



**REPUBLIC OF NAMIBIA
MINISTRY OF HEALTH AND SOCIAL SERVICES**

**MINISTERIAL STATEMENT
BY HON. DR. ESPERANCE LUVINDAO, (MP), MINISTER OF HEALTH
AND SOCIAL SERVICES,
ON THE PROCUREMENT OF PHARMACEUTICAL AND CLINICAL
SUPPLIES IN NAMIBIA.**

09 SEPTEMBER 2025

WINDHOEK

Honourable Speaker,
Honourable Members of Parliament,

1. I rise to provide a crucial update on the actions that the Ministry of Health and Social Services is undertaking to address the adequacy of pharmaceutical and clinical supplies in the country. Access to these essential items is one of the most crucial building blocks of a functional health system. Alongside robust health infrastructure, a skilled and dedicated health workforce, the provision of essential health services, robust health information and data systems, and strong governance and leadership; pharmaceuticals and clinical supplies form the bedrock upon which we build a healthy Namibia.
2. Our national goals for secure and reliable supply of Essential Medicines and Medical Supplies (EMMS) are set out in the National Health Policy Framework (NHPF) and the Strategic Plan of the Ministry of Health and Social Services. These goals aim to ensure that quality, affordable, and efficacious medicines, medical products and clinical supplies are available through timely supplies, providing a solid basis for adequate treatment interventions in our health facilities.
3. To this end, the Central Medical Stores (CMS) plays a vital role, acting as the primary entity responsible for supplying health products to all public sector health facilities across the country. Its mandates include warehousing, and distribution of medicines and related supplies to public health facilities at all levels.
4. Moreover, the Namibia Medicines Regulatory Council (NMRC) established in terms of the Medicines and Related Substances Control Act (Act No. 13 of 2003) regulates the use of medicines in the country and ensure their safety and efficacy.

Honourable Speaker,

5. When we look at the Ministry's spending on pharmaceuticals and clinical supplies, **one billion eight hundred and ninety-eight million, seven hundred and fifty-four thousand, six hundred and eighty Namibia dollars (N\$ 1,898,754,680)** (15,5% of MoHSS budget) was appropriated to pharmaceuticals and clinical supplies procurement for 2025/2026, a figure that has been consistently increasing over the last couple of years. This demonstrates our unwavering dedication to ensuring that the necessary resources are available for the procurement of pharmaceuticals and clinical supplies.
6. Despite this significant investment, we have faced severe challenges in recent years regarding the procurement of pharmaceuticals and clinical supplies, resulting in recurrent stock-outs in our health facilities. For the past two financial years, the service level at the

Central Medical Stores has been less than 57%, falling short of our required target of a minimum of 80%. This shortfall has been attributed to several factors, including:

- Lack of long-term procurement contracts;
- Global supply chain disruptions;
- Increased demand for pharmaceuticals;
- Changing disease patterns; and
- Limited storage and warehousing capabilities.

Honourable Speaker,

7. These challenges have had a tangible impact on the care we provide to our patients. Imagine diabetic patients who rely on a consistent supply of insulin to manage their condition, or a mother unable to access the necessary prenatal vitamins for a healthy pregnancy. These are the realities that arise when our supply chain falters, and these are the situations we are determined to prevent.
8. In addition to recurrent low stock or stock-outs, we have also encountered challenges related to an inefficient and bureaucratic procurement system; a lack of accountability within the supply chain; substandard storage facilities, and deficiencies in medicines inventory management systems at all levels; and inadequate security and risk management related to the stock of essential medicines and clinical supplies across the supply chain. These issues have further compounded the problem and hindered our ability to ensure a reliable and consistent supply of essential medicines and clinical supplies.
9. Moreover, the absence of long-term contracts has placed the Ministry in a perpetual cycle of conducting emergency procurement to address shortages of medicines in health facilities. While necessary in urgent situations, emergency procurement has proven to be a very expensive exercise, particularly when procuring from intermediary suppliers rather than directly from manufacturers.

