



REPUBLIC OF NAMIBIA

**OFFICE OF THE PRESIDENCY
MINISTRY OF PUBLIC ENTERPRISES**

DECLARATION OF INTENT

2015-2020

May 2015

Our Vision

“To be the most functional and purpose driven Ministry in Africa, positioned to instill benchmark corporate governance and global best practices in Public Enterprises thereby providing the optimal environment for Public Enterprises to act as supreme conduits for the development of Namibia and her people.”

Our Mission

“To position Namibia’s Key State-Owned Enterprises to play their meaningful role in the sustainable development of Namibia.”

Declaration of Intent: Leon Jooste: Minister of Public Enterprises

Declaration of Intent

Leon Jooste, Minister of Public Enterprises

Through this Ministerial Declaration of Intent, I, Leon Jooste, hereby make a formal statement of my promise to the public to deliver my specified areas of responsibility to the best of my ability.

I also understand that I will be held accountable on what I regard as a sacrosanct promise to the people of Namibia.

Leon Jooste (MP)

Date:

Declaration of Intent: Leon Jooste: Minister of Public Enterprises

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Declaration of Intent: Leon Jooste: Minister of Public Enterprises

Statement of Responsibility by the Minister

My primary mission is to fulfill the oath taken upon my appointment as the Minister of Public Enterprises in which I swore that I will be faithful to the Republic of Namibia, hold my office as Minister with respect and dignity, uphold, protect and defend the Constitution and faithfully obey, execute and administer the laws of the Republic of Namibia, serve the people of Namibia to the best of my ability, not divulge directly or indirectly any matters brought before the Cabinet and entrusted to me under secrecy, and perform the duties of my office and the functions entrusted to me by the President conscientiously and to the best of my ability.

In my capacity as a Minister, heading the Ministry, I am responsible for managing Namibia's Public Enterprises. I provide Political and Strategic direction to the Ministry of Public Enterprises in achieving its overall mandate in transforming Namibia's State Owned Enterprises sector as effective conduits and catalysts for the Nation's economic development.

As the Minister of Public Enterprises, I am guided by the principles as contained in the contents of my appointment letter authored by Your Excellency:

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- "Strong, honest and principled leadership,
 - Urgently review all the performance, operational efficiency, economic viability of all SOEs and provide policy options thereto.
 - Transparent procurement with a focus on empowerment of Namibians and women, and job-creation but not at the expense of value for money,
 - Driving a performance culture with your Ministry through leading by example and applying a hands-on approach,
 - Engaging and listening to the voices of civil society, particularly grassroots organizations and understanding that the ultimate goal is to improve the living standards of Namibians
 - Reviewing any law, policy and regulation which hampers the effective implementation of the plans and programmes of Government."

I am also guided by the contents of the Cabinet Handbook as dictated by Article 40 of the Namibian Constitution and quoted by Your Excellency during our inaugural Cabinet Meeting: "Ministers are expected to direct, coordinate and supervise the activities of Ministries and Government Departments including parastatal enterprises and to advise the President and National Assembly on the desirability and wisdom of any prevailing subordinate legislation, regulations or orders pertaining to such parastatal enterprises, regard being given to public interest."

Hon. Leon Jooste, MP.

Minister of Public Enterprises

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Statement of Responsibility by the Deputy Minister

As per the Namibian Constitution, the responsibility of the Deputy Minister is to assist and support the Minister of Public Enterprises in providing Political and Strategic direction to the Ministry of Public Enterprises in achieving its overall mandate in transforming Namibia's State Owned sector as effective catalysis in Nation's economic development. It is also required that the Deputy Minister performs functions, duties and powers on behalf of the Minister. It is required that the Deputy Minister be involved in all executive decision-making processes of the Ministry of Public Enterprises. That the Deputy Minister execute his functions in line with the provisions and guideline of the Cabinet Handbook.

