SOE GOVERNANCE PROJECT

REPORT ON A GOVERNANCE POLICY FRAMEWORK FOR STATE-OWNED ENTERPRISES IN NAMIBIA

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REPORT ON A GOVERNANCE POLICY FRAMEWORK FOR STATE-OWNED ENTERPRISES IN NAMIBIA:

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

1 BACKGROUND

This project to develop a governance policy framework for State-Owned Enterprises in Namibia originated as a review of remuneration practices in SOEs. The initial focus on remuneration issues was eventually broadened into overall project objectives as follows:

- To assess the strengths and weaknesses of SOE governance in Namibia;
- To review best international practice in SOE governance;
- To formulate a policy framework for the future governance of SOEs in Namibia;
- To develop an implementation framework to ensure effective and continuous compliance with and development of the policy framework.

The project was carried out by a Cabinet Committee under the auspices of Honourable Minister H Angula, Minister of Agriculture, Water and Rural Development, supported by a steering committee and a professional team.

The following are the key components of the methodology followed by the project:

- An analysis into the current SOE governance situation in Namibia was undertaken, aided by:
  - Management and board data for some fifty SOEs
  - Interviews with individuals connected with the SOE sector
  - A review of current governance related documentation including legislation
  - A review of the economic contribution and financial results of SOEs
- An international comparative review of SOE governance practices was undertaken in both developed and developing countries;
- The results of the situational analysis were presented and discussed during consultative sessions with relevant stakeholders, including SOE representatives, labour unions, parliamentary structures, the Cabinet Committee on Economic Development and Parastatals (CCEDP) as well as Cabinet itself.
- Policy proposals as well as an implementation framework were formulated by the professional team and subsequently refined and, in certain cases amended, by the CCEDP.

2 FINDINGS OF THE SITUATION ANALYSIS

2.1 SIGNIFICANCE OF THE SOE SECTOR

In the absence of large scale nationalisation programs in the past, SOEs in Namibia make a relatively small contribution to the economy in terms of percentage contribution to GDP and in terms of employment contribution. However, they play a dominant role in certain sectors, especially in infrastructure and in the promotion of socio-economic development.

2.2 PERFORMANCE OF SOES

Worrying trends exist as regards the overall performance of SOEs, e.g.:

- State expenditure on and lending to SOEs has increased rapidly in recent years, a rising proportion of these disbursements being on current expenditure such as salaries and wages rather than capital expenditure;
- SOE's in monopoly or near-monopoly situations are generating financial returns at levels raising questions about the reasonability of their price structures;
- Capital intensity was increasing among SOEs, but not the productivity of capital;
- Debt levels were persisting at unsatisfactory levels at many SOEs;
- Taxes were recovered from very few SOEs;
- A survey among SOEs revealed perceptions and concerns around aspects such as undue political interference, inconsistencies in governance practices, uncertainty about the developmental roles of SOEs and unsatisfactory performance of board members.

2.3 LEGISLATIVE FRAMEWORK

While Namibia is not unique in not having overarching, consolidated legislation on SOE governance, it is out of step with best practice in not having a national SOE governance policy framework.

2.4 TRANSPARANCY TO AND COMMUNICATION WITH EXTERNAL STAKEHOLDERS

Namibian SOEs are in general not keeping pace with the need for proactive communication with stakeholders such as customers, environmental interest groups, and the public at large.

2.5 OWNER REPRESENTATION

In recent years Namibia has made progress, in line with international practice, in seperating the accommodation of the State's various interests in SOEs. These intererstsinclude interests as owner, policy maker, purchaser and regulator. In the case of some SOEs the appointment of a shareholding minister has been separated from the role of the 'line minister' having mostly a sectoral policy interest. However, the SOE sector is suffering from inconsistent arrangements as regards the representation of the owner (state), combined with a lack of capacity in terms of information and expertise at state level to exercise its ownership role effectively.

2.6 REMUNERATION

The analysis of remuneration practices among SOEs revealed a largely inconsistent situation with various anomolies in the remuneration structures and practices at both board and executive management levels. Contrastingly, best practice indicates towards the professional management of remuneration utilising market indices, relating rewards to performance and reflecting the context and circumstances of the individual SOE's concerned.

2.7 BOARD PRACTICES

The review of current board practices showed up the following weaknesses:

- A lack of consistently applied criteria and processes in the recruitment and appointment of boards of directors;
- Many boards do not maintain an appropriate balance in terms of, e.g. executive vs. non-executive directors, public vs. private sector representatives, and the distribution of skills;
- Some individuals, such as *ex officio* state representatives on SOE boards are subject to too onerous responsibilities;
- Board members are not sufficiently exposed to training and development programmes;
- Risks of conflicts of interest exist where individuals are serving in the boards of both holding and subsidiary boards in the same group of companies.

2.8 PERFORMANCE MANAGEMENT

Corporate performance management in the Namibian SOE context is suffering through:

- A lack of effective performance management interaction between owner and SOEs, largely due to a lack of capacity and information at the owner level to effectively take part in this process;
- Superficial use of performance contracts;
- A lack of effective incentives and disincentives with which performance impacting behaviour at executive and board levels could be influenced.

2.9 PRIVATE SECTOR PARTICIPATION

International practice in both developing and developed countries displays the endorsement of policies towards private sector participation in, as well as state divestiture from, the SOE sector. These policies are being pursued with a view to financial returns to the State, to improve the efficiency and competitiveness of these organisations and to create wealth through broadened ownership. While steps in this direction appear not to be without financial and social risks, the emerging consensus is that the longer term benefits tend to outweigh the shorter term sacrifices that may be involved.

3 RECOMMENDATIONS

Based on the preceding overview of key findings, this report sets out a guideline policy and implementation framework for the effective governance of SOEs. To assist in the dissemination of the information contained herein, recommendations made in the text is presented below. For greater contextual clarity with regard to recommendations, please refer to the relevant sections as indicated.

3.1 BOARD OF DIRECTORS: RECOMMENDATIONS (pp. 29-40)

3.1.1 Accountability and responsibilities of the board (p.29)

- The fiduciary responsibility of the board dictates that the enterprise remains financially viable and properly managed so as to best serve the shareholders' interests over time; thereby implying individual director duties such as care, loyalty, attention and skill
- General guidelines for directors in fulfilling their duties include that directors:

  - Should ensure that sufficient time is allocated to company duties
  - Should exercise utmost good faith, honesty and integrity in all their dealings on behalf of and with the company
  - Exercise the degree of skill and care as may be reasonably expected from persons of their skill and experience
  - Qualify themselves on an ongoing basis with at least a general understanding of the company's business and the effect of the economy
  - Always act in the best interests of the company
  - Never allow a conflict of duties and interests to arise and disclose potential conflicts of interest at the earliest possible opportunity
  - Ensure that they are appropriately informed to take decisions
  - Treat confidential company matters as such
  - Ensure that the company prepares regularly updated plans, budgets and forecasts against which the performance of the company can be judged
  - Exercise diligence in discharging their duties towards the company
  - Be able, and prepared to, where necessary, express disagreement with colleagues on the board including the chairperson and chief executive officer
  - Act in an enterprising manner, striving to increase shareholders' value while having regard for the interests of all stakeholders relevant to the company
  - Obtain independent professional advice at the earliest opportunity if in doubt about any aspect of their duties
- Other general guidelines for the board include:
  - In performing its specific functions the board should exercise leadership in a transparent, accountable and responsible way
  - The board should abstain from day-to-day interference with management activities
  - The board should ensure that the SOE complies with the legal and regulatory framework
  - The board should ensure that that there are open, regular and reliable lines of communication with stakeholders
  - Directors must retain full and effective control over the management of the SOE

  - In order to fulfill its functions, it is recommended that the board meets at regular intervals, at least four times a year
- The main responsibilities of the board include:
  - Appointing, facilitating training of and monitoring the performance of senior management
  - Ensuring that decisions over material policy related issues are in the hands of the board
  - Controlling of executive remuneration
  - Strategic planning and related action plans
  - Identifying and managing risks
  - Identifying performance objectives and indicators
  - Maintaining communication policy
  - Ensuring that technology and systems are adequate
  - Reporting in terms of annual budgets and business plans
  - Maintaining systems of financial management and internal control
  - Monitoring good corporate governance
  - Identifying and monitoring the non-financial aspects relevant to the company, e.g. affirmative action policy and empowerment programmes
  - Monitoring and managing potential conflicts of interests
  - Overseeing the development of a formal code of conduct and its implementation
  - Regular assessment of the board's performance and effectiveness, collectively and individually
  - The appointment and evaluation of specific committees to fulfil certain tasks, i.e. a remuneration committee and audit committee

3.1.2 Selection and appointment of board members (p.32)

- The procedures of nominating and shortlisting members to the board of directors should be formal and transparent
- It is recommended that the ultimate responsibility and authority for appointing board members continues to reside with the shareholder as represented by the State-Owned Enterprise Governance Council (SOEGC), in consultation with the Line Minister and acting on the advice of the Central Governance Agency (CGA) (See 3.8)

- The CGA should assume full responsibility for the ongoing identification, screening, recruitment and training of board members, in consultation with the respective Line Minister
- Board members should have the requisite expertise and experience as determined by the CGA

3.1.3 Board size and structure (p.33)

- The size of boards should be guided by effectiveness-related considerations
- It is recommended that a measure of flexibility, together with a guideline ceiling number be pursued as a next step in determining board sizes
- It is suggested that the Central Governance Agency (see 3.8) should determine an optimal board size for individual SOEs, within the limits of five to seven members
- A total number of seven could be exceeded in extreme circumstances, subject to approval by the SOEGC acting on the advice of the Central Governance Agency
- The current approach of unitary board structures, implying a single board per entitity, should be maintained

3.1.4 Board composition (p.33)

- Non-executive members should make up at least one half of the board
- Participation of executive directors is important to ensure informed decisions
- Board composition should not be determined along stakeholder lines but rather focus on the contributions to be made by each individual
- Owner representation should not exceed two members and should not be restricted to Permanent Secretaries
- The board should be balanced in terms of professional expertise, private and public sector representation and should, as far possible, provide diversity in terms of race, age and gender
- In all circumstances, relevant skills should be the most important criteria for the selection of board members
- In the case of an organisation involved in labour intensive operations, it would be important for the board to be appropriately informed. This could be achieved through the involvement of a board member from organised labour or a member that have specialised understanding of labour perspectives through another avenue

3.1.5 The board chairperson (p.34)

- The chairperson should be a non-executive director, with well-defined functions and responsibilities
- There should be uniformity in the appointment of SOE board chairpersons

3.1.6 Remuneration guidelines (p.35)

- A uniform approach and common standards in terms of remuneration should apply to all SOEs
- There should be clear and detailed disclosure of all individual directors' earnings and benefits, broken down into relevant categories
- Remuneration of directors and senior executives should be market related
- Remuneration structures should consider performance indicators in order that the merits of competitive packages may be assessed
- Non-executive directors could receive incentive-based commissions over and above traditional sitting fees
- SOEs' three-year plans should incorporate a proposed remuneration structure wherein the envisaged remuneration for board members and senior executives should be dealt with in detail
- The CGA, in consultation with the Line Minister, should be tasked to make final recommendations with regard to board and senior executive remuneration structures and levels
- Transparency through the full disclosure of information is better suited as a monitoring mechanism than direct regulation
- The need to have relatively attractive remuneration packages should be balanced against the affordability thereof

3.1.7 Length of contracts (p.37)

- The term served by all board members must be determined in advance and should form part of a comprehensive letter of appointment
- Executive directors' contracts should not exceed a period of 3 to 5 years and may be renewed, subject to approval by the shareholder(s)

3.1.8 Multiple board membership (p.37)

- An absolute limit on the number of board memberships that any one individual may hold should be avoided – the implications of multiple such memberships should rather be judged in the context of the particular case

- Conflicts of interest should be guarded against when a board member sits on more than one board – especially in the case of board members of holding companies being board members in subsidiaries, a situation which should be avoided except in extreme situations with Ministerial approval
- Multiple directorships should not impact negatively on the ability of the director to fulfil his/her responsibilities to the relevant board
- All directors should disclose their positions as board members in other companies

3.1.9 Training (p.38)

- The training of candidates is the responsibility of the board in general and the board should define the training requirements
- It is envisaged that the CGA will play a supportive role in the training and development of directors for SOEs, with possible additional training support to public servants in corporate governance matters

3.1.10 Independence (p.38)

- In their responsibility to ensure proper oversight of the performance of the SOE, the directors' independence from undue influence from either management or the State is of crucial importance
- The independence of the board could be enhanced by the appointment of a majority of credible and skilled non-executive directors

3.1.11 Standards of behaviour (p.38)

- The board has an ethical obligation to ensure that the behaviour of its members adheres to a specific code of good conduct

3.1.12 Personal liability of directors (p.39)

- A limited personal liability for directors is advisable
- Directors should be held fully liable in the case of reckless and fraudulent behaviour
- In cases of SOEs not established in terms of the Companies Act (1973), it is recommended that the founding statue be brought in line with the stipulations of the Companies Act in connection with the personal liability of directors
- Directors cannot be held liable where their decisions were based on an informed judgement, with no conflict of interest and on the basis that the decision was rational in all the circumstances prevailing at the time the decision was made. However, this principle does not dilute the directors' general duty of care towards the enterprise

3.1.13 Access to information (p.39)

- The board has right of access to accurate, relevant and timely information and should have access to a professional outside advisor at the expense of the organisation. The appointment of the advisor is subject to the board's approval

3.1.14 Disclosure of information (p.39)

- A mechanism should be in place to ensure the timely disclosure of information pertaining to the financial situation, ownership and governance of the enterprise
- The public disclosure of information is needed both in parliament and in a publicly accessible annual report
- Although Government has a special obligation in respect of transparency and accountability with regard to its ownership of national assets, excessive requirements for disclosure should be guarded against since it could prejudice the ability of SOEs to compete effectively

3.2 EXECUTIVE MANAGEMENT: RECOMMENDATIONS (pp. 41-42)

3.2.1 The Chief Executive Officer (p.41)

- The CEO has a crucial and strategic role in the SOE and his/her role should therefor be separated from that of the chairperson of the board
- The relationship between the CEO and the board should be clear and formally defined
- The performance of the CEO should be assessed (at least annually) by a sub-committee appointed by the board

3.2.2 Discretion of executive management (p.41)

- Provided that the various interests of the State have been accommodated and that executive management functions within the boundaries of the SOE's strategic plan, management of the SOE should be free from inappropriate political interference
- In the event that executive management does not function according to the approved strategic plan of the SOE, the State has the right to intervene but must follow the proper channels through the board of directors

3.2.3 Executive remuneration (p.41)

- The same remuneration guidelines should apply to both the BoD and senior management

- It is recommended that guideline base remuneration levels for executive managers be identified that correspond to comparable government positions and related remuneration ratios
- It is recommended that adjustment of executive management remuneration from the base level should follow criteria identified in performance contracts, with specific reference to SOE performance

3.3 PERFORMANCE MANAGEMENT: RECOMMENDATIONS (pp.42-45)

3.3.1 General principles (p.42)

- The three primary success factors for performance management of SOEs are:
  - The management of the information asymmetry
  - Designing appropriate rewards and penalties
  - Ensuring commitment of the relevant parties

3.3.2 Disclosure of performance related information (p.44)

- Provision should be made for the annual publication of information relevant to assess performance of SOEs
- SOEs should annually submit a business plan with a one-year horizon as well as an updated strategic plan with a three-year horizon. These plans should:
  - Cover all material aspects of the SOE's business
  - Be timeously presented to the CGA for scrutiny, interpretation and dialogue before approval by the SOEGC
- SOEs should publish an annual report outlining the SOE's performance against all material dimensions of the applicable strategic and business plans as well as of the applicable performance agreement

3.3.3 Performance contracts (p.44)

- A SOE's three year plan should form the basis for the performance agreement that summarises the commitment of the SOE towards the shareholder
- An effective dialogue between shareholder and SOE as well as the development of appropriate incentives and disincentives should be encouraged to enhance the use of performance contracts
- Performance contracts should not be relied upon as the sole measure to ensure satisfactory performance

3.3.4 Performance monitoring capacity (p.45)

- The effective monitoring and interpretation of the performance of SOEs is of crucial importance in the development of performance contracts and further motivates the establishment of a Central Governance Agency

3.4 FINANCIAL ACCOUNTABILITY: RECOMMENDATIONS (pp.45-46)

- The shareholder is responsible for developing the financial framework within which the SOE is expected to operate
- The board of directors is responsible for maintaining systems of financial management and internal control
- External and internal auditors should be appointed to prepare an annual independent report on the SOE's financial performance and position
- The board should establish an internal audit committee that should have a majority of non-executive members
- Board members or officers who, by their acts of omission or commission have contributed to a failed audit should be held liable for any such conduct
- Auditors should be held liable for damages proportional to their contribution to the failed audit
- Strong financial controls are recommended with regard to borrowing, investment, financial disclosure requirements and financial auditing requirements
- The aim should increasingly be towards self-funding of commercial SOEs

3.5 TARIFF POLICIES: RECOMMENDATIONS (pp.46-47)

- Tariff policies are applicable in monopoly situations or other situations characterised by market imperfections, e.g. externalities
- The aim should be to regulate prices on a level that approximates that of competitive market prices
- Companies should be able to retain some of the benefits of improved performance while passing part of it on to consumers in the form of price advantages
- The CGA should fulfil a facilitative role in price regulation by pointing out the need for price regulation in the context of individual sectors and monitoring of SOEs' compliance
- Actual price/tariff setting should be undertaken by specialised price regulators associated with the specific sector concerned

3.6 STAKEHOLDER INVOLVEMENT: RECOMMENDATIONS (pp. 47-48)

- The board of directors should identify all relevant stakeholders and agree to policies with regard to relationships with these stakeholders
- The board of directors should take notice of different stakeholder interests in the formulation of strategy and ensure that an appropriate balance between interest groups is maintained

3.7 ARRANGEMENTS TO ENSURE SOE GOVERNANCE POLICY COMPLIANCE: RECOMMENDATIONS (pp.48-53)

3.7.1 A central SOE governance capability (p.49)

- Separation of the overseer and the executive functions in SOE monitoring and control is recommended
- The *overseer function*, which acts on behalf of the State and represents ownership interests, should comprise persons able to interpret the interests of various stakeholder groupings and should report directly to the relevant political authority
- The *executive function* would be responsible for exercising the entity's authority and for carrying out monitoring, information processing and analytical functions. This function should be staffed by (or as a minimum have access to) technocratic staff qualified in the relevant disciplines
- A central governance capability should follow a facilitative, developmental and consultative approach rather than a mere "policing" approach
- If private sector participation is pursued by Government, the overseer and executive functions should both have two distinct performance areas: one which takes responsibility for continuous SOE governance monitoring, and one which will be specifically involved in all aspects of private sector participation
- The overseer and executive functions should cooperate effectively through the sharing of information and expertise

3.7.2 A State-Owned Enterprise Governance Council (p.51)

The following institutional arrangements towards enhancement of SOE governance are recommended:

- The establishment of a State-Owned Enterprise Governance Council (SOEGC) to act as agent and representative of the State with all the powers and responsibilities of the owner/shareholder
- The SOEGC to be responsible for implementing an integrated governance policy framework according to which it can both monitor compliance by SOEs and play a leading role in the restructuring of SOEs
- The SOEGC to be constituted of the current Cabinet Committee on Economic Development and Parastatals (CCEDP) with the prerogative to invite private sector and labour observer members
- The establishment of two specialist sub-committees: a Governance and Monitoring Sub-Committee (GMSC) and Divestiture Sub-Committee (DSC). The GMSC will be responsible for SOE governance, monitoring and regulation of SOEs, while the DSC will be responsible for the management and implementation monitoring of Government's intended divestiture programme
- A Central Governance Agency (CGA), located within the Ministry of Finance, will provide support and report to the SOEGC
- The SOEGC reports to Cabinet through the CCEDP. The reports of the SOEGC should be tabled at a relevant select committee of Parliament

3.7.3 A Central Governance Agency (p.51)

- The Central Governance Agency (CGA) is proposed to act as an executive capability to carry out proactive governance initiatives on a day-to-day basis
- The functions of the CGA could include the following:
  - Monitoring and approval of performance related information as submitted by SOEs
  - Assessment of SOEs' performance against relevant information
  - Advice to the SOEGC on governance interventions required
  - Sourcing of a panel of individuals for appointment as SOE directors
  - Facilitation of the formulation and presentation of training and development programmes for existing and potential SOE directors
  - Ongoing monitoring of the need for amendments to SOE governance policy
  - Executive management of the State's initiatives to promote private sector participation, e.g. through prioritisation of divestitures etc.

- It is envisaged that the CGA will be located in the Ministry of Finance, possibly connected to the Treasury
- Reports of the CGA will be submitted to the SOEGC
- Since the work of the CGA will require capacity in a wide range of disciplines and the application of knowledge in varying industry contexts, it would be advisable to appoint specialised contractors (through competitive tendering) to carry out designated work programmes for the CGA

3.8 REGULATORY FRAMEWORK : RECOMMENDATIONS (p.54)

- It is proposed that a finalised version of this governance policy framework be adopted as a Cabinet Directive, subject to amendment from time to time
- The periodic updating and amendment of the policy framework will be initiated through the work of the SOEGC and the CGA

3.9 OTHER ISSUES: RECOMMENDATIONS (pp.54-55)

- SOEs should develop their own codes of ethics, involving different stakeholders in the process. The code of ethics should receive the total commitment from the board and senior management of the SOE
- Practices to ensure worker participation should be developed to enable management to identify conflicts within the organisation without delay
- The board of directors should establish an affirmative action committee with a non-executive majority and provide them with a written terms of reference in terms of the SOE's strategy to address social issues such as empowerment, gender equality, environmental issues etc.

3.10 INCREASED PRIVATE SECTOR PARTICIPATION AND THE PROMOTION OF A COMPETITIVE ENVIRONMENT: RECOMMENDATIONS (pp. 55-59)

- Consideration should be given to the creation of a central agency (as was discussed above) to ensure that policies, guidelines and strategies for the promotion of private sector participation in the SOE sector are in place
- The relevant agency should initiate a SOE private sector participation program in line with Government's declared principles. These principles include:
  - Consideration of individual cases on their respective merits

- Restructuring of the SOE sector to increase efficiency and profitability and to maximise the benefits from private sector participation
- Avoiding the undue concentration of economic power and possible foreign control of assets
- To give particular emphasis on achieving empowerment objectives through increasing private sector participation
- Applying available funds resulting from privatisation judiciously and with priority given to national capital and development projects

4 IMPLEMENTATION FRAMEWORK (pp. 59-60)

The key implementation steps necessary to guide the process as outlined in the above recommendations are:

- Proper mandating of the policy framework after due consultation
- Appointment of an implementation task group
- Establish the State-Owned Enterprise Governance Council (SOEGC)
- Recruitment of the CGA Director
- Preparation of work programmes and budget
- Procurement of implementation resources
- Ongoing communication
- Monitoring progress against implementation timeline

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REPORT ON A GOVERNANCE POLICY FRAMEWORK FOR STATE-OWNED ENTERPRISES IN NAMIBIA:

POLICY AND IMPLEMENTATION FRAMEWORK

POLICY AND IMPLEMENTATION FRAMEWORK

1 INTRODUCTION

In recent years the State-Owned Enterprise (SOE) sector of Namibia has expanded significantly both in terms of economic size and numbers of entities. However, worrying trends with regard to the operational and financial performance of several SOEs persist. The increased complexity of the sector has not been matched by a parallel development of governance policies. The reviews that preceded this policy framework have pointed to a fragmented policy approach and widespread uncertainty amongst stakeholders over governance procedures and mechanisms.

The aim of the SOE Governance Project is to develop an overall policy framework for the governance of State-Owned Enterprises (SOEs) in Namibia. The focus areas of this policy document are:

- Background to the governance of SOEs including:
  - their current role in the economy
  - different categories of SOEs
  - the legislative framework within which SOEs operate
- A policy framework for the governance of SOEs including guidelines for:
  - the shareholder
  - the board of directors
  - all other stakeholders
  - executive management
  - performance management
  - financial accountability
  - other issues (e.g. as regards a code of ethics and empowerment considerations)
- The potential of private sector participation in SOEs

This document is the result of a participative process of policy formulation. Representatives from SOEs, Government, labour as well as other stakeholder groups contributed through written submissions, participation in work sessions as well as through individual comment. The policy draft was preceded by an analysis of strengths and weaknesses of current SOE governance in Namibia and of comparative practices worldwide, in both

developing and developed countries. Recourse was made to several international benchmark documents in the field of corporate governance. Such documents include the Cadbury Report (United Kingdom), the guidelines produced by the Commonwealth Association on Corporate Governance (CAGC) as well as the King reports on corporate governance (South Africa). The results of this analysis have been summarised in a separate document.

