

Annex 5: Proceedings of the Workshop on the 7th of March

The Workshop was attended by about 50 persons, including the Minister of Transport.

During the open discussion the following matters were considered or pointed out:

1. The Future of the Central Governance Agency. This question was raised on the basis of Ms. Visser's comment. It was stated that it would be up to the Cabinet to decide what should now happen to the CGA.
2. Performance of the SOEs. A number of comments were made to the effect that the performance of the SOEs needs to be evaluated also against the background of their ability to finance capital investments and pay dividends to the owner. It was acknowledged that MTC tariffs are not low, but this should be seen against the heavy investment programme being carried out to ensure mobile telecom services throughout the country. Other points being made included that the SOEs in transport and communications are still young and should also be benchmarked against the performance of similar entities in other neighbouring countries. Several participants echoed the views expressed by some of the commentators, viz. that there is too much political interference of the SOEs operations, including at board level, with detrimental effects on performance. The point was also made that improvements in the financial performance of certain SOE's, such as TransNamib in recent years, were not sufficiently illuminated in the discussion document before the workshop.
3. Performance agreements. The functioning of the monitoring instruments currently used is touched upon in the resource paper. Few comments were made during the discussion on this issue. One point made was that the monitoring system used at present and also envisaged in terms of the original SOE Bill reflects practice in some OECD countries. Such systems are difficult to operate in developing countries in view of their complexity.
4. Competition and regulation. The point was made that competition is not only within a mode. Fixed line operations in telecom compete with mobile operations, and railways compete with road transport. It was furthermore emphasised that in the near future opened access to the provision of wireless services would significantly strengthen competition in the provision of telecoms and related services, as they can be supplied at low costs also in rural areas. The draft communications bill (which is referred to in (Resource Paper 2), will be tabled in parliament soon, and will serve to give better order to regulatory arrangements in the communications sector, as well as also open up for more competition.
5. Skills utilisation. The point was made that the SOEs because of attractive employment conditions were draining the market of skilled people. Two effects were

pointed out. One is that the ministries and the private sector, including MWTC, are finding it more difficult to recruit staff with adequate qualifications, the other that the skills of the people in the SOEs were not being used to their full potential. Several of the SOEs could thus potentially enter the international market, thereby utilising their skills base to the full extent, but are effectively prevented from doing so given their current mode of operation.

6. Skills transfer. Training/ Staff development/ capacity development points made (or to the effect of the following):

- Support was expressed for resource paper #2's suggestions regarding an improved focus on the above in the SOE context
- Transfer of management and technical skills from relevant SADC sources should be planned, executed and monitored in a focused manner – conventional approach of sending people on generic external courses not sufficient
- The extent of change that management and staff has to undergo in a commercialisation process should not be underestimated (PS)

7. Black economic empowerment. Smart Partnerships and BEE points made (or the effect of the following):

- Serious consideration should be given to introduce smart (equity) partnerships in SOE's as a way of releasing capital to the state, to expose SOE's to the incentives and energies of (partial) private shareholding and to facilitate additional skills at board and management levels.
- Black Economic Empowerment (BEE) should form part and parcel of smart partnerships at SOE's – mobilising equity participation of Namibian investors over a broad base and coinciding with a benefit-flow to such broad based groups.

8. What should follow from this Workshop? This question was raised by several participants, including by the Minister of WTC. No specific answers were provided. It was suggested that in view of the current situation (on account of the issues surrounding the governance of SOEs and their performance, thereby giving rise to what one participant called a 'crucial stage'), there was a need for the government to take a step back and once more review its strategy on the SOEs. If such a process would be deemed appropriate by the GRN, then it should also include a dialogue with the donor community as part of that review. In this connection, reference was also made to the Paris Declaration which commits donors to, inter alia, support policy processes provided they are adequately 'owned' by the government concerned.

9. What should happen to the MWTC2000 Project in the Ministry? This question was also raised by some participants. The MWTC responded that it is giving this issue its due attention.