Hon. Engel Nawatiseb, MP.

Deputy Minister

Declaration of Intent: Leon Jooste: Minister of Public Enterprises

Statement of Responsibility by the Chief Accounting Officer

Being the Accounting Officer of this newly established Ministry, the responsibility of the Permanent Secretary will be to ensure, among others, restructuring of the State Owned Enterprises sector, performance monitoring, compliance, institute measures of risk management and provide proper administration to the Ministry of Public Enterprises, as well as ensure efficient management of resources entrusted to the Ministry. Support the office of Minister in achieving the major goal of positioning Namibia's key State-Owned Enterprises to play their meaningful role in the country's development.

Ensure compliance, governance, financial and legal requirements in the SOE sector (including the MPE) for it to make meaningful contribution to National Development of the country and create a conducive environment for the enhancement of the social welfare and the country's prosperity.

Frans K. Tsheehama
Permanent Secretary

Who are we?

Critical overview of the role, and vision of our Ministry

Following the establishment of the Ministry of Public Enterprises, the role of the Institution is to position Namibia's key State-Owned Enterprises to play their meaningful role in the country's development. The Ministry will also ensure that State-Owned Enterprises are placed in a position where they are well managed and not presenting a financial burden to the state.

The Ministry has introduced generally accepted common principles of corporate governance. It streamlined the legal framework, reviewed guidelines and established common policy frameworks and directives.

All these above have to be designed with the aim to translate SOEs into effective and efficient agents for the implementation of the National Development Plans which are essential to the achievement of Vision 2030. The Ministry would like to strive for adequate capitalization of PEs in order for them to meaningfully fulfill their role. The Ministry of Public Enterprises is also tasked to enhance the skills and knowledge of those who are at the helm of fulfilling the policy and administrative responsibilities of PEs as well as those that are ensuring accountability and sense of achievement/accomplishment.

The Vision of the Ministry is "To be the most functional and purpose driven Ministry in Africa, positioned to instill benchmark corporate governance and global best practices in Public Enterprises thereby providing the optimal environment for Public Enterprises to act as supreme conduits for the development of Namibia and her people."

The Functions of Ministry and how this is achieved

The recurring theme expressed by Your Excellency for the MPE is "to restructure the Public Enterprises". The process is described in more detail in this document but there will essentially be two phases. During the initial first phase the MPE will still operate under a dual Governance Model where the MPE will replace the functions of the State Owned Enterprises Governance Council under the amended State Owned Enterprises Governance Act. The MPE will implement this Act thereby already providing appropriate services to the Public

Enterprises under what will be an interim period (still under dual governance). The second phase will commence upon the conclusion of the research and analysis as conducted by the Corporate Advisory Unit (explained in more detail later in this document). The outcomes of the research and analysis will dictate the most appropriate structure for the MPE to implement the various recommendations and the second phase will thus be the permanent formation of the operational and institutional infrastructure of the MPE.

By reference to the existing SOEGC Act, the Ministry continues to render services to the PE sector, as was supposed to be carried out by the Council, in the following manner:

- (a) To establish generally accepted common principles of corporate governance and good practice governing State-owned enterprises;
- (b) To develop common policy frameworks for the operations of State-owned enterprises, including policy on issues relating to human resources, assets and finance;
- (c) To determine criteria for the performance measurement and evaluation of State-owned enterprises, and develop appropriate means for monitoring their performance;
- (d) To lay down directives in relation to –
 - (i) Governance agreements to be entered into by a portfolio Minister with the board of a State-owned enterprise;
 - (ii) Performance agreements to be entered into between a portfolio Minister and the individual members of a board of a State-owned enterprise and between such a board and its chief executive officer and other senior management staff;
 - (iii) The remuneration levels of board members, chief executive officers and other senior management staff of State-owned enterprises;
 - (iv) Benefits for employees of State-owned enterprises generally;
- (e) To make determinations in relation to the number of members to be appointed to the boards of State-owned enterprises and advise the portfolio Ministers on the appointment of such members in accordance with sections 14 and 15;
- (f) To furnish a portfolio Minister with any comments it may wish to make in relation to an annual budget of a State-owned enterprise submitted to that Minister for approval and provided to the Council for its information and comment;
- (g) To facilitate the provision of programs for the training and development of members of the boards and management staff of State-owned enterprises on corporate governance and efficient management practices;