2 BACKGROUND

2.1 STATE-OWNED ENTERPRISES IN INTERNATIONAL CONTEXT

The history of SOE establishment shows that states have opted to own and control enterprises in specific sectors for a variety of reasons. In most cases, the key consideration for the establishment of SOEs has been to address perceived allocative inefficiencies in the provision of products and services to a country's population. In the paradigm of maximizing national welfare through government intervention, state ownership is seen as the best way to encourage development and growth while maintaining basic services to all.

However, the international track record of SOEs in delivering goods and services effectively and efficiently is in general viewed critically. The major contributing factor to this has been SOEs' closeness to corrupt political regimes and the concomitant introduction of political considerations into their operational management. In addition, SOEs are often perceived as being sheltered from competitive market conditions. SOEs worldwide have as a result become strongly associated with operational inefficiencies, low service levels and productivity and bureaucratic structures. This has led to a large-scale adoption of policies, induced by Bretton Woods institutions and aimed at transferring the ownership of these entities to the private sector, although not always with significant success, e.g. in some African countries. (See additional comment by technical advisors, Annexure B)

Against the above background, state ownership of enterprises has in the past two decades been hotly debated, notably in the light of worldwide privatisation trends. Following on the experience of the United Kingdom in the 1980s, many developing and developed countries alike initiated reform through divestiture to relax budgetary constraints and foster economic growth through private sector market development. The end of the Cold War further signified large-scale public sector reform in post-communist societies, also mostly through privatisation. According to the World Bank, revenues totaling $49.3 billion were generated between 1990 and 1998

through privatisation, with revenues in Latin America & The Caribbean and Europe & Central Asia comprising 93% of the total.

The overall tempo of privatisation has slowed down in recent years, partly because many large-scale programmes have substantially been completed. This gives an opportunity to countries worldwide to assess privatisation results and to determine policies for the road ahead. The recognition that privatisation can have negative social consequences if not managed carefully, especially during the transition stage, has made careful assessment and planning necessary. The preparation of a supportive governance environment has become increasingly important in considering options such as improved regulation and possible private sector participation. Previous theory-based research is being supplanted with empirical case studies detailing the pros and cons of state versus private ownership. In the development of a policy framework for the governance of Namibian SOEs, it is important to take note of key international trends and lessons with regard to ownership, competition, corporate governance and how they interrelate.

The challenge facing Namibia is to ensure a balanced approach that can address both allocative and operational inefficiencies, while keeping all relevant considerations of a developing country in mind. The salient issues emerging from international experience are highlighted below:

- An excessive focus on the location of ownership of national enterprises, without attention to the development of accompanying competition framework, will not necessarily lead to an overall improvement in efficiency.
- Private ownership in developed countries is typically introduced to strengthen competition and to counter externalities and monopoly situations. Where natural monopolies exist, however, experience has shown that effective competition might be impossible to attain and also not necessarily ideal.
- Introducing competition to enhance SOE efficiency is more successful if an adequate system of sanctions and rewards is in place. Ongoing political patronage of SOEs will not provide an incentive for improved management, nor will inappropriate political interference and weak governance improve performance.
- In small and underdeveloped markets, greater consideration should be given to the threat of complete market failure in deciding on ownership structures than in well-established markets.

- While regulation frameworks cannot foresee all possible outcomes, detailed frameworks and well-defined regulatory functions have been proven to have a positive impact on SOE performance.
- Maintaining SOEs under state ownership for social development purposes is a preference of many developing countries, yet the costs and benefits of socially focused SOEs can often not be adequately measured, especially in financial terms. The decision to maintain so-called social SOEs is a political one.
- It has been found that the ability to effectively monitor SOE governance is very important in ensuring effective production of goods and services. This task is more made complex in the case of a state-owned entity, as its shareholder base is in theory all citizens. Best practice points toward monitoring mechanisms that should be able to effectively co-ordinate the various interests of the State as representative of citizens.
- Internationally, the institutional framework for monitoring SOE related financial transactions, such as loans and subsidies, involves inputs from all relevant players in order to prevent sectional interests being pursued.
- In line with private sector structures, the separation of ownership and control in SOE governance has been identified as a necessary factor able to contribute a net benefit to the entities' overall performance. While conflicts of interest may arise, these are to be resolved according to policy and regulatory frameworks. Policy frameworks following generally acceptable corporate governance principles further ensure the clear delineation of responsibilities and functions.
- To ensure optimised performance from SOEs, the owner's information requirements for efficient monitoring are clearly outlined.
- The protection of owners' rights through legal frameworks is widely suggested as a governance measure that can improve SOE efficiency. This provides the owner recourse to courts in the event of a dispute.
- It should be noted that specifically formulated regulatory frameworks have proved to be effective in encouraging positive performance over and above performance agreements between SOEs and their owners.
- In moving towards greater private sector participation in SOEs, international experience has shown that the preconditions for success include a well-established corporate governance framework, a strong and independent judiciary and efficient markets in the designated sectors.
- A move to private sector participation should not focus excessively on revenue maximisation through the sale of shares, but keep in mind

considerations such as improved efficiencies, empowerment and market development.

While concerted efforts to improve and reform SOE governance in Namibia has started relatively late compared to its Sub-Saharan neighbours, the international lessons and experience gained can contribute significantly to ensuring a successful local reform programme.

2.2 THE ROLE OF STATE-OWNED ENTERPRISES IN THE NAMIBIAN ECONOMY

Namibia pursues a mixed economy and there has historically been no large-scale nationalisation process. This means that the share of SOEs in national output and in employment is smaller than in many other countries where the State has played a larger role or even dominated economic activity over long periods. At independence the number of SOEs was restricted to a few utility companies and four development financing agencies. In the mid-1990s the number of SOEs has increased substantially and a large number of additional SOEs were created. Although the State's intervention in commercial activity began to raise concern, it should be taken into consideration that a significant degree of commercialisation of selected government functions occurred as a way to contain the government sector after independence.

The financial performance of SOEs since 1993 has been disappointing in the majority of cases, with government expenditure on and lending to SOEs increasing significantly. Government expenditure and lending furthermore show a significant shift away from capital transfers to SOEs towards increased lending and spending on salaries and wages. Many SOEs experience high levels of debt as well as declining levels of capital productivity.

In 1997 it was estimated that SOEs contributed 2.3% towards national output and 2% towards total employment – relatively low percentages compared to their contribution in African countries such as South Africa (14.9%), Zimbabwe (11.3%) and Malawi (4.3%). The Namibian situation compares with situations in first world economies such as the United Kingdom (3.4%), stronger South American economies such as Argentine (1.3%) and developing Southeast Asian countries such as the Philippines (2.2%). However, given their significant role in the national physical and logistical infrastructure, SOE operations fulfil a strategic function in the national economy in terms of economic growth, development and poverty eradication.

In Namibia, the State acts through SOEs in a number of recognisable cases. The categorisation of these cases form the basis for the classification of SOEs as discussed in 2.3 below:

One category of SOEs in Namibia include enterprises providing infrastructure, fulfilling an important role in the provision of basic services such as water and sanitation, electricity, transport and road infrastructure as well as post and telecommunication services. Service providers in these industries are traditionally referred to as **natural monopolies**, i.e. industries where more than one supplier would be cost-inefficient, and hence regarded as appropriate industries in which the State should play a role.

Other categories of SOEs in the Namibian economy include SOEs with **regulatory functions**, such as the Bank of Namibia, the Diamond Board and the Meat Board and non/ partially self-funding, service rendering SOEs with **developmental roles** such as the Namibia Development Corporation.

Goods and services with substantial "externalities", i.e. when the consumption of goods or services has a positive (or negative) effect on society at large (e.g. education, health), is usually under (or over)-provided for by the market and is therefore seen as an appropriate case for government intervention.

Governments usually establish SOEs in the case of:

- Natural monopolies, i.e. industries where more than one supplier would be cost-inefficient
- Entities that produce goods and services with externalities, i.e. goods or services that would have been under/over produced in a competitive market
- Entities with regulatory functions
- Entities with a developmental role
- Entities in strategic industries

In Namibia, a number of SOEs have also been established in strategic industries, e.g. petroleum.

2.3 CATEGORIES OF STATE-OWNED ENTERPRISES

According to the Namibian State Finance Bill of 2001, a parastatal can be defined as:

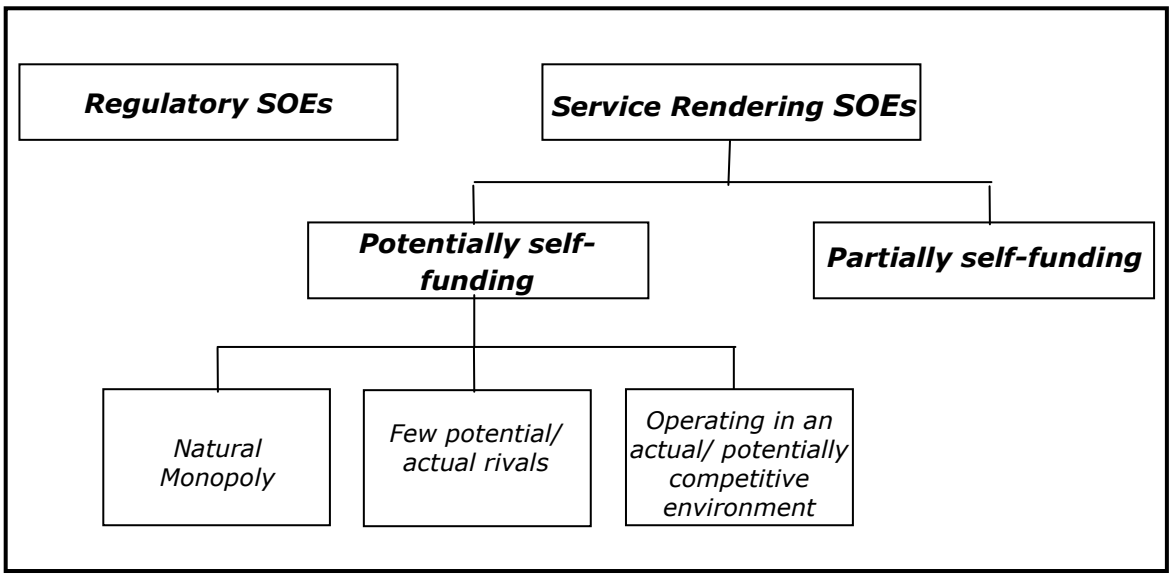
(a) A body corporate established under any Act other than the Companies Act (excluding local or regional authorities) and

(b) A company registered under the companies Act in which the government controls the composition of the board of directors,

control more than 50% of the votes and control more than 50% of the issued shares.

Following the example of international practice, this policy document follows a classification scheme that differentiates between service-orientated and regulatory types of SOEs. The motivation for this classification scheme lies in its ability to focus differentiated policy attention on different categories of SOEs, especially as regards potential private sector participation. The following diagram visually depicts the classification scheme:

DIAGRAM 1: Classification scheme of Namibian SOEs



Regulatory types of SOEs do not only include SOEs that play an important role in terms of economic stability (e.g. the Bank of Namibia) but also sector-specific regulatory boards such as the Diamond Board and the Meat Board. Given the current priority to liberalise trade in economies over the world (e.g. agricultural reform and the diminishing role of sector control boards), regulatory type of SOEs are not automatically excluded as a category of SOEs that could potentially be considered for transformation initiatives.

Service rendering SOEs include SOEs that could potentially be self-funding as well as SOEs that could not reasonably be expected to attain self-funding status although they may be able to this in part. Partially self-funding SOEs mostly include SOEs of which the primary roles are to fulfil developmental or other social roles such as development corporations and tertiary education entities. Partially self- funding SOEs are usually seen as less likely candidates for outright privatisation. However, intermediate forms of private

sector participation such as partnerships or joint ventures may be possible, often in relation to components of these institutions rather than the institution as a whole.

The categories of SOEs that could be considered as most likely candidates to consider for increased private sector participation mainly fall into the potentially self-funding category. These organisations typically render a discrete service to individual customers to whom a price can be charged on a transactional basis. In Namibia, SOEs in this category include industries traditionally regarded as natural monopolies, i.e. industries where more than one supplier would be cost-inefficient - typically enterprises that provide infrastructure services such as water and sanitation, electricity, transport infrastructure and telecommunications infrastructure. The expansion of markets internationally as well as technological advances have created increased opportunities for competition even in these industries and raises questions concerning the extent to which some of these enterprises should still be considered natural monopolies. Government regulation in these markets is nevertheless still considered important to address competitive imbalances.

In contrast with the above mentioned category of self-funding SOEs functioning under monopolistic conditions, another category would be those self-funding SOEs exposed to increasing actual or potential levels of competition. These SOEs are especially likely candidates for increased private sector participation with concomitant competitive policy frameworks.

Annexure A to this report contains a provisional allocation of current SOEs to the respective categories discussed above.

3 CORPORATE GOVERNANCE ISSUES

3.1 INTRODUCTION

The improvement of the corporate governance arrangements of SOEs is an important consideration since institutional preconditions are important both for improved performance of existing SOEs as well as for successful restructuring of those selected for restructuring.

According to the second King Report[4] the seven pillars of good governance is considered to consist of:

> Sir Adrian Cadbury (quoted in the King report on Corporate Governance, RSA, 2001): "Corporate governance is concerned with holding the balance between economic goals and social goals and between individual and communal goals…the aim is to align as nearly as possible the interests of individuals, corporations and society."

- ***Discipline:*** implies a company's awareness and commitment to the principles of good governance, particularly by senior management
- ***Transparency:*** refers to the ability of a company to make necessary information available in an accurate and timely way – including annual reports and press releases
- ***Independence:*** the extent to which mechanisms have been put in place to avoid dominance of individual or sectoral interests
- ***Accountability:*** effective mechanisms should allow for accountability of individuals and groups within a company
- ***Responsibility:*** entails issues such as the board's responsibility towards all stakeholders of the company
- ***Fairness:*** acknowledgement of and respect for the rights of various groups that have interest in the company, including minority groups
- ***Social responsibility:*** Non-discriminatory, non-exploitive behaviour of the company and responsibility with regard to environmental and human rights issues.

In the following sections the guidelines for good governance of SOEs will be discussed in more detail with emphasis on the different role players, e.g. owner, board members, executive management and other stakeholders.

3.2 BOARD OF DIRECTORS (BoD) (pp. 7-13)

3.2.1 BoD: Accountability and responsibilities (p.7)

The board of directors is, in essence, accountable for the performance of the SOE. In general the board should serve the legitimate interests of the shareholder while discharging a fiduciary responsibility towards the

[4] King Committee on Corporate Governance, King Report on Corporate Governance in South Africa, Institute of Directors SA, Parktown, Draft 2001

enterprise. General guidelines towards directors' fulfilling their fiduciary obligations include that directors, whether executive or non-executive:

- Should ensure that the time they allocate to company duties are sufficient to do justice to the task
- Should exercise utmost good faith, honesty and integrity in all their dealings on behalf of and with the company and should ensure that all such dealings are free from undue external influence
- Exercise on an individual basis not only the degree of skill and care as may be reasonably expected from a person of his/her skill and experience (the conventional legal formulation) but should exercise that level of care and skill any reasonable person would be expected to show in looking after his/ her own affairs while having regard to his/ her actual knowledge and experience
- Qualify themselves on an ongoing basis with at least a general understanding of the company's business and the effect of the economy
- Always act in the best interests of the company
- Never allow a conflict of duties and interests to arise and disclose potential conflicts of interest at the earliest possible opportunity
- Ensure that they are appropriately informed to take decisions
- Treat confidential company matters as such
- Ensure that the company prepares regularly updated plans, budgets and forecasts against which the performance of the company can be judged
- Exercise diligence in discharging their duties towards the company, implying that they should regularly attend board meetings and must acquire a general knowledge of the company's business so as to be able to meaningfully contribute to its direction
- Be able, and prepared, to where necessary express disagreement with colleagues on the board including the chairperson and chief executive officer
- Act in an enterprising manner, striving to increase shareholders' value while having regard for the interests of all stakeholders relevant to the company
- Obtain independent professional advice at the earliest opportunity if in doubt about any aspect of their duties

Specific oversight responsibilities of the board of directors include:

- Appointing, facilitating training, monitoring the performance of senior management and ensuring that decisions over material policy-related

issues are in the hands of the board. The board should follow a predetermined definition of materiality on matters such as the acquisition and disposal of assets, investments, capital projects, authority levels, etc. The level or definition of materiality should be decided by individual enterprises

- Controlling of executive remuneration
- Strategic planning and related action plans
- Identifying and managing risks
- Identifying corporate performance objectives and indicators
- Maintaining communication policy
- Ensuring that technology and systems are adequate for the efficient running of the organisation and the maintenance of a competitive position in the market
- Reporting in terms of annual budgets and business plans
- Maintaining systems of financial management and internal control
- Monitoring good corporate governance
- Identifying and monitoring the non-financial aspects relevant to the company, e.g. affirmative action policy and empowerment programmes
- Monitoring and managing potential conflicts of interests
- Overseeing the development of a formal code of conduct and the implementation thereof
- Regular assessment of the board's performance and effectiveness, collectively and individually. This includes the annual review of the composition of the board in terms of an appropriate mix of skills, experience and other qualities, an assessment of the effectiveness of the board as a whole, its committees and the contribution of individual directors
- The appointment and evaluation of specific committees to fulfil certain tasks, the general guideline being to have standing committees (e.g. an audit committee and a remuneration committee) while establishing *ad hoc* committees from time to time according to needs arising

The following general principles should be observed in fulfilling their responsibilities:

- The fiduciary responsibility of the board dictates that the enterprise remains financially viable and properly managed so as to best serve the shareholders' interests over time

- In performing its specific functions the board should exercise leadership in a transparent, accountable and responsible way and display impeccable integrity and honesty
- The board should abstain from day-to-day interference with executive management activities
- The board should ensure compliance with the relevant legal and regulatory frameworks
- The board should ensure that there are open, regular and reliable lines of communication with stakeholders. SOEs in Namibia need to focus on the accessibility of communication channels especially with regard to customers as a stakeholder group. The board must be willing to make unpopular decisions when necessary
- Directors must retain full and effective control over the management of the SOE

In order to fulfill its functions, it is recommended that the board meet at regular intervals, at least four times a year. Boards should encourage attendance at annual general meetings at which board members should be present – especially the chairpersons of the board's audit and remuneration committees. The board should disclose in its annual report the number of meetings and attendance by each member.

3.2.2 BoD: Selection and appointment (p.9)

The procedures of nominating and shortlisting members to the board of directors should be formal and transparent. It is important to have a credible selection process for executive and non-executive directors at both holding company and subsidiary company levels.

It is recommended that the ultimate responsibility and authority for appointing board members continues to reside with the shareholder as represented by the State-Owned Enterprise Governance Council (SOEGC), in consultation with the Line Minister and acting on the advice of the Central Governance Agency (CGA) (as envisaged in 3.8). It is further recommended that the CGA should assume full responsibility for the ongoing identification, screening, recruitment and training of board members, in consultation with the respective Line Minister. Requests for public nominations and/or submissions regarding suitable candidates can be considered on a periodic basis.

Board members should have the requisite expertise and experience as determined by the CGA.

Best practice suggests that persons with prior professional/social relationships with directors of the company are excluded as potential candidates for the particular board of directors.

3.2.3 BoD: Size and structure (p.10)

The size of boards should be guided by effectiveness-related considerations. While a current Cabinet guideline prescribes a maximum number of five board members, best practice suggests that a measure of flexibility, together with a guideline ceiling number, may be an appropriate next evolutionary step. It is suggested that the CGA (see 3.8) should determine an optimal board size for individual SOEs, within the limits of five to seven members. A total number of seven could be exceeded in extreme circumstances, subject to approval by the SOEGC acting on the advice of the CGA.

It is proposed that the current approach of unitary board structures should be maintained, rather than opting for a two-tier system such as being followed in Germany where both management boards and supervisory boards are commonly established.

3.2.4 BoD: Composition (p.10)

Non-executive members should make up at least one half of the board. However, it should be kept in mind that a majority of non-executive directors would ensure a better review of the performance of the organisation. Non-executive directors should provide independent viewpoints and assistance to executive directors. They should also be relied upon in matters that could involve potential conflicts of interest such as nomination of prospective board members, remuneration of the board and evaluation of the board's performance[6].

According to the King Report (RSA, 2001):

- Executive directors are individuals who are involved in the day-to-day management and/or are a full time salaried employee of the company and/or one of its subsidiaries
- Non-executive directors can be classified as individuals who are not involved in the day-to-day management of the organisation and is not a salaried employee of the company or one of its subsidiaries

[6] King Committee on Corporate Governance, King Report on Corporate Governance in South Africa, Institute of Directors SA, Parktown, Draft 2001

Participation of executive directors in SOE boards is important to ensure informed board decisions as well as to expose executives to independent questioning and debate. As outlined above, executive directors should not be in the majority. The Chief Executive Officer should be one of the executive directors.

It is recommended that board composition should not be determined along stakeholder lines, but rather focus on the contributions to be made by each individual. Relevant skills should be the most important criteria for the selection of board members and not the relevant interest group that they represent. A board member's task is to promote the interests of the company and not that of any particular interest group.

Owner representation should not exceed two members and should not be restricted to Permanent Secretaries so as not to subject such individuals to excessively onerous duties with regards to board representation.

The board should be balanced in terms of professional expertise (e.g. legal, technical, financial, economic expertise), private and public sector representation and should reflect diversity in its demographic composition in terms of race, age and gender.

In the case of an organisation involved in labour intensive operations, it would be important for board deliberations to be appropriately informed about labour related perspectives. This could be achieved by the involvement of a board member from organised labour or a member that have obtained specialised understanding of labour perspectives through another avenue.

3.2.5 BoD: Chairperson (p.11)

A capable chairperson, a non-executive director, should lead the board. The core functions of the chairperson usually include[5]:

- Providing leadership to the board
- Playing a leading role in formulating the annual work plan of the board
- Acting as main informal link between the board and management (especially the chief executive officer)
- Ensuring that all directors play a full and constructive role in the affairs of the SOE

[5] King Committee on Corporate Governance, King Report on Corporate Governance in South Africa, Institute of Directors SA, Parktown, Draft 2001

- Ensuring that all required information is placed before the board to enable the board to make an informed decision.

There should be uniformity in the appointment of SOE board chairpersons.

3.2.6 BoD: Remuneration guidelines (p.11)

A uniform approach and common standards in terms of remuneration should apply to all SOEs. The following principles are proposed to guide future SOE remuneration policy:

- ***Transparency and Disclosure***

Given that SOEs are in public ownership, disclosure practices as regards remuneration should arguably follow emerging disclosure practices in the case of publicly listed companies. There should be clear disclosure of all individual directors' earnings and benefits, broken down into relevant categories. The policy on developing the senior executives' remuneration should be equally formal and transparent and their individual remuneration packages should be disclosed as in the case of directors. Disclosure of remuneration policies and practices should as a minimum occur in the SOE's annually updated three-year plan as well as in its annual report.

- ***Market relatedness***

SOEs are competing in the employment market for the best available talent. Remuneration of directors and senior executives should be market related. This implies that the remuneration structures concerned should be designed and implemented with reference to relevant market indices and benchmarks applicable to the relevant industry. The specific indices and benchmarks used should be referenced in the three-year plan as well as the annual report.

- ***Linking remuneration to performance***

Although it is commendable for SOEs to maintain competitive remuneration packages relative to the private sector in order to attract the best suitable candidates, it is important that this approach should be supplemented with the use of performance indicators to assess whether competitive packages are merited and in consideration of the affordability of the packages. This implies that the performance of the individual(s) concerned and the financial status of the SOE concerned are of relevance here.

Traditionally, non-executive directors receive only a sitting fee. To incentivise the performance of non-executive directors, a commission over and above the sitting fee could be considered – e.g. offering bonuses linked

to the SOE's performance[7]. (See additional comments by technical advisors, Annexure F)

For executive directors, remuneration usually includes a salary and benefits and should at least partially be linked to the performance of the SOE by making use, for example of performance bonuses.

- ***Mechanisms to ensure application of the guiding principles:***

SOEs' three-year plans (annually updated) should incorporate a proposed remuneration structure wherein the envisaged remuneration for board members and senior executives should be dealt with in detail. Such remuneration proposals should be motivated with reference to the guiding principles outlined above. As is the case with the rest of the three-year plan, the remuneration structure should be subjected to the scrutiny of the CGA and approved by the SOEGC. As part of this review function, the CGA should take final responsiblity to make recommendations with regard to board and senior executive remuneration structures and levels, in consultation with the Line Minister. To reach clarity on three-year plan submissions, liaison with board remuneration committees could be considered.