Honourable Speaker,

Honourable Members,

10. Allow me to build upon the 100-day Report of H.E. Dr. Netumbo Nandi-Ndaitwah, President of the Republic of Namibia, which was delivered in July 2025. In that report, Her Excellency the President gave an update on progress towards delivering on the Namibian government's commitment to develop a Special Vehicle for Procurement to Address Shortages of Essential Medicines. In line with this commitment, the MoHSS is taking decisive action to address the challenges we face.

Update on Pharmaceutical Stock-Outs and Interventions

11. Accordingly, and in line with our commitment to transparency and accountability, I wish to update the nation on the immediate interventions and long-term structural reforms being implemented to stem recurrent stock-outs and secure the supply of essential medicines and clinical supplies.
12. On 13 August 2025, the Ministry activated emergency procurement protocols in response to widespread shortages of essential medicines. These actions were aimed to restore long-term stock levels for about 75% of key pharmaceuticals. This situation demanded immediate action, and we responded swiftly to mitigate the potential adverse consequences.
13. To ensure continued access to life-saving medications, the Ministry is now procuring directly from international manufacturers and wholesalers under emergency provisions of the Public Procurement Act 15 of 2015 and the regulatory exemptions provided by the Ministry of Finance. This approach is aimed at saving time and money, while securing large quantities of urgently needed supplies. By going directly to the source, we can ensure that we are obtaining the best possible prices, quality and quantities, thus stabilizing the stock of our medicines and essential clinical supplies over a long duration.
14. We are pleased to report that the Ministry's efforts to procure directly from international manufacturers and wholesalers are proving fruitful. In the initial phase, we engaged with 41 prequalified manufacturers and wholesalers, receiving offers for hundreds of essential medicines and clinical supplies. We have evaluated the offers made in Phase 1 and anticipate significant cost savings and improved supply security. In relative terms, these offers have potentially generated savings of approximately **two hundred and twenty-one million, four-hundred and ninety-four thousand, four hundred and eighty-five Namibian dollars and eighty-one cents (NS\$221,494,485.81)** compared to the weighted average intermediary prices. If compared to the maximum benchmark often used in intermediary-led emergency procurement, the savings are significantly higher. In both cases, our efforts have proven that better value for money and more stock of the same quality could be procured for the benefit of the public health system and the Namibian public. We look forward to providing detailed and comprehensive update to the public once this procurement process is finalized.

Transition to Long-Term Supply Planning

15. A key lesson from the past procurement experience is the importance of long-term contracting with manufacturers. Currently, the Ministry has no consistent long-term supply arrangements in place for many critical items. However, the Central Procurement Board of Namibia (CPBN), is now finalizing the two-year contracts for general pharmaceuticals, following the conclusion of legal challenges that were launched by some suppliers four years ago. In other words, the absence of the long-term contracts for pharmaceutical products which significantly contributed to the challenges we have faced in maintaining a consistent supply of essential medicines is now resolved.
16. Prior to the long-term agreements, the Ministry has had to rely on piecemeal emergency procurements, which offered neither price predictability nor guaranteed availability. This situation has now changed for the better. We are now moving away from a reactive approach to a proactive one, where we anticipate demand and secure long-term contracts with manufacturers and contractors to ensure a steady supply of essential medicines.
17. The Ministry is now actively working to stabilize national stock levels, after which we will transition towards a structured supply planning model, anchored by long-term contracts pegged to manufacturer prices. Supply orders with short lead times of two weeks or less are being prioritized in order to shore up stock levels, save lives and improve health outcomes. This shift will result in stable supply, reduced costs, and improved efficiency across the health system. By establishing long-term partnerships with manufacturers, we can ensure a reliable supply of essential medicines at predictable prices, ultimately benefiting our patients and the health system as a whole.

Warehousing and Supply Chain Reform

18. In addition to procurement challenges, the Ministry is addressing long-standing inefficiencies within the pharmaceutical warehousing and distribution system. Our current warehousing infrastructure is fragmented and outdated, hindering our ability to efficiently manage and distribute essential medicines.
19. The fragmentation of storage across multiple locations in Windhoek and beyond has created serious inefficiencies and exposed the supply chain to increased risks related to stock management, including stock losses and transport vulnerabilities. This situation not only adds to the cost of our operations but also increases the risk of theft and spoilage.