- (h) To receive and consider for approval submissions made by State-owned enterprises on the annual distribution of profits and the declaration of dividends in terms of section 25;
- (i) To submit to Cabinet for decision any proposed restructuring plan prepared and approved by the Council under Part VI in relation to any State-owned enterprise identified by Cabinet for restructuring; and
- (j) To perform any other function entrusted to the Council by or under the Act or any other law.

NB: Currently, in collaboration with the Office of the Attorney General and the Ministry of Justice, the Ministry of Public Enterprises has urgently finalized a draft amendment Bill, which is expected to be tabled in the next session of Parliament. The Bill is to provide for Powers to the Minister in the place of the State Owned Enterprises Governance Council (SOEGC). Once that has been done, all the necessary resources and efforts shall be geared to supporting the Office of the Minister to fulfill the Mandate derived from the relevant Act of Parliament.

This should be achieved through, consultation with stakeholders and relevant role players, such as SOEs, Line Ministries, Attorney General and the Cabinet. It should also be achieved through teamwork, and by conducting basic research on the best implementation methods of all the above stated activities and functions. The Ministry, in this regard, will abide by the requirements of the legislation and the necessary guiding documents (e.g Cabinet handbook, Finance Act, Labour Act, etc.)

Key challenges and opportunities in our operating environment

The key **challenges** faced by the Ministry of Public Enterprises are as follows:

- Attracting and appointing suitably qualified employees in the MPE as well as PE Boards and Management.
- Various inherited legacy issues within the PE sector (poor Shareholder-PE relationships, lack of accountability, poor compliance to Corporate Governance, “bail-out culture” etc.).
- Resistance to change/reform of the existing (failed) dual governance model to a single governance model. This resistance is experienced from some members of the Political leadership, PEs, and Government officials.

- The lack of appropriate legislative provisions and policy (non-cohesive enabling legislation of PEs as well as shortcomings within the State Owned Enterprises Governance Act 2006).
- Access to funding required to capitalize strategic high-priority SOEs.

The key **opportunities** which the Ministry of Public Enterprises is anticipating to capitalize on are:

- Opportunity to come up with a proper structure for staffing which will support the Ministry effectively.
- Access to and support from strong, dedicated leadership from the His Excellency the President, the Right Honorable Prime Minister, the Minister and the Deputy Minister.
- Support from other stakeholders and Development Partners (World Bank, NIPAM, Network Forum, OECD, SADC SOEs Network and AU/NEPAD)
- Training of SOE Boards and Managers through various organizations followed by well defined performance agreements which will be monitored by sophisticated electronic performance management systems.
- The “Carte Blanche moment”. The support and freedom to invest time and money into research and analysis of the status of SOEs, legislation, global best-practice and Government ownership models before formulating complete, integrated recommendations to Your Excellency and Cabinet

Our Strategic Direction

Since one of the responsibilities of this Ministry is to ensure that; State-Owned Enterprises are well equipped, managed and financially sound to prevent a burden to the state, the Government of the Republic of Namibia stands to benefit from this arrangement, by using the savings to other developmental priorities. By striving to manage the SOEs well “(Sharpening the Saws of SOEs)”, the Country would be expected to have a vibrant pool of SOEs. Vibrant SOEs will enhance forth contribute to adequate employment opportunities in our Country, which is one of the core objectives of NDP 4.