To prevent conflicts of interest, it is recommended that non-executive board members should receive no other benefits from the SOE other than their directors' fees. It is similarly recommended that *ex officio* board members should not receive any remuneration from SOEs whatsoever.

- ***Consideration of the merit of setting wage ceilings (directly or indirectly):***

Although a wage ceiling could theoretically be considered to determine sitting fees and basic salaries of directors and senior executives, it would inhibit the proper functioning of a remuneration scheme based on market indicators and performance incentives. Best practice furthermore suggests that transparency through the full disclosure of information relating to remuneration levels and policies is more effective than direct regulation of remuneration levels.

[7] King Committee on Corporate Governance, King Report on Corporate Governance in South Africa, Institute of Directors SA, Parktown, Draft 2001

3.2.7 BoD: Length of contracts (p.11)

The term served by all directors must be determined in advance and should form part of a comprehensive letter of appointment – explicit in terms of reference and compensation. Best practice suggests as a guideline that executive directors' contracts should not exceed a period of 3 to 5 years and may be renewed, subject to approval by the shareholder. In all cases, board members' appointment letters should declare the minimum amount of time required on matters related to the SOE and directors should declare all their relevant interests.

Board continuity is important and a programme to ensure a staggered rotation of directors should be put in place by the board.

3.2.8 BoD: Multiple board seats (p.11)

Namibia has a relatively limited number of experienced business professionals. In light of this reality, coupled with the fact that multiple board seats could have potential benefits in terms of the increased experience of board members, it is not considered advisable to set absolute limits to the number of board seats. Best practice furthermore suggests that executive directors should be permitted to hold one other non-executive directorship provided that it does not interfere with their immediate management responsibilities. Non-executive directors should consider the number of directorships they can manage for individual companies they serve to enjoy the full benefit of their expertise and knowledge.[8] In the case of non-executive directors with other full time management responsibilities, it would not be advisable to take on more than two non-executive portfolio's.

The most important provisions concerning multiple board seats are:

- Conflicts of interest should be guarded against when a director sits on more than one board. This is especially relevant in the case where a board member of a holding company serves as board member in a subsidiary company – this situation should rather be avoided and only be tolerated in exceptional circumstances

[8] King Committee on Corporate Governance, King Report on Corporate Governance in South Africa, Institute of Directors SA, Parktown, Draft 2001

- Multiple directorships should not impact negatively on the ability of the director to fulfil his/her responsibilities to the relevant board
- All directors should disclose their positions as directors in other companies

3.2.9 BoD: Training and orientation (p.12)

New appointees should make a commitment to go through a period of induction with regard to the SOE's business, resources, systems, corporate values, corporate governance, standards of probity and accountability.

Training courses should be made available for directors with no previous experience.

The training of candidates is the responsibility of the board in general and the board should define the training procedures. It is envisaged that the CGA will play a supportive role in the training and development of directors for SOEs.

3.2.10 BoD: Independence (p.12)

Considering the fact that board members of SOEs are appointed by the State, the independence of directors is a key issue in international literature. In their responsibility to ensure proper oversight of the performance of the enterprise, the directors' independence from undue influence from either management or the State is of crucial importance.

There is an important distinction between legitimate state influence and "inappropriate" state influence. As was discussed above, excessive/ inappropriate government influence could be said to exist if the owner representative seeks to influence the SOE with a private agenda in mind and not with a mandate from the public (owner), i.e. influence that is not publicly accountable such as hidden subsidies, private agreements etc. In these circumstances it would be advisable for the boards to use their independence to bring such practices to public attention.

The independence of the board would be enhanced by the appointment of a majority of credible and skilled non-executive directors.

3.2.11 BoD: Standards of behaviour (p.12)

The board of directors is obliged to ensure that members' behaviour adheres to a specific code of good conduct. International practice suggests the development of a formal code of conduct by the board of directors

which could include issues such as the requirement for directors to act in the best interest of the SOE, full disclosure of any conflicts of interests, appropriate time allocated to fulfil obligations etc. A code of ethics (focusing on the ethical values needed in specific situations) could be developed for the organisation as a whole as is discussed in more detail below.

3.2.12 BoD: Personal liability of directors (p.12)

A limited personal liability for directors is advisable. However, directors should be held fully liable in the case of reckless and fraudulent behaviour. As is stipulated by the Companies Act (1973), penalties for fraudulent behaviour could range from fines to sentences of up to 10 years imprisonment – depending on the nature of the offence. In cases of SOEs not established in terms of the Companies Act, it is recommended that the founding statute be brought in line with the stipulations of the Companies Act in connection with the personal liability of directors.

In terms of the so-called 'business judgment rule', directors should not be held liable where their decisions were based on an informed judgement, with no conflict of interest and on the basis that the decision was rational in all the circumstances at the time the decision was made [9]. This limitation on directors' liability applies even if the decision in question later appears to have been an error in judgment. However, this principle does not dilute directors' general duty of care towards the enterprise.

3.2.13 BoD: Access to information (p.13)

The board has the right to access accurate, relevant and timely information. The chairperson holds the responsibility for the board's receipt of appropriate information.

Board members and committees should furthermore have access to a professional external advisor at the expense of the organisation. The appointment of the advisor is subject to the board's approval.

3.2.14 BoD: Disclosure of information (p.13)

A framework should be in place to ensure the timely disclosure of the financial situation, share ownership, major activities and governance structures of the organisation.

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[9] King Committee on Corporate Governance, King Report on Corporate Governance in South Africa, Institute of Directors SA, Parktown, Draft 2001

The public disclosure of all relevant information is needed in parliament (through an appropriate select committee) and in a publicly accessible annual report. Although Government has a special obligation of transparency and accountability in respect of its ownership of national assets, excessive requirements for disclosure should be guarded against since it could prejudice the ability of SOEs to compete effectively.

The directors should report on the following matters in the annual report [10]:

- Financial statements that fairly present the financial state of the SOE as at the end of the financial year and the profit or loss for the period (the auditor should report on the financial statements)
- The maintenance of adequate accounting records and an effective system of internal controls and risk management
- The consistent use of appropriate accounting policies
- Adherence to applicable accounting standards
- The status of the business as a going concern in the year ahead
- Members of the board and senior management as well as their remuneration
- Members of the board committees, brief description of their terms of reference, number of meetings held and other relevant information

Other relevant issues to disclose would include:

- Future plans and important foreseeable risk factors for the SOE
- Governance structures and policies
- Compliance with legislation
- Major share ownership and voting rights
- Number of annual board meetings and attendance by individual directors
- SOE objectives
- Arrangement and level of severance packages at director level where applicable
- All potential conflicts of interest must be declared whether related to business interests, membership of a trade/other economic organisation, shareholder status etc.

[10] King Committee on Corporate Governance, King Report on Corporate Governance in South Africa, Institute of Directors SA, Parktown, Draft 2001

3.3 EXECUTIVE MANAGEMENT (p.13)

3.3.1 The Chief Executive Officer (CEO) (p.13)

The relationship between the CEO and the board should be clear and formally defined, coupled with a performance contract. The performance of the CEO should be assessed (at least annually) by a sub-committee appointed by the board.

The CEO has a crucial and strategic role in the SOE and his/her role should therefor be separated from that of the chairperson of the board.

The main functions of a CEO are usually:

- The development and recommendation of a long-term strategy and vision for the company that would be in the interest of the company and will generate positive relations with relevant stakeholders
- The development and recommendation of the annual business plans and budgets
- Striving to achieve the company's financial and operating goals and ensuring that the day-to-day business affairs of the company is monitored and managed in an appropriate way
- Ensuring continuous improvement in the quality of the services and products produced by the company and ensuring that the company maintains a competitive position in the market
- Ensuring an effective management team
- Serving as chief spokesperson for the company

3.3.2 Executive management discretion (p.13)

Provided that the various interests of the State have been accommodated through the relevant governance structures and that executive management functions within the boundaries of the SOE's approved strategic plan, the day-to-day operational management of the enterprise should be left to the discretion of executive management.

In the event that executive management does not function according to the approved strategic plan of the SOE, the board of directors should intervene and, in the absence of the board's intervention the SOEGC has the right to intervene. Such intervention should preferably be pursued through the board of directors as the proper channel.

3.3.3 Executive remuneration (p.13)

The principles outlined in 3.2 above as regards the remuneration of directors should apply *mutatis mutandis*, to senior executive managers as well. This implies a similar focus on:

- Transparency and disclosure
- Market related levels of remuneration
- Linking remuneration to performance
- Remuneration structure proposals with a three year horizon should be made in the annually updated three year plans of SOEs
- Steering away from absolute remuneration ceilings.

It is recommended that guideline base remuneration levels for executive managers be identified that correspond to comparable government positions and related remuneration ratios. Additional criteria to be applied in determining the base levels of individuals' remuneration are:

- The size and complexity of the SOE, based on annual turnover, corporate structure, staffing and operations
- The qualifications and individual capacity of each executive manager

It is recommended that adjustment of executive management remuneration from the base level should follow criteria identified in performance contracts, with specific reference to SOE performance, whether financial or otherwise. The payout of further performance bonuses should be based on similar considerations. (See comments by technical advisors, Annexure F)

3.4 PERFORMANCE MANAGEMENT (pp.14-15)

3.4.1 General principles (p.14)

The successful transformation of the SOE sector depends to a large extent on changing the relationships between the State, SOE boards and managers. While boards and managers enjoy autonomy to respond to reform programmes of governments, they seldom have the incentive to act. Increased board and managerial autonomy, new oversight bodies as well as explicit performance agreements play a crucial role in changing the

relationship between Government and SOE managers. The three primary success factors for performance management of SOEs are[11]:

- ***The management of the information asymmetry***

SOE boards and management have access to information that the State typically lacks and this situation can lead to SOEs negotiating for easily attained targets. The most inexpensive way to address the problem is through increasing competition in the market in which the SOE operates (also see 2.3). Increased competition would enable the State to make direct comparisons with competitors of the SOE and would also ensure that the incentives of the contracting parties are aligned with the desired outcome to improve performance. In cases where increased competition is impractical (e.g. natural monopolies) the State can utilise yardstick competition, i.e. comparing the performance of the SOE with SOEs in other regions that operate in similar environments. The establishment of a central SOE governance entity (see 3.8) should be of considerable assistance in reducing the information asymmetry. This will be possible since one of the primary tasks of the envisaged entity will be to gather and interpret SOE performance information.

- ***Designing appropriate incentives and disincentives***

To improve the performance of an SOE, performance contracts should include rewards and penalties that would encourage directors and management not to misuse the information asymmetry but rather strive towards the common goal of improving the performance of the SOE. Incentives could include bonus schemes for directors and senior executives and work best when improvements are clearly linked to the higher rewards while failure is sanctioned by withholding the reward.

- ***Ensuring commitment of the relevant parties***

Commitment problems occur partly because of the difficulty to find a neutral third party with the power to ensure that the SOE board and management meet their obligations towards the shareholder and *vice versa*. This problem could be overcome by specifying a neutral conflict resolution mechanism. The enforcing agent/s could be the CGA (see 3.8) or, less formally, the press and the informed public that may exert pressure on either party to fulfill their respective obligations. The courts would fulfil an ultimate conflict resolution function.

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[11] World Bank Policy Research Report, Bureaucrats in Business: The Economics and Politics of Government Ownership, Oxford University Press, Oxford, 1995

3.4.2 Disclosure of performance related information (p.14)

SOEs should annually submit a business plan with a one-year horizon as well as an updated strategic plan with a three-year horizon. These plans should:

- Cover all material aspects of the SOE's business, including:
  - its corporate framework of mission, vision and values
  - strategic priorities and goals
  - operational and customer service plans
  - human resources management, remuneration and development plans
  - information technology plans
  - financial plans, incorporating capital and operating budgets, cash-flow projections and funding plans
  - overall compliance with the applicable performance agreement
- Be timeously presented to the CGA (see 3.8) for scrutiny, interpretation and dialogue before approval by the SOEGC

SOEs should publish an annual report outlining the SOE's performance against all material dimensions of the applicable strategic and business plans as well as of the applicable performance agreement. Annual reports of SOEs should be published within six months of the financial year-end and should be open to public scrutiny.

3.4.3 Performance contracts (p.14)

The use of performance contracts to summarise the commitments of SOEs towards the shareholder has gained significant ground internationally, including Namibia. A SOE's three-year plan should form the basis for the performance agreement. However, it is increasingly accepted that performance contracts alone do not provide miracle solutions. Factors that often lead to disappointing results from performance contracting include:

- An absence of effective process and informed dialogue between the shareholder and the SOE due to information asymmetry and lack of capacity, mainly at shareholder level
- A lack of appropriate incentives and disincentives linked to performance outcomes

3.4.4 Performance monitoring capacity (p.15)

International experience has demonstrated the importance of appropriate capacity within the shareholder environment to effectively monitor and interpret performance related information so as to enable pro-active initiatives where needed. Section 3.8 below motivates a Central Governance Agency for Namibia to assist in this task.

3.5 FINANCIAL ACCOUNTABILITY (p.15)

In general, the shareholder is responsible for developing the financial framework within which the SOE is expected to operate while the board of directors is responsible for maintaining systems of financial management and internal control.

Until recently, limited control was exercised over the financial operations of and funding policies for SOEs. The State Finance Bill of 2001 has made provision for the Treasury to take greater control over the financial operations of SOEs. Main provisions of the Act include:

- Ensuring accountability through improved accounting and financial reporting systems as well as disclosure of information to the Treasury
- Limiting the borrowing powers of SOEs
- Giving the Ministry of Finance the power to inspect the financial affairs of SOEs

Good governance practices furthermore suggest that companies should have an effective internal audit function that holds the respect and co-operation of the board and management. The mandate and responsibilities of internal auditors should be formally defined. Internal auditors should report at audit committee meetings and should have unrestricted access to both the chairperson of the board and chairperson of the audit committee.

The auditors (external and internal) should supply an annual independent report of the SOEs financial performance and position. Management should encourage consultation between the

Hard budget constraints are considered one of the most crucial factors in the successful reform of SOEs. Hard budget constraints would include:

- No access to subsidies (direct and indirect), privileges or other forms of soft capital
- No tax exemptions
- No procurement set-asides or favourable access to foreign exchange
- SOE must pay its bills and debts in time
- Access to credit is determined by the commercial market, excluding the possibility of Government guarantees

internal and external auditors, including exchange of work papers, discussion of methods and audit techniques etc.

The board should establish an internal audit committee that should have a majority of non-executive members. The audit committee should select a non-executive director as chairperson who is not chairperson of the board. Issues that the audit committee should review include the following: [12]

- The functioning of the internal control system and the internal audit department
- The reliability of the financial information provided by management and other sources
- The SOE's compliance with legal and regulatory restrictions
- Any accounting or auditing concerns as a result of the internal or external audit process
- Whether the SOE should retain the use of services of the current internal and external auditors

Directors or officers that, by their acts of omission or commission have contributed to a failed audit should be held liable for any such conduct. Auditors should be held liable for damages proportional to their contribution to the failed audit.

The transparency of financial issues and the adherence to international accounting standards (as approved by the International Standards Committee) are factors of paramount importance in the governance of SOEs. Strong financial controls are recommended in terms of borrowing, investment, financial disclosure requirements and rigorous financial auditing requirements. It is furthermore recommended that Namibia follow international best practice in pursuing increased self-funding of commercial SOEs.

3.6 TARIFF POLICIES (p.15)

The prices of products and services that are produced by SOEs should be set by the market wherever possible. For monopolies (including natural

[12] King Committee on Corporate Governance, King Report on Corporate Governance in South Africa, Institute of Directors SA, Parktown, Draft 2001

monopolies) and quasi-monopolies the aim should be to regulate prices on a level that approximates competitive prices and that the firm does not make monopoly profit while allowing a fair return on capital. In markets where technology changes fast, the determination of regulated prices are very difficult if not impossible. For these purposes it is recommended that pricing also be based upon information other than information provided by the firm gained through so-called yardstick competition, implying utilising external benchmarks.

Price regulation is furthermore more effective when it allows firms to retain some of the benefits of improved performance while passing part of it on to consumers in the form of price advantages.

The CGA should fulfil a facilitative role in price regulation by pointing out the need for price regulation in the context of individual sectors and monitoring of SOEs' compliance. Actual price/tariff setting should be undertaken by specialized price regulators associated with the specific sector concerned.

3.7 STAKEHOLDER INVOLVEMENT (p.16)

The various interests of the State as well as of other stakeholders such as customers, employers, investors and the general public should be accommodated in an appropriate way. Whereas board members are *accountable* to the company in terms of statutes and laws, board members are *responsible* to all stakeholders identified as relevant to the business of the company. It is unrealistic to expect of boards to be *accountable* to all stakeholders. The modern approach is rather for the board to identify all relevant stakeholders and to formulate policies to optimise relationships with these stakeholders.

The various stakeholder groups are likely to pursue objectives that might be/are perceived to be in conflict with each other's objectives. For example, executive management and the board of directors are usually more concerned with improving efficiency which will lead to improved service delivery and better investment values,

Stakeholders can be defined as all the role-players upon whom the enterprise depends for its survival. Different categories of stakeholders include:

- Shareholders/owners as providers of capital – the State in the case of SOEs
- The State as policy maker, legislator and regulator of the economy in general
- Groups who contract with the enterprise as providers of input or purchasers of output, e.g. employees, suppliers, customers
- Groups without a contract with the enterprise but who exercise an important influence on the achievement of its objectives, e.g. civic society in general, special interest groups, non-governmental organisations etc.

eventually viewing social objectives such as job creation as less critical. Other stakeholders who value the latter objectives more highly could be skeptical towards improved efficiency of the business, believing it could be in conflict with their immediate job creation objectives.

The state as stakeholder is concerned with broader economic and social objectives of SOEs while also requiring business efficiency and effectiveness. The state's objective is to ensure that services are provided at the lowest cost and highest quality and that everybody has access to these services.

Apart from being the owner by way of its shareholding in SOEs, the State also has other roles with regard to SOEs, i.e. as policy maker, purchaser of SOE services and regulator. These different roles may be difficult to reconcile. For instance, the State's objectives as policy maker concerned with objectives such as affordable service delivery levels and expanded delivery to the poor could conflict with its responsibility as shareholder to improve the long-term efficiency of the enterprise.

International best practice increasingly points to the separate management of these functions by different representatives of the State. This principle is increasingly being implemented in Namibia through the separation of shareholding and policy interests at Ministerial level.

It is the board of directors' responsibility to ensure that an appropriate balance is maintained between the different interests of stakeholders and the general welfare of the SOE. Active consultation with stakeholders should assist in the formulation of strategic plans and risk management frameworks. The process of identification, prioritisation and interpretation of key stakeholders could greatly assist the board of directors in this regard.

3.8 ARRANGEMENTS TO ENSURE SOE GOVERNANCE POLICY COMPLIANCE (pp.16-18)

3.8.1 Categories of compliance arrangements (p.16)

International experience confirms the need for proper compliance arrangements to ensure the effectiveness of governance frameworks. The following categories of compliance arrangements can be distinguished:

- ***Legal remedies***

Legal remedies are available in the following forms:

Criminal proceedings, for instance where directors of an SOE fall foul of prescriptions of the Companies Act or other founding legislation carrying a criminal sanction. Civil remedies become relevant where, for instance, directors' actions or inactions give rise to a delictual action or even personal liability. Stakeholders who have been wronged in the process, including the shareholder, would be able to institute civil proceedings against the relevant director or even the enterprise itself.

- ***Disclosure***

Public disclosure through annual reports, submissions before parliamentary committees and through three-year plans, *per se*, tend to deter inappropriate allocation of benefits, ineffective allocation of resources or other forms of misconduct while also alerting victims of such misconduct to the need for taking action.

- ***The media and organised civil society***

Both the media and organised civil society (for instance organised business) as entities interested in transparency and competition, have important roles to play in ensuring that SOEs comply with the norms of good governance.

- ***Pro-active governance enhancement***

While the above mentioned interventions are primarily of a reactive nature, proactive governance enhancement would involve active compliance monitoring, complemented by developmental interventions.

In the context of compliance, this policy framework concerns itself primarily with the establishment of a central capability to proactively enhance SOE governance in Namibia. Several past investigations have pointed to the need for such a capability which is currently still absent.

3.8.2 A Central SOE Governance Capability (p.16)

In Namibia different ministries currently act as owner/shareholder representatives of SOEs, although the trends is towards designating the Minister of Finance as shareholding Minister. This approach is aimed at avoiding conflicts of interest and has many international precedents. Lack of effective communication between ministries as well as between ministries and associated SOEs, as well as an absence of a consolidating policy framework has however led to fragmented control and governance of SOEs. A more strategic and coordinated approach is needed to focus attention on effective shareholder/owner monitoring of SOEs' compliance with governance policies.

In deciding on an optimum entity structure for the monitoring and regulation of SOEs, a few key considerations need to be addressed, as discussed below.

- There needs to be a clear separation between the *overseer* function, which acts on behalf of the State and represents its ownership interests; and the *executive* function, which is responsible for exercising the entity's authority and carries out monitoring, information processing and analytical functions
- It is important that the central capability be positioned as developmental in nature, rather than merely being a "policing" entity. It should follow a facilitative and consultative approach in its interactions with the SOE community. It is similarly important not to give rise to a large bureaucracy in the structures of such a capability. Adherence to these guidelines will assist in avoiding a situation where comprehensive monitoring and control can become excessively expensive. The suggested approach will also assist in building a positive orientation towards improved governance among SOE decision-makers – this is likely to render far better results at significantly lower costs than a mere policing approach
- The overseer function should comprise persons able to interpret the interests of various stakeholder groupings and should report directly to the relevant political authority. The executive function should be staffed by (or as minimum have access to) technocratic staff qualified in disciplines including corporate governance, finance, organisational effectiveness, auditing and economics and be able to interact with SOEs, extract and analyse information and prepare reports in line with governance policy requirements
- If private sector participation is pursued by Government, the overseer and executive functions should both have two distinct performance areas, supported by dedicated structures: one which takes responsibility for continuous SOE governance monitoring, and one which will specifically be involved in all aspects of private sector participation, such as broadening of the shareholder base, valuations, process management etc.
- The two sub-functions outlined above should be able to cooperate effectively through the sharing and consolidation of information and expertise. Both report to the overseer entity

Based on these considerations, the following institutional arrangements towards proactive enhancement of SOE governance are recommended:

3.8.3 A State-Owned Enterprise Governance Council (SOEGC) (p.16)

- The establishment of a State-Owned Enterprise Governance Council (SOEGC) is proposed to act as agent and representative of the State with all the powers and responsibilities of the owner/shareholder. The SOEGC would be responsible for implementing an integrated governance policy framework according to which it could both monitor compliance by SOEs and play a leading role in the restructuring of SOEs
- It is proposed that the SOEGC be established as a sub-committee of the current Cabinet Committee on Economic Development and Parastatals (CCEDP). In terms of membership, it will have the prerogative to invite private sector and labour representatives as observer members. This approach would build on current arrangements while reflecting the need for both business and labour perspectives in deliberations that focus on state-owned business endeavours
- The establishment of two specialist sub-committees within the SOEGC: a Governance and Monitoring Sub-Committee (GMSC) and Divestiture Sub-Committee (DSC). The GMSC will be responsible for SOE governance, monitoring of SOE performance and regulation of SOEs, while the DSC will be responsible for the management and implementation monitoring of Government's intended divestiture programme
- The SOEGC reports to Cabinet through which it is eventually accountable to Parliament. The reports of the SOEGC should be tabled at a relevant select committee of Parliament (See comments by technical advisors, Annexure F)

3.8.4 A Central Governance Agency (p.17)

The establishment of a Central Governance Agency (CGA) is proposed as an executive capability to carry out proactive governance enhancement initiatives on a day-to-day basis. The following functions are envisaged for this entity:

- Monitoring and approval of the submission and integrity of performance related information, including three-year strategic plans and annual business plans, annual reports and performance contracts
- Reactive and proactive consultation with SOEs
- Assessment of SOEs' performance against their three-year plans and performance contracts
- Advice to the SOEGC on governance interventions required

- Sourcing of a panel of individuals who may be considered for appointment as SOE directors
- Facilitation of the formulation and presentation of training and development programmes for existing and prospective SOE directors, with particular emphasis on corporate governance practices
- Ongoing monitoring of the need for amendments to SOE governance policy
- Coordination of the State's initiatives to promote private sector participation, e.g. through prioritisation of divestitures, process management, facilitation of related economic empowerment frameworks and co-ordination of advisors and other intermediaries

It is envisaged that the CGA will, for administrative purposes, be located in the Ministry of Finance, possibly connected to the Treasury. However, its reports and recommendations will be submitted to the SOEGC to whom the CGA Director will report functionally.

