



PRIORITIES FOR SOE GOVERNANCE REFORMS IN SOUTHERN AFRICA

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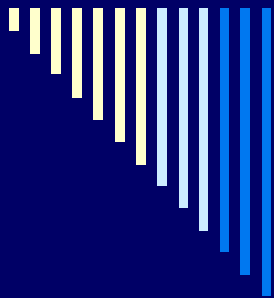
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PRESENTATION OUTLINE

Current presentation is organized in two parts

- 1. The first one describes the main challenges for SOE Governance in Southern Africa**
- 2. The second part outlines priorities for SOE Governance to offset those challenges**



□ MAIN CHALLENGES IN SOE GOVERNANCE IN SOUTHERN AFRICA



MAIN CHALLENGES IN SOE GOVERNANCE

1. Sequels of ill conducted and fast transformation of SOE Sector in the 90's, induced by structural Adjustment Programs
2. Slow pace in which governments move towards definition of an adequate SOE governance model and the profile of an appropriate Ownership Entity



MAIN CHALLENGES IN SOE GOVERNANCE

3. Multiple Control Entities rendering it difficult to settle common procedures and management model for the entire SOE Sector in some Southern Africa countries
4. Lack of coordination between SOE Control Entities, and other Control levels (Ministries, Public institutes...)



MAIN CHALLENGES IN SOE GOVERNANCE

5. Control Entities, in some countries of the Southern Africa region, are Government Ministries or a line organism of a government Ministry which poses difficulties for them to operate in a business environment
6. Some Large SOEs became Control Entities challenging the existing and instituted Control Entities.
 - 6.1 *This creates confusion on precedence and on implementing a common governance framework.*
 - 6.2 *The overarching role of the main Control Entity is often overlooked.*



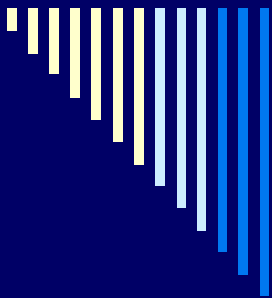
MAIN CHALLENGES IN SOE GOVERNANCE

7. Other control entities have relative autonomy from the Government but still operate based on Public legislation. This situation has its own limitation as far as flexibility required to act as business entity is concerned.
8. Appointment of SOE Board members is often not based on merit. It also doesn't take into consideration diversity (gender, age...).



MAIN CHALLENGES IN SOE GOVERNANCE

9. Legislation governing SOE is outdated and it doesn't cater for the new realities of market economy and competition, as well as other accountability and transparency principles.



PRIORITIES FOR SOE GOVERNANCE REFORMS IN SOUTHERN AFRICA



PRIORITIES FOR SOE GOVERNANCE REFORMS

1. Encourage continuous dialogue with all stakeholders to create awareness on the advantages of having a Control Entity in the countries of the region.
2. Setting up in each country of a formal coordination forum involving the Control Entity, the relevant government Ministry and other major government stakeholders in order to:
 - 2.1 Consult with stakeholders
 - 2.2 Review SOEs policy
 - 2.3 Assess SOEs performance



PRIORITIES FOR SOE GOVERNANCE REFORMS

3. Review SOE legislation to include aspects related to internationally accepted Corporate Governance Best Practices.
4. Board member nomination and remuneration should be based on merit
 - 4.1 Peer and Shareholders evaluation should impact on remuneration and job retention by Board members.



PRIORITIES FOR SOE GOVERNANCE REFORMS

5. Pursue research leading to clear definition of the SOE sector in individual countries in the region in order to:
 - 5.1 Design adequate policies for each SOE segment
 - 5.2 Assign specific objectives for each segment and assess results
 - 5.3 Enhance the full potential of each SOE segment in line with its defined objectives



THE END

Thank you for listening