

Background Note for Business Breakfast meeting on SoEs

“State of State-owned Enterprises: Urgency for Reform”

Date: 07 February 2018

Time 07h30 to 10h00

Venue: TBA

State Owned Enterprises (SOEs) play a prominent role in Namibia’s economic landscape, providing essential goods and services to the country’s citizens. The Ministry of Public Enterprises has officially listed 67 SOEs which are categorised as commercial, non-commercial and non-budgetary enterprises, while unofficial sources tout there are close to a 100 such entities in Namibia.

Unfortunately, the history of Namibian SOEs entails cases of mismanagement, fraudulent activities, subsidies and bailouts from state coffers, as well as general ineffectiveness in performing their duties. In 2006, the Government implemented a number of governance reforms to resolve these issues, most of which failed to produce effective management and operational improvements of such entities.

Under His Excellency’s, Hage Geingob, new administration, SOE reform was instituted as a priority with the formation of the Ministry of Public Enterprises. In June 2016, a new “hybrid” governance structure for SOEs was launched in which commercial SOEs fall under the jurisdiction of the Ministry of Public Enterprises, non-commercial entities remain the responsibility of line ministries and non-budgetary enterprises are governed by the Ministry of Finance. However, progress of reform is scant as suggested by a recent surge in media reports on cases of continued mismanagement and in fighting, misallocation of taxpayer’s funds, bankruptcy and over reliance on state funds.

Such issues have become more prominent than ever against a backdrop of declining economic growth and unsustainable government debt levels. The Namibian economy finds itself in a precarious situation in which government cash flow constraints are hindering its ability to carry out developmental objectives and government’s debt stock reached 42% of GDP towards the end of 2016, well surpassing sustainable threshold levels. While political will and commitment to reform SOEs should be duly recognised and credited, continued reliance of SOEs on state resources remain worrying.

It is against this background that the Economic Association of Namibia is hosting a business breakfast meeting highlighting the progress made in SOE reform, what is currently being done and to discuss what

has constituted the success of some public enterprises such as MTC. Urgent reform of this sector is required to harness self-sufficiency of such enterprises, as opposed to draining limited fiscal funds.

The Honourable Minister of Public Enterprises, Mr. Leon Jooste, will provide an overview of the ongoing reforms of State-owned Enterprises, while Ms. Lauren Davidson will analyse the budgetary allocations to SoEs over the past couple of years. These presentations will be followed by a panel discussion including Hon. Leon Jooste, Ms. Kauna Ndilula (Business Financial Solutions), Mr. Steve Galloway (Independent Director) and Mr. Tiaan Bazuin (Namibia Stock Exchange). Mr. Suta Kavari will moderate the panel discussion.

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