Effective execution of the work of the CGA will require capacity in a diverse range of disciplines, including corporate governance, corporate finance, strategic management, law and economics. In the nature of the CGA's work these disciplines will moreover have to be applied in varying industry contexts, depending on the SOE under consideration. As it will not be cost-effective to build and maintain such capacity on a permanent basis in the CGA, it would be advisable to appoint specialised contractors (through competitive tendering) to carry out designated work programmes for the CGA. It would even be conceivable to contract out the day-to-day management of the CGA to a contracted service provider.

A consolidated proposed structure is reflected below.

DIAGRAM 2: Structure of entities dealing with SOE governance

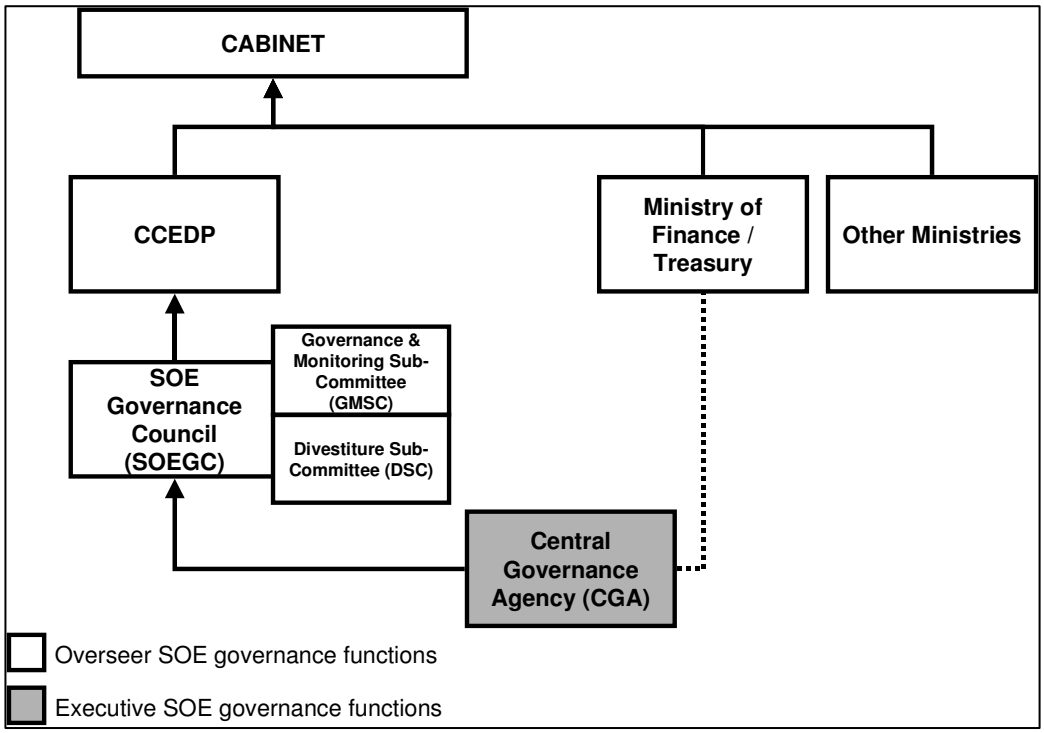

DIAGRAM 3: Functions of key governance entities

SOE Governance Council (SOEGC)

- Primary Overseer Body
- Responsible for implementing governance framework
- Accountable to Cabinet through CCEDP
- Membership: Current CCEDP with additional 3 - 4 private sector and labour observer members

Ministry of Finance / Treasury

- Administrative locus of CGA
- Acts in consultation with other ministries
- Acts in consultation with SOEGC

Other Shareholding Ministries

- Responsible for sectoral policy formulation
- To be consulted in relevant situations by SOEGC and CGA

Governance & Monitoring Sub-Committee (GMSC)

- Subcommittee of SOECG
- Responsible for governance, monitoring and regulation of SOEs
- Membership: Nominated SOEGC members (5)

Divestiture Sub-Committee (DSC)

- Subcommittee of SOEGC
- Responsible for management and implementation of SOE divestiture
- Membership: Nominated SOEGC members (5)

Central Governance Agency (CGA)

- Provides executive support to SOEGC
- Responsible for proactive governance enhancement initiatives, including:
  - Monitoring performance related information
  - SOE consultation
  - Assessment of performance indicators
  - Advice to SOEGC on governance interventions
  - Maintaining possible director database
  - Facilitation of director training and development
  - Ongoing policy monitoring
  - Co-ordination of the state's private sector participation initiatives
- Administrative locus: Treasury
- Staffing: Director (contracted or appointed), assisted by contracted professionals
- Disciplines represented: Corporate governance and finance, strategic management, law, economics, other specialised disciplines

3.9 THE SUPPORTIVE LEGISLATIVE/REGULATORY FRAMEWORK (p.18)

Governance policy frameworks should best remain dynamic, evolving according to emerging requirements. It is furthermore felt that the need for legislative platforms for SOE governance policy is being largely served by periodic amendments to the Companies Act and the State Finance Act. Accordingly it is not proposed to cast an SOE policy framework into a comprehensive statute. It is rather proposed that a finalised version of this governance policy framework be adopted as a Cabinet Directive, subject to amendment from time to time. As outlined above, the periodic updating and amendment of the policy framework will be initiated through the work of the SOEGC and the CGA.

> The State Finance Bill of 2001 has made provision for the State's Treasury to take greater control over the financial operations of SOEs. Main provisions of the act include:
>
> - Ensuring accountability through improved accounting and financial reporting systems and disclosure of information to the Treasury
> - Limiting the borrowing powers of SOEs
> - Giving the Ministry of Finance the power to inspect the financial affairs of SOEs

4 OTHER ISSUES (p.18)

4.1 CODE OF BUSINESS ETHICS

An organisation's ethics refer to the principles, norms and standards guiding the activities, internal as well as external relations of the organization. The existence of – and demonstrable adherence to- a code of business ethics considerably enhances organisational integrity and provides a sound basis for stakeholder relationships.

Stakeholders, including suppliers, employees, shareholders and the public should be reflected in the processes and content of a Code of Business Ethics.

SOEs should adopt the above-mentioned practices in the context of an overall ethics programme on which it should report in its annual report.

4.2 PROMOTING EMPOWERMENT AND OTHER SOCIAL THEMES

The board of directors should establish an affirmative action committee with a non-executive majority and provide it with written terms of reference in

outlining the SOE's strategy to address social issues such as empowerment, gender equality, environmental issues etc. There is currently also greater emphasis worldwide on companies' transparency regarding non-financial issues, including human rights and environmental issues.

4.3 WORKER PARTICIPATION

SOEs should develop involve workers in developing practices that would lead to effective information sharing – creating a better understanding by employees of the organisation with which they work. This should include effective consultation by management with employees before taking decisions that would affect them. Practices should also be developed to enable management to identify conflicts without delay and provide effective resolution for conflicts.

5 PRIVATE SECTOR PARTICIPATION AND THE PROMOTION OF A COMPETITIVE ENVIRONMENT (p.18)

Whatever the rationale for government ownership of an enterprise (as was discussed in section 2.2), it could be said that all activities that could adequately be described in contractual terms and of which the performance can be measured need not necessarily be publicly owned. This includes all production of goods and services, even non-self-funding ones, provided that the required subsidies can be channeled to a private sector service provider.

However, the fact that an enterprise *can* be privatised does not mean it *has* to be privatised. Each individual case should be analysed in terms of all costs and benefits, including the associated transaction costs as well as economic, financial, political, social and other relevant aspects[1].

The government's current guidelines in terms of privatisation include:

- Consideration of each case individually
- Recognition of the fact that it may require of the relevant SOEs to function more efficiently and profitably in order to maximise the benefits from privatisation
- Avoiding the concentration of economic power and possible foreign control of assets
- Applying available funds resulting from privatisation judiciously and with priority given to capital and development projects

Internationally, SOEs are

[1] Guislain, P. The Privatisation Challenge: A Strategic, Legal, and Institutional Analysis of International Experience, The World Bank: Regional and Sectoral Studies, Washington, 1997

increasingly exposed to domestic, regional as well as international competition and governments are increasingly unbundling monopoly enterprises. A review of international SOE governance experience shows that increased private sector participation in these organisations plays an important role in improving their governance and performance. Private sector participation assists in providing continuity to governance interventions while it also gives SOEs access to additional technical and managerial expertise.

Restructuring of SOEs through increased private sector participation could include a variety of approaches including incorporation, outsourcing, joint ventures, leasing of business rights, management contracts, concessions, public-private partnerships as well as the sale of SOEs and assets.

The second National Development Plan for Namibia contains a mission statement for SOEs "to achieve efficiency in their operations and thus, to enable the public enterprises to make a significant contribution to Namibia's economic growth through private sector gearing".

The government has therefore adopted a policy position towards increased private sector participation (through equity or operational participation) as a means to enhance efficiency in service delivery by SOEs. In adopting this policy, the government aims to:

- Downsize the public sector
- Increase the efficiency in SOE management
- Increase competition in the economy
- Broaden the ownership of national assets among previously disadvantaged segments of the community
- Eliminate the budget burden resulting from subsidies to loss-making SOEs
- Increase private sector participation in all sectors of the economy

It is evident that Namibian policy-making circles acknowledge the international experience of the benefits that can be derived from increased private sector participation. Examples of benefits include:

- Reducing national debt levels through the capital returns associated with equity participation from the private sector;
- Reducing future demands on the Fiscus, thereby freeing up capital and running expenditure for supporting alternative development needs of national importance;

- Speeding up local economic empowerment through broad based ownership distribution via, for instance, employee and citizen share ownership schemes;
- Bringing about more efficient allocation of resources through supply and demand under competitive market conditions;
- Further development of the extent and functioning of local capital markets.

The policy debate has also noted the potential pitfalls associated with such initiatives and the ways in which such pitfalls could be avoided. Examples of identified pitfalls are:

- The risk of a few already wealthy or foreign individuals or institutions becoming further enriched – this risk could be avoided through pro-active structuring to ensure broad based local participation. Such pro-active structuring could include financing arrangements to enable SOE employees and other Namibian citizens to take up meaningful shareholdings;
- The risk of negative social impacts, for instance job losses arising from organisational restructuring associated with private sector participation – this risk can be mitigated through transitional arrangements and entrepreneurship promotion. It should also be kept in mind that international experience has shown that, subsequent to initial unsettlement, increased private sector participation in most cases result in net gains in longer term economic growth and job creation;
- The risk of public monopolies being transferred to private monopolies leading to uncontrolled price/tariff movements – this risk can be avoided by ensuring competitive conditions and by putting in place an appropriate regulatory framework prior to implementing increased private sector participation.
- The risk of a blanket approach to increased private sector participation leading to short-sighted interventions – this risk could be avoided by judging each case on its merits and by carefully considering the full range of possible interventions such as public-private partnerships, concessions, contracts, partial or outright transfer of ownership. In some cases, opportunities for increased private sector activity could be created merely through deregulation or withdrawal of public sector activity.

On balance it could be concluded that most of the pitfalls of increased private sector participation could be mitigated through appropriate regulatory frameworks and transition arrangements.

Whereas international experience differs with regard to the full-scale privatisation of SOEs, there is consensus with regard to the potential advantages to be gained through the increased corporatisation of SOEs, including hard budget constraints, performance-based incentives and improved corporate governance arrangements[2].

There is furthermore almost unanimous support for the notion that the establishment of competitive markets is the most important component of any restructuring initiative involving SOEs. Competition improves the performance of SOEs, *inter alia*, because competition makes the costs of inefficient SOEs more explicit and provides Government with information about management performance in comparable enterprises.

In terms of privatisation initiatives in particular, the failure to establish competitive markets could lessen benefits and, at worst, could lead to serious abuses of monopoly power. Establishing a fair, non-discriminating playing field for the private sector is an essential part of competition policy and particularly important in privatisation initiatives. The private sector must be allowed to compete with the public sector on an equal footing implying, amongst other things, the removal of subsidies and other income/loan benefits to SOEs, the uniform application of labour and other legislation, harmonising the tax systems applied to SOEs and private companies, the removal of entry barriers etc.[3] Competitive markets can also be enhanced by the liberalisation of foreign trade and, to an extent, by greater regional integration.

The prospects of increased competition would be limited in market segments known for market failures, such as natural monopolies and firms producing products with significant externalities. In the case of SOEs operating in environments characterised by market failures, increased private sector participation usually requires regulatory frameworks between the private owner and Government.

It is important, above all, that Government provides a clear signal of its intent in terms of SOE restructuring as well as the parameters within which restructuring should take place – enabling rational investment decisions from the State (as shareholder) and investors alike.

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[2] World Bank Policy Research Report, Bureaucrats in Business: The Economics and Politics of Government Ownership, Oxford University Press, Oxford, 1995

[3] Guislain, P. The Privatisation Challenge: A Strategic, Legal, and Institutional Analysis of International Experience, The World Bank: Regional and Sectoral Studies, Washington, 1997

The establishment of an appropriate government body to ensure that appropriate policies, guidelines and strategies for privatisation are in place, is considered crucial. The most appropriate body that could act on behalf of the State to take responsibility of both the privatisation process as well as monitoring and regulating SOEs in general (whether considered for privatisation or not) was discussed in more detail in section 3.9 above.

6 IMPLEMENTATION FRAMEWORK (p.19)

Effective operationalisation of the new governance policy framework requires a systematic approach. The following main components of an implementation framework can be distinguished:

6.1 PROPER MANDATING OF THE POLICY FRAMEWORK AFTER DUE CONSULTATION:

The new governance policy framework should be properly mandated by Cabinet, once all stakeholders, including the SOE's themselves, organised labour, organised business and the legislature have had an opportunity to comment on the report.

6.2 APPOINTMENT OF AN IMPLEMENTATION TASK GROUP:

A temporary task group should be appointed by the CCEDP to facilitate the initial implementation activities as set out below. The implementation task group should also compile an establishment budget for the SOEGC as well as the CGA. The task group should comprise persons from the public or private sector with expertise in the disciplines of finance, SOE governance, economics and human resources management and preferably not exceed a total of six members.

6.3 ESTABLISH THE STATE-OWNED ENTERPRISE GOVERNANCE COUNCIL (SOEGC):

The members of the SOEGC should be nominated for approval by Cabinet, followed by a establishing meeting and the formation of the recommended committees respectively focusing on governance matters and matters concerning private sector participation.

6.4 RECRUITMENT OF THE CGA DIRECTOR:

An appropriately qualified and experienced person should be recruited to act as Director of the Central Governance Agency (CGA).[1] The implementation task group should prepare a job profile and a person specification for use as the basis for the recruitment process. Section 3.8 of the policy framework recommends that this appointment be made on a renewable contract basis.

6.5 PREPARATION OF WORK PROGRAMMES AND BUDGET:

The CGA Director should as a first step formulate work programmes for the CGA focusing on both governance matters and matters related to private sector participation in the SOE sector. A three year budgetary framework should be proposed with reference to these work programmes.

6.6 PROCUREMENT OF IMPLEMENTATION RESOURCES:

Once the CGA budget has been approved, the CGA Director will be able to procure professional capacity to execute the work programmes of the CGA on a contract basis.

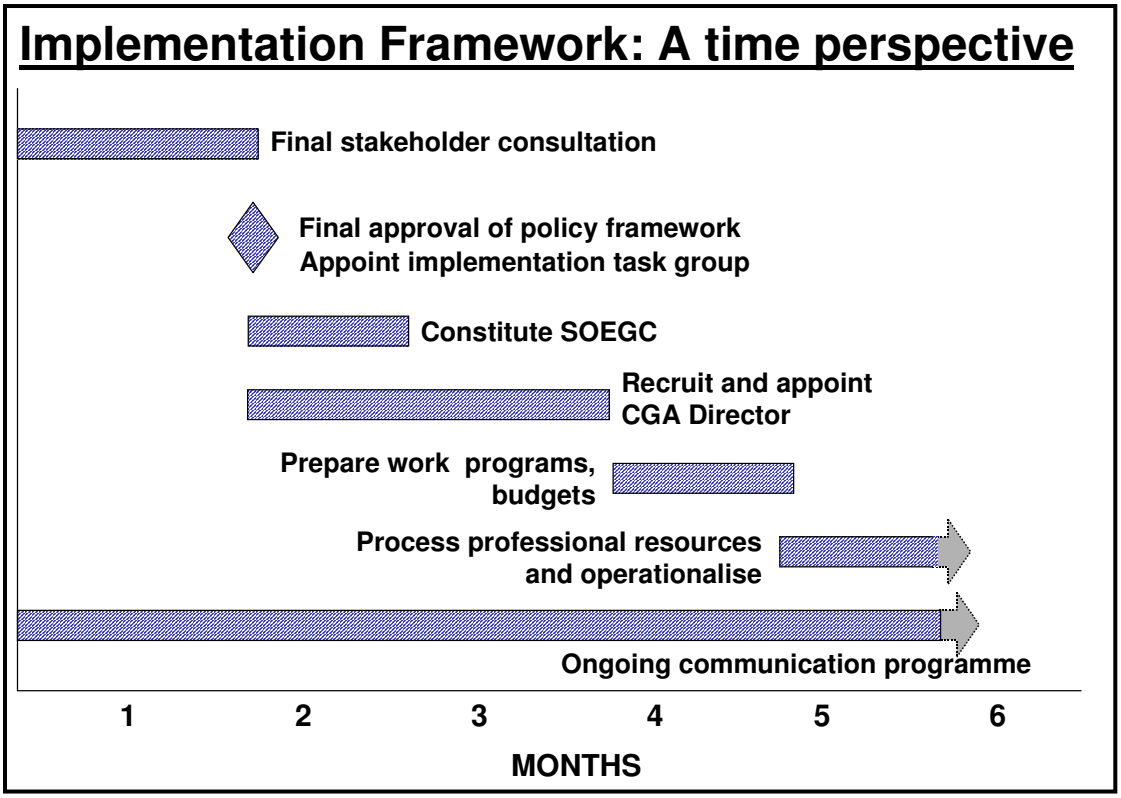
6.7 ONGOING COMMUNICATION:

The above mentioned implementation activities should be accompanied by a stakeholder communication programme, outlining the role and *modus operandi* of the new policy framework and its associated implementation entities, namely the SOEGC and the CGA. It would be of specific importance to emphasise the developmental role of the CGA over and above its role in monitoring compliance with governance policies.

6.8 TIME PERSPECTIVE:

The following diagram puts the above implementation framework in a time perspective:

[1] The use of the job designation "Director" does not denote a level of appointment similar to existing positions, as the position's grading and remuneration structure (and therefor, title) will be determined by the implementation task group according to their brief.


Implementation Framework: A time perspective
Final stakeholder consultation
Final approval of policy framework
Appoint implementation task group
Constitute SOEGC
Recruit and appoint
CGA Director
Prepare work programs,
budgets
Process professional resources
and operationalise
Ongoing communication programme
1
2
3
4
5
6
MONTHS

_____o0o_____

REPORT ON A GOVERNANCE POLICY FRAMEWORK FOR STATE-OWNED ENTERPRISES IN NAMIBIA:

ANNEXURE A

REPORT ON A GOVERNANCE POLICY FRAMEWORK FOR STATE-OWNED ENTERPRISES IN NAMIBIA:

ANNEXURE B

REPORT ON A GOVERNANCE POLICY FRAMEWORK FOR STATE-OWNED ENTERPRISES IN NAMIBIA:

ANNEXURE C

REPORT ON A GOVERNANCE POLICY FRAMEWORK FOR STATE-OWNED ENTERPRISES IN NAMIBIA:

ANNEXURE D

REPORT ON A GOVERNANCE POLICY FRAMEWORK FOR STATE-OWNED ENTERPRISES IN NAMIBIA:

ANNEXURE E

REPORT ON A GOVERNANCE POLICY FRAMEWORK FOR STATE-OWNED ENTERPRISES IN NAMIBIA:

ANNEXURE F

ANNEXURE A: CLASSIFICATION OF NAMIBIAN SOEs[14]

Regulatory type SOEs	***Service Rendering SOEs***				
	Potentially self- funding				***Not/Partially Self-funding***
	Natural monopoly	***Competition restricted by regulation***		***Competitive environment***	
		Few potential competitors	***Many potential competitors***		
• Karakul Board • Meat Board • Diamond Board • Bank of Namibia • *Law Reform & Development Commission* • *Legal Practitioners Disciplinary Committee* • The Board of legal Education • Namibian Agronomic Board • *Namibia Trust for Maritime Fisheries* • Namibian Financial Institutions Supervisory Authority	• NamPower • TransNamib (Rail) • Namibia Water Corporation • Namibia Airports Company • Nampost	• National Petroleum Corporation • Namibia Broadcasting Corporation • Transnamib (Road) • Namibian Ports Authority • Telecom Namibia • Roads Authority • Telecom	• National Housing Enterprise • Windhoek Machine en Fabrik • August 26 Holdings Company • Roads Contractor Company	• National Fishing Corporation Seaflower Whitefish Corporation • Seaflower Lobster Corporation • Meat Corporation • Namibian Press Agency • New Era Publication Company • Namibia Wildlife Resorts • Namibia National Re-Insurance Corporation • Premier Electric • Namibian Bricks Enterprise • Star Protection Services • Patriot Construction Company • Amalgamated Commercial Holdings • Namibia Institute for Pathology	• Social Security Commission • Agribank • Namibia Development Corporation • Development Fund of Namibia • Development Brigade Corporation • Namibia Schools Sport Union • The Motor Vehicle Accidents Fund • *Guardian's Fund* • *Road Fund Administrator* • National Monuments Council • National Theatre of Namibia♣ • Polytechnic of Namibia♣ • University of Namibia ♣ • Namibian College of Open Learning♣ • Rundu College♣ • Windhoek College of Education♣ • Ongwediwa College of Education – all government officials♣ • Caprivi College of Education –all government officials♣

[14] This detailed classification was in part based upon the self- assessment survey conducted by Deloitte & Touche*: A feasability Study into the Governance of State Owned Operational Entities in Namibia: The Governance of SOOEs in Namibia: A Situational Analysis Report* (1999)
♣ SOEs that provide services/products with external benefits, i.e. products that would be under-supplied in a competitive market and that warrant government intervention

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A SOE GOVERNANCE POLICY FRAMEWORK FOR NAMIBIA

TERMS OF REFERENCE FOR PROFESSIONAL ASSISTANCE TO THE RESPONSIBLE COMMITTEE

1. INTRODUCTION

State-owned enterprises (also referred to as "State-owned operational entities" or "parastatals") form a distinct part of the Namibian institutional landscape. Recent estimates indicate the existence of more than forty such institutions in different categories such as:

- Utility companies;
- Control Boards and other regulatory entities;
- Development agencies;
- Service rendering entities.

More SOEs are being formed - institutional restructuring processes and commercialisation are stimulating the formation of more such institutions, motivated by considerations regarding operational efficiency and managerial effectiveness.

Neither the existing situation nor the emerging institutions are matched by a policy and governance framework to ensure consistency and coherence in the relationship between government and the individual institutions. It can also not be said that the current governance arrangements provide for effective performance incentives/ disincentives where SOEs are not fully exposed to the disciplines of a competitive market. This void in Namibia's policy and governance framework has led to problems such as the following:

- SOE boards of directors are at times not functioning optimally in terms of internationally accepted corporate governance practices - evidenced by individuals holding multiple board positions, board members being rewarded inconsistently and board members not always being fully appraised of their fiduciary responsibilities;
- Perceptions have arisen that senior executives of some SOEs are being rewarded beyond what may be regarded as reasonable in relation to the compensation market, the scope of their responsibilities or the performance of their institutions;
- Management of SOEs are in control of most of the information on the operations and finances of their institutions – it is difficult for government to assess the validity of performance reports by SOEs without access to an independent information base. This applies even to those cases where performance contracts have come into use - without access to relevant, independently validated performance information it remains problematic for government to realistically assess the performance of SOEs in financial, operational or social terms.

The result of the problems outlined above is that it remains unclear whether the respective interests of government as owner, regulator or customer of SOEs are sufficiently recognised or served. Nor is it clear to what extent the tax paying public receives value for their tax money or the user charges levied upon them. The risk remains that inefficiency and, more seriously, fraudulent practices may stay undetected too long. Concurrently there is only a limited policy base from where to approach an improvement to the current situation.

Government is taking initiative to address the situation. Cabinet has covened a committee, chaired by Honorable Min Helmut Angula to review the remuneration practices as regards members of SOE Boards and senior management and to propose improved policy arrangements. The Committee has done important preparatory work for the review, focusing on the remuneration issue. It is now necessary to augment and accelerate the Committee's work to round off the review of remuneration aspects and the broader SOE governance framework. Deloitte & Touche, an international professional services firm with considerable experience in the field of SOE governance, has been approached to assist the Committee in its work.

