purpose of this document is to outline the Black Economic Empowerment procurement policy for the Road Fund Administration. The document should be seen within a broader scope of the Namibian Government's intended BEE policy and Strategy. The document must be read together with the Approved Procurement Policy of the RFA.

Objectives

The RFA seeks to achieve the following objectives:

- Develop a wider economic base through the creation of opportunities for the establishment and development of black owned enterprises.
- Broaden the tax base and reduce capital flight out of the Namibian economic system
- To indirectly create jobs and raise the standard of living for our people
- To be a catalyst in the process of skills transfer and technology to our previously disadvantaged people.
- To foster a culture of doing business within our communities and lessens the dependence on handouts
- Make a contribution to social responsibility programs by encouraging our suppliers to engage in the promotion of BEE business.

Key principles and definitions

The RFA has key principles which drive the BEE policy as defined below. The key principles also serve as a basis in defining what the RFA understands to be a BEE entity.

“**Black**” is label that denotes all the previously disadvantaged people, including women and the physically and mentally challenged citizens.

“**Owned**” refers to economic interest held by shareholders

“**Managed**” refers to the number of blacks in executive positions

“**Black Owned Supplier**” is one in which a minimum of 51% interest is owned by blacks with a similar representation at the executive level.

“**Black Empowered Supplier**” is one in which 25% of ownership is black with an executive having between 20% to 50% of blacks, and a workforce of at least 50% blacks.

“Black Influenced Supplier” is one with a minimum of 5% black ownership, a similar level at executive and employment levels.

“SME Supplier” refers to a small or medium sized enterprise, but does not exclude a large company which is owned by blacks.

Criteria for BEE qualification

Over and above the key principles spelled out above, the following additional information must be used in accrediting a supplier as a BEE supplier:

- The extent to which the supplier is involved in investing in the community with the purpose of uplifting the living standards of our people.
- The articulation of the level of involvement of a sub-contracted SME in terms of earnings and skills transfer and the commitment thereto. For example, by way of a verifiable Joint Venture agreement to which the Road Fund Administration is privy and satisfied with.
- Joint Venture with BEE companies with the purpose of financial and management support, among others.

Development support of BEE suppliers

The RFA shall strive to develop and support the BEE sector within its reasonable resources, with the aim of not failing the sector, but to ensure its success and sustainability. The following aspects will be addressed to effect such development and support:

- Payment schedules may be altered to the extent possible to allow for a smooth cash flow.
- The RFA will strive to satisfy itself that sub-contracting agreements between BEE's and other suppliers are not detrimental to the survival of the BEE.
- A review program maybe instituted as a feedback mechanism in monitoring the progress on any particular project.

- A supplier who qualifies as a BEE supplier, shall be accredited as such for a period of one year, after which the status will be reviewed.
- Notwithstanding the above, a supplier may be considered a BEE supplier only during the period of the contract.

The Road Fund Administration, while acting in good faith, will not compromise on quality of work or service it expects from the suppliers.

Preferential procurement

The RFA will implement the following preferential point system to all tenders issued:

Within the tendering process, preference points amounting to 20% of the total points awarded for a tender will be allocated to BEE initiatives. An additional 5 points will be awarded as bonus points for BEE initiatives that include new BEE entrants.

Preference points for BEE initiatives will be awarded in line with local legislation and will be awarded in compliance with the following criteria:

In the event of a **COMPANY**:

CATEGORY	OWNERSHIP CRITERIA	WEIGHT
Ownership:		
Black	≥51%	4
Black Women	≥25%	2
Control:		
Black	≥51%	3
Black Women	≥25%	1
Rural Empowerment	3	
Independence	3	
Skills Development	2	
SMME	2	
Bonus Points	5	
TOTAL		25

In the event of a **JOINT VENTURE**:

CATEGORY	OWNERSHIP CRITERIA	WEIGHT
Ownership	>50%	4
	50%	2
	25%	1
Control	>50%	3
	50%	2
	25%	1
Profit Sharing	50:50	5
	40:60	4
	30:70	3
	20:80	2
	10:90	1
Rural Empowerment	5	
Skills Development	3	
Bonus Points	5	
TOTAL		25

Where:

OWNERSHIP: The BEE initiative's right to disposition and sharing in the risks and profits commensurate with the degree of ownership.

- If the BEE ownership in the company amounts to 51% and more, a total of 4 points are awarded.
- If the BEE ownership includes a 25% ownership by women, an additional 2 points are awarded.

CONTROL: This category focuses on the BEE's power to manage the company's assets and daily business operations.

- If the BEE controls 51% and more of the company, a total of 3 points are awarded.
- If the BEE control includes 25% control by women, and additional 1 point is awarded.

PROFIT SHARING

RURAL EMPOWERMENT: This category is aimed at promoting the involvement of rural based BEE's, thus encouraging broad based economic development in Namibia.

- The involvement of rural based BEE's qualifies for 3 points.

INDEPENDENCE: This category aims to reduce the instances of fronting, by considering whether or not the BEE is independent from external control, especially from a non-BEE company.

- If the BEE is totally independent, a total of 3 points are awarded.

SKILLS DEVELOPMENT: This category acknowledges the importance of skills development for BEE's, as it is one of the vehicles through which BEE sustainability can be ensured.

- Companies that invest in both their own and other previously disadvantaged Namibians (through the Affirmative Action Legislation) will be awarded 2 points.

SMME: This category is aimed at promoting SMME's, as they are the driving force behind broad based economic development in Namibia.

- The involvement of SMME's qualifies for 2 points.

BONUS POINTS: This category is aimed at promoting new BEE companies.

- A total of 5 bonus points are awarded for involving new BEE initiatives.

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