The most significant of the SOEs are economic entities and, substantially, contribute to infrastructural development. This is expected to in future, help the country to enhance economic growth of our Country in line with the objectives of the NDP4. This will eventually assist in promoting self-reliance and to contribute to reduction of inequality and poverty among our people. Consequently, Namibia will contribute to industrialization and wealth distribution for the benefit of all Namibians. PEs being a catalyst to wellbeing of any given nation, the Minister of Public Enterprises will put all effort into achieving National Goals in the following manners:

- ✓ **Poverty eradication:** The role of the MPE in contributing to poverty eradication has various facets. The first will be to implement measures and systems to ensure more effective Public Enterprises which will cease to be a financial burden to Government thereby making more funds available for Government to support poverty eradication programmes. The next will be to ensure profitability among the commercially viable Public Enterprises thereby releasing higher dividends to the Government for poverty eradication programmes. Many strategic Public Enterprises like Transnamib have an enormous role to play to unlock various economic and development opportunities for the country and our primary commitment is to ensure efficiency and effectiveness within the Public Enterprises with high strategic value. Conversely, we will have to classify Public Enterprises according to their strategic significance and prioritize accordingly (we cannot continue to blindly provide financial assistance to entities with marginal/questionable strategic significance).
- ✓ **Industrialization:** The strategic commercial Public Enterprises have an enormous role to play in our quest to industrialize. The strategic significance of many of our commercial Public Enterprises is enormous and in some instances even monopolistic. The roles of entities like Nampower, Namwater, Transnamib, Air Namibia and the Roads Authority is simply unquestionable but their role in acting as conduits for industrialization will only be realized once optimal efficiency and

effectiveness is reached. The MPE will make certain that the Strategic Direction of the Public Enterprises are re-aligned to form synergy with Government's development programs (NDP4) and Vision 2030.

- ✓ **Employment creation:** Systematic, controlled growth within the portfolio of Public Enterprises will encouraging well performing Public Enterprises to apply growth strategies by creating jobs for many Namibians in a sustainable manner.
- ✓ **Economic growth/wealth creation:** Supporting the fulfillment of the implementation of economic growth in the Public Enterprise sector and the implementation of empowerment principles and policies will enable economic growth and wealth creation. Public Enterprises should create many layers of opportunities for the private sector.

Declaration of Intent: Leon Jooste: Minister of Public Enterprises

Our Strategic Intention

Being a new Ministry it means starting from the very Genesis (beginning/foundation). Therefore as part of the groundwork of this Ministry we intend to follow a multi-pronged approach which include the following:

- a) **Establishment of Corporate Advisory Unit** that will advise on immediate and future reforms of the Sector. The establishment of this unit is one of the recommendations from the Muadifam consultancy report that was initiated by Your Excellency (then Right Honorable Prime Minister) at the end of 2014. The main purpose of this Unit is to conduct research and analysis as per the Deliverables (Annex 1). This unit will be occupied by consultants for the first 12 months firstly to conduct the above mentioned but secondly (and crucially) also to provide immediate technical assistance in the form of recommendations to the MPE on current issues which have to be dealt with thereby expediting the creation of technical capacity within the MPE. It is evident that the various Line Ministries lack the appropriate expertise to deal with the current situation experienced in various Public Enterprises and this unit will provide the capacity to immediately stem the further demise of Public Enterprises. The initial consultants will be appointed for a maximum period of 12 months and it is the intention to replace the consultants with permanent appointments upon the conclusion of the research/analysis – the logic for this is that we first need the results of the research on various topical items before we will be able to populate the Unit with the appropriate mix of expertise (the results will dictate/recommend the composition of the Unit).
- b) **Submit a comprehensive, detailed report** with recommendations to Your Excellency and Cabinet. This report shall recommend the reform of the Namibian Public Enterprise sector in a holistic, calculated manner with due consideration for the existing socio-economic and political environment. This report should include the following:
 - 1. Recommend the preferred Government Public Enterprise ownership policy after considering global benchmarks. The ownership policy will undoubtedly recommend a single governance model but the actual preferred model needs further research and analysis (these vary from ownership in a Public Enterprises Ministry, a Public Enterprises Agency, a Government owned Holding Company etc.).