2. ENVISAGED APPROACH

The envisaged approach is characterised by the following:

- Capitalising on the available information regarding the status quo as regards SOE governance in Namibia - consolidating the available information on the basis of a desk analysis without significant further data gathering;
- Ensuring that the formulation of an improved governance and policy framework is informed by a sound understanding of best international practice yet sensitive to the Namibian context and development objectives;
- Built on an optimum level of buy-in and commitment from the SOEs themselves;
- Ensuring adequate capacity, mechanisms and processes to support effective implementation and follow through of the policy framework;
- Effective liaison, throughout this project, with parallel governance initiatives such as those being pursued in the context of the State Finance Act (financial accountability of SOEs) and those focused on the potential of future private sector equity participation in SOEs.

The next section sets out the key stages of the project:

1. **Status quo review:** Consolidate and review the available information base on the status quo situation regarding SOE governance in Namibia. The following are likely to form the main elements of the database:

- The results to date of the remuneration survey conducted by the Committee - we have been supplied with the remuneration returns of AMCOM and NHE as the cumulative result of the survey thus far;
- The results of the comprehensive review of SOE governance conducted by Deloitte & Touche in 1999;
- An updated literature search to be carried out to augment the search conducted as part of the above mentioned study;
- Further SOE governance related information in the practice database of D&T;
- Any further information made available by the Committee, its chairperson or other Cabinet portfolio's.

2. **Comparative review:** Consolidate the available information on comparative SOE practices being followed in both developed and developing countries. Sources similar to the above mentioned ones will be accessed. In addition, it is understood that further comparative information is likely to become available from study visits conducted by or to be conducted by the Committee and/ or its support staff.

3. **Analysis and interpretation; executive presentation:**

- Analyse the information emerging from the status quo as well as comparative reviews and crystallise the key focus areas requiring policy development;
- An executive presentation will at this stage be done to the Committee, followed by a work session to discuss the findings contained in the presentation and their implications.

While it would not be wise to pre-empt the outcome of the status quo and comparative reviews, it is likely that the presentation and ensuing discussion will cover aspects such as the following:

- The current significance of SOEs in the socio-economy of Namibia in terms of contribution to GDP, employment and general development impact;
- The current performance of SOEs in terms of service levels, financial returns and overall development contribution;
- The strengths and weaknesses in the current SOE governance arrangements, covering at least the following dimensions:
- Composition and functioning of Boards of Directors;
  - = Remuneration of Directors and senior executives;
  - = Extent of exposure to competition for customers and resources;
- Comparative SOE governance practices in developed and developing country environments;
- Suggested focus areas for policy development, flagging the need for dovetailing with other policy initiatives;
- Departure points for policy development and the policy development process.

- At this stage, the Committee may wish to expose a broader range of stakeholders to the above mentioned executive presentation on the status quo, comparative practices and the need for policy reform in Namibia. These stakeholders may, by choice of the Committee, involve additional Cabinet representatives.

- Once the focus areas and points of departure for policy development have been approved by the Committee and Cabinet, it could be advisable to convene a round table discussion with representatives invited from the SOE fraternity. The purpose of such a round table would be to expose the SOEs to government's rationale for policy reform and in this way to create opportunity for SOEs to buy into the need for reform and to table their own perspectives as well which could then be taken into consideration by the policy formulation process.

4. **Formulation of draft policy framework:** A draft set of polices for an improved SOE governance framework will be formulated and discussed with the Committee. Should the Committee prefer, the draft policy framework could also be tabled at Cabinet level for comment. This could be followed by circulation among or presentation to SOE representatives for their comment. The project team will process all comment received into a final policy and governance framework for approval by the Committee and Cabinet.

5. **Design of implementation framework:** A governance policy framework without appropriate implementation back up arrangements would be a futile exercise. The project team will develop an implementation proposal comprising:

- Capacity and procedures for continuous assessment of SOEs' compliance with the new policy framework. Such specification of capacity requirements is likely to include:
  - suggested nature and location of such a compliance assurance entity;
  - human resource requirements;
  - information system requirements;
  - the likely financial implications associated with such capacity.
- Availability of appropriately validated SOE performance information;
- Arrangements for phasing in the approved implementation arrangements, including the likely need for induction and training of all relevant role role players.

3. END PRODUCTS AND BENEFITS

Against the above background the *end products* of this project will in summary be:

- An assessment of the strengths and weaknesses in the current SOE governance situation in Namibia;
- An overview of best international practices in SOE governance, accompanied with an interpretation of their relevance for the Namibian context;
- A policy framework for the future governance of SOEs in Namibia;
- An implementation framework to ensure effective and continuous implementation of the policy and governance framework.

The *key benefits* which this project will be seeking to secure include, are:

- Professional *independence and objectivity* in the assessment of the current SOE governance situation;
- *Timeous completion* of the project through the ability to focus time and effort on its completion, which is often difficult for office bearers that have widely diversified and demanding agendas;
- Informing the governance solution with *accumulated local and international experience*;
- Ensuring *consistency and accountability* in the future governance of SOEs in Namibia;
- Clarity about the establishment of appropriate *implementation capability* will ensure continuity in the application of and compliance with the new policy and governance framework;
- The *step-wise approach* to the project will enable the Committee and Cabinet to consider the results of each step and the overall direction of the project at each milestone before proceeding with the next stage.

4. PROJECT TEAM

The professional team for this project will be drawn from the following persons while additional expertise will be drawn from the broader Deloitte & Touche practice as may be required from time to time. We will also work closely with the Committee and its support executives, Mr Lawrence Kaimu (Prime Minister's Office) and Dr Alf Carling (Advisor to the Minister of Finance).

Peter Gruttemeyer (B Comm Hons CA (Namibia)): Peter is the partner in charge of the Windhoek practice of Deloitte & Touche. He is responsible for the full range of audit, accounting and management consulting services offered by the firm. His corporate governance related experience extends over a range of industries, including the Ohlthaver & List Group, the Sonnex Group as well as First National Bank. He also serves public and parastatal clients, among whom the Government Institutions Pension Fund (GIPF). Peter is a member of the executive and listings committees of the Namibian Stock Exchange. Peter accepts final responsibility for the successful completion of the project.

Herman Marais (B Comm LLB Hons (B&A)): Herman is a professional management consultant and Deloitte & Touche associate with more than ten years of experience directly relevant to this assignment. He has extensive experience in leading large, complex assignments for a variety of clients in the private and public sectors. Herman is intimately familiar with the Namibian SOE context. He has assisted SOE clients with commercialisation and corporatisation initiatives while he has also co-ordinated a recent comprehensive review of current SOE governance practices internationally and in Namibia. His Namibian clients include the Ministry of Finance, MWTC2000, GIPF, the Ohlthaver & List, Bank of Namibia, Namdeb and NDC Ltd.

Leon Goosen (B Comm Hons CA (Namibia)): Leon is a manager in the Windhoek practice of Deloitte & Touche. He is responsible for accounting, audit and financial services to clients such as Namibian Fishing Industries Limited, Swabou, First National Bank of Namibia, Namdeb and Namibian Breweries Limited. He has served in the international assurance practice of the firm

while based in Atlanta, USA office. His experience in corporate governance aspects will be of specific relevance to this assignment.

Junius Mungunda (B Comm CTA CA (Namibia)): Junius is a manager in the Windhoek practice of Deloitte & Touche. He is responsible for accounting, audit and financial services to clients such as the Sonnex Group, Commercial Bank of Namibia as well as the National Housing Enterprise. He has gained international experience with multi-national firms while serving with the Chicago, USA practice of the firm. Junius will provide financial and governance services to the project.

Botha Kruger (MA (Political Science) MBA in progress): Botha is an experienced management consultant and Deloitte & Touche associate. He has executed consulting assignments on both strategic and operational levels. He was instrumental in the recent execution of a SOE governance review conducted by Deloitte & Touche. His specialist experience in policy formulation, governance frameworks and political science will add considerable value to the project.

An Kritzinger (M Admin (Economics)): An is an economist with several years of professional consulting experience. As Deloitte & Touche associate she has gained considerable experience in the analysis and assessment of the economic impact of SOEs in Namibia. She has furthermore studied the economic implications of SOE restructuring initiatives such as equity partnerships and concessions. This will be an important input to the development of a governance policy framework that optimizes the economic impacts of SOEs in Namibia such as in terms of employment generation and economic value added.

The core project team will be able to draw on the support of corporate governance specialists in the world wide practice of Deloitte & Touche. Specific centers of expertise in this regard is resident in the practice centers of Accra (Ghana), Wellington (New Zealand), Washington, DC (USA) and London (UK). Further support is available specifically from our associates in Santiago (Chile), Port Louis (Mauritius) and Slovenia.

5. TIMING AND FEES

The following periods are envisaged for the completion of each project stage:

Stage 1 : Status quo review : 3 weeks
Stage 2: Comparative review : 3 weeks
Stage 3: Analysis, interpretation, executive presentations : 4 weeks
Stage 4: Policy framework : 4 - 6 weeks
Stage 5: Implementation framework : 2 - 4 weeks

The total completion time for the project will be dependent on the Committee and Cabinet's decision time upon the completion of each stage. Depending on the extent to which the Committee elects to involve external role players in stages 3 and 4, the time spans for these stages may be impacted as well. The time periods per stage are provisional and subject to discussing the Committee's time requirements. While a total completion time of 16-18 weeks has been projected above as a project management objective, it is understood that the Ministry wishes the project completion not to exceed six months as an outer limit.

As a professional firm, we are obliged to base our fees on the time actually required to complete the work at hand. The work plan for the project translates into the following professional fees per project stage:

Stage 1 : Status quo review : N$ 40 480
Stage 2: Comparative review : N$ 33 733
Stage 3: Analysis, interpretation, executive presentations : N$ 84 333
Stage 4: Policy framework : N$ 87 706

Stage 5: Implementation framework : N$ 74 213
N$320 465

We are budgeting for the following disbursements:

Air travel and car hire :	N$ 35 138
Accommodation and subsistence	N$ 17 610
Telecommunications	N$ 5 288
Stationery, general office expenses	N$ 5 303
Secretarial assistance	N$ 7 050
	N$ 70 389
Thus, subtotal	N$390 854
Value added Tax @ 15%	N$ 58 628
Total project budget	**N$449 482**

We have prepared the above mentioned budget estimates based on the information available to us. Depending on the Committee's priorities as regards the scope of the work and the level of detail required, it would be possible to adjust the budget estimates accordingly.

The quotation and its underlying work plan assumes that existing information will be used on a desk analysis basis. Beyond a limited number of interviews and and an update of the literature review, further data gathering will not be undertaken. Should such data gathering be required, the cost of such work will be calculated and agreed with the client prior to commencement of the work.

Our normal practice is to submit fee notes on a monthly basis, payable within 30 days. The client may wish to impose a retention amount to the value of 15% of the professional fees associated with each fee note, such retention amounts to be paid out subsequent to the satisfactory completion of the project. Alternatively, the client may elect to suspend payment of the final 25% of the agreed professional fee until the satisfactory completion of the project. Whichever method is used, a mutually acceptable retention period will be agreed between the parties concerned.

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ANNEXURE C: CORPORATE GOVERNANCE INTERNATIONALLY AND IN NAMIBIA

Defining and classifying SOEs

International best practice

- International experience in the classification of SOEs suggests the clear separation of commercial from social functions in the management and function thereof.

Namibia

- In the Namibian State Finance Bill of 2001, a parastatal is defined as a:
  - Body corporate established under any Act other than the Companies Act but excludes a Local Authority Council or Regional Council;
  - A company registered under the Companies Act in which the Government or a Parastatal organisation is able to:
    1) control the composition of the BoD;
    2) cast, or control the casting of more than fifty per cent of the maximum number of votes;
    3) control more than 50% of the issued share of the company;
  - a company limited by guarantee, when the amount that the Government has undertaken to contribute in the event of the company being wound up is not less than 50% of the aggregate amount which all the members have undertaken to contribute;
- Application of a suitable classification scheme of SOEs in Namibia needs priority attention.

Legislative/regulatory framework

International best practice

- Established commercial structures, such as the Companies Act, are in wide-spread use, especially for traded SOE services – others are established through specific enabling acts.

Namibia

- The current governance arrangements of SOEs are fragmented and the details respective to each entity are distributed among different acts, with line-ministries and within SOEs themselves;
- All incorporated SOEs (about 12 of the 41 entities) have been established in terms of the Companies Act (no 61 of 1973). Most of the others have distinct enabling acts which also set out arrangements for their governance and control;
- In Namibia, the State Finance Act has recently been refined by the State Finance Bill of 2001 and places the SOEs under tighter and uniform control.

Competitiveness and privatisation initiatives

International best practice

- Internationally SOEs are exposed to increased competition;
- Selective privatisation provides opportunities to reduce national debt, increase competition in relevant sector, increase efficiency etc. Recent experience stresses the importance to mitigate the effects of change by managing social impacts, educate and empower the relevant parties etc.

Namibia

- Of the total surveyed SOEs (22), six indicated that their environments are natural monopoly environments and four indicated that they operate in ideal state-only environments. The other half of surveyed firms indicated their environments as suitable for the private sector.

External stakeholders

International best practice

- The BoD is responsible for a company policy to communicate effectively with all its stakeholders;
- Reports and communications must be made in the context that society now demands transparency and greater accountability from corporations in terms of non-financial affairs.

Namibia

- 14 of the surveyed SOEs indicated that they have mechanisms in place to liaise with external clients and users. Of the 14, nine indicated that the liaison included consultation with regard to service levels and price structures. Most of the measures, however, rely on the initiation of contact from the SOEs side, and inaccessibility of communication channels may still be a problem for clients.

Owner representation: organisation

International best practice

- A specialised unit (e.g. State Enterprise Board SEMB) could be established to handle all policy and operational issues in respect of all the parastatals. This has the merit of promoting a critical mass of skills in analysis and promotes fair treatment;
- The state various interests as owner, policy maker, purchaser, regulator are increasingly identified and managed separately to avoid conflict of interest;
- Internationally, the appointment of separate line ministries is recognized as a way to avoid creating conflict of interests in that could occur within one state agency.

Namibia

- Individual line ministries currently exercise shareholder control. Control is fragmented and needs improved co-ordination between ministries;
- The scope of control currently addresses a wide range of aspects including ownership, policy and financial performance. In some cases, two shareholding ministries have been appointed.

- Central monitoring capacity may be constrained due to limitations of professional manpower – procurement from public and private sectors need to be considered;
- Appropriate institutional positioning for independence of such as body needs consideration;
- Strategic approach needed to give attention to monitoring and consultation education.

Owner representation: Ministerial duties and rights

International best practice

- Appoint BoD, chairperson and others and determine duration of office;
- Approve investment programs;
- Desist from day-to–day interference with management;
- Give general guidelines;
- Duty to demand and receive relevant information.

Namibia

- Concern over the level of political interference experienced in the operational management of SOEs.

The role of parliament

International best practice

- Due to potential conflict of interest, parliamentarians should not be allowed to serve on the BoD. Parliament should act as catalyst and coordinator of all stakeholders – integrity and objectivity is important.

Namibia

- Namibia "has already crossed the hurdle" in terms of parliamentarians serving on BoD.

Board of Director (BoD) Issues: Remuneration

International best practice

- Remuneration should partially be linked to performance;
- Uniform approach and common standards should apply to all SOEs;
- Independent remuneration committees (elected by BoD) should report annually to the shareholders;
- Levels should be sufficient to attract and retain directors with the competence and skill to run the company successfully;
- The annual report should contain statement of remuneration policy and details of remuneration levels.

Namibia

- Greater consistency and transparency are needed in director remuneration practices;
- State officials are, as a rule not remunerated for their services on boards. In Namibia 5 SOEs pay ex officio directors;
- All surveyed SOEs (22/41) remunerate non-state board members, but remuneration levels differ substantially. Differences in itself is not problematic as long as there is transparency;
- There exists a great variance among SOEs in Board and management remuneration structures and benefits.

BoD: Size, structure

International best practice

- Non-executive members should comprise no less than one third of board;
- The size of the board should be determined, examined and judged on the basis of promoting board effectiveness;
- Board sizes show a majority with more than 5 members (63%).

BoD: Appointment

International best practice

- Formal, transparent procedures need to apply (public reporting);
- A nomination committee should be set up by BoD.

Namibia

- Consistent application of relevant criteria in the recruitment and selection of directors needs attention;
- Terms of board members are both specific and overlapping in most areas which, at face value, point to provision for smooth transitions between boards.

BoD: Mandate, role and responsibilities

International best practice

The responsibilities of the BoD include to:

- Ensure annually that the corporation will continue as a going concern for next fiscal year;
- Exercise leadership on a transparent, accountable and responsible basis;
- Monitor and manage potential conflict of interests;
- Avoid consensus decision-making;
- Abstain from day-to-day management;
- Ensure compliance with legal and regulatory framework;
- Service the legitimate interests of the stakeholders (internal and external);
- Ensure that the corporation communicates with shareholders and other stakeholders;
- Appoint the chief executive management;
- Regularly review processes and procedures to ensure the effectiveness of its internal control systems;
- Identify risk areas and key performance indicators;
- Control executive remuneration;

- Display impeccable integrity, honesty etc.;
- Provide for strategic planning, identifying and managing risks, succession, training and remuneration of senior management, maintaining communication policy and managing information systems;
- Maintain systems of financial management and internal control;
- Maintain open, regular, accurate and reliable lines of communication with shareholders.

BoD: Composition

International best practice

- There should be a balance between executive and non-executive directors. At least 1/3 should be independent;
- The BoD should be balanced in terms of professional expertise (e.g. legal, financial etc) and biographical composition (e.g. race, age, sex).

Namibia

- Large number of state officials serving on BoD's are questionable – relevant skills should be the weighted criteria, not the interest group represented;
- There are in most cases an even spread from private and state sectors;
- Some SOE boards consist of a number of ex officio state officials representing different ministries;
- In most cases the representations are justified in terms of interests of those ministries being represented. Political representation should, however, be guarded against.

BoD: Disclosure of information

International best practice

- All potential conflicts of interest must be declared (e.g. business interest, membership of trade /economic organisation, shareholding etc);

- OECD guidelines: framework should be in place to ensure the timely and accurate disclosure of the financial situation, performance, ownership and governance.

Namibia

- Public disclosure of relevant operational and financial information is needed – in the media and parliament;

BoD: Access to information

International best practice

- BoD have the right to access to accurate , relevant and timely information;
- The chairman holds responsibility for board's receipt of appropriate information;
- Individual directors should have access to an outside advisor at the expense of the organisation (the appointment of the advisor is subject to board's approval).

BoD: Orientation, training

International best practice

- New appointees should make a commitment to go through a period of induction with regard to the company's business, resources, systems, and management structure, public sector values, standards of probity and accountability.

Namibia

- Proper induction of new directors and the training and development of both existing and prospective ones need attention

BoD: Multiple board seats

International best practice

- Executive directors should be encouraged to take non-executive appointments in other companies –provided that it should not impact negatively on the director's responsibilities;
- Conflict of interests should be guarded against when directors sit on more than one board.

Namibia

- There is a relatively low incidence of multiple board-memberships (17%).

BoD: Independence

International best practice

- Directors should be independent and free from any interest that could interfere with independent judgement or in their abilities to act in best interest of the company.

Operational management

International best practice

- Operational management should function free from undue political interference.

Namibia

- Enhancement is needed of board practices in selection, monitoring and development of CEOs;
- Once the state's relevant interests have been identified and accommodated, the governance framework should provide for managerial autonomy free from undue political interference.

Financial reporting, control, monitoring & auditing (including funding and taxes)

International best practice

- Auditors (internal & external) should supply an independent report of SOEs' financial performance and position;
- The BoD is responsible for maintaining systems of financial management and internal control;
- The financial statements are the responsibility of the BoD;
- Reporting must be in terms of existing law, legislation and regulation;
- Transparency in financial issues is important;
- Companies should have an effective internal audit function that has the respect of both BoD and management
- International accounting standards should be adhered to;
- Financial controls include no access to state funding, controls over burrowing, financial disclosure requirements and rigorous financial and non-financial auditing requirements;
- Other methods of financial accountability monitoring include that budgets do not allow automatic overspending by SOEs.

Namibia

- The State Finance Bill 2001 stipulates financial controls applicable to parastatals:
  - The authority to raise loans or issue guarantees is vested solely in the minister. A parastatal cannot raise loans or issue guarantees without the prior approval of the minister;
  - Auditor general shall audit all parastatal accounts in accordance with internationally acceptable auditing standards;
  - All public assets whether real, financial or contingent to be included under public control
- External contract auditors are used by all the surveyed SOEs – except one, the Development Brigade;
- "Only" 60% of the surveyed SOEs had internal audit programmes – of which the majority (12 of the 17) perform the duties themselves;
- Coordination of auditing needs to be addressed – especially in order to enhance the access of government to necessary information regarding

SOE finances – the State Finance Bill of 2001 does provide for the Auditor General to audit all parastatal accounts;

- Straight subsidisation, donor grants and loan guarantees for foreign burrowing are the most widely used source of finance by the surveyed SOEs – exemption from taxes and /or dividends are also widely used as indirect sources of funding;
- There is no uniform taxation policy regarding SOEs evident in Namibia.

Performance contracting and management

International best practice

- Internationally there is a wide-spread use of performance contracting;
- It is increasingly accepted that performance contracts should not be regarded as a miracle application to enhance across the board control and performance measurement.

Namibia

- The absence of performance contracts between SOEs and the state are significant (only 6 of the 22 surveyed had performance contracts in place);
- Performance measurements mostly dealing with general financial and fiscal relationship between the state and the respective SOEs, the absence of any measures designed to link funding mostly relate to the monitoring of finances and the developmental roles of SOEs ;
- Despite the high frequency of measurements with performance, either in the form of incentives or sanctions, are limited;
- The design and application of robust regulatory frameworks in case of SOEs in monopoly environments are needed.

