

## Namibia turns to private sector as Chinese deals turn sour

Contributed by Max Hamata and Tawanda Kanhema  
Thursday, 23 July 2009

THE Namibian Government has resolved to turn to the private sector to raise funds for the 62 kilometre Oshikango-Ondangwa railway project after negotiations with the Chinese industrial giant CMEC fell by the wayside. This move effectively dismantles Chinese's monopoly that has been in existence since 2008 when Chinese President Hu Jintao visited Namibia.

In its broad-based and often slanted bilateral agreements with the Chinese Government, Namibia had waived its tender procedures and unwittingly granted a sweeping monopoly to Chinese companies to supply materials and construct Namibia's railway network and other capital projects. According to a secret memo addressed to Cabinet by the Minister of Works and Transport Helmut Angula, the Namibian and Chinese governments signed a N\$1-billion concessionary loan agreement to finance various public infrastructure projects in Namibia, barring other local and international private companies from bidding for tenders to win government contracts for projects in the respective ministries.

"In terms of the agreement, the Namibian side would not procure goods, works and related services under the normal national or international competitive bidding procedures," said Angula in the memo, which was presented to cabinet recently.

"In this regard, the Tender Board granted Tender Board Exemption No.: E1/10/127/08 to the Ministry of Works and Transport to negotiate and conclude supply/construction agreements with China National Machinery & Equipment Import & Export Corporation to supply rails and construct the permanent way."

Namibia, therefore, granted Chinese companies a monopoly to supply and execute capital projects, unwittingly closing the door to transparent business procedures and opening the floodgates to a flurry of flawed contracts that have ended in criminal prosecutions and forced Government to suspend all loans from the Chinese Government.

As part of the agreement, the Chinese Government nominated a company run by the Chinese President Hu Jintao's son, Nuctech, to supply X-ray scanners to the Ministry of Finance's customs department without inviting other international manufacturers to submit tenders.

Nuctech did not only fail to supply the scanners but wired US\$12 million back to its consultants in Namibia.

Following the fallout over the botched X-ray deal, and the apparent bid by the Chinese Government and its companies to arm-twist Namibia into committing itself to overpriced contracts, the Ministry of Finance, Trade and Industry, Works and Transport and directors of TransNamib hastily formed a committee and resolved to ditch the hefty Chinese government loans and approach Namibian private financiers for funding.

"The Committee (made up of officials from the three ministries) agreed that TransNamib Holdings Limited would be the borrower of project financing from the private sector for the purpose of hastening the advertisement of tenders for rail supply and construction," said Angula.