2. Recommend which Public Enterprises should be transferred to the most appropriate centralized governance Office, Ministry or Agency.
 3. Recommend legislative reform pertaining to the ownership entity (this can only be finalized after item 1. above is concluded as this will determine the actual responsible/ownership entity) as well as to the enabling Acts of Public Enterprises. Recommend legislation for Public Enterprises without legislation (Nampower for example).
 4. Recommend a suitable electronic performance management system with an integrated “early warning system” to monitor Public Enterprises in real time from a central location.
 5. A diagnostic analysis of all Public Enterprises to quantify the strategic significance as well as the financial viability of each. The ultimate expected outcome of this exercise is to recommend to Your Excellency and Cabinet the most appropriate reform of the current portfolio of Public Enterprises. Recommendations may include mergers, incorporation into Government Ministries, floating on the NSX (non-controlling minority shares), and in extreme cases the dissolving of Public Enterprises with questionable strategic significance.
- c) **Training and Capacity building** at both Ministry and Public Enterprise levels, with a particular focus on Public Enterprise Boards of Directors. Boards with integrity, strong leadership qualities and suitably qualified members is a pre-requisite to ensure effective and efficient Public Enterprises. Namibia has a small pool of truly qualified potential board members and the Public Enterprises and Private Sector compete for the same individuals. Our focus should be to equip the current pool while also growing the pool to serve commercial entities in particular.
- d) **Housing of Public Enterprises information** (database) at one single centralized point to support Government decision making processes.
- e) **Building and reshaping the reputation of Public Enterprises** is of high priority. The MPE will introduce various programmes and strategies to this effect which include an award system for Public Enterprises (best performing individuals, entities, projects etc.) as well as the establishment of the Public Enterprises Forum for CEOs.

- f) **Enhance the competitiveness** of Public Enterprises along global trends in this era of globalization

The Six (6) main objectives, stated above, are imperative in fulfilling the mandate of the new Ministry of Public Enterprises and contribute to the well-being and service delivery of Public Enterprises in our Country.

This should be achieved through consultations with all stakeholders, conducting research, enforcing professionalism, monitoring and control, encouraging a culture of high performance and accountability, creating a culture of fairness and enforcing transparency throughout the Sector.

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How do we work?

The Ministry of Public Enterprises is involved in a process that will require an extreme level of dynamism and strong leadership to facilitate the transformation of the sector. We are anticipating a high level of variables due to the uncharted territory we are entering and careful navigation will be required to avoid undue potentially expensive mistakes. I believe that strong relationships with integrity and trust should form the basis of our interaction with the Public Enterprises. We are fortunate in that the MPE is a fresh, new Ministry with no “baggage” or legacy complications that provides a certain degree of neutrality and this is something I will guard vigorously. I believe in the principle of the “servant leader” where I am accountable to Your Excellency but I ultimately serve all the people of Namibia unconditionally as per my sworn oath: “serve the people of the Republic of Namibia to the best of my ability,”. The MPE will only achieve its’ goals by cultivating a spirit of teamwork based on relationship and inspirational leadership. The Ministry will have to forge intimate ties with the Boards and Management of Public Enterprises as well as all relevant stakeholders and service providers. From the Deputy Minister, Permanent Secretary and staff of the MPE I expect complete commitment to lead and work deliberately and diligently towards our common goal which is **“To be the most functional and purpose driven Ministry in Africa, positioned to instill benchmark corporate governance and global best practices in Public Enterprises thereby providing the optimal environment for Public Enterprises to act as supreme conduits for the development of Namibia and her people.”**

Honorable Leon Jooste
Minister of Public Enterprises

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