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SOOE	No. of Board Members at Date Specified	Names of Board members	Date of appointment	Fixed Annual Allowance	Sitting Allowance	Other benefits
Law Reform and Development Commission	**[8] 20 July 2000**					
Law Reform and Development Commission		Nujoma UD, Mr	1997/07/01	-		-
Law Reform and Development Commission		Vaatz A, Mr	2000/07/15	-	568	-
Law Reform and Development Commission		Gawanas B, Adv	2000/07/15	-		-
Law Reform and Development Commission		Mutwa G, Mr	2000/07/15	-		-
Law Reform and Development Commission		Sauls D, Adv	2000/07/15	-		-
Legal Practitioners Disciplinary Committee	**[5] 20 July 2000**					
Legal Practitioners Disciplinary Committee		Ruppel H, Mr	1997/11/01	-	568	-
Legal Practitioners Disciplinary Committee		Dannhauser KS, Mr	1997/11/01	-	568	-
Legal Practitioners Disciplinary Committee		Muller L, Adv	1997/11/01	-	568	-
Legal Practitioners Disciplinary Committee		Huaraka T, Dr	1997/11/01	-	-	-
Legal Practitioners Disciplinary Committee		Akweenda S, Dr	1997/11/01	-	-	-
The Board of Legal Education	**[11] 20 July 2000**					
The Board of Legal Education		Strydom, Chief Justice	1999/04/01	-	-	-
The Board of Legal Education		Damaseb PT, Mr	1999/04/01	-	568	-
The Board of Legal Education		Heyman H, Adv	1999/04/01	-	-	-
The Board of Legal Education		Matswetu G, Mr	1999/04/01	-	568	-
The Board of Legal Education		Hinz MO, Prof	1999/04/01	-	568	-
The Board of Legal Education		Swanepoel A, Mr	1999/04/01	-	568	-
The Board of Legal Education		Koep P, Adv	1999/04/01	-	568	-
The Board of Legal Education		Walters J, Adv	1999/04/01	-	568	-
The Board of Legal Education		Totemeyer R, Adv	1999/04/01	-	568	-
The Board of Legal Education		ya Toivo V, Adv	1999/04/01	-		-
University of Namibia	**[22] August 2000**					
University of Namibia		Konjore W, Rev	1999/04/01	-	800	-
University of Namibia		Graig-Mclaren, Ms	1999/04/01	-	600	-
University of Namibia		Schneider G, Dr	1999/04/01	-	600	-
University of Namibia		Nitsche WHF, Mr	1999/04/01	-	600	-
University of Namibia		Angolo N, Dr	1999/04/01	-	600	-
University of Namibia		Van Rooyen K, Ms	1999/04/01	-	600	-
University of Namibia		Karuaihe R, Mr	1994/04/01	-	600	-
University of Namibia		Tweya T, Mr	1994/04/01	-	600	-
University of Namibia		Tlou T, Prof	2000/04/01	-	600	-
University of Namibia		Levy H, Judge	1997/09/17	-	600	-
University of Namibia		Kamerika RJ, Mr	1999/08/04	-	-	-
University of Namibia		Abate AL, Prof	1998/04/01	-	-	-

Note: Information provided by SOEs in Government Remuneration Survey

SOOE	No. of Board Members at Date Specified	Names of Board members	Date of appointment	Fixed Annual Allowance	Sitting Allowance	Other benefits
University of Namibia		Harlech-Jones B, Prof	1998/04/01	-	-	-
University of Namibia		Kiangi G, Prof	1998/04/01	-	-	-
University of Namibia		Van Dyk A, Prof	1998/04/01	-	-	-
University of Namibia		Ankama IV, Mr	c term (employed)	-	-	-
University of Namibia		Maamberua UJ, Mr	c term (employed)	-	-	-
University of Namibia		Katjaviva PH, Prof	c term (employed)	-	-	-
University of Namibia		Mshigeni KE, Prof	c term (employed)	-	-	-
University of Namibia		Kirkby-Harris R, Mr	c term (employed)	-	-	-
University of Namibia		Kazapua ZJN, Mr	c term (employed)	-	-	-
Polytechnic of Namibia	**[12] August 2000**					
Polytechnic of Namibia		Kathindi N, Rev	1996/01/09	-	400	-
Polytechnic of Namibia		Jacobs F, Mr	1995/09/08	-	300	-
Polytechnic of Namibia		Tjivikua T, Dr	1995/01/10	-	-	-
Polytechnic of Namibia		Günzel G, Dr	1997/01/01	-	-	-
Polytechnic of Namibia		Hill M, Mr	1995/09/08	-	300	-
Polytechnic of Namibia		Kampangu M, Mr	1998/08/28	-	-	-
Polytechnic of Namibia		Katjaita M, Ms	1998/08/28	-	300	-
Polytechnic of Namibia		Lund K, Mr	1995/09/08	-	300	-
Polytechnic of Namibia		Ngweda J, Mr	1998/01/10	-	-	-
Polytechnic of Namibia		Parkhouse T, Mr	1995/09/08	-	300	-
Polytechnic of Namibia		Rogers J, Mr	1995/09/08	-	300	-
Polytechnic of Namibia		Du Plessis vW, Mr	1995/09/08	-	-	-
National Fishing Corporation of Namibia	**[5] August 2000**					
National Fishing Corporation of Namibia		Ishitile AZ, Mr	1999/01/10	25,000	-	-
National Fishing Corporation of Namibia		Nghinamwaami H, Mr	1999/01/10	20,000	-	-
National Fishing Corporation of Namibia		Shikongo E, Ms	1999/01/10	20,000	-	-
National Fishing Corporation of Namibia		Zaamwani I, Ms	1999/01/10	20,000	-	-
National Fishing Corporation of Namibia		Bottger HWP, Mr	1999/01/10	20,000	-	-
Seaflower Whitefish Corporation	**[6] August 2000**					
Seaflower Whitefish Corporation		Ishitile AZ, Mr	1999/09/12	25,000	-	-
Seaflower Whitefish Corporation		Haipinga MS, Ms	1999/09/12	20,000	-	-
Seaflower Whitefish Corporation		Shikongo E, Ms	1999/09/12	20,000	-	-
Seaflower Whitefish Corporation		Thorarinsson T, Mr	1999/09/12	20,000	-	-
Seaflower Whitefish Corporation		Petursson S, Mr	1999/09/12	20,000	-	-
Seaflower Whitefish Corporation		Black S, Mr	1999/06/02	-	-	-

Note: Information provided by SOEs in Government Remuneration Survey

SOOE	No. of Board Members at Date Specified	Names of Board members	Date of appointment	Fixed Annual Allowance	Sitting Allowance	Other benefits
Seaflower Lobster Corporation	**[6] August 2000**					
Seaflower Lobster Corporation		Nghinamwaami H, Mr	1999/09/12	12,500	4,167	-
Seaflower Lobster Corporation		Bottger HWP, Mr	1999/09/12	10,000	3,333	-
Seaflower Lobster Corporation		Nandango J, Mr	1999/09/12	10,000	3,333	-
Seaflower Lobster Corporation		Shipanga M, Mr	1999/09/12	10,000	3,333	-
Seaflower Lobster Corporation		Zaamwani I, Ms	1999/09/12	10,000	3,333	-
Seaflower Lobster Corporation		Black S, Mr	1998/06/02	-	-	-
Namibian Trust for Maritime & Fisheries Training Institut	**[12] September 2000**					
Namibian Trust for Maritime & Fisheries Training Institute		Ishitile AZ, Mr	2000/01/05	-	800	-
Namibian Trust for Maritime & Fisheries Training Institute		Mbako ADV, Ms	2000/01/05	-	-	-
Namibian Trust for Maritime & Fisheries Training Institute		Boeseb E, Mr	1999/01/08	-	-	-
Namibian Trust for Maritime & Fisheries Training Institute		Heita A, Ms	1999/01/10	-	-	-
Namibian Trust for Maritime & Fisheries Training Institute		Bramwell B, Mr	1999/01/10	-	300	-
Namibian Trust for Maritime & Fisheries Training Institute		Nangolo M, Mr	1999/01/10	-	-	-
Namibian Trust for Maritime & Fisheries Training Institute		Gertze F, Mr	2000/01/04	-	-	-
Namibian Trust for Maritime & Fisheries Training Institute		Schoeman H, Mr	2000/01/04	-	300	-
Namibian Trust for Maritime & Fisheries Training Institute		Hackart C, Mr	2000/01/04	-	800	-
Namibian Trust for Maritime & Fisheries Training Institute		Martin S, Mr	2000/01/04	-	800	-
Namibian Trust for Maritime & Fisheries Training Institute		Johanson H, Ms	2000/01/04	-	300	-
Namibian Trust for Maritime & Fisheries Training Institute		Van der Merwe, Capt	1999/01/10	-	-	-
National Housing Enterprise	**[5] August 2000**					
National Housing Enterprise		Rukoro RV, Mr	2000/07/21	-	1,600	-
National Housing Enterprise		Ipangelwa LS, Mr	1998/05/02	-	12,000	-
National Housing Enterprise		Swart-Opperman C, Dr	1998/05/02	-	12,000	-
National Housing Enterprise		Nadimi F, Mr	1998/05/02	-	12,000	-
National Housing Enterprise		Van Rooyen K, Mrs	1998/05/02	-	-	3,808
National Petroleum Corp of Namibia	**[5] August 2000**					
National Petroleum Corp of Namibia		Kisting FG	2000/01/04	15,000	-	-
National Petroleum Corp of Namibia		Mazeingo JV	2000/01/04	10,000	-	-
National Petroleum Corp of Namibia		Shejavali SG	2000/01/04	10,000	-	-
National Petroleum Corp of Namibia		Nuyoma D	2000/01/04	10,000	-	-
National Petroleum Corp of Namibia		Iita J	2000/05/30	10,000	-	-

Note: Information provided by SOEs in Government Remuneration Survey

SOOE	No. of Board Members at Date Specified	Names of Board members	Date of appointment	Fixed Annual Allowance	Sitting Allowance	Other benefits
Namibia Power Corporation	**[7] August 2000**					
Namibia Power Corporation		Shikongo MK, Mr	2000/02/01	9,000	750	-
Namibia Power Corporation		Ipangelwa LS, Mr	2000/02/01	6,000	500	-
Namibia Power Corporation		Mushe AM, Mr	1997/04/01	6,000	500	-
Namibia Power Corporation		Tueumuna TT, Dr	1997/12/01	6,000	500	-
Namibia Power Corporation		Engelbrecht JF, Mr	1997/12/01	6,000	500	-
Namibia Power Corporation		Iita JS, Mr	2000/03/01	-	-	-
Namibia Power Corporation		Hangula LS, Dr	1900/01/00	-	-	-
Namdeb Diamond Corporation	**[9]**					
Namdeb Diamond Corporation		Zaamwani I, Ms	1999/01/01	-	-	-
Namdeb Diamond Corporation		Hangula L, Dr	1995/10/02	30,000	600	-
Namdeb Diamond Corporation		Kausana A, Dr	1995/10/02	24,000	600	-
Namdeb Diamond Corporation		Namaseb II, Mr	1995/10/02	24,000	600	-
Namdeb Diamond Corporation		Simasiku SC, Mr	1999/08/11	24,000	600	-
Namibia Development Corporation	**[12]**					
Namibia Development Corporation		Nekwaya J	2000/06/15	9,000	-	S&T N$ 150.00 per meeting N$ 2.37 per km
Namibia Development Corporation		Semi J	2000/06/15	6,000	-	S&T N$ 150.00 per meeting N$ 2.37 per km
Namibia Development Corporation		Bezuidenhout S	2000/06/15	6,000	-	S&T N$ 150.00 per meeting N$ 2.37 per km
Namibia Development Corporation		Shemuvalula O	2000/06/15	6,000	-	S&T N$ 150.00 per meeting N$ 2.37 per km
Namibia Development Corporation		Jacobs R	2000/06/15	6,000	-	-
Namibia Development Corporation		Haipinge M	2000/06/15	6,000	-	-
Amalgamated Commercial Holdings	**[4] 7 December 2000**					
Amalgamated Commercial Holdings		Jacobs R	1995/06/21	750/month	430	-
Amalgamated Commercial Holdings		Haipinge M	1995/06/19	-	450	-
Amalgamated Commercial Holdings		Ndishishi A, Mr	1997/03/04	-	-	-
Amalgamated Commercial Holdings		Siyambango BS, Mr	1994/04/02	-	-	-
Development Brigade Corporation	**[5] June 2000**					
Development Brigade Corporation			1996/10/01	-	1,500	-
Development Brigade Corporation			1996/10/01	-	1,000	-
Patriot Construction Company	**[3]**					
Patriot Construction Company				-	1,200	150 and Km travelled 2.50
Patriot Construction Company		Vaandere GM, Mr		-	1,000	150 and Km travelled 2.50
Patriot Construction Company		Euis U, Mr		-	1,000	150 and Km travelled 2.50
Namibia Bricks Enterprise	**[2] July 2000**					
Namibia Bricks Enterprise		Kalumbu P	1996/01/09	9,600	800	-

Note: Information provided by SOEs in Government Remuneration Survey

SOOE	No. of Board Members at Date Specified	Names of Board members	Date of appointment	Fixed Annual Allowance	Sitting Allowance	Other benefits
Namibia Bricks Enterprise		Kauluma P	1996/01/09	9,600	800	-
Star Protection Services	**[5]**					
Star Protection Services			From Inception	-	400	Mileage claim by all
Star Protection Services			From Inception	-	300	Mileage claim by all
Namibia Press Agency	**[8]**					
Namibia Press Agency		Bond P, Mr	1998/03/30	-	683	-
Namibia Press Agency		Ndauendapo G, Mr	1998/03/30	-	568	-
Namibia Press Agency		Werner W, Dr	1998/03/30	-	568	-
Namibia Press Agency		Dammert J, Mr	1998/03/30	-	568	-
Namibia Press Agency		Mberira M, Ms	1998/03/30	-	568	-
Namibia Press Agency		Schimming-Chase E, Ms	1998/03/30	-	568	-
Namibia Press Agency		Namalambo D, Ms	1998/03/30	-	568	-
Namibia Press Agency		Iipinge E, Ms	1998/03/30	-	568	-
New Era Publication Corporation	**[8] June 2000**					
New Era Publication Corporation		Stephanus G, Chief	1996/06/26	-	4,781	25,830
New Era Publication Corporation		Hilundwa S, Mr	1996/06/26	-	3,976	36,162
New Era Publication Corporation		Shindhamba K, Mr	1996/06/26	-	2,272	20,664
New Era Publication Corporation		Mubonenwa L, Mr	1996/06/26	-	2,272	20,696
New Era Publication Corporation		Tjipuea N, Mrs	1996/06/26	-	3,976	-
New Era Publication Corporation		Sindano J, Mr	1996/06/26	-	2,272	7,672
New Era Publication Corporation		Shemivabila Q, Ms	1996/06/26	-	2,272	23,520
New Era Publication Corporation		Shiime P, Mr	1996/06/26	-	3,976	38,710
New Era Publication Corporation		Sauluvasa SJ	1995/01/05	-	-	-
Namibian Broadcasting Corporation	**[7] July 2000**					
Namibian Broadcasting Corporation		Kaumbi U	2000/05/23	-	490	Discounted TV licence, cell & fax
Namibian Broadcasting Corporation		Shiweda A	2000/05/23	-	490	Discounted TV Licence
Namibian Broadcasting Corporation		Mulongeni BB, Dr	2000/05/23	-	-	-
Namibian Broadcasting Corporation		Shivute M, Mr	2000/05/23	-	490	Discounted TV Licence
Namibian Broadcasting Corporation		Kolokwe G, Col	2000/05/23	-	490	Discounted TV Licence
Namibian Broadcasting Corporation		Jantjies M, Ms	2000/05/23	-	490	Discounted TV Licence
Namibian Broadcasting Corporation		Iita J, Mr	2000/05/23	-	490	Discounted TV Licence
Namibian Wildlife Resorts	**[6] August 2000**					
Namibian Wildlife Resorts		Shikongo EN, Mr		30,000	18,000	-
Namibian Wildlife Resorts		Nel M, Mrs		24,000	18,000	-
Namibian Wildlife Resorts		Amutenja P, Mr		-	18,000	-
Namibian Wildlife Resorts		Black B, Mr		-	18,000	-
Namibian Wildlife Resorts		Erkana T, Mr		-	18,000	-

Note: Information provided by SOEs in Government Remuneration Survey

SOOE	No. of Board Members at Date Specified	Names of Board members	Date of appointment	Fixed Annual Allowance	Sitting Allowance	Other benefits
Namibian Wildlife Resorts		Nanta-Sinvula A, Mrs		-	18,000	-
Namibian Wildlife Resorts		Bottger W, Mr		-	18,000	-
Windhoek Machine en Fabrik (1998)	**[6]**					
Windhoek Machine en Fabrik (1998)		Andima RJ, Mr	1998/08/14	-	9,000	39,000
Windhoek Machine en Fabrik (1998)		Dahl PWL, Mr	1998/08/14	-	10,500	36,000
Windhoek Machine en Fabrik (1998)		Hailwax W, Mr	1998/08/14	-	6,000	-
Windhoek Machine en Fabrik (1998)		Iita J, Mr	1998/08/14	-	10,500	-
Windhoek Machine en Fabrik (1998)		Nakale A, Ms	1998/08/14	-	6,000	-
Windhoek Machine en Fabrik (1998)		Shipoh PT, Dr	1998/08/14	-	16,000	-
August 26 Holdings Company	**[6]**					
August 26 Holdings Company		Negonda EI	1998/08/14	-	2,000	-
August 26 Holdings Company		Lameck T	1998/08/14	-	100	-
August 26 Holdings Company		Shalli M	1998/08/14	-	1,500	-
August 26 Holdings Company		Ngiishiliwa F	1998/08/14	-	1,500	-
August 26 Holdings Company		Shimwind	1998/08/14	-	1,500	-
August 26 Holdings Company		Ndishishi A	1998/08/14	-	1,500	-
Air Namibia	**[4]**					
Air Namibia		bin Ahmad J, Dr	1999/01/01	-	-	Flight rebates
Air Namibia		Shipoh PT, Dr	1999/01/01	-	-	Flight rebates
Air Namibia		Alweendo T, Mr	1999/07/10	-	-	Flight rebates
Air Namibia		Brown S, Mr	1999/01/01	-	-	Flight rebates
Namibia Airports Company	**[3] July 2000**					
Namibia Airports Company			1998/04/11	-	1,500	-
Namibia Airports Company			1998/04/11	-	1,200	-
Namibia Airports Company			1998/05/11	-	1,200	-
Development Fund of Namibia	**[5] 21 August 2000**					
Development Fund of Namibia		Ipangelwa LS	1997/11/16	-	1,800	-
Development Fund of Namibia		Shanjengange M	1997/11/16	-	1,500	-
Development Fund of Namibia		Goagoseb M	1997/11/16	-	1,500	-
Development Fund of Namibia		Kauluma P	1997/11/16	-	1,500	-
Development Fund of Namibia		Ndjaba E	2000/05/01	-	1,500	-
TransNamib Holdings	**[4] June 2000**					
TransNamib Holdings			1999/01/09	48,000	900	-
TransNamib Holdings			1999/01/09	36000 (12X300	600	-
TransNamib Holdings			1999/01/09	36000 (12X300	600	-
TransNamib Holdings			1999/01/09	36000 (12X300	600	-

Note: Information provided by SOEs in Government Remuneration Survey

SOOE	No. of Board Members at Date Specified	Names of Board members	Date of appointment	Fixed Annual Allowance	Sitting Allowance	Other benefits
Namibia National Re-insurance Corporation	**[7] September 2000**					
Namibia National Re-insurance Corporation		Tjozongoro NHM	1999/06/26	-	-	-
Namibia National Re-insurance Corporation		Dax M	1999/06/26	-	1,000	-
Namibia National Re-insurance Corporation		Mbetjiha R	1999/06/26	-	1,000	-
Namibia National Re-insurance Corporation		Kamehozu R	1999/06/26	-	1,000	3,300
Namibia National Re-insurance Corporation		Brendell S	1999/06/26	-	1,000	-
Namibia National Re-insurance Corporation		Dammert M	1999/06/26	-	1,000	-
Namibia National Re-insurance Corporation		Nashandi I	1999/06/26	-	1,000	-
Bank of Namibia	**[8] July 2000**					
Bank of Namibia		Alweendo T, Mr	1997/01/01	-	-	
Bank of Namibia		Ipangelwa L, Mr	1997/01/01	-	-	
Bank of Namibia		Maamberua U, Mr	1996/11/12	-	-	
Bank of Namibia		Herrigel O, Dr	1998/07/14	18,000	3,000	-
Bank of Namibia		Elago P, Ms	1996/07/16	18,000	3,000	-
Bank of Namibia		Damaseb P, Mr	1990/06/16	18,000	3,000	-
Bank of Namibia		Kisting F, Mr	1998/07/14	18,000	3,000	-
Bank of Namibia		Ritter R, Mr	1997/03/09	18,000	3,000	-
Social Security Commission	**[10] June 2000**					
Social Security Commission			1905/06/16	-	-	2.00 per km, 380 accomm per day
Social Security Commission			1994, 1996 and 1998	-	1,000	2.00 per km, 380 accomm per day
Premier Electric	**[6] 8 November 2000**					
Premier Electric		Lameck F	1999/09/23	-	-	-
Premier Electric		Hangela LS, Dr	1999/09/23	-	-	-
Premier Electric		Kegge G, Mr	1999/09/23	6,000	500	-
Premier Electric		Tueumuna T, Dr	1999/09/23	6,000	500	-
Premier Electric		Engelbrecht J, Mr	1999/09/23	6,000	500	-
Premier Electric		Shemuvalula O, Ms	1999/09/23	6,000	500	-
Namwater	**[12] 8 October 2000**					
Namwater		Shivute V, Dr	Date of incorp.	-	-	-
Namwater		Kahuure K, Mr	Date of incorp.	-	-	-
Namwater		Erkana TC, Mr	Date of incorp.	-	-	-
Namwater		Simenda S, Mr	Date of incorp.	-	-	-
Namwater		Goagoseb S, Mr	Date of incorp.	-	-	-
Namwater		Nauyala F, Mr	Date of incorp.	-	-	-

Note: Information provided by SOEs in Government Remuneration Survey

SOOE	No. of Board Members at Date Specified	Names of Board members	Date of appointment	Fixed Annual Allowance	Sitting Allowance	Other benefits
Namwater		Maamberua U, Mr	Date of incorp.	-	-	-
Namwater		Nakale A, Ms	Date of incorp.	-	-	-
Namwater		Shipanga MK, Mr	1999/09/13	-	1,000	-
Namwater		Brinkman F, Mr	Date of incorp.	-	1,000	-
Namwater		Lund KAH, Mr	Date of incorp.	-	1,000	-
Namwater		Redecker MD, Mr	Date of incorp.	-	1,000	-
Namwater		Angula EHT, Mr	Date of incorp.	-	1,250	-
Namwater		Dannhauser K, Mr	Date of incorp.	-	1,000	-
Namwater		Silvertson C, Mr	1997/12/16	-	1,000	-
Namwater		Behune F, Mr	Date of incorp.	-	1,000	-
Namwater		Ockhuizen W, Mr	1998/08/10	-	1,000	-
Namwater		Andowa GS, Ms	1997/12/19	-	1,000	2000S&T Cellphone
Namwater		Martin LP, Ms	Date of incorp.	-	1,000	-
Namwater		Shakela M, Mr	To be confirmed	-	500	Cellphone
Namwater		Katiti MC, Mr	Resigned	-	500	-
Meat Board of Namibia	**[13]**					
Meat Board of Namibia		Mutjavikua C	1998/01/06	-	560	285 subsist. per day, 1.85 per km
Meat Board of Namibia		De Wet JM	1997/01/08	-	450	245 subsist. per day, 1.85 per km
Meat Board of Namibia		Smit J	2000/01/01	-	450	245 subsist. per day, 1.85 per km
Meat Board of Namibia		Potgieter AS	1999/01/03	-	450	245 subsist. per day, 1.85 per km
Meat Board of Namibia		Metzger D	1998/01/06	-	450	245 subsist. per day, 1.85 per km
Meat Board of Namibia		Lizazi JE	2000/01/01	-	450	245 subsist. per day, 1.85 per km
Meat Board of Namibia		Haludilu MN	1998/01/06	-	450	245 subsist. per day, 1.85 per km
Meat Board of Namibia		Murorua TD	1998/01/06	-	450	245 subsist. per day, 1.85 per km
Meat Board of Namibia		Raith W	1998/01/06	-	450	245 subsist. per day, 1.85 per km
Meat Board of Namibia		Stoffberg NEP	1998/01/08	-	450	245 subsist. per day, 1.85 per km
Meat Board of Namibia		Besterbreurtje J	1998/01/06	-	450	245 subsist. per day, 1.85 per km
Meat Board of Namibia		Mupotola M	1999/12/11	-	-	Gov representative
Meat Board of Namibia		Kaukuata LN	1998/01/08	-	450	245 subsist. per day, 1.85 per km
Karakul Board of Namibia	**[7]**					
Karakul Board of Namibia		Kisling K	1905/06/20	-	500	1.6 per km
Karakul Board of Namibia		Rothkeyer R	1905/06/08	-	-	-
Karakul Board of Namibia		Nieuwoudt JH	1905/06/19	-	500	1.6 per km
Karakul Board of Namibia		Van Wyk HJ	1905/06/20	-	500	1.6 per km
Karakul Board of Namibia		Fleermuys J	1905/06/14	-	500	1.6 per km
Karakul Board of Namibia		Campbell JWP	1905/06/06	-	500	1.6 per km
Karakul Board of Namibia		Albertyn GB		-	575	1.6 per km
Namibian Agronomic Board	**[11]**					

Note: Information provided by SOEs in Government Remuneration Survey

SOOE	No. of Board Members at Date Specified	Names of Board members	Date of appointment	Fixed Annual Allowance	Sitting Allowance	Other benefits
Namibian Agronomic Board		Von Maltzahn JP, Mr	1999/01/04	22,308	385	132 per night, 1.98 per km
Namibian Agronomic Board		Iita A, Rev	1999/01/04	-	347	132 per night, 1.98 per km
Namibian Agronomic Board		Akwenye P, Ms	1999/01/08	-	347	132 per night, 1.98 per km
Namibian Agronomic Board		Engelbrecht J, Mr	2000/01/05	-	347	132 per night, 1.98 per km
Namibian Agronomic Board		Itembu R, Ms	1999/01/04	-	347	132 per night, 1.98 per km
Namibian Agronomic Board		Kapia O, Mr	2000/01/04	-	347	132 per night, 1.98 per km
Namibian Agronomic Board		Liebenberg PJ, Mr	1999/01/04	-	347	132 per night, 1.98 per km
Namibian Agronomic Board		Musweu CI, Ms	1999/01/04	-	347	132 per night, 1.98 per km
Namibian Agronomic Board		Ramakhutla E, Ms	1999/01/10	-	347	132 per night, 1.98 per km
Namibian Agronomic Board		Van Rooyen O, Mr	2000/01/04	-	347	132 per night, 1.98 per km
Namibian Agronomic Board		Sievers G, Mr	2000/01/04	-	347	132 per night, 1.98 per km
Agribank	**[7] August 2000**					
Agribank		Hijarunguru TZM, Mr	1997/01/06	-	-	-
Agribank		Stellmacher FF, Dr	1995/01/09	-	9,000	1890 Petrol, 720 daily allowance
Agribank		Hinda M, Ms	1995/01/09	-	9,000	-
Agribank		Haibamba GS, Mr	1995/01/09	-	9,000	15036 Petrol, 720 daily allowance
Agribank		Hango P, Mr	1995/01/09	-	9,000	-
Agribank		Brock C, Mr	1995/01/09	-	-	-
Agribank		Nitsche W, Mr	1995/01/08	-	9,000	-
Namibian Ports Authority	**[8] 18 August 2000**					
Namibian Ports Authority		Conradie H, Mr	2000/03/01	32,400	45,500	11,680
Namibian Ports Authority		Rogers JC, Mr	2000/03/01	16,200	40,950	11,680
Namibian Ports Authority		Dennewill HT, Mr	2000/03/01	-	26,000	5,840
Namibian Ports Authority		Harris ST, Ms	2000/03/01	-	15,600	5,840
Namibian Ports Authority		Wessels WJA, Mr	1998/12/06	-	-	-
Namibian Ports Authority		Mbako N, Mrs	2000/01/05	-	-	-
Namibian Ports Authority		Hiveluah ST, Mr	1997/01/04	-	-	-
Namibian Ports Authority		Maamberua U, Mr	1996/02/12	-	-	-
Namibia Post & Telecom Holdings	**[3]**					
Namibia Post & Telecom Holdings		Angula EHT	1992/01/08	-	-	-
Namibia Post & Telecom Holdings		Black S	1992/01/08	-	-	-
Namibia Post & Telecom Holdings		Pupkewitz H	1993/06/01	-	-	-
Telecom Namibia	**[7]**					
Telecom Namibia		Angula EHT	1992/01/08	-	-	-
Telecom Namibia		Black S	1992/01/08	-	-	-
Telecom Namibia		Pupkewitz H	1993/06/01	-	-	-

