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THE CENTRAL PROCUREMENT BOARD OF NAMIBIA DETERMINE CONTRACT WITH NEU-OLULYA TRADING CC FOR THE CONSTRUCTION OF NKURENKURU VOCATIONAL TRAINING CENTRE (VTC) IN KAVANGO WEST REGION, PHASE 1B

The Central Procurement Board of Namibia (CPBN) wishes to inform the public that the Board has determine the contract of the above-mentioned procurement project with Neu-Olulya Trading CC.

The procurement of the project “Construction of Nkurenkuru Vocational Training Centre (VTC) in Kavango West Region, Phase 1b” was conducted by the Central Procurement Board of Namibia (“CPBN”) on behalf of Namibia Training Authority (“NTA”) with a contract value of **\$ 35,561,067.67**. This two-year project was awarded to **Neu-Olulya Trading CC** to construct the Vocational Training Centre between September 2020 and September 2022.

In terms of Section 8 (c) of the Public Procurement Act (PPA), CPBN is mandated to direct and supervise accounting officers in managing the implementation of procurement contracts awarded by the Board. This responsibility is carried out by the Monitoring and Evaluation Unit at CPBN.

The first Monitoring and Evaluation (M&E) visit to the Project was conducted on 10 November 2020 and was followed by another visit in April 2021. It is during these M &

E site visits that CPBN discovered that there was poor/slow performance in the implementation of the project by the contractor. Below, are some of the observations made during the site visits:

- 1.1 For a period of 6 (six) months (October 2020 – March 2021), the contractor only managed to construct platforms for the Administration, Sewing and culinary blocks. However, the said platforms were not completely done as laboratory tests needed to be conducted before the final layers are constructed.
- 1.2 There were barely any materials on site, and the workers on site had to wait for nearly three months to get materials such as sand, cement, and stones in order to start casting the concrete manholes.
- 1.3 There was a lack of manpower on site as there were only thirteen (13) employees comprising of seven (7) labourers, 5 (five) plant operators and a 1 (one) site agent.
- 1.4 The majority of the plant equipment were not functional.
- 1.5 There was no Security and Safety Officer on site, despite these items being part of the Preliminaries & Generals.

In addition to the above findings, CPBN received documentary evidence from the client (NTA) indicating similar findings. Various project meetings were also held between the Project Manager and the Contractor to discuss the slow progress of the project. To address the poor performance by the contractor, the Project Manager furnished the Contractor with a number of notifications to raise concerns regarding the slow progress and poor performance on site as listed below:

- a) 1st Notification letter on 27 November 2020
- b) 2nd Notification letter on 25 January 2021
- c) 3rd Notification recorded in progress site meeting minutes of 05 February 2021
- d) 4th Notification letter of 03 May 2021.

Furthermore, the contractor was given various opportunities to submit catch-up plans on how they would address the slow progress but still failed to implement their catch-up plans. The Lack of performance by the Contractor was further evident on the project financial expenditure that was at **7.5%** on 10 August 2021 whereas contract period/time had lapsed with **47.5 %** by then.

As a result of the non-performance on the construction of the Vocational Training Centre, the Board, at its meeting of 30 September 2021 resolved to determine the contract with Neu-Olulya Trading CC in terms of clause 57 of the General Conditions of Contract (GCC) as stipulated below:

57.2 Fundamental breaches of Contract shall include, but shall not be limited to, the following:

*(g) the Contractor has delayed the completion of the Works by the number of days for which the maximum number of liquidated damages can be paid, **as defined in the SCC;***

After contract determination, Neu-Olulya Trading CC opted to go for adjudication process. The adjudicator ruled in favour of the Employer (Namibia Training Authority) on 17 March 2022. As a result, construction on site has been halted since 30 September 2021.

The Nkurenkuru VTC forms part of the Namibian government's effort to decentralize its services by taking much needed services to the people, and many Namibian youth are expected to benefit from this VTC. However, it is disheartening to note that a project of such magnitude has to be brought to a standstill because of non-performance of a contractor who was entrusted to complete this very important project. The CPBN in remedying the situation has opted to conduct an emergency procurement with restriction to bidders who participated in the first bidding process in order to get a contractor on site as soon as practically possible. The emergency procurement process is at an advanced stage.

The determination of the contract should serve as a stern warning to bidders that CPBN will not tolerate non-performance on projects it has awarded.

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-Signed via email-