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## MEDIA RELEASE

For immediate release:

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### **Update on the monetization/commercialization of the Windhoek municipal optic fibre as phase 1 of the implementation of the smart city project**

In 2017, the Council of the Windhoek Municipality adopted a Strategic Transformation Plan 2017 – 2022 in which Windhoek is to become a “*Smart and Caring City by the year 2022.*” We decided to kick off the technical implementation of the Smart City Project which is being done through the department of Information and Communication Technology. The Strategic Executive was tasked to find and advise on the most feasible and self-sustainable route to take to realise this project.

*Under Council Resolution 229/10/2017 it was resolved that the City (1) apply for the Network Facility Service Licence from the Communications Regulatory Authority of Namibia (CRAN) to enable the City to lease its dark fibre in support of achieving the smart city concept. (2) Investigate and present a report to the management committee on the mode of commercialisation, amongst others.*

The above council resolution to commercialise is empowered by **Section 30 of the Local Authorities Act (No. 23 of 1992)**; the following subsections are quoted from the act, which state that:

- (a) *to enter, subject to the regulations, into joint business ventures;*
- (b) *to commercialize, subject to any regulations which may be made relating thereto, any service rendered by it or any function or duty exercised or carried out by it;*

Following the resolution, an Expression of Interest/Request for Proposals Number NCS-ONB-COW-12-2018 was published in the local media under the heading: “***Request for Expression of Interest (EOI) And Request for Proposal (RFP) For The Monetization of the City of Windhoek’s Optic Fibre Network***” in which all Telecommunications Service Providers, operators and holders of the Class Comprehensive Electronic Communications Services Licence (ECNS and ECS) were invited to apply as technical service providers to the City’s Commercialization/Monetization project.

This RFP notice ran from 6 February 2018 to 28 March 2018. The process was conducted according to the Public Procurement Act. A selection and adjudication committee were

appointed, with ministerial approval, and the evaluation and selection of qualifying technical partners were identified and approved by internal procurement process.

After the process was completed and the technical service providers were selected, a report was submitted to council and, based on that report, council resolved as follows:

On 29 May 2019, council resolved through **COUNCIL RESOLUTION [126/05/2019]**:

- 1 That the progress made as part of the monetisation of the Optic Fibre Strategic Initiative, be noted.*
- 2 That the responses to the questions raised at various platforms, be noted.*
- 3 That the Joint Business Venture (JBV) be granted as the mode of monetisation of the optic fibre network in terms regulation 114 of the Local Authorities Act, 1992 (Act 23 of 1992) (as amended).*
- 4 That the Special Purpose Vehicle (SPV) be set up after Ministerial approval has been granted.*
- 5 That the Strategic Executive: Information and Communication Technology structure the Joint Business Venture (JBV) in such a manner for the City of Windhoek to have a 50 % +1 (majority) shareholding in the Special Purpose Vehicle (SPV), to be established with the equity partners.*
- 6 That the Strategic Executive: Information and Communication Technology ensure that the N\$27 million land value and leasing of the optic fibre is valued in line with market methodologies, including the servitudes where those assets are situated.*
- 7 That once the proposed structure (details) of the Special Purpose Vehicle (SPV) is composed/established, the Strategic Executive: Information and Communication Technology submit same to Management Committee/Council, for consideration.*

Part of the submitted report was a note to council that a transactional advisor be appointed as per the Public Procurement Act (Act No. 15 of 2015). The recommendation was that a legal firm be appointed to handle the transactional advisory services and co-source all needed expertise as it may deem fit to ensure an independent process.

Uanivi Gaes was appointed through a procurement process in line with the Public Procurement Act (Act No. 15 of 2015) and is on the panel of lawyers for the City of Windhoek. Uanivi-Gaes was subsequently appointed as the transactional advisor from the panel for the monetisation of the City of Windhoek's Optic Fibre and the enablement of the smart city services through the Information Communication Technology department. A purchase order was issued in order to commit budgetary funds for the following services for which Uanivi-Gaes was appointed:

- Legal advisory services

- Transactional advisory services
- Due diligence and project planning
- Litigation arising from this transaction

(Thus, not legal advice already rendered)