Note: Information provided by SOEs in Government Remuneration Survey

SOOE	No. of Board Members at Date Specified	Names of Board members	Date of appointment	Fixed Annual Allowance	Sitting Allowance	Other benefits
Telecom Namibia		Iita JS	1994/01/03	-	-	-
Telecom Namibia		Nakale R	1994/01/03	-	-	-
Telecom Namibia		Motinga S	1994/01/03	-	-	-
Nampost	**[6]**					
Nampost		Kankondi SI, Mr	2000/08/24	-	2,015	-
Nampost		Gawaxeb J, Mr	2000/08/24	-	1,515	-
Nampost		Hamutenya NH, Ms	2000/08/24	-	1,515	-
Nampost		Aipinge SN, Mr	2000/08/24	-	1,515	-
Nampost		Nambira N, Ms	2000/08/24	-	1,515	-
Nampost		Kukuri A, Mr	1998/01/02	-	-	-
Roads Authority	**[3]**					
Roads Authority		Goabab N, Mr	1999/10/12	-	7,500	Reimforsables at cost
Roads Authority		Haihambu E, Mr	2000/05/26	-	5,000	Reimforsables at cost
Roads Authority		Hamutenya L, Ms	1999/10/12	-	5,000	Reimforsables at cost
Roads Contractor Company	**[4]**					
Roads Contractor Company		Kavara R, Ms		-	2,000	500 per board meeting
Roads Contractor Company		Ndilula MN		-	2,000	500 per board meeting
Roads Contractor Company		Hijarunguru T		-	2,000	500 per board meeting
Roads Contractor Company		Hurter D		-	2,000	500 per board meeting
Road Fund Administration	**[3]**					
Road Fund Administration		Katjimune GR	1999/01/05	-	-	-
Road Fund Administration		Richter V	1999/01/11	-	-	-
Road Fund Administration		Schmidt H	1999/01/05	-	-	-
Namibian College of Open Learning	**[15]**					
Namibian College of Open Learning		Ellis J, Mr	1998/09/25	-	-	-
Namibian College of Open Learning		Van der Merwe IF, Mr	1998/09/25	-	-	-
Namibian College of Open Learning		Swarts P, Dr	1998/09/25	-	-	-
Namibian College of Open Learning		Dodds T, Prof	1998/09/25	-	568	-
Namibian College of Open Learning		Jafta CH, Mr	1998/09/25	-	568	-
Namibian College of Open Learning		Misika PW, Mr	1998/09/25	-	-	-
Namibian College of Open Learning		Haikali R, Mr	1998/09/25	-	568	-
Namibian College of Open Learning		Conradie L, Mr	1998/09/25	-	568	-
Namibian College of Open Learning		Shiimi P,Mr	1998/09/25	-	568	-
Namibian College of Open Learning		Katoma LN, Ms	1998/09/25	-	-	-
Namibian College of Open Learning		Opali F, Mr	1998/09/25	-	568	-
Namibian College of Open Learning		Karonda E, Mr	1998/09/25	-	568	-
Namibian College of Open Learning		Katonyala M, Mr	1998/09/25	-	-	-
Namibian College of Open Learning		Dammert M, Ms	1998/09/25	-	568	-

Note: Information provided by SOEs in Government Remuneration Survey

SOOE	No. of Board Members at Date Specified	Names of Board members	Date of appointment	Fixed Annual Allowance	Sitting Allowance	Other benefits
National Theatre of Namibia	**[6]**					
National Theatre of Namibia		Guriaas J, Ms	1999/11/11	-	-	-
National Theatre of Namibia		Yanangolo M, Mr	1999/11/11	-	-	-
National Theatre of Namibia		Hoabieb ND, Mr	1999/11/05	-	-	-
National Theatre of Namibia		Shejavali S, Ms	1999/11/11	-	-	-
National Theatre of Namibia		Gaeef CH, Mr	1999/11/05	-	-	-
National Theatre of Namibia		Rudd MS	1999/11/05	-	-	-
National Monuments Council	**[7]**					
National Monuments Council				-	-	Standard travel & accomm allowance
National Monuments Council				-	-	Standard travel & accomm allowance
Rundu College						
Rundu College				-	300	-
Rundu College				-	250	-
Windhoek College of Education						
Windhoek College of Education				-	300	-
Windhoek College of Education				-	250	-
Windhoek College of Education						
Ongwediwa College						
Ongwediwa College				-	300	-
Ongwediwa College				-	250	-
Ongwediwa College				-	-	-
Caprivi College of Education						
Caprivi College of Education				-	300	-
Caprivi College of Education				-	250	-

Note: Information provided by SOEs in Government Remuneration Survey

State-Owned Enterprise (SOE)	Job designation	Remuneration & 13th Cheque	Pension, Medical Aid & Social Security Contributions	Allowances, Subsidies and Other Benefits	TOTAL PACKAGE
Agribank	Managing Director	466,866	80,269	197,000	**744,134**
Agribank	Senior Manager	255,999	49,125	114,887	**420,010**
Agribank	Senior Manager	230,094	45,299	114,887	**390,280**
Agribank	Senior Manager	222,907	44,238	112,226	**379,370**
Agribank	Manager: Information Systems	241,943	42,825	84,119	**368,887**
Agribank	Manager: Conveyancing	218,608	39,379	84,119	**342,106**
Agribank	Manager: Legal	183,625	35,148	84,119	**302,892**
Agribank	Manager: Otjeroku	181,207	35,169	84,119	**300,495**
Agribank	Manager: Branch Operations	176,176	33,112	84,119	**293,407**
Agribank	Manager: Management Accounting	170,300	33,720	84,119	**288,139**
Agribank	Manager: Marketing	163,813	32,600	84,119	**280,532**
Agribank	Manager: Finance	161,785	30,986	78,177	**270,949**
Agribank	Manager: Administration	156,442	30,197	78,177	**264,816**
Agribank	Manager: Public Relations	152,373	30,910	78,177	**261,460**
Agribank	Manager: Midland Branch	134,277	28,238	78,177	**240,692**
Agribank	Manager: Southern Branch	133,640	26,830	78,177	**238,647**
Agribank	Manager: Finanancial Services	132,717	27,629	78,177	**238,523**
Agribank	Manager: Four-O Branch	131,248	27,952	78,177	**237,377**
Agribank	Manager: Human Resources	122,460	26,186	78,177	**226,824**
Agribank	Manager: Agriculture	122,460	25,826	78,177	**226,464**
Agribank	General Manager	299,444	55,542	138,000	**492,985**
Agribank	Assistant Manager: Branch	183,625	34,212	66,839	**284,676**
Agribank	Assistant Manager: Branch	161,785	32,300	56,097	**250,183**
Agribank	Agricultural Analyst	129,948	27,472	56,097	**213,517**
Air Namibia	Managing Director	1,363,200	11,054	295,415	**1,669,669**
Air Namibia	Senior Manager: Finance	604,800	-	132,000	**736,800**
Air Namibia	Senior Manager: Flight Operations	199,225	26,666	331,320	**557,211**
Air Namibia	Senior Manager: Maintenance & Engineering	204,660	-	164,448	**369,108**
Air Namibia	Senior Manager: Marketing Services	172,770	22,327	148,401	**343,498**
Air Namibia	Senior Manager: General Services Department	172,770	22,327	147,435	**342,532**
Air Namibia	Senior Manager: Company Secretariat	172,770	22,327	143,657	**338,754**
Air Namibia	Senior Manager: Inflight Services	172,770	22,327	128,490	**323,587**
Air Namibia	Senior Manager: Sales	172,770	22,327	126,679	**321,776**
Air Namibia	Senior Manager: Ground Operations	162,305	20,975	102,000	**285,280**
Air Namibia	General Manager: Commercial Services	780,996	11,054	132,000	**924,050**
Air Namibia	General Manager: Operations	676,890	11,054	164,755	**852,699**
Air Namibia	General Manager: Human Resources	330,818	63,551	209,738	**604,107**
Air Namibia	General Manager: Finance	330,818	63,551	185,263	**579,632**
Air Namibia	Company Secretary Legal Counsel	305,508	52,087	187,393	**544,988**

Note: Information provided by SOEs in Government Remuneration Survey

State-Owned Enterprise (SOE)	Job designation	Remuneration & 13th Cheque	Pension, Medical Aid & Social Security Contributions	Allowances, Subsidies and Other Benefits	TOTAL PACKAGE
August 26 Holdings Company	Managing Director	216,666	40,324	127,000	**383,990**
August 26 Holdings Company	Administrative Officer	102,450	15,324	9,000	**126,774**
Bank of Namibia	Governor	396,188	83,918	182,044	**662,150**
Bank of Namibia	Deputy Governor	294,411	64,625	138,105	**497,141**
Bank of Namibia	Senior Manager	232,487	48,382	148,609	**429,478**
Bank of Namibia	Middle Manager	198,254	42,426	122,070	**362,750**
Bank of Namibia	General Manager	288,600	55,989	132,878	**477,467**
Caprivi College of Education	HOD (X6)	117,990	8,583	27,872	**154,445**
Caprivi College of Education	Rector x 1	122,094	8,871	28,043	**159,008**
Development Brigade Corporation	Manager: Financial	157,675	-	-	**157,675**
Development Brigade Corporation	General Manager	250,000	-	-	**250,000**
Development Fund of Namibia	Senior Manager: Projects	158,704	36,829	143,996	**339,529**
Development Fund of Namibia	Project Manager	135,378	33,098	89,146	**257,622**
Development Fund of Namibia	Project Manager	129,388	34,609	72,456	**236,453**
Development Fund of Namibia	Project Manager	129,388	34,609	70,346	**234,343**
Development Fund of Namibia	Accountant	155,491	42,490	73,205	**271,186**
Law Reform and Development Commission	Chairperson (fulltime)	277,000	-	70,000	**347,000**
Meat Board of Namibia	Manager: Operations	175,812	53,209	80,708	**309,729**
Meat Board of Namibia	Manager: Classification	146,627	48,591	74,386	**269,604**
Meat Board of Namibia	Manager: Administration	129,350	42,991	64,117	**236,458**
Meat Board of Namibia	Manager: Information	125,593	35,002	71,185	**231,779**
Meat Board of Namibia	General Manager	209,833	55,187	84,761	**349,781**
Namibia Airports Company	Chief Executive Officer	484,962	-	-	**484,962**
Namibia Airports Company	Senior Manager: Business Development	265,000	-	-	**265,000**
Namibia Airports Company	Manager: Hosea Kutako International Airport	247,000	-	-	**247,000**
Namibia Airports Company	Manager: Human Resources	247,000	-	-	**247,000**
Namibia Airports Company	Manager: Walvis Bay Airport	247,000	-	-	**247,000**
Namibia Airports Company	Manager: Eros Airport	205,734	-	-	**205,734**
Namibia Airports Company	Manager: Technical Serivces	205,734	-	-	**205,734**
Namibia Airports Company	General Manager: Finance, Administration & Inf	353,751	-	-	**353,751**
Namibia Airports Company	General Manager: Operations & Engineering	353,751	-	-	**353,751**
Namibia Bricks Enterprise	General Manager	162,000	-	-	**162,000**
Namibia Development Corporation	Managing Director/Chief Executive Officer	182,748	43,317	139,874	**365,939**
Namibia Development Corporation	Manager: Risk Management	150,000	39,432	74,142	**263,574**
Namibia Development Corporation	Manager: Agriculture	144,096	38,485	75,131	**257,712**
Namibia Development Corporation	Manager: Corp. Affairs	110,448	31,480	105,227	**247,155**
Namibia Development Corporation	Manager: Industry	110,448	36,856	96,967	**244,271**
Namibia Development Corporation	Manager: Human Resources	110,460	32,826	99,947	**243,233**
Namibia Development Corporation	Manager: Finance	147,708	36,328	52,116	**236,152**

Note: Information provided by SOEs in Government Remuneration Survey

State-Owned Enterprise (SOE)	Job designation	Remuneration & 13th Cheque	Pension, Medical Aid & Social Security Contributions	Allowances, Subsidies and Other Benefits	TOTAL PACKAGE
Namibia Development Corporation	Manager: Orange River Project	107,868	30,586	59,880	**198,334**
Namibia Development Corporation	Manager: Operations	110,448	18,040	59,616	**188,104**
Namibia Development Corporation	General Manager	194,280	42,430	119,070	**355,780**
Namibia National Re-insurance Corporation	Manager: Finance	221,000	53,582	104,984	**379,566**
Namibia National Re-insurance Corporation	Manager: Human Resources	112,164	33,686	105,356	**251,206**
Namibia Post & Telecom Holdings	Manager: Planning	192,904	28,490	4,200	**225,594**
Namibia Post & Telecom Holdings	Manager: Drawing	160,606	23,720	1,200	**185,526**
Namibia Post & Telecom Holdings	Manager: Risk Management	157,108	23,204	1,200	**181,511**
Namibia Post & Telecom Holdings	Manager: Administration	146,609	21,653	1,200	**169,463**
Namibia Post & Telecom Holdings	General Manager: Properties	304,416	44,960	4,800	**354,175**
Namibia Power Corporation	Managing Director	510,558	79,665	126,000	**716,223**
Namibia Power Corporation	Senior General Manager	333,600	55,281	75,476	**464,357**
Namibia Power Corporation	Manager	192,036	36,444	62,981	**291,461**
Namibia Power Corporation	Manager	154,644	31,202	96,507	**282,353**
Namibia Power Corporation	Manager	154,644	31,202	85,095	**270,941**
Namibia Power Corporation	Manager	153,888	31,096	79,045	**264,029**
Namibia Power Corporation	Manager	156,156	30,441	67,424	**254,021**
Namibia Power Corporation	Manager	157,884	32,051	62,841	**252,776**
Namibia Power Corporation	Manager	155,400	31,308	65,137	**251,845**
Namibia Power Corporation	Manager	144,132	29,730	48,691	**222,553**
Namibia Power Corporation	General Manager	276,492	47,396	108,532	**432,420**
Namibia Power Corporation	General Manager	278,172	48,496	81,183	**407,851**
Namibia Power Corporation	General Manager	215,724	40,149	103,852	**359,725**
Namibia Power Corporation	General Manager	237,972	42,868	63,119	**343,959**
Namibia Power Corporation	General Manager	215,724	40,149	74,841	**330,714**
Namibia Power Corporation	General Manager	226,860	41,312	62,193	**330,365**
Namibia Power Corporation	General Manager	193,476	36,638	89,181	**319,295**
Namibia Power Corporation	General Manager	210,528	39,421	63,170	**313,119**
Namibia Power Corporation	Specialist	221,652	40,979	89,979	**352,610**
Namibia Power Corporation	Specialist	209,052	38,819	64,062	**311,933**
Namibia Press Agency	Deputy Editor in Chief	152,682	-	29,000	**181,682**
Namibian Agronomic Board	Deputy Manager (acting)	160,160	38,048	36,936	**235,144**
Namibian Broadcasting Corporation	Director-General	241,890	35,725	65,424	**343,039**
Namibian Broadcasting Corporation	Controller: Marketing	179,856	26,563	68,280	**274,699**
Namibian Broadcasting Corporation	Controller: Finance	179,856	26,563	45,480	**251,899**
Namibian Broadcasting Corporation	Controller: Administration	179,856	26,563	39,480	**245,899**
Namibian Broadcasting Corporation	Controller: Training and Development	179,856	26,563	38,960	**245,379**
Namibian Broadcasting Corporation	Senior Controller: Auxiliary and Support Service	195,438	-	47,760	**243,198**
Namibian Broadcasting Corporation	Controller: News and Current Affairs	163,152	24,096	47,760	**235,008**

Note: Information provided by SOEs in Government Remuneration Survey

State-Owned Enterprise (SOE)	Job designation	Remuneration & 13th Cheque	Pension, Medical Aid & Social Security Contributions	Allowances, Subsidies and Other Benefits	TOTAL PACKAGE
Namibian Broadcasting Corporation	Controller: Specialised Programmes	163,152	24,096	44,280	**231,528**
Namibian Broadcasting Corporation	Controller: Television	174,096	25,713	29,520	**229,329**
Namibian Broadcasting Corporation	Controller: Technical Services	174,456	25,766	16,800	**217,022**
Namibian Broadcasting Corporation	Controller: Radio	161,352	23,830	12,000	**197,182**
Namibian College of Open Learning	Senior Manager: Finance	172,800	40,239	86,112	**299,151**
Namibian College of Open Learning	Regional Manager	194,376	45,224	96,108	**335,708**
Namibian College of Open Learning	Regional Manager	149,080	36,687	78,240	**264,007**
Namibian College of Open Learning	Regional Manager	149,080	38,082	74,640	**261,802**
Namibian College of Open Learning	Regional Manager	149,080	24,177	51,840	**225,097**
Namibian College of Open Learning	Director	246,775	55,117	88,760	**390,652**
Namibian College of Open Learning	Deputy Director	172,800	27,972	89,208	**289,980**
Namibian College of Open Learning	Deputy Director	172,800	40,770	51,840	**265,410**
Namibian Ports Authority	Chief Executive Officer	495,045	64,920	184,609	**744,574**
Namibian Ports Authority	Manager: Port Operations, Walvis Bay	216,215	38,702	113,933	**368,850**
Namibian Ports Authority	Manager: Cargo Services	216,720	32,340	113,764	**362,824**
Namibian Ports Authority	Manager: Technical Services	216,720	32,340	113,764	**362,824**
Namibian Ports Authority	Manager: Port Operations, Luderitz	221,382	31,659	104,088	**357,129**
Namibian Ports Authority	Manager: Marketing	196,560	29,681	119,268	**345,509**
Namibian Ports Authority	Manager: Finance	196,560	29,681	117,067	**343,308**
Namibian Ports Authority	Manager: Syncrolift	196,495	30,285	103,656	**330,436**
Namibian Ports Authority	Manager: Human Resources	196,495	22,997	99,700	**319,192**
Namibian Ports Authority	General Manager: Finance	371,280	51,139	142,435	**564,854**
Namibian Ports Authority	General Manager: Port Authority	371,280	50,173	125,508	**546,961**
Namibian Ports Authority	Assistant Manager: Marketing	151,665	23,016	70,424	**245,105**
Namibian Ports Authority	Port Captain: Port of Walvis Bay	257,127	43,433	106,548	**407,108**
Namibian Ports Authority	Port Engineer	257,849	37,085	109,069	**404,003**
Namibian Trust for Maritime & Fisheries Trai	Deputy Director	142,440	91,776	60,873	**295,089**
Namibian Trust for Maritime & Fisheries Trai	Director	189,420	17,688	78,936	**286,044**
Namibian Wildlife Resorts	Managing Director	450,000	324	13,200	**463,524**
Namibian Wildlife Resorts	General Manager: Corporate Affairs	300,000	20,904	7,200	**328,104**
Namibian Wildlife Resorts	General Manager: Marketing	300,000	16,788	7,200	**323,988**
Namibian Wildlife Resorts	General Manager: Finance & Administration	300,000	16,524	7,200	**323,724**
Namibian Wildlife Resorts	General Manager: Operations	300,000	324	7,200	**307,524**
Nampost	Managing Director	376,436	83,464	34,500	**494,400**
Nampost	Manager: Information Systems	217,680	59,826	46,500	**324,006**
Nampost	Manager: Public Relations	224,852	46,043	4,500	**275,395**
Nampost	Manager: Training	200,883	41,830	5,520	**248,233**
Nampost	Manager: Mail Processing	120,782	48,346	78,085	**247,213**
Nampost	Manager: Savings Bank	196,990	41,145	4,500	**242,635**

Note: Information provided by SOEs in Government Remuneration Survey

State-Owned Enterprise (SOE)	Job designation	Remuneration & 13th Cheque	Pension, Medical Aid & Social Security Contributions	Allowances, Subsidies and Other Benefits	TOTAL PACKAGE
Nampost	Manager: Finance	120,140	39,809	57,900	**217,849**
Nampost	General Manager: Marketing	148,504	62,374	157,920	**368,798**
Nampost	General Manager: Finance	194,676	66,370	106,732	**367,778**
Nampost	General Manager: Human Resources	140,108	59,232	133,992	**333,332**
Nampost	General Manager: Savings Bank	146,529	41,935	92,204	**280,668**
Nampost	Regional General Manager: South	220,376	58,352	43,200	**321,928**
Nampost	Regional General Manager: Central	156,860	54,035	64,500	**275,395**
Nampost	Area Manager: Otjiwarongo	196,382	44,919	5,220	**246,521**
Nampost	Area Manager: Swakopmund	201,602	44,919	-	**246,521**
Nampost	Area Manager: Keetmanshoop	185,794	49,137	3,204	**238,135**
Namwater	Chief Executive Officer	458,777	-	-	**458,777**
Namwater	Manager: Construction	318,356	46,756	-	**365,112**
Namwater	Manager: Capital Development	318,356	45,730	-	**364,086**
Namwater	Manager: Financial Accounting	318,356	45,730	-	**364,086**
Namwater	Manager: Planning and Design	318,356	45,730	-	**364,086**
Namwater	Manager: Technical Services	318,356	45,730	-	**364,086**
Namwater	Manager: Human Resources Administration	318,356	43,942	-	**362,298**
Namwater	Manager: Water Resources	318,356	43,678	-	**362,034**
Namwater	Manager: Human Resources Development	318,356	41,770	-	**360,126**
Namwater	Manager: Laboratory and Research	318,356	40,600	-	**358,956**
Namwater	Manager: Information Systems	318,356	-	-	**318,356**
Namwater	Manager: Management Accounting	318,356	-	-	**318,356**
Namwater	General Manager: Engineering and Scientific Se	382,174	52,776	-	**434,950**
Namwater	General Manager: Human Resources	382,174	52,776	-	**434,950**
Namwater	General Manager: Finance and Administration	382,174	51,750	-	**433,924**
Namwater	General Manager: Operations	382,174	47,646	-	**429,820**
Namwater	Regional Manager: Central	339,356	48,049	-	**387,405**
Namwater	Regional Manager: North	339,356	37,789	-	**377,145**
Namwater	Regional Manager: South	318,356	46,756	-	**365,112**
National Housing Enterprise	Chief Executive Officer	390,000	84,252	126,212	**600,464**
National Housing Enterprise	Manager: Research	196,040	40,428	138,732	**375,200**
National Housing Enterprise	Manager: Finance Branch	197,860	39,456	131,544	**368,860**
National Housing Enterprise	Manager: Personnel & Administration	186,810	38,832	140,304	**365,946**
National Housing Enterprise	Manager: Special Projects	183,430	38,688	140,256	**362,374**
National Housing Enterprise	Manager: Internal Audit	184,600	33,696	139,620	**357,916**
National Housing Enterprise	Manager: Public Relations	186,810	33,036	133,308	**353,154**
National Housing Enterprise	Manager: Technical	159,510	30,912	142,140	**332,562**
National Housing Enterprise	Manager: Financial Systems	168,870	30,840	129,072	**328,782**
National Housing Enterprise	Manager: Marketing	159,510	34,260	130,932	**324,702**

