Namibia’s Reforms of State-Owned Enterprises: Past experiences and challenges ahead

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Recent Headlines

- “Labour Commissioner advises against NAC retrenchments”, 23 March 2012
- “Airports Company botches streamlining”, 10 April 2012
- “NWR on brink of collapse”, 21 May 2012
- “Millions lost at NWR for paying work not done”, 20 June 2012
- “RA owes millions to contractors”, 21 June 2012
- “Super golden handshake for Aupindi”, 26 June 2012
- “Nalisa becomes NAC’s hot potato”, 7 August 2012
The Background

- The global wave of neo-liberal economic policies in the 1980s and 1990s
- Prescriptions of the “Washington Consensus”
- “Commercialisation” and outsourcing of government functions in Namibia: MWTC 2000; NWR; Namwater etc.
NDP1 and WASCOM

- Government to withdraw from activities that can be more effectively undertaken by the private sector;
- Review of the ownership, management structure and pricing policies of SOEs;
- SOEs to become increasingly self-financing or more open to competition, or will be privatised altogether;
- Reduce the number of civil servants;
- Increase the payment for SOE services
Impact of “commercialisation”

- Mixed results in terms of financial performance
- Large price increases at several SOEs, including Namwater, NWR, Telecom and Nampost
- Increase of insecure forms of employment (temporary contracts)
- Failure to introduce performance-based management packages
A luta continua?
Proposed SOE Governance Policy Framework (2001)

- Establish SOE Governance Council, Divestiture Sub-Committee and Central Governance Agency (monitor performance)
- Distinguish between regulatory SOEs and service –rendering SOEs
- Open “money-making” SOEs for private sector participation (Helmut Angula)
NUNW Proposals (2001)

- Establish single controlling body representing all social partners
- Safeguard affordable services
- Group SOEs into different categories
- Reduce management packages in line with economic realities
- Ensure transparency and accountability
Johannes !Gawaxab (2012)

- Govt. plays too many roles (owner, regulator, shareholder etc)
- SOEs need accountability and skilled leadership
- Stop “political appointments”
- SOEs play an important role to address market deficits and to promote economic development and employment creation
SOE Governance Act 2006

SOE Governance Council was established with wide-ranging powers on policies, investments, remuneration of boards and senior management as well as monitoring.
Transfers to SOEs (N$ millions)
Which way for SOEs?
Conclusion

- Specific SOEs require specific, targeted interventions
- Emphasis should be on social and economic efficiency
- SOEs have to serve developmental interventions and safeguard affordable services
Immediate Steps

- Gradual but systematic reduction of inflated management packages
- Careful choice of board and management based on skills and performance
- Introduce performance management systems, monitor closely and hold board and management accountable
- Political will and technical competency is crucial for successful SOE reform

Thank you!