20. The Ministry has begun the implementation of both short-term and long-term solutions to consolidate and expand warehousing capacity under one secure, access-controlled facility. This will eliminate inefficiencies, improve accountability, and ensure quicker receipt and distribution of critical supplies to health facilities nationwide. By consolidating our warehousing operations, we can streamline our processes, reduce costs, and improve the security of our supply chain.
21. This move aligns with the recommendations from the Inspector General's 2024 security assessment and directly supports the Ministry's broader strategy to modernize Namibia's public health supply chain infrastructure. We are committed to investing in modern technology, infrastructure and information systems to ensure that our supply chain is efficient, secure, and responsive to the needs of our patients. For example, we are working to implement track and trace barcoding systems to monitor the movement of medicines from the point of central storage to the patient, electronic dispensing tools to improve accuracy and efficiency in dispensing medications at health facilities, and an integrated financial management system to enhance transparency and accountability in our procurement processes.

Looking Ahead

Honourable Speaker,

22. These reforms are part of a broader strategy to build a reliable, secure, and cost-effective pharmaceutical supply system for Namibia. We understand the public's concern regarding recent shortages, and we share that concern deeply. These challenges are not new, but what is new is the urgency, clarity and transparency with which we are now tackling them. Direct engagement with accredited global manufacturers, consolidation of warehousing, investment in integrated information systems and the transition to long-term contracts are part of a strategic shift that will lay the foundation for secure supply of pharmaceuticals. We are committed to working tirelessly to restore public trust and ensure that our health system is equipped to meet the needs of all people in Namibia.
23. The Ministry has also taken bold steps to strengthen oversight, accountability, and transparency in the supply chain. We are committed to ensuring that public resources are used effectively and efficiently to provide the best possible healthcare for our people.
24. We have implemented several accountability and efficiency measures, such as debarring suppliers for non-performance or misrepresentation. We will not tolerate suppliers who fail to meet their contractual obligations, and we will take decisive action to hold them accountable.

25. We are also strengthening security and improving risk management to ensure that the stock procured by the Ministry ends up in health facilities for its intended purpose: to treat and manage the patients we serve. We have implemented stricter controls to prevent theft and diversion of essential medicines, and we are working closely with law enforcement agencies to investigate and prosecute those who engage in illegal activities.

***Honourable Speaker,
Honourable Members,***

26. With our new focus on long-term contracts with manufacturers and contractors, we will significantly reduce our reliance on emergency procurement and ensure a more stable and predictable supply chain. Through this approach, suppliers gain clear visibility into our requirements, and we, in turn, understand their production capacity and lead times. This mutual transparency enables us to develop agreements that are both sustainable and mutually beneficial – ensuring consistency in supply, greater efficiency in resource allocation, and improved service delivery across the board.
27. There has also been confusion in the public about Letters of Credit that some manufacturers require the Ministry to sign. A Letter of Credit is a guarantee of payment issued by a bank on behalf of the Ministry to the manufacturer. It assures the manufacturer that they will be paid for the goods they supply, provided they meet the terms and conditions of the agreement.
28. I want to clarify that a Letter of Credit is not an advanced payment. In compliance with the provisions of the State Finance Act, the Ministry does not make advanced payments for goods or services. Payment is only made after the goods have been delivered and inspected to ensure they meet the required quality standards.

***Honourable Speaker,
Honourable Members***

29. In conclusion, we understand the concerns of the Namibian people regarding the need for sustainable and predictable supply of essential medicines and the impact that this has on the ground. I want to assure you that we are listening, and we are taking action.
30. I want to be clear: We acknowledge the challenges, but we are not deterred. We are addressing these challenges head-on with determination and resolve. I want to reassure the public that we are addressing this challenge and plan to restore optimal supplies of pharmaceuticals and clinical items over the coming weeks. This is our commitment to you.

I thank you.