Note: Information provided by SOEs in Government Remuneration Survey

State-Owned Enterprise (SOE)	Job designation	Remuneration & 13th Cheque	Pension, Medical Aid & Social Security Contributions	Allowances, Subsidies and Other Benefits	TOTAL PACKAGE
National Housing Enterprise	Manager: Training & Industrial Relations	158,860	33,048	126,012	**317,920**
National Housing Enterprise	General Manager: Human Resources & Adminis	277,030	51,648	218,340	**547,018**
National Housing Enterprise	General Manager: Technical	239,720	46,476	197,808	**484,004**
National Housing Enterprise	General Manager: Finance	235,430	43,440	194,064	**472,934**
National Petroleum Corp of Namibia	Managing Director	392,136	93,035	71,316	**556,487**
National Petroleum Corp of Namibia	Manager: Technical	288,636	57,341	78,669	**424,646**
National Petroleum Corp of Namibia	Manager: Finance	161,652	41,366	86,375	**289,393**
National Petroleum Corp of Namibia	Manager: Resources	144,168	35,799	84,368	**264,335**
National Petroleum Corp of Namibia	Manager: Administration	136,740	37,797	70,439	**244,976**
National Theatre of Namibia	General Manager	90,600	18,744	4,200	**113,544**
New Era Publication Corporation	Managing Director	182,670	-	-	**182,670**
Ongwediwa College	HOD (X9)	117,990	8,583	27,872	**154,445**
Ongwediwa College	Rector	134,406	9,732	28,556	**172,694**
Ongwediwa College	Vice Rector	126,198	9,157	28,214	**163,569**
Patriot Construction Company	Manager: Plant	120,000	-	-	**120,000**
Patriot Construction Company	General Manager	240,000	-	-	**240,000**
Polytechnic of Namibia	Manager: Computer Services	210,480	49,308	157,788	**417,576**
Polytechnic of Namibia	Manager: Institutional Development	181,455	43,114	30,984	**255,553**
Polytechnic of Namibia	Director: Planning	187,707	46,687	41,904	**276,298**
Polytechnic of Namibia	Rector	268,895	51,693	337,510	**658,098**
Polytechnic of Namibia	Vice Rector	225,054	56,031	166,752	**447,837**
Polytechnic of Namibia	Registrar	217,923	53,201	135,216	**406,340**
Polytechnic of Namibia	Chief Librarian	190,527	53,159	43,294	**286,980**
Polytechnic of Namibia	Dean of Students	190,528	47,493	39,420	**277,441**
Polytechnic of Namibia	Assistant Registrar	177,396	43,353	31,116	**251,865**
Polytechnic of Namibia	Assistant Bursar	177,396	44,831	26,880	**249,107**
Premier Electric	Manager: Commercial	163,384	34,829	54,648	**252,861**
Premier Electric	Manager: Finance and Administration	124,583	28,832	80,000	**233,415**
Road Fund Administration	Chief Executive Officer	500,000	100,916	-	**600,916**
Road Fund Administration	Manager: Program Management	327,000	82,200	-	**409,200**
Road Fund Administration	Fund Manager	327,000	69,420	-	**396,420**
Road Fund Administration	Manager: Review and Audit	327,000	67,764	-	**394,764**
Roads Authority	Chief Executive Officer (acting)	-	-	-	**-**
Roads Authority	Divisional Manager: Transport Information and A	250,884	-	-	**250,884**
Roads Authority	Head: Legal Services	300,000	-	-	**300,000**
Roads Authority	Head: Human Resources	230,516	-	-	**230,516**
Roads Authority	Divisional Engineer: Routine and Res Maintenan	397,766	-	-	**397,766**
Roads Authority	Divisional Engineer: Construction and Rehabilita	362,721	-	-	**362,721**
Roads Authority	Divisional Engineer: Network Planning and Cons	362,721	-	-	**362,721**

Note: Information provided by SOEs in Government Remuneration Survey

State-Owned Enterprise (SOE)	Job designation	Remuneration & 13th Cheque	Pension, Medical Aid & Social Security Contributions	Allowances, Subsidies and Other Benefits	TOTAL PACKAGE
Roads Authority	Roads Management System Engineer	250,884	-	-	**250,884**
Roads Contractor Company	Chief Executive Officer	366,504	-	-	**366,504**
Roads Contractor Company	Senior Manager: Human Resources	204,000	-	-	**204,000**
Roads Contractor Company	Manager: Divisional	186,817	-	-	**186,817**
Roads Contractor Company	Manager: Construction	159,000	-	-	**159,000**
Roads Contractor Company	Manager: Corporate Affairs	159,000	-	-	**159,000**
Roads Contractor Company	Manager: Plant and Equipment	153,000	-	-	**153,000**
Roads Contractor Company	General Manager: Finance and Information Tech	289,120	-	-	**289,120**
Roads Contractor Company	General Manager: Operations	285,000	-	-	**285,000**
Rundu College	HOD (X6)	117,990	8,583	27,872	**154,445**
Rundu College	Rector	122,094	8,871	28,043	**159,008**
Seaflower Whitefish Corporation	Managing Director	390,600	56,028	29,845	**476,473**
Seaflower Whitefish Corporation	Manager: SWC Factory	535,620	32,461	-	**568,081**
Seaflower Whitefish Corporation	Manager: Maintenance	253,104	39,340	1,200	**293,644**
Seaflower Whitefish Corporation	Manager: Fleet	252,000	38,426	-	**290,426**
Seaflower Whitefish Corporation	Manager: Cold Store	172,344	31,572	25,059	**228,975**
Seaflower Whitefish Corporation	Manager: SLC Factory	156,960	30,334	1,920	**189,214**
Seaflower Whitefish Corporation	Manager: Sales & Export	145,680	29,899	1,928	**177,507**
Seaflower Whitefish Corporation	Manager: Human Resources	144,522	28,749	3,000	**176,271**
Seaflower Whitefish Corporation	Manager: Administration	145,824	24,760	-	**170,584**
Seaflower Whitefish Corporation	Manager: Accounts	144,000	26,544	-	**170,544**
Seaflower Whitefish Corporation	Manager: Stores	144,275	24,805	-	**169,080**
Social Security Commission	Chief Executive Officer	323,916	82,874	221,988	**628,778**
Social Security Commission	Manager: Finance	156,559	47,593	109,148	**313,300**
Social Security Commission	Manager: Operations	156,559	40,560	110,600	**307,719**
Social Security Commission	Manager: Human Resources & Administration	156,559	40,558	110,600	**307,717**
Social Security Commission	Manager: Corporate Affairs	159,691	29,820	67,844	**257,355**
Social Security Commission	Manager: Information Technology	110,903	33,601	107,748	**252,252**
Social Security Commission	Corporate Internal Auditor	92,417	36,197	86,868	**215,482**
Social Security Commission	Corporate Legal Advisor	110,903	34,400	78,000	**223,303**
Star Protection Services	General Manager	144,000	-	-	**144,000**
Telecom Namibia	Managing Director (TN) and Chief Executive Off	468,138	69,140	7,200	**544,478**
Telecom Namibia	Manager: International Relations	211,032	31,168	1,200	**243,400**
Telecom Namibia	Manager: Applications	199,788	29,507	1,200	**230,495**
Telecom Namibia	Manager: Networks	199,788	29,507	1,200	**230,495**
Telecom Namibia	Manager: Systems Maintenance	199,788	29,507	1,200	**230,495**
Telecom Namibia	Manager: Networks	181,605	26,822	1,200	**209,627**
Telecom Namibia	Manager: Co Manager: Acc	174,605	25,788	1,200	**201,593**
Telecom Namibia	Manager: Operations	171,109	25,271	1,200	**197,580**

Note: Information provided by SOEs in Government Remuneration Survey

State-Owned Enterprise (SOE)	Job designation	Remuneration & 13th Cheque	Pension, Medical Aid & Social Security Contributions	Allowances, Subsidies and Other Benefits	TOTAL PACKAGE
Telecom Namibia	Manager: Cust, Premises Equipment	171,106	25,271	1,200	**197,577**
Telecom Namibia	Manager: Organisational Development	171,106	25,271	1,200	**197,577**
Telecom Namibia	Manager: Projects	171,106	25,271	1,200	**197,577**
Telecom Namibia	Manager: Strategic Marketing	170,081	25,120	1,200	**196,400**
Telecom Namibia	Manager: Construction	164,106	24,237	1,200	**189,543**
Telecom Namibia	Manager: Construction North	164,106	24,237	1,200	**189,543**
Telecom Namibia	Manager: Construction South	164,106	24,237	1,200	**189,543**
Telecom Namibia	Manager: Construction WHK	164,106	24,237	1,200	**189,543**
Telecom Namibia	Manager: Directories	164,106	24,237	1,200	**189,543**
Telecom Namibia	Manager: Industrial Relations	164,106	24,237	1,200	**189,543**
Telecom Namibia	Manager: International Partners	164,106	24,237	1,200	**189,543**
Telecom Namibia	Manager: National Accounts	164,106	24,237	1,200	**189,543**
Telecom Namibia	Manager: Procurement	164,106	24,237	1,200	**189,543**
Telecom Namibia	Manager: Recruitment	164,106	24,237	1,200	**189,543**
Telecom Namibia	Manager: Routes and Rates	164,106	24,237	1,200	**189,543**
Telecom Namibia	Manager: Strategic Planning	164,106	24,237	1,200	**189,543**
Telecom Namibia	Manager: Support Systems	164,106	24,237	1,200	**189,543**
Telecom Namibia	Manager: System Support	164,106	24,237	1,200	**189,543**
Telecom Namibia	Manager: Telematics	164,106	24,237	1,200	**189,543**
Telecom Namibia	Manager Product Development	160,606	23,720	1,200	**185,526**
Telecom Namibia	Manager: Advertising	160,606	23,720	1,200	**185,526**
Telecom Namibia	Manager: Teleshops	160,606	23,720	1,200	**185,526**
Telecom Namibia	Manager: ACC WHK	157,108	23,204	1,200	**181,511**
Telecom Namibia	Manager: Human Resources Administration	157,108	23,204	1,200	**181,511**
Telecom Namibia	Manager: Social Welfare	157,108	23,204	1,200	**181,511**
Telecom Namibia	Manager: Stores	157,108	23,204	1,200	**181,511**
Telecom Namibia	Manager: System Operations	157,108	23,204	1,200	**181,511**
Telecom Namibia	Manager: Network National	150,109	22,170	1,200	**173,478**
Telecom Namibia	Manager: Training	147,108	21,727	1,200	**170,034**
Telecom Namibia	Manager: Telescope	146,609	21,653	1,200	**169,463**
Telecom Namibia	General Manager: Finance	390,238	57,635	4,800	**452,673**
Telecom Namibia	General Manager: International	270,631	39,970	4,800	**315,401**
Telecom Namibia	General Manager: Technical	259,134	38,272	4,800	**302,206**
Telecom Namibia	General Manager: National	246,443	36,398	4,800	**287,640**
Telecom Namibia	General Manager: Human Resources	238,275	35,191	4,800	**278,267**
Telecom Namibia	General Manager: Windhoek	238,238	35,186	4,800	**278,224**
Telecom Namibia	General Manager: Marketing	236,193	34,884	4,800	**275,876**
Telecom Namibia	General Manager: South	230,520	34,046	4,800	**269,366**
Telecom Namibia	General Manager: Systems	222,837	32,911	4,800	**260,548**

Note: Information provided by SOEs in Government Remuneration Survey

State-Owned Enterprise (SOE)	Job designation	Remuneration & 13th Cheque	Pension, Medical Aid & Social Security Contributions	Allowances, Subsidies and Other Benefits	TOTAL PACKAGE
Telecom Namibia	General Manager: North	207,470	30,642	4,800	**242,912**
Telecom Namibia	General Manager: Central	192,104	28,372	1,200	**221,676**
Telecom Namibia	Area Manager: Windhoek	197,246	29,132	2,400	**228,778**
Telecom Namibia	Area Manager: North	167,606	24,754	1,200	**193,560**
Telecom Namibia	Area Manager: Central	164,106	24,237	1,200	**189,543**
Telecom Namibia	Area Manager: North	164,106	24,237	1,200	**189,543**
Telecom Namibia	Area Manager: South	164,106	24,237	1,200	**189,543**
Telecom Namibia	Area Manager: South	164,106	24,237	1,200	**189,543**
Telecom Namibia	Area Manager: Central	150,109	22,170	1,200	**173,478**
Telecom Namibia	Head: Internal Audit	207,470	30,642	3,600	**241,712**
Telecom Namibia	Head: Public Relations	192,104	28,372	1,200	**221,676**
Telecom Namibia	Company Accountant	167,606	24,754	1,200	**193,560**
Telecom Namibia	Financial Accountant	160,606	23,720	1,200	**185,526**
Telecom Namibia	Accountant: North	157,108	23,204	1,200	**181,511**
Telecom Namibia	Accountant: Central	147,108	21,727	1,200	**170,034**
Telecom Namibia	Financial Accountant	146,609	21,653	1,200	**169,463**
TransNamib Holdings	Chief Executive Officer TNHL	468,650	69,499	271,452	**809,601**
TransNamib Holdings	Senior Manager: Finance	304,200	46,476	209,508	**560,184**
TransNamib Holdings	Senior Manager: Human Resources	287,625	44,156	224,772	**556,553**
TransNamib Holdings	Senior Manager: Operations	253,110	39,323	166,476	**458,909**
TransNamib Holdings	Senior Manager: Business Development and Co	241,020	37,631	153,960	**432,611**
TransNamib Holdings	Manager: Internal Audit	264,550	40,925	168,312	**473,787**
TransNamib Holdings	Manager: Finance	189,898	30,474	138,228	**358,600**
TransNamib Holdings	Manager: Information Systems	193,830	31,024	129,720	**354,574**
TransNamib Holdings	Manager: Employee Benefits	175,500	28,458	142,944	**346,902**
TransNamib Holdings	Manager: Health, Safety and Loss control	146,802	24,440	129,516	**300,758**
TransNamib Holdings	Manager: Manpower & Industrial Relations	146,802	24,440	129,084	**300,326**
TransNamib Holdings	Manager: Corporate and Public Affairs	135,428	22,848	128,364	**286,640**
TransNamib Holdings	Manager: Desert Express	139,100	23,362	102,660	**265,122**
TransNamib Holdings	Manager: Training & Organisational Developmer	126,392	21,583	107,100	**255,075**
TransNamib Holdings	Manager: Properties	133,412	22,566	97,206	**253,184**
TransNamib Holdings	Manager: Business Development	109,330	19,194	94,488	**223,012**
TransNamib Holdings	Regional Manager: Central/South	187,525	30,142	126,360	**344,027**
TransNamib Holdings	Regional Manager: RSA	182,065	29,377	120,912	**332,354**
TransNamib Holdings	Regional Manager: North/West	165,035	26,993	107,592	**299,620**
TransNamib Holdings	Area Manager: West	126,945	21,660	102,336	**250,941**
TransNamib Holdings	Area Manager: North	99,645	17,838	90,396	**207,879**
TransNamib Holdings	Area Manager: South	109,948	19,281	76,836	**206,065**
TransNamib Holdings	Area Manager: East	99,645	17,838	70,260	**187,743**

Note: Information provided by SOEs in Government Remuneration Survey

State-Owned Enterprise (SOE)	Job designation	Remuneration & 13th Cheque	Pension, Medical Aid & Social Security Contributions	Allowances, Subsidies and Other Benefits	TOTAL PACKAGE
TransNamib Holdings	Assistant Manager: Industrial Relations	146,802	24,440	124,260	**295,502**
TransNamib Holdings	Assistant Manager: Systems Development	131,950	22,361	92,580	**246,891**
TransNamib Holdings	Assistant Manager: Sales & Customer	126,945	21,660	97,200	**245,805**
TransNamib Holdings	Assistant Manager: Management Accounting	126,945	21,660	89,448	**238,053**
TransNamib Holdings	Assistant Manager: Tariff Admin	126,945	21,660	85,512	**234,117**
TransNamib Holdings	Assistant Manager: Telecom & Electrical	120,348	20,737	84,504	**225,589**
TransNamib Holdings	Assistant Manager: Public Relations	109,948	19,281	94,764	**223,993**
TransNamib Holdings	Assistant Manager: Facilities	109,948	19,281	83,784	**213,013**
TransNamib Holdings	Assistant Manager: Passenger Services	109,948	19,281	79,284	**208,513**
TransNamib Holdings	Assistant Manager: Trains Operating	109,948	19,281	78,816	**208,045**
TransNamib Holdings	Assist Manager: Financial Accounting	98,605	17,693	87,528	**203,826**
TransNamib Holdings	Assistant Manager: Procurement	98,605	17,693	85,800	**202,098**
TransNamib Holdings	Assistant Manager: Training and Development	99,645	17,838	84,324	**201,807**
TransNamib Holdings	Company Secretary	140,400	23,544	118,764	**282,708**
TransNamib Holdings	Head: Procurement	120,348	20,737	89,328	**230,413**
TransNamib Holdings	Chief Civil Engineer	249,080	38,759	133,956	**421,795**
TransNamib Holdings	Chief Mechanical Engineer	203,548	32,385	146,688	**382,621**
TransNamib Holdings	Senior Section Engineer: Research and Develop	167,440	27,330	141,120	**335,890**
TransNamib Holdings	Section Engineer: Carriage and wagons	167,440	27,330	130,788	**325,558**
TransNamib Holdings	Section Engineer: Motive Power	146,802	24,440	122,616	**293,858**
TransNamib Holdings	Section Engineer: Civil (North)	126,945	21,660	99,192	**247,797**
TransNamib Holdings	Section Engineer: Civil (South)	126,945	21,660	95,340	**243,945**
TransNamib Holdings	Section Engineer: Vehicles	126,392	21,583	93,960	**241,935**
TransNamib Holdings	Legal Advisor	193,830	31,024	141,960	**366,814**
TransNamib Holdings	Business Process Advisor	146,802	24,440	127,464	**298,706**
TransNamib Holdings	Business Process Advisor	109,948	19,281	94,068	**223,297**
TransNamib Holdings	Business Process Advisor	99,645	17,838	91,752	**209,235**
TransNamib Holdings	Business Process Advisor	99,645	17,838	86,556	**204,039**
TransNamib Holdings	Business process advisor	109,948	19,281	66,936	**196,165**
University of Namibia	Chief Executive Officer: University Foundation	193,968	46,796	77,580	**318,344**
University of Namibia	Manager: Computer Centre	175,428	43,920	13,968	**233,316**
University of Namibia	Director: Strategic Planning	187,620	45,654	70,896	**304,170**
University of Namibia	Director: Estate Services	175,428	41,194	81,588	**298,210**
University of Namibia	Director: Language Centre	169,656	52,031	30,084	**251,771**
University of Namibia	Director: Human Resources	175,428	42,538	29,068	**247,034**
University of Namibia	Director: Northern Campus	181,344	43,219	20,832	**245,395**
University of Namibia	Director: International Relations	187,620	34,096	17,580	**239,296**
University of Namibia	Director: Communications and Public Relations	169,584	54,278	15,000	**238,862**
University of Namibia	Director: MRC	146,280	35,947	29,971	**212,198**

Note: Information provided by SOEs in Government Remuneration Survey

State-Owned Enterprise (SOE)	Job designation	Remuneration & 13th Cheque	Pension, Medical Aid & Social Security Contributions	Allowances, Subsidies and Other Benefits	TOTAL PACKAGE
University of Namibia	Vice Chancellor	237,660	54,661	257,164	**549,485**
University of Namibia	PVC: Academic Affairs & Research	200,316	62,422	90,245	**352,983**
University of Namibia	Dean of Students	193,968	35,238	68,276	**297,482**
University of Namibia	Dean: Faculty of Humanities & Social Sciences	181,344	54,953	48,408	**284,705**
University of Namibia	PVC: Administration & Finance	200,316	61,961	20,118	**282,395**
University of Namibia	Registrar	193,968	47,257	40,751	**281,976**
University of Namibia	Physical Planner	152,052	50,356	74,316	**276,724**
University of Namibia	Dean: Faculty of Agriculture & Natural Resource	181,344	57,679	36,516	**275,539**
University of Namibia	Dean: Faculty of Medical and Health Science	181,344	55,841	20,832	**258,017**
University of Namibia	Dean Faculty of Education	175,500	43,933	37,212	**256,645**
University of Namibia	Dean: Faculty of Science	157,968	51,835	46,480	**256,283**
University of Namibia	Dean: Faculty of Economics and Mnmt Science	175,500	39,133	20,832	**235,465**
University of Namibia	Bursar	-	-	-	**-**
University of Namibia	University Librarian	-	-	-	**-**
Windhoek College of Education	HOD (x9)	117,990	8,583	27,872	**154,445**
Windhoek College of Education	Rector	134,406	9,732	31,292	**175,430**
Windhoek College of Education	Vice Rector	126,198	9,157	5,258	**140,613**
Windhoek Machine en Fabrik	Manager: Administration	170,400	32,340	48,840	**251,580**
Windhoek Machine en Fabrik	Manager: Sales & Marketing	170,400	32,340	48,840	**251,580**
Windhoek Machine en Fabrik	Manager: Production	98,574	-	-	**98,574**

Note: Information provided by SOEs in Government Remuneration Survey

ANNEXURE F: ALTERNATIVE VIEWPOINTS OF TECHNICAL ADVISORY TEAM

This document is the product of a consultative process. In finalising the document, some differences of opinion emerged on the ideal remedies to address certain governance issues. The project team responsible for technical assistance in this project here offer alternative versions and comments on selected issues.

1 Executive Remuneration (p. 41)

The SOE Governance Project originated from a focused review of SOE remuneration structures and how they apply to executive management and Boards of Directors. The Deloitte & Touche project team, in their analysis of results gathered by Government for this review, concurs that highly disparate remuneration structures exist between entities and that no clear remuneration guidelines are evident. In developing a policy framework for the governance of SOEs, it is therefore strongly supported that executive management remuneration be guided by clear principles which address the processes and criteria of remuneration determination.

The project team, with respect, does not view the use of government or civil service remuneration scales as a comparative base for SOE remuneration as ideal. The project team supports the principles of accountable, transparent and effective management of SOEs, but views this specific aspect of executive remuneration processes as detailed in the document as possibly restrictive in the search for suitable candidates. The project team is of the view that the mechanism of requiring SOE's to submit and substantiate executive remuneration structures for scrutiny prior to approval provides sufficient opportunity for identifying and resolving problem cases.

SOEs represent many specialised sectors and to draw interest from experienced and respected persons to fulfil SOEs' management needs it might be necessary to evaluate senior appointments on a case-to-case basis. For this reason fixed remuneration ceilings are not supported and it is felt that a serious application of minds to the principles outlined as regards board remuneration should, *mutatis mutandis*, be sufficient to determine remuneration levels that are logical, competitive and still do not lose sight of costs.

2 The international development of private sector participation (p.15)

The transfer of ownership to the private sector has led to less successful initial results particularly in situations where market structures, institutions and related processes have not been in prior existence. Such cases include certain African countries as well as countries such as Russia and the Czech Republic.

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3 Directors' remuneration (p. 29)

In a draft formulation of the policy document, the following practice guideline was included:

"The practice of paying uniform fees to all non-executive directors should be discouraged and the level f fees should rather be determined by the merit and responsibilities of individual non-executive directors. "

The project team is of the opinion that in order to attract non-executive board members of appropriate caliblre to SOEs, it would be necessary to have a flexible remuneration structure which can be adapted according to the expertise, status and knowledge a particular person might bring to a board. It is therefore felt that uniform fees might be to a large extent be determined only by cost considerations; making it difficult, if not impossible to attract suitably experienced candidates to serve on boards. The principles highlighted in the document should, in the team's view, be sufficient if applied effectively to curtail inordinate spending on directors' fees.

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4 Nomination of SoE board members

The common practice in terms of internationally accepted governance codes is for boards to have a role in the identification, nomination and appointment of new board members. The policy framework as currently formulated allocates no role in this regard to SOE boards. It is left to the envisaged Central Governance Agency and the line Minister to fulfil this role.

The project team's considered opinion is that a SOE board is well placed to advise on the appropriate persons to be appointed as new board members. Valuable insight that could improve the quality of board recruitment

decisions will be lost if the existing board is not involved. Allocating the responsibility of developing a "long list" to the CGA, the "shortlist" to the existing board and the final decision to the shareholding Minister would in the project team's view be the best solution.

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5 The appointment of a dedicated shareholding Minister

The current formulation of the policy framework envisages that the SOE Governance Council (SOEGC) will be the state's representative as shareholder while the 'line minister' will also carry out certain owner related functions such as participating in the appointment of directors. The Central Governance Agency (CGA) is to assist the SOEGC.

The project team is of the view that specialist legal opinion should be sought on the question whether it is tenable in law for an entity other than a Minister to represent the state as shareholder.

The project team is furthermore of the view that it would be better for the 'line minister' not to have owner related functions to fulfil. International best practice points toward the separate accommodation of the state's various interests as, for instance, owner and regulator. The 'line minister' has in the first instance a sectoral regulatory interest which should not be confused with owner interests. The separate accommodation of the state's ownership interests with a separate shareholding minister is not only in line with international practice but also follows emerging practice in Namibia.

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