**Please note:**

- A purchase order is not a payment; it is merely an official confirmation of an order. These services were procured through an appropriate procurement process. This order was for the purpose of reservation of the funds for the work that needs to be completed with respect to the Smart City Project through its appointed transactional advisor. The paragraph above refers to work done and payment which was done. The City of Windhoek herewith wish to clarify that no work has been completed for N\$10 million and hence this assertion is devoid of any truth. The purpose of the order was to ensure that these funds are committed for this project and would not be cancelled during the transition to the new financial year.
- The reservation was cancelled as the funds were reallocated to another urgent IT-related matter.
- The City of Windhoek will continue to utilise the services of Uanivi-Gaes as the transactional advisors since these services have been procured lawfully and the need for the services of Uanivi-Gaes still exists.
- A transactional advisor does not perform such work alone. He/she will normally identify the skillset required to perform the job, both from his own expertise or insource technical experts outside his expertise in order to achieve a complete pool of skills needed to complete the job as mandated. The City must put funds aside to pay for such services as and when they get rendered. The transactional advisory is an essential service required for a project of such magnitude and impact in correctly advising council in tackling the complexities of this project.
- The issuer of the purchase order cancelled the purchase order due to other reprioritized commitments needed to be made by the same department. This was an operational decision made by the head of that department within his mandate. Executives at that level are allowed to make decisions and alter same as long as it is within their budgetary approvals and their delegated powers to act.
- The project (for which Uanivi-Gaes is to render services) has been approved by the Council of the City of Windhoek at an official council meeting.
- A procurement process was subsequently invoked in terms of the said Public Procurement Act for this approved project. It can thus not be true that there exists a member of the Council for the City of Windhoek who questioned any spending since the Accounting Officer, in terms of the Public Procurement Act No. 15 of 2015, is responsible to ensure that spending is curtailed and there exist sufficient internal processes and appropriate procurement committees who ensure that spending is within approved budget.

- No funds have been paid for any Special Purpose Vehicle (SPV) as such SPV clearly has not yet become operational. Uanivi-Gaes is not a Special Purpose Vehicle. As per Council Resolution: 126/05/2019, council invoked the provisions of a Joint Business Venture to approve the creation of a SPV for this purpose.

**On the status of the SPV:**

- The SPV legal entity is approved. Operational Board Council Approval is pending.

**On the allegation that the City's strategic executive (SE) for Information and Communication Technology, Reckliff Kandjiriomuini, signed off the purchase while acting as CEO:**

- This is false. The cancelled purchase order was not issued during the acting period of the strategic executive (SE) for Information and Communication Technology.

**Update on the status of the smart city project:**

- Preliminary project work for which council approval was obtained, has commenced and is ongoing. Project progress is reported internally through appropriate structures.
- Council still has to approve the structure of the Special Purpose Vehicle at a future date.

**Please note:**

- There exists no relationship or Joint Business Venture Agreement between the City of Windhoek and Huawei.
- Council has not approved an MOU with Huawei.
- There exist no 5G project approved by council at the City of Windhoek.
- Council has never applied for a 5G Spectrum Licence with the CRAN.

**In conclusion:**

It is important to note that the smart city project is aimed at breaching the digital divide that has systematically evolved over the years to such an extent that the majority of our people do not have access to the benefits derived from the advent of the 4<sup>th</sup> Industrial Revolution. It is time for our communities to be included and not only a select few using shrewd means to destroy such interventions in their own interests.

**Below is but some of the benefits that will be delivered through the smart city project:**

- Fibre to the residents and businesses for the purpose of connecting automated municipal services;
- Data centre hosting capabilities to accommodate start-up businesses and SMEs;



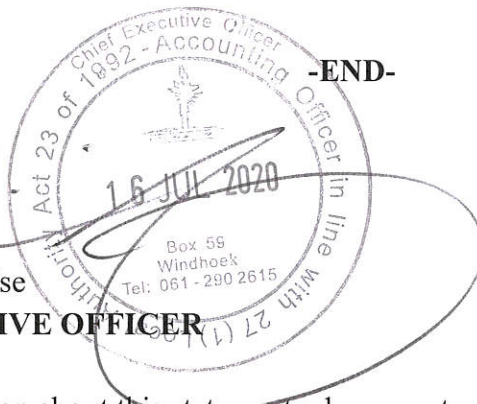
- Network access (e-services);
- Public Wi-Fi;
- Wireless broadband (very likely to be in conjunction with government – a good vehicle to catapult the implementation of the Broadband Policy of government);
- Smart metering (water and electricity);
- CCTV surveillance (in conjunction with the various arms of state security, to create a secure network to facilitate same)
- Multi-media marketing; and
- The public will have access to the cheapest and fastest internet services in the country, especially our previously disadvantaged communities.

The City is aware of various allegations circulating on social media. We will pronounce ourselves once concrete facts have been obtained. In the meantime, we encourage the public not to speculate and engage in rumour mongering. As a caring city, the best interests of all of our stakeholders remain a priority.

ISSUED BY:

  
Mr. Robert Kahimise

**CHIEF EXECUTIVE